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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 20-F

(Mark One)

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2023.

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☐ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of event requiring this shell company report.

For the transition period from to .

Commission file number: 001-38638

NIO Inc.

(Exact Name of Registrant as Specified in Its Charter)

N/A
(Translation of Registrant's Name into English)

Cayman Islands
(Jurisdiction of Incorporation or Organization)

Building 19, No. 1355, Caobao Road, Minhang District
Shanghai, People's Republic of China
(Address of Principal Executive Offices)

Wei Feng, Chief Financial Officer
Building 19, No. 1355, Caobao Road, Minhang District
Shanghai, People's Republic of China
Telephone: +8621-6908 2018
Email: ir@nio.com
(Name, Telephone, Email and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
American depositary shares (each representing one Class A ordinary share),par value US$0.00025 per share	NIO	New York Stock Exchange
Class A ordinary shares, par value US$0.00025 per share	9866	The Stock Exchange of Hong Kong Limited
Class A ordinary shares, par value US$0.00025 per share	NIO	The Singapore Exchange Securities Trading Limited

Securities registered or to be registered pursuant to Section 12(g) of the Act:
None
(Title of Class)
Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:
None

(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:

As of December 31, 2023, there were (i) 1,932,063,749 Class A ordinary shares outstanding, par value US$0.00025 per share, and (ii) 148,500,000 Class C ordinary shares outstanding, par value US$0.00025 per share.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
☒ Yes ☐ No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. ☐ Yes ☒ No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Emerging growth company	☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act. ☐

†The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

☒ U.S. GAAP	☐	International Financial Reporting Standards as issued by the International Accounting Standards Board	☐	Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. ☐ Item 17 ☐ Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. ☐ Yes ☐ No

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INTRODUCTION

In this annual report on Form 20-F, except where the context otherwise requires and for purposes of this annual report only:

- "ADAS" refers to advanced driver assistance system;
- "ADR" refers to the American depositary receipt that evidences the ADS;
- "ADSs" refer to our American depositary shares, each of which represents one Class A ordinary share;
- "AI" refers to artificial intelligence;
- "Anhui NIO AT" refers to Anhui NIO AI Technology Co., Ltd., one of the VIEs;
- "Anhui NIO DT" refers to Anhui NIO Data Technology Co., Ltd., one of the VIEs;
- "Beijing NIO" refers to Beijing NIO Network Technology Co., Ltd., one of the VIEs;
- "China" or the "PRC" refers to the People's Republic of China, excluding, for the purpose of this annual report only, Hong Kong, Macau and Taiwan;
- "Class A ordinary shares" refer to our Class A ordinary shares, par value US$0.00025 per share;
- "Class B ordinary shares" refer to the Class B ordinary shares that we historically authorized and issued, par value US$0.00025 per share. All the authorized Class B ordinary shares were redesignated as Class A ordinary shares at the annual general meeting held on August 25, 2022;
- "Class C ordinary shares" refer to our Class C ordinary shares, par value US$0.00025 per share;
- "EV" refers to electric passenger vehicle;
- "Hong Kong" or "HK" refers to the Hong Kong Special Administrative Region of the People's Republic of China;
- "Hong Kong Listing Rules" refer to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time;
- "Hong Kong Stock Exchange" refers to The Stock Exchange of Hong Kong Limited;
- "ICE" refers to internal combustion engine;
- "Main Board of the Hong Kong Stock Exchange" refers to the stock market (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Hong Kong Stock Exchange;
- "Main Board of the Singapore Exchange" refers to the stock market operated by The Singapore Exchange Securities Trading Limited;
- "NEVs" refer to new energy passenger vehicles;

- "NIO," "we," "us," "our company," and "our" refer to NIO Inc., our Cayman Islands holding company and its subsidiaries, and, in the context of describing our operations and consolidated financial information, include the VIEs, namely Beijing NIO, Anhui NIO AT and Anhui NIO DT, and their respective subsidiaries, where applicable;

- "Ordinary shares" refer to our Class A ordinary shares and Class C ordinary shares, each of par value US$0.00025 per share;

- "Relevant Period" refers to the period commencing from the date on which any of our shares first become secondary listed on the Hong Kong Stock Exchange to and including the date immediately before the day on which the secondary listing is withdrawn from the Hong Kong Stock Exchange. As of the date of this annual report, we are in the Relevant Period;

- "RMB" or "Renminbi" refers to the legal currency of China;

- "Singapore Exchange" refers to The Singapore Exchange Securities Trading Limited; and

- "US$," "dollars" or "U.S. dollars" refer to the legal currency of the United States.

Unless otherwise noted, all translations from Renminbi to U.S. dollars and from U.S. dollars to Renminbi in this annual report are made at a rate of RMB7.0999 to US$1.00, the exchange rate in effect as of December 29, 2023 as set forth in the H.10 statistical release of the Board of Governors of the Federal Reserve System. We make no representation that any Renminbi or U.S. dollar amounts could have been, or could be, converted into U.S. dollars or Renminbi, as the case may be, at any particular rate, or at all. Unless otherwise specified, the description of our vehicles, services and business models in this report refers to our business in China.

FORWARD-LOOKING INFORMATION

This annual report contains forward-looking statements that reflect our current expectations and views of future events. These forward-looking statements are made under the "safe-harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995. Known and unknown risks, uncertainties and other factors, may cause our actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors, including those listed under "Item 3. Key Information—D. Risk Factors," that may cause our actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements.

You can identify these forward-looking statements by words or phrases such as "may," "will," "expect," "anticipate," "aim," "estimate," "intend," "plan," "believe," "likely to," "potential," "continue" or other similar expressions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, but are not limited to, statements about our goals and growth strategies, our future business development, financial condition and results of operations, our expectations regarding demand for and market acceptance of our products and services, and assumptions underlying or related to any of the foregoing.

Although we believe that our expectations expressed in these forward-looking statements are reasonable, our expectations may later be found to be incorrect. Our actual results could be materially different from our expectations. Moreover, we operate in an evolving environment. New risk factors and uncertainties emerge from time to time, and it is not possible for our management to predict all risk factors and uncertainties, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

This annual report contains certain data and information that we obtained from various government and private publications. Statistical data in these publications also include projections based on a number of assumptions. The electric vehicles industry may not grow at the rate projected by market data, or at all. Failure of this market to grow at the projected rate may have a material adverse effect on our business and the market price of our ADSs or Class A ordinary shares. In addition, the rapidly evolving nature of the electric vehicles industry results in significant uncertainties for any projections or estimates relating to the growth prospects or future condition of our market. Furthermore, if any one or more of the assumptions underlying the market data are later found to be incorrect, actual results may differ from the projections based on these assumptions. You should not place undue reliance on these forward-looking statements.

The forward-looking statements made in this annual report relate only to events or information as of the date on which the statements are made in this annual report. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events. You should read this annual report and the documents that we refer to in this annual report and exhibits to this annual report completely and with the understanding that our actual future results may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements.

PART I.

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

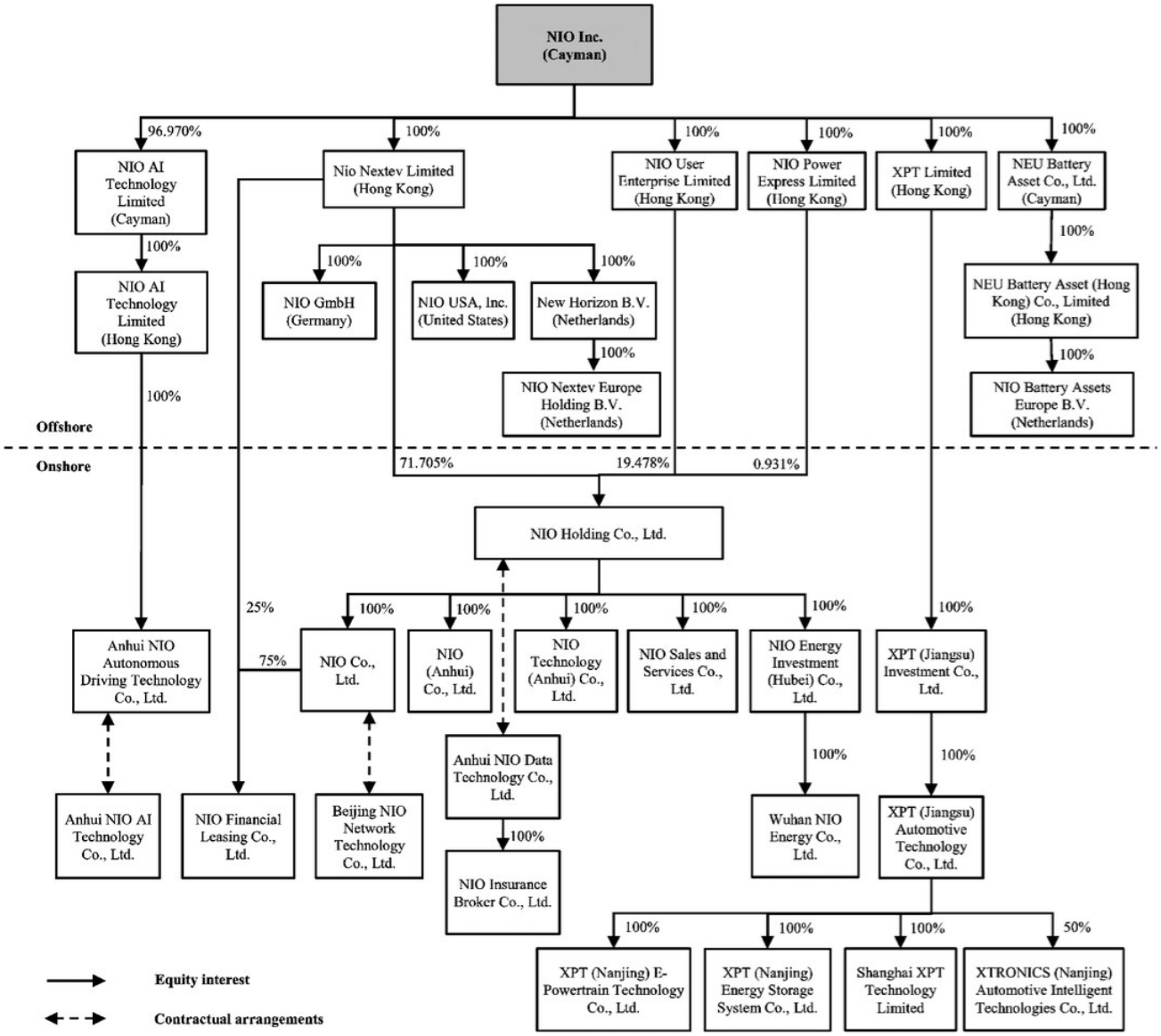
ITEM 3. KEY INFORMATION

Our Holding Company Structure and Contractual Arrangements with the VIEs

NIO Inc. is not an operating company in China but a Cayman Islands holding company with no equity ownership in its consolidated variable interest entities, or VIEs. We conduct our operations in China (i) primarily through our PRC subsidiaries, and (ii) to a much lesser extent, through the VIEs, namely Beijing NIO, Anhui NIO AT, and Anhui NIO DT, with each of which we maintain contractual arrangements, and their subsidiary. We have also established subsidiaries in the United States, Germany, the United Kingdom, Norway and other overseas jurisdictions to promote our services and businesses, entering into business contracts with offshore counterparties and holding overseas intellectual properties.

PRC laws and regulations (i) restrict and impose conditions on foreign investment in value-added telecommunication services, including without limitation, performing internet information services as well as holding certain related licenses; and (ii) prohibit foreign investment in certain services related to autonomous driving as well as the holding of licenses by foreign entities. Additionally, in practice, subject to the qualifications set by China Banking and Insurance Regulatory Commission for foreign shareholders of the insurance brokerage companies, the China Banking and Insurance Regulatory Commission typically would not approve the establishment of foreign-invested insurance brokerage companies which perform insurance brokerage services and hold certain related licenses. Accordingly, we operate these businesses in China through Beijing NIO, Anhui NIO AT, and Anhui NIO DT, or as referred to as the VIEs, and their subsidiary. We rely on contractual arrangements among our PRC subsidiaries, the VIEs and their nominee shareholders to maintain a controlling financial interest as the primary beneficiary of each VIE (as defined in U.S. GAAP, ASC 810). Under U.S. GAAP, we consolidate each VIE within our consolidated financial statements. Specifically, we operate value-added telecommunication services, including without limitation, performing internet information services, and hold certain related licenses, through Beijing NIO. We rely on the contractual arrangements with Anhui NIO DT and its shareholders to operate insurance brokerage services. NIO Insurance Broker Co., Ltd., the subsidiary of Anhui NIO DT, currently holds an insurance brokerage license and provides insurance brokerage services primarily related to vehicles and properties. We intend to obtain requisite licenses for certain supporting functions during the development of our assisted and intelligent driving technology through Anhui NIO AT. As of the date of this annual report, the business operations of the VIEs are insignificant in relation to our total revenues and net loss. As used in this annual report, “NIO,” “we,” “us,” “our company,” and “our” refer to NIO Inc., our Cayman Islands holding company and its subsidiaries, and in the context of describing our operations and consolidated financial information, include the VIEs and their respective subsidiaries, where applicable.

The following diagram illustrates our corporate structure, including our principal subsidiaries and the VIEs, as of the date of this annual report:



In April 2018, we entered into a series of contractual arrangements through one of our PRC subsidiaries with Beijing NIO and its shareholders, which were replaced by a new set of contractual arrangements we entered into with the same parties in April 2021. Further, in November 2022 and December 2022, we entered into a series of contractual arrangements through our respective PRC subsidiaries with each of Anhui NIO AT and Anhui NIO DT, respectively, and their respective shareholders, to conduct certain future operations in China. These contractual arrangements enable us to:

- receive the economic benefits that could potentially be significant to the VIEs in consideration for the services provided by our subsidiaries;

- exercise effective control over the VIEs; and

- hold an exclusive option to purchase all or part of the equity interests in the VIEs when and to the extent permitted by PRC law.

These contractual agreements include an exclusive business cooperation agreement, exclusive option agreement, equity pledge agreement, loan agreement and power of attorney. For more details of these contractual arrangements, see "Item 4. Information on the Company—C. Organizational Structure—Contractual Agreements with the VIEs and Their Shareholders."

Beijing NIO, Anhui NIO AT, and Anhui NIO DT and its subsidiary, taking into account all of their respective business with or without foreign investment restrictions and prohibitions under PRC laws, contributed insignificantly to our total revenues, accounting for nil, nil and RMB13.8 million (US$2.0 million) for the years ended December 31, 2021, 2022 and 2023, respectively. The VIEs provided services internally to our subsidiaries, and such services amounted to RMB0.6 million, RMB89.2 million and RMB110.5 million (US$15.6 million) for the years ended December 31, 2021, 2022 and 2023, respectively. As of December 31, 2021, 2022 and 2023, none of Beijing NIO, Anhui NIO AT and Anhui NIO DT had significant operations or any material assets or liabilities.

Holdings of our ADSs and Class A ordinary shares are not holding equity interests in the VIEs in China but instead are holding equity interests in a holding company incorporated in the Cayman Islands. We do not have any equity interests in the VIEs. However, as a result of contractual arrangements, we have a controlling financial interest over and are considered the primary beneficiary of each of the VIEs, and we have consolidated the financial results, pursuant to U.S. GAAP, each of these entities in our consolidated financial statements. However, the contractual arrangements may not be as effective as direct ownership in providing us with control over the VIEs and we may incur substantial costs to enforce the terms of the arrangements. If the VIEs or the nominee shareholders fail to perform their respective obligations under the contractual arrangements, we could be limited in our ability to enforce the contractual arrangements that give us effective control over the VIEs. Furthermore, if we are unable to maintain effective control, we would not be able to continue to consolidate the financial results of the VIEs in our financial statements. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure—We rely on contractual arrangements with the VIEs and their shareholders to hold a controlling financial interest over each VIE, which may not be as effective as direct ownership in providing operational control" and "Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure—The shareholders of the VIEs have conflicts of interest with us, which may materially and adversely affect our business and financial condition."

There are also substantial uncertainties regarding the interpretation and application of current and future PRC laws, regulations and rules regarding the status of the rights of our Cayman Islands holding company with respect to its contractual arrangements with the VIEs and their nominee shareholders. It is uncertain whether any new PRC laws or regulations relating to contractual arrangements will be adopted or if adopted, what they would provide. If we or any of the VIEs is found to be in violation of any existing or future PRC laws or regulations, or fail to obtain or maintain any of the required permits or approvals, the PRC regulatory authorities would have broad discretion to take action in dealing with such violations or failures. Our Cayman Islands holding company, our PRC subsidiaries and the VIEs, and investors of our company face uncertainty about potential future actions by the PRC government that could affect the enforceability of the contractual arrangements with the VIEs and, consequently, significantly affect the financial performance of the VIEs and our company as a whole. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure—If the PRC government deems that our VIE arrangements do not comply with PRC laws, or if these PRC laws change, we could be subject to severe penalties or be forced to relinquish our interests in those operations."

PRC government's significant authority in regulating our operations and its oversight and control over offerings conducted overseas by, and foreign investment in, China-based issuers could significantly limit or completely hinder our ability to offer or continue to offer securities to investors. Implementation of industry-wide regulations in this nature may cause the value of such securities to significantly decline or become worthless. For more details, see "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—The PRC government's significant oversight over our business operation could result in a material adverse change in our operations and the value of our ADSs."

Risks and uncertainties regarding the interpretation and enforcement of laws and quickly evolving rules and regulations in China, could result in a material adverse change in our operations and the value of our ADSs. For more details, see "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Uncertainties in the interpretation and enforcement of PRC laws and regulations could limit the legal protections available to you and us."

Permissions Required from the PRC Authorities for Our Operations

Our operations in China are governed by PRC laws and regulations. As of the date of this annual report, our PRC subsidiaries and the VIEs have obtained the requisite licenses and permits from the PRC government authorities that are material for the main business operations of our holding company, our PRC subsidiaries and the VIEs in China, including, among others, a license for conducting internet content provision services, or the ICP license, and the insurance brokerage license. In addition, we have completed the filing process for our electric passenger vehicle investment project with the authorities in Anhui province and have been included in the Ministry of Industry and Information Technology's catalogue of approved manufacturers. Given the uncertainties of interpretation and implementation of laws and regulations and the enforcement practice by government authorities, we may be required to obtain additional licenses, permits, filings or approvals for our business operations in the future. For more detailed information, see "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—We may be adversely affected by the complexity, uncertainties and changes in PRC regulations on internet-related business, automotive businesses and other business carried out by our PRC subsidiaries and the VIEs."

Meanwhile, the PRC government has sought to exert more oversight and control over capital raising activities of listed companies that are conducted overseas and/or foreign investment in China-based issuers. In December 2021, the Cyberspace Administration of China, or the CAC, together with other authorities, jointly promulgated the Cybersecurity Review Measures, which took effect on February 15, 2022 and replaces its predecessor regulation. Pursuant to the Cybersecurity Review Measures, critical information infrastructure operators that procure internet products and services and network platform operators that conduct data process activities must be subject to the cybersecurity review if their activities affect or may affect national security. On February 17, 2023, China Securities Regulatory Commission, or the CSRC, released several regulations regarding the filing requirements for overseas offerings and listings by domestic companies, including the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies and five supporting guidelines, which were formally implemented on March 31, 2023. According to these rules, domestic enterprises like us that have completed overseas listings are not required to file with CSRC immediately, but shall carry out filing procedures as required if we conduct refinancing or fall within other circumstances that require filing with the CSRC. Any failure to obtain or delay in obtaining such approval or completing such procedures could subject us to restrictions and penalties imposed by the CSRC, the CAC or other PRC regulatory authorities, which could include fines and penalties on our operations in China, delays of or restrictions on the repatriation of the proceeds from our offshore offerings into China, or other actions that could materially and adversely affect our business, financial condition, results of operations, and prospects, as well as the trading price of our ADSs. For more detailed information, see "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—The approval of or the filing with the CSRC or other PRC government authorities may be required in connection with our future offshore listings and capital raising activities, and, if required, we cannot predict whether or for how long we will be able to obtain such approval or filing."

The Holding Foreign Companies Accountable Act

Pursuant to the Holding Foreign Companies Accountable Act, which was enacted on December 18, 2020 and further amended by the Consolidated Appropriations Act, 2023, signed into law on December 29, 2022, or the HFCAA, if the SEC determines that we have filed audit reports issued by a registered public accounting firm that has not been subject to inspections by the Public Company Accounting Oversight Board (United States), or the PCAOB, for two consecutive years, the SEC will prohibit our shares or ADSs from being traded on a national securities exchange or in the over-the-counter trading market in the United States. On December 16, 2021, the PCAOB issued a report to notify the SEC of its determination that the PCAOB was unable to inspect or investigate completely registered public accounting firms headquartered in mainland China and Hong Kong, including our auditor. In May 2022, the SEC conclusively listed NIO Inc. as a Commission-Identified Issuer under the HFCAA following the filing of our annual report on Form 20-F for the fiscal year ended December 31, 2021. On December 15, 2022, the PCAOB issued a report that vacated its December 16, 2021 determination and removed mainland China and Hong Kong from the list of jurisdictions where it is unable to inspect or investigate completely registered public accounting firms. For this reason, we were not identified as a Commission-Identified Issuer under the HFCAA after we filed our annual report on Form 20-F for the fiscal year ended December 31, 2022 and do not expect to be identified as a Commission-Identified Issuer under the HFCAA after we file this annual report on Form 20-F for the fiscal year ended December 31, 2023. Each year, the PCAOB will determine whether it can inspect and investigate completely audit firms in mainland China and Hong Kong, among other jurisdictions. If the PCAOB determines in the future that it no longer has full access to inspect and investigate completely accounting firms in mainland China and Hong Kong and we use an accounting firm headquartered in one of these jurisdictions to issue an audit report on our financial statements filed with the SEC, we would be identified as a Commission-Identified Issuer following the filing of the annual report on Form 20-F for the relevant fiscal year. There can be no assurance that we would not be identified as a Commission-Identified Issuer for any future fiscal year, and if we were so identified for two consecutive years, we would become subject to the prohibition on trading under the HFCAA. For more details, see "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—The PCAOB had historically been unable to inspect our auditor in relation to their audit work performed for our financial statements and the inability of the PCAOB to conduct inspections of our auditor in the past has deprived our investors with the benefits of such inspections" and "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Our ADSs may be prohibited from trading in the United States under the HFCAA in the future if the PCAOB is unable to inspect or investigate completely auditors located in China. The delisting or prohibition of trading of the ADSs, or the threat of their being delisted or prohibited from trading, may materially and adversely affect the value of your investment."

Cash Flows through Our Organization

NIO Inc. is a holding company with no material operations of its own. We conduct our operations in China (i) primarily through our PRC subsidiaries, and (ii) to a much lesser extent, the VIEs and their subsidiary. As a result, although other means are available for us to obtain financing at the holding company level, NIO Inc.'s ability to pay dividends to the shareholders and to service any debt it may incur may depend upon dividends paid by our PRC subsidiaries and service fees paid by the VIEs in China. If any of our subsidiaries incurs debt on its own behalf in the future, the instruments governing such debt may restrict its ability to pay dividends to NIO Inc. In addition, our PRC subsidiaries are permitted to pay dividends to NIO Inc. only out of their retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. Further, our PRC subsidiaries and the VIEs are required to make appropriations to certain statutory reserve funds or may make appropriations to certain discretionary funds, which are not distributable as cash dividends except in the event of a solvent liquidation of the companies. For more details, see "Item 5. Operating and Financial Review and Prospects — B. Liquidity and Capital Resources — Holding Company Structure."

Under PRC laws and regulations, our PRC subsidiaries and the VIEs are subject to certain restrictions with respect to paying dividends or otherwise transferring any of their net assets to us. Remittance of dividends by a wholly foreign-owned enterprise out of China is also subject to examination by the banks designated by the State Administration of Foreign Exchange of the PRC, or SAFE. The amounts restricted include the paid-up capital and the statutory reserve funds of our PRC subsidiaries and the net assets of the VIEs and their subsidiaries in which we have no legal ownership, totaling RMB38,902.1 million, RMB40,720.9 million and RMB42,256.2 million (US$5,951.7 million) as of December 31, 2021, 2022 and 2023, respectively, and the net assets of the VIEs and their subsidiaries that are restricted was nil, RMB50.0 million and RMB54.7 million (US$7.7 million) as of December 31, 2021, 2022 and 2023, respectively. For risks relating to the fund flows of our operations in China, see "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—We may rely on distributions by our PRC subsidiaries for our financing requirements, and any limitation on our PRC subsidiaries to make payments to us could have a material and adverse effect on our business."

For purposes of illustration, the following discussion reflects the hypothetical taxes that might be required to be paid within China, assuming that: (i) we have taxable earnings, and (ii) we determine to pay dividends in the future.

	Tax calculation [1]
Hypothetical pre-tax earnings	100 %
Tax on earnings at statutory rate of 25% [2]	(25)%
Net earnings available for distribution	75 %
Withholding tax at standard rate of 10% [3]	(7.5)%
Net distribution to Parent/Shareholders	67.5 %

Notes:

(1) For purposes of this example, the tax calculation has been simplified. The hypothetical book pre-tax earnings amount, not considering timing differences, is assumed to equal taxable income in China.

(2) Certain of our subsidiaries qualifies for a 15% preferential income tax rate in China. For purposes of this hypothetical example, the table above reflects a maximum tax scenario under which the full statutory rate would be effective.

(3) The PRC Enterprise Income Tax Law imposes a withholding income tax of 10% on dividends distributed by a foreign invested enterprise to its immediate holding company outside of China. A lower withholding income tax rate of 5% is applied if the foreign invested enterprise's immediate holding company is registered in Hong Kong or other jurisdictions that have a tax treaty arrangement with China, subject to a qualification review at the time of the distribution. For purposes of this hypothetical example, the table above assumes a maximum tax scenario under which the full withholding tax would be applied.

Under PRC law, NIO Inc. may provide funding to our PRC subsidiaries only through capital contributions or loans, and to the VIEs only through loans, subject to satisfaction of applicable government registration and approval requirements. NIO Inc. and its subsidiaries extended loans to the nominee shareholders of the VIEs for their investment in the VIEs, with outstanding principal amount of RMB0.1 million, RMB50.1 million and RMB50.1 million (US$7.1 million) as of December 31, 2021, 2022 and 2023, respectively. In addition, NIO Inc. and its subsidiaries also extended loans to the VIEs for operations with outstanding principal amount of RMB7.0 million, RMB32.8 million and RMB86.9 million (US$12.2 million) as of December 31, 2021, 2022 and 2023, respectively.

Pursuant to the exclusive business cooperation agreements between NIO Co., Ltd., or Shanghai NIO, a wholly-owned subsidiary of our company, and Beijing NIO, Shanghai NIO may adjust the payment time and payment method of the service fees, and Beijing NIO will accept any such adjustment. For the years ended December 31, 2021, 2022 and 2023, no service under the contractual arrangements was provided by Shanghai NIO and no service fee was paid by Beijing NIO to Shanghai NIO accordingly. We intend to determine the amount of service fee and payment method based on the working capital needs of Shanghai NIO and Beijing NIO, and settle such service fees accordingly in the future. Pursuant to a separate service agreement, for the years ended December 31, 2021, 2022 and 2023, Shanghai NIO paid Beijing NIO RMB0.6 million, RMB0.7 million and RMB0.7 million (US$0.1 million) for services provided by Beijing NIO.

Pursuant to the exclusive business cooperation agreement dated November 30, 2022 between Anhui NIO Autonomous Driving Technology Co., Ltd., or Anhui NIO AD, a wholly-owned subsidiary of our company, and Anhui NIO AT, Anhui NIO AD may adjust the payment time and payment method of the service fees, and Anhui NIO AT will accept any such adjustment. For the years ended December 31, 2022 and 2023, no service under the contractual arrangements was provided by Anhui NIO AD and no service fee was paid by Anhui NIO AT to Anhui NIO AD accordingly. We intend to determine the amount of service fee and payment method based on the working capital needs of Anhui NIO AD and Anhui NIO AT, and settle such service fees accordingly in the future. Pursuant to a separate service agreement, for the years ended December 31, 2021, 2022 and 2023, Anhui NIO AD paid Anhui NIO AT nil, RMB70.1 million and RMB58.4 million (US$8.2 million) for services provided by Anhui NIO AT.

Pursuant to the exclusive business cooperation agreement dated December 12, 2022 between NIO Holding Co., Ltd., or NIO China, a PRC subsidiary in which we hold 92.114% controlling equity interests, and Anhui NIO DT, NIO China may adjust the payment time and payment method of the service fees, and Anhui NIO DT will accept any such adjustment. For the years ended December 31, 2022 and 2023, no service under the contractual arrangements was provided by NIO China and no service fee was paid by Anhui NIO DT to NIO China accordingly. We intend to determine the amount of service fee and payment method based on the working capital needs of NIO China and Anhui NIO DT, and settle such service fees accordingly in the future.

NIO Inc. has not declared or paid any cash dividends, nor does it have any present plan to pay any cash dividends on our ordinary shares in the foreseeable future. We currently intend to retain most, if not all, of our available funds and any future earnings to operate and expand our business. See "Item 8. Financial Information — A. Consolidated Statements and Other Financial Information — Dividend Policy." For Cayman Islands, PRC and United States federal income tax considerations of an investment in our ADSs or Class A ordinary shares, see "Item 10. Additional Information — E. Taxation."

As of December 31, 2021, 2022 and 2023 and for the years ended December 31, 2021, 2022 and 2023, none of Beijing NIO, Anhui NIO AT and Anhui NIO DT had significant operations or any material assets or liabilities. As a result, the financial information related to the consolidated VIEs were insignificant to our consolidated financial statements.

A. [Reserved]

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

Summary of Risk Factors

An investment in our ADSs and Class A ordinary shares involves significant risks. Below is a summary of material risks we face, organized under relevant headings. These risks are discussed more fully in "Item 3. Key Information—D. Risk Factors."

Risks Related to Our Business and Industry

Risks and uncertainties related to our business and industry include, but are not limited to, the following:

- The automotive market is highly competitive, and we face significant challenges in competing in our industry;
- Our ability to develop and manufacture vehicles of sufficient quality and appeal to customers on schedule and on a large scale is still evolving;
- We have not been profitable, and only generated positive cash flows from operations in certain periods;
- We have limited experience in independent manufacturing. Any delays in the manufacturing and launching of our products, or ramping up of our production capacity, could have a material adverse effect on our business;
- Manufacturing in collaboration with partners is subject to risks;
- The unavailability, reduction or elimination of government and economic incentives or governmental policies which are favorable for electric vehicles and domestically produced vehicles could have a material adverse effect on our business;
- Our current or future vehicles may not perform in line with customer expectations;
- We may face challenges providing our power solutions;
- Our products and services may not be generally accepted by our users. If we are unable to provide or arrange satisfactory products or customer service for our users, our business and reputation may be materially and adversely affected;
- We are dependent on our suppliers, many of whom are our single source suppliers for the components they supply; and

- We rely on Battery Asset Company to provide Battery as a Service to our users. If Battery Asset Company fails to achieve smooth and stable operations, our Battery as a Service may be materially and adversely affected.

Risks Related to Our Corporate Structure

We are also subject to risks and uncertainties related to our corporate structure, including, but not limited to, the following:

- We are a Cayman Islands holding company with no equity ownership in the VIEs and we conduct our operations in China (i) primarily through our PRC subsidiaries, and (ii) to a much lesser extent, the VIEs with which we maintain contractual arrangements, and their subsidiary. Investors in our ADSs and Class A ordinary shares thus are not purchasing equity interests in the VIEs in China but instead are purchasing equity interests in a Cayman Islands holding company. If the PRC government deems that our VIE arrangements do not comply with PRC laws, or if these PRC laws change, we could be subject to severe penalties or be forced to relinquish our interests in those operations. Our holding company in the Cayman Islands, the VIEs and investors of our company face uncertainty about potential future actions by the PRC government that could affect the enforceability of the contractual arrangements with the VIEs and, consequently, significantly affect the financial performance of the VIEs and our company as a group;

- We rely on contractual arrangements with the VIEs and their shareholders to hold a controlling financial interest over each VIE, which may not be as effective as direct ownership in providing operational control;

- Our ability to enforce the equity pledge agreements between us and the VIEs' shareholders may be subject to limitations based on PRC laws and regulations; and

- The shareholders of the VIEs have conflicts of interest with us, which may materially and adversely affect our business and financial condition.

Risks Related to Doing Business in China

We face risks and uncertainties related to doing business in China in general, including, but not limited to, the following:

- Changes in China's political or social conditions or government policies could have a material and adverse effect on our business and results of operations;

- Risks and uncertainties regarding the interpretation and enforcement of laws and quickly evolving rules and regulations in China, could result in a material adverse change in our operations and the value of our ADSs and Class A ordinary shares. For more details, see "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Uncertainties in the interpretation and enforcement of PRC laws and regulations could limit the legal protections available to you and us";

- The PRC government's significant authority in regulating our operations and its oversight and control over capital raising activities of listed companies conducted overseas by, and foreign investment in, China-based issuers could significantly limit or completely hinder our ability to offer or continue to offer securities to investors. Implementation of industry-wide regulations in this nature may cause the value of such securities to significantly decline. For more details, see "Item 3. Key Information — D. Risk Factors — Risks Related to Doing Business in China — The PRC government's significant oversight over our business operation could result in a material adverse change in our operations and the value of our ADSs";

- The approval of or the filing with the CSRC or other PRC government authorities may be required in connection with our future offshore listings and capital raising activities, and, if required, we cannot predict whether or for how long we will be able to obtain such approval or filing;

- We may be adversely affected by the complexity, uncertainties and changes in PRC regulations on internet-related business, automotive businesses and other business carried out by our PRC subsidiaries and the VIEs;

- The PCAOB had historically been unable to inspect our auditor in relation to their audit work performed for our financial statements and the inability of the PCAOB to conduct inspections of our auditor in the past has deprived our investors with the benefits of such inspections; and

- Our ADSs may be prohibited from being traded in the United States under the HFCAA in the future if the PCAOB determines that it is unable to inspect or investigate completely auditor located in China. The delisting or prohibition of trading of the ADSs, or the threat of their being delisted or prohibited from trading, may materially and adversely affect the value of your investment. For more details, see "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Our ADSs may be prohibited from trading in the United States under the HFCAA in the future if the PCAOB is unable to inspect or investigate completely auditors located in China. The delisting or prohibition of trading of the ADSs, or the threat of their being delisted or prohibited from trading, may materially and adversely affect the value of your investment."

Risks Related to Our ADSs and Class A Ordinary Shares

In addition to the risks described above, we are subject to risks related to our ADSs and Class A ordinary shares:

- We adopt different practices as to certain matters as compared with many other companies listed on the Hong Kong Stock Exchange;

- If we change the listing venue of our securities, you may lose the shareholder protection mechanisms afforded under the regulatory regimes of the applicable securities exchange;

- The trading prices of our listed securities have been and are likely to continue to be, volatile, which could result in substantial losses to investors;

- If securities or industry analysts do not publish research or reports about our business, or if they adversely change their recommendations regarding our Class A ordinary shares and/or ADSs, the market price for our Class A ordinary shares and/or ADSs and trading volume could decline; and

- Our dual-class voting structure will limit the holders of our Class A ordinary shares and ADSs to influence corporate matters, provide certain shareholders of ours with substantial influence and could discourage others from pursuing any change of control transactions that holders of our Class A ordinary shares and ADSs may view as beneficial.

Risks Related to Our Business and Industry

The automotive market is highly competitive, and we face significant challenges in competing in our industry.

The automotive market is highly competitive and we expect it will become more competitive in the future as additional players enter into this market. We compete with both NEV and ICE vehicles targeting the mid- to high-end segment. Many of our current and potential competitors, particularly international competitors, have significantly greater financial, engineering, manufacturing, marketing and other resources than we do and may be able to devote greater resources to the design, development, manufacturing, promotion, sale and support of their products. Factors affecting competition include, among others, pricing, technological innovation, product design and performance, product quality and safety, service and charging options, user experience, and manufacturing efficiency. Increased competition may lead to lower vehicle unit sales and increased inventory, which may result in downward price pressure and adversely affect our business, financial condition, operating results and prospects.

Moreover, we expect competition in the China automotive market to intensify in the future in light of intense price competition and phase-out of government subsidies. Increasing competition may lead to lower vehicle unit sales and increasing inventory, which may result in downward price pressure and may adversely affect our business, financial condition, results of operations, and prospects. Furthermore, our competitive advantage as the company with the first-to-market and leading EV volume-manufactured domestically in China will be severely compromised if our competitors begin making deliveries earlier than expected, or offer more favorable pricing than we do. We may also be affected by the growth of the overall China automotive market. There have been fluctuations in the retail sales of the passenger vehicles in China in recent years. If the demand for automobiles in China decreases, our business, results of operations and financial condition could be materially adversely affected. Our ability to successfully compete in our industry will be fundamental to our future success in existing and new markets and our market share. There can be no assurance that we will be able to compete successfully in our markets. If our competitors introduce new vehicles or services that successfully compete with or surpass the quality or performance of our vehicles or services at more competitive prices, we may be unable to satisfy existing customers or attract new customers at the price levels that would allow us to generate attractive rates of return on our investment.

You should consider our business and prospects in light of the risks and challenges we face in our industry, including, among other things, with respect to our ability to:

- design and produce safe, reliable and quality vehicles on an ongoing basis;
- build a well-recognized and respected brand;
- establish and expand our customer base;
- successfully market our vehicles and services;
- competitively price our products and services, and successfully anticipate the sales volume of our vehicle products and the take-rate of services provided to users;
- improve and maintain our operational efficiency;
- maintain a reliable, secure, high-performance and scalable technology infrastructure;
- successfully develop and protect our core technologies;
- attract, retain and motivate talented employees;
- anticipate and adapt to changing market conditions, including technological developments and changes in competitive landscape; and
- navigate an evolving and complex regulatory environment.

If we fail to address any or all of these risks and challenges, our business may be materially and adversely affected.

Furthermore, our vehicles are highly technical products that will require maintenance and support. If we were to cease or cut back operations, even years from now, buyers of our vehicles from years earlier might encounter difficulties in maintaining their vehicles and obtaining satisfactory support. We also believe that our service offerings, including user confidence in our ability to provide our power solutions and honor our obligations under our service package, will be key factors in marketing our vehicles. As a result, consumers will be less likely to purchase our vehicles now if they are not convinced that our business will succeed or that our operations will continue for many years. Similarly, suppliers and other third parties will be less likely to invest time and resources in developing business relationships with us if they are not convinced that our business will succeed.

Our ability to develop and manufacture vehicles of sufficient quality and appeal to customers on schedule and on a large scale is still evolving.

Our future business depends in large part on our ability to execute on our plans to develop, manufacture, market and sell our electric vehicles. We plan to manufacture our vehicles in higher volumes than our present production capabilities.

Our continued development and manufacturing of our current and future vehicle models are and will be subject to risks, including with respect to:

- our ability to secure necessary funding;
- the equipment we use being able to accurately manufacture the vehicle within specified design tolerances;
- compliance with environmental, workplace safety and similar regulations;
- securing necessary components on acceptable terms and in a timely manner;
- delays in delivery of final component designs to our suppliers, or delays in the development and delivery of our core technologies and new vehicle models, such as our NIO Assisted and Intelligent Driving, or NAD, and technologies for batteries;
- our ability to attract, recruit, hire and train skilled employees;
- quality controls;
- delays or disruptions in our supply chain;
- our ability to maintain solid partnership with our suppliers; and
- other delays in manufacturing and production capacity expansion, and cost overruns.

Currently, our product portfolio consists of the ES8, a six-seater smart electric flagship SUV, the ES7 (or the EL7), a mid-large five-seater smart electric SUV, the ES6 (or the EL6), a five-seater all-round smart electric SUV, the EC7, a five-seater smart electric flagship coupe SUV, the EC6, a five-seater smart electric coupe SUV, the ET9, a smart electric executive flagship, the ET7, a smart electric flagship sedan, the ET5, a mid-size smart electric sedan, and the ET5T, a smart electric tourer. Our vehicles may not meet customer expectations and our future models may not be commercially viable. Historically, automobile customers have expected auto companies to periodically introduce new and improved vehicle models. In order to meet these expectations, we may be required to introduce new vehicle models and enhanced versions of existing vehicle models. To date, we have limited experience designing, testing, manufacturing, marketing and selling our electric vehicles and therefore cannot assure you that we will be able to meet customer expectations.

Any of the foregoing could have a material adverse effect on our results of operations and growth prospects.

We have not been profitable, and only generated positive cash flows from operations in certain periods.

We have not been profitable since our inception, and only generated positive cash flows from operations in certain periods. We incurred net losses of RMB4,016.9 million, RMB14,437.1 million and RMB20,719.8 million (US$2,918.3 million) for the years ended December 31, 2021, 2022 and 2023, respectively. In addition, although we generated positive operating cash flows in 2021, we had negative operating cash flows of RMB3,866.0 million and RMB1,381.5 million (US$194.6 million) in 2022 and 2023, respectively.

There can be no assurance that we will not experience liquidity problems in the future. We may not be able to fulfill our obligations in providing vehicles, embedded products or services to our users in respect of advances from customers, the failure of which may negatively affect our cash flow position. If we fail to generate sufficient revenue from our operations, or if we fail to maintain sufficient cash and financing, we may not have sufficient cash flows to fund our business, operations and capital expenditure and our business and financial position will be adversely affected.

We have made significant up-front investments in research and development, power network, service network, and sales and marketing to rapidly develop and expand our business. We expect to continue to invest significantly in research and development, sales and service network, and in production capacity expansion, to further develop and expand our business, and these investments may not result in an increase in revenue or positive cash flow on a timely basis, or at all. For example, we are working on the development of electric vehicles targeting the mass market, assisted and intelligent driving technologies, other core technologies, and smart devices. We cannot assure you that we will be able to compete successfully against existing or future competitors in those new areas. Additionally, the electric vehicle industry is witnessing a trend where numerous market players are resorting to aggressive pricing strategies to carve out a larger market share. Maintaining our current margins could become increasingly challenging amidst this price-cutting competition. Adjusting our pricing may become essential to remain competitive, while this could lead to a direct contraction of our margin levels, and adversely affect our financial condition and results of operations.

We may continue to record net losses and negative operating cash flows in the near future. We may not generate sufficient revenues, or we may incur substantial losses for a number of reasons, including lack of demand for our vehicles and services, increasing competition, challenging macro-economic environment, as well as other risks discussed herein, and we may incur unforeseen expenses, or encounter difficulties, complications and delays in generating revenue or achieving profitability. If we are unable to achieve profitability, we may have to reduce the scale of our operations, which may impact our business growth and adversely affect our financial condition and results of operations. In addition, our continuous operation depends on our capability to improve operating cash flows as well as our capacity to obtain sufficient external equity or debt financing. If we do not succeed in doing so, we may have to limit the scale of our operations, which may limit our business growth and adversely affect our financial condition and results of operations.

We have limited experience in independent manufacturing. Any delays in the manufacturing and launching of our products, or ramping up of our production capacity, could have a material adverse effect on our business.

Auto companies often experience delays in the design, manufacture and commercial release of new vehicle models. We had been, and will continue to target a broader market with our future vehicles, and to the extent we need to delay the launch of our vehicles, our growth prospects could be adversely affected as we may fail to grow our market share. We also plan to periodically perform facelifts or refresh existing models, which could also be subject to delays. We may introduce in the future new or unique manufacturing processes and design features for our products. As we expand our vehicle offerings and global footprint, there is no guarantee that we will be able to successfully and timely introduce and scale such processes or features. Furthermore, we rely on third-party suppliers for the provision and development of many of the key components and materials used in our vehicles. To the extent our suppliers experience any delays in providing us with or developing necessary components, we could experience delays in delivering on our timelines.

In addition, our manufacturing model has transitioned from joint manufacturing to independent manufacturing, potentially introducing new risks. Such a shift poses additional challenges due to our limited experience in manufacturing independently. The intricacies of overseeing all aspects of production independently, such as managing the entire production line and supervising production personnel, may lead to unforeseen obstacles in maintaining efficiency and timeliness, and, ultimately, delays in product launch and delivery. Therefore, we may be required to invest in more time and resources to assure that vehicles manufactured at our own facilities comply with our quality standards and regulatory requirements. We have limited experience in managing our manufacturing workforce, and we may also face challenges in providing training to our production personnel. Additionally, we cannot assure you that we will be able to attract or retain qualified personnel or other highly skilled employees in a timely and cost-efficient manner. Any failure to effectively manage or provide adequate training to our manufacturing workforce and production personnel, as well as attract or retain qualified personnel, may result in delays in production, reduced efficiency, and potential quality issues.

Furthermore, we may need to expand or convert our existing manufacturing facilities in the future to ramp up the production of our current and future vehicle models. The expansion or conversion of our manufacturing facilities could experience delays or other difficulties, potentially affecting the timeline for increasing production capacity. Moreover, as we increase our production capacity and improve our operation efficiency, significant capital may also be required to maintain our property, plant and equipment, and such costs may exceed our current anticipations. There is substantial uncertainty about our ability to achieve these objectives. We cannot assure you that we will be able to complete the expansion or conversion of our manufacturing bases or ramp up our production capacity on schedule and within budget.

Any delay in production ramp-up of our current vehicle models, or in the development, manufacture, launch and production ramp-up of our future vehicle models, including in the build-out of the manufacturing facilities in China for these models or due to any other factors, or in refreshing or performing facelifts to existing models, could subject us to customer complaints and materially and adversely affect our reputation, demand for our vehicles, results of operations and growth prospects.

Manufacturing in collaboration with partners is subject to risks.

In the past, we partnered with Anhui Jianghuai Automobile Group Co., Ltd. (formerly known as Anhui Jianghuai Automobile Co., Ltd.), or JAC, a major state-owned automobile manufacturer in China, for the joint manufacturing of our vehicles in the first advanced manufacturing base, or the F1 Plant, and the second advanced manufacturing base, or the F2 Plant. Under our previous joint manufacturing arrangement, we and JAC jointly manufactured a series of our vehicle models in the F1 Plant and the F2 Plant. We were in charge of vehicle development and engineering, trademarks and technology licensing, supply chain management, manufacturing techniques and quality management and assurance. Jianglai Advanced Manufacturing Technology (Anhui) Co., Ltd., or Jianglai, a joint venture for operation management established by JAC and us, was responsible for parts assembly and operation management.

We entered into definitive agreements with JAC in December 2023, pursuant to which we agreed to acquire the manufacturing equipment and assets of the F1 Plant and the F2 Plant from JAC for a total consideration of approximately RMB3.16 billion, excluding tax. The asset transfer was completed in December 2023. In addition, we have completed the filing process for our electric passenger vehicle investment project with the authorities in Anhui province and have been included in the Ministry of Industry and Information Technology's catalogue of approved manufacturers. Our manufacturing model has transitioned from joint manufacturing to independent manufacturing. We have commenced independent manufacturing of all our current vehicles models in the F1 Plant and the F2 Plant. We have also entered into a manufacturing technical services agreement with Jianglai, pursuant to which Jianglai provides certain technical support and services to us in support of our independent manufacturing, including logistics and planning, production quality control, and technical training and skills enhancement for our production personnel.

We were subject to operational risks under our previous joint manufacturing arrangement. Although we have transitioned to independent manufacturing, we expect Jianglai to provide technical support and services to us in support of our independent manufacturing. We may have limited ability to control the actions of Jianglai and its performance under the manufacturing technical services agreement. In addition, to the extent JAC or Jianglai are subject to negative publicity or harm to their reputation relating to their business, we may also suffer negative publicity or harm to our reputation by virtue of our association with them. Any of the foregoing could adversely affect our business, financial condition and results of operations.

The unavailability, reduction or elimination of government and economic incentives or governmental policies which are favorable for electric vehicles and domestically produced vehicles could have a material adverse effect on our business.

Our growth has benefited significantly from the government subsidies, economic incentives and government policies that support the growth of new energy vehicles. Favorable government incentives and subsidies in China include one-time government subsidies, exemption from vehicle purchase tax, exemption from license plate restrictions in certain cities, preferential utility rates for charging facilities and more. Changes in government subsidies, economic incentives and government policies to support NEVs could adversely affect the results of our operations.

China's central government provided subsidies for purchases of certain NEVs until 2022 and reviews and further adjusts the subsidy standard on an annual basis. We have seen a general decrease in the amount of government subsidies available to purchase of NEVs in recent years. For example, the 2020 subsidy standard, effective from April 23, 2020, reduces the base subsidy amount in general by 10% for each NEV, and sets subsidies for around two million vehicles as the upper limit of annual subsidy scale. The 2022 subsidy standard was further reduced by 30% compared to the standard of 2021. In addition, the subsidy policy for the purchase of NEVs in 2022 was terminated on December 31, 2022, and that subsidy will no longer be granted to vehicles where car licenses are issued after December 31, 2022. We believe that our sales performance in 2021, 2022 and 2023 was negatively affected by the reduction in the subsidy standard to some extent. In addition, local governments in China have been implementing incentives and subsidy policies for consumers, such as NEV replacement subsidies. If these favorable government incentives and subsidies are scaled back in the future, it could potentially reduce consumers' willingness to purchase NEVs, thereby negatively impacting our vehicle sales.

Our vehicle sales may also be impacted by government policies such as tariffs on imported vehicles and foreign investment restrictions in the industry. The tariff in China on imported passenger vehicles (other than those originating in the United States of America) was reduced to 15% starting from July 1, 2018. As a result, pricing advantage of domestically manufactured vehicles could be diminished. There used to be a certain limitation on foreign ownership of automakers in China, but for automakers of NEVs, such limit was lifted in 2018. Further, pursuant to the Special Administrative Measures (Negative List) for Foreign Investment Access (2021 Version), or 2021 Negative List, most recently jointly promulgated by the Ministry of Commerce of the PRC and the National Development and Reform Commission of the PRC, or the NDRC, on December 27, 2021 and took effect on January 1, 2022, the limit on foreign ownership of automakers for ICE passenger vehicles was also lifted. As a result, foreign NEV competitors could build wholly-owned facilities in China without the need for a domestic joint venture partner. These changes could affect the competitive landscape of the NEV industry and reduce our pricing advantage, which may adversely affect our business, results of operations and financial condition.

Apart from vehicle purchase subsidies, China's central government has adopted an NEV credit scheme that incentivizes OEMs to increase the production and sale of NEVs. On June 29, 2023, the Ministry of Industry and Information Technology of the PRC, the Ministry of Finance, the Ministry of Commerce, the General Administration of Customs of the PRC, and the State Administration for Market Regulation, jointly promulgated the Decision on Amending Measures for the Parallel Administration of the Average Fuel Consumption and New Energy Vehicle Credits of Passenger Vehicle Enterprises, which took effect on August 1, 2023. Under these measures, each of the vehicle manufacturers and vehicle importers above a certain scale is required to, among other things, maintain its new energy vehicles credits, or the NEV credits, and corporate average fuel consumption credits, above zero, regardless of whether NEVs or ICE vehicles are manufactured or imported by it, and NEV credits can be earned only by manufacturing or importing NEVs. Therefore, NEV manufacturers will enjoy preferences in obtaining and calculating NEV credits. Additionally, the Ministry of Industry and Information Technology will establish an NEV credits pool for passenger vehicle enterprises to store or withdraw positive NEV credits, and decide whether to open such pool before July 30 each year based on the average fuel consumption of passenger vehicle enterprises across the country and the supply and demand of NEV credits. The positive NEV credits stored in the credit pool do not have a carryover ratio requirement and are valid for five years. Furthermore, NEV credits are equal to the aggregate actual scores of a vehicle manufacturer or a vehicle importer minus its aggregate targeted scores. The actual scores shall be calculated by multiplying the score of each new energy vehicle model, which depends on various metrics such as the driving range, battery energy efficiency and the rated power of fuel cell systems, and is calculated based on formula published by the Ministry of Industry and Information Technology (in the case of a battery electric vehicle, the NEV credit of each vehicle is calculated by multiplying 0.0034 by the vehicle's mileage, adding 0.2 to the result, and then multiplying the total by the mileage adjustment coefficient, battery energy density adjustment coefficient, and electricity consumption coefficient), by the respective production or import volume, while the targeted scores shall be calculated by multiplying the annual production or import volume of traditional ICEs of a vehicle manufacturer or importer by the NEV credit ratio set by the Ministry of Industry and Information Technology. The NEV credit ratios are 14%, 16% and 18% for the years of 2021, 2022 and 2023. Excess positive NEV credits, or the automotive regulatory credits, are tradable and may be sold to other enterprises through a credit trading scheme established by the Ministry of Industry and Information Technology while excess positive corporate average fuel consumption credits can only be carried forward or transferred among related parties. Negative NEV credits can be offset by purchasing automotive regulatory credits from other manufacturers or importers. We have earned positive NEV credits through manufacturing new energy vehicles and sold some of our automotive regulatory credits to other vehicle manufacturers or importers. We generated revenue from the sale of automotive regulatory credits totaled RMB516.5 million, RMB67.3 million and RMB10.6 million (US$1.5 million) in 2021, 2022 and 2023, respectively. The credits earned are calculated based on the formula published by the Ministry of Industry and Information Technology, which is dependent on various metrics such as vehicle mileage and battery energy efficiency. There is no guarantee that we will continue to earn a similar level or amount of credits going forward. Moreover, as the prices for automotive regulatory credits are subject to market demand, which affects the amount of regulatory credits generated by other vehicle manufacturers during a given period, we cannot assure you that we will continue to sell our automotive regulatory credits at the current price or a higher price. Any changes in government policies to restrict or eliminate such automotive regulatory credits trading could adversely affect our business, financial condition and results of operations.

On June 19, 2023, the Ministry of Industry and Information Technology, the Ministry of Finance and the State Taxation Administration jointly promulgated the Announcement on Continuing and Optimizing the Vehicle Purchase Tax Reduction and Exemption Policies for New Energy Vehicles. Pursuant to such announcement, the NEVs purchased during the period from January 1, 2024 to December 31, 2025, shall be exempt from vehicle purchase tax, with the amount of tax exemption for each new energy passenger vehicle not exceeding RMB30,000, and the vehicle purchase tax on the NEVs purchased during the period from January 1, 2026 to December 31, 2027, shall be reduced by half, with the amount of tax reduction for each new energy passenger vehicle not exceeding RMB15,000.

Such negative influence and our undermined sales performance resulted therefrom could continue. Furthermore, China's central government provides certain local governments with funds and subsidies to support the roll-out of charging infrastructure. See "Item 4. Information on the Company—B. Business Overview—Regulations—Favorable Government Policies Relating to New Energy Vehicles in the PRC." These policies are subject to change and beyond our control. We cannot assure you that any changes would be favorable to our business. Furthermore, any reduction, elimination, delayed payment or discriminatory application of government subsidies and economic incentives because of policy changes, the reduced need for such subsidies and incentives due to the perceived success of electric vehicles, fiscal tightening or other factors may result in the diminished competitiveness of the alternative fuel vehicle industry generally or our electric vehicles in particular. In addition, as we seek to increase our revenues from vehicle sales, we may also experience an increase in accounts receivable relating to government subsidies. However, the collection of the government subsidies is subject to the appropriation arrangement and cadence of the governmental authority. Any uncertainty or delay in collection of the government subsidies may also have an adverse impact on our financial condition. For more details, please refer to "10. Other Non-current Assets" set forth in our consolidated financial statements included elsewhere in this annual report. Any of the foregoing could materially and adversely affect our business, results of operations, financial condition and prospects.

Our current or future vehicles may not perform in line with customer expectations.

Our current or future vehicles may not perform in line with customers' expectations. For example, our vehicles may not have the durability or longevity of other vehicles in the market, and may not be as easy and convenient to repair as other vehicles in the market. Any product defects or any other failure of our vehicles to perform as expected could harm our reputation and result in adverse publicity, lost revenue, delivery delays, product recalls, product liability claims, harm to our brand and reputation, and significant warranty and other expenses, and could have a material adverse impact on our business, financial condition, operating results and prospects.

In addition, the range of our vehicles on a single charge declines principally as a function of usage, time and charging patterns as well as other factors. For example, a customer's use of his or her electric vehicle as well as the frequency with which he or she charges the battery can result in additional deterioration of the battery's ability to hold a charge.

Furthermore, our vehicles may contain defects in design and manufacture that may cause them not to perform as expected or that may require repair. We have delivered vehicles based on NIO Technology 2.0, or NT2.0, with certain features of the NAD, and plan to gradually turn on more features of the NAD. We cannot assure you that the NAD will ultimately perform in line with expectations. Our vehicles use a substantial amount of software code to operate and software products are inherently complex and often contain defects and errors when first introduced.

While we have performed extensive internal testing on our vehicles' software and hardware systems, we have a limited frame of reference by which to evaluate the long-term performance of our systems and vehicles. There can be no assurance that we will be able to detect and fix any defects in the vehicles prior to their sale to consumers. If any of our vehicles fail to perform as expected, we may need to delay deliveries, initiate product recalls and provide servicing or updates under warranty at our expense, which could adversely affect our brand in our target markets and could adversely affect our business, prospects and results of operations.

We may face challenges providing our power solutions.

We provide our users with comprehensive power solutions. Our power solutions include home charger, which we refer to as Power Home; battery swapping, which we refer to as Power Swap; supercharging piles, which we refer to as Power Charger; destination charging piles, which we refer to as Destination Charger; and mobile charging, which we refer to as Power Mobile. In addition, we offer our users our One Click for Power valet service where we pick up, charge and then return the vehicle. For each of our vehicle models, we currently offer two battery options: (i) the 75 kWh battery, or the Standard Range Battery and (ii) the 100 kWh battery, or the Long Range Battery. We expect to deliver the 150 kWh battery, or the Ultra-long Range Battery, with the next generation battery technology in the near future. We have experienced delays in delivering our power solutions in the past, and we cannot assure you that such delays will not occur again in the future.

We have very limited experience in the actual provision of our power solutions to users and providing these services is subject to challenges, including the challenges associated with sorting out the logistics of rolling out our network and teams in appropriate areas, inadequate capacity or over capacity of our services in certain areas, security risks or risk of damage to vehicles during One Click for Power valet services and the potential for lack of user acceptance of our services. In addition, although the Chinese government has supported the roll-out of a public charging network, the current number of charging infrastructures is generally considered to be insufficient. We also face uncertainties with regard to governmental support and public infrastructure as we roll out our power solutions, including whether we can obtain and maintain access to sufficient charging infrastructure, whether we can obtain any required permits and land use rights and complete any required filings, and whether the government support in this area may discontinue. Furthermore, we may be subject to illegal activities perpetrated against us and our power solutions, which may disrupt our operations and damage user confidence in our vehicles and service offerings, thereby negatively affect our business and results of operations.

Furthermore, given our limited experience in providing power solutions, there could be unanticipated challenges which may hinder our ability to provide our solutions or make the provision of our solutions costlier than anticipated. To the extent we are unable to meet user expectations or experience difficulties in providing our power solutions, our reputation and business may be materially and adversely affected.

Our products and services may not be generally accepted by our users. If we are unable to provide or arrange satisfactory products or customer service for our users, our business and reputation may be materially and adversely affected.

We aim to provide users with satisfactory products and a good customer service experience, including by providing our users with access to a full suite of services conveniently through our mobile application and vehicle applications. In addition, we seek to engage with our users on an ongoing basis using online and offline channels, in ways which are non-traditional for automakers. We are also expanding our service scope to meet our users' evolving demands. For example, in January 2021, we launched NIO Certified, our official used car business. We have established a nationwide used vehicle business network, covering services including vehicle inspection, evaluation, acquisition and sales. We also partner with various used car dealers through our NIO app to assist users in completing their used car transactions more efficiently and conveniently. In addition, we have also started to offer auto financing arrangements to our users directly through our subsidiary, NIO Financial Leasing Co., Ltd., in late 2020. New service offerings will subject us to unknown risks. In addition, we may from time to time roll out new vehicle models and upgraded versions of existing vehicle models to meet the evolving expectations and demands of our users. However, we cannot assure you that our products and services, including new vehicle models or upgraded versions of existing vehicle models, our service package and energy package, our power solution services, our used car service, our auto financing services or our efforts to engage with our users using both our online and offline channels, will be successful, which could impact our revenues as well as our customer satisfaction and marketing.

Our servicing will partially be carried out through third parties which we certified. Although such servicing partners may have experience in servicing other vehicles, we and such partners have very limited experience in servicing our vehicles. Servicing electric vehicles is different from servicing ICE vehicles and requires specialized skills, including high voltage training and servicing techniques. There can be no assurance that our service arrangements will adequately address the service requirements of our users to their satisfaction, or that we and our partners will have sufficient resources to meet these service requirements in a timely manner as the volume of vehicles we deliver increases.

In addition, if we are unable to roll out and establish a widespread service network, user satisfaction could be adversely affected, which in turn could materially and adversely affect our sales, results of operations and prospects.

We are dependent on our suppliers, many of whom are our single source suppliers for the components they supply.

Each of our vehicle models uses a great amount of purchased parts from suppliers, many of whom are currently our single source suppliers for these components, and we expect that this will be similar for any future vehicle we may produce. The supply chain exposes us to multiple potential sources of delivery failure or component shortages. While we obtain components from multiple sources whenever possible, similar to other players in our industry, many of the components used in our vehicles are components we purchased from a single source. To date, we have not qualified alternative sources for most of the single sourced components used in our vehicles and we do not maintain long-term agreements with some of our single source suppliers. In addition, part of our supply chain is geographically concentrated. The lack of geographic diversification in our suppliers could lead to increased costs and delays in production of our vehicles.

Qualifying alternative suppliers or developing our own replacements for certain highly customized components of our vehicles, may be time-consuming and costly. Any disruption in the supply of components, whether or not from a single source supplier, could temporarily disrupt the production of our vehicles until an alternative supplier is fully qualified or is otherwise able to supply us with the required material. There can be no assurance that we would be able to successfully retain alternative suppliers or supplies on a timely basis, on acceptable terms or at all. Furthermore, our collaboration with startup suppliers poses a potential risk to our operations. These suppliers may lack the experience and resources to effectively manage their supply chains, leading to potential disruptions in the delivery of goods or services to us. In addition, operational inefficiencies within these suppliers may lead to inconsistencies in product or service quality, thereby affecting our own ability to deliver high-quality products or services to our customers. Some of these suppliers may have limited financial resources and rely on external financing to sustain their operations. If they experience financial constraints or fail to sustain their operations, it could impact their ability to meet our requirements, potentially causing delays or disruptions in our operations.

Changes in business conditions, force majeure and other factors beyond our control or which we do not presently anticipate, could also affect our suppliers' ability to deliver components to us on a timely basis. For example, the global supply constraint of semiconductor chips had negatively impacted our production activity and volume, as a result of which, we temporarily suspended the vehicle production activity in the F1 Plant for five working days starting from March 29, 2021. In May 2021, our vehicle delivery was adversely impacted for several days due to the volatility of semiconductor supply and certain logistical adjustments. In April 2022, we suspended our vehicle production as a result of the component shortages. In July 2022, the production of our ET7 and EC6 was constrained by the short supply of casting parts. Although the reduced production volume and number of vehicles delivered as a result of supply chain volatilities have not had a material impact on our liquidity and capital resources, our results of operations in these periods have been negatively affected. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—Our business, financial condition and results of operations may be adversely affected by natural disasters, health epidemics and other outbreaks." While we have been working closely with supply chain partners and have been actively seeking alternative sources of supply, our production activity and results of operations may be impacted should the supply chain volatilities continue. In addition, even if we succeed in locating alternative sources of supply, cooperating with new suppliers will subject us to uncertainties with respect to the reliability of these suppliers and the quality of the components they provide. We cannot assure you that the new sources of component supply will enable us to meet the quality, price, design, engineering, and production standards, as well as the production volumes to satisfy the market demand for our vehicles. Any defects of or quality issues with these components or any non-compliance incidents associated with these third-party suppliers could result in quality issues with our vehicles and hence compromise our brand image and results of operations. Any of the foregoing could materially and adversely affect our results of operations, financial condition and prospects.

We rely on Battery Asset Company to provide Battery as a Service to our users. If Battery Asset Company fails to achieve smooth and stable operations, our Battery as a Service may be materially and adversely affected.

On August 20, 2020, we introduced the Battery as a Service, or BaaS, which allows users to purchase electric vehicles and subscribe for the usage of batteries separately. If users opt to purchase a vehicle and subscribe for the battery under the BaaS, they can enjoy a deduction off the original vehicle purchase price and pay a monthly subscription fee for the battery.

For each user under the BaaS model, we sell a battery to Wuhan Weineng Battery Asset Co., Ltd., or the Battery Asset Company, and the user subscribes for the usage of the battery from the Battery Asset Company. The service we provide to our users under the BaaS relies, in part, on the smooth operation of and stability and quality of service delivered by the Battery Asset Company, which we cannot guarantee. We invested in the Battery Asset Company with CATL, Hubei Science Technology Investment Group Co., Ltd. and a subsidiary of Guotai Junan International Holdings Limited, which we refer to as the Initial BaaS Investors in this annual report. We and the Initial BaaS Investors each invested RMB200 million and held 25% equity interests in the Battery Asset Company at its establishment. In December 2020, April 2021, August 2021 and July 2022, respectively, the Battery Asset Company entered into agreements with new and existing investors for additional financing. We refer to the Initial BaaS Investors together with the other investors of the Battery Asset Company that subsequently joined as the Battery Asset Company Investors. As of the date of this annual report, we beneficially own approximately 19.4% of the equity interests in the Battery Asset Company. As a result, we have significant influence, but not control, over the business operations of the Battery Asset Company. If it fails in delivering smooth and stable operations, we will suffer from negative customer reviews and even returns of products or services and our reputation may be materially and adversely affected.

Additionally, given that we generate a portion of our total revenues from sales of battery purchases and provision of service to the Battery Asset Company, our results of operations and financial performance will be negatively affected if the Battery Asset Company fails to operate smoothly. The Battery Asset Company may finance the purchase of batteries through issuance of equity and debt or bank borrowing. If the Battery Asset Company is unable to obtain future financings from the Battery Asset Company Investors or other third parties to meet its operational needs, it may not be able to make payments to us for the batteries purchased from us on time, to continue purchasing batteries from us and providing them to our users through battery subscription, or to otherwise maintain its healthy and sustainable operations. On the other hand, if the Battery Asset Company bears a significant rate of customer default on its payment obligations, its results of operations and financial performance may be materially impacted, which will in turn reduce the value of our and the Battery Asset Company Investors' investments in the Battery Asset Company. In addition, in furtherance of the BaaS, we agreed to provide a guarantee to the Battery Asset Company for the default in payment of monthly subscription fees from users, while the maximum amount of guarantee that can be claimed shall not be higher than the accumulated service fees we receive from the Battery Asset Company. As the BaaS user base is expanding, if an increased number of default occurs, our results of operations and financial performance will be negatively affected. As of December 31, 2023, the guarantee liability we provided to Battery Asset Company was immaterial.

Reservations for our vehicles are subject to cancellation.

Reservations for our vehicles are subject to cancellation by the customer until delivery of the vehicle. We have experienced cancellations in the past. While we require a deposit of less than 2.0% of the manufacturer's suggested retail price, such deposit becomes non-refundable after a certain period of time upon which the reservation will be automatically confirmed. Notwithstanding the non-refundable deposit, our users may still cancel their reservations for many reasons outside of our control. The potentially long wait from the time a reservation is made until the time the vehicle is delivered could also impact user decisions on whether to ultimately make a purchase, due to potential changes in preferences, competitive developments and other factors. If we encounter delays in the delivery our current or future vehicle models, we believe that a significant number of reservations may be cancelled. As a result, no assurance can be made that reservations will not be cancelled and will ultimately result in the final purchase, delivery, and sale of the vehicle. Such cancellations could harm our financial condition, business, prospects and operating results.

We may be subject to risks associated with assisted and intelligent driving technologies.

We provide an enhanced advanced driver assistance system, or ADAS, and plan to offer higher levels of assisted and intelligent driving functionalities, and through our research and development, we continually update and improve our assisted and intelligent driving technologies. Regulatory, safety and reliability issues, or the perception thereof, many of which are beyond our control, could cause the public, our users or our potential business partners to lose confidence in the assisted and intelligent driving solutions in general. The safety of such technology depends in part on end users of vehicles equipped with ADAS and higher levels of assisted and intelligent driving systems, as well as other drivers, pedestrians, other obstacles on the roadways or other unforeseen events. For example, there have been traffic accidents involving vehicles equipped with ADAS, including our NIO vehicles. Even though the actual causes of such traffic accidents may not be associated with the use of ADAS, they resulted in, and any future similar accidents could result in, significant negative publicity, and, in the future, could result in suspension or prohibition of vehicles equipped with ADAS and other assisted and intelligent driving systems, as well as regulatory investigations, recalls, systems or features modifications and related actions. In addition, to the extent accidents associated with our ADAS and other assisted and intelligent driving systems (once launched) occur, we could be subject to liability, government scrutiny and further regulation. For example, our research and development activities related to ADAS are subject to regulatory restrictions on surveying and mapping, as well as driverless road testing. Any further tightening of regulatory restrictions could significantly impede our development of assisted and intelligent driving technologies. Any of the foregoing could materially and adversely affect our results of operations, financial condition and growth prospects.

We may face challenges in expanding our business and operations internationally and our ability to conduct business in international markets may be adversely affected by legal, regulatory, political and economic risks.

We face challenges and risks associated with expanding our business and operations globally into new geographic markets. For example, following our entry into the Norwegian market in 2021, we announced our provision of products and services for Germany, the Netherlands, Denmark, and Sweden in October 2022. New geographic markets may have competitive conditions, user preferences, and discretionary spending patterns that are more difficult to predict or satisfy than our existing markets. In certain markets, we have relatively little operating experience and may not benefit from any first-to-market advantages or otherwise succeed. We may also face protectionist policies that could, among other things, hinder our ability to execute our business strategies and put us at a competitive disadvantage relative to domestic companies. For example, in September 2023, the European Commission announced that an investigation will be launched on whether to impose punitive tariffs to protect European Union producers against lower-priced Chinese electric vehicle imports it says are benefiting from state subsidies. If there are any adverse findings during or upon the conclusion of such investigation, the European Commission may impose countervailing duties or punitive tariffs, which may in turn negatively affect our operations and expansions in Europe. Local companies may have a substantial competitive advantage because of their greater understanding of, and focus on, the local users, as well as their more established local brand names, requiring us to build brand awareness in that market through greater investments in advertising and promotional activity. International expansion may also require significant capital investment, which could strain our resources and adversely impact current performance, while adding complexity to our current operations. We are subject to PRC law in addition to the laws of the foreign countries in which we operate. If any of our overseas operations, or our associates or agents, violate such laws, we could become subject to sanctions or other penalties, which could negatively affect our reputation, business and operating results.

In addition, we may face operational issues that could have a material adverse effect on our reputation, business and results of operations, if we fail to address certain factors including, but not limited to, the following:

- lack of acceptance of our products and services, and challenges of localizing our offerings to appeal to local tastes;
- conforming our products to regulatory and safety requirements and charging and other electric infrastructures;
- failure to attract and retain capable personnel with international perspectives who can effectively manage and operate local businesses;
- challenges in identifying appropriate local business partners and establishing and maintaining good working relationships with them;
- availability, reliability and security of international payment systems and logistics infrastructure;
- challenges of maintaining efficient and consolidated internal systems, including technology infrastructure, and of achieving customization and integration of these systems with the other parts of our technology platform;
- challenges in replicating or adapting our company policies and procedures to operating environments different from that of China;
- national security policies that restrict our ability to utilize technologies that are deemed by local governmental regulators to pose a threat to their national security;
- the need for increased resources to manage regulatory compliance across our international businesses;
- compliance with privacy laws and data security laws and compliance costs across different legal systems;
- heightened restrictions and barriers on the transfer of data between different jurisdictions;
- differing, complex and potentially adverse customs, import/export laws, tax rules and regulations or other trade barriers or restrictions related compliance obligations and consequences of non-compliance, and any new developments in these areas;
- business licensing or certification requirements of the local markets;

- challenges in the implementation of BaaS and other innovative business models in countries and regions outside of China;
- exchange rate fluctuations;
- political instability and general economic or political conditions in particular countries or regions, including territorial or trade disputes, war and terrorism; and
- significant capital required for entering into new geographical markets, including cost of promoting our current and future brands in the new markets, building sales and services networks and power infrastructures.

Failure to manage these risks and challenges could negatively affect our ability to expand our business and operations overseas as well as materially and adversely affect our business, financial condition and results of operations.

Rising international political tension, including changes in U.S. and international trade policies, particularly with regard to China, may adversely impact our business and operating results.

The U.S. government has made statements and taken certain actions that may lead to potential changes to U.S. and international trade policies towards China. In January 2020, the "Phase One" agreement was signed between the United States and China on trade matters. However, it remains unclear what additional actions, if any, will be taken by the U.S. or other governments with respect to international trade agreements, the imposition of tariffs on goods imported into the U.S., tax policy related to international commerce, or other trade matters. Any unfavorable government policies on international trade, such as capital controls or tariffs, may affect the demand for our products and services, impact the competitive position of our products or prevent us from selling products in certain countries. Moreover, many of the recent policy updates in the U.S., including the Clean Network project initiated by the U.S. Department of State in August 2020 and the Entity List regime maintained and regularly updated by the U.S. Bureau of Industry and Security, may have unforeseen implications for our business. In addition, in October 2022, the U.S. Commerce Department's Bureau of Industry and Security imposed additional export controls on certain advanced computing semiconductor chips, integrated circuits, semiconductor manufacturing items and related transactions. These recent export controls are, in part, intended to restrict China's ability to obtain advanced computing chips, develop and maintain supercomputers, and manufacture advanced semiconductors. The implementation, interpretation and impact on our business of these rules and other regulatory actions taken by the U.S. government is uncertain. These actions and/or other actions that may be taken by the governments of either the U.S. or China, or both (including in response to recent increased tensions), could hinder our ability to transfer our U.S.-origin software to China, source U.S.-origin software and components or otherwise access U.S. technology, which could materially and adversely affect our business, results of operations and financial condition. If any new tariffs, legislation and/or regulations are implemented, or if existing trade agreements are renegotiated or, in particular, if the U.S. government takes retaliatory trade actions due to the recent U.S.-China trade tension, such changes could have an adverse effect on our business, financial condition and results of operations.

Additionally, the United States and various foreign governments have imposed controls, export license requirements and restrictions on the import or export of technologies and products (or voiced the intention to do so), especially related to semiconductor chips, AI and other high-tech areas, which may have a negative impact on our business, financial condition and results of operations. Moreover, political tensions between the United States and China have escalated due to various incidents relating to trade dispute, tensions in the Taiwan Strait, U.S. sanctions on certain Chinese government officials and Chinese companies, and various restrictions relating to the Chinese semiconductor industry. On August 9, 2023, the Biden administration of the United States released an executive order directing the Department of Treasury to create an outbound foreign direct investment review program that will require reporting on or (in more narrow circumstances) will prohibit investments by U.S. persons involving "covered national security technologies and products," which is defined to include "sensitive technologies and products in the semiconductors and microelectronics, quantum information technologies, and AI sectors that are critical for the military, intelligence, surveillance, or cyber-enabled capabilities" of China. The Department of Treasury issued an advance notice of proposed rulemaking, which provided a conceptual framework for outbound investment controls focused on China. As of the date of this annual report, the final rules implementing the administrative order have not taken effect yet, and the scope of the outbound foreign direct investment review program may be materially different from what is currently contemplated by the advance notice. In response, China has implemented, and may further implement, measures in response to the changing trade policies, treaties, tariffs and sanctions and restrictions against Chinese companies initiated by the U.S. Moreover, our deployment of advanced core technologies in ADAS, whether developed internally or acquired from third parties, may exposes us to risks associated with sanctions imposed by the U.S. government.

We may also face protectionist policies that could, among other things, hinder our ability to execute our business strategies and put us at a competitive disadvantage relative to domestic companies. For example, in September 2023, the European Commission announced that an investigation will be launched on whether to impose punitive tariffs to protect European Union producers against lower-priced Chinese electric vehicle imports it says are benefiting from state subsidies. If there are any adverse findings during or upon the conclusion of such investigation, the European Commission may impose countervailing duties or punitive tariffs, which may in turn negatively affect our operations and expansions in Europe.

Rising political tensions could reduce levels of trades, investments, technological exchanges, and other economic activities between the two major economies, which would have a material adverse effect on global economic conditions and the stability of global financial markets. Any of these factors could have a material adverse effect on our business, prospects, financial condition, and results of operations.

We face challenges in developing and operating our subscription business and leasing, and our vehicles used for subscription may be stolen or destroyed, or our car leasing partners may run into operational difficulties, which could negatively impact our business.

We began to offer subscription offerings in Germany, the Netherlands, Denmark and Sweden starting from October 2022, which requires significant capital. We may incur losses or otherwise fail to introduce the service successfully. For example, we may incur insufficient utilization rate of our fleets under the subscription offering and therefore only generate lower-than-expected revenue. We also face risks in connection with the expansion of our customer base in Europe through our subscription offering. For example, customers of our vehicle subscription may have a higher-than-expected rate of default due to macroeconomic factors or if we fail to correctly assess their creditworthiness, which would result in increased costs incurred by our company.

In addition, we cooperate with partners in European market who engage in car leasing business. We sell vehicles to the car leasing partners who will then lease the cars purchased from us to the end customers. As such customers would use NIO vehicles and enjoy certain NIO services, such as using NIO app and entering into NIO House, if our car leasing partners run into any operational difficulties, our users' experience may be negatively affected, our brand name could be compromised.

Furthermore, given that our vehicles are typically stored in unroofed parking lots under the vehicle subscription offering, force majeure events such as flooding, fires or hail may affect a large number of our vehicles. This type of parking lot also has an increased risk of theft or vandalism. Such events may cause us to incur large, uninsured damages, deprive us of a significant portion of our inventory and reduce customer satisfaction if we cannot deliver subscribed vehicles. In addition, vehicles provided to customers under our vehicle subscription service may be stolen, damaged or destroyed before being returned to us. While we carry insurance for our vehicles, the insurance coverage may not be sufficient.

With the expansion of the subscription business and leasing programs into international markets in the future, any of the foregoing could have a material adverse effect on our business, financial condition, results of operations and prospects.

We are subject to the risk of a decrease in the residual value of used vehicles under our subscription offering.

As the economic owner of the vehicles under the subscription offering, we are exposed to the risk that the market value of our existing vehicles could decrease after new vehicle models are released, which will reduce our asset value. We are also exposed to the risk that the market value of the vehicles returned at the end of the subscription term may be lower than the calculated residual value at the time the subscription contract was entered into, which may in turn increases the likelihood that the future subscription price for the returned vehicle turns out to be lower than expected. A decline in the value of used vehicles can be caused by a broad range of external factors affecting the vehicle market, including adverse changes in customer confidence and preferences, economic conditions, government policies, exchange rates, marketing programs, price pressure in the new vehicle, the actual or perceived safety or reliability of vehicles, the price of raw materials regained from recycling or scrapping, or technological developments.

Uncertainties may also exist regarding the internal methods for calculating residual values. Although we continually employ residual value models and monitor used vehicle prices, demand and supply trends and other factors to forecast residual values, the assumptions on which residual value assessments are based may prove to be incorrect. In addition, in the case that actual residual values, due to changes in market or regulatory conditions, turn out to be lower than the amounts calculated for our subscription pricing, provisions for residual value risk may be insufficient. Similarly, if the market value of the used cars decreases, we may have to record write-downs beyond its existing reserves for used vehicle inventory risk. Finally, a significant decrease in the value of used vehicles may create pricing pressure for our new car business if customers are not willing to pay significantly higher prices in monthly subscription payments as a consequence of decreased residual values.

As a result of the above factors, with the expansion of the subscription business in the future, if the market value of the used vehicles under our subscription service is significantly below our estimate, it may have a material adverse effect on our business, assets, results of operations, financial condition and prospects.

Our industry is rapidly evolving and may be subject to unforeseen changes. Developments in alternative technologies may materially and adversely affect the demand for our electric vehicles.

We operate in the electric vehicle market, which is rapidly evolving and may not develop as we anticipate. We face unanticipated risks such as an increase in lithium prices, which may reduce the demand of battery electric vehicle and negatively impact on our business. Also, the regulatory framework governing the industry is currently uncertain and may remain uncertain for the foreseeable future. As our industry and our business develop, we may need to modify our business model or change our services and solutions. These changes may not achieve expected results, which could have a material adverse effect on our results of operations and prospects.

Furthermore, we may be unable to keep up with changes in electric vehicle technology and, as a result, our competitiveness may suffer. Our research and development efforts may not be sufficient to adapt to changes in electric vehicle technology. As technologies change, we plan to upgrade or adapt our vehicles and introduce new models in order to provide vehicles with the latest technology, in particular digital technologies, which could involve substantial costs and lower our return on investment for existing vehicles. There can be no assurance that we will be able to compete effectively with alternative vehicles or source and integrate the latest technology into our vehicles, against the backdrop of our rapidly evolving industry. Even if we are able to keep pace with changes in technology and develop new models, our prior models could become obsolete more quickly than expected, potentially reducing our return on investment.

Developments in alternative technologies, such as advanced diesel, ethanol, fuel cells or compressed natural gas, or improvements in the fuel economy of the internal combustion engine, may materially and adversely affect our business and prospects in ways we do not currently anticipate. For example, fuel which is abundant and relatively inexpensive in China, such as compressed natural gas, may emerge as consumers' preferred alternative to petroleum based propulsion. Any of our failure to successfully react to changes in existing technologies could materially harm our competitive position and growth prospects.

We may be unable to adequately control the costs associated with our operations.

We have required significant capital to develop and grow our business, including entering into more markets, developing our products as well as building our brands. We expect to incur significant costs which will impact our profitability, including research and development expenses as we roll out new models and improve existing models, raw material procurement costs and selling and distribution expenses as we build our brand and market our vehicles. In addition, we may incur significant costs in connection with our services, including providing power solutions and honoring our commitments under our service package. Our ability to become profitable in the future will not only depend on our ability to successfully market our vehicles and other products and services but also to control our costs. If we are unable to cost efficiently design, manufacture, market, sell and distribute and service our vehicles and services, our margins, profitability and prospects will be materially and adversely affected.

We could experience cost increases or disruptions in supply of raw materials or other components used in our vehicles.

We incur significant costs related to procuring raw materials required to manufacture and assemble our vehicles. We use various raw materials in our vehicles including aluminum, steel, carbon fiber, non-ferrous metals such as copper, lithium, nickel as well as cobalt. The prices for these raw materials fluctuate depending on factors beyond our control, including market conditions and global demand for these materials, and could adversely affect our business and operating results. Our business also depends on the continued supply of batteries for our vehicles. Battery manufacturers may refuse to supply electric vehicle manufacturers to the extent they determine that the vehicles are not sufficiently safe. We are exposed to multiple risks relating to availability and pricing of quality lithium-ion battery cells. These risks include:

- the inability or unwillingness of current battery manufacturers to build or operate battery manufacturing plants to supply the numbers of lithium-ion cells required to support the growth of the electric or plug-in hybrid vehicle industry as demand for such cells increases;

- disruption in the supply of cells due to quality issues or recalls by the battery manufacturers; and

- an increase in the cost of raw materials, such as lithium, nickel and cobalt, used in lithium-ion cells.

In the long term, we intend to supplement cells from our suppliers with cells that we manufactured, which are customized to meet our specific requirements. However, our efforts to develop and manufacture such battery cells have required, and may continue to require, significant investments, and there can be no assurance that we will always be able to achieve these targets in the timeframes that we have planned or at all. If we are unable to do so, we may have to curtail our planned vehicle production or procure additional cells from suppliers at potentially greater costs, either of which may harm our business and operating results.

Furthermore, currency fluctuations, tariffs or shortages in petroleum and other economic or political conditions may result in significant increases in freight charges and raw material costs. Substantial increases in the prices for our raw materials or components would increase our operating costs, and could reduce our margins. In addition, a growth in popularity of electric vehicles without a significant expansion in battery production capacity could result in shortages which would result in increased costs in raw materials to us or impact of prospects.

Our business is subject to a variety of laws and regulations regarding cybersecurity, privacy, data protection and information security in China and elsewhere. Any failure to comply with these laws and regulations could subject us to significant adverse consequences.

We face significant challenges with respect to cybersecurity, privacy, data protection and information security in China and other jurisdictions that we operate in, including the collection, storage, transmission and sharing of confidential information. We use our vehicles' electronic systems to log information about each vehicle's use, such as charge time, battery usage, mileage and driving behavior, in order to aid us in vehicle diagnostics, repair and maintenance, as well as to help us customize and optimize the driving and riding experience. Our users may object to the use of this data, which may hinder our capabilities in conducting our business. We also transmit and store certain confidential and private information of our vehicle buyers, including certain personal information such as names, accounts, user IDs and passwords, and payment or transaction related information. Collection, transmission, possession and use of our user's data in conducting our business may subject us to legislative and regulatory burdens in China and other jurisdictions that could require notification of any data breach, restrict our use of such information and hinder our ability to acquire new customers or market to existing customers.

We are required by PRC law to ensure the confidentiality, integrity, availability and authenticity of the information of our customers, which is also essential to maintaining their confidence in our vehicles and services. We have adopted strict information security policies and deployed advanced measures to implement the policies, including, among others, advanced encryption technologies. However, advances in technology, an increased level of sophistication and diversity of our products and services, an increased level of expertise of hackers, new discoveries in the field of cryptography or others can still result in a compromise or breach of the measures that we use. If we are unable to protect our systems, and hence the information stored in our systems, from unauthorized access, use, disclosure, disruption, modification or destruction, such problems or security breaches could cause a loss, give rise to our liabilities to the owners of confidential information or even subject us to fines and penalties. If users allege that we have improperly collected, used, transmitted, released or disclosed their personal information, we could face legal claims and reputational damage. In addition, we may incur significant expenses to comply with privacy, consumer protection and security standards and protocols imposed by laws, regulations, industry standards or contractual obligations, some of which may not be compatible with our existing business practice. If third parties improperly obtain and use the personal information of our users, we may be required to expend significant resources to resolve these problems. In December 2022, we were made aware that certain user information and vehicle sales information in China before August 2021 was for sale on the internet by third parties for illegal purposes. We followed the PRC legal requirements on data leakage incident settlement, and also issued a public statement in China related to the incident, including providing a dedicated hotline and an email address to respond to user queries regarding the data leakage. We have also undertaken the responsibilities for the loss that the users may incur, if any, in connection with the data leakage. As of the date of this annual report, we were not aware of significant issues related to the security of our electronic systems nor did we receive any claims from users.

In general, we expect that data security and data protection compliance will receive greater attention and focus from regulators, both domestically and globally, as well as attract continued or greater public scrutiny and attention going forward, which could increase our compliance costs and subject us to heightened risks and challenges associated with data security and protection. Significant capital and other resources may be required to protect against information security breaches or to alleviate problems caused by such breaches or to comply with our privacy policies or privacy-related legal obligations. The resources required may increase over time as the methods used by hackers and others engaged in online criminal activities are increasingly sophisticated and constantly evolving. Any of our failure or perceived failure to prevent information security breaches or to comply with privacy policies or privacy-related legal requirements, or any security breach that results in the unauthorized release or transfer of personally identifiable information or other customer data, could cause our customers to lose trust in us and could expose us to legal claims. Any perception by the public that online transactions or the privacy of user information are becoming increasingly unsafe or vulnerable to attacks could inhibit the growth of online retail and other online services generally, which may reduce the number of orders we receive.

The PRC regulatory and enforcement regime with regard to data security and data protection is evolving and may be subject to different interpretations or significant changes. Moreover, different PRC regulatory bodies, including the Standing Committee of the National People's Congress of China, the Ministry of Industry and Information Technology, the CAC, the Ministry of Public Security, and the State Administration for Market Regulation have enforced a variety of laws and regulations regarding cybersecurity, privacy, data protection and information security with varying standards and applications in recent years, including, among others, the PRC National Security Law, the PRC Cyber Security Law, the PRC Personal Information Protection Law, the PRC Data Security Law, the Regulations on the Protection of the Security of Critical Information Infrastructure, the Cybersecurity Review Measures, the Several Provisions on Automobile Data Security Management (Trial Implementation), the Administration Measures on Data Security in the Field of Industry and Information Technology (Trial Implementation) and the Measures for the Security Assessment of Data Exit. See "Item 4. Information on the Company—B. Business Overview—Regulations—Regulations on Internet Information Security and Privacy Protection." The following are examples of certain recent PRC regulatory activities in this area:

Data Security

In July 2021, the State Council of the PRC promulgated the Regulations on the Protection of the Security of Critical Information Infrastructure, which took effect on September 1, 2021. Pursuant to this regulation, critical information infrastructure means key network facilities or information systems of critical industries or sectors, such as public communication and information service, energy, transportation, water conservation, finance, public services, e-government affairs and national defense science, the damage, malfunction or data leakage of which may endanger national security, people's livelihoods and the public interest. In December 2021, the CAC, together with other authorities, jointly promulgated the Cybersecurity Review Measures, which took effect on February 15, 2022 and replaces its predecessor regulation. Pursuant to the Cybersecurity Review Measures, critical information infrastructure operators that procure internet products and services and network platform operators that conduct data process activities must be subject to the cybersecurity review if their activities affect or may affect national security. The Cybersecurity Review Measures further stipulates that network platform operators that hold personal information of over one million users shall apply with the Cybersecurity Review Office for a cybersecurity review before any public offering at a foreign stock exchange. PRC governmental authorities may also initiate cybersecurity review if they determine certain network products, services, or data processing activities affect or may affect national security. As of the date of this annual report, no detailed rules or implementation rules have been issued by any authority and we have not been informed that we are a critical information infrastructure operator by any government authorities. Furthermore, the scope of "network products or services or data processing activities that will or may affect national security" and the scope of operators of "critical information infrastructure" remains unclear, and the PRC government authorities may have wide discretion in the interpretation and enforcement of the applicable laws.

In November 2021, the CAC released the Administration Regulations on Cyber Data Security (Draft for Comments). These regulations provide that data processors refer to individuals or organizations that, during their data processing activities such as data collection, storage, utilization, transmission, publication and deletion, have autonomy over the purpose and the manner of data processing. In accordance with these regulations, data processors shall apply for a cybersecurity review for certain activities, including, among other things, (i) the listing abroad of data processors that process the personal information of more than one million users and (ii) any data processing activity that affects or may affect national security. However, there have been no clarifications from the authorities as of the date of this annual report as to the standards for determining whether an activity is one that "affects or may affect national security." In addition, these regulations require that data processors that process "important data" or are listed overseas must conduct an annual data security assessment by itself or commission a data security service provider to do so, and submit the assessment report of the preceding year to the municipal cybersecurity department by the end of January each year. As of the date of this annual report, there is no definitive timetable as to when these regulations will be enacted.

In 2021, the PRC government initiated cybersecurity reviews against a number of mobile applications operated by several US-listed Chinese companies and prohibited applications from registering new users during the review period. We expect that cybersecurity and data protection issues will receive greater and continued attention and scrutiny from regulators and the public going forward, which could increase our compliance costs and subject us to heightened risks and challenges associated with data security and protection, as well as negative publicity. If the Cybersecurity Review Measures and the enacted version of the Administration Regulations on Cyber Data Security (Draft for Comments) mandate clearance of cybersecurity review and other specific actions to be taken by overseas listed companies like us, we face uncertainties as to whether we can complete these additional procedures timely, or at all, which may subject us to government enforcement actions and investigations, fines, penalties, revocation of the required licenses, suspension of our non-compliant operations, or removal of our mobile application from the application stores, and materially and adversely affect our business and results of operations. As of the date of this annual report, we have not been involved in any formal investigations on cybersecurity review made by the CAC on such basis.

Personal Information and Privacy

On August 16, 2021, the CAC, the NDRC, the Ministry of Public Security, the Ministry of Industry and Information Technology and the Ministry of Transport jointly promulgated the Several Provisions on Automobile Data Security Management (Trial Implementation), which impose a series of additional personal information and data security protection obligations on automobile data processors like us, including, among other things, (i) in-car processing of automobile data in principle, (ii) enhanced notification and consent requirements, (iii) enhanced individual control over their automobile personal information, and (iv) submitting annual report for processing automobile important data. We may be required to make further adjustments to our business practices to comply with the personal information and data protection laws and regulations.

Many of the data-related legislations are relatively new and certain concepts thereunder remain subject to interpretation by the regulators. In general, compliance with the existing PRC laws and regulations, as well as additional laws and regulations that PRC regulatory bodies may enact in the future, related to data security and personal information protection, may be costly and result in additional expenses to us, and subject us to negative publicity, which could harm our reputation and business operations. There are also uncertainties with respect to how such laws and regulations will be implemented and interpreted in practice.

In addition, regulatory authorities in the U.S., Europe and elsewhere around the world have adopted or are considering a number of legislative and regulatory proposals concerning data protection. These legislative and regulatory proposals, if adopted, and the uncertain interpretations and application thereof could, in addition to the possibility of fines, result in an order requiring that we change our data practices and policies, which could have an adverse effect on our business and results of operations. For example, the European Union adopted the European Union General Data Protection Regulation, which took effect on May 25, 2018. This regulation includes operational requirements for companies that receive or process personal data of residents of the European Economic Area, and establishes new requirements applicable to the processing of personal data, affords new data protection rights to individuals and imposes penalties for serious data breaches. Individuals also have a right to compensation under this regulation for financial or non-financial losses. As we offer our products and services in European market, we are subject to provisions of this regulation.

Our business depends significantly on our ability to build our brands. We may not succeed in continuing to establish, maintain and strengthen our brands.

Our business and prospects are heavily dependent on our ability to develop, maintain and strengthen the “NIO” brand. If we do not continue to establish, maintain and strengthen our brand, we may lose the opportunity to build a critical mass of customers. Promoting and positioning our brand will likely depend significantly on our ability to provide high quality vehicles and services and engage with our customers as intended and we have limited experience in these areas. In addition, we expect that our ability to develop, maintain and strengthen the NIO brand will depend heavily on the success of our user development and branding efforts. Such efforts mainly include building a community of online and offline users engaged with us through our mobile application, NIO Houses, NIO Spaces as well as other branding initiatives such as our annual NIO Day. Such efforts may be non-traditional and may not achieve the desired results. To promote our brand, we may be required to change our user development and branding practices, which could result in substantially increased expenses, including the need to use traditional media such as television, radio and print. If we do not develop and maintain a strong brand, our business, prospects, financial condition and operating results will be materially and adversely impacted.

Additionally, we may decide to launch one or more electric vehicle brands, positioned and priced in a manner that varies from our existing "NIO" brand and our current vehicle models. The launch of a new brand within the electric vehicle market involves substantial risks related to market differentiation and consumer acceptance. Establishing a clear position and price range for the new brand in an already competitive landscape requires significant investment in branding, development and marketing efforts. We also face the inherent uncertainty of consumer response to the new brand, which poses a risk to achieving the desired market penetration and sales volumes. Moreover, introducing a new brand could cause potential dilution to the brand equity of our existing "NIO" brand and the diversion of our resources, leading to potential inefficiencies. Moreover, the vehicles under the new brand could potentially cannibalize sales from our existing vehicles, adversely affecting our current market position and revenue streams. Any of the foregoing could materially and adversely affect our ability to grow our business and our results of operations.

In addition, if incidents occur or are perceived to have occurred, whether or not such incidents are our fault, we could be subject to adverse publicity. In particular, given the popularity of social media, including WeChat/Weixin in China, any negative publicity, whether true or not, could quickly proliferate and harm consumer perceptions and confidence in our brand. Furthermore, there is the risk of potential adverse publicity related to our manufacturing and other partners, such as JAC and NIO Capital, whether or not such publicity related to their collaboration with us. Our ability to successfully position our brand could also be adversely affected by perceptions about the quality of JAC's vehicles. Although we have transitioned to independent manufacturing, any product quality issues with vehicles that were historically jointly manufactured by our partners and us could adversely harm our brand and reputation.

Furthermore, from time to time, our vehicles are evaluated and reviewed by third parties. Any negative reviews or reviews which compare us unfavorably to competitors could adversely affect consumer perception about our vehicles.

Our business depends substantially on the continuing efforts of our executive officers, key employees and qualified personnel, and our operations may be severely disrupted if we lose their services.

Our success depends substantially on the continued efforts of our executive officers and key employees. If one or more of our executive officers or key employees were unable or unwilling to continue their services with us, we might not be able to replace them easily, in a timely manner, or at all. As we build our brand and become more well-known, the risk that competitors or other companies may poach our talent increases. Our industry is characterized by high demand and intense competition for talent and therefore we cannot assure you that we will be able to attract or retain qualified staff or other highly skilled employees. In addition, because our electric vehicles are based on a different technology platform than traditional ICE vehicles, individuals with sufficient training in electric vehicles may not be available to hire, and we will need to expend significant time and expense training the employees we hire. We also require sufficient talent in areas such as software development. Furthermore, as our company is relatively young, our ability to train and integrate new employees into our operations may not meet the growing demands of our business, which may materially and adversely affect our ability to grow our business and our results of operations.

If any of our executive officers and key employees terminates his or her services with us, our business may be severely disrupted, our financial condition and results of operations may be materially and adversely affected and we may incur additional expenses to recruit, train and retain qualified personnel. We have not obtained any "key person" insurance on our key personnel. If any of our executive officers or key employees joins a competitor or forms a competing company, we may lose customers, know-how and key professionals and staff members. To the extent permitted by laws, each of our executive officers and key employees has entered into an employment agreement and a non-compete agreement with us. However, if any dispute arises between our executive officers or key employees and us, the non-competition provisions contained in their non-compete agreements may not be enforceable, especially in China, where these executive officers reside, on the ground that we have not provided adequate compensation to them for their non-competition obligations, which is required under PRC laws.

Our future growth is dependent on the demand for, and upon consumers' willingness to adopt, electric vehicles.

Demand for automobile sales depends to a large extent on economic, political and social conditions in a given market and the introduction of new vehicles and technologies. As our business grows, economic conditions and trends will impact our business, prospects and operating results as well.

Demand for our electric vehicles may also be affected by factors directly impacting automobile prices or the cost of purchasing and operating automobiles, such as sales and financing incentives, prices of raw materials and parts and components, cost of fuel and governmental regulations, including tariffs, import regulation and other taxes. Volatility in demand may lead to lower vehicle unit sales, which may result in further downward price pressure and adversely affect our business, prospects, financial condition and operating results.

In addition, the demand for our vehicles and services will highly depend upon the adoption by consumers of new energy vehicles in general and electric vehicles in particular. The market for new energy vehicles is still rapidly evolving, characterized by rapidly changing technologies, evolving government regulation and industry standards and changing consumer demands and behaviors.

Other factors that may influence the adoption of alternative fuel vehicles, and specifically electric vehicles, include:

- perceptions about electric vehicle quality, safety, design, performance and cost, especially if adverse events or accidents occur that are linked to the quality or safety of electric vehicles, whether or not such vehicles are produced by us or other companies;
- perceptions about vehicle safety in general, in particular safety issues that may be attributed to the use of advanced technology;
- the limited range over which electric vehicles may be driven on a single battery charge and the speed at which batteries can be recharged;
- the decline of an electric vehicle's range resulting from deterioration over time in the battery's ability to hold a charge;
- concerns about electric grid capacity and reliability;
- the availability of new energy vehicles, including plug-in hybrid electric vehicles;
- improvements in the fuel economy of the internal combustion engine;
- the availability of service for electric vehicles;
- the environmental consciousness of consumers;
- access to charging stations, standardization of electric vehicle charging systems and consumers' perceptions about convenience and cost to charge an electric vehicle;
- the availability of tax and other governmental incentives to purchase and operate electric vehicles or future regulation requiring increased use of nonpolluting vehicles;
- perceptions about and the actual cost of alternative fuel; and
- macroeconomic factors.

Any of the factors described above may cause current or potential customers not to purchase our electric vehicles and use our services. If the market for electric vehicles does not develop as we expect or develops more slowly than we expect, our business, prospects, financial condition and operating results will be affected.

We depend on revenue generated from a limited number of models, and in the foreseeable future will be significantly dependent on a limited number of models.

Our business currently depends substantially on the sales and success of a limited number of models that we have launched, including the ES8, the ES7 (or the EL7), the ES6 (or the EL6), the EC7, the EC6, the ET9, the ET7, the ET5 and the ET5T. Historically, automobile customers have come to expect a variety of vehicle models offered in a company's fleet and new and improved vehicle models to be introduced frequently. In order to meet these expectations, we plan in the future to introduce new vehicle models as well as enhance versions of existing vehicle models. To the extent our product variety and cycles do not meet consumer expectations, or cannot be produced on our projected timelines and cost and volume targets, our future sales may be adversely affected. Given that for the foreseeable future our business will depend on a limited number of models, to the extent a particular model is not well-received by the market, our sales volume could be materially and adversely affected. This could have a material adverse effect on our business, prospects, financial condition and operating results.

We are subject to risks related to customer credit.

We offer auto financing arrangements to users directly through our subsidiaries. Under the financing arrangements we typically receive a small portion of the total vehicle purchase price at the commencement of the financing term, followed by a stream of payments over the financing term. To the extent our users fail to make payments on time under any of the foregoing arrangements, our results of operations may be adversely affected. As of December 31, 2023, the amount of auto financing receivables was RMB4,906.7 million (US$691.1 million). As we continue to grow our business, we may increase the amount of our auto financing receivables. We may fail to effectively manage the credit risks related to our auto financing arrangements. To the extent our users default on their obligations to us or fail to make payments on time under any of the foregoing arrangements, our results of operations may be adversely affected.

We may be exposed to credit risk of trade receivables.

Our trade receivables primarily include amounts of vehicle sales in relation of government subsidy to be collected from government on behalf of customers, current portion of auto financing receivables, current portion of battery installment and others. We have identified the risk characteristics of our customers and the related receivables, prepayments, deposits and other receivables which include size, type of the services or the products we provide, or a combination of these characteristics. Receivables with similar risk characteristics have been grouped into pools. For each pool, we consider the historical credit loss, current economic conditions, supportable forecasts of future economic conditions, and any recoveries in assessing the lifetime expected credit losses. Other key factors that influence the expected credit loss analysis include customer demographics, payment terms offered in the normal course of business to customers, and industry-specific factors that could impact our receivables. Additionally, external data and macroeconomic factors are also considered. In 2023, we reversed RMB26.3 million (US$3.7 million) expected credit loss expense in selling, general and administrative expenses. As of December 31, 2023, the expected credit loss provision for the current and non-current assets were RMB113.7 million (US$16.0 million). We cannot assure you that all of our customers will not default on their obligations to us in the future, despite our efforts to conduct credit assessment on them.

We face inventory risks that, if not properly managed, could harm our financial condition, operating results, and prospects.

We are exposed to significant inventory risks that may adversely affect our operating results as a result of increased competition, seasonality, new models launches, rapid changes in vehicle life cycles and pricing, defective vehicles, changes in consumer demand and consumer spending patterns, and other factors. We endeavor to accurately predict these trends and avoid overstocking or understocking issues. Demand for our vehicles, however, can change significantly between the time inventory or components are ordered and the date of sale. We may misjudge customer demand, resulting in inventory buildup and possible significant inventory write-down. It may also make it more difficult for us to inspect and control quality and ensure proper handling, storage and delivery. We may experience higher return rates on new vehicles, receive more customer complaints about them and face costly product liability claims as a result of selling them, which would harm our brand and reputation as well as our financial performance.

We might not be able to fulfil our obligation in respect of deferred revenue, which might have impact on our cash or liquidity position.

Our recognition of deferred revenue is subject to future performance obligations, mainly including the transaction price allocated to the performance obligations that are unsatisfied, or partially satisfied, which mainly arises from the vehicle connectivity service, the extended warranty service, the points offered to customers, undelivered home chargers as well as free battery swapping service with certain limits embedded in the vehicle sales contract. We may have multiple performance obligations identified in the vehicle sales contract and the sales of packages to transfer goods or services to a customer for which we have received consideration, or an amount of consideration is due, from the customer, which is recorded as deferred revenue. Due to potential future changes in customer preferences and the need for us to satisfactorily perform product support and other services, deferred revenue at any particular date may not be representative of actual revenue for any future period. Any failure to fulfil the obligations in respect of deferred revenue may have an adverse impact on our results of operations and liquidity.

Fluctuation of fair value change of short-term and long-term investments that we made may adversely affect our financial condition, results of operations, and prospects.

The fluctuation in the fair value of our short-term and long-term investments could adversely affect our financial condition, results of operations and prospects. For the years ended December 31, 2021, 2022 and 2023, our short-term investments consisted primarily of investments in fixed deposits with maturities between three months and one year, investments in money market funds and financial products issued by banks, and our long-term investments consisted primarily of equity investments in publicly traded companies and privately-held companies, and debt security investments. Determining the fair value of our short-term and long-term investments involves using certain valuation methodologies, which rely heavily on management judgment and are inherently uncertain. Factors beyond our control, such as changes in general economic conditions, market liquidity, asset values, and the performance of the companies we invested in, can lead to adverse changes in the estimates we use, thereby adversely affecting the fair value of our investments. In addition, we are exposed to credit risks in relation to our short-term and long-term investments, which may further affect the net changes in their fair value. We cannot assure you that market conditions will result in fair value gains on our short-term and long-term investments or we will not incur any fair value losses on these investments in the future. If we incur such fair value losses, our results of operations, financial condition and prospects may be adversely affected.

We may become subject to product liability claims, which could harm our financial condition and liquidity if we are not able to successfully defend or insure against such claims.

We may become subject to product liability claims, which could harm our business, prospects, operating results and financial condition. The automotive industry experiences significant product liability claims and we face inherent risk of exposure to claims in the event our vehicles do not perform as expected or malfunction resulting in property damage, personal injury or death. Our risks in this area are particularly pronounced given we have limited field experience of our vehicles. In addition, we may be subject to product liability claims for defective components and parts that are manufactured by our third-party partners. A successful product liability claim against us could require us to pay a substantial monetary award. Moreover, a product liability claim could generate substantial negative publicity about our vehicles and business and inhibit or prevent commercialization of our future vehicle candidates which would have a material adverse effect on our brand, business, prospects and operating results. Any insurance coverage might not be sufficient to cover all potential product liability claims. Any lawsuit seeking significant monetary damages may have a material adverse effect on our reputation, business and financial condition.

Our vehicles are subject to motor vehicle standards and the failure to satisfy such mandated safety standards would have a material adverse effect on our business and operating results.

All vehicles sold must comply with various standards of the market where the vehicles were sold. In China, vehicles must meet or exceed all mandated safety standards. Rigorous testing and the use of approved materials and equipment are among the requirements for achieving such standards. Vehicles must pass various tests and undergo a certification process and be affixed with the China Compulsory Certificate mark, before receiving delivery from the factory, being sold, or being used in any commercial activity. In addition, the Opinion on Strengthening the Access Administration of Intelligent Connected Vehicles Manufacturing Enterprises and Their Products requires vehicles manufacturing enterprises to ensure the compliance of vehicle products with laws, regulations, technical standards and technical specification and file for record with the Ministry of Industry and Information Technology prior to over-the-air updates, and shall file with the Ministry of Industry and Information Technology in the event of any change to the safety, energy saving, environment protection, anti-theft and other technical parameters and shall ensure conformance by vehicle products and production. Without the approval, no over-the-air update shall be conducted to add or update the autonomous driving function. Any delays or lags of the over-the-air updates due to the Ministry of Industry and Information Technology prior filing procedures may materially and adversely affect our business and operating results. Furthermore, given we commenced delivery of our vehicles in Norway, Germany, the Netherlands, Denmark, and Sweden, we are also subject to mandated safety standards in these markets. If we fail to have any of our current or future vehicle models satisfy motor vehicle standards or any new laws and regulations in China, Norway or other markets where our vehicles are sold, it would have a material adverse effect on our business and operating results.

We may be compelled to undertake product recalls or take other actions, which could adversely affect our brand image and financial performance.

Recalls of our vehicles can cause adverse publicity, damage to our brand and liability for costs. For example, in January 2023, we voluntarily recalled 997 ET5 electric vehicles manufactured between September 7, 2022 and October 10, 2022 due to a potential safety hazard in extreme cases of a serious frontal collision, which could be retrofitted by adding a high-strength insulating protective cover. In the future, we may at various times, voluntarily or involuntarily, initiate a recall if any of our vehicles, including any systems or parts sourced from our suppliers, prove to be defective or non-compliant with applicable laws and regulations. Such recalls, whether voluntary or involuntary or caused by systems or components that we or our suppliers engineered or manufactured, could involve significant expense and could adversely affect our brand image in our target markets, as well as our business, prospects, financial condition and results of operations.

The long-term viability of our distribution model is unproven.

Our vehicles are generally made to order. We conduct vehicle sales directly to users primarily through our NIO Houses, NIO Spaces and mobile application rather than through dealerships. This model of vehicle distribution subjects us to substantial risk as it requires, in the aggregate, significant expenditures and provides for slower expansion of our distribution and sales systems than may be possible by utilizing the traditional dealer franchise system commonly applied for the sales of ICE vehicles and other EV companies. For example, we will not be able to utilize long established sales channels developed through a franchise system to increase our sales volume. Moreover, we will be competing with companies with well established distribution channels. Our success will depend in large part on our ability to effectively develop our own sales channels and marketing strategies. Implementing our business model is subject to numerous significant challenges, including obtaining permits and approvals from government authorities, and we may not be successful in addressing these challenges.

In addition, the lead time in fulfilling our orders could lead to cancelled orders. Our aim for the fulfilling speed is 21 to 28 days from the order placement date to delivery to users. If we are unable to achieve this target, our customer satisfaction could be adversely affected, harming our business and reputation.

Our financial results may vary significantly from period to period due to the seasonality of our business and fluctuations in our operating costs.

Our operating results may vary significantly from period to period due to many factors, including seasonal factors that may have an effect on the demand for our electric vehicles. In the past few years, demand for new vehicles in the automotive industry were generally higher in the fourth quarter. Such variation may or may not continue in the future. Our limited operating history makes it difficult for us to judge the exact nature or extent of the seasonality of our business. Also, any unusually severe weather conditions in some markets may impact demand for our vehicles. Our operating results could also suffer if we do not achieve revenue consistent with our expectations for this seasonal demand because many of our expenses are based on anticipated levels of annual revenue.

We also expect our period-to-period operating results to vary based on our operating costs which may increase in future periods as we, among other things, design, develop and manufacture our electric vehicles, build and equip new manufacturing facilities, open new NIO Houses and NIO Spaces, and develop charging and swapping networks.

As a result of these factors, we believe that period-to-period comparisons of our operating results are not necessarily meaningful and that these comparisons cannot be relied upon as indicators of future performance. Moreover, our operating results may not meet expectations of equity research analysts or investors. If this occurs, the trading price of our ADSs could fall substantially either suddenly or over time.

If our vehicle owners customize our vehicles or change the charging infrastructure with aftermarket products, the vehicle may not operate properly, which may create negative publicity and could harm our business.

Automobile enthusiasts may seek to "hack" our vehicles to modify their performance which could compromise vehicle safety systems. Also, customers may customize their vehicles with after-market parts that can compromise driver safety. We do not test, nor do we endorse, such changes or products. In addition, the use of improper external cabling or unsafe charging outlets can expose our customers to injury from high voltage electricity. Such unauthorized modifications could reduce the safety of our vehicles and any injuries resulting from such modifications could result in adverse publicity which would negatively affect our brand and harm our business, prospects, financial condition and operating results.

We are subject to risks related to the investment in NIO China.

In February 2020, we entered into a collaboration framework agreement with the municipal government of Hefei, Anhui province, where our manufacturing hub is located. Subsequently from April to June 2020, we entered into definitive agreements, as amended and supplemented, or the Previous Hefei Agreements, for investments in NIO China with a group of investors, which we refer to as the Hefei Strategic Investors in this annual report. Under the Previous Hefei Agreements, the Hefei Strategic Investors agreed to invest an aggregate of RMB7 billion in cash into NIO Holding Co., Ltd. (previously known as NIO (Anhui) Holding Co., Ltd.), or NIO China, a legal entity that we wholly owned pre-investment. We agreed to inject our core businesses and assets in China, including vehicle research and development, supply chain, sales and services and NIO Power, collectively referred to as the Asset Consideration, valued at RMB17.77 billion in total, into NIO China, and invest RMB4.26 billion in cash into NIO China. For more information, see "Item 4. Information on the Company—B. Business Overview—Certain Other Cooperation Arrangements—Hefei Strategic Investors" included elsewhere in this annual report.

On March 30, 2024, we entered into a shareholders agreement, or the 2024 Hefei Shareholders Agreement with (i) Hefei Jianheng New Energy Automobile Investment Fund Partnership (Limited Partnership), or Jianheng New Energy Fund, (ii) Advanced Manufacturing Industry Investment Fund II (Limited Partnership), or Advanced Manufacturing Industry Investment Fund, (iii) Anhui Jintong New Energy Automobile II Fund Partnership (Limited Partnership), or New Energy Automobile Fund, and (iv) Anhui Provincial Sanzhong Yichuang Industry Development Fund Co., Ltd., or Anhui Sanzhong Yichuang. The 2024 Hefei Shareholders Agreement amends certain shareholders' rights in NIO China and supersedes the Previous Hefei Shareholders Agreement (as defined below).

Pursuant to the 2024 Hefei Shareholders Agreement, NIO China granted certain minority shareholders' rights to the Hefei Strategic Investors, including, among others, the right of first refusal, co-sale right, preemptive right, anti-dilution right, redemption right, liquidation preference and conditional drag-along right. You would not enjoy these preferential rights or treatment through investing in our ADSs and the underlying ordinary shares. Exercise of these preferential rights by the Hefei Strategic Investors may also adversely affect your investment in our company.

In particular, the Hefei Strategic Investors may require us to redeem the shares of NIO China they hold under various circumstances, at a redemption price equal to the total amount of the investment price of the Hefei Strategic Investors plus an investment income calculated at a compound rate of 8.5% per annum upon the occurrence of certain events. If any of the triggering events of redemption occurs, we will need substantial capital to redeem the shares of NIO China held by the Hefei Strategic Investors, and the value of your investment in our company will be negatively affected. In particular, if NIO China fails to complete the listing application or to issue the material assets restructuring plan related to the qualified initial public offering before December 31, 2027, or fails to complete the qualified initial public offering before December 31, 2028, the Hefei Strategic Investors may request us to redeem the equity interest in NIO China then held by them. In addition, if we pursue the initial public offering of NIO China, we will be subject to various requirements under the Hong Kong Listing Rules and practice notes, including, among others, the requirement in the level of operations and assets of the remaining business in our company following the spin-off to maintain listing status, the approval of the Hong Kong Stock Exchange and shareholder approval. As a result, the application for and the completion of the qualified initial public offering are subject to substantial uncertainties. If we do not have adequate cash available or cannot obtain additional financing, or our use of cash is restricted by applicable laws, regulations or agreements governing our current or future indebtedness, we may not be able to redeem shares of NIO China when required under the 2024 Hefei Shareholders Agreement, which would constitute an event of default under the 2024 Hefei Shareholders Agreement and subject us to liabilities.

In addition, before NIO China completes its potential qualified initial public offering, without the prior written consent of the Hefei Strategic Investors, we may not directly or indirectly transfer, pledge or otherwise dispose of NIO China's shares to a third party that may result in our shareholding in NIO China falling below 60%.

Because we have injected the core businesses and assets into NIO China, the Hefei Strategic Investors will have senior claims over the assets of NIO China compared to NIO China's other shareholders (i.e., our other subsidiaries) when a liquidation event of NIO China occurs. As a result, holders of our Class A ordinary shares and ADSs will be structurally subordinated to the Hefei Strategic Investors, which may negatively affect the value of the investment of ADS holders and holders of Class A ordinary shares in our company. We may not have sufficient funding to repay our existing debts. We essentially control the daily operation of and substantially all of the corporate matters of NIO China. Notwithstanding this, the Hefei Strategic Investors have voting rights with respect to various significant corporate matters of NIO China and its consolidated entities, such as change in NIO China's corporate structure, change of its core business and amendment to its articles of association, which may limit our ability to make certain major corporate decisions with regard to NIO China. Any of the foregoing could materially adversely affect your investment in our Class A ordinary shares and ADSs.

Our business plans require a significant amount of capital, and we may issue additional equity or debt securities that may have an adverse effect on our shareholders or may otherwise adversely affect our business.

We will need significant capital to, among other things, conduct research and development and expand our production capacity as well as roll out our power, sales and service network. As we ramp up our production capacity and operations, we may also require significant capital to maintain our property, plant and equipment and such costs may be greater than anticipated. We expect our capital expenditures to continue to be significant in the foreseeable future as we expand our business, and that our level of capital expenditures will be significantly affected by user demand for our products and services. The fact that we have a limited operating history means we have limited historical data on the demand for our products and services. As a result, our future capital requirements may be uncertain and actual capital requirements may be different from those we currently anticipate. We may seek equity or debt financing to finance a portion of our capital expenditures. Such financing might not be available to us in a timely manner or on terms that are acceptable, or at all. Our substantial amount of currently outstanding indebtedness may also affect our ability to obtain financing in a timely manner and on reasonable terms.

Our ability to obtain the necessary financing to carry out our business plan is subject to a number of factors, including general market conditions and investor acceptance of our business plan. These factors may make the timing, amount, terms and conditions of such financing unattractive or unavailable to us. If we are unable to raise sufficient funds, we will have to significantly reduce our spending of, delay or cancel some or all of our planned research, development, manufacturing and marketing activities or substantially change our corporate structure, any of which could materially harm our business. We might not be able to obtain any funding, and we might not have sufficient resources to conduct our business as projected, both of which could mean that we would be forced to curtail or discontinue our operations.

In addition, our future capital needs and other business reasons could require us to issue additional equity or debt securities or obtain a credit facility. If we raise funds through the issuance of additional equity or debt, including convertible debt or debt secured by some or all of our assets, holders of any debt securities or preferred shares issued will have rights, preferences and privileges senior to those of holders of our ordinary shares in the event of liquidation. The terms of the convertible notes we issued do not restrict our ability to issue additional debt. If additional debt is issued, there is a possibility that once all senior claims are settled, there may be no assets remaining to pay out to the holders of ordinary shares. In addition, if we raise funds through the issuance of additional equity, whether through private placements or public offerings, such an issuance would dilute ownership of our current shareholders that do not participate in the issuance.

Furthermore, the terms of any additional debt securities we may issue in the future may impose restrictions on our operations, which may include limiting our ability to incur additional indebtedness, pay dividends on or repurchase our share capital, or make certain acquisitions or investments. In addition, we may be subject to covenants requiring us to satisfy certain financial tests and ratios, and our ability to satisfy such covenants may be affected by events outside of our control.

The terms of the convertible notes we issued could delay or prevent an attempt to take over our company. The terms of the 2026 Notes, 2027 Notes, 2029 Notes and 2030 Notes require us to repurchase the respective notes in the event of a fundamental change. A takeover of our company would constitute a fundamental change. This could have the effect of delaying or preventing a takeover of our company that may otherwise be beneficial to our shareholders.

Our warranty reserves may be insufficient to cover future warranty claims which could adversely affect our financial performance.

For the initial owner of our vehicles in China, in addition to the warranty required under the PRC law, including (i) a bumper-to-bumper three-year or 120,000-kilometer warranty, (ii) for critical EV components (battery, electric motors, power electric unit and vehicle control unit) an eight-year or 120,000-kilometer warranty, and (iii) a two-year or 50,000 kilometer warranty covering vehicle repair, replacement and refund, we also provide an extended warranty, subject to certain conditions. For the owners of our vehicles in Europe, in addition to the warranty required under the applicable laws and regulations, we also provide an extended warranty subject to certain conditions. Our warranty program is similar to other auto company's warranty programs intended to cover all parts and labor to repair defects in material or workmanship in the body, chassis, interior, electric system, battery, electric powertrain and other related vehicle parts. We plan to record and adjust warranty reserves based on changes in estimated costs and actual warranty costs.

However, because we only started making delivery of our first volume-manufactured vehicle model ES8 in June 2018, we have little experience with warranty claims regarding our vehicles or with estimating warranty reserves. As of December 31, 2023, we had warranty reserves in respect of our vehicles of RMB3,912.2 million (US$551.0 million). We cannot assure you that such reserves will be sufficient to cover future claims. We could, in the future, become subject to significant and unexpected warranty claims, resulting in significant expenses, which would in turn materially and adversely affect our results of operations, financial condition and prospects.

We may need to defend ourselves against patent or trademark infringement claims, which may be time-consuming and would cause us to incur substantial costs.

Companies, organizations or individuals, including our competitors, may hold or obtain patents, trademarks or other proprietary rights that would prevent, limit or interfere with our ability to make, use, develop, sell or market our vehicles or components, which could make it difficult for us to operate our business. From time to time, owners of patents or trademarks may contact us regarding their proprietary rights. Companies holding patents or other intellectual property rights may bring suits alleging infringement of such rights or otherwise assert their rights and urge us to take licenses. Our applications and uses of patented technologies and trademarks relating to, among others, our designs, software or artificial intelligence technologies could subject us to the risk of infringing existing intellectual property rights.

For example, a German automotive manufacturer claimed that we infringed its trademark rights based on resemblance of model designations of certain of our vehicles with those of the manufacturer's. For that purpose, the manufacturer has filed an infringement lawsuit with the Munich Regional Court against us and brought certain opposition and cancellation proceedings against our trademark applications and registrations of the aforesaid model designations in front of competent intellectual property authorities in certain jurisdictions. Although we believe the allegations of trademark infringement to be unjustified, we have taken precautionary measures and renamed certain car models involved in the infringement claim before our entry into the European market to avoid substantial impact on our sales operations in the Europe and other jurisdictions. As of the date of this annual report, the lawsuit and the proceedings are still ongoing and we have not yet received any final decisions. We cannot assure you that the final ruling will be in our favor. If we are not permitted to use these model names in Europe or other jurisdictions where our vehicles are offered, our sales performance there may be negatively affected, which in turn would harm our results of operations and financial condition.

If we are determined to have infringed upon a third party's intellectual property rights, we may be required to do one or more of the following:

- cease selling, incorporating certain components into, or using vehicles or offering goods or services that incorporate or use the challenged intellectual property;
- pay substantial damages;
- seek a license from the holder of the infringed intellectual property right, which license may not be available on reasonable terms or at all;
- redesign our vehicles or other goods or services; or
- establish and maintain alternative branding for our products and services.

In the event of a successful claim of infringement against us and our failure or inability to obtain a license to the infringed technology or other intellectual property right, our business, prospects, operating results and financial condition could be materially and adversely affected. In addition, any litigation or claims, whether or not valid, could result in substantial costs, negative publicity and diversion of resources and management attention.

We may not be able to prevent others from unauthorized use of our intellectual property, which could harm our business and competitive position.

We regard our trademarks, service marks, patents, domain names, trade secrets, proprietary technologies and similar intellectual property as critical to our success. We rely on trademark and patent law, trade secret protection and confidentiality agreements, and technology license agreements with our employees, business constituents and others to protect our proprietary rights.

We have invested significant resources to develop our own intellectual property. Failure to maintain or protect these rights could harm our business. In addition, any unauthorized use of our intellectual property by third parties may adversely affect our current and future revenues and our reputation.

Implementation and enforcement of PRC intellectual property-related laws have historically been challenging. Furthermore, policing unauthorized use or leakage of proprietary technology or various infringement on our intellectual property rights is difficult and expensive. We rely on a combination of patent, copyright, trademark and trade secret laws and contractual restrictions on disclosure and usage to protect our intellectual property rights. Despite our efforts to protect our proprietary rights, third parties may attempt to copy or otherwise obtain and use our intellectual property or seek court declarations that they do not infringe upon our intellectual property rights. Monitoring unauthorized use of our intellectual property is difficult and costly, and we cannot assure you that the steps we have taken or will take will prevent misappropriation of our intellectual property. From time to time, we may have to resort to litigation to enforce our intellectual property rights, which could result in substantial costs and diversion of our resources.

Our patent rights may not protect us effectively, and we may not be able to prevent others from developing or exploiting competing technologies, which could have a material and adverse effect on our business.

As of December 31, 2023, we had 4,690 issued patents and 3,788 patent applications pending. For our pending application, we cannot assure you that we will be granted patents pursuant to our pending applications. Even if our patent applications succeed and we are issued patents in accordance with them, it is still uncertain whether these patents will be contested, circumvented or invalidated in the future. In addition, the rights granted under any issued patents may not provide us with meaningful protection or competitive advantages. The claims under any patents that issue from our patent applications may not be broad enough to prevent others from developing technologies that are similar or that achieve results similar to ours. The intellectual property rights of others could also bar us from licensing and exploiting any patents that issue from our pending applications. Numerous patents and pending patent applications owned by others exist in the fields in which we have developed and are developing our technology. These patents and patent applications might have priority over our patent applications and could subject our patent applications to invalidation. Finally, in addition to those who may claim priority, any of our existing or pending patents may also be challenged by others on the basis that they are otherwise invalid or unenforceable.

We have limited insurance coverage, which could expose us to significant costs and business disruption.

We have limited liability insurance coverage for our products and business operations. A successful liability claim against us due to injuries suffered by our users could materially and adversely affect our financial condition, results of operations and reputation. In addition, we do not have any business disruption insurance. Any business disruption event could result in substantial costs to us and diversion of our resources.

We maintain a considerable level of debt that are senior in capital structure and cash flow to our shareholders. Satisfying these debt obligations could adversely affect the distributions to our shareholders or result in dilution.

We maintain a considerable level of indebtedness to finance our operations and business expansion. In February 2019, we issued US$750 million aggregate principal amount of 4.50% convertible senior notes due 2024, or the 2024 Notes. The 2024 Notes matured on February 1, 2024, and we repaid the then outstanding 2024 Notes that had not been redeemed, repurchased or converted in full. In January 2021, we issued US$750 million aggregate principal amount of 0.00% convertible senior notes due 2026, or the 2026 Notes, and US$750 million aggregate principal amount of 0.50% convertible senior notes due 2027, or the 2027 Notes. In September and October 2023, we issued US$575 million aggregate principal amount of 3.875% convertible senior notes due 2029, or the 2029 Notes, and US$575 million aggregate principal amount of 4.625% convertible senior notes due 2030, or the 2030 Notes. As of December 31, 2023, we had RMB13,042.9 million (US$1,837.0 million) in total long-term borrowings outstanding, consisting primarily of (i) our 4.50% convertible senior notes due 2024, (ii) our 0.00% convertible senior notes due 2026 and 0.50% convertible senior notes due 2027, (iii) our 3.875% convertible senior notes due 2029 and 4.625% convertible senior notes due 2030, and (iv) our long-term bank debt, excluding the current portions of (i), (ii), (iii) and (iv) that are due within one year from December 31, 2023. Meanwhile, as of December 31, 2023, we had RMB9,821.5 million (US$1,383.3 million) in total short-term borrowings, including the current portions of long-term borrowings. Among the current portions of long-term borrowings, the 4.50% convertible senior notes due 2024 was repaid in full in February 2024. On February 1, 2024, we completed the repurchase right offer relating to 2026 Notes with aggregate principal amount of US$300.5 million.

The 2026 Notes and the 2027 Notes are unsecured debt. Prior to August 1, 2025, in the case of the 2026 Notes, and August 1, 2026, in the case of the 2027 Notes, the 2026 Notes and the 2027 Notes, as applicable, will be convertible at the option of the holders only upon satisfaction of certain conditions and during certain periods. Holders may convert their 2026 Notes or 2027 Notes, as applicable, at their option at any time on or after August 1, 2025, in the case of the 2026 Notes, or August 1, 2026, in the case of the 2027 Notes, until the close of business on the second scheduled trading day immediately preceding the maturity date. Upon conversion, we will pay or deliver to such converting holders, as the case may be, cash, ADSs, or a combination of cash and ADSs, at our election. The initial conversion rate of the 2026 Notes is 10.7458 ADSs per US$1,000 principal amount of such 2026 Notes. The initial conversion rate of the 2027 Notes is 10.7458 ADSs per US$1,000 principal amount of such 2027 Notes. The conversion rate for such series of the 2026 Notes and the 2027 Notes is subject to adjustment upon the occurrence of certain events. Holders of the 2026 Notes and the 2027 Notes may require us to repurchase all or part of their 2026 Notes and 2027 Notes for cash on February 1, 2024, in the case of the 2026 Notes, and February 1, 2025, in the case of the 2027 Notes, or in the event of certain fundamental changes, at a repurchase price equal to 100% of the principal amount of the 2026 Notes or the 2027 Notes to be repurchased, plus accrued and unpaid interest, if any, to, but excluding, the repurchase date. In addition, on or after February 6, 2024, in the case of the 2026 Notes, and February 6, 2025, in the case of the 2027 Notes, until the 20th scheduled trading day immediately prior to the maturity date, we may redeem the 2026 Notes or the 2027 Notes, as applicable for cash subject to certain conditions, at a redemption price equal to 100% of the principal amount of the 2026 Notes or the 2027 Notes to be redeemed, plus accrued and unpaid interest, if any, to, but excluding, the optional redemption date. Furthermore, we may redeem all but not part of the 2026 Notes or the 2027 Notes in the event of certain changes in the tax laws. In 2022, we repurchased an aggregate principal amount of US$192.9 million of 2026 Notes for a total cash consideration of US$170.5 million. In September 2023, shortly after the pricing of the 2029 Notes and the 2030 Notes, we repurchased an aggregate principal amount of US$255.6 million of the 2026 Notes for a total cash consideration of US$249.9 million and an aggregate principal amount of US$244.4 million of the 2027 Notes for a total cash consideration of US$222.0 million. In February 2024, we completed the repurchase right offer relating to the 2026 Notes. US$300.5 million in aggregate principal amount of the 2026 Notes were validly surrendered and not withdrawn prior to the expiration of the repurchase right offer.

The 2029 Notes and the 2030 Notes are unsecured debt. The holders of the 2029 Notes and the 2030 Notes shall have the right, at such holder's option, to convert all or any portion of their 2029 Notes or 2030 Notes, as applicable, at any time prior to the close of business on the second scheduled trading day immediately preceding the maturity date, i.e., October 15, 2029, in the case of the 2029 Notes, and October 15, 2030, in the case of the 2030 Notes. The initial conversion rate of the 2029 Notes is 89.9685 ADSs per US$1,000 principal amount of such 2029 Notes. The Initial conversion rate of the 2030 Notes is 89.9685 ADSs per US$1,000 principal amount of such 2030 Notes. The conversion rate is subject to adjustment upon the occurrence of certain events. Holders of the 2029 Notes and 2030 Notes may require us to repurchase all or any portion of their 2029 Notes and 2030 Notes for cash on October 15, 2027, in the case of the 2029 Notes, and October 15, 2028, in the case of 2030 Notes, or in the event of certain fundamental changes, at a repurchase price equal to 100% of the principal amount of the 2029 Notes or the 2030 Notes to be repurchased plus accrued and unpaid interest, if any, to, but excluding, the repurchase date. In addition, on or after October 22, 2027, in the case of the 2029 Notes, and October 22, 2028, in the case of the 2030 Notes, until the 20th scheduled trading day immediately prior to the maturity date, i.e., October 15, 2029, in the case of the 2029 Notes, and October 15, 2030, in the case of the 2030 Notes, we may redeem all or part of the 2029 Notes and 2030 Notes, as applicable for cash subject to certain conditions, at a redemption price equal to 100% of the principal amount of the 2029 Notes or the 2030 Notes to be redeemed, plus accrued and unpaid interest, if any, to, but excluding, the optional redemption date. Furthermore, we may redeem all but not part of the 2029 Notes or the 2030 Notes in the event of certain changes in the tax laws.

Satisfying the obligations of all these indebtedness and interest liabilities could adversely affect the amount or timing of any distributions to our shareholders. We may choose to satisfy, repurchase, or refinance any of these liabilities through public or private equity or debt financings if we deem such financings available on favorable terms. If we do not have adequate cash available or cannot obtain additional financing, or our use of cash is restricted by applicable law, regulations or agreements governing our current or future indebtedness, we may not be able to repurchase any of these notes when required under the respective transaction documents, which would constitute an event of default under the respective transaction documents. An event of default could also lead to a default under other agreements governing our current and future indebtedness, and if the repayment of such other indebtedness were accelerated, we may not have sufficient funds to repay the indebtedness and repurchase any of these notes or make cash payments upon conversion of any of these notes. In addition, the holders of any of these notes may convert their notes to a number of our ADSs in accordance with the respective transaction documents. Any conversion will result in immediate dilution to the ownership interests of existing shareholders and such dilution could be material. Lastly, we are exposed to interest rate risk related to our portfolio of investments in debt securities and the debt that we have issued. Among other things, some of our bank loans carry floating interest, and increases in interest rates would result in a decrease in the fair value of our outstanding debt. In the event that we incur a decrease in the fair value of our outstanding debt, our financial performance will be adversely affected.

We are or may be subject to risks associated with strategic alliances or acquisitions.

We have entered into and may in the future enter into strategic alliances, including joint ventures or minority equity investments, with various third parties to further our business purpose from time to time. For example, we have opened our Power Swap network to the entire industry and signed strategic partnership agreements with Changan Automobile, Geely Group, JAC Group and Chery Automobile on battery swapping. We have partnered with multiple energy companies, and expect to join hands with more partners to collectively contribute towards the development of power network and the wider adoption of battery swapping. Furthermore, on February 26, 2024, we entered into a technology license agreement with Forseven Limited, or Forseven. Under this agreement, we granted a non-exclusive and non-transferrable worldwide license to Forseven to use certain of our technical information, technical solutions, software and intellectual property rights related to or subsisting in our existing and future smart electric vehicle platforms within certain period, for, among other things, the research and development, manufacturing, sales, import and export of vehicle models sold or marketed under Forseven's brand, subject to the terms and conditions set forth in the agreement. These alliances could subject us to a number of risks, including risks associated with sharing proprietary information, non-performance by the third party and increased expenses in establishing new strategic alliances. We may have limited ability to monitor or control the actions of these third parties and, to the extent any of these strategic third parties suffer negative publicity or harm to their reputation from events relating to their business, we may also suffer negative publicity or harm to our reputation by virtue of our association with any such third party. Specifically, any technical failure in the coordination with our Power Swap network partners can disrupt our charging and battery swapping services to users and delay the expansion of our Power Swap network and the adoption of our battery swapping technology. Also, inefficient processes or inadequate workforce training could lead to operational inefficiencies and increased costs. Furthermore, any problems arising from Forseven's use of the licensed technologies, including product recalls, safety issues, or resulting legal disputes, could negatively harm our brand and reputation. Any of these risks may materially and adversely affect our business, results of operation and financial conditions.

In addition, we may acquire additional assets, products, technologies or businesses that are complementary to our existing business. In addition to possible shareholder approval, we may have to obtain approvals and licenses from government authorities for the acquisitions and to comply with any applicable PRC laws and regulations, which could result in increased delay and costs, and may derail our business strategy if we fail to do so. Furthermore, past and future acquisitions and the subsequent integration of new assets and businesses into our own require significant attention from our management and could result in a diversion of resources from our existing business, which in turn could have an adverse effect on our operations. Acquired assets or businesses may not generate the financial results we expect. Acquisitions could result in the use of substantial amounts of cash, potentially dilutive issuances of equity securities, the occurrence of significant goodwill impairment charges, amortization expenses for other intangible assets and exposure to potential unknown liabilities of the acquired business. Moreover, the costs of identifying and consummating acquisitions may be significant.

If we fail to manage our growth effectively, we may not be able to execute our growth strategies successfully.

We have expanded our operations, and as we ramp up our production and sales, further significant expansion may be required, especially in connection with providing our users with high-quality service, expansion of our sale network and power infrastructures, and managing different models of vehicles. Our future operating results depend to a large extent on our ability to manage this expansion and growth successfully. Risks that we face in undertaking this expansion include, among others:

- managing a larger organization with different divisions;
- training a greater number of employees and managing their behaviors, including but not limited to deterring or preventing employee misconducts or illegal actions;
- controlling expenses and investments in anticipation of expanded operations;
- establishing or expanding design, manufacturing, sales and service facilities;
- implementing and enhancing administrative infrastructure, systems and processes; and
- addressing new markets and potentially unforeseen challenges as they arise.

Any failure to manage our growth effectively could materially and adversely affect our business, prospects, results of operations and financial condition.

We have granted, and may continue to grant options and other types of awards under our share incentive plan, which may result in increased share-based compensation expenses.

We adopted share incentive plans in 2015, 2016, 2017, 2018 and 2024, which we refer to as the 2015 Plan, the 2016 Plan, the 2017 Plan, the 2018 Plan and 2024 Plan, respectively, for the purpose of granting share-based compensation awards to employees, directors and consultants to incentivize their performance and align their interests with ours. The 2018 Plan became effective as of January 1, 2019 and expired on December 31, 2023. The 2024 Plan became effective as of February 7, 2024. We recognize expenses in our consolidated statement of income in accordance with U.S. GAAP. Under our share incentive plans, we are authorized to grant options and other types of awards. Under the 2015 Plan, the 2016 Plan and the 2017 Plan, the maximum numbers of Class A ordinary shares which may be issued pursuant to all awards are 46,264,378, 18,000,000 and 33,000,000, respectively. Under the 2018 Plan, a maximum number of 23,000,000 Class A ordinary shares may be issued pursuant to all awards. This amount should automatically increase each year by the number of shares representing 1.5% of the then total issued and outstanding share capital of our company as of the end of each preceding year during the term of the 2018 Plan. The maximum number of shares available for issuance pursuant to all awards under the 2024 Plan was initially 19,288,470 Class A ordinary shares, and the amount automatically increases at the beginning of each new year by the number of shares representing 1.2% of the then total issued and outstanding share capital of our company as of the last day of the immediately preceding fiscal year during the term of the 2024 Plan. In addition, any awards not granted under an earlier plan when it terminates are automatically added to the 2024 Plan. As of February 29, 2024, awards to purchase an aggregate amount of 123,804,348 Class A ordinary shares under the 2015 Plan, the 2016 Plan, the 2017 Plan, the 2018 Plan and the 2024 Plan had been granted and were outstanding, excluding awards that were forfeited or cancelled after the grant dates. In addition, one of our subsidiaries also adopted a share incentive plan in 2021, pursuant to which the subsidiary can grant share options to its employees. As of December 31, 2023, our unrecognized share-based compensation expenses related to the stock option and restricted shares amounted to RMB5,840.5 million (US$822.6 million).

We believe the granting of share-based awards is of significant importance to our ability to attract and retain key personnel and employees, and we will continue to grant share-based compensation to employees in the future. As a result, our expenses associated with share-based compensation may increase, which may have an adverse effect on our results of operations.

Furthermore, prospective candidates and existing employees often consider the value of the equity awards they receive in connection with their employment. Thus, our ability to attract or retain highly skilled employees may be adversely affected by declines in the perceived value of our equity or equity awards. Furthermore, there are no assurances that the number of shares reserved for issuance under our share incentive plans will be sufficient to grant equity awards adequate to recruit new employees and to compensate existing employees.

If we do not appropriately maintain effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act of 2002, we may be unable to accurately report our financial results and the market price of our ADSs may be adversely affected.

We are subject to reporting obligations under the U.S. securities laws. The SEC, as required under Section 404 of the Sarbanes-Oxley Act of 2002, adopted rules requiring public companies to include a report of management on such company's internal control over financial reporting in its document, which contains management's assessment of the effectiveness of the company's internal control over financial reporting. We were subject to such requirement starting from the fiscal year of 2019. In addition, an independent registered public accounting firm must attest to and report on the effectiveness of the company's internal control over financial reporting.

Our management has concluded that our internal control over financial reporting was effective as of December 31, 2023. In addition, our independent registered public accounting firm has audited the effectiveness of our internal control over financial reporting as of December 31, 2023.

In the future, our management may conclude that our internal control over financial reporting is not effective. Moreover, even if our management concludes that our internal control over financial reporting is effective, our independent registered public accounting firm, after conducting its own independent testing, may issue a report with adverse opinion if it is not satisfied with our internal controls or the level at which our controls are documented, designed, operated or reviewed, or if it interprets the requirements differently from us.

If we fail to implement and maintain an effective internal control environment, we could suffer material misstatements in our consolidated financial statements and fail to meet our reporting obligations, which would likely cause investors to lose confidence in our reported financial information. This could in turn limit our access to capital markets, harm our results of operations, and lead to a decline in the trading price of our listed securities. Furthermore, we may incur additional costs and use additional management and other resources as our business and operations further expand or in an effort to remediate any significant control deficiencies that may be identified in the future. Additionally, ineffective internal control over financial reporting could expose us to increased risk of fraud or misuse of corporate assets and subject us to potential delisting from the stock exchange on which we list, regulatory investigations and civil or criminal sanctions.

If our suppliers fail to use ethical business practices and comply with applicable laws and regulations, our brand image could be harmed due to negative publicity.

Our core values, which include developing high quality electric vehicles while operating with integrity, are an important component of our brand image, which makes our reputation sensitive to allegations of unethical business practices. We do not control our independent suppliers or their business practices. Accordingly, we cannot guarantee their compliance with ethical business practices, such as environmental responsibilities, fair wage practices, and compliance with child labor laws, among others. A lack of demonstrated compliance could lead us to seek alternative suppliers, which could increase our costs and result in delayed delivery of our products, product shortages or other disruptions of our operations.

Violation of labor or other laws by our suppliers or the divergence of an independent supplier's labor or other practices from those generally accepted as ethical in the markets in which we do business could also attract negative publicity for us and our brand. This could diminish the value of our brand image and reduce demand for our electric vehicles if, as a result of such violation, we were to attract negative publicity. If we, or other players in our industry, encounter similar problems in the future, it could harm our brand image, business, prospects, results of operations and financial condition.

If we update our manufacturing equipment more quickly than expected, we may have to shorten the useful lives of any equipment to be retired, which could negatively affect our financial results.

We have invested, and we expect to continue to invest, significantly in what we believe is state of the art tooling, machinery and other manufacturing equipment for the product lines where the vehicles are manufactured, and we depreciate the cost of such equipment over their expected useful lives. Manufacturing technology may evolve rapidly, and therefore we may decide to update our manufacturing process with advanced equipment more quickly than expected. Moreover, as our engineering and manufacturing expertise and efficiency increase, we may be able to manufacture our products using less of our installed equipment. The useful life of any equipment that would be retired early as a result would be shortened, causing the depreciation on such equipment to be accelerated, and to the extent we own such equipment, our results of operations could be negatively impacted. An increased amount of investment into the manufacturing plants will lead to an increased cost in asset depreciation and amortization, which could negatively affect our results of operations and financial conditions.

The construction and operation of our manufacturing facilities are subject to regulatory approvals or filings and may be subject to changes, delays, cost overruns or may not produce expected benefits.

In 2017, we signed a framework agreement with the Shanghai Jiading government and its authorized investment entity to build and develop our own manufacturing facility in Jiading, Shanghai. In 2019, we agreed with the related contractual parties to cease construction of this planned manufacturing facility and terminate this development project.

In February 2020, we entered into a collaboration framework agreement with the municipal government of Hefei, Anhui province. Subsequently from April to June 2020, we entered into definitive agreements, as amended and supplemented, for investments in NIO China. Pursuant to the definitive agreements, we will collaborate with the Hefei Strategic Investors and Hefei Economic and Technological Development Area to develop NIO China's business and to support the accelerated development of the smart electric vehicle sectors in Hefei. In February 2021, we, through NIO China, entered into a further collaboration framework agreement with the municipal government of Hefei, Anhui province, pursuant to which the Hefei government and NIO China agreed in principle to jointly build a world-class industrial campus to support the development and innovations of the smart electric vehicle industry and related supply chains led by NIO China. In addition, the Hefei government and its associated parties plan to reinvest their returns from the equity investments in NIO China to support the further cooperation in Hefei.

Under PRC law, construction projects are subject to broad and strict government supervision and approval procedures, including but not limited to project approvals and filings, construction land and project planning approvals, environment protection approvals, pollution discharge permits, work safety approvals, fire protection approvals, and the completion of inspection and acceptance by authorities. Some of the construction projects being carried out by us are undergoing necessary approval procedures as required by law. As a result, the entities operating such construction projects may be subject to administrative uncertainty, and construction projects in question may be subject to fines or the suspension of use of such projects. Failure to complete the construction projects on schedule and within budget, and failure to obtain necessary approvals or any incompliance with government supervision could have a material adverse impact on our operations, and we may not be able to find commercially reasonable alternatives.

Our vehicles make use of lithium-ion battery cells, which have been observed to catch fire or vent smoke and flame.

The batteries that we produce make use of lithium-ion cells. On rare occasions, lithium-ion cells can rapidly release the energy they contain by venting smoke and flames in a manner that can ignite nearby materials as well as other lithium-ion cells. In June 2019, certain safety incidents resulting from the batteries on ES8 vehicles occurred in Shanghai and other locations in China. We then voluntarily recalled 4,803 ES8s, and replaced the batteries in the NIO battery swap network equipped with the malfunctioned modules. While we have designed the battery to passively contain any single cell's release of energy without spreading to neighboring cells, and have taken measures to enhance the safety of our battery designs, a field or testing failure of our vehicles or other batteries that we produce could occur in the future, which could subject us to lawsuits, product recalls, or redesign efforts, all of which would be time-consuming and expensive. Also, negative public perceptions regarding the suitability of lithium-ion cells for automotive applications or any future incident involving lithium-ion cells such as a vehicle or other fire, even if such incident does not involve our vehicles, could seriously harm our business.

In addition, we store a significant number of lithium-ion cells at our facilities. Any mishandling of battery cells may cause disruption to the operation of our facilities. While we have implemented safety procedures related to the handling of the cells, a safety issue or fire related to the cells could disrupt our operations. Such damage or injury could lead to adverse publicity and potentially a safety recall. Moreover, any failure of a competitor's electric vehicle or energy storage product may cause indirect adverse publicity for us and our products. Such adverse publicity could negatively affect our brand and harm our business, prospects, financial condition and operating results.

Interruption or failure of our information technology and communications systems could impact our ability to effectively provide our services.

We aim to provide our users with an innovative suite of services through our mobile application. In addition, our in-car services depend, to a certain extent, on connectivity. The availability and effectiveness of our services depend on the continued operation of our information technology and communications systems. Our systems are vulnerable to damage or interruption from, among other adverse effects, fire, terrorist attacks, natural disasters, power loss, telecommunications failures, computer viruses, computer denial of service attacks or other attempts to harm our systems. Our data centers are also subject to break-ins, sabotage, and intentional acts of vandalism, and potential disruptions. Some of our systems are not fully redundant, and our disaster recovery planning cannot account for all eventualities. Any problems at our data centers could result in lengthy interruptions in our service. In addition, our products and services are highly technical and complex and may contain errors or vulnerabilities, which could result in interruptions in our services or the failure of our systems.

We are subject to anti-corruption, anti-money laundering and similar laws, non-compliance with which can subject us to penalties and expenses, which could adversely affect our business, financial condition and reputation.

We are subject to anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions and similar laws and regulations in various jurisdictions in which we conduct activities, including, among others, the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act 2010. These acts prohibit us and our officers, directors, employees and business partners acting on our behalf, including agents, from corruptly offering, promising, authorizing or providing anything of value to a "foreign official" for the purposes of influencing official decisions or obtaining or retaining business or otherwise obtaining favorable treatment. The Foreign Corrupt Practices Act also requires companies to make and keep books, records and accounts that accurately reflect transactions and dispositions of assets and to maintain a system of adequate internal accounting controls. The U.K. Bribery Act also prohibits non-governmental "commercial" bribery and soliciting or accepting bribes. A violation of these laws or regulations could adversely affect our business, results of operations, financial condition and reputation.

We have direct or indirect interactions with officials and employees of government agencies and state-owned affiliated entities in the ordinary course of business. We have also entered into joint ventures and/or other business partnerships with government agencies and state-owned or affiliated entities. These interactions subject us to an increased level of compliance-related concerns. We are in the process of implementing policies and procedures designed to ensure that we and our directors, officers, employees, representatives, consultants, agents and business partners comply with applicable anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions and similar laws and regulations. However, our policies and procedures may not be sufficient and our directors, officers, employees, representatives, consultants, agents, and business partners could engage in improper conduct for which we may be held responsible.

Non-compliance with anti-corruption, anti-bribery, anti-money laundering or financial and economic sanctions laws could subject us to whistleblower complaints, adverse media coverage, investigations, and severe administrative, civil and criminal sanctions, collateral consequences, remedial measures and legal expenses, all of which could materially and adversely affect our business, results of operations, financial condition and reputation. In addition, changes in economic sanctions laws in the future could adversely impact our business and investments in our shares.

Any unauthorized control or manipulation of our vehicles' systems could result in loss of confidence in us and our vehicles and harm our business.

Our vehicles contain complex information technology systems. For example, our vehicles are designed with built-in data connectivity to accept and install periodic remote updates from us to improve or update the functionality of our vehicles. We have designed, implemented and tested security measures intended to prevent unauthorized access to our information technology networks, our vehicles and their systems. However, hackers may attempt in the future, to gain unauthorized access to modify, alter and use such networks, vehicles and systems to gain control of, or to change, our vehicles' functionality, user interface and performance characteristics, or to gain access to data stored in or generated by the vehicle. Vulnerabilities could be identified in the future and our remediation efforts may not be successful. Any unauthorized access to or control of our vehicles or their systems or any loss of data could result in legal claims or proceedings. In addition, regardless of their veracity, reports of unauthorized access to our vehicles, their systems or data, as well as other factors that may result in the perception that our vehicles, their systems or data are capable of being "hacked," could negatively affect our brand and harm our business, prospects, financial condition and operating results.

Our business, financial condition and results of operations may be adversely affected by natural disasters, health epidemics and other outbreaks.

Our business could be adversely affected by the effects of epidemics. In recent years, there have been outbreaks of epidemics in China and globally. Our results of operations could be adversely affected to the extent that the outbreak harms the Chinese economy in general.

Since the beginning of 2020, the COVID-19 pandemic has resulted in temporary closure of many corporate offices, retail stores, manufacturing facilities and factories across China and the world. Our operations experienced disruptions, such as temporary closure of our offices and/or those of our customers or suppliers and suspension of services, resulting in a reduction of vehicles manufactured and delivered, which affected our business, financial condition, results of operations and cash flow. Our results of operations have been and could continue to be adversely affected to the extent the COVID-19 pandemic or any other epidemic harms the Chinese economy in general. Further, to the extent the COVID-19 pandemic adversely affects our business and financial results, it has and may continue to have the effect of heightening many of the other risks described in this annual report, such as those relating to our level of indebtedness, our need to generate sufficient cash flows to service our indebtedness and our ability to comply with the covenants contained in the agreements that govern our indebtedness.

We are also vulnerable to natural disasters and other calamities. Our vehicle production, sales and delivery and our service operations and capacities could be materially and adversely affected by natural disasters and other calamities in the areas where we operate and where our vehicles are sold to. For example, in July 2021, our deliveries of vehicles and power services were interrupted due to the flood in Henan province and the typhoon in Shanghai and several other neighboring cities. Although we have servers that are hosted in an offsite location, our backup system does not capture data on a real-time basis and we may be unable to recover certain data in the event of a server failure. We cannot assure you that any backup systems will be adequate to protect us from the effects of fire, floods, typhoons, earthquakes, power loss, telecommunications failures, break-ins, war, riots, terrorist attacks or similar events. Any of the foregoing events may give rise to interruptions, breakdowns, system failures, technology platform failures or internet failures, which could cause the loss or corruption of data or malfunctions of software or hardware as well as adversely affect our ability to provide services on our platform.

Our revenues and financial results may be adversely affected by any economic slowdown in China as well as globally.

The success of our business ultimately depends on consumer spending. We derive a substantial majority of our revenues from China. As a result, our revenues and financial results are impacted to a significant extent by economic conditions in China. The growth rate of the Chinese economy has gradually slowed down since 2010 and the Chinese population began to decline in 2022, and the trend may continue. Any slowdown could significantly reduce domestic commerce in China. In addition, as we continue to expand our global presence and offer products and services to markets outside China, we expect our results of operations will also be impacted by the global economic conditions. The global macroeconomic environment is facing numerous challenges. For example, the COVID-19 pandemic had a severe and negative impact on the Chinese and the global economy from 2020 through 2022. The Federal Reserve and other central banks outside of China have raised interest rates. There is considerable uncertainty over the long-term effects of the previous expansionary monetary and fiscal policies adopted by the central banks and financial authorities of some of the world's leading economies, including the United States and China, and the ongoing transmission of monetary policy in the United States and Europe. The Russia-Ukraine conflict, the Hamas-Israel conflict and the attacks on shipping in the Red Sea have heightened geopolitical tensions across the world, while it has not had a direct impact on our business operations and financial results to date, it could raise energy prices, cause supply chain volatilities and disrupt global markets in general, and may negatively affect our business expansion in Europe and other international markets, which may adversely affect our results of operations and financial results. Regional unrest, terrorist threats and the potential for war may increase market volatility across the globe. There have also been concerns about the relationship between China and other countries, including the surrounding Asian countries, which may potentially have economic effects. In particular, there is significant uncertainty about the future relationship between the United States and China with respect to trade policies, treaties, government regulations and tariffs. Economic conditions in China are sensitive to global economic conditions, as well as changes in domestic economic and political policies and the expected or perceived overall economic growth rate in China. Any severe or prolonged slowdown in the global or Chinese economy may materially and adversely affect our business, results of operations and financial condition.

Sales of high-end and luxury consumer products, such as our performance electric vehicles, depend in part on discretionary consumer spending and are even more exposed to adverse changes in general economic conditions. In response to their perceived uncertainty in economic conditions, consumers might delay, reduce or cancel purchases of our electric vehicles and our results of operations may be materially and adversely affected.

We cannot predict the duration or direction of current trends or their impact on China and globally. If we experience unfavorable global market conditions, or if we cannot or do not maintain operations at a scope that is commensurate with such conditions or are later required to or choose to suspend such operations again, our business, prospects, financial condition and operating results may be harmed.

Shutdowns of the U.S. federal government could materially impair our business and financial condition.

Development of our product candidates and/or regulatory approval may be delayed for reasons beyond our control. For example, over the last several years the U.S. government has shut down several times and certain regulatory agencies, such as the SEC, have had to furlough critical SEC and other government employees and stop critical activities. In our operations as a public company, future government shutdowns could impact our ability to access the public markets, such as delaying the declaration of effectiveness of registration statements and obtaining necessary capital to properly capitalize and continue our operations.

Recent disruptions in the financial markets and economic conditions could affect our ability to raise capital.

In recent years, the United States and global economies suffered dramatic downturns as the result of a deterioration in the credit markets and related financial crisis as well as a variety of other factors including, among others, extreme volatility in security prices, severely diminished liquidity and credit availability, rating downgrades of certain investments and declining valuations of others. The United States and certain foreign governments have taken unprecedented actions in an attempt to address and rectify these extreme market and economic conditions by providing liquidity and stability to the financial markets. If the actions taken by these governments are not successful, the return of adverse economic conditions may cause a significant impact on our ability to raise capital, if needed, on a timely basis and on acceptable terms or at all.

There are uncertainties relating to our users trust arrangement involving a portion of our chairman's shareholding in our company.

In conjunction with our pursuit of being a user enterprise and with the goal of building a deeper connection between NIO and our users, Mr. Bin Li, our founder, chairman of the board of directors and chief executive officer, transferred certain of his ordinary shares to NIO Users Trust after the completion of the initial public offering of our ADSs on the New York Stock Exchange in September 2018. As of the date of this annual report, NIO Users Trust holds 16,967,776 Class A ordinary shares and 33,032,224 Class C ordinary shares through two holding companies controlled by it. Mr. Li continues to retain the voting rights of these shares. In 2019, our user committee adopted the NIO Users Trust Charter by way of voting, and established a User Council to generally discuss and give advice on the management and the operation of NIO Users Trust. In this way, our users have the opportunity to discuss and propose the use of the economic benefits from the shares in NIO Users Trust, which is intended to be composed mainly of the dividends from the shares that it holds future interests accrued from and investment returns generated by cash assets to be held under the trust, and proceeds from the pledging of such shares from time to time, through the User Council consisting of members of our user community elected by our users. See "Item 4. Information on the Company—B. Business Overview—User Development and User Community—NIO Users Trust" for further details about NIO Users Trust.

The current NIO Users Trust Charter provides certain mechanisms for the User Council to discuss the management and supervision of the operations of NIO Users Trust. There is no assurance that such current mechanisms for managing the operations of NIO Users Trust we have adopted are to the satisfaction of all of our users, or that such mechanisms will be carried out in the way it was intended. The User Council may not be able to achieve its intended work focus or carry out their work effectively and efficiently as the power to give instructions to the trustee vests with the settlor, protector and investment advisor of the trust. Furthermore, depending on the proposed use of the economic interests of the shares held by the NIO Users Trust in the future, there could be accounting implications to us that cannot presently be ascertained.

We and certain of our directors and officers have been named as defendants in shareholder class action lawsuits and legal proceedings, which could have a material adverse impact on our business, financial condition, cash flows and reputation.

Several shareholder class action lawsuits have been filed against us and certain of our directors and officers. See "Item 8. Financial Information—A. Consolidated Statements and Other Financial Information—Legal Proceedings" for more details. We are currently unable to estimate the potential loss, if any, associated with the resolution of such lawsuits, if they proceed. We anticipate that we will continue to be a target for lawsuits in the future, including class action lawsuits brought by shareholders. From time to time, we may also be involved in legal proceedings in the ordinary course of our business. There can be no assurance that we will be able to prevail in our defense or reverse any unfavorable judgment on appeal, and we may decide to settle lawsuits on unfavorable terms. Any adverse outcome of these cases, including any plaintiffs' appeal of the judgment in these cases, could result in payments of substantial monetary damages or fines, or changes to our business practices, and thus have a material adverse effect on our business, financial condition, results of operation, cash flows and reputation. In addition, there can be no assurance that our insurance carriers will cover all or part of the defense costs, or any liabilities that may arise from these matters. The litigation process may utilize a significant portion of our cash resources and divert management's attention from the day-to-day operations of our company, all of which could harm our business. We also may be subject to claims for indemnification related to these matters, and we cannot predict the impact that indemnification claims may have on our business or financial results.

Risks Related to Our Corporate Structure

If the PRC government deems that our VIE arrangements do not comply with PRC laws, or if these PRC laws change, we could be subject to severe penalties or be forced to relinquish our interests in those operations.

Foreign ownership of certain areas of businesses is subject to restrictions and prohibitions under current PRC laws and regulations. For example, pursuant to the 2021 Negative List, foreign investors are not allowed to, among other things, (i) own more than 50% of the equity interests in a value-added telecommunication service provider (other than for e-commerce, domestic multi-parties communications, storage and forwarding categories, call centers); and (ii) invest in certain services related to autonomous driving. Additionally, in practice, subject to the qualifications set by the China Banking and Insurance Regulatory Commission for foreign shareholders of the insurance brokerage companies, the China Banking and Insurance Regulatory Commission typically would not approve the establishment of foreign-invested insurance brokerage companies.

We are a Cayman Islands exempted company and our PRC subsidiaries are considered foreign-invested enterprises. Accordingly, we have entered into a series of contractual arrangements with Beijing NIO, Anhui NIO AT, Anhui NIO DT and their respective shareholders that enable us to hold or to apply for all the required licenses in China, including, among others, the ICP license, the insurance brokerage license and certain licenses relating to the operation of certain services related to autonomous driving. For a detailed description of these contractual arrangements, see "Item 4. Information on the Company—C. Organizational Structure—Contractual Agreements with the VIEs and Their Shareholders."

In the opinion of Han Kun Law Offices, our PRC legal counsel, (i) the ownership structures of NIO Co., Ltd. and Beijing NIO, the ownership structure of Anhui NIO AD and Anhui NIO AT, and the ownership structure of NIO China and Anhui NIO DT, in China do not result in any violation of PRC laws and regulations currently in effect; and (ii) the contractual arrangements between our subsidiaries, the VIEs and their shareholders governed by PRC laws will not result in any violation of PRC laws or regulations currently in effect. However, we have been advised by our PRC legal counsel that there are substantial uncertainties regarding the interpretation and application of current and future PRC laws, regulations and rules, and there can be no assurance that the PRC regulatory authorities will take a view that is consistent with the opinion of our PRC legal counsel. See "Item 4. Information on the Company—B. Business Overview—Regulations— Regulations on Foreign Investment in China" and "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Our business may be significantly affected by the Foreign Investment Law." It is uncertain whether any new PRC laws or regulations relating to VIE structures will be adopted or, if adopted, what they would provide.

If the ownership structure, contractual arrangements and businesses of our PRC subsidiaries or the VIEs are found to be in violation of any existing or future PRC laws or regulations, or our PRC subsidiaries or the VIEs fail to obtain or maintain any of the required permits or approvals, the PRC regulatory authorities would have broad discretion to take action in dealing with such violations or failures, including:

- revoking the business licenses and/or operating licenses of such entities;
- shutting down our servers or blocking our website, or discontinuing or placing restrictions or onerous conditions on our operation through any transactions between our PRC subsidiaries and the VIEs;
- imposing fines, confiscating the income from our PRC subsidiaries or the VIEs, or imposing other requirements with which we or the VIEs may not be able to comply;
- requiring us to restructure our ownership structure or operations, including terminating the contractual arrangements with the VIEs and deregistering the equity pledge of the VIEs, which in turn would affect our ability to consolidate, derive economic interests from, or exert effective control over the VIEs; or
- restricting or prohibiting our use of the proceeds of any financing outside China to finance our business and operations in China, and taking other regulatory or enforcement actions that could be harmful to our business.

Any of these actions could cause significant disruption to our business operations and severely damage our reputation, which would in turn materially and adversely affect our business, financial condition and results of operations. If any of these occurrences results in our inability to direct the activities of the VIEs that most significantly impact their economic performance, and/or our failure to receive the economic benefits from the VIEs, we may not be able to consolidate the entities in our consolidated financial statements in accordance with U.S. GAAP. Currently, Beijing NIO, Anhui NIO AT, and Anhui NIO DT, taking into account all of their respective business with or without foreign investment restrictions under PRC laws, contributed insignificantly to our total revenues in 2021, 2022 and 2023. As of December 31, 2021, 2022 and 2023, the consolidated VIEs did not have significant operations or any material assets or liabilities.

We rely on contractual arrangements with the VIEs and their shareholders to hold a controlling financial interest over each VIE, which may not be as effective as direct ownership in providing operational control.

We have relied and expect to continue to rely on contractual arrangements with Beijing NIO, Anhui NIO AT, Anhui NIO DT and their shareholders to maintain a controlling financial interest as the primary beneficiary of each of them (as defined in U.S. GAAP, ASC 810) and to conduct a portion of our operations in China. For a description of these contractual arrangements, see "Item 4. Information on the Company—C. Organizational Structure—Contractual Agreements with the VIEs and Their Shareholders." The shareholders of VIEs may not act in the best interests of our company or may not perform their obligations under these contracts. If we had direct ownership of the VIEs, we would be able to exercise our rights as a shareholder to control the VIEs to exercise rights of shareholders to effect changes in the board of directors of the VIEs, which in turn could implement changes, subject to any applicable fiduciary obligations, at the management and operational level. However, under the contractual arrangements, we would rely on legal remedies under PRC law for breach of contract in the event that the VIEs and their shareholders did not perform their obligations under the contracts. These legal remedies may not be as effective as direct ownership in providing us with control over the VIEs.

If the VIEs or their shareholders fail to perform their obligations under the contractual arrangements, we may have to incur substantial costs and expend additional resources to enforce such arrangements, and rely on legal remedies under PRC laws, including contractual remedies, which may not be sufficient or effective. All of the agreements under our contractual arrangements are governed by and interpreted in accordance with PRC laws, and disputes arising from these contractual arrangements will be resolved through arbitration in China. Uncertainties in the interpretation and enforcement of PRC laws and regulations could limit our ability to enforce these contractual arrangements. Meanwhile, there are very few precedents and little formal guidance as to how contractual arrangements in the context of a VIE should be interpreted or enforced under PRC law. There remain significant uncertainties regarding the ultimate outcome of such arbitration should legal action become necessary. In addition, under PRC laws, rulings by arbitrators are final, parties cannot appeal the arbitration results in courts, and if the losing parties fail to carry out the arbitration awards within a prescribed time limit, the prevailing parties may only enforce the arbitration awards in the PRC courts through arbitration award recognition proceedings, which would require additional expenses and delay. If we are unable to enforce these contractual arrangements, or if we suffer significant delay or face other obstacles in the process of enforcing these contractual arrangements, we may not be able to exert effective control over the VIEs, and our ability to conduct our business may be negatively affected. See "Risks Related to Doing Business in China—Uncertainties in the interpretation and enforcement of PRC laws and regulations could limit the legal protections available to you and us."

Our ability to enforce the equity pledge agreements between us and the VIEs' shareholders may be subject to limitations based on PRC laws and regulations.

Pursuant to the equity pledge agreements under our VIE contractual arrangements, each shareholder of the VIEs agrees to pledge its equity interests in the respective VIE to our PRC subsidiary to secure the respective VIE's performance of its obligations under the contractual arrangements. The equity pledges of shareholders of each VIE under equity pledge agreements have been registered with the local branch of the State Administration for Market Regulation. In addition, in the registration forms of the local branch of the State Administration for Market Regulation for the pledges over the equity interests under the equity pledge agreements, the aggregate amount of registered equity interests pledged to NIO Co., Ltd. represents 100% of the registered capital of Beijing NIO, the aggregate amount of registered equity interests pledged to Anhui NIO AD represents 100% of the registered capital of Anhui NIO AT, and the aggregate amount of registered equity interests pledged to NIO China represents 100% of the registered capital of Anhui NIO DT See "Item 4. Information on the Company—C. Organizational Structure—Contractual Agreements with the VIEs and Their Shareholders" for more information.

The equity pledge agreements with the VIEs' shareholders provide that the pledged equity interests shall constitute continuing security for any and all of the indebtedness, obligations and liabilities under all of the principal service agreements and the scope of pledge shall not be limited by the amount of the registered capital of that VIE. However, a PRC court may take the position that the amount listed on the equity pledge registration forms represents the full amount of the collateral that has been registered and perfected. If this is the case, the obligations that are supposed to be secured in the equity pledge agreements in excess of the amount listed on the equity pledge registration forms could be determined by the PRC court as unsecured debt, which typically takes last priority among creditors.

The shareholders of the VIEs have conflicts of interest with us, which may materially and adversely affect our business and financial condition.

Our founders, Bin Li and Lihong Qin, own 80% and 20%, respectively, of the equity interests in Beijing NIO and Anhui NIO DT, and own 80% and 2.24%, respectively, of the equity interests in Anhui NIO AT. Shaoqing Ren, a vice president of our company, owns 17.76% of the equity interests in Anhui NIO AT. See "Item 4. Information on the Company—C. Organizational Structure—Contractual Agreements with the VIEs and Their Shareholders" for more information. As shareholders of the VIEs, they have conflicts of interest with us. These shareholders may breach, or cause the VIEs to breach, or refuse to renew, the existing contractual arrangements we have with them and the VIEs, which would have a material and adverse effect on our ability to effectively control the VIEs and receive economic benefits from it. For example, the shareholders may be able to cause our agreements with the VIEs to be performed in a manner adverse to us by, among other things, failing to remit payments due under the contractual arrangements to us on a timely basis. We cannot assure you that when conflicts of interest arise, any or all of these shareholders will act in the best interests of our company or such conflicts will be resolved in our favor.

Currently, we do not have any arrangements to address conflicts of interest between these shareholders and our company. Each of Bin Li and Lihong Qin is also a director and executive officer of our company, and Shaoqing Ren is a vice president of our company. We rely on Bin Li, Lihong Qin and Shaoqing Ren to abide by the laws of the Cayman Islands and China, which provide that directors and senior management owe a fiduciary duty to the company that requires them to act in good faith and in what they believe to be the best interests of the company and not to use their position for personal gain. There is currently no specific and clear guidance under PRC laws that addresses any conflict between PRC laws and the laws of Cayman Islands in respect of any conflict relating to corporate governance. If we cannot resolve any conflict of interest or dispute between us and the shareholders of VIEs, we would have to rely on legal proceedings, which could result in disruption of our business and subject us to substantial uncertainty as to the outcome of any such legal proceedings.

Our contractual arrangements with the VIEs may be subject to scrutiny by the PRC tax authorities and they may determine that we or the VIEs owe additional taxes, which could negatively affect our financial condition.

Under applicable PRC laws and regulations, arrangements and transactions among related parties may be subject to audit or challenge by the PRC tax authorities within ten years after the taxable year when the transactions are conducted. The PRC Enterprise Income Tax Law requires every enterprise in China to submit its annual enterprise income tax return together with a report on transactions with its related parties to the tax authorities. The tax authorities may impose reasonable adjustments on taxation if they have identified any related party transactions that are inconsistent with arm's length principles. We may face material and adverse tax consequences if the PRC tax authorities determine that the contractual arrangements between our PRC subsidiaries the VIEs in China, and the VIEs' shareholders were not entered into on an arm's length basis in such a way as to result in an impermissible reduction in taxes under applicable PRC laws, rules and regulations, and adjust VIEs' income in the form of a transfer pricing adjustment. A transfer pricing adjustment could, among other things, result in a reduction of expense deductions recorded by VIEs for PRC tax purposes, which could in turn increase their tax liabilities without reducing our PRC subsidiary's tax expenses. If any of our PRC subsidiaries requests the shareholders of the respective VIE to transfer their equity interests in such VIE at nominal or no value pursuant to the contractual agreements, such transfer could be viewed as a gift and subject our PRC subsidiary to PRC income tax. Furthermore, the PRC tax authorities may impose late payment fees and other penalties on VIEs for the adjusted but unpaid taxes according to the applicable regulations. Our financial position could be materially and adversely affected if any of the VIEs' tax liabilities increase or if any VIE is required to pay late payment fees and other penalties.

We may lose the ability to use and benefit from assets held by the VIEs that are material to the operation of our business if the VIEs go bankrupt or becomes subject to dissolution or liquidation proceedings.

As part of our contractual arrangements with the VIEs, the entities may in the future hold certain assets that are material to the operation of our business. If any VIE goes bankrupt and all or part of its assets become subject to liens or rights of third-party creditors, we may be unable to continue some or all of our business activities, which could materially and adversely affect our business, financial condition and results of operations. Under the contractual arrangements, the VIEs may not, in any manner, sell, transfer, mortgage or dispose of their assets or legal or beneficial interests in the business without our prior consent. If any VIE undergoes voluntary or involuntary liquidation proceedings, unrelated third-party creditors may claim rights to some or all of these assets, thereby hindering our ability to operate our business, which could materially and adversely affect our business, financial condition and results of operations.

Divestitures of businesses and assets may have a material and adverse effect on our business and financial condition.

We may undertake in the future, partial or complete divestitures or other disposal transactions in connection with certain of our businesses and assets, particularly ones that are not closely related to our core focus areas or might require excessive resources or financial capital, to help our company meet its objectives. These decisions are largely based on our management's assessment of the business models and likelihood of success of these businesses. However, our judgment could be inaccurate, and we may not achieve the desired strategic and financial benefits from these transactions. Our financial results could be adversely affected by the impact from the loss of earnings and corporate overhead contribution/allocation associated with divested businesses.

Dispositions may also involve continued financial involvement in the divested business, such as through guarantees, indemnities or other financial obligations. Under these arrangements, performance by the divested businesses or other conditions outside of our control could affect our future financial results. We may also be exposed to negative publicity as a result of the potential misconception that the divested business is still part of our consolidated group. On the other hand, we cannot assure you that the divesting business would not pursue opportunities to provide services to our competitors or other opportunities that would conflict with our interests. If any conflicts of interest that may arise between the divesting business and us cannot be resolved in our favor, our business, financial condition, results of operations could be materially and adversely affected.

Furthermore, reducing or eliminating our ownership interests in these businesses might negatively affect our operations, prospects, or long-term value. We may lose access to resources or know-how that would have been useful in the development of our own business. Our ability to diversify or expand our existing businesses or to move into new areas of business may be reduced, and we may have to modify our business strategy to focus more exclusively on areas of business where we already possess the necessary expertise. We may sell our interests too early, and thus forego gains that we otherwise would have received had we not sold. Selecting businesses to dispose of or spin off, finding buyers for them (or the equity interests in them to be sold) and negotiating prices for what may be relatively illiquid ownership interests with no easily ascertainable fair market value will also require significant attention from our management and may divert resources from our existing business, which in turn could have an adverse effect on our business operations.

The Hong Kong Stock Exchange has granted us a waiver from strict compliance with the requirements in Paragraph 3(b) of Practice Note 15 to the Hong Kong Listing Rules such that we are able to list a subsidiary entity on the Hong Kong Stock Exchange within three years of the listing of our Class A ordinary shares on the Hong Kong Stock Exchange. While we currently do not have any plan with respect to any spin-off listing on the Hong Kong Stock Exchange, we may consider a spin-off listing on the Hong Kong Stock Exchange for one or more of our businesses within the three-year period subsequent to our listing in Hong Kong. The waiver granted by the Hong Kong Stock Exchange is conditional upon us confirming to the Hong Kong Stock Exchange in advance of any spin-off that it would not render our company incapable of fulfilling the eligibility requirements under Rule 19C.05 of the Hong Kong Listing Rules based on the financial information of the entity or entities to be spun-off at the time of the listing of our Class A ordinary shares on the Hong Kong Stock Exchange (calculated cumulatively if more than one entity is spun-off).

Risks Related to Doing Business in China

The PCAOB had historically been unable to inspect our auditor in relation to their audit work performed for our financial statements and the inability of the PCAOB to conduct inspections of our auditor in the past has deprived our investors with the benefits of such inspections.

Our auditor, the independent registered public accounting firm that issues the audit report included elsewhere in this annual report, as an auditor of companies that are traded publicly in the United States and a firm registered with the PCAOB, is subject to laws in the United States pursuant to which the PCAOB conducts regular inspections to assess its compliance with the applicable professional standards. The auditor is located in mainland China, a jurisdiction where the PCAOB was historically unable to conduct inspections and investigations completely before 2022. As a result, we and investors in the ADSs were deprived of the benefits of such PCAOB inspections. The inability of the PCAOB to conduct inspections of auditors in China in the past has made it more difficult to evaluate the effectiveness of our independent registered public accounting firm's audit procedures or quality control procedures as compared to auditors outside of China that are subject to the PCAOB inspections. On December 15, 2022, the PCAOB issued a report that vacated its December 16, 2021 determination and removed mainland China and Hong Kong from the list of jurisdictions where it is unable to inspect or investigate completely registered public accounting firms. However, if the PCAOB determines in the future that it no longer has full access to inspect and investigate completely accounting firms in mainland China and Hong Kong, and we use an accounting firm headquartered in one of these jurisdictions to issue an audit report on our financial statements filed with the SEC, we and investors in our ADSs would be deprived of the benefits of such PCAOB inspections again, which could cause investors and potential investors in the ADSs to lose confidence in our audit procedures and reported financial information and the quality of our financial statements.

Our ADSs may be prohibited from trading in the United States under the HFCAA in the future if the PCAOB is unable to inspect or investigate completely auditors located in China. The delisting or prohibition of trading of the ADSs, or the threat of their being delisted or prohibited from trading, may materially and adversely affect the value of your investment.

Pursuant to the HFCAA, if the SEC determines that we have filed audit reports issued by a registered public accounting firm that has not been subject to inspections by the PCAOB for two consecutive years, the SEC will prohibit our shares or ADSs from being traded on a national securities exchange or in the over-the-counter trading market in the United States.

On December 16, 2021, the PCAOB issued a report to notify the SEC of its determination that the PCAOB was unable to inspect or investigate completely registered public accounting firms headquartered in mainland China and Hong Kong and our auditor was subject to that determination. In May 2022, the SEC conclusively listed us as a Commission-Identified Issuer under the HFCAA following the filing of our annual report on Form 20-F for the fiscal year ended December 31, 2021. On December 15, 2022, the PCAOB removed mainland China and Hong Kong from the list of jurisdictions where it is unable to inspect or investigate completely registered public accounting firms. For this reason, we were not identified as a Commission-Identified Issuer under the HFCAA after we filed our annual report on Form 20-F for the fiscal year ended December 31, 2022 and do not expect to be so identified after we file this annual report on Form 20-F for the fiscal year ended December 31, 2023.

Each year, the PCAOB will determine whether it can inspect and investigate completely audit firms in mainland China and Hong Kong, among other jurisdictions. If the PCAOB determines in the future that it no longer has full access to inspect and investigate completely accounting firms in mainland China and Hong Kong and we use an accounting firm headquartered in one of these jurisdictions to issue an audit report on our financial statements filed with the SEC, we would be identified as a Commission-Identified Issuer following the filing of the annual report on Form 20-F for the relevant fiscal year. In accordance with the HFCAA, our securities would be prohibited from being traded on a national securities exchange or in the over-the-counter trading market in the United States if we are identified as a Commission-Identified Issuer for two consecutive years in the future. Although our Class A ordinary shares have been listed on the Hong Kong Stock Exchange and the Singapore Exchange, and the ADSs and Class A ordinary shares are fully fungible, we cannot assure you that an active trading market for our Class A ordinary shares on the Hong Kong Stock Exchange and the Singapore Exchange will be sustained or that the ADSs can be converted and traded with sufficient market recognition and liquidity, if our shares and ADSs are prohibited from trading in the United States. A prohibition of being able to trade in the United States would substantially impair your ability to sell or purchase our ADSs when you wish to do so, and the risk and uncertainty associated with delisting would have a negative impact on the price of our ADSs. Also, such a prohibition would significantly affect our ability to raise capital on terms acceptable to us, or at all, which would have a material adverse impact on our business, financial condition, and prospects.

Changes in China's political or social conditions or government policies could have a material and adverse effect on our business and results of operations.

Substantially all of our revenues are expected to be derived in China in the near future and most of our operations, including all of our manufacturing, is conducted in China. Accordingly, our results of operations, financial condition and prospects are influenced by economic, political and legal developments in China. The PRC government may influence China's economic growth through strategically allocating resources, controlling the payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. While the PRC economy has experienced significant growth over the past decades, that growth has been uneven across different regions and between economic sectors. Any adverse changes in economic conditions in China, in the policies of the Chinese government or in the laws and regulations in China could have a material adverse effect on the overall economic growth of China. Such developments could adversely affect our business and operating results, leading to reduction in demand for our services and solutions and adversely affect our competitive position.

Uncertainties in the interpretation and enforcement of PRC laws and regulations could limit the legal protections available to you and us.

The PRC legal system is a civil law system based on written statutes. Prior court decisions may be cited for reference but have limited precedential value. Our PRC subsidiaries are foreign-invested enterprises and are subject to laws and regulations applicable to foreign-invested enterprises as well as various Chinese laws and regulations generally applicable to companies incorporated in China. However, since these laws and regulations are relatively new and the PRC legal system continues to rapidly evolve, the interpretations of many laws, regulations and rules are not always uniform and enforcement of these laws, regulations and rules involves uncertainties.

From time to time, we may have to resort to administrative and court proceedings to enforce our legal rights. However, since PRC administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be difficult to evaluate the outcome of administrative and court proceedings and the level of protection we enjoy in China. Such uncertainties, including uncertainty over the scope and effect of our contractual, property (including intellectual property) and procedural rights, and any failure to respond to changes in the regulatory environment in China could materially and adversely affect our business and impede our ability to continue our operations.

Our business may be significantly affected by the Foreign Investment Law.

On March 15, 2019, the National People's Congress of China promulgated the Foreign Investment Law, which took effect on January 1, 2020. However, uncertainties still exist in relation to its interpretation and implementation. The Foreign Investment Law does not explicitly classify whether VIEs that are controlled via contractual arrangements would be deemed as foreign invested enterprises if they are ultimately "controlled" by foreign investors. However, it has a catch-all provision under definition of "foreign investment" to include investments made by foreign investors in China through means stipulated by laws or administrative regulations or other methods prescribed by the State Council. Therefore, it still leaves leeway for future laws, administrative regulations or provisions to provide for contractual arrangements as a form of foreign investment. There can be no assurance that our contractual arrangements will not be deemed to be in violation of the market access requirements for foreign investment under the PRC laws and regulations.

The Foreign Investment Law grants national treatment to foreign invested entities, except for those foreign invested entities that operate in industries deemed to be either "restricted" or "prohibited" in the "negative list" to be published. Because the "negative list" has yet been published, it is unclear as to whether it will differ from the 2021 Negative List currently in effect. The Foreign Investment Law provides that only foreign invested entities operating in foreign restricted or prohibited industries will require entry clearance and other approvals that are not required by PRC domestic entities or foreign invested entities operating in other industries. In the event that any VIE through which we operate our business is not treated as domestic investment and our operations carried out through such VIE are classified in the "restricted" or "prohibited" industry in the "negative list" under the Foreign Investment Law, such contractual arrangements may be deemed as invalid and illegal, and we may be required to unwind such contractual arrangements and/or dispose of such business.

Furthermore, if future laws, administrative regulations or provisions mandate further actions to be taken by companies with respect to existing contractual arrangements, we may face substantial uncertainties as to whether we can complete such actions in a timely manner, or at all. In addition, the Foreign Investment Law provides that existing foreign invested enterprises established according to the existing laws regulating foreign investment may maintain their structure and corporate governance within five years after the implementation of the Foreign Investment Law, which means that we may be required to adjust the structure and corporate governance of certain of our PRC entities then. Failure to take timely and appropriate measures to cope with any of these or similar regulatory compliance challenges could materially and adversely affect our current corporate structure, corporate governance and business operations.

The approval of or the filing with the CSRC or other PRC government authorities may be required in connection with our future offshore listings and capital raising activities, and, if required, we cannot predict whether or for how long we will be able to obtain such approval or filing.

The Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors require an overseas special purpose vehicle formed for listing purposes through acquisitions of PRC domestic companies and controlled by PRC persons or entities to obtain the approval of the CSRC, prior to the listing and trading of such special purpose vehicle's securities on an overseas stock exchange. The interpretation and application of the regulations remain unclear and uncertain. If the CSRC approval is required for any of our offshore listings and capital raising activities, it is uncertain whether we can or how long it will take us to obtain the approval and, even if we obtain such CSRC approval, such CSRC approval could be rescinded. Any failure to obtain or delay in obtaining the CSRC approval for our offshore listings and capital raising activities if such approval is required, or a rescission of such CSRC approval that we have obtained, would subject us to sanctions imposed by the CSRC or other PRC regulatory authorities, which could include fines and penalties on our operations in the PRC, restrictions or limitations on our ability to pay dividends outside of the PRC, and other forms of sanctions that may materially and adversely affect our business, financial condition, and results of operations.

On July 6, 2021, the PRC government authorities issued the *Opinions on Strictly Cracking Down Illegal Securities Activities in Accordance with the Law*, which called for the enhanced administration over illegal securities activities and supervision of overseas-listed China-based companies, proposed to revise the regulation governing the overseas issuance and listing of shares by such companies and clarified the responsibilities of competent domestic industry regulators and government authorities.

On February 17, 2023, the CSRC issued the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies and five supporting guidelines, which took effect on March 31, 2023. According to these rules, the issuer or a major domestic operating company designated by the issuer, as the case may be, shall file with the CSRC, among other things, (i) with respect to its follow-on offering in the same foreign market within three business days, after completion of the follow-on offering, and (ii) with respect to its follow-on offering and listing in other foreign markets within three business days, after its initial filing of the listing application to the regulator in the place of such intended listing. Non-compliance with these rules or an overseas listing completed in breach of them may result in a warning on the domestic companies and a fine of RMB1 million to RMB10 million on them. Furthermore, the supervisors directly responsible and other directly responsible persons of the domestic enterprises may be warned, and fined between RMB500,000 to RMB5,000,000. The controlling shareholders or actual controllers of the domestic company which organize or instigate the illegal acts, or conceal matters resulting in the illegal acts, may be fined between RMB1 million to RMB10 million. On February 17, 2023, the CSRC issued the Notice on Administrative Arrangements for the Filing of Domestic Enterprise's Overseas Offering and Listing, which stipulates the domestic enterprises like us that have completed overseas listings are not required to file with the CSRC in accordance with these rules immediately, but shall carry out filing procedures as required if we conduct refinancing or fall within other circumstances that require filing with the CSRC.

Considering that these rules have been promulgated recently, there are still some uncertainties about how to further refine and implement the requirements, which needs to be further guided and clarified by the CSRC and other regulatory authorities. If we have subsequent filing or reporting matters in the future, such as future offshore listings, refinancing and other capital raising activities, as well as other major events, including but not limited to the change of control, investigated or punished by overseas securities regulatory authorities or competent authorities, changing listing status or listing sector, terminating the listing voluntarily or forcibly, and changing our major business activities, given the substantial uncertainties surrounding the latest CSRC filing requirements at this stage, we cannot assure you that we will be able to complete the filings or reporting and fully comply with the new rules and requirements in a timely manner or at all. See "Item 4. Information on the Company—B. Business Overview—Regulations—M&A Rules and Overseas Listing."

The CSRC or other PRC regulatory authorities also may take actions requiring us, or making it advisable for us, to halt our offshore listings or future capital raising activities before settlement and delivery of the proceeds hereby. Consequently, if you engage in market trading or other activities in anticipation of and prior to settlement and delivery, you do so at the risk that settlement and delivery may not occur. In addition, if the CSRC or other regulatory authorities later promulgate new rules or explanations requiring that we obtain their approvals or accomplish the required filing or other regulatory procedures for our offshore listings or future capital raising activities, we may be unable to obtain a waiver of such approval requirements, if and when procedures are established to obtain such a waiver. Any uncertainties or negative publicity regarding such approval, filing or other requirements could materially and adversely affect our business, prospects, financial condition, reputation, and the proceeds of the shares.

We may be adversely affected by the complexity, uncertainties and changes in PRC regulations on internet-related business, automotive businesses and other business carried out by our PRC subsidiaries and the VIEs.

We operate in the automotive and internet industry, both of which are extensively regulated by the PRC government. For example, the PRC government imposes foreign ownership restrictions and licensing and permit requirements for companies in the internet industry. See "Item 4. Information on the Company—B. Business Overview—Regulations—Regulations on Foreign Investment in China" and "—Regulations on Value-added Telecommunications Services." Manufacturing of our vehicles is subject to extensive regulations in China. See "Item 4. Information on the Company—B. Business Overview—Regulations—Regulations and Approvals Covering the Manufacturing of New Energy Vehicles." These laws and regulations are relatively new and evolving, and their interpretation and enforcement involve significant uncertainties. As a result, in certain circumstances it may be difficult to determine what actions or omissions may be deemed to be in violation of applicable laws and regulations and furthermore, we cannot assure you that we have complied or will be able to comply with all applicable laws at all times. Consequently, we could face the risks of being subject to governmental investigations, orders by the competent authorities for rectification, administrative penalties or other legal proceedings.

Currently, we rely on the contractual arrangements with Beijing NIO and its shareholders to hold an ICP license, and separately own the domain names and trademarks in connection with our internet services and operate our website and mobile application through NIO Co., Ltd. Our internet services may be treated as a value-added telecommunications business. If so, we may be required to transfer the domain names, trademark and the operations of the internet services from NIO Co., Ltd. to Beijing NIO, and we may also be subject to administrative penalties. We rely on the contractual arrangements with Anhui NIO DT and its shareholders to operate insurance brokerage services. NIO Insurance Broker Co., Ltd., the subsidiary of Anhui NIO DT, currently holds an insurance brokerage license and provides insurance brokerage services primarily related to vehicles and properties. We intend to apply for requisite licenses for Anhui NIO AT for certain supporting functions during the development of our assisted and intelligent driving technology. Any challenge to the validity of these arrangements may significantly disrupt our business, subject us to sanctions, compromise enforceability of our contractual arrangements, or have other harmful effects on us. It is uncertain, (i) if Beijing NIO or NIO Co., Ltd. will be required to obtain a separate operating license for certain services that we carried out through our mobile application in addition to the valued-added telecommunications business operating licenses for internet content provision services, and if Beijing NIO will be required to supplement our current ICP license in the future, (ii) if Anhui NIO DT, its subsidiary or NIO China will be required to obtain a separate operating license for certain services that we carried out in addition to the insurance brokerage license, and if Anhui NIO DT or its subsidiary will be required to supplement our current insurance brokerage license in the future; and (iii) if Anhui NIO AT or Anhui NIO AD will be required to obtain a separate operating license for certain services that we carried out in addition to certain required licenses to be applied for, and if Anhui NIO AT will be required to supplement certain required licenses to be applied for in the future.

In addition, our mobile applications are also regulated by the Administrative Provisions on Information Services of Mobile Internet Applications promulgated by CAC in June 2022, which took effect on August 1, 2022 and replaces its predecessor regulation. According to these provisions, the providers of mobile applications shall be responsible for the information contents presented and shall not produce and disseminate illegal information and shall consciously prevent and resist unhealthy information. However, we cannot assure that all the information or content displayed on, retrieved from or linked to our mobile applications complies with the requirements of these provisions at all times. If our mobile applications were found to be violating these provisions, we may be subject to administrative penalties, including warning, service suspension or removal of our mobile applications from the mobile application store, which may materially and adversely affect our business and operating results.

The interpretation and application of existing PRC laws, regulations and policies and possible new laws, regulations or policies relating to the internet industry, particularly the policies relating to value-added telecommunications services, have created substantial uncertainties regarding the legality of existing and future foreign investments in the businesses and activities of internet businesses in China, including our business.

Several PRC regulatory authorities, such as the State Administration for Market Regulation, the NDRC, the Ministry of Industry and Information Technology, and the Ministry of Commerce, oversee different aspects of our operations, and we are required to obtain a wide range of government approvals, licenses, permits and registrations in connection with our operations. For example, certain filings must be made by automobile dealers through the information system for the national automobile circulation operated by the commerce department within 90 days after the receipt of a business license. Furthermore, the NEV industry is relatively new in China, and the PRC government has not adopted a clear regulatory framework to regulate the industry. As some of the laws, rules and regulations that we may be subject to were primarily enacted with a view toward application to ICE vehicles, or are relatively new, there is significant uncertainty regarding their interpretation and application with respect to our business. For example, it remains unclear under PRC laws whether our charging vans need to be registered with related local traffic management authorities or obtain transportation operation licenses for their services, and whether we would be required to obtain any particular permit or license to be qualified to provide our charging services in cooperation with third-party charging stations. In addition, the PRC government may enact new laws and regulations that require additional licenses, permits, approvals and/or registrations for the operation of any of our existing or future business. As a result, we cannot assure you that we have all the permits, licenses, registrations, approvals and/or business license covering the sufficient scope of business required for our business or that we will be able to obtain, maintain or renew permits, licenses, registrations, approvals and/or business license covering sufficient scope of business in a timely manner or at all.

The PRC government's significant oversight over our business operation could result in a material adverse change in our operations and the value of our ADSs.

We conduct our business primarily in China. Our operations in China are governed by PRC laws and regulations. The PRC government has significant oversight over the conduct of our business, and may influence our operations as the government deems appropriate to advance regulatory and societal goals and policy positions. The PRC government has recently published new policies that significantly affected certain industries and we cannot rule out the possibility that it will in the future release regulations or policies that directly or indirectly affect our industry or require us to seek additional permission to continue our operations, which could result in a material adverse change in our operation and/or the value of our ADSs. Therefore, investors of our company and our business face potential uncertainty from actions taken by the PRC government affecting our business.

We may rely on distributions by our PRC subsidiaries for our financing requirements, and any limitation on our PRC subsidiaries to make payments to us could have a material and adverse effect on our business.

We are a holding company, and we may rely on dividends and other distributions on equity paid by our PRC subsidiaries for our cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to our shareholders and service any debt we may incur. Current PRC regulations permit our PRC subsidiaries to pay dividends to us only out of their accumulated after-tax profits upon satisfaction of statutory conditions and procedures, if any, determined in accordance with Chinese accounting standards and regulations. In addition, each of our PRC subsidiaries is required to set aside at least 10% of its after-tax profits each year, if any, to fund certain reserve funds until the total amount set aside reaches 50% of its registered capital. As of December 31, 2023, most of our PRC subsidiaries and the VIEs had not made appropriations to statutory reserves as our PRC subsidiaries and the VIEs reported accumulated loss. For a detailed discussion of applicable PRC regulations governing distribution of dividends, see "Item 4. Information on the Company—B. Business Overview—Regulations—Regulations on Dividend Distribution." Additionally, if our PRC subsidiaries incur debt on their own behalf in the future, the instruments governing their debt may restrict their ability to pay dividends or make other distributions to us. Furthermore, the PRC tax authorities may require our subsidiaries to adjust their taxable income under the contractual arrangements they currently have in place with the VIEs in a manner that would materially and adversely affect their ability to pay dividends and other distributions to us. See "Risks Related to Our Corporate Structure—Our contractual arrangements with the VIEs may be subject to scrutiny by the PRC tax authorities and they may determine that we or the VIEs owe additional taxes, which could negatively affect our financial condition." In addition, the incurrence of indebtedness by our PRC subsidiaries could result in operating and financing covenants and undertakings to creditors that would restrict the ability of our PRC subsidiaries to pay dividends to us.

Any limitation on the ability of our PRC subsidiaries to pay dividends or make other distributions to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends, or otherwise fund and conduct our business. See "—If we are classified as a PRC resident enterprise for PRC income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC shareholders or ADS holders."

Increases in labor costs and enforcement of stricter labor laws and regulations in the PRC may adversely affect our business and our profitability.

China's overall economy and the average wage in China have increased in recent years and are expected to grow. The average wage level for our employees has also increased in recent years. We expect that our labor costs, including wages and employee benefits, will increase. Unless we are able to pass on these increased labor costs to those who pay for our services, our profitability and results of operations may be materially and adversely affected.

In addition, we have been subject to stricter regulatory requirements in terms of entering into labor contracts with our employees, limitation with respect to utilization of labor dispatching, applying for foreigner work permits, labor protection and labor condition and paying various statutory employee benefits, including pensions, housing fund, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance to designated government agencies for the benefit of our employees. Pursuant to the PRC Labor Contract Law and its implementation rules, employers are subject to stricter requirements in terms of signing labor contracts, minimum wages, paying remuneration, determining the term of employee's probation and unilaterally terminating labor contracts. In the event that we decide to terminate some of our employees or otherwise change our employment or labor practices, the PRC Labor Contract Law and its implementation rules may limit our ability to effect those changes in a desirable or cost-effective manner, which could adversely affect our business and results of operations.

Companies registered and operating in China are required under the PRC Social Insurance Law (latest amended in 2018) and the Regulations on the Administration of Housing Funds (latest amended in 2019) to, apply for social insurance registration and housing fund deposit registration within 30 days of their establishment, and to pay for their employees different social insurance including pension insurance, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance to the extent required by law. However, certain of our PRC subsidiaries and the VIEs that do not hire any employees and are not a party to any employment agreement, have not applied for and obtained such registration, and instead of paying the social insurance payment on their own for their employees, certain of our PRC subsidiaries and the VIEs use third-party agencies to pay in the name of such agency. We could be subject to orders by the competent labor authorities for rectification and failure to comply with the orders may further subject us to administrative fines.

As the interpretation and implementation of labor-related laws and regulations are still evolving, our employment practices may violate labor-related laws and regulations in China, which may subject us to labor disputes or government investigations. We cannot assure you that we have complied or will be able to comply with all labor-related law and regulations including those relating to obligations to make social insurance payments and contribute to the housing provident funds. If we are deemed to have violated labor laws and regulations, we could be required to provide additional compensation to our employees and our business, financial condition and results of operations will be adversely affected.

Furthermore, in order to control labor costs, we conducted a series of organizational restructuring to cut headcount in 2019, which we believe has negatively affected our reputation, brand image and our ability to retain the remaining qualified staff and skilled employees. We could undertake an organizational restructuring again in the future, the occurrence of which will pose negative implications on our competitive position, cost us qualified employees and subject us to potential employment lawsuits. Any of the above would negatively affect our business, financial condition and results of operations.

Fluctuations in exchange rates could have a material and adverse effect on our results of operations.

The conversion of RMB into foreign currencies, including U.S. dollars, is based on rates set by the People's Bank of China. The RMB has fluctuated against the U.S. dollar, at times significantly and unpredictably. The value of RMB against the U.S. dollar and other currencies is affected by changes in China's political and economic conditions and by China's foreign exchange policies, among other things. We cannot assure you that RMB will not appreciate or depreciate significantly in value against the U.S. dollar in the future. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between RMB and the U.S. dollar in the future.

Any significant appreciation or depreciation of RMB may materially and adversely affect our revenues, earnings and financial position, and the value of, and any dividends payable on, our ADSs in U.S. dollars. For example, to the extent that we need to convert U.S. dollars we receive into RMB to pay our operating expenses, appreciation of RMB against the U.S. dollar would have an adverse effect on the RMB amount we would receive from the conversion. Conversely, a significant depreciation of RMB against the U.S. dollar may significantly reduce the U.S. dollar equivalent of our earnings, which in turn could adversely affect the price of our ADSs.

Very limited hedging options are available in China to reduce our exposure to exchange rate fluctuations. While we have entered into and may continue to enter into hedging transactions in the future, the availability and effectiveness of these hedges may be limited, and we may not be able to adequately hedge our exposure or at all. In addition, our currency exchange losses may be magnified by PRC exchange control regulations that restrict our ability to convert RMB into foreign currency. As a result, fluctuations in exchange rates may have a material adverse effect on your investment.

PRC regulation on funding PRC subsidiaries by offshore entities and governmental control of currency conversion may delay or prevent us from funding our PRC subsidiaries, which could materially and adversely affect our liquidity and business.

Under PRC laws and regulations, we are permitted to utilize the proceeds of any financing outside China to fund our PRC subsidiaries by making loans to or additional capital contributions to our PRC subsidiaries, subject to applicable government registration, statutory limitations on amount and approval requirements. For more details, see "Item 4. Information on the Company—B. Business Overview—Regulations—Regulations on Foreign Exchange." These PRC laws and regulations may significantly limit our ability to use Renminbi converted from the net proceeds of any financing outside China to fund the establishment of new entities in China by our PRC subsidiaries, to invest in or acquire any other PRC companies through our PRC subsidiaries, or to establish new VIEs in China. Moreover, we cannot assure you that we will be able to complete the necessary registrations or obtain the necessary government approvals on a timely basis, if at all, with respect to future loans to our PRC subsidiaries or future capital contributions that we made to our PRC subsidiaries. If we fail to complete such registrations or obtain such approvals, our ability to use the proceeds we received or expect to receive from our offshore offerings and to capitalize or otherwise fund our PRC operations may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

On December 26, 2017, the NDRC issued the Management Rules for Overseas Investment by Enterprises. On February 11, 2018, the Catalog on Overseas Investment in Sensitive Industries (2018 Edition) was promulgated. Overseas investment governed by these rules refers to the investment activities conducted by an enterprise located in the territory of China either directly or via an overseas enterprise under its control through making investment with assets and equities or providing financing or guarantees in order to obtain overseas ownership, control, management rights and other related interests, and overseas investment by a PRC individual through overseas enterprises under his/her control is also subject to these rules. According to these rules, before being conducted, any overseas investment in a sensitive industry or any direct investment by a Chinese enterprise in a non-sensitive industry but with an investment amount over US$300 million requires approval from, or filing with, the NDRC, and for those non-sensitive investments indirectly by Chinese investors (including PRC individuals) with investment amounts over US$300 million need to be reported. However, uncertainties remain with respect to the interpretation and application of these rules, we are not sure whether our using of proceeds will be subject to these rules. If we fail to obtain the approval, complete the filing or report our overseas investment with our proceeds (as the case may be) in a timely manner provided that these rules are applicable, we may be forced to suspend or cease our investment, or be subject to penalties or other liabilities, which could materially and adversely affect our business, financial condition and prospects.

Governmental control of currency conversion may limit our ability to utilize our revenues effectively.

The PRC government imposes controls on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. Under existing PRC foreign exchange regulations, payments of current account items, such as profit distributions and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the State Administration of Foreign Exchange, or SAFE, by complying with certain procedural requirements. However, approval from or registration with appropriate governmental authorities is required where Renminbi is to be converted into a foreign currency and remitted out of China to pay capital expenses, such as the repayment of loans denominated in foreign currencies. See “Item 4. Information on the Company—B. Business Overview—Regulations—Regulations on Foreign Exchange.”

Since 2016, the PRC government has further tightened its foreign exchange policies and enhanced its scrutiny of major outbound capital movement. More restrictions and a substantial vetting process have been put in place by SAFE to regulate cross-border transactions falling under the capital account. The PRC government may also restrict access in the future to foreign currencies for current account transactions, at its discretion. We receive substantially all of our revenues in RMB. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our shareholders, including holders of our ADSs.

PRC regulations on offshore investment by PRC residents may prevent our PRC subsidiaries from distributing profits to us or expose us or our PRC resident beneficial owners to penalties under PRC law.

SAFE requires PRC residents or entities to register with SAFE or its local branch in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing. In addition, such PRC residents or entities must update their SAFE registrations when the offshore special purpose vehicle undergoes certain material events. See “Item 4. Information on the Company—B. Business Overview—Regulations—Regulations on Foreign Exchange—Offshore Investment.”

If our shareholders who are PRC residents or entities do not complete their registration with the local SAFE branches, our PRC subsidiaries may be prohibited from distributing their profits and any proceeds from any reduction in capital, share transfer or liquidation to us, and we may be restricted in our ability to contribute additional capital to our PRC subsidiaries. Moreover, failure to comply with SAFE registration requirements could result in liability under PRC laws for evasion of applicable foreign exchange restrictions.

However, we may not be informed of the identities of all the PRC residents or entities holding direct or indirect interests in our company, nor can we compel our beneficial owners to comply with SAFE registration requirements. As a result, we cannot assure you that all of our shareholders or beneficial owners who are PRC residents or entities have complied with, and will in the future make or obtain any applicable registrations or approvals required by, SAFE regulations. Failure by such shareholders or beneficial owners to comply with SAFE regulations, or our failure to amend the foreign exchange registrations of our PRC subsidiaries, could subject us to fines or legal sanctions, restrict our overseas or cross-border investment activities, limit our PRC subsidiaries’ ability to make distributions or pay dividends to us or affect our ownership structure, which could adversely affect our business and prospects.

China's M&A Rules and other regulations establish complex procedures for certain acquisitions of PRC companies by foreign investors, which could make it difficult for us to pursue growth through acquisitions in China.

A number of PRC laws and regulations have established procedures and requirements that could make merger and acquisition activities in China by foreign investors more time-consuming and complex. In addition to the Anti-Monopoly Law of China itself, these include the Rules on Acquisition of Domestic Enterprises by Foreign Investors, adopted by six PRC governmental and regulatory agencies in 2006 and amended in 2009, and the Rules of the Ministry of Commerce on Implementation of Security Review System of Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, promulgated in 2011. These laws and regulations impose requirements in some instances that the Ministry of Commerce be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise. In addition, the Anti-Monopoly Law of China requires that the Ministry of Commerce be notified in advance of any concentration of undertaking if certain thresholds are triggered. Moreover, these rules specify that mergers and acquisitions by foreign investors that raise "national defense and security" concerns and mergers and acquisitions through which foreign investors may acquire de facto control over domestic enterprises that raise "national security" concerns are subject to strict review by the Ministry of Commerce, and prohibit any attempt to bypass a security review, including by structuring the transaction through a proxy or contractual control arrangement. In the future, we may grow our business by acquiring complementary businesses. Complying with the requirements of the regulations to complete such transactions could be time-consuming, and any required approval processes, including approval from the Ministry of Commerce, may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share.

Any failure to comply with PRC regulations regarding the registration requirements for employee stock incentive plans may subject the PRC plan participants or us to fines and other legal or administrative sanctions.

Under SAFE regulations, PRC residents who participate in a stock incentive plan in an overseas publicly listed company are required to register with SAFE or its local branches and complete certain other procedures. See "Item 4. Information on the Company—B. Business Overview—Regulations—Regulations on Employment and Social Welfare—Employee Stock Incentive Plan." We and our PRC resident employees who participate in our share incentive plans are subject to these regulations since we became a public company listed in the United States. If we or any of these PRC resident employees fail to comply with these regulations, we or such employees may be subject to fines and other legal or administrative sanctions. We also face regulatory uncertainties that could restrict our ability to adopt additional incentive plans for our directors, executive officers and employees under PRC law.

Discontinuation of any of the preferential tax treatments and government subsidies or imposition of any additional taxes and surcharges could adversely affect our financial condition and results of operations.

Our PRC subsidiaries currently benefit from a number of preferential tax treatments. For example, one of our VIEs, Anhui NIO AT, is entitled to enjoy, after completing certain application formalities, a 15% preferential enterprise income tax from 2022 as it has been qualified as a "High and New Technology Enterprise" under the PRC Enterprise Income Tax Law and related regulations. The discontinuation of any of the preferential income tax treatment that we currently enjoy could have a material and adverse effect on our result of operations and financial condition. We cannot assure you that we will be able to maintain or lower our current effective tax rate in the future.

In addition, our PRC subsidiaries have received various financial subsidies from PRC local government authorities. The financial subsidies result from discretionary incentives and policies adopted by PRC local government authorities. Local governments may decide to change or discontinue such financial subsidies at any time. The discontinuation of such financial subsidies or imposition of any additional taxes could adversely affect our financial condition and results of operations.

If we are classified as a PRC resident enterprise for PRC income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC shareholders or ADS holders.

Under the PRC Enterprise Income Tax Law and its implementation rules, an enterprise established outside of the PRC with a "de facto management body" within the PRC is considered a PRC resident enterprise. The implementation rules define the term "de facto management body" as the body that exercises full and substantial control over and overall management of the business, productions, personnel, accounts and properties of an enterprise. In 2009, the State Taxation Administration issued a circular, known as Circular 82, which provides certain specific criteria for determining whether the "de facto management body" of a PRC-controlled enterprise that is incorporated offshore is located in China. Although Circular 82 only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreigners like us, the criteria set forth in the circular may reflect the State Taxation Administration's general position on how the "de facto management body" test should be applied in determining the tax resident status of all offshore enterprises. According to Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its "de facto management body" in China and will be subject to PRC enterprise income tax on its global income only if all of the following conditions are met: (i) the primary location of the day-to-day operational management is in the PRC; (ii) decisions relating to the enterprise's financial and human resource matters are made or are subject to approval by organizations or personnel in the PRC; (iii) the enterprise's primary assets, accounting books and records, company seals, and board and shareholder resolutions, are located or maintained in the PRC; and (iv) at least 50% of voting board members or senior executives habitually reside in the PRC.

We believe that none of our entities outside of China is a PRC resident enterprise for PRC tax purposes. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term "de facto management body." If the PRC tax authorities determine that we are a PRC resident enterprise for enterprise income tax purposes, we will be subject to the enterprise income tax on our global income at the rate of 25% and we will be required to comply with PRC enterprise income tax reporting obligations. In addition, we may be required to withhold a 10% withholding tax from interest or dividends we pay to our shareholders that are non-PRC resident enterprises, including the holders of our ADSs. In addition, non-PRC resident enterprise shareholders (including our ADS holders) may be subject to PRC tax at a rate of 10% on gains realized on the sale or other disposition of our ADSs or ordinary shares, if such income is treated as sourced from within the PRC. Furthermore, if PRC tax authorities determine that we are a PRC resident enterprise for enterprise income tax purposes, interest or dividends paid to our non-PRC individual shareholders (including our ADS holders) and any gain realized on the transfer of the ADSs or ordinary shares by such holders may be subject to PRC tax at a rate of 20% (which, in the case of interest or dividends, we may withhold at source), if such gains are deemed to be from PRC sources. These rates may be reduced by an applicable tax treaty, but it is unclear whether our non-PRC shareholders would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that we are treated as a PRC resident enterprise.

We may not be able to obtain certain benefits under tax arrangements on dividends paid by our PRC subsidiaries to us through our Hong Kong subsidiary.

We are a holding company incorporated under the laws of the Cayman Islands and as such rely on dividends and other distributions on equity from our PRC subsidiaries to satisfy part of our liquidity requirements. Pursuant to the PRC Enterprise Income Tax Law, a withholding tax rate of 10% currently applies to dividends paid by a PRC "resident enterprise" to a foreign enterprise investor, unless any such foreign investor's jurisdiction of incorporation has a tax treaty with China that provides for preferential tax treatment. Pursuant to the Arrangement between Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Tax Evasion on Income, such withholding tax rate may be lowered to 5% if a Hong Kong resident enterprise owns no less than 25% of a PRC enterprise. Furthermore, the Administrative Measures for Non-Resident Enterprises to Enjoy Treatments under Treaties, which took effect in January 2020, require non-resident enterprises to determine whether they are qualified to enjoy the preferential tax treatment under the tax treaties and file report and materials with the tax authorities. There are also other conditions for enjoying the reduced withholding tax rate according to other tax rules and regulations. See "Item 5. Operating and Financial Review and Prospects—A. Operating Results—Taxation—PRC." As of December 31, 2023, most of our subsidiaries and the VIEs located in the PRC reported accumulated loss and therefore they had no retained earnings for offshore distribution. In the future, we intend to re-invest all earnings, if any, generated from our PRC subsidiaries for the operation and expansion of our business in China. Should our tax policy change to allow for offshore distribution of our earnings, we would be subject to a significant withholding tax. Our determination regarding our qualification to enjoy the preferential tax treatment could be challenged by the tax authority and we may not be able to complete the necessary filings with the tax authority and enjoy the preferential withholding tax rate of 5% under the arrangement with respect to dividends to be paid by our PRC subsidiaries to our Hong Kong subsidiary.

We face uncertainty with respect to indirect transfers of equity interests in PRC resident enterprises by their non-PRC holding companies.

In February 2015, the State Taxation Administration issued the Circular on Issues of Enterprise Income Tax on Indirect Transfers of Assets by Non-PRC Resident Enterprises, or Circular 7. Circular 7 extends its tax jurisdiction to not only indirect transfers but also transactions involving transfer of other taxable assets, through the offshore transfer of a foreign intermediate holding company. In addition, Circular 7 provides certain criteria on how to assess reasonable commercial purposes and has introduced safe harbors for internal group restructurings and the purchase and sale of equity through a public securities market. Circular 7 also brings challenges to both the foreign transferor and transferee (or other person who is obligated to pay for the transfer) of the taxable assets. Where a non-resident enterprise conducts an "indirect transfer" by transferring the taxable assets indirectly by disposing of the equity interests of an overseas holding company, the non-resident enterprise being the transferor, or the transferee, or the PRC entity which directly owned the taxable assets may report to the tax authority such indirect transfer. Using a "substance over form" principle, the PRC tax authority may disregard the existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of reducing, avoiding or deferring PRC tax. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax, and the transferee or other person who is obligated to pay for the transfer is obligated to withhold the applicable taxes, currently at a rate of 10% for the transfer of equity interests in a PRC resident enterprise. On October 17, 2017, the State Taxation Administration issued Circular on Issues of Tax Withholding regarding Non-PRC Resident Enterprise Income Tax, or Circular 37, which took effect on December 1, 2017 and was amended on June 15, 2018. Circular 37 further clarifies the practice and procedure of the withholding of nonresident enterprise income tax.

We face uncertainties on the reporting and consequences of future private equity financing transactions, share exchanges or other transactions involving the transfer of shares in our company by investors that are non-PRC resident enterprises. The PRC tax authorities may pursue such non-PRC resident enterprises with respect to a filing or the transferees with respect to withholding obligations, and request our PRC subsidiaries to assist in the filing. As a result, we and non-PRC resident enterprises in such transactions may become at risk of being subject to filing obligations or being taxed under Circular 7 and Circular 37, and may be required to expend valuable resources to comply with them or to establish that we and our non-PRC resident enterprises should not be taxed under these regulations, which may have a material adverse effect on our financial condition and results of operations.

If the authorized users of our non-tangible assets, including our corporate chops and seals, fail to fulfill their responsibilities, or misuse these assets, our business could be materially and adversely affected.

Under PRC law, legal documents for corporate transactions are executed using the chops or seal of the signing entity or with the signature of a legal representative whose designation is registered and filed with the branch of the State Administration for Market Regulation.

Although we usually utilize chops to enter into contracts, the designated legal representatives of each of our PRC subsidiaries and the VIEs have the apparent authority to enter into contracts on behalf of such entities without chops and bind such entities. All designated legal representatives of our PRC subsidiaries and the VIEs are members of our senior management team who have signed employment agreements with us or our PRC subsidiaries and the VIEs under which they agree to abide by various duties they owe to us. In order to maintain the physical security of our chops and chops of our PRC entities, we generally store these items in secured locations accessible only by the authorized personnel in the legal or finance department of each of our subsidiaries and the VIEs. Although we monitor such authorized personnel, there is no assurance such procedures will prevent all instances of abuse or negligence. Accordingly, if any of our authorized personnel misuse or misappropriate our corporate chops or seals, we could encounter difficulties in maintaining control over the entities and experience significant disruption to our operations. If a designated legal representative obtains control of the chops in an effort to obtain control over any of our PRC subsidiaries or the VIEs, we or our PRC subsidiaries or the VIEs would need to pass a new shareholders or board resolution to designate a new legal representative and we would need to take legal action to seek the return of the chops, apply for new chops with the authorities, or otherwise seek legal redress for the violation of the representative's fiduciary duties to us, which could involve significant time and resources and divert management attention away from our regular business. In addition, the affected entity may not be able to recover corporate assets that are sold or transferred out of our control in the event of such a misappropriation if a transferee relies on the apparent authority of the representative and acts in good faith.

Our interest in leased property may be defective or subject to lien and our right to lease, own or use the properties may be therefore challenged, which could cause significant disruption to our business.

Under PRC laws, all lease agreements are required to be registered with the local housing authorities. We presently lease several premises in China, some of which have not completed the registration of the ownership rights or the registration of our leases with the authorities. Failure to complete these required registrations may expose our landlords, lessors and us to potential monetary fines. If these registrations are not obtained in a timely manner or at all, we may be subject to monetary fines or may have to relocate our offices and incur the associated losses.

Some of the ownership certificates or other similar proof of certain leased properties have not been provided to us by the lessors. Therefore, we cannot assure you that such lessors are entitled to lease the real properties to us. If the lessors are not entitled to lease the real properties to us and the owners of such real properties decline to ratify the lease agreements between us and the respective lessors, we may not be able to enforce our rights to lease such properties under the respective lease agreements against the owners. If our lease agreements are claimed as null and void by third parties who are the real owners of such leased real properties, we could be required to vacate the properties, in the event of which we could only initiate the claim against the lessors under lease agreements for indemnities for their breach of the leasing agreements. In addition, we may not be able to renew our existing lease agreements before their expiration dates, in which case we may be required to vacate the properties. We cannot assure you that suitable alternative locations are readily available on commercially reasonable terms, or at all, and if we are unable to relocate our operations in a timely manner, our operations may be adversely affected.

Some of our PRC subsidiaries have incurred or will incur indebtedness and may, in connection therewith, create mortgage, pledge or other lien over substantive operating assets, facilities or equity interests of certain PRC subsidiaries as guarantee to their repayment of indebtedness or as counter guarantee to third-party guarantors which provide guarantee to our PRC subsidiaries' repayment of indebtedness. In the event that the PRC subsidiaries fail to perform their repayment obligations, or such guarantors perform their guarantee obligations, claims may be raised to our substantive operating assets, facilities or equity interests of the PRC subsidiaries in question. If we cannot continue to own or use such assets, facilities or equity interests, our operation may be adversely affected.

Risks Related to Our ADSs and Class A Ordinary Shares

We adopt different practices as to certain matters as compared with many other companies listed on the Hong Kong Stock Exchange.

The trading of our Class A ordinary shares on the Hong Kong Stock Exchange commenced on March 10, 2022 under the stock code "9866." As a company listed on the Hong Kong Stock Exchange pursuant to Chapter 19C of the Hong Kong Listing Rules, we are not subject to certain provisions of the Hong Kong Listing Rules pursuant to Rule 19C.11, including, among others, rules on notifiable transactions, connected transactions, share option schemes, content of financial statements as well as certain other continuing obligations. In addition, in connection with the listing of our Class A ordinary shares on the Hong Kong Stock Exchange, we have applied for a number of waivers and/or exemptions from strict compliance with the Hong Kong Listing Rules, the Codes on Takeovers and Mergers and Shares Buy-backs issued by the Securities and Futures Commission, and the Securities and Futures Ordinance. As a result, we will adopt different practices as to those matters as compared with other companies listed on the Hong Kong Stock Exchange that do not enjoy those exemptions or waivers.

Our articles of association are specific to us and include certain provisions that may be different from the requirements under the Hong Kong Listing Rules and common practices in Hong Kong. In particular, in our amended articles of associations put forth in the first annual general meeting after the listing of our Class A ordinary shares on the Hong Kong Stock Exchange, or the First AGM, we refer to the Relevant Period as the period commencing from the date on which any of our Class A ordinary shares first become secondary listed on the Hong Kong Stock Exchange to and including the date immediately before the day which the secondary listing is withdrawn from the Hong Kong Stock Exchange. For example, in order to comply with applicable Hong Kong Listing Rules, during the Relevant Period, (i) NIO Users Trust will not have any director nomination right; (ii) our company shall have only one class of shares with enhanced or weighted voting rights; (iii) our directors shall not have the power to, amongst others, authorize share split or designate a new share class with enhanced or weighted voting rights; and (iv) certain restrictions on the weighted voting right structure of our company under Chapter 8A of the Hong Kong Listing Rules shall be applicable, such as, amongst others, no further increase in the proportion of WVR shares, that only a director or a director holding vehicle is permitted to hold WVR shares and automatic conversion of WVR shares into Class A ordinary shares under certain circumstances.

Notwithstanding the above and at any time after the Relevant Period, the provisions which are subject to the Relevant Period will continue to apply in the circumstances where the Company has a change of listing status on the Hong Kong Stock Exchange other than in the case where the secondary listing of the Company is withdrawn from the Hong Kong Stock Exchange pursuant to the applicable Hong Kong Listing Rules.

Given certain shareholder protection under the Hong Kong Listing Rules will only be applicable during the Relevant Period, our investors may be afforded less protection after the Relevant Period under our amended articles of association adopted in the First AGM as compared with other companies secondarily listed in Hong Kong.

We may only cease to be secondary listed under Chapter 19C of the Hong Kong Listing Rules under one of the following situations:

- withdrawal, in the case where we are primary listed on another stock exchange and voluntarily withdraw our secondary listing on the Hong Kong Stock Exchange;
- migration of the majority of trading to the Hong Kong Stock Exchange's markets, in the case where the majority of trading in our listed shares migrates to the Hong Kong Stock Exchange's markets on a permanent basis;
- primary conversion, i.e., our voluntary conversion to a dual-primary listing on the Hong Kong Stock Exchange;
- overseas de-listing, where our shares or depositary receipts issued on our shares cease to be listed on the stock exchange which we are primary listed;
- if the Hong Kong Stock Exchange cancels the listing of our securities; and
- if the Securities and Futures Commission of Hong Kong directs the Hong Kong Stock Exchange to cancel the listing of our securities.

The scenarios under which we may cease to be secondary listed on the Hong Kong Stock Exchange are subject to the changing market conditions, our listing or de-listing in other jurisdictions, our compliance with the listing rules of the Hong Kong Stock Exchange and other factors beyond our control. As a result, there are substantial uncertainties relating to applicability of the shareholders' rights and protection under the aforementioned provisions of our amended articles of association put forth in the First AGM particularly in the case where the Company de-lists from the Hong Kong Stock Exchange.

As we are listed as a Non-Grandfathered Greater China Issuer pursuant to Chapter 19C of the Hong Kong Listing Rules, our articles of association must comply with the requirements of the Hong Kong Listing Rules unless waived by the Hong Kong Stock Exchange. We have put forth resolutions to our shareholders at our first general meeting convened on August 25, 2022 to amend certain provisions of our articles in order to comply with the Hong Kong Listing Rules.

Furthermore, if 55% or more of the total worldwide trading volume, by dollar value, of our Class A ordinary shares and ADSs over our most recent fiscal year takes place on the Hong Kong Stock Exchange, the Hong Kong Stock Exchange will regard us as having a dual primary listing in Hong Kong and we will no longer enjoy certain exemptions or waivers from strict compliance with the requirements under the Hong Kong Listing Rules, the Codes on Takeovers and Mergers and Shares Buy-backs and the Securities and Futures Ordinance, which could result in us having to amend our corporate structure and articles of association and we may incur of incremental compliance costs.

If we change the listing venue of our securities, you may lose the shareholder protection mechanisms afforded under the regulatory regimes of the applicable securities exchange.

As a company listed on the New York Stock Exchange, the Hong Kong Stock Exchange and the Singapore Exchange, we are subject to various listing standards and requirements that are aimed at protecting your rights as shareholders of our company, subject to certain permitted exceptions applicable to foreign companies. For example, after our listing on the Hong Kong Stock Exchange, our thirteenth amended and restated memorandum and articles of association requires that there should only be one class of shares with enhanced voting rights, and that certain reserved matters under the Hong Kong Listing Rules are required to be voted on a one vote per share basis at the general meetings. In the event that we reduce the number of shares in issue, the holders of WVR shares shall reduce their voting rights in the Company proportionately through a conversion of a portion of their Class C shares or otherwise. If we choose to change the listing venue of our securities, including delisting from either exchanges, you may lose the shareholder protection mechanisms afforded under the regulatory regimes of the applicable securities exchange. In particular, various factors will be taken into consideration by the Company in relation to the circumstances under which it may be considered not desirable or viable for the shares to remain listed on a certain stock exchange, such as the then regulatory environment of the listing venue, whether the additional compliance burden arisen by remaining listed in a particular stock exchange will be unduly burdensome for the Company to further its interest, realize its vision or implementing certain business plans.

The trading prices of our listed securities have been and are likely to continue to be volatile, which could result in substantial losses to investors.

The trading prices of our listed securities have been and are likely to continue to be volatile and could fluctuate widely in response to a variety of factors, many of which are beyond our control. For example, in 2023, the trading price of our ADSs ranged from a low of US$7.15 to a high of US$15.46; the trading price of our Class A ordinary shares listed on the Hong Kong Stock Exchange ranged from a low of HK$55.35 to a high of HK$122.60; the trading price of our Class A ordinary shares listed on the Main Board of the Singapore Exchange ranged from a low of US$7.07 to a high of US$15.78. The market price for our listed securities may continue to be volatile and subject to wide fluctuations in response to factors including, but not limited to, the following:

- actual or anticipated fluctuations in our quarterly results of operations and cash flows;
- changes in financial estimates by securities research analysts;
- conditions in automotive markets;
- changes in the operating performance or market valuations of other automotive companies;
- announcements we or our competitors made of new products, acquisitions, strategic partnerships, joint ventures or capital commitments;
- addition or departure of key personnel;
- fluctuations of exchange rates between RMB and the U.S. dollar;
- litigation, government investigation or other legal or regulatory proceeding;
- release of lock-up and other transfer restrictions on our Class A ordinary shares or ADSs, issuance of ADSs or ordinary shares upon conversion of the convertible notes we issued, or any ordinary shares or sales of additional ADSs;
- any actual or alleged illegal acts of our shareholders or management;
- any share repurchase program; and
- general economic or political conditions in China or elsewhere in the world.

Any of these factors may result in large and sudden changes in the volume and price at which our Class A ordinary shares and/or ADSs will trade.

In addition, the stock market in general, and the market prices for companies with operations in China in particular, have experienced volatility that often has been unrelated to the operating performance of such companies. The securities of some China-based companies that have listed their securities in the United States have experienced significant volatility since their initial public offerings in recent years, including, in some cases, substantial declines in the trading prices of their securities. The trading performances of these companies' securities after their offerings may affect the attitudes of investors towards Chinese companies listed in the United States in general, which consequently may impact the trading performance of our Class A ordinary shares and/or ADSs, regardless of our actual operating performance. In addition, any negative news or perceptions about inadequate corporate governance practices or fraudulent accounting, corporate structure or other matters of other Chinese companies may also negatively affect the attitudes of investors towards Chinese companies in general, including us, regardless of whether we have engaged in any inappropriate activities. In particular, the global financial crisis and the ensuing economic recessions in many countries have contributed and may continue to contribute to extreme volatility in the global stock markets. These broad market and industry fluctuations may adversely affect the market price of our Class A ordinary shares and/or ADSs. Volatility or a lack of positive performance in our Class A ordinary shares and/or ADSs price may also adversely affect our ability to retain key employees, most of whom have been granted options or other equity incentives.

If securities or industry analysts do not publish research or reports about our business, or if they adversely change their recommendations regarding our Class A ordinary shares and/or ADSs, the market price for our Class A ordinary shares and/or ADSs and trading volume could decline.

The trading market for our Class A ordinary shares and/or ADSs will be influenced by research or reports that industry or securities analysts publish about our business. If one or more analysts who cover us downgrade our Class A ordinary shares and/or ADSs, the market price for our Class A ordinary shares and/or ADSs would likely decline. If one or more of these analysts cease to cover us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause the market price or trading volume for our Class A ordinary shares and/or ADSs to decline.

Our dual-class voting structure will limit the holders of our Class A ordinary shares and ADSs to influence corporate matters, provide certain shareholders of ours with substantial influence and could discourage others from pursuing any change of control transactions that holders of our Class A ordinary shares and ADSs may view as beneficial.

We had historically adopted a triple-class voting structure such that our ordinary shares consisted of Class A ordinary shares, Class B ordinary shares and Class C ordinary shares. Upon the listing of our Class A ordinary shares on the Hong Kong Stock Exchange, all of our Class B ordinary shares, which used to be beneficially owned by Tencent entities, namely, Image Frame Investment (HK) Limited and Mount Putuo Investment Limited, were converted to Class A ordinary shares pursuant to the conversion notice delivered by the shareholders. The shareholding structure of Class B ordinary shares and provisions related to Class B ordinary shares have been removed in our thirteenth amended and restated memorandum and articles of association, approved by our shareholders at the annual general meeting held on August 25, 2022. Currently, our ordinary shares consist of Class A ordinary shares and Class C ordinary shares. Holders of Class A ordinary shares and Class C ordinary shares have the same rights other than voting and conversion rights. Each holder of our Class A ordinary shares is entitled to one vote per share, and each holder of our Class C ordinary shares is entitled to eight votes per share on all matters submitted to them for a vote. Our Class A ordinary shares and Class C ordinary shares vote together as a single class on all matters submitted to a vote of our shareholders, except as may otherwise be required by law. Each Class C ordinary share is convertible into one Class A ordinary share, whereas Class A ordinary shares are not convertible into Class C ordinary shares under any circumstances. Upon any transfer of Class C ordinary shares by a holder thereof to any person or entity which is not an affiliate of such holder, such Class C ordinary shares are automatically and immediately converted into the equal number of Class A ordinary shares.

As of the date of this annual report, Mr. Bin Li, our founder, chairman and chief executive officer, together with his affiliates, beneficially own all of our issued Class C ordinary shares. Due to the disparate voting powers associated with our multi classes of ordinary shares, Mr. Li has considerable influence over important corporate matters. As of March 31, 2024, Mr. Li beneficially owned approximately 38.5% of the aggregate voting power of our company through mobike Global Ltd. and Originalwish Limited, companies wholly owned by Mr. Li, and through NIO Users Limited, a holding company ultimately controlled by Mr. Li and through NIO Users Community Limited, a company wholly owned by NIO Users Limited. Mr. Li has considerable influence over matters requiring shareholder approval, including electing directors and approving material mergers, acquisitions or other business combination transactions. This concentrated control will limit the ability of the holders of our Class A ordinary shares and ADSs to influence corporate matters and could also discourage others from pursuing any potential merger, takeover or other change of control transaction, which could have the effect of depriving the holders of our Class A ordinary shares and our ADSs of the opportunity to sell their shares at a premium over the prevailing market price. Moreover, Mr. Li may increase the concentration of his voting power and/or share ownership in the future, which may, among other consequences, decrease the liquidity in our Class A ordinary shares and ADSs.

Techniques employed by short sellers may drive down the market price of our ADSs.

Short selling is the practice of selling securities that the seller does not own but rather has borrowed from a third party with the intention of buying identical securities back at a later date to return to the lender. The short seller hopes to profit from a decline in the value of the securities between the sale of the borrowed securities and the purchase of the replacement shares, as the short seller expects to pay less in that purchase than it received in the sale. As it is in the short seller's interest for the price of the security to decline, many short sellers publish, or arrange for the publication of, negative opinions regarding the issuer and its business prospects in order to create negative market momentum and generate profits for themselves after selling a security short. These short attacks have, in the past, led to selling of shares in the market.

Public companies listed in the United States that have a substantial majority of their operations in China have been the subject of short selling. Much of the scrutiny and negative publicity have centered on allegations of a lack of effective internal control over financial reporting resulting in financial and accounting irregularities and mistakes, inadequate corporate governance policies or a lack of adherence thereto and, in many cases, allegations of fraud. As a result, many of these companies are now conducting internal and external investigations into the allegations and, in the interim, are subject to shareholder lawsuits and/or SEC enforcement actions.

On June 28, 2022, Grizzly Research LLC issued a short seller report that made certain allegations against us. On June 29, 2022, we announced that our board of directors, including the audit committee, was reviewing the allegations and considering the appropriate course of action to protect the interests of all shareholders. On July 11, 2022, our board of directors, including the audit committee of our board, decided to form an independent committee, consisting of independent directors Mr. Denny Ting Bun Lee, Mr. Hai Wu, and Ms. Yu Long, to oversee an independent internal review regarding the key allegations made in the short seller report. The internal review was performed by the independent committee with the assistance of third-party professional advisors including an international law firm and forensic accounting experts from a well-regarded forensic accounting firm that is not our auditor. On August 26, 2022, we announced that the internal review was substantially completed. Based on findings of the internal review, the independent committee has concluded that the allegations in the short seller report were not substantiated.

We may be the subject of unfavorable allegations made by short sellers again in the future. Any such allegations may be followed by periods of instability in the market price of our ordinary shares and ADSs and negative publicity. If and when we become the subject of any unfavorable allegations, whether such allegations are proven to be true or untrue, we would have to expend a significant amount of resources to investigate such allegations and/or defend ourselves. While we would strongly defend against any meritless short seller attacks, we may be constrained in the manner in which we can proceed against the short seller by principles of freedom of speech, applicable federal or state law or issues of commercial confidentiality. Moreover, while an internal investigation is ongoing and to ensure that its findings are reached independently without undue influence, we may also be constrained in our ability to offer a public rebuttal immediately even if the allegation can, in our view, be readily rebutted. Such a situation could be costly and time-consuming and could distract our management from growing our business. Even if such allegations are ultimately proven to be groundless, allegations against us could severely impact our business operations and shareholders' equity, and the value of any investment in our ADSs could be greatly reduced or rendered worthless.

The sale or availability for sale of substantial amounts of our Class A ordinary shares and/or ADSs could adversely affect their market price.

Sales of substantial amounts of our Class A ordinary shares and/or ADSs in the public market, or the perception that these sales could occur, could adversely affect the market price of our Class A ordinary shares and/or ADSs and could materially impair our ability to raise capital through equity offerings in the future. We cannot predict what effect, if any, market sales of securities held by our significant shareholders or any other shareholder or the availability of these securities for future sale will have on the market price of our Class A ordinary shares and/or ADSs. In addition, certain holders of our existing shareholders are entitled to certain registration rights, including demand registration rights, piggyback registration rights, and Form F-3 or Form S-3 registration rights. Registration of these shares under the Securities Act of 1933, or the Securities Act, would result in these shares becoming freely tradable without restriction under the Securities Act immediately upon the effectiveness of the registration. Sales of these registered shares in the public market, or the perception that such sales could occur, could cause the price of our Class A ordinary shares and/or ADSs to decline.

Because we do not expect to pay dividends in the foreseeable future, the holders of our Class A ordinary shares and/or ADSs must rely on price appreciation of our Class A ordinary shares and/or ADSs for return on their investment.

We currently intend to retain most, if not all, of our available funds and any future earnings to fund the development and growth of our business. As a result, we do not expect to pay any cash dividends in the foreseeable future. Therefore, you should not rely on an investment in our Class A ordinary shares and/or ADSs as a source for any future dividend income.

Our board of directors has complete discretion as to whether to distribute dividends. Even if our board of directors decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions, if any, that we received from our subsidiaries, our financial condition, contractual restrictions and other factors deemed relevant by our board of directors. Accordingly, the return to ADS holders will likely depend entirely upon any future price appreciation of our Class A ordinary shares and/or ADSs. There is no guarantee that our Class A ordinary shares and/or ADSs will appreciate in value or even maintain the price at which Class A ordinary shares and/or ADS holders purchased the Class A ordinary shares and/or ADSs. Our Class A ordinary shares and/or ADS holders may not realize a return on their investment in our Class A ordinary shares and/or ADSs and they may even lose their entire investment in our Class A ordinary shares and/or ADSs.

There can be no assurance that we will not be classified as a passive foreign investment company, or PFIC, for U.S. federal income tax purposes for any taxable year, which could result in adverse U.S. federal income tax consequences to U.S. holders of our ADSs or Class A ordinary shares.

A non-U.S. corporation, such as our company, will be classified as a passive foreign investment company, or PFIC, for U.S. federal income tax purposes for any taxable year if either (i) 75% or more of its gross income for such year consists of certain types of "passive" income; or (ii) 50% or more of the value of its assets (generally determined on the basis of a quarterly average) during such year is attributable to assets that produce or are held for the production of passive income.

Although the law in this regard is not entirely clear, we treat the VIEs as being owned by us for U.S. federal income tax purposes because we control their management decisions and are entitled to substantially all of the economic benefits associated with these entities, and as a result, we consolidate their results of operations in our consolidated U.S. GAAP financial statements. If it were determined, however, that we do not own the VIEs for U.S. federal income tax purposes, we may be treated as a PFIC for the current taxable year and any subsequent taxable year.

Assuming that we are the owner of the VIEs for U.S. federal income tax purposes, and based upon our current and expected income and assets, we do not believe that we were a PFIC for the taxable year ended December 31, 2023. However, no assurance can be given that we will not be or become a PFIC in the current or future taxable years because the determination of whether we will be or become a PFIC is a factual determination made annually that will depend, in part, upon the nature and composition of our income and assets (in particular, the retention of substantial amounts of cash and investments). Fluctuations in the market price of our ADSs or Class A ordinary shares may cause us to be classified as a PFIC for the current or future taxable years because the value of our assets for purposes of the asset test, including the value of our goodwill and other unbooked intangibles, may be determined by reference to the market price of our ADSs or Class A ordinary shares, which may be volatile. In particular, recent declines in the market price of the ADSs and Class A ordinary shares increased our risk of becoming a PFIC. The market price of the ADSs and Class A ordinary shares may continue to fluctuate considerably and, consequently, we cannot assure you of our PFIC status for any taxable year. Furthermore, the composition of our income and assets may also be affected by how, and how quickly, we use our liquid assets. Under circumstances where our passive income significantly increases relative to our non-passive income, or where we determine not to deploy significant amounts of cash for active purposes, our risk of becoming classified as a PFIC may substantially increase. If we were to be or become a PFIC for any taxable year during which a U.S. holder holds our ADSs or Class A ordinary shares, certain adverse U.S. federal income tax consequences could apply to such U.S. holders.

Our memorandum and articles of association contain anti-takeover provisions that could have a material adverse effect on the rights of holders of our Class A ordinary shares and ADSs.

Our thirteenth amended and restated memorandum and articles of association contain provisions that have the potential to limit the ability of others to acquire control of our company or cause us to engage in change-of-control transactions. These provisions could have the effect of depriving our shareholders of an opportunity to sell their shares at a premium over prevailing market prices by discouraging third parties from seeking to obtain control of our company in a tender offer or similar transaction. Our board of directors has the authority, without further action by our shareholders, to issue preferred shares in one or more series and to fix their designations, powers, preferences, privileges, and relative participating, optional or special rights and the qualifications, limitations or restrictions, including dividend rights, conversion rights, voting rights, rights and terms of redemption and liquidation preferences, any or all of which may be greater than the rights associated with our ordinary shares, in the form of ADS or otherwise. Preferred shares could be issued quickly with terms calculated to delay or prevent a change in control of our company or make removal of management more difficult. If our board of directors decides to issue preferred shares, the price of our Class A ordinary shares and/or ADSs may fall and the voting and other rights of the holders of our Class A ordinary shares and ADSs may be materially and adversely affected.

Our shareholders may face difficulties in protecting their interests, and ability to protect their rights through U.S. courts may be limited, because we are incorporated under Cayman Islands law.

We are an exempted company incorporated under the laws of the Cayman Islands. Our corporate affairs are governed by our thirteenth amended and restated memorandum and articles of association, the Companies Act (As Revised) of the Cayman Islands, or the Companies Act, and the common law of the Cayman Islands. The rights of shareholders to take action against the directors, actions by minority shareholders and the fiduciary responsibilities of our directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from the common law of England, the decisions of whose courts are of persuasive authority, but are not binding, on a court in the Cayman Islands. The rights of our shareholders and the fiduciary responsibilities of our directors under Cayman Islands law are not as clearly established as they would be under statutes or judicial precedent in some jurisdictions in the United States. In particular, the Cayman Islands has a less developed body of securities laws than the United States. Some U.S. states, such as Delaware, have more fully developed and judicially interpreted bodies of corporate law than the Cayman Islands. In addition, with respect to Cayman Islands companies, plaintiffs may face special obstacles, including but not limited to those relating to jurisdiction and standing, in attempting to assert derivative claims in state or federal courts of the United States.

Shareholders of Cayman Islands exempted companies like us have no general rights under Cayman Islands law to inspect corporate records (except for our memorandum and articles of association and our register of mortgages and charges) or to obtain copies of lists of shareholders of these companies. Our directors have discretion under our articles of association to determine whether or not, and under what conditions, our corporate records may be inspected by our shareholders, but are not obliged to make them available to our shareholders. This may make it more difficult for our shareholders to obtain the information needed to establish any facts necessary for a shareholder motion or to solicit proxies from other shareholders in connection with a proxy contest.

As a Cayman Islands company listed on the New York Stock Exchange, we are subject to the NYSE corporate governance listing standards. However, the NYSE corporate governance listing standards permit a foreign private issuer like us to follow the corporate governance practices of its home country. Certain corporate governance practices in the Cayman Islands, which is our home country, may differ significantly from the NYSE corporate governance listing standards.

Pursuant to Sections 303A.01, 303A.04, 303A.05, 303A.07 and 302.00 of the New York Stock Exchange Listed Company Manual, a company listed on the New York Stock Exchange must have a majority of independent directors, a nominating and corporate governance committee composed entirely of independent directors, a compensation committee composed entirely of independent directors and an audit committee with a minimum of three members, and must hold an annual shareholders' meeting during each fiscal year. We currently follow our home country practice in lieu of these requirements. We may also continue to rely on these and other exemptions available to foreign private issuers in the future, and to the extent that we choose to do so in the future, our shareholders may be afforded less protection than they otherwise would under the NYSE corporate governance listing standards applicable to U.S. domestic issuers. As a result, you may not be afforded the same protections or information, which would be made available to you, were you investing in a United States domestic issuer.

It may be difficult for overseas regulators to conduct investigations or collect evidence within China and it may also be challenging to export evidence from China for use in litigation.

Shareholder claims or regulatory investigations that are common in the United States generally are difficult to pursue as a matter of law or practicality in China. For example, in China, there are significant legal and other obstacles to providing information needed for regulatory investigations or litigation initiated outside China. With respect to foreign regulatory investigations, although the authorities in China may establish a regulatory cooperation mechanism with the securities regulatory authorities of another country or region to implement cross-border supervision and administration, such cooperation with the securities regulatory authorities in the United States may not be efficient in the absence of mutual and practical cooperation mechanism. Furthermore, according to Article 177 of the PRC Securities Law, which took effect in March 2020, no overseas securities regulator is allowed to directly conduct investigations or evidence collection activities within the territory of the PRC. While detailed interpretation of or implementation rules under this article have yet to be promulgated, the inability of an overseas securities regulator to directly conduct investigations or evidence collection activities within China may further increase difficulties faced by you in protecting your interests. With respect to both foreign regulatory investigations and foreign litigation, Article 36 of the PRC Data Security Law, which took effect in September 2021, provides that any organization or individual within the territory of the PRC shall not provide any foreign judicial authority and law enforcement with any data stored within the territory of the PRC without the approval of the competent authority of the PRC. Since detailed interpretation of or implementation rules under this article have yet to be promulgated, the ambiguity of "competent authority" for approving data exportation and its relations with other applicable legal provisions including Article 177 of the PRC Securities Law may further increase difficulties faced by you in protecting your interests.

ADS holders may not be entitled to a jury trial with respect to claims arising under the deposit agreements, which could result in less favorable outcomes to the plaintiff(s) in any such action.

The deposit agreement governing the ADSs representing our Class A ordinary shares provides that, subject to the depositary's right to require a claim to be submitted to arbitration, the federal or state courts in the City of New York have exclusive jurisdiction to hear and determine claims arising under the deposit agreement and in that regard, to the fullest extent permitted by law, ADS holders waive the right to a jury trial of any claim they may have against us or the depositary arising out of or relating to our Class A ordinary shares, the ADSs or the deposit agreement, including any claim under the U.S. federal securities laws.

If we or the depositary opposed a jury trial demand based on the waiver, the court would determine whether the waiver was enforceable based on the facts and circumstances of that case in accordance with the applicable state and federal law. To our knowledge, the enforceability of a contractual pre-dispute jury trial waiver in connection with claims arising under the federal securities laws has not been finally adjudicated by the United States Supreme Court. However, we believe that a contractual pre-dispute jury trial waiver provision is generally enforceable, including under the laws of the State of New York, which govern the deposit agreement. In determining whether to enforce a contractual pre-dispute jury trial waiver provision, courts will generally consider whether a party knowingly, intelligently and voluntarily waived the right to a jury trial. We believe that this is the case with respect to the deposit agreement and the ADSs. It is advisable that you consult legal counsel regarding the jury waiver provision before investing in the ADSs.

If any of the holders or beneficial owners of ADSs bring a claim against us or the depositary in connection with matters arising under the deposit agreement or the ADSs, including claims under federal securities laws, such holder or beneficial owner may not be entitled to a jury trial with respect to such claims, which may have the effect of limiting and discouraging lawsuits against us and/or the depositary, lead to increased costs to bring a claim, limited access to information and other imbalances of resources between such holder and us, or limit such holder's ability to bring a claim in a judicial forum that such holder finds favorable. If a lawsuit is brought against us and/or the depositary under the deposit agreement, it may be heard only by a judge or justice of the applicable trial court, which would be conducted according to different civil procedures and may result in different outcomes than a trial by jury would have had, including results that could be less favorable to the plaintiff(s) in any such action.

Nevertheless, if this jury trial waiver provision is not enforced, to the extent a court action proceeds, it would proceed under the terms of the deposit agreement with a jury trial. No condition, stipulation or provision of the deposit agreement or ADSs shall relieve us or the depositary from our respective obligations to comply with the Securities Act and the Exchange Act nor serve as a waiver by any holder or beneficial owner of ADSs of compliance with the U.S. federal securities laws and the rules and regulations promulgated thereunder.

Certain judgments obtained against us by our shareholders may not be enforceable.

We are a Cayman Islands exempted company and the majority of our assets are located outside of the United States. The most significant portion of our operations are conducted in China. In addition, a majority of our current directors and officers are nationals and residents of countries other than the United States. Substantially all of the assets of these persons may be located outside the United States. As a result, it may be difficult or impossible for our shareholders to bring an action against us or against these individuals in the United States in the event that such shareholders believe that their rights have been infringed under the U.S. federal securities laws or otherwise. Even if such shareholders are successful in bringing an action of this kind, the laws of the Cayman Islands and of China may render them unable to enforce a judgment against our assets or the assets of our directors and officers.

We are a foreign private issuer within the meaning of the rules under the Exchange Act, and as such we are exempt from certain provisions applicable to United States domestic public companies.

Because we are a foreign private issuer under the Exchange Act, we are exempt from certain provisions of the securities rules and regulations in the United States that are applicable to U.S. domestic issuers, including:

- the rules under the Exchange Act requiring the filing of quarterly reports on Form 10-Q or current reports on Form 8-K with the SEC;
- the sections of the Exchange Act regulating the solicitation of proxies, consents, or authorizations in respect of a security registered under the Exchange Act;
- the sections of the Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and liability for insiders who profit from trades made in a short period of time; and
- the selective disclosure rules by issuers of material nonpublic information under Regulation FD.

We are required to file an annual report on Form 20-F within four months of the end of each fiscal year. In addition, we intend to publish our results on a quarterly basis through press releases, distributed pursuant to the rules and regulations of the New York Stock Exchange. Press releases relating to financial results and material events will also be furnished to the SEC on Form 6-K. However, the information we are required to file with or furnish to the SEC will be less extensive and less timely than that required to be filed with the SEC by U.S. domestic issuers. As a result, you may not be afforded the same protections or information that would be made available to you were you investing in a U.S. domestic issuer.

The voting rights of holders of ADSs are limited by the terms of the deposit agreement, and they may not be able to exercise their right to vote their Class A ordinary shares.

Holders of our ADSs will only be able to exercise the voting rights with respect to the underlying Class A ordinary shares in accordance with the provisions of the deposit agreement, dated as of September 11, 2018 by and among NIO Inc., Deutsche Bank Trust Company Americas, as ADS depositary, and the holders and beneficial owners of the ADSs issued thereunder and the deposit agreement for restricted securities, dated as of February 4, 2019 by and among NIO Inc., Deutsche Bank Trust Company Americas, as depositary, and the holders and beneficial owners of the restricted ADSs issued thereunder (each, as the context requires and applicable to a particular ADS holder, the "deposit agreement"). Under the deposit agreement, ADS holders must vote by giving voting instructions to the depositary. If we ask for instructions of ADS holders, then upon receipt of such voting instructions, the depositary will try to vote the underlying Class A ordinary shares in accordance with these instructions. If we do not instruct the depositary to ask for instructions of ADS holders, the depositary may still vote in accordance with instructions given by holders of ADSs, but it is not required to do so. ADS holders will not be able to directly exercise their right to vote with respect to the underlying shares unless they withdraw the shares. When a general meeting is convened, an ADS holder may not receive sufficient advance notice to withdraw the shares underlying his or her ADSs to allow such holder to vote with respect to any specific matter. If we ask for instructions of holders of ADSs, the depositary will notify ADS holders of the upcoming vote and will arrange to deliver our voting materials to ADS holders. We have agreed to give the depositary at least 30 days' prior notice of shareholders' meetings. Nevertheless, we cannot assure you that ADS holders will receive the voting materials in time to ensure that ADS holders can instruct the depositary to vote their shares. In addition, the depositary and its agents are not responsible for failing to carry out voting instructions or for their manner of carrying out ADS holders' voting instructions. This means that an ADS holder may not be able to exercise the right to vote and may have no legal remedy if the shares underlying his or her ADSs are not voted as such holder requested.

The depositary for our ADSs will give us a discretionary proxy to vote our Class A ordinary shares underlying the ADSs if the holders of such ADSs do not vote at shareholders' meetings, except in limited circumstances, which could adversely affect the interests of our ADS holders.

Under the deposit agreement for the ADSs, if any holder of the ADSs does not vote, the depositary will give us a discretionary proxy to vote our Class A ordinary shares underlying such ADSs at shareholders' meetings unless:

- we have failed to timely provide the depositary with notice of meeting and related voting materials;
- we have instructed the depositary that we do not wish a discretionary proxy to be given;
- we have informed the depositary that there is substantial opposition as to a matter to be voted on at the meeting;
- a matter to be voted on at the meeting would have a material adverse impact on shareholders; or
- the voting at the meeting is to be made on a show of hands.

The effect of this discretionary proxy is that if any such holder of the ADSs does not vote at shareholders' meetings, such holder cannot prevent our Class A ordinary shares underlying such ADSs from being voted, except under the circumstances described above. This may make it more difficult for shareholders to influence the management of our company. Holders of our Class A ordinary shares are not subject to this discretionary proxy.

An ADS holder's right to pursue claims against the depositary is limited by the terms of the deposit agreement.

Under the deposit agreement, any action or proceeding against or involving the depositary, arising out of or based upon the deposit agreement or the transactions contemplated thereby or by virtue of owning the ADSs may only be instituted in a state or federal court in New York, New York, and a holder of our ADSs, will have irrevocably waived any objection which such holder may have to the laying of venue of any such proceeding, and irrevocably submitted to the exclusive jurisdiction of such courts in any such action or proceeding. However, there is uncertainty as to whether a court would enforce this exclusive jurisdiction provision. Furthermore, investors cannot waive compliance with the U.S. federal securities laws and rules and regulations promulgated thereunder.

The depositary may, in its sole discretion, require that any dispute or difference arising from the relationship created by the deposit agreement be referred to and finally settled by an arbitration conducted under the terms described in the deposit agreement, although the arbitration provisions do not preclude an ADS holder from pursuing claims under the Securities Act or the Exchange Act in state or federal courts. Furthermore, if an ADS holder is unsuccessful in such arbitration, such holder may be responsible for the fees of the arbitrator and other costs incurred by the parties in connection with such arbitration pursuant to the deposit agreement. Also, we may amend or terminate the deposit agreement without the consent of any ADS holder. If an ADS holder continues to hold its ADSs after an amendment to the deposit agreement, such holder agrees to be bound by the deposit agreement as amended.

Our ADS holders may not receive dividends or other distributions on our Class A ordinary shares and the ADS holders may not receive any value for them, if it is illegal or impractical to make them available to the ADS holders.

The depositary of our ADSs has agreed to pay the ADS holders the cash dividends or other distributions it or the custodian receives on Class A ordinary shares or other deposited securities underlying our ADSs, after deducting its fees and expenses. Our ADS holders will receive these distributions in proportion to the number of Class A ordinary shares the underlying ADSs represent. However, the depositary is not responsible if it decides that it is unlawful or impractical to make a distribution available to any holders of ADSs. For example, it would be unlawful to make a distribution to a holder of ADSs if it consists of securities that require registration under the Securities Act but that are not properly registered or distributed under an applicable exemption from registration. The depositary may also determine that it is not feasible to distribute certain property through the mail. Additionally, the value of certain distributions may be less than the cost of mailing them. In these cases, the depositary may determine not to distribute such property. We have no obligation to register under U.S. securities laws any ADSs, Class A ordinary shares, rights or other securities received through such distributions. We also have no obligation to take any other action to permit the distribution of ADSs, Class A ordinary shares, rights or anything else to holders of ADSs. This means that our ADS holders may not receive distributions we make on our Class A ordinary shares or any value for them if it is illegal or impractical for us to make them available to the ADS holders. These restrictions may cause a material decline in the value of our ADSs or Class A ordinary shares.

Our ADS holders may experience dilution of their holdings due to inability to participate in rights offerings.

We may, from time to time, distribute rights to our shareholders, including rights to acquire securities. Under the deposit agreement, the depositary will not distribute rights to holders of ADSs unless the distribution and sale of rights and the securities to which these rights relate are either exempt from registration under the Securities Act with respect to all holders of ADSs or are registered under the provisions of the Securities Act. The depositary may, but is not required to, attempt to sell these undistributed rights to third parties, and may allow the rights to lapse. We may be unable to establish an exemption from registration under the Securities Act, and we are under no obligation to file a registration statement with respect to these rights or underlying securities or to endeavor to have a registration statement declared effective. Accordingly, holders of ADSs may be unable to participate in our rights offerings and may experience dilution of their holdings as a result.

We may need additional capital, and the sale of additional Class A ordinary shares and/or ADSs or other equity securities could result in additional dilution to our shareholders, and the incurrence of additional indebtedness could increase our debt service obligations.

We may require additional cash resources due to changed business conditions, strategic acquisitions or other future developments. If these resources are insufficient to satisfy our cash requirements, we may seek to sell additional equity or debt securities or obtain additional credit facilities. The sale of additional equity and equity-linked securities could result in additional dilution to our shareholders. The sale of substantial amounts of our Class A ordinary shares and/or ADSs (including upon conversion of our convertible notes) could dilute the interests of our shareholders and ADS holders and adversely impact the market price of our Class A ordinary shares and/or ADSs. The incurrence of indebtedness would result in increased debt service obligations and could result in operating and financing covenants that would restrict our operations. We cannot assure you that financing will be available in amounts or on terms acceptable to us, if at all.

Future sales or issuances, or perceived future sales or issuances, of substantial amounts of our ordinary shares or ADSs could adversely affect the price of our Class A ordinary shares and/or ADS.

If our existing shareholders sell, or are perceived as intending to sell, substantial amounts of our ordinary shares or ADSs, including those issued upon the exercise of our outstanding stock options, the market price of our Class A ordinary shares and/or ADSs could fall. Such sales, or perceived potential sales, by our existing shareholders might make it more difficult for us to issue new equity or equity-related securities in the future at a time and place we deem appropriate. Ordinary shares held by our existing shareholders may be sold in the public market in the future subject to the restrictions contained in Rule 144 and Rule 701 under the Securities Act and the applicable lock-up agreements. If any existing shareholder or shareholders sell a substantial amount of ordinary shares after the expiration of the applicable lock-up periods, the prevailing market price for our Class A ordinary shares and/or ADSs could be adversely affected.

In addition, certain of our shareholders or their transferees and assignees will have the right to cause us to register the sale of their shares under the Securities Act upon the occurrence of certain circumstances. Registration of these shares under the Securities Act would result in these shares becoming freely tradable without restriction under the Securities Act immediately upon the effectiveness of the registration.

Our ADS holders may be subject to limitations on transfer of their ADSs.

Our ADSs are transferable on the books of the depositary. However, the depositary may close its books at any time or from time to time when it deems expedient in connection with the performance of its duties. The depositary may close its books from time to time for a number of reasons, including in connection with corporate events such as a rights offering, during which time the depositary needs to maintain an exact number of ADS holders on its books for a specified period. The depositary may also close its books in emergencies, and on weekends and public holidays. The depositary may refuse to deliver, transfer or register transfers of our ADSs generally when our share register or the books of the depositary are closed, or at any time if we or the depositary thinks it is advisable to do so because of any requirement of law or of any government or governmental body, or under any provision of the deposit agreement, or for any other reason.

The different characteristics of the capital markets in the U.S., Hong Kong and Singapore may negatively affect the trading prices of our Class A ordinary shares and/or ADSs.

We are subject to the U.S., Hong Kong and Singapore listing and regulatory requirements concurrently. The NYSE, Hong Kong Stock Exchange and Singapore Exchange have different trading hours, trading characteristics (including trading volume and liquidity), trading and listing rules, and investor bases (including different levels of retail and institutional participation). As a result of these differences, the trading prices of our Class A ordinary shares and our ADSs may not be the same, even allowing for currency differences. Fluctuations in the price of our ADSs due to circumstances peculiar to the U.S. capital markets could materially and adversely affect the price of our Class A ordinary shares, or vice versa. Certain events having significant negative impact specifically on the U.S. capital markets may result in a decline in the trading price of our Class A ordinary shares notwithstanding that such event may not impact the trading prices of securities listed in Hong Kong and Singapore generally or to the same extent, or vice versa. Because of the different characteristics of the U.S., Hong Kong and Singapore capital markets, the historical market prices of our ADSs may not be indicative of the trading performance of our Class A ordinary shares after the listing of our Class A ordinary shares on the Hong Kong Stock Exchange and the Singapore Exchange.

Exchange between our Class A ordinary shares and our ADSs may adversely affect the liquidity and/or trading price of each other.

Our ADSs are currently traded on NYSE. Subject to compliance with U.S. securities law and the terms of the Deposit Agreement, holders of our Class A ordinary shares may deposit Class A ordinary shares with the depositary in exchange for the issuance of our ADSs. Any holder of ADSs may also surrender ADSs and withdraw the underlying Class A ordinary shares represented by the ADSs pursuant to the terms of the Deposit Agreement for trading on the Hong Kong Stock Exchange or the Singapore Exchange. In the event that a substantial number of Class A ordinary shares are deposited with the depositary in exchange for ADSs or vice versa, the liquidity and trading price of our Class A ordinary shares on the Hong Kong Stock Exchange or the Singapore Exchange and our ADSs on NYSE may be adversely affected.

The time required for the exchange between Class A ordinary shares and ADSs might be longer than expected and investor might not be able to settle or effect any sale of their securities during this period, and the exchange of Class A ordinary shares into ADSs involves costs.

There is no direct trading or settlement between the NYSE and the Hong Kong Stock Exchange or the Singapore Exchange on which our ADSs and our Class A ordinary shares are respectively traded. In addition, the time differences between New York and Hong Kong or Singapore, unforeseen market circumstances or other factors may delay the deposit of Class A ordinary shares in exchange for ADSs or the withdrawal of Class A ordinary shares underlying the ADSs. Investors will be prevented from settling or effecting the sale of their securities during such periods of delay. In addition, there is no assurance that any exchange for Class A ordinary shares into ADSs (and vice versa) will be completed in accordance with the timelines that investors may anticipate. Furthermore, the depositary for the ADSs is entitled to charge holders fees for various services including for the issuance of ADSs upon deposit of Class A ordinary shares, cancelation of ADSs, distributions of cash dividends or other cash distributions, distributions of ADSs pursuant to share dividends or other free share distributions, distributions of securities other than ADSs and annual service fees. As a result, shareholders who exchange Class A ordinary shares into ADSs, and vice versa, may not achieve the level of economic return the shareholders may anticipate.

ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of the Company

We were founded in November 2014, as Nextev Inc., which was changed to our current name NIO Inc. in July 2017. Significant milestones in our development since 2023 include the following:

- In July 2023, we closed the US$738.5 million strategic equity investment from CYVN Investments RSC Ltd, or CYVN Investments, an affiliate of CYVN Holdings L.L.C., which is an investment vehicle based in Abu Dhabi. CYVN Investments invested US$738.5 million in cash to subscribe 84,695,543 newly issued Class A ordinary shares of our company at a per share purchase price of US$8.72. In July 2023, CYVN Investments also acquired 40,137,614 Class A ordinary shares of our company from an affiliate of Tencent for an aggregate consideration of US$350 million. In December 2023, we closed the additional US$2.2 billion strategic equity investment from CYVN Investments. CYVN Investments invested an aggregate of US$2.2 billion in cash to subscribe for 294,000,000 newly issued Class A ordinary shares of our company at a per share purchase price of US$7.50. Following these transactions, CYVN Investments in aggregate beneficially owns approximately 20.1% of our total issued and outstanding shares.

- In September and October 2023, we issued US$575 million aggregate principal amount of 3.875% convertible senior notes due 2029, or the 2029 Notes, and US$575 million aggregate principal amount of 4.625% convertible senior notes due 2030, or the 2030 Notes. Shortly after the pricing of the 2029 Notes and the 2030 Notes, we purchased, in separate privately negotiated transactions effected through one of the initial purchasers and its affiliates, approximately US$256 million aggregate principal amount of the 2026 Notes and approximately US$244 million aggregate principal amount the 2027 Notes for cash using the net proceeds from the offering of the 2029 Notes and the 2030 Notes.

- In February 2024, we completed the repurchase right offer relating to the 2026 Notes. US$300.5 million in aggregate principal amount of the 2026 Notes were validly surrendered and not withdrawn prior to the expiration of the repurchase right offer. Following settlement of the repurchase, US$912,000.00 aggregate principal amount of the 2026 Notes remained outstanding and continue to be subject to the existing terms of the indenture and the 2026 Notes.

Our principal executive offices are located at Building 19, No. 1355, Caobao Road, Minhang District, Shanghai, PRC. Our telephone number at this address is +86-21-6908-2018. Our registered office in the Cayman Islands is located at the offices of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. Our agent for service of process in the United States is Puglisi & Associates, located at 850 Library Avenue, Suite 204, Newark, Delaware 19711. We maintain our website at http://ir.nio.com/. The information contained on, or linked from, our website is not a part of this annual report.

The SEC maintains a web site at www.sec.gov that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC using its EDGAR system.

See “Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Capital Expenditures” for a discussion of our capital expenditures.

B. Business Overview

Our Chinese name, Weilai (蔚来), which means Blue Sky Coming, reflects our commitment to a more environmentally friendly future.

We are a pioneer and a leading company in the premium smart electric vehicle market. We design, develop, manufacture, and sell premium smart electric vehicles, driving innovations in next-generation technologies in assisted and intelligent driving, digital technologies, electric powertrains and batteries. We differentiate ourselves through our continuous technological breakthroughs and innovations, such as our industry-leading battery swapping technologies, Battery as a Service, or BaaS, as well as our proprietary NIO assisted and intelligent driving and its subscription services.

Our Vehicles

We design, develop, manufacture and sell our vehicles in the premium smart electric vehicle market. We currently offer our products and services in China, Norway, Germany, the Netherlands, Denmark and Sweden and plan to expand into more global markets to capture the fast-growing EV demand.

We introduced the EP9 supercar in 2016, which was the then fastest electric vehicle, setting the Nurburgring Nordschleife all-electric vehicle lap record. Starting from December 2017, we launched a succession of well-positioned vehicle models and established a competitive product portfolio, including the ES8, a six-seater smart electric flagship SUV, the ES7 (or the EL7), a mid-large five-seater smart electric SUV, the ES6 (or the EL6), a five-seater all-round smart electric SUV, the EC7, a five-seater smart electric flagship coupe SUV, the EC6, a five-seater smart electric coupe SUV, the ET9, a smart electric executive flagship, the ET7, a smart electric flagship sedan, the ET5, a mid-size smart electric sedan, and the ET5T, a smart electric tourer.

In 2023, we completed our product lineup on the NIO Technology 2.0 (NT2.0) by starting deliveries of the EC7, All-New ES6, All-New ES8, ET5T, and All-New EC6. With enhanced driving and riding experiences with exquisite design, high performance, superior comfort, and advanced digital systems, our product portfolio caters to wide-ranging journeys of users for their family, business and leisure needs. In December 2023, we launched the ET9, a smart electric executive flagship. The ET9 embodies our latest advancements in technological research and development, presenting a combination of flagship-style exterior, innovative executive space, leading driving and riding experience, intelligent technologies, efficient power solutions, and comprehensive safety standards. We expect to start deliveries of the ET9 in the first quarter of 2025.

Inheriting our high-performance DNA marked by dual-motor intelligent All-Wheel-Drive system, all NIO models are able to achieve outstanding performances in 0-100 km/h and braking distance. Enabled by battery swapping technology, all our models are compatible with different battery packs including Standard Range Battery, Long Range Battery and Ultra-Long Range Battery, supporting different driving ranges and providing an upgradable and flexible user experience. We aim to deliver products with the highest safety and quality standards to our users in line with our core values and commitments.

We believe our vehicles are well-positioned in the premium smart electric vehicle market. We delivered 160,038 vehicles, including 92,186 premium smart electric SUVs and 67,852 premium smart electric sedans in 2023. In 2024, we expect to launch our new brand and commence deliveries of its first product, complementing our product portfolio and contributing to our vehicle sales. We are also developing more products to expand our addressable market segments.

Model	ES8	ES7	ES6	EC7	EC6	ET7	ET5	ET5T
Segment†	Mid-large 6-seater SUV	Mid-large 5-seater SUV	Mid-size 5-seater SUV	Mid-large 5-seater coupe SUV	Mid-size 5-seater coupe SUV	Mid-large sedan	Mid-size sedan	Mid-size sedan
Wheelbase (mm)	3,070	2,960	2,915	2,960	2,915	3,060	2,888	2,888
Driving range* (km) (with 75/100/150kWh battery pack)**	465/605/900	485/620/930	500/625/930	490/635/940	505/630/935	550/705/1050	560/710/1055	530/680/1010
Acceleration time from 0 to 100km/h (s)	4.1	3.9	4.5	3.8	4.4	3.8	4.0	4.0
Peak Power (kW)	480	480	360	480	360	480	360	360
Maximum Torque (NM)	850	850	700	850	700	850	700	700
MSRP starting from (RMB) ***	498,000	438,000	338,000	458,000	338,000	428,000	298,000	298,000

Notes:

† Represent currently available models for sale.

* Represent China Light-Duty Vehicle Test Cycle, or the CLTC, range. The driving ranges are based on the officially filed documents or engineering test results, which may vary due to different road types, weather and road conditions, battery level, loading and tires.

** 150 kWh battery is expected to be available in the near future.

*** Represent starting manufacturer's suggested retail price, or the MSRP, in China as of the date of this annual report.

Our Key Technological Breakthroughs and Innovations

Since our inception, we have remained committed to innovation and dedicated to investing in research and development of core technologies. Our technological breakthroughs and innovations differentiate us from our peers, creating better user experiences and enhancing our users' confidence in us. We have strategically focused on building in-house capabilities including battery swapping, assisted and intelligent driving, digital technologies, electric powertrain and battery, vehicle engineering and design, among others, to control the design and development of the vehicle software and hardware architecture and the critical components that go into our products. Our capabilities have given us greater flexibility to continually improve our current products and allow us to launch new products. By integrating these industry-leading technologies, all of our vehicles can create a relaxing, interactive, intelligent and immersive experience for our users.

We have strategically located our research and development offices in locations where we believe give us access to the best talent. Our global research and development center for production models is located in Shanghai. Our advanced vehicle manufacturing center is located in Hefei. Our global research and development center for software is located in Beijing. Our global research and development center for assisted and intelligent driving is located in San Jose. Our global design center is located in Munich. Our global research and development center for advanced engineering is located in Oxford.

Battery Swapping and BaaS

All of our smart electric vehicles are equipped with proprietary battery swapping technologies, providing our users with a "chargeable, swappable, upgradable" experience. We also offer Battery as a Service, or BaaS, an industry-first innovative model which allows users to purchase electric vehicles and subscribe for the usage of batteries separately. BaaS enables our users to benefit from lower vehicle purchase prices, flexible battery upgrade options and assurance of battery performance.

- **Battery Swapping.** Supported by over 1,600 patented technologies as of December 31, 2023, all of our vehicles support battery swapping. It provides our users with convenient "recharging" experiences by simply swapping the user's battery for another one within minutes. Moreover, it enables users to enjoy the benefits of battery technology advancements with upgrade options. Additionally, during each battery swap, a comprehensive health assessment on the battery and electric drive system is performed to ensure optimal condition of the vehicle. In December 2023, we introduced Power Swap Station 4.0, which boasts enhanced efficiency improvements and can reach a service capacity of up to 480 swaps per day. Equipped with Lidars and NVIDIA DRIVE Orin X chips, it possesses the capability to conduct fully automatic swap and handle complex environments for more intelligent vehicle-station connectivity. Power Swap Station 4.0 is compatible with multiple vehicle brands.

- **BaaS.** Enabled by vehicle-battery separation and battery subscription, BaaS decouples the battery price from the purchase price of a vehicle and allows users to subscribe for battery usage separately. For each user under the BaaS model, we sell a battery to the Battery Asset Company, and the user subscribes for the usage of the battery from the Battery Asset Company. If users opt to purchase a NIO vehicle and subscribe for the battery under BaaS, they can enjoy a deduction off the original vehicle purchase price while paying a monthly subscription fee for the battery. NIO users are able to enjoy permanent or flexible upgrades to batteries with higher capacities or other future battery options with an additional fee as the battery technologies evolve.

Assisted and Intelligent Driving and Subscription

We believe that assisted and intelligent driving is the core of smart electric vehicles, and it has been our focus from day one. We are one of the first companies in China to offer enhanced ADAS capabilities and we have been dedicated to developing our proprietary full-stack assisted and intelligent driving capabilities.

NIO assisted and intelligent driving, or NAD, our full-stack in-house developed assisted and intelligent driving capabilities, is equipped with our proprietary perception algorithms, localization, control strategy and platform software. The technology comprises NIO Adam, a super computing platform with outstanding computing power, and NIO Aquila, a super sensing system equipped with high-performance sensors including LiDAR. With the gradual release of certain features of the NAD through Navigate on Pilot Plus, or NOP+, a driving assist feature based on NT2.0 to users, our generalization capability and collective intelligence capability have seen rapid growth. Currently, NOP+ has been made available for expressways, urban areas, parking and battery swapping and we expect to release it to all NT2.0 users in the future to deliver a safer and more relaxing assisted and intelligent driving experience for our users. Our NOP+ is available for user subscription.

In addition, we have commenced our in-house research and development of the intelligent driving chipset to maximize the assisted and intelligent driving algorithm efficiency. In December 2023, we unveiled our first proprietary automotive-grade chip for assisted and intelligent driving, the NX9031. We intend to integrate this chip into our future products to enhance the intelligent driving experience for our users.

Digital Technologies

Digital System

Digital system is the foundation for us to achieve continuous upgrades through over-the-air updates, the digital platform for building our own proprietary software and algorithms and the security system for deep reassurance.

On top of our proprietary software architecture and cloud data platform, SkyOS, our all-domain vehicle operating system, has what we believe to be the industry-leading connectivity and remote service capabilities with an end-to-end security framework. By seamlessly integrating and efficiently collaborating various systems, including intelligent driving, vehicle control, digital cockpit, and connectivity, SkyOS provides a secure, intelligent and smooth driving experience to users.

Digital Cockpit

Our digital cockpit has an AI-driven, scalable and flexible architecture that presents users with an intelligent and immersive digital experience. We have built flexibility into the digital cockpit, so that we can continue to update the cockpit's operating system with new features and applications.

Inspired by the concept of creating a mobile living space, providing a caring emotion companion while connecting products, services and community, we have launched PanoCinema, a panoramic digital cockpit with AR and VR capabilities, to bring immersive audio and visual experiences to our users. Inside our digital cockpit, NOMI, our in-car AI companion, can listen to, communicate and interact with users to build a strong emotional connection between vehicles and users. In addition, we expect to release our NOMI GPT, a multimodal large vision model, in the near future.

Electric Powertrain and Battery

Electric Powertrain

Starting from our first product, we have designed, developed and manufactured our own proprietary electric powertrains in-house. We possess in-house research and development capabilities across motors, electric controls, reducers, and high voltage charging and distribution systems.

Our electric powertrains are designed specifically for NIO's vehicles, and through firmware over-the-air, we are able to continue to improve and update, and adjust according to our users' driving behavior. Enabled by in-house research and development capabilities, our dual-motor configuration offers a variety of electric motors, including 150-300kW induction motor and 160-210 kW permanent magnet motor. We are in the process of developing our next generation electric powertrains based on the high-voltage architecture.

Battery

We are committed to the research, development and innovations in battery technologies and have built up the research and development capabilities throughout the lifecycle of uni-pack battery. Our batteries are based on advanced battery pack design, battery management system and proprietary swapping mechanism.

Currently, we offer two battery options: Standard Range Battery and Long Range Battery. The Standard Range Battery currently on offer is a 75 kWh battery with lithium iron phosphate cells. With certain proprietary patents, the 100 kWh Long Range cell-to-pack battery features thermal propagation prevention, highly integrated design, all-climate thermal management and bi-directional cloud battery management system. We expect to commence the delivery of our 150 kWh battery, or the Ultra-long Range Battery with the next generation battery technology in the near future. In addition, we expect to collaborate with our partners in developing long-life batteries.

Vehicle Engineering and Design Capabilities

We have significant in-house vehicle engineering and design capabilities, covering all major areas of vehicle development starting from inception to completion, with a particular emphasis on software-driven technologies and fast iteration. For example, our in-house developed intelligent chassis controller enables redundancy control, electronic parking brake control, damper control, air spring leveling control, while achieving functional safety, cyber security and OTA updates. In addition, we have implemented integrated die casting to minimize the number of vehicle parts, reduce process steps, shorten production line length, and enhance overall efficiency.

Our global design team has comprehensive design capabilities across the board, from brand, vehicles, user interface/user experience, lifestyle products to accessories.

User Development and User Community

We reach out to and engage with our users directly through our own offline and online platforms, including NIO Houses, NIO Spaces and NIO app, and aim to build a community where we share joy and grow together with our users.

NIO House and NIO Space

NIO Houses and NIO Spaces serve as the offline channels for us to reach out to and serve our users, as well as the offline platforms for NIO user community.

NIO Houses have showroom functions while serving as a clubhouse for our users and their friends. Since we opened our first NIO House in Beijing in November 2017, we continue to expand our network of NIO Houses globally. As of December 31, 2023, we had 145 NIO Houses in total globally.

NIO Spaces are mainly showrooms for our brand, vehicles and services. Compared with NIO Houses, NIO Spaces are generally smaller in scale, more delicate and sales-focused. As of December 31, 2023, we had 335 NIO Spaces in total globally.

NIO App

NIO app, our mobile application, is designed to serve as a comprehensive portal. It allows users to not only place orders for and configure all NIO vehicles, but also to access vehicle control, power and other service, as well as purchase NIO Life product. Most importantly, it functions as an online platform for our user community.

NIO Day and NIO Events

Our annual NIO Day is an event jointly hosted by NIO and our users where we launch our new products and technologies and celebrate the user community. In December 2017 in Beijing, China, we held our first NIO Day and launched the ES8. We had since then held multiple NIO Days to launch new products and interact with our users and industry participants in the subsequent years. Most recently, in December 2023, we held the seventh NIO Day in Xi’an, China, with the official debut of ET9.

In 2021, we held the Norway strategy conference, where we announced our entry into the Norwegian market. In 2022, we held NIO Berlin 2022, marking our expansion into Germany, the Netherlands, Denmark and Sweden. Currently, we offer ES8, EL7, EL6, ET7, ET5 and ET5T in European markets. We offer our products in Europe through direct sales, leasing programs, and subscription programs.

NIO Life

We have established our lifestyle brand NIO Life, which has an online store on NIO app where users can purchase NIO lifestyle products. The product categories include clothing and accessories, home and living, consumer electronics, food and beverages. Since we launched our online store in December 2016, over 13 million NIO Life items have been delivered to our users through online and offline channels as of December 31, 2023.

NIO Points

We provide users with NIO Points to encourage user engagement and positive user behavior, such as to keep a safe driving record. NIO Points are earned, among other things, through the welcome packages upon the purchase of NIO vehicles, referrals for test drives and vehicle purchases, and active engagement in the user community. NIO Points can be used, both at our online store and at our NIO Houses and some of the NIO Spaces.

NIO Users Trust

In conjunction with our pursuit of being a user enterprise and with the goal of building a deeper connection between NIO and our users, Mr. Bin Li, our chairman of the board of directors and chief executive officer, transferred a certain amount of his ordinary shares to NIO User Trust in January 2019. Our users have the opportunity to discuss and propose the use of the economic benefits from the shares in NIO User Trust through a User Council consisting of members of our user community elected by our users. The User Council helps coordinate user activities in our community. According to the articles of association of NIO Users Trust, incomes and proceeds derived from the trust assets shall be mainly used for the following purposes: (i) environmental protection and sustainable development, (ii) NIO Users community care projects, (iii) community activities promoting common growth of users and other necessary projects, and (iv) operational expenses of the Users Trust.

Our Power Solutions

We offer a comprehensive and innovative suite of power solutions to address the charging and swapping needs of our users. Our power solutions include home charger called Power Home, battery swapping called Power Swap, supercharging piles called Power Charger, destination charging piles called Destination Charger, and mobile charging called Power Mobile, all of which are connected to cloud-enabled Power Cloud, which synchronizes users' power consumption information and our power network, and intelligently suggests the appropriate services, according to the users' locations and power consumption patterns. Our users not only get to check the availability of charging and swapping resources of NIO's own network, but also have access to a network of public chargers and their real-time information through the Power Map on our NIO app. In addition, we offer our users our One Click for Power valet service where we pick up, charge and then return the vehicle. Our goal is to provide the most convenient power solutions to our users.

Power Home

Through Power Home, we install home chargers at our users' homes upon our users' requests if the installation is feasible. Currently we are offering our users standard home chargers and high-speed home chargers.

Power Swap

All of our vehicles support battery swapping. Once a vehicle is parked in the swap station and the swap function is activated, battery swapping will take place within minutes. Automatic battery and electric system checks are performed during each swap to enhance the safety and security of the vehicle and battery.

In December 2023, we introduced Power Swap Station 4.0, which boasts enhanced efficiency improvements and can reach a service capacity of up to 480 swaps per day. Equipped with Lidars and NVIDIA DRIVE Orin X chips, it possesses the capability to conduct fully automatic swap and handle complex environments for more intelligent vehicle-station connectivity. Power Swap Station 4.0 is compatible with multiple vehicle brands. We have opened our Power Swap network to the entire industry and signed strategic partnership agreements with Changan Automobile, Geely Group, JAC Group and Chery Automobile on battery swapping. As of December 31, 2023, we had 2,350 Power Swap Stations covering urban areas and expressways globally, through which we had completed over 35 million battery swaps cumulatively.

We plan to strategically deploy more Power Swap Stations in selected geographical areas to ensure optimal battery swap experience for our growing user base and boost sales. We have partnered with multiple energy companies, including, among others, Anhui Province Energy Group Co., Ltd. and China Southern Power Grid Peak Load and Frequency Modulation (Guangdong) Energy Storage Technology Co., Ltd., and expect to join hands with more partners to collectively contribute towards the development of power network and the wider adoption of battery swapping.

Power Charger and Destination Charger

Through Power Charger, our supercharging piles, we provide our users a fast and reliable power solution. Users are able to locate, use and pay for the charging through our NIO app. Our Power Chargers are of a slim design and are located in parking lots and other locations easily accessible to our users. We currently offer up to 640kW Power Charger.

We also deploy chargers in tourist attractions, shopping malls, office buildings, and other types of destinations to expand the charging network for convenience and flexibility.

As of December 31, 2023, we had 21,091 Power Chargers and Destination Chargers in operation. We plan to further enhance the efficiency and expand the deployment of our chargers to cater to the growing user demand.

Power Mobile

Through Power Mobile, we provide charging services through fast charging vans with our proprietary fast-charging technologies, supplementing our swapping and charging network. Users are able to book Power Mobile services in advance through our NIO app.

We have a fleet of Power Mobile vans in operation in China. We regularly adjust the deployment of Power Mobile vans in China based on our user distribution and user needs and plan to improve the efficiency of these NIO Power Mobile vans to create better experiences for users.

Power Map

In addition to our own swapping and charging network, our users have access to a network of public chargers and their real-time information through the Power Map on our NIO app, which consisted of over 1,460,000 publicly accessible charging piles globally as of December 31, 2023. In order to further improve user experience, we have been working to increase the number of chargers with data synchronized to our Power Cloud.

One Click for Power

We offer our users our One Click for Power valet service. Through our NIO app, a user can have our team pick up his or her vehicle at the user's designated parking location for valet charging, battery swapping or power mobile. We aim to provide users with the most convenient charging experience by identifying the most appropriate power solution based on the user's travel habits through cloud-based smart scheduling.

Service and Warranty

Our users can access a full suite of innovative services on our NIO app, as part of our strategy of redefining the user experience. NIO Service, our one-stop service ecosystem marked by the innovative worry-free service plan, provides NIO users with a holistic end-to-end service experience. We believe our service capability is among the core competitiveness we possess.

Service

Service Network

We currently provide servicing both through NIO service centers and authorized third-party service centers, both of which provide repair, maintenance and bodywork services.

For our NIO service centers, we have dedicated qualified technicians who receive regular professional trainings and skill tests, which ensures high-quality user services. As of December 31, 2023, we had 82 NIO service centers worldwide. For authorized third-party service centers, we have a devoted management team to carefully select and bring authorized service centers into our network, most with experience servicing high-end branded vehicles. As of December 31, 2023, we had 228 authorized service centers worldwide.

We also provide high-quality delivery service through NIO delivery centers, which serve as vital hubs in the user experience journey. At our NIO delivery centers, we offer users a full-service support package, including vehicle transportation and delivery, pre-delivery inspection (PDI) services, assistance with vehicle inspection, guidance and orientation on vehicle features, assistance with vehicle registration and insurance processing.

Service Plan

We offer our users worry-free service plans on an annual fee basis in certain regions. The worry-free service plans provide a combination of insurance and a series of service options. The insurance offered in the plan covers statutory third-party liability and vehicle damage insurance, which are provided through third-party insurers. Our service offerings include vehicle repair and maintenance services, courtesy vehicles, roadside assistances, optional value-added services, and enhanced data packages, among other services.

Users are able to arrange for vehicle services using our NIO app. We also provide worry-free services such as repair, maintenance and charging at users' doorstep through Service Mobile, our service centers on wheels.

Auto Financing

We currently have agreements with several commercial banks in China, pursuant to which we assist users across China in acquiring financing when they purchase our vehicles. We also offer auto financing arrangements to users directly through our subsidiaries.

NIO Certified (Used Vehicle Service)

In January 2021, we launched NIO Certified, our used vehicle service, to provide high-quality services for used NIO vehicle transactions. We have developed the capabilities in the major cities in China to cover services including used vehicle inspection, evaluation, acquisition and sales. We also partner with various used car dealers through our NIO app to assist users in completing their used car transactions more efficiently and conveniently.

Warranty Policy

For an initial retail purchaser of a new NIO vehicle in China, in addition to the warranty required under the PRC laws, including (i) a bumper-to-bumper three-year or 120,000-km warranty, (ii) for critical EV components (batteries, electric motors, power electric units and vehicle control units), an eight-year or 120,000-km warranty, and (iii) a two-year or 50,000-km warranty covering vehicle repair, replacement and refund, we also provide an extended warranty in China subject to certain conditions. For the owners of our vehicles in Europe, in addition to the warranty required under the applicable laws and regulations, we also provide an extended warranty subject to certain conditions. See "Item 3. Key Information — D. Risk Factors — Risks Related to Our Business and Industry — Our warranty reserves may be insufficient to cover future warranty claims which could adversely affect our financial performance."

Supply Chain, Manufacturing and Quality Assurance

We view the suppliers and manufacturers we work with as key partners in our vehicle development process. We aim to leverage our partners' industry expertise to ensure that each vehicle we produce meets our strict quality standards.

Supply Chain

We work with global and local supply chain partners while the majority of our supply base is located in China, which enables us to acquire supplies more quickly and reduces the overall logistics-related cost.

We obtain systems, components, raw materials, parts, manufacturing equipment and other supplies and services from suppliers which we believe to be reputable and reliable. We follow our internal process to source suppliers taking into account quality, cost and timing. We continually innovate our supply chain in order to establish a more effective and diverse supply chain system. We actively cultivate partnerships with suppliers that have innovative technological capabilities and cost advantages, thereby increasing the competitiveness and innovativeness of our supply chain. While we obtain components from multiple sources whenever possible, many of the components used in our vehicles are purchased from a single source. Eventually we plan to implement a multi-source volume purchasing strategy in order to reduce our reliance on sole source suppliers.

We usually enter into our standard form of agreements with our suppliers. Suppliers shall provide to us the goods and services at terms and conditions as provided under the agreements according to the pre-determined schedule. We typically pay suppliers with respect to the goods provided after receipt of goods and within 30-90 days upon receipt of invoices issued by suppliers. The suppliers provide quality warranty for the goods sold to us. Neither we nor the suppliers are allowed to subcontract or assign any obligations under the agreements. We typically have the right to terminate the agreement with suppliers due to our strategy or business concern by giving a six-month prior written notice to supplier. In addition, either party has the right to terminate the agreement upon a material default by the other party. We hold our suppliers to high ethical standards of code of conducts in areas such as human rights, labor conventions such as prohibition of forced labor and child labor, environmental protection and anti-corruption, and incorporate these standards in our cooperation agreements with our suppliers.

Manufacturing

Vehicle Manufacturing

In the past, we partnered with JAC for the joint manufacturing of our vehicles in the F1 Plant and the F2 Plant in Hefei, China.

We entered into definitive agreements with JAC in December 2023, pursuant to which we agreed to acquire the manufacturing equipment and assets of the F1 Plant and the F2 Plant from JAC for a total consideration of approximately RMB3.16 billion, excluding tax. The asset transfer was completed in December 2023. In addition, we have completed the filing process for our electric passenger vehicle investment project with the authorities in Anhui province and have been included in the Ministry of Industry and Information Technology's catalogue of approved manufacturers. Our manufacturing model has transitioned from joint manufacturing to independent manufacturing. We have commenced independent manufacturing of all our current vehicles models in the F1 Plant and the F2 Plant.

Other Manufacturing

We have established our manufacturing center in China for the production of electric powertrains, with highly automated production lines, advanced manufacturing execution systems and automated guided vehicles. We also manufacture Power Swap Stations and charging piles independently, as well as in collaboration with our partners.

Quality Assurance

We aim to deliver high-quality products and services to our users in line with our core values and commitments. We believe that our quality assurance systems are the key to ensuring the delivery of high-quality products and services, and to minimize waste and to maximize efficiency. We have established a Quality Committee for the overall quality management of our company. The Quality Committee is chaired by our executive vice president, and is responsible for formulating the group-level quality assurance policies, strategies, goals and initiatives and reviewing the progress of quality goals. We strongly emphasize quality management across all business functions, including product development, manufacturing, partner quality management, procurement, power solutions, user experience, service and logistics. Our quality management groups are responsible for our overall quality strategy, quality systems and processes, quality culture, and general quality management implementation.

In the research and development stage, we have established a failure mode analysis sub-committee and a reliability working group to continually improve the awareness, knowledge and ability of problem prevention in product design, process design, service design and other aspects. We have built a NIO product development platform to manage the entire product development process, efficiently integrating the workflows of various business departments, and achieving high-quality management of vehicles to be delivered.

In the manufacturing stage, we implement end-to-end quality planning based on product and process characteristics, covering quality issue prevention, incoming material inspection, in-process inspection, customer review, pre-shipment inspection and rapid problem resolution. In the meantime, we actively promote the digitalization of manufacturing quality management in various use cases, including, among others, problem management, change point management, vehicle management, and personnel management. Through intelligent data monitoring and analysis, we are able to timely detect abnormalities and make corrections.

In terms of supply chain, we have established the NIO quality premium partner evaluation system, which comprehensively evaluates our partners from various dimensions to achieve effective quality control of the supply chain. On top of the regular audit and training of our supply chain partners, we organize expert resources of different fields and functions to work together with the supply chain partners in need of capability enhancement to quickly improve their process assurance and quality control capabilities.

In addition, we collect users' feedback through various channels, such as hotline, NIO app, NIO Fellow, user service group, and NOMI in our vehicles, and direct these feedbacks to our product experience, service and quality assurance team so as to drive the fast iteration and improvement in terms of product development, manufacturing and supply chain.

Certain Other Cooperation Arrangements

Hefei Strategic Investors

On April 29, 2020, we entered into an investment agreement, or the initial investment agreement, and a shareholders agreement, or the initial shareholders agreement (collectively, the initial agreements), for investments into NIO Holding Co., Ltd. (previously known as NIO (Anhui) Holding Co., Ltd.), or NIO China, a legal entity that we wholly owned pre-investment, with Hefei City Construction and Investment Holding (Group) Co., Ltd., CMG-SDIC Capital Co., Ltd. and Anhui Provincial Emerging Industry Investment Co., Ltd., or Anhui High-tech Co.

Pursuant to the initial agreements, each investor may designate a fund managed by it or a third party, as applicable, to perform the investment obligations and assume other rights and obligations under the initial agreements. Accordingly, on June 5, 2020, we entered into respective supplemental agreements I to the initial agreements with the investors and their respective designated funds, Jianheng New Energy Fund, Advanced Manufacturing Industry Investment Fund and New Energy Automobile Fund. Under the supplemental agreements I, (i) Hefei City Construction and Investment Holding (Group) Co., Ltd. designated Jianheng New Energy Fund to assume all of its rights and obligations under the initial agreements, (ii) CMG-SDIC Capital Co., Ltd. designated Advanced Manufacturing Industry Investment Fund to assume all of its rights and obligations under the initial agreements, (iii) Anhui High-tech Co. designated New Energy Automobile Fund to perform a portion of its investment obligations under the investment agreement and assume the corresponding rights and obligations under the initial agreements, and (iv) Anhui High-tech Co. will continue to perform the remaining of its investment and other obligations not assigned to New Energy Automobile Fund and enjoy its rights under the initial agreements. On June 5, 2020, NIO China updated its Industrial and Commercial Registration to reflect, among other things, Jianheng New Energy Fund, Advanced Manufacturing Industry Investment Fund, Anhui High-tech Co. and New Energy Automobile Fund as NIO China's investors. On June 18, 2020, we entered into respective supplemental agreements II with the parties to the supplemental agreements I and Anhui Sanzhong Yichuang, another designated fund of Anhui High-tech Co. Under the supplemental agreements II, Anhui High-tech Co. designated Anhui Sanzhong Yichuang to assume its remaining rights and obligations under the initial agreements that had not been assigned to New Energy Automobile Fund pursuant to the supplemental agreements I.

The initial investment agreement, as amended and supplemented, is referred to as the Hefei Investment Agreement, and the initial shareholders agreement, as amended and supplemented, is referred to as the Previous Hefei Shareholders Agreement in this annual report. The Hefei Investment Agreement and the Previous Hefei Shareholders Agreement are collectively referred to as the Previous Hefei Agreements in this annual report.

On March 30, 2024, we entered into the 2024 Hefei Shareholders Agreement with Jianheng New Energy Fund, Advanced Manufacturing Industry Investment Fund, New Energy Automobile Fund and Anhui Sanzhong Yichuang. The 2024 Hefei Shareholders Agreement amends certain shareholders' rights in NIO China and supersedes the Previous Hefei Shareholders Agreement.

Under the Hefei Investment Agreement, the Hefei Strategic Investors agreed to invest an aggregate of RMB7 billion in cash into NIO China. We agreed to inject our core businesses and assets in China, including vehicle research and development, supply chain, sales and services and NIO Power, collectively referred to as the Asset Consideration, into NIO China. The Asset Consideration is valued at RMB17.77 billion, as calculated based on 85% of the market value of our company (calculated based on our average ADS trading price over the thirty public trading days preceding April 21, 2020). As of the date of this annual report, the injection of our core businesses and assets into NIO China has been completed. Further, we agreed to invest RMB4.26 billion in cash into NIO China. Upon the completion of the investments, we held 75.885% of controlling equity interests in NIO China, and the Hefei Strategic Investors collectively held the remaining 24.115%. In September 2020, February 2021 and September 2021, we, through one of our wholly-owned subsidiaries, purchased from certain Hefei Strategic Investors equity interests in NIO China and subscribed for newly increased registered capital of NIO China to increase our shareholding. After the completion of these transactions, as of the date of this annual report, we hold 92.114% controlling equity interests in NIO China.

Pursuant to the Previous Hefei Agreements, NIO China establishes its headquarters in the Hefei Economic and Technological Development Area for its business operation, research and development, sales and services, supply chain and manufacturing functions. We collaborate with the Hefei Strategic Investors and Hefei Economic and Technological Development Area to develop NIO China's business and to support the accelerated development of the smart electric vehicle sectors in Hefei. In addition, NIO China could enjoy a series of subsidies and support from Hefei Economic and Technological Development Area, including rent subsidies, financial support and preferential tax treatment, when NIO China meets certain performance criteria, such as targets for manufacturing capacity, procurement amount and vehicle sales.

Pursuant to the 2024 Hefei Shareholders Agreement, the Hefei Strategic Investors have certain minority shareholder rights, including, among others, the right of first refusal, co-sale right, preemptive right, anti-dilution right, redemption right, liquidation preference and conditional drag-along right. In particular, the following rights, among others, directly relate to obligations of NIO Inc.:

- *Redemption right*. The Hefei Strategic Investors may require us or our Hong Kong holding vehicles, the immediate holding companies of NIO China, to redeem all or a portion of the equity interests in NIO China held by the Hefei Strategic Investors at a redemption price of the total amount of the investment price equal to the Hefei Strategic Investors plus an investment income calculated at a compound rate of 8.5% per annum upon the occurrence of certain events. In particular, if NIO China fails to complete the listing application or to issue the material assets restructuring plan related to the qualified initial public offering before December 31, 2027, or fails to complete the qualified initial public offering before December 31, 2028, the Hefei Strategic Investors may request us to redeem the equity interest in NIO China then held by them.

- *Share transfer restriction.* Before NIO China completes its potential qualified initial public offering, without the prior written consent of the Hefei Strategic Investors, we may not directly or indirectly transfer, pledge or otherwise dispose of NIO China's shares to a third party that may result in our shareholding in NIO China fall below 60%. A qualified initial public offering refers to NIO China's shares being directly or indirectly listed on the Shanghai Stock Exchange, the Shenzhen Stock Exchange, or another overseas stock exchange approved by all shareholders of NIO China, through an initial public offering or a material assets restructuring with a listed company.

- *Liquidation preference.* In the event that NIO China is liquidated, the Hefei Strategic Investors are guaranteed a minimum investment return equal to the sum of their capital contribution in NIO China by the Hefei Strategic Investors plus an investment income calculated at a compound interest rate of 8.5% per annum on the basis of the total amount of their capital contribution. If the total consideration received by the Hefei Strategic Investors in such liquidation events is not sufficient to realize the guaranteed minimum investment return, we undertake to compensate separately the shortfall to the Hefei Strategic Investors in cash. Therefore, we could potentially be liable for the full amount of the minimum investment return under the Hefei Investment Agreement.

We maintain effective control over NIO China through our significant shareholdings and corresponding voting rights in NIO China. As of the date of this annual report, we held 92.114% controlling equity interests and corresponding voting rights in NIO China. According to the 2024 Hefei Shareholders Agreement and NIO China's articles of association, certain significant corporate matters requiring shareholders' approval by law that fall into the protective provisions at the board of directors level shall be approved by the board of directors of NIO China before being presented to the shareholders for approval. Resolutions of the shareholders involving such significant corporate matters may be passed by shareholders holding at least two thirds of all valid voting power, while resolutions involving other matters may be passed by shareholders holding at least half of all valid voting power. Considering our 92.114% controlling equity interests and corresponding voting rights in NIO China, we have the power to approve all corporate matters that are required to be approved by NIO China's shareholders.

We also have effective control over the board of directors of NIO China through the majority representation and corresponding voting rights on its board. According to the 2024 Hefei Shareholders Agreement, the current board of directors of NIO China consists of seven members, five of whom are designated by us and serve as directors or executive officers of the Company. The remaining two directors are designated by Jianheng New Energy Fund and Advanced Manufacturing Industry Investment Fund. Each of these two directors independently exercises voting rights on board matters without any act-in-concert arrangements between them or among the Hefei Strategic Investors. These two directors do not participate in the daily operations and management of NIO China outside of their board meeting participation. Moreover, if the aggregate equity holding of the Hefei Strategic Investors in NIO China is lower than 5%, the Hefei Strategic Investors shall not be entitled to nominate any directors.

In addition, the affirmative votes of a majority of the directors are sufficient to approve most corporate matters, such as the annual budget, the annual final accounts, and the appointment or removal of the CEO and CFO, in accordance with the 2024 Hefei Shareholders Agreement. A limited scope of significant corporate matters, such as changes in NIO China's corporate structure, changes to its core business, and amendment to its articles of association, require the affirmative votes of three-fourths (3/4) of the directors for fundamental investor protection purposes.

Subsequent to the entry into the Previous Hefei Agreements, the cash contribution obligations of us and the Hefei Strategic Investors have all been fulfilled and we have exercised our redemption right and capital increase right under the Previous Hefei Shareholders Agreement in September 2020. In particular, in connection with our exercise of redemption right, we, through one of our wholly-owned subsidiaries, redeemed from Jianheng New Energy Fund 50% of the equity interests in NIO China then held by the Jianheng New Energy Fund in September 2020, which accounted for 8.612% equity interests in NIO China, and the total consideration we paid for such redemption was RMB511.5 million, consisting of the actual capital increase payment Jianheng New Energy Fund had made plus prorated interest accrued at an interest rate of 10% per annum. In addition, we assumed Jianheng New Energy Fund's remaining cash contribution obligation of RMB2.0 billion. In connection with our exercise of our capital increase right, we, through one of our wholly-owned subsidiaries, subscribed for newly increased registered capital of NIO China at a consideration of US$600 million. In addition, in February 2021, we, through one of our wholly-owned subsidiaries, also purchased from two of the Hefei Strategic Investors an aggregate of 3.305% equity interests in NIO China for a total consideration of RMB5.5 billion and subscribed for newly increased registered capital of NIO China at a subscription price of RMB10.0 billion. In September 2021, we, through one of our wholly-owned subsidiaries, purchased from a minority strategic investor of NIO China an aggregate of 1.418% equity interests in NIO China for a total consideration of RMB2.5 billion and subscribed for newly increased registered capital of NIO China at a subscription price of RMB7.5 billion.

As a result of these transactions, as of the date of this annual report, the registered capital of NIO China was RMB6.429 billion, and we held 92.114% controlling equity interests in NIO China. We have fulfilled all obligations due to be fulfilled under the Previous Hefei Agreements and the 2024 Hefei Shareholders Agreement as of the date of this annual report.

Battery Asset Company

In August 2020, we and the Battery Asset Company Investors jointly established the Battery Asset Company. We and the Initial BaaS Investors each invested RMB200 million and held 25% equity interests in the Battery Asset Company at its establishment. In December 2020, April 2021, August 2021 and July 2022, respectively, the Battery Asset Company entered into agreements with new and existing investors for additional financing. As of the date of this annual report, we beneficially own approximately 19.4% of the equity interests in the Battery Asset Company.

Business Collaboration with Forseven

On February 26, 2024, we entered into a technology license agreement, or the Technology License Agreement, with Forseven, a subsidiary of CYVN Holdings L.L.C. Pursuant to the Technology License Agreement, we granted a non-exclusive and non-transferrable worldwide license to Forseven to use certain of our technical information, technical solutions, software and intellectual property rights related to or subsisting in our existing and future smart electric vehicle platforms within certain period, which we collectively refer to as the Licensed Technologies, for (i) the research and development, manufacturing, offering to sell, sales, import and export of vehicle models sold or marketed under Forseven brand(s) meeting pre-agreed manufacturer's suggested retail price thresholds (excluding tax) under the Technology License Agreement, which we collectively refer to as the Licensed Products, and (ii) the provision or procurement of certain after-sales services for the Licensed Products to its users or technical services from us. We will also provide Forseven with information and reasonable assistance to the extent necessary for Forseven to utilize the Licensed Technologies in accordance with general industry practices.

Under the Technology License Agreement, we will receive technology license fees comprising a non-refundable, fixed upfront license fee plus royalties determined based on the future sales of Licensed Products by Forseven. In addition, Forseven agrees to indemnify us against any losses incurred in connection with breach of its confidentiality obligations under the Technology License Agreement up to a specified liability cap. Subject to certain exceptions, we agree to indemnify Forseven against losses incurred in connection with any third-party intellectual property rights infringement claims resulting from Forseven's or its sublicensee's use of the Licensed Technologies in accordance with the Technology License Agreement in an amount of up to twice the amount of the technology license fees paid or payable to us and up to a specified liability cap. Subject to certain limitations, each party's aggregate liabilities under the Technology License Agreement are capped at a specified liability cap, provided that Forseven's intentional breach of the confidentiality obligation is uncapped.

Unless terminated in accordance with provisions provided therein, the Technology License Agreement will remain valid until the end of production of the Licensed Products (if the license is used for researching, developing, manufacturing, selling, importing and exporting Licensed Products) or the expiration of Forseven's obligation to provide after-sales services to its users (if the license is used for providing after-sales services). Either party may terminate the Technology License Agreement if the other party: (i) voluntarily applies for insolvency, liquidation, receivership, bankruptcy, or any other similar procedure for the purpose of debt settlement (other than solvent mergers or reorganizations); (ii) involuntarily applies for insolvency, liquidation, receivership, bankruptcy, or any other similar procedure, and such procedures are not revoked or reversed within 60 days; (iii) makes a general assignment for the benefit of its creditors; (iv) dissolves; (v) suspends or threatens to suspend payment of its debts, or is unable to pay debts as they fall due, or admits inability to pay its debts; (vi) commits a material breach of the Technology License Agreement and (a) such breach is irremediable or (b) fails to rectify the breach within 60 days after receiving a notice from the non-breaching party detailing the breach and requesting a remedy; and (vii) violates applicable laws relating to export control, sanctions, anti-corruption and anti-bribery.

We may also terminate the Technology License Agreement under certain conditions, including if a company that owns one or more automotive brands and sells vehicles under such brand(s) to the market obtains control of Forseven.

Competition

The automotive market is highly competitive, and we compete with both NEV and ICE vehicles targeting the mid- to high-end segment. The electric vehicle market is constantly evolving due to shifting user needs and expectations, favorable policies towards new energy vehicles, expanding charging infrastructure, and technological advances in electric components. Competition in the industry is expected to intensify in the future as more traditional OEMs and other companies with strong financial, engineering, manufacturing, marketing, or other resources enter the electric vehicle market. We believe the primary competitive factors in our markets include, among others, pricing, technological innovation, product design and performance, product quality and safety, service and charging options, user experience, and manufacturing efficiency. We believe our competitive advantages in this evolving market include our well-positioned products, proprietary software and hardware technological advances, battery swapping and other comprehensive power solutions, as well as the worry-free user experience we offer.

Intellectual Property

We have developed a number of proprietary systems and technologies. Since our inception, we have remained committed to innovation and have dedicated ourselves to investing in research and development of core technologies. We have strategically focused on building in-house capabilities, including battery swapping, assisted and intelligent driving, digital technologies, electric powertrain and battery, vehicle engineering and design, among others. As a result, our success depends, at least in part, on our ability to protect our core technology and intellectual property, including our registered patents for electric powertrain, battery and assisted and intelligent driving technologies, among others. To accomplish this, we rely on a combination of patents, patent applications and trade secrets, including, among others, employee and third-party nondisclosure agreements, copyright laws, trademarks, intellectual property licenses to establish and protect our proprietary rights in our technology. We will actively monitor and pursue claims against unauthorized use of our intellectual property.

As of December 31, 2023, we had 4,690 issued patents and 3,788 pending patent applications, 5,633 registered trademarks and 1,189 pending trademark applications in the United States, China, Europe and other jurisdictions. As of December 31, 2023, we also held or otherwise had the legal right to use 262 registered copyrights for software or works of art and approximately 666 registered domain names, including www.nio.io. We intend to continue to file additional patent applications with respect to our technology.

Environmental, Social and Governance

Since our inception, we have embraced the vision of Blue Sky Coming. We deeply understand that the smart electric vehicle industry plays a crucial role in driving the green and low-carbon transformation of the economy and society. Recognizing the importance of environmental, social, and corporate governance, or ESG, and firmly believing in creating sustainable value, we are committed to leveraging our technologies, products, and services to be a force for good in these areas.

Over the past year, we have continually enhanced our ESG practice with an unwavering dedication to sustainable development. In 2023, we received the Green Innovation Award at the 2023 Paulson Prize for Sustainability, which is a recognition of the novelty, scalability, as well as the economic and environmental benefits of our battery swapping technology and business model. In addition, we were honored among the "2023 Global 100: The World's Most Sustainable Companies" by Corporate Knights. Furthermore, we announced our commitment to join the Science Based Targets initiative, making us the first NEV company in China to join the initiative for science-based carbon targets, which further solidifies our commitment to making a positive social impact. Throughout 2023, we conducted extensive research on ESG topics and actively solicited feedback from internal and external stakeholders.

We are dedicated to fostering sustainable development through responsible governance. We have established a robust and efficient corporate governance structure, and have established the Nominating and ESG Committee under our board of directors, as well as the ESG Steering Team, to streamline our ESG initiatives. We release ESG reports annually on our website, detailing our latest ESG policies and sustainability initiatives.

With the guidelines from the United Nation Global Compact, United Nation Sustainable Development Goals, and Global Reporting Initiative, we have identified the following three pillars in our ESG initiatives, which have been integrated into our business operations and corporate governance.

Environmental Sustainability

Focusing on low-carbon development, ecological protection and environmental management, we make efforts to put the concept of sustainability into practice through the whole lifecycle of the green industry chain and build a green eco-system with upstream and downstream partners.

At the product design and development stage, based on the philosophy of design for sustainability, we conduct comprehensive research on the availability and application of low-carbon technologies and materials, and apply them on our products to reduce the carbon emission and energy consumption of our product portfolio. During the manufacturing process, we continue to improve and carry forward its green manufacturing system by carrying out intensive green space construction, empowering digital management and committing to low-carbon energy utilization. In addition, we implemented water, aluminum and other scrap material recycling in our plant and aim to further expand our recycling efforts throughout the product lifecycle.

Moreover, we have initiated a series of activities together with different stakeholders to protect the environment and support the broader community. We launched Clean Parks, an ecosystem co-conservation initiative co-initiated with the World Wide Fund for Nature and the United Nations Development Programme.

Social Sustainability

We are fully committed to being socially responsible and making a positive impact on the society. Driven by user experience, we integrate quality, safety, and innovation into the whole lifecycle management of products and services, which not only covers research and development, supply chain, manufacturing and user service, but also includes innovative business models based on core technologies, aligning user needs with full-lifecycle user experiences. We have formulated a Quality Manual at the corporate level, which defines the quality management requirements for the entire business chain, from product development, supply chain, manufacturing and logistics to user experience and service quality.

We have built a user community extending from personal growth to community development and user co-creation. To further understand the demands of users and improve our service quality, NIO has set up a multi-dimensional satisfaction survey mechanism.

As a member of the United Nations Global Compact, we are committed to fulfilling the standards and requirements of the Universal Declaration of Human Rights and the Declaration of the International Labor Organization on Fundamental Principles and Rights at Work, and has integrated them into internal systems and polices. We focus on identifying and attracting talent from diverse backgrounds across the globe and aim to facilitate the long-term development of employees through a value-driven mechanism based on NIO value system. We have established a unique career development system, NIO Career Path system, providing different development paths for employees in different positions. On top of our employee stock ownership plan and compulsory benefits and insurances covering all employees, we also offer our employees various supplementary benefits and organize various employee activities to enrich employees' lives and improve their wellbeing.

We have established various corporate social responsibility initiatives to comprehensively give back to the communities and to create value for the society. We are the sponsor of the Formula Student Electric China, a competition event where college students design and race electric racing vehicles, allowing us to nurture the young talent for the future of the automotive industry. In addition, NIO Users Trust has been making continuous contributions to public welfare projects, including rural revitalization, emergency assistant, user care and charity donations, and collaborating with third-party organizations in various projects with the goal to achieve a balance between social benefits and economic development.

Corporate Governance

We strictly abide by all laws and regulations and aim to protect the rights and interests of shareholders, enhance corporate value, guide the formulation of business strategies and policies, and increase corporate transparency. To promote our sustainable development and strengthen the effectiveness of governance, we appropriately balance the diversity among board members and management team. As a vital part of our company, our management and board members contribute their insights into the strategic decision-making process by drawing on their gender perspective and diversified industry and technical background. We also aim to develop a pipeline of potential female successors to the Board to increase the percentage of female Board representatives in the coming years.

As a responsible company, we serve the long-term value of our business and act with integrity and ethics. We established comprehensive internal ethics and compliance system and polices to manage our business behavior and prohibit corruption, bribery, extortion, fraud, money laundering, monopoly and unfair competition, and insider trading. For enabling a comprehensive supervision of ethics, we set up the reporting mechanism with whistle-blower protection. In addition, we carry out integrity training for all employees every year, and implement standardized management of the performance of their duties.

To provide solid support for business development, we have established a comprehensive information security management system, and has been improving the system constantly in line with applicable laws and regulations in the countries and regions where we conduct business, supporting smooth business operations of our company and protecting the security of user information.

To support our mission and advance our ESG initiatives, Nominating and ESG Committee oversees and manages our ESG strategies, policies, and performance, and reports to our board of directors regarding the ESG progress to align the ESG related affairs with the overall strategy of our company. The ESG steering team under the Nominating and ESG Committee takes charges of the implementation of ESG initiatives and projects, and leads the ESG coordination team and the ESG responsible personnel in relevant departments to execute ESG-related specific measures.

Seasonality

In the past few years, demand for new vehicles in the automotive industry were generally higher in the fourth quarter. Such variation may or may not continue in the future. Our limited operating history makes it difficult for us to judge the exact nature or extent of the seasonality of our business. Also, any unusually severe weather conditions in some markets may impact demand for our vehicles.

Insurance

We maintain various insurance policies required by PRC laws and regulations to safeguard against risks and unexpected events. We consider that the coverage from the insurance policies that we maintain is in line with the industry norm. We do not have any business liability or disruption insurance to cover our operations. For the years ended December 31, 2021, 2022 and 2023, we have not made, nor been the subject of, any material insurance claim.

Regulations

This section sets forth a summary of the most significant rules and regulations that affect our business activities in China.

Regulations and Approvals Covering the Manufacturing of New Energy Vehicles

The NDRC promulgated the *Provisions on Administration of Investment in Automobile Industry*, which took effect on January 10, 2019. According to these provisions, enterprises are encouraged to, through equity investment and cooperation in production capacity, enter into strategic cooperation relationship, carry out joint research and development of products, organize manufacturing activities jointly and increase industrial concentration. The advantageous resources in production, high learning, research, application and other areas shall be integrated and core enterprises in automobile industry shall be propelled to form industrial alliance and industrial consortium. The vehicle investment projects shall be filed with the provincial development and reform authorities.

According to the *Regulations on the Administration of Newly Established Pure Electric Passenger Vehicle Enterprises*, which took effect on July 10, 2015, the NDRC and the Ministry of Industry and Information Technology are responsible for supervising and administering investment projects of newly established enterprises, as well as overseeing the access of vehicle manufacturers and products within the scope of their respective duties. Before our vehicles can be added to the *Announcement of Vehicle Manufacturers and Products*, or the Manufacturers and Products Announcement, issued by the Ministry of Industry and Information Technology, a procedure that is required in order for our vehicles to be approved for manufacture and sale in China, our vehicles must meet the applicable requirements set forth in laws and regulations. Such laws and regulations include, among others, the *Administrative Rules on the Admission of New Energy Vehicle Manufacturers and Products*, which took effect on July 1, 2017 and was amended on July 24, 2020, and the *Administrative Rules on the Admission of Passenger Vehicles Manufacturer and Products*, which took effect on January 1, 2012, and pass the review by the Ministry of Industry and Information Technology. NEVs that have entered into the Manufacturers and Products Announcement are required to undergo regular inspection every three years by the Ministry of Industry and Information Technology so that it may determine whether the vehicles remain qualified to stay in the Manufacturers and Products Announcement.

According to the *Administrative Rules on the Admission of New Energy Vehicle Manufacturers and Products*, in order for our vehicles to enter into the Manufacturers and Products Announcement, our vehicles must satisfy certain conditions, including, among others, meeting certain standards set out therein, meeting other safety and technical requirements specified by the Ministry of Industry and Information Technology, and passing inspections conducted by a state-recognized testing institution. Once such conditions for vehicles are met and the application has been approved by the Ministry of Industry and Information Technology, the qualified vehicles are published in the Manufacturers and Products Announcement by the Ministry of Industry and Information Technology. Where any new energy vehicle manufacturer manufactures or sells any model of a new energy vehicle without the prior approval of the competent authorities, including being published in the Manufacturers and Products Announcement by the Ministry of Industry and Information Technology, it may be subject to penalties, including fines, forfeiture of any illegally manufactured and sold vehicles and spare parts and revocation of its business licenses.

Regulations on Compulsory Product Certification

Under the *Administrative Regulations on Compulsory Product Certification* which was promulgated by the General Administration of Quality Supervision, Inspection and Quarantine, which has been merged into the State Administration for Market Regulation, on July 3, 2009 and was latest amended on September 29, 2022 and took effect on November 1, 2022, and the *List of the First Batch of Products Subject to Compulsory Product Certification* which was promulgated in association with the State Certification and Accreditation Administration Committee on December 3, 2001 and took effect on May 1, 2002, the State Administration for Market Regulation is responsible for the regulation and quality certification of automobiles. Automobiles and parts and components must not be sold, exported or used in operating activities until they are certified by designated certification authorities of the PRC as qualified products and granted certification marks.

Regulations Relating to Parallel Credits Policy on Vehicle Manufacturers and Importers

On September 27, 2017, the Ministry of Industry and Information Technology, the Ministry of Finance, the Ministry of Commerce, the General Administration of Customs of PRC and the State Administration for Market Regulation jointly promulgated the *Measures for the Parallel Administration of the Average Fuel Consumption and New Energy Vehicle Credits of Passenger Vehicle Enterprises*, which were most recently amended on June 29, 2023 and took effect on August 1, 2023. Under these measures, each of the vehicle manufacturers and vehicle importers above a certain scale is required to, among other things, maintain its new energy vehicles credits, or the NEV credits, and corporate average fuel consumption credits, above zero, regardless of whether NEVs or ICE vehicles are manufactured or imported by it, and NEV credits can be earned only by manufacturing or importing NEVs. Therefore, NEV manufacturers will enjoy preferences in obtaining and calculating NEV credits.

NEV credits are equal to the aggregate actual scores of a vehicle manufacturer or a vehicle importer minus its aggregate targeted scores. According to these measures, the actual scores shall be calculated by multiplying the score of each new energy vehicle model, which depends on various metrics such as the driving range, battery energy efficiency and the rated power of fuel cell systems, and is calculated based on formula published by the Ministry of Industry and Information Technology (in the case of a battery electric vehicle, the NEV credit of each vehicle is calculated by multiplying 0.0034 by the vehicle's mileage, adding 0.2 to the result, and then multiplying the total by the mileage adjustment coefficient, battery energy density adjustment coefficient, and electricity consumption coefficient), by the respective production or import volume, while the targeted scores shall be calculated by multiplying the annual production or import volume of traditional ICEs of a vehicle manufacturer or importer by the NEV credit ratio set by the Ministry of Industry and Information Technology. The NEV credit ratios are 28% and 38% for the years of 2024 and 2025, respectively, increasing from 16% and 18% for the years of 2022 and 2023, respectively.

Additionally, the Ministry of Industry and Information Technology will establish an NEV credits pool for passenger vehicle enterprises to store or withdraw positive NEV credits, and decide whether to open such pool before July 30 each year based on the average fuel consumption of passenger vehicle enterprises across the country and the supply and demand of NEV credits. The positive NEV credits stored in the credit pool do not have a carryover ratio requirement and are valid for five years. Excess positive NEV credits, or the automotive regulatory credits, are tradable and may be sold to other enterprises through a credit trading scheme established by the Ministry of Industry and Information Technology while excess positive corporate average fuel consumption credits can only be carried forward or transferred among related parties. Negative NEV credits can be offset by purchasing automotive regulatory credits from other manufacturers or importers.

According to these measures, the requirements on the NEV credits shall be considered for the entry approval of passenger vehicle manufacturers and products by the regulators. If a passenger vehicle enterprise fails to offset its negative credits, its new products, if the fuel consumption of which does not reach the target fuel consumption value for a certain vehicle models as specified in the *Evaluation Methods and Indicators for the Fuel Consumption of Passenger Vehicles*, it will not be listed in the *Announcement of the Vehicle Manufacturers and Products* issued by the Ministry of Industry and Information Technology, or will not be granted the compulsory product certification, and the vehicle enterprises may be subject to penalties according to the applicable rules and regulations.

Regulations on Electric Vehicle Charging Infrastructure

Pursuant to the Guidance Opinions of the General Office of the State Council on Accelerating the Promotion and Application of the New Energy Vehicles, which took effect on July 14, 2014, the Guidance Opinions of the General Office of the State Council on Accelerating the Development of Charging Infrastructures of the Electric Vehicle, which took effect on September 29, 2015, the Guidance on the Development of Electric Vehicle Charging Infrastructure (2015-2020), which took effect on October 9, 2015, and the Development Plan for the New-energy Vehicle Industry (2021-2035), which took effect on October 20, 2020, the PRC government encourages the construction and development of charging infrastructure for electric vehicles, such as charging stations and battery swap stations, and only centralized charging and battery replacement power stations are required to obtain approvals for construction, permits from the authorities.

The *Circular on Accelerating the Development of Electrical Vehicle Charging Infrastructures in Residential Areas* promulgated on July 25, 2016 provides that the operators of electrical vehicle charging and battery swap infrastructure are required to be covered under liability insurance policies to protect the purchasers of electric vehicles, covering the safety of electric vehicle charging.

Regulations on Automobile Sales

Pursuant to the *Administrative Measures on Automobile Sales* promulgated by the Ministry of Commerce, April 5, 2017, which took effect on July 1, 2017, automobile suppliers and dealers are required to file with authorities through the information system for the national automobile circulation operated by the competent commerce department within 90 days after the receipt of a business license. Where there is any change to the information concerned, automobile suppliers and dealers must update such information within 30 days after such change.

Regulations on the Recall of Defective Automobiles

On October 22, 2012, the State Council promulgated the *Administrative Provisions on Defective Automotive Product Recalls*, which took effect on January 1, 2013 and were amended on March 2, 2019. The product quality supervision department of the State Council is responsible for the supervision and administration of recalls of defective automotive products nationwide. Pursuant to the administrative provisions, manufacturers of automobile products are required to take measures to eliminate defects in products they sell. A manufacturer must recall all defective automobile products. Failure to recall such products may result in an order to recall the defective products from the quality supervisory authority of the State Council. If any operator conducting sales, leasing, or repair of vehicles discovers any defect in automobile products, it must cease to sell, lease or use the defective products and must assist manufacturers in the recall of those products. Manufacturers must recall their products through publicly available channels and publicly announce the defects. Manufacturers must take measures to eliminate or cure defects, including rectification, identification, modification, replacement or return of the products. Manufacturers that attempt to conceal defects or do not recall defective automobile products in accordance with regulations will be subject to penalties, including fines, forfeiture of any income earned in violation of law and revocation of licenses.

Pursuant to the *Implementation Rules on the Administrative Provisions on Defective Automotive Product Recalls*, which took effect on January 1, 2016 and was latest amended on October 23, 2020, if a manufacturer is aware of any potential defect in its automobiles, it must investigate in a timely manner and report the results of such investigation to the State Administration for Market Regulation. Where any defect is found during the investigations, the manufacturer must cease to manufacture, sell, or import the automobile products and recall such products in accordance with applicable laws and regulations.

On November 23, 2020, the State Administration for Market Regulation issued the *Circular on Further Improving the Regulation of Recall of Automobile with Over-the-Air (OTA) Technology*, pursuant to which automobiles manufacturers that provide technical services through OTA are required to complete filing with the State Administration for Market Regulation and those who have provided such services through OTA must complete such filing before December 31, 2020. In addition, if an automaker uses OTA technology to eliminate defects and recalls its defective products, it must make a recall plan and complete a filing with the State Administration for Market Regulation.

Regulations on Product Liability

Pursuant to the *Product Quality Law of the PRC*, promulgated on February 22, 1993 and latest amended on December 29, 2018, a manufacturer is prohibited from producing or selling products that do not meet applicable standards and requirements for safeguarding human health and ensuring human and property safety. Products must be free from unreasonable dangers threatening human and property safety. Where a defective product causes physical injury to a person or property damage, the aggrieved party may make a claim for compensation from the producer or the seller of the product. Producers and sellers of non-compliant products may be ordered to cease the production or sale of the products and could be subject to confiscation of the products and/or fines. Earnings from sales in contravention of such standards or requirements may also be confiscated, and in severe cases, an offender's business license may be revoked.

Favorable Government Policies Relating to New Energy Vehicles in the PRC

On November 2, 2020, the State Council issued the *Development Plan for the New-energy Vehicle Industry (2021-2035)*, in order to boost the high-quality development of NEVs from 2021 to 2035. The development plan is implemented with a view to achieve the following goals: (i) by 2025, the average power consumption of NEVs will drop to 12.0 kWh per 100 kilometers. The sales volume of NEVs will reach around 20% of the total sales volume of new vehicles, and highly autonomous vehicles will achieve commercial applications in limited areas and specific scenarios; (ii) by 2035, pure electric vehicles shall become the mainstream of new vehicles for sale. Vehicle use in public areas shall achieve full electrification, fuel cell vehicles shall achieve commercialized application, and highly autonomous vehicles shall achieve large-scale application, in order to effectively promote the improvement of energy saving and emission reduction level and social operation efficiency. On December 27, 2023, the NDRC issued the *Guidance Catalog for Industrial Structural Adjustment (2024 Edition)*, which took effect on February 1, 2024, and pursuant to which, electric vehicle charging facilities and key components of new energy vehicles are categorized as encouraged projects.

Government Subsidies for Purchases of New Energy Vehicles

On April 22, 2015, the Ministry of Finance, the Ministry of Science and Technology, the Ministry of Industry and Information Technology and the NDRC jointly issued the *Circular on the Financial Support Policies on the Promotion and Application of New Energy Vehicles in 2016-2020*, which took effect on the same day. This circular provides that those who purchase new energy vehicles specified in the *Catalogue of Recommended New Energy Vehicle Models for Promotion and Application* by the Ministry of Industry and Information Technology, may obtain subsidies from the PRC national government. Pursuant to this circular, a purchaser may purchase a new energy vehicle from a seller by paying the original price minus the subsidy amount, and the seller may obtain the subsidy amount from the government after such new energy vehicle is sold to the purchaser. This circular also provided a preliminary phase-out schedule for the provision of subsidies.

On December 29, 2016, the Ministry of Finance, the Ministry of Science and Technology, the Ministry of Industry and Information Technology and the NDRC jointly issued the *Circular on Adjusting the Subsidy Policy for the Promotion and Application of New Energy Vehicles*, or the Circular on Adjusting the Subsidy Policy, which took effect on January 1, 2017, to adjust the existing subsidy standard for purchases of new energy vehicles. The Circular on Adjusting the Subsidy Policy capped the local subsidies at 50% of the national subsidy amount, and further specified that national subsidies for purchasers purchasing certain new energy vehicles (except for fuel cell vehicles) from 2019 to 2020 would be reduced by 20% as compared to 2017 subsidy standards.

The subsidy standard is reviewed and updated on an annual basis. The 2020 subsidy standard, effective from April 23, 2020, was provided in the *Circular on Improving the Subsidy Policies for the Promotion and Application of New Energy Vehicles* jointly promulgated by the Ministry of Finance, the Ministry of Science and Technology, the Ministry of Industry and Information Technology and the NDRC on the same day. The 2020 subsidy standard reduces the base subsidy amount by 10% for each NEV, sets subsidies for 2 million vehicles as the upper limit of annual subsidy scale; and provides that national subsidy shall only apply to an NEV that is either (i) with the sale price under RMB300,000 or (ii) equipped with battery swapping mechanism. Given all our vehicles are equipped with battery swapping mechanism, purchasers of all our vehicles, regardless of sales price, are eligible to enjoy the subsidies provided by the PRC government to purchases of new energy vehicles. The 2021 subsidy standard, effective from January 1, 2021, was provided in the *Circular on Further Improving the Subsidy Policies for the Promotion and Application of New Energy Vehicles* jointly promulgated by the Ministry of Finance, the Ministry of Science and Technology, the Ministry of Industry and Information Technology and the NDRC on December 31, 2020. The 2021 subsidy standard reduces the base subsidy amount by 20% for each NEV based on that for the previous year. Further, the 2022 subsidy standard, effective from January 1, 2022, was provided in the *Circular on Financial Subsidy Policies for the Promotion and Application of New Energy Vehicles in Year 2022* jointly promulgated by the Ministry of Finance, the Ministry of Science and Technology, the Ministry of Industry and Information Technology and the NDRC on December 31, 2021. The 2022 subsidy standard reduces the base subsidy amount by 30% for each NEV from that for the previous year. The new energy vehicles subsidy policy was terminated on December 31, 2022.

Exemption of Vehicle Purchase Tax

On December 26, 2017, the Ministry of Finance, the State Taxation Administration, the Ministry of Industry and Information Technology and the Ministry of Science and Technology jointly issued the *Announcement on Exemption of Vehicle Purchase Tax for New Energy Vehicle*. On June 28, 2019, the Ministry of Finance and the State Taxation Administration jointly issued the *Announcement on Renewal of Preferential Policies on Vehicle Purchase Tax*. Pursuant to the two announcements, from January 1, 2018 to December 31, 2020, the vehicle purchase tax which is applicable for ICE vehicles is not imposed on purchases of qualified new energy vehicles listed in the *Catalogue of New Energy Vehicle Models Exempt from Vehicle Purchase Tax*, issued by the Ministry of Industry and Information Technology. Such announcement provides that the policy on exemption of vehicle purchase tax is also applicable to new energy vehicles added to this catalogue prior to December 31, 2017. On April 16, 2020, the Ministry of Finance, the State Taxation Administration and the Ministry of Industry and Information Technology jointly issued the *Announcement on Exemption of Vehicle Purchase Tax for New Energy Vehicle*, with effect from January 1, 2021, which extends the vehicle purchase tax exemption period provided under the above two announcements till December 31, 2022. On September 18, 2022, the Ministry of Finance, the State Taxation Administration and the Ministry of Industry and Information Technology jointly issued the *Announcement on Continuation of Policies for Exemption of Vehicle Purchase Tax for New Energy Vehicle*, with effect from September 18, 2022, which provides that the new energy vehicles purchased during the period from January 1, 2023 to December 31, 2023 will be exempted from the vehicle purchase tax. On June 19, 2023, the Ministry of Industry and Information Technology, the Ministry of Finance and the State Taxation Administration, jointly promulgated the *Announcement on Continuing and Optimizing the Vehicle Purchase Tax Reduction and Exemption Policies for New Energy Vehicles*, pursuant to which, the NEVs purchased during the period from January 1, 2024 to December 31, 2025 are eligible for exemption from vehicle purchase tax, with the amount of tax exemption for each new energy passenger vehicle not exceeding RMB30,000; and the vehicle purchase tax on the NEVs purchased during the period from January 1, 2026 to December 31, 2027 shall be reduced by half, with the amount of tax reduction for each new energy passenger vehicle not exceeding RMB15,000.

Non-imposition of Vehicle and Vessel Tax

The *Notice on Preferential Vehicle and Vessel Tax Policies for Energy-saving and New-energy Vehicles and Vessels*, which was jointly promulgated by the Ministry of Finance, the Ministry of Transport, the State Taxation Administration and the Ministry of Industry and Information Technology on July 10, 2018, clarifies that NEVs are not subject to vehicle and vessel tax.

New Energy Vehicle License Plate

In recent years, in order to control the number of motor vehicles on the road, certain local governments have issued restrictions on the issuance of vehicle license plates. These restrictions generally do not apply to the issuance of license plates for new energy vehicles, which makes it easier for purchasers of new energy vehicles to obtain automobile license plates. For example, pursuant to the recently issued *Implementation Measures on Encouraging Purchase and Use of New Energy Vehicles in Shanghai*, which took effect on January 1, 2024 and remain valid until December 31, 2024, local authorities will issue new automobile license plates to qualified purchasers of new energy vehicles without requiring such qualified purchasers to go through certain license-plate bidding processes and to pay license-plate purchase fees as compared with purchasers of ICE vehicles.

Regulations on Value-added Telecommunications Services

In 2000, the State Council promulgated the *Telecommunications Regulations of the PRC*, which was most recently amended in February 2016 and provides a regulatory framework for telecommunications services providers in the PRC. These regulations categorize all telecommunications businesses in China as either basic or value-added. Value-added telecommunications services are defined as telecommunications and information services provided through public network infrastructure. Pursuant to the *Classified Catalogue of Telecommunications Services*, an attachment to these regulations, which was most recently updated in June 2019 by the Ministry of Industry and Information Technology, internet information services, or ICP services, are classified as value-added telecommunications services. Under these regulations and administrative measures, commercial operators of value-added telecommunications services must first obtain a license for conducting internet content provision services, or an ICP license, from the Ministry of Industry and Information Technology or its provincial level counterparts. Otherwise, such operator might be subject to sanctions, including corrective orders and warnings, imposition of fines and confiscation of illegal gains and, in the case of significant infringement, orders to close the website.

Pursuant to the *Administrative Measures on Internet Information Services*, promulgated by the State Council in 2000 and amended in 2011, "internet information services" refer to the provision of information through the internet to online users, and are divided into "commercial internet information services" and "non-commercial internet information services." A commercial ICP service operator must obtain an ICP license before engaging in any commercial ICP service within China, while the ICP license is not required if the operator will only provide internet information on a non-commercial basis.

In addition to the regulations and measures above, the provision of commercial internet information services on mobile internet applications are regulated by the *Administrative Provisions on Information Services of Mobile Internet Applications*, promulgated by the CAC in June 2022, which took effect on August 1, 2022. Pursuant to these provisions, the mobile internet applications providers shall acquire qualifications required by laws and regulations and implement the information security management responsibilities strictly and fulfill their obligations, including real-name system, protection of users' information, examination and management of information content, and shall comply with provisions on the scope of necessary personal information when engaging in personal information processing activities. In addition, such providers shall not compel the user to agree to the processing of personal information for any reason and refuse the user to use its basic functions and services as the user does not agree to provide non-essential personal information.

The *Regulations for the Administration of Foreign-Invested Telecommunications Enterprises*, promulgated by the State Council on December 11, 2001 and latest amended on March 29, 2022, which took effect on May 1, 2022, requires that the ultimate foreign equity ownership in a value-added telecommunications services provider may not exceed 50%, except as otherwise stipulated by the state. In addition, the telecommunications enterprises must obtain approval from the Ministry of Industry and Information Technology, or its authorized local counterparts, before launching the value-added telecommunications business in China.

Regulations on Autonomous Driving

On July 27, 2021, the Ministry of Public Security and the Ministry of Transport issued *Administration of Road Testing and Demonstration Application of Intelligent Connected Vehicles (Trial Implementation)*, or the Circular No. 97, which took effect on September 1, 2021, and is the primary regulation governing protocol of road testing and demonstration application of intelligent connected vehicles in the PRC. Pursuant to the Circular No. 97, any entity intending to conduct the road testing and demonstration application of intelligent connected vehicles must apply for and obtain a temporary license plate for each tested vehicle. To qualify for such temporary license plate, an applicant entity must satisfy, among others, the following requirements: (i) it must be an independent legal person registered under PRC law with the capacity to conduct manufacturing, technological research or testing of automobiles and automobile parts, which has established protocols to test and assess the performance of autonomous driving functionalities of intelligent connected vehicles and is capable of conducting real-time remote monitor of the tested vehicles, and has the ability to ensure the network security of tested vehicles and remote monitoring platform; (ii) the tested vehicle must be equipped with a driving system that can switch between autonomous driving mode and human driving mode in a safe, quick and simple manner and ensures human driver to take control of the tested vehicle any time immediately when necessary; (iii) the tested vehicle must be equipped with the function of recording, storing and real-time monitoring the condition of the tested vehicle and is able to transmit real-time data of the tested vehicle, such as the control mode, location and speed; (iv) it must sign an employment contract or a labor service contract with the driver of the tested vehicle, who must be a licensed driver of corresponding vehicle types with more than three years' driving experience and a track record of safe driving and is familiar with the testing protocol or application scheme for autonomous driving system and proficient in operating the system; and (v) it must provide the safety self-declaration, the result of risk assessment on network security, the proof of corresponding measures taken against such risk and other materials to the competent department, and insure each tested vehicle for at least RMB5 million against vehicle accidents or provide a letter of guarantee covering the same. In addition, as to the demonstration application, the applicant entity could also be a consortium of several independent legal persons and has the operational capability of demonstration application and relevant scheme.

During the road testing and demonstration application, the tested vehicle shall be marked with the words such as "autonomous driving road test" or "for autonomous driving demonstration purposes" in a noticeable manner and the autonomous driving mode shall not be used unless in the permitted areas specified in the safety self-declaration, and the entity shall not make any changes of software and hardware that may affect the function and performance of the tested vehicle without providing the safety description materials to the competent department in advance. In addition, the entity is required to submit to the competent department a periodical report every six months and a final report within one month after the completion of road testing and demonstration application. In the case of a vehicle accident which causes severe injury or death of personnel or vehicle damage, the entity must report such accident to the competent department within 24 hours and submit a comprehensive analysis report in writing covering cause analysis, final liability allocation results, etc. within five working days after the traffic enforcement agency determines the liability for the accident.

On March 24, 2021, the Ministry of Public Security issued the *Draft Proposed Amendments of the Road Traffic Safety Law*. The proposal clarifies, among other things, the requirements related to road testing of, and access by, vehicles equipped with autonomous driving functions, as well as regulating how liability for traffic violations and accidents will be allocated. The proposal stipulates that vehicles equipped with autonomous driving functions should first pass tests in closed roads and venues and obtain temporary license plates before embarking on road testing. Further such road testing should be conducted at designated times, areas and routes in accordance with the law. After passing the road test, vehicles equipped with autonomous driving functions can be manufactured, imported and sold in accordance with the laws and regulations, and those needing access to the road must apply for motor vehicle number plates. The proposal provides that when vehicles equipped with autonomous driving functions and human driving modes are involved in road traffic violations or accidents, the responsibility of the driver or the autonomous driving system developer shall be determined in accordance with laws, as well as the liability for damage. For vehicles on the road that are equipped with autonomous driving functions without human driving modes, this liability issue should be separately dealt with by departments of the State Council.

According to the Notice on Promoting the Development of Intelligent Connected Vehicles and Maintaining the Security of Surveying and Mapping Geographic Information issued by the Ministry of Natural Resources of the PRC on August 25, 2022, if an intelligent connected vehicle is equipped with or integrated with certain sensors, the collection, storage, transmission and processing of surveying and mapping geographic information and data, including spatial coordinates, images, point clouds and their attribute information, of vehicles and surrounding road facilities in the process of road test, will be considered surveying and mapping activities. Persons who collect, store, transmit and process such surveying and mapping geographic information and data, will be the main actors of surveying and mapping activities. Additionally, if any vehicle manufacturer, service provider or smart driving software provider that is a domestic enterprise needs to engage in the collection, storage, transmission and processing of surveying and mapping geographic information and data, it shall obtain the corresponding surveying and mapping qualification or entrust an agency with the corresponding surveying and mapping qualification to carry out the intended activities; if any vehicle manufacturer, service provider or smart driving software provider that is a foreign-invested enterprise needs to engage in the collection, storage, transmission and processing of surveying and mapping geographic information and data, it shall entrust an agency with corresponding surveying and mapping qualification to carry out the intended activities, and the entrusted agency shall undertake the collection, storage, transmission and processing of the relevant spatial coordinates, images, point clouds and their attribute information and other businesses, and provide geographic information service and support.

Regulations on Consumer Rights Protection

Our business is subject to a variety of consumer protection laws, including the PRC Consumer Rights and Interests Protection Law, as amended in 2013 and took effect on March 15, 2014, which imposes stringent requirements and obligations on business operators. Failure to comply with these consumer protection laws could subject us to administrative sanctions, such as the issuance of a warning, confiscation of illegal income, imposition of fines, an order to cease business operations, revocation of business licenses, as well as potential civil or criminal liabilities.

On March 15, 2024, the State Council promulgated the *Implementation Regulations on the PRC Consumer Rights and Interests Protection Law*, which will take effect on July 1, 2024. These implementation regulations refine and supplement the provisions on operator obligations, improve the provisions related to the online consumption, and strengthen the obligations of prepaid consumption operators. For example, (i) operators shall not use standard clauses to unreasonably exempt or reduce their liabilities, aggravate consumers' liabilities, or restrict consumers' rights to change or terminate contracts in accordance with the law, choose litigation or arbitration to resolve disputes, or choose goods or services from other operators; (ii) operators shall not excessively collect consumers' personal information, and shall not force or covertly force consumers to consent to the collection and use of personal information that is not directly related to business activities by means of a general authorization, default authorization, or other methods; (iii) without the consent of consumers, operators shall not send commercial information or make commercial phone calls to consumers; if consumers agree to receive such information or calls, operators shall provide clear and convenient cancellation methods; if consumers choose to cancel, operators shall immediately stop sending such information or making such calls; (iv) operators shall use an easy-to-understand method to provide consumers with information related to goods or services truly and comprehensively, and shall not set different prices or charging standards for the same goods or services under the same conditions without the knowledge of consumers; and (v) if operators provide services through automatic extension or automatic renewal, they shall bring it to the attention of consumers in a conspicuous manner before consumers accept the services and before the date of automatic extension or automatic renewal.

Regulations on Internet Information Security and Privacy Protection

In December 2012, the Standing Committee of the National People' s Congress of China promulgated the *Decision on Strengthening Network Information Protection* to enhance the legal protection of information security and privacy on the internet. This decision also requires internet operators to take measures to ensure confidentiality of information of users.

In July 2013, the Ministry of Industry and Information Technology promulgated the *Provisions on Protection of Personal Information of Telecommunication and Internet Users* to regulate the collection and use of users' personal information in the provision of telecommunication service and internet information service in China.

On July 1, 2015, the Standing Committee of the National People's Congress of China promulgated the *PRC National Security Law*, which took effect on the same day. The *PRC National Security Law* provides that the state shall safeguard the sovereignty, security and cyber security development interests of the state, and that the state shall establish a national security review and supervision system to review, among other things, foreign investment, key technologies, internet and information technology products and services, and other important activities that are likely to impact the national security of the PRC.

In August 2015, the Standing Committee of the National People's Congress of China promulgated the *Ninth Amendment to the Criminal Law*, which took effect in November 2015 and amended the standards of crime of infringing citizens' personal information and reinforced the criminal culpability of unlawful collection, transaction, and provision of personal information. It further provides that any ICP provider that fails to fulfill the obligations related to internet information security administration as required by applicable laws and refuses to rectify upon orders will be subject to criminal liability.

In November 2016, the Standing Committee of the National People's Congress of China promulgated the *Cyber Security Law of the PRC*, which took effect on June 1, 2017. The Cyber Security Law requires that a network operator take technical measures and other necessary measures in accordance with applicable laws and regulations and the compulsory requirements of the national and industrial standards to safeguard the safe and stable operation of its networks. We are subject to such requirements as we are operating internet of vehicles, a website and mobile application and providing certain internet services mainly through our mobile application. The Cyber Security Law further requires network operators to formulate contingency plans for network security incidents, report to the competent departments immediately upon the occurrence of any incident endangering cyber security and take corresponding remedial measures.

Network operators are also required to maintain the integrity, confidentiality and availability of network data. The Cyber Security Law reaffirms the basic principles and requirements specified in other existing laws and regulations on personal data protection, such as the requirements on the collection, use, processing, storage and disclosure of personal data, and network operators being required to take technical and other necessary measures to ensure the security of the personal information they have collected and prevent the personal information from being divulged, damaged or lost. Any violation of the Cyber Security Law may subject the internet information services provider to warnings, fines, confiscation of illegal gains, revocation of licenses, cancellation of filings, shutdown of websites or criminal liabilities.

The General Administration of Quality Supervision, Inspection and Quarantine and Standardization Administration issued the *Standard of Information Security Technology—Personal Information Security Specification (2017 edition)*, which took effect in May 2018, and the *Standard of Information Security Technology—Personal Information Security Specification (2020 edition)*, which took effect in October 2020. Pursuant to these standards, any entity or person who has the authority or right to determine the purposes for and methods of using or processing personal information are seen as a personal data controller. Such personal data controller is required to collect information in accordance with applicable laws, and prior to collecting such data, the information provider's consent is required.

On November 28, 2019, the Secretary Bureau of the CAC, the General Office of the Ministry of Industry and Information Technology, the General Office of the Ministry of Public Security and the General Office of the State Administration for Market Regulation jointly issued the *Notice on the Measures for Determining the Illegal Collection and Use of Personal Information through Mobile Applications*, which aims to provide reference for supervision and administration departments and provide guidance for mobile applications operators' internal examination and internal correction and social supervision by netizens, and further elaborates the forms of behavior constituting illegal collection and use of the personal information through mobile applications including: (i) failing to publish the rules on the collection and use of personal information; (ii) failing to explicitly explain the purposes, methods and scope of the collection and use of personal information; (iii) collecting and using personal information without the users' consent; (iv) collecting personal information unrelated to the services they provide and beyond the necessary principle; (v) providing personal information to others without the users' consent; (vi) failing to provide the function of deleting or correcting the personal information according to the laws or failing to publish information such as ways of filing complaints and reports.

In addition, on May 28, 2020, the National People's Congress of China approved the *PRC Civil Code*, which took effect on January 1, 2021. Pursuant to the *PRC Civil Code*, the collection, storage, use, process, transmission, provision and disclosure of personal information should follow the principles of legitimacy, properness and necessity.

On May 12, 2021, the CAC issued the *Several Provisions on Automobile Data Security Management (Draft for Comment)*, which further elaborates the principles and requirements for the protection of personal information and important data in the automobile industry scenarios, and defines enterprise or institution engaged in the automobile design, manufacture, and service as an operator. Such operator is required to process personal information or important data in accordance with applicable laws and regulations during the process of design, production, sales, operation, maintenance, and management of automobile. On August 16, 2021, the CAC, the NDRC, the Ministry of Public Security, the Ministry of Industry and Information Technology and the Ministry of Transport jointly promulgated the *Several Provisions on Automobile Data Security Management (Trial Implementation)*, or the Provisions on Automobile Data Security, which took effect from October 1, 2021 and clearly defines the definition of automobile data, automobile data processing, automobile data processor, personal information, sensitive personal information and important data, and aims to regulate the collection, analysis, storage, utilization, provision, publication, and cross-border transmission of personal information and important data generated throughout the lifecycle of automobiles by automobile designers, producers and service providers. Automobile data processors, including automobile manufacturers, compartment and software providers, dealers, maintenance providers are required to process personal information and important data in accordance with applicable laws during the automobile design, manufacture, sales, operation, maintenance and management. To process personal information, automobile data processors shall obtain the consent of the individual or conform to other circumstances stipulated by laws and regulations. Pursuant to the Provisions on Automobile Data Security, important data shall be stored within the PRC and a cross-border data security assessment shall be conducted by the national cyberspace administration authority in concert with departments under the State Council if there is a need to provide such data overseas. The security management for the cross-border transfer of personal information which is not included in important data shall be governed by the PRC laws and regulations. To process important data, automobile data processors shall conduct risk assessment in accordance with regulations and submit risk assessment reports to related departments at provincial levels.

On June 10, 2021, the Standing Committee of the National People's Congress of China promulgated the *Data Security Law of the PRC*, which took effect in September 2021. The Data Security Law sets forth data security and privacy related compliance obligations on entities and individuals carrying out data related activities. The Data Security Law also introduces a data classification and layered protection system based on the importance of data and the degree of impact on national security, public interests or legitimate rights and interests of individuals or organizations when such data is tampered with, destroyed, leaked or illegally acquired or used. In addition, the Data Security Law provides a national security review procedure for those data activities that may affect national security, and imposes export restrictions on certain data and information. According to the *PRC National Security Law*, the State shall establish institutions and mechanisms for national security review and regulation, and conduct national security review on certain matters that affect or may affect PRC national security, such as key technologies and IT products and services. Furthermore, the Data Security Law also provides that any organization or individual within the territory of the PRC shall not provide any foreign judicial body and law enforcement body with any data without the approval of the competent PRC governmental authorities. In early July 2021, regulatory authorities in China launched cybersecurity investigations with regard to several China-based companies that are listed in the United States.

In July 2021, General Office of the Central Committee of the Communist Party of China and the General Office of the State Council jointly issued the *Opinions on Severely Cracking Down on Illegal Securities Activities According to Law*, which were made available to the public on July 6, 2021. The opinions emphasized the need to strengthen the administration over illegal securities activities, and the need to strengthen the supervision over overseas listings by Chinese companies. Effective measures, such as promoting the construction of regulatory systems, will be taken to deal with the risks and incidents of China-concept overseas listed companies. As of the date of this annual report, we have not received any inquiry, notice, warning, or sanctions from PRC governmental authorities in connection with the above contents of the opinions.

On December 28, 2021, the CAC, the NDRC, the Ministry of Industry and Information Technology, the Ministry of Public Security, the Ministry of National Security, the Ministry of Finance, the Ministry of Commerce, the People's Bank of China, the State Administration for Market Regulation, the National Radio and Television Administration, the CSRC, the National Administration of State Secrets Protection and the State Cryptography Administration jointly released the *Cybersecurity Review Measures*, which took effect on February 15, 2022. Pursuant to the Cybersecurity Review Measures, network platform operators with information of over one million users shall be subject to cybersecurity review before listing abroad. The cybersecurity review will evaluate, among other things, the risk of critical information infrastructure, core data, important data, or the risk of a large amount of personal information being influenced, controlled or maliciously used by foreign governments after going public, and cyber information security risk.

On July 30, 2021, the Ministry of Industry and Information Technology issued the Opinion on Strengthening the Access Administration of Intelligent Connected Vehicles Manufacturing Enterprises and Their Products, which provided responsibilities of intelligent connected vehicles manufacturing enterprises, and required such enterprises to strengthen the management of vehicle data security, cyber security, software updates, function safety and intended function safety. Furthermore, this opinion stated that vehicles manufacturing enterprises shall conduct cybersecurity reviews prior to transmitting data abroad.

On July 30, 2021, the State Council promulgated the *Regulations on the Protection of the Security of Critical Information Infrastructure*, which took effect in September 2021. These regulations supplement and specify the provisions on the security of critical information infrastructure as stated in the Cyber Security Law. These regulations provide, among other things, that protection department of certain industry or sector shall notify the operator of the critical information infrastructure in time after the identification of certain critical information infrastructure. According to these regulations, operators of certain industries or sectors that may endanger national security, people's livelihood and public interest in case of damage, function loss or data leakage may be identified as critical information infrastructure operators by the CAC or the respective industrial regulatory authorities once they meet the identification standards promulgated by the authorities.

On August 20, 2021, the Standing Committee of the National People's Congress of China promulgated the *Personal Information Protection Law of the PRC*, which took effect in November 2021. As the first systematic and comprehensive law specifically for the protection of personal information in the PRC, the Personal Information Protection Law provides, among other things, that (i) an individual's separate consent shall be obtained before operation of such individual's sensitive personal information, e.g., biometric characteristics and individual location tracking, (ii) personal information operators operating sensitive personal information shall notify individuals of the necessity of such operations and the influence on the individuals' rights, (iii) if personal information operators reject individuals' requests to exercise their rights, individuals may file a lawsuit with a People's Court.

On October 29, 2021, the CAC issued the *Measures for the Security Assessment of Data Exit (Draft for Comment)*, and on July 7, 2022, the CAC finally adopted the *Measures for the Security Assessment of Data Exit*, which took into effect on September 1, 2022 and stipulates that data processors who provide overseas the personal information and important data collected and generated during operations within the PRC shall be subject to security assessment by the CAC. Specifically, if the data processor provides data overseas and meets one of the following circumstances, it shall declare the security assessment: (i) personal information by operators of critical information infrastructure; (ii) the data contains important data; (iii) personal information processors who have processed personal information of one million people provide personal information abroad; (iv) accumulatively provided personal information of more than one hundred thousand people or sensitive personal information of more than ten thousand people abroad since January 1 of the previous year; and (v) other circumstances as specified by the CAC. The assessment results of the data exit are valid for two years.

In addition, on November 14, 2021, the *Administration Regulations on Cyber Data Security (Draft for Comments)* were proposed by the CAC for public comments until December 13, 2021. These regulations set out general guidelines, protection of personal information, security of important data, security management of cross-border data transfer, obligations of internet platform operators, supervision and management, and legal liabilities. Key requirements include: (i) data processors shall enhance the security protection of data processing systems, data transmission networks, and data storage environments, among other things, under the graded cybersecurity protection requirements, and any system that processes important data shall in principle meet the security protection requirements for Level 3 or higher cyberspace and critical information infrastructure, and any system that processes core data shall be strictly protected in accordance with regulations; (ii) data processors should establish a data security emergency response mechanism, and promptly start the emergency response mechanism in the event of a data security incident; (iii) the detailed rules for data processors to apply when providing personal information to third parties, or sharing, trading or entrusting important data to third parties; (iv) the scenarios of cybersecurity review which shall be subject to Cybersecurity Review Measures; (v) the definitions of important data and processors' security protection obligations; (vi) the detailed rules on cross-border data transfer which added missing details to the Personal Information Protection Law; (vii) data processors processing personal information of more than one million individuals shall also comply with the regulations for processing of important data; and (viii) data processors dealing with important data or listing overseas (including Hong Kong) should carry out an annual data security assessment by themselves or by entrusting data security service agencies, and each year before January 31, data security assessment report for the previous year shall be submitted to the districted city level cyberspace administration department. In addition, these regulations reiterate that data processors which process the personal information of at least one million individuals must apply for a cybersecurity review if they are to be listed abroad, and further require the data processors that carry out the following activities to apply for cybersecurity review in accordance with the laws and regulations: (i) the merger, reorganization or division of internet platform operators that have gathered a large number of data resources related to national security, economic development and public interests affects or may affect national security; (ii) the listing of the data processor in Hong Kong affects or may affect national security; and (iii) other data processing activities that affect or may affect national security. Furthermore, in one of the following situations, data processors shall delete or anonymize personal information within 15 business days: (i) the purpose of processing personal information has been achieved or the purpose of processing is no longer needed; (ii) the storage term agreed with the users or specified in the personal information processing rules has expired; (iii) the service has been terminated or the account has been canceled by the individual; or (iv) unnecessary personal information or personal information unavoidably collected due to the use of automatic data collection technology but without the consent of the individual. Any failure to comply with such requirements may subject us to, among other consequences, suspension of services, fines, revoking business permits or business licenses and penalties. As of the date of this annual report, there is no definite timetable as to when these regulations will be enacted.

On December 8, 2022, the Ministry of Industry and Information Technology published the *Administration Measures on Data Security in the Field of Industry and Information Technology (Trial Implementation)*, which took effect on January 1, 2023. Such measures require the industrial and telecom data processors to further implement data classification and hierarchical management, take necessary measures to ensure that data remains effectively protected and being lawfully applied and conduct data security risk monitoring. Such measures also provide the definitions of "core data" and "important data" in the field of industry and information technology.

Regulations on E-Commerce

On August 31, 2018, the Standing Committee of the National People's Congress of China promulgated the *E-Commerce Law of the PRC*, which took effect as of January 1, 2019. The E-Commerce Law establishes the regulatory framework for the e-commerce sector in the PRC for the first time by laying out certain requirements on e-commerce platform operators. According to the E-Commerce Law, the e-commerce platform operators shall prepare a contingency plan for cybersecurity events and take technological measures and other measures to prevent online illegal and criminal activities. The E-Commerce Law also expressly requires e-commerce platform operators to take necessary actions to ensure fair dealing on their platforms to safeguard the legitimate rights and interests of consumers, including to prepare platform service agreements and transaction information record-keeping and transaction rules, to prominently display such documents on the platform's website, and to keep such information for no less than three years following the completion of a transaction. Where the e-commerce platform operators conduct its own business on their platforms, they shall distinguish and mark their business from the businesses of the business operators using the platform in a prominent manner, and shall not mislead consumers. The e-commerce platform operators shall bear civil liability of a commodity seller or service provider for its own business, pursuant to the law.

Regulations on Insurance Brokerage

According to *Insurance Law of the PRC* promulgated by the Standing Committee of the National People's Congress of China on June 30, 1995 and latest amended on April 24, 2015, which took effect on April 24, 2015, insurance brokers shall meet the conditions prescribed by the insurance regulatory agency of the State Council and obtain the license for operating insurance brokerage business. On February 1, 2018, China Insurance Regulatory Commission which has been merged into the China Banking and Insurance Regulatory Commission, promulgated the *Regulatory Provisions* on *Insurance Brokerages*, which took effect on May 1, 2018. Pursuant to these provisions, insurance brokers shall mean institutions which provide intermediary services for execution of insurance contracts between policyholders and insurance companies based on interests of policyholders and collect commissions, including insurance brokerage companies and their branches. Any insurance brokerage company operating insurance brokerage businesses in the PRC shall satisfy the stipulated criteria and obtain a license for operating insurance brokerage businesses. Whoever illegally engages in insurance brokerage business without a license shall be banned, and its illegal gains shall be confiscated and it shall be fined not less than one time and not more than five times the illegal gains; if there is no illegal gains or the illegal gains are less than RMB50,000, a fine of not less than RMB50,000 and not more than RMB300,000 shall be imposed.

According to the *Service Guidelines for Approval of the Establishment of Insurance Brokerage Institutions* issued by the China Banking and Insurance Regulatory Commission on September 30, 2021, insurance brokers whose foreign investment ratio is higher than or equal to 25% after penetrating cumulative calculation are regarded as foreign-invested insurance brokers. Pursuant to the *Notice of the CBIRC General Office on Clarifying Relevant Measures for the Opening-up of the Insurance broker Market* issued by the China Banking and Insurance Regulatory Commission on December 3, 2021, overseas insurance brokerage companies with actual business experience and complying with the provisions of the China Banking and Insurance Regulatory Commission are permitted to invest in and establish insurance brokerage companies in China to engage in insurance brokerage business. However, in practice, subject to the qualifications set by the China Banking and Insurance Regulatory Commission for foreign shareholders of the insurance brokerage companies, the China Banking and Insurance Regulatory Commission typically would not approve the establishment of foreign-invested insurance brokerage companies.

Regulations on Land and the Development of Construction Projects

Regulations on Land Grants

Under the *Interim Regulations on Assignment and Transfer of the Rights to the Use of the State-owned Urban Land of the PRC*, promulgated by the State Council on May 19, 1990 and latest amended on November 29, 2020, a system of assignment and transfer of the right to use state-owned land was adopted. A land user must pay land premiums to the state as consideration for the assignment of the right to use a land site within a certain term, and the land user who obtained the right to use the land may transfer, lease out, mortgage or otherwise commercially exploit the land within the term of use. Under the *Interim Regulations on Assignment and Transfer of the Rights to the Use of the State-owned Urban Land of the PRC* and *the Law of the PRC on Urban Real Estate Administration*, the local land administration authority may enter into an assignment contract with the land user for the assignment of land use rights. The land user is required to pay the land premium as provided in the assignment contract. After the full payment of the land premium, the land user must register with the land administration authority and obtain a land use rights certificate which evidences the acquisition of land use rights.

Regulations on Planning of a Construction Project

Pursuant to the *Regulations on Planning Administration regarding Assignment and Transfer of the Rights to Use of the State-Owned Land in Urban Area* promulgated by the Ministry of Construction in December 1992 and amended in January 2011, a construction land planning permit shall be obtained from the municipal planning authority with respect to the planning and use of land. According to the *Urban and Rural Planning Law of the PRC* promulgated by the Standing Committee of the National People's Congress of China on October 28, 2007 and latest amended on April 23, 2019, a construction work planning permit must be obtained from the competent urban and rural planning government authority for the construction of any structure, fixture, road, pipeline or other engineering project within an urban or rural planning area.

After obtaining a construction work planning permit, subject to certain exceptions, a construction enterprise must apply for a construction work commencement permit from the construction authority under the local people's government at the county level or above in accordance with the *Administrative Provisions on Construction Permit of Construction Projects* promulgated by the Ministry of Housing and Urban-Rural Development on June 25, 2014 and implemented on October 25, 2014 and latest amended on March 30, 2021.

Pursuant to the *Administrative Measures for Reporting Details Regarding Acceptance Examination upon Completion of Buildings and Municipal Infrastructure* promulgated by the Ministry of Construction on April 4, 2000 and amended on October 19, 2009 and the *Provisions on Acceptance Examination upon Completion of Buildings and Municipal Infrastructure* promulgated and implemented by the Ministry of Housing and Urban - Rural Development on December 2, 2013, upon the completion of a construction project, the construction enterprise must submit an application to the competent department in the people's government at or above county level where the project is located, for examination upon completion of building and for filing purpose; and to obtain the filing form for acceptance and examination upon completion of construction project.

Regulations on Environmental Protection and Work Safety

Regulations on Environmental Protection

Pursuant to the *Environmental Protection Law of the PRC* promulgated by the Standing Committee of the National People's Congress of China, on December 26, 1989, latest amended on April 24, 2014 and effective on January 1, 2015, any entity which discharges or will discharge pollutants during the course of operations or other activities must implement effective environmental protection safeguards and procedures to control and properly treat waste gas, waste water, waste residue, dust, malodorous gases, radioactive substances, noise, vibrations, electromagnetic radiation and other hazards produced during such activities.

Environmental protection authorities impose various administrative penalties on persons or enterprises in violation of the Environmental Protection Law. Such penalties include warnings, fines, orders to rectify within the prescribed period, orders to cease construction, orders to restrict or suspend production, orders to make recovery, orders to disclose information or make an announcement, imposition of administrative action against responsible persons, and orders to shut down enterprises. Any person or entity that pollutes the environment resulting in damage could also be held liable under the *PRC Civil Code*. In addition, environmental organizations may also bring lawsuits against any entity that discharges pollutants detrimental to the public welfare.

Regulations on Work Safety

Under construction safety laws and regulations, including the *Work Safety Law of the PRC,* which was promulgated by the Standing Committee of the National People's Congress of China on June 29, 2002, latest amended on June 10, 2021 and took effect on September 1, 2021, production and operating business entities must establish objectives and measures for work safety and improve the working environment and conditions for workers in a planned and systematic way. A work safety protection scheme must also be set up to implement the work safety job responsibility system. In addition, production and operating business entities must arrange work safety training and provide the employees with protective equipment that meets the national standards or industrial standards. Furthermore, production and operating business entities shall report their major hazard sources and related safety and emergency measures to the emergency management department and other departments for the record, and establish a safety risk grading control system and take corresponding control measures. Automobile and components manufacturers are subject to the above-mentioned environment protection and work safety requirements.

Regulations on Fire Control

Pursuant to the *Fire Control Law of the PRC* promulgated by the Standing Committee of the National People's Congress of China on April 29, 1998 and latest amended on April 29, 2021, for special construction projects stipulated by the housing and urban-rural development authority of the State Council, the developer shall submit the fire safety design documents to the housing and urban-rural development authority for examination, while for construction projects other than those stipulated as special development projects, the developer shall, at the time of applying for the construction permit or approval for work commencement report, provide the fire safety design drawings and technical materials which satisfy the construction needs. According to the *Interim Regulations on Administration of Examination and Acceptance of Fire Control Design of Construction Projects* promulgated on April 1, 2020 and effective on June 1, 2020, which was latest amended on August 21, 2023, an examination system for fire prevention design and acceptance only applies to special construction projects, and for other projects, a record-filing and spot check system would be applied.

Regulations on Intellectual Property Rights

Patent Law

According to the *Patent Law of the PRC* promulgated by the Standing Committee of the National People's Congress of China on March 12, 1984 and was latest amended in October 2020 and took effect on June 1, 2021, the State Intellectual Property Office is responsible for administering patent law in the PRC. The patent administration departments of provincial, autonomous region or municipal governments are responsible for administering patent law within their respective jurisdictions. The Chinese patent system adopts a first-to-file principle, which means that when more than one person files different patent applications for the same invention, only the person who files the application first is entitled to obtain a patent of the invention. To be patentable, an invention or a utility model must meet three criteria: novelty, inventiveness and practicability. The protection period is twenty years for an invention patent and ten years for a utility model patent and fifteen years for a design patent, commencing from their respective application dates.

Regulations on Copyright

The *Copyright Law of the PRC* which took effect on June 1, 1991 and was latest amended in 2020 and took effect on June 1, 2021, provides that Chinese citizens, legal persons, or other organizations shall, whether published or not, own copyright in their copyrightable works, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software. Copyright owners enjoy certain legal rights, including right of publication, right of authorship and right of reproduction. The Copyright Law extends copyright protection to internet activities, products disseminated over the internet and software products. In addition, the Copyright Law provides for a voluntary registration system administered by the China Copyright Protection Center. According to the Copyright Law, an infringer of the copyrights shall be subject to various civil liabilities, which include ceasing infringement activities, apologizing to the copyright owners and compensating the loss of the copyright owner. Infringers of a copyright may also be subject to fines and/or administrative or criminal liabilities in severe situations.

Pursuant to the *Computer Software Copyright Protection Regulations* promulgated by the State Council on December 20, 2001, latest amended on January 30, 2013 and took effect on March 1, 2013, the software copyright owner may go through the registration formalities with a software registration authority recognized by the State Council's copyright administrative department. The software copyright owner may authorize others to exercise that copyright, and is entitled to receive remuneration.

Trademark Law

Trademarks are protected by the *Trademark Law of the PRC* which was adopted on August 23, 1982 and latest amended in 2019, as well as by the *Implementation Regulations of the PRC Trademark Law* adopted by the State Council in 2002 and latest amended on April 29, 2014. The Trademark Office under the State Administration for Market Regulation handles trademark registrations. The Trademark Office grants a ten-year term to registered trademarks and the term may be renewed for another ten-year period upon request by the trademark owner. A trademark registrant may license its registered trademarks to another party by entering into trademark license agreements, which must be filed with the Trademark Office for its record. As with patents, the Trademark Law of the PRC has adopted a first-to-file principle with respect to trademark registration. If a trademark applied for is identical or similar to another trademark which has already been registered or subject to a preliminary examination and approval for use on the same or similar kinds of products or services, such trademark application may be rejected. Any person applying for the registration of a trademark may not injure existing trademark rights first obtained by others, nor may any person register in advance a trademark that has already been used by another party and has already gained a "sufficient degree of reputation" through such party's use.

Regulations on Domain Names

The Ministry of Industry and Information Technology promulgated the *Measures on Administration of Internet Domain Names* on August 24, 2017, which took effect on November 1, 2017. According to these measures, the Ministry of Industry and Information Technology is in charge of the administration of PRC internet domain names. The domain name registration follows a first-to-file principle. Applicants for registration of domain names must provide the true, accurate and complete information of their identities to domain name registration service institutions. The applicants will become the holder of such domain names upon the completion of the registration procedure.

Regulations on Foreign Investment in China

Catalogue for the Guidance of Foreign Investment Industries

Investments in the PRC by foreign investors and foreign-invested enterprises were regulated by the *Catalogue for the Guidance of Foreign Investment Industries*, jointly promulgated by the Ministry of Commerce and NDRC on June 28, 1995 and amended from time to time. This catalogue was last repealed by the *Special Administrative Measures (Negative List) for Foreign Investment Access (2021 Version)*, or the 2021 Negative List, which was jointly promulgated by the Ministry of Commerce and the NDRC on December 27, 2021 and took effect on January 1, 2022, and *the Catalogue of Industries for Encouraging Foreign Investment (2022 Version)*, or the 2022 Encouraging Catalogue, which was jointly promulgated by the Ministry of Commerce and the NDRC on October 26, 2022 and took effect on January 1, 2023. The 2022 Encouraging Catalogue and the 2021 Negative List set out the industries and economic activities in which foreign investment in the PRC is encouraged, restricted or prohibited. Pursuant to the 2022 Encouraging Catalogue, the research and development and manufacture of key parts and components of NEVs fall within the encouraged catalogue, and the 2021 Negative List lifts the limit on foreign ownership of automakers for ICE passenger vehicles. However, the 2021 Negative List provides that foreign investors shall hold no more than 50% of the equity interest in a service provider operating certain value-added telecommunications services (other than for e-commerce, domestic multi-parties communications, storage and forwarding categories, call centers), and foreign investors are prohibited to invest in certain services related to autonomous driving.

The establishment, operation and management of corporate entities in the PRC is governed by the *PRC Company Law*, which was latest amended on December 29, 2023 and will take effect on July 1, 2024. The *PRC Company Law* governs two types of companies —limited liability companies and joint stock limited companies. The *PRC Company Law* shall also apply to foreign-invested companies. Where laws on foreign investment have other stipulations, such stipulations shall prevail. The primary amendments in the latest amended *PRC Company Law* include revisions aimed at improving the company's establishment and exit system, optimizing the company's organizational structure, detailing exercise of shareholder rights, perfecting the company's capital system and strengthening the responsibilities of controlling shareholders and management personnel, etc. The establishment procedures, approval or record-filing procedures, registered capital requirements, foreign exchange matters, accounting practices, taxation and labor matters of a wholly foreign-owned enterprise are regulated by the *Foreign Investment Law of the PRC*, which took effect on January 1, 2020.

Foreign Investment Law

On March 15, 2019, the National People's Congress of China promulgated the Foreign Investment Law, which took effect on January 1, 2020. The Foreign Investment Law embodies an expected PRC regulatory trend to rationalize its foreign investment regulatory regime in line with prevailing international practice and the legislative efforts to unify the corporate legal requirements for both foreign and domestic invested enterprises in China. The Foreign Investment Law establishes the basic framework for the access to, and the promotion, protection and administration of foreign investments in view of investment protection and fair competition.

According to the Foreign Investment Law, "foreign investment" refers to investment activities directly or indirectly conducted by one or more natural persons, business entities, or otherwise organizations of a foreign country, or collectively the foreign investor, within China, and the investment activities include the following situations: (i) a foreign investor, individually or collectively with other investors, establishes a foreign-invested enterprise within China; (ii) a foreign investor acquires stock shares, equity shares, shares in assets, or other similar rights and interests of an enterprise within China; (iii) a foreign investor, individually or collectively with other investors, invests in a new project within China; and (iv) investments in other means as provided by laws, administrative regulations or the State Council.

According to the Foreign Investment Law, the State Council will publish or approve to publish a catalogue for special administrative measures, or the "negative list." The Foreign Investment Law grants national treatment to foreign invested entities, except for those foreign invested entities that operate in industries deemed to be either "restricted" or "prohibited" in the "negative list." Because the "negative list" has yet been published, it is unclear whether it will differ from the current 2021 Negative List. The Foreign Investment Law provides that foreign invested entities operating in foreign restricted or prohibited industries will require market entry clearance and other approvals from PRC governmental authorities.

Furthermore, the Foreign Investment Law provides that foreign invested enterprises established before the implementation of the Foreign Investment Law may maintain their structure and corporate governance within five years after the implementation of the Foreign Investment Law.

In addition, the Foreign Investment Law also provides several protective rules and principles for foreign investors and their investments in the PRC, including, among others, that local governments shall abide by their commitments to the foreign investors; foreign-invested enterprises are allowed to issue stocks and corporate bonds; except for special circumstances, in which case statutory procedures shall be followed and fair and reasonable compensation shall be made in a timely manner, expropriation or requisition of the investment of foreign investors is prohibited; mandatory technology transfer is prohibited; and the capital contributions, profits, capital gains, proceeds out of asset disposal, licensing fees of intellectual property rights, indemnity or compensation legally obtained, or proceeds received upon settlement by foreign investors within China, may be freely remitted inward and outward in RMB or a foreign currency. Also, foreign investors or the foreign investment enterprise should be imposed legal liabilities for failing to report investment information in accordance with the requirements.

On December 26, 2019, the State Council promulgated the *Implementation Regulations on the Foreign Investment Law of the PRC*, effective on January 1, 2020, which further requires that foreign-invested enterprises and domestic enterprises shall be treated equally with respect to policy making and implementation. Pursuant to the Implementation Regulations on the Foreign Investment Law, if the existing foreign-invested enterprises fail to change their original forms as of January 1, 2025, the market regulation departments will not process other registration matters for the enterprises, and may disclose their information to the public.

On December 30, 2019, the Ministry of Commerce and the State Administration for Market Regulation jointly issued the *Measures for Reporting of Foreign Investment Information*, which took effect on January 1, 2020. Since January 1, 2020, for foreign investors carrying out investment activities directly or indirectly in the PRC, foreign investors or foreign-invested enterprises shall submit investment information through the enterprise registration system and the national enterprise credit information publicity system operated by the State Administration for Market Regulation. Foreign investors or foreign-invested enterprises shall disclose their investment information by submitting reports for their establishments, modifications and cancellations and their annual reports in accordance with these measures. If a foreign-invested enterprise investing in the PRC has finished submitting its reports for its establishment, modifications and cancellation and its annual reports, the information will be shared by the competent market regulation department to the competent commercial department, and such foreign-invested enterprise is not required to submit the reports to the two departments separately.

Regulations on Foreign Exchange

General Principles of Foreign Exchange

Under the *Regulations on the Foreign Exchange System of the PRC* promulgated on January 29, 1996 and most recently amended on August 5, 2008 and various regulations issued by the State Administration of Foreign Exchange of the PRC, or the SAFE, and other PRC government authorities, Renminbi is convertible into other currencies for current account items, such as trade-related receipts and payments and payment of interest and dividends. The conversion of Renminbi into other currencies and remittance of the converted foreign currency outside the PRC of capital account items, such as direct equity investments, loans and repatriation of investment, requires the prior approval from the SAFE or its local office.

Payments for transactions that take place within the PRC must be made in Renminbi. Unless otherwise approved, PRC companies may not repatriate foreign currency payments received from abroad or retain the same abroad. Foreign-invested enterprises may retain foreign exchange in accounts with designated foreign exchange banks under the current account items subject to a cap set by the SAFE or its local branch. Foreign exchange proceeds under the current accounts may be either retained or sold to a financial institution engaged in settlement and sale of foreign exchange pursuant to SAFE rules and regulations. For foreign exchange proceeds under the capital accounts, approval from the SAFE is required for the retention or sale of such proceeds to a financial institution engaged in settlement and sale of foreign exchange.

Pursuant to the *Circular of the SAFE on Further Improving and Adjusting Foreign Exchange Administration Policies for Direct Investment*, or the SAFE Circular No. 59, promulgated by SAFE on November 19, 2012, which took effect on December 17, 2012 and latest amended on December 30, 2019, approval of SAFE is not required for opening a foreign exchange account and depositing foreign exchange into the accounts relating to the direct investments. The SAFE Circular No. 59 also simplified foreign exchange-related registration required for the foreign investors to acquire the equity interests of Chinese companies and further improve the administration on foreign exchange settlement for foreign-invested enterprises.

The *Circular on Further Simplifying and Improving the Foreign Currency Management Policy on Direct Investment*, or the SAFE Circular No. 13, effective from June 1, 2015 and latest amended on December 30, 2019, cancels the administrative approvals of foreign exchange registration of direct domestic investment and direct overseas investment and simplifies the procedure of foreign exchange-related registration. Pursuant to SAFE Circular No. 13, the investors shall register with banks for direct domestic investment and direct overseas investment.

The *Circular on Reforming the Management Approach regarding the Settlement of Foreign Capital of Foreign-invested Enterprise*, or the SAFE Circular No. 19, which was promulgated by the SAFE on March 30, 2015 and latest amended on March 23, 2023, provides that a foreign-invested enterprise may, according to its actual business needs, settle with a bank the portion of the foreign exchange capital in its capital account for which the foreign exchange administration has confirmed monetary capital contribution rights and interests (or for which the bank has registered the injection of the monetary capital contribution into the account). Pursuant to SAFE Circular No. 19, for the time being, foreign-invested enterprises are allowed to settle 100% of their foreign exchange capital on a discretionary basis; a foreign-invested enterprise shall truthfully use its capital for its own operational purposes within the scope of business; where an ordinary foreign-invested enterprise makes domestic equity investment with the amount of foreign exchanges settled, the foreign-invested enterprise must first go through domestic reinvestment registration and open a corresponding account for foreign exchange settlement pending payment with the foreign exchange administration or the bank at the place where it is registered.

The *Circular on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts*, or the SAFE Circular No. 16, which was promulgated by the SAFE and took effect on June 9, 2016, and latest amended on December 4, 2023, provides that enterprises registered in the PRC may also convert their foreign debts from foreign currency into Renminbi at their own discretion. SAFE Circular No. 16 also provides an integrated standard for conversion of foreign exchange under capital account items (including, but not limited to, foreign currency capital and foreign debts) on a basis of self-discretion, which applies to all enterprises registered in the PRC.

According to the *PRC Market Entities Registration Administrative Regulations* promulgated by the State Council on July 27, 2021 and effective on March 1, 2022, and other laws and regulations governing the foreign-invested enterprises and company registrations, the establishment of a foreign-invested enterprise and any capital increase and other major changes in a foreign-invested enterprise shall be registered with the State Administration for Market Regulation or its local counterparts, and shall be filed via the foreign investment comprehensive administrative system, if such foreign-invested enterprise does not involve special access administrative measures prescribed by the PRC government.

On October 23, 2019, the SAFE issued the *Circular on Further Promoting Cross-border Trade and Investment Facilitation*. This circular allows the foreign-invested enterprises without equity investment as in their approved business scope to use their capital obtained from foreign exchange settlement to make domestic equity investment if the investments are real and in compliance with the foreign investment-related laws and regulations. In addition, this circular stipulates that qualified enterprises in certain pilot areas may use their capital income from registered capital, foreign debt and overseas listing, for the purpose of domestic payments without providing authenticity certifications to the banks in advance for those domestic payments. Payments for transactions that take place within the PRC must be made in RMB. Foreign currency revenues received by PRC companies may be repatriated into the PRC or retained outside of the PRC in accordance with requirements and terms specified by SAFE.

Pursuant to SAFE Circular No. 13 and other laws and regulations relating to foreign exchange, when setting up a new foreign-invested enterprise, the foreign-invested enterprise shall register with the bank located at its registered place after obtaining the business license, and if there is any change in capital or other changes relating to the basic information of the foreign-invested enterprise, including, without limitation, any increase in its registered capital or total investment, the foreign-invested enterprise must register such changes with the bank located at its registered place after obtaining approval from or completing the filing with competent authorities. Pursuant to the foreign exchange laws and regulations, the above-mentioned foreign exchange registration with the banks will typically take less than four weeks upon the acceptance of the registration application.

On December 4, 2023, the SAFE issued the *Circular on Further Deepening the Reform to Facilitate Cross-border Trade and Investment*. This circular relaxes restrictions on the scale of preliminary expenses for overseas direct investment, facilitates the payment and use of funds from equity transfer under domestic reinvestment and funds raised from overseas listing of foreign direct investment, improves the administration of the negative list for the use of revenue under the capital account, and cancels the approval for the opening of foreign debt accounts at different locations.

Based on the foregoing, if we intend to provide funding to our wholly foreign-owned subsidiaries through capital injection at or after their establishment, we must register the establishment of and any follow-on capital increase in our wholly foreign-owned subsidiaries with the State Administration for Market Regulation or its local counterparts, file such via the foreign investment comprehensive administrative system and register such with the local banks for the foreign exchange related matters.

Loans by the Foreign Companies to their PRC Subsidiaries

A loan made by foreign investors as shareholders in a foreign-invested enterprise is considered to be foreign debt in China and is regulated by various laws and regulations, including the *Regulation of the PRC on Foreign Exchange Administration*, the *Interim Provisions on the Management of Foreign Debts*, the *Statistical Monitoring of Foreign Debts Tentative Provisions (Revised in 2020)*, the *Administrative Measures for Registration of Foreign Debts*, and the *Administrative Measures for Examination and Registration of Medium and Long-term Foreign Debts of Enterprises*. Under these rules and regulations, a shareholder loan in the form of foreign debt made to a PRC entity does not require the prior approval of the SAFE. However, such foreign debt must be registered with and recorded by the SAFE or its local branches within fifteen (15) business days after entering into the foreign debt contract. Pursuant to these rules and regulations, the balance of the foreign debts of a foreign-invested enterprise shall not exceed the difference between the total investment and the registered capital of the foreign-invested enterprise, or the Total Investment and Registered Capital Balance.

On January 12, 2017, the People's Bank of China promulgated the Notice of the People's Bank of China on Matters concerning the Macro-Prudential Management of Full-Covered Cross-Border Financing, or the PBOC Notice No. 9. Pursuant to PBOC Notice No. 9, within a transition period of one year from January 12, 2017, the foreign-invested enterprises may adopt the currently valid foreign debt management mechanism, or the mechanism as provided in PBOC Notice No. 9, at their own discretions. PBOC Notice No. 9 provides that enterprises may conduct independent cross-border financing in RMB or foreign currencies as required. Pursuant to PBOC Notice No. 9, the outstanding cross-border financing of an enterprise (the outstanding balance drawn, here and below) shall be calculated using a risk-weighted approach, and shall not exceed certain specified upper limits. PBOC Notice No. 9 further provides that the upper limit of risk-weighted outstanding cross-border financing for enterprises shall be equal to 200% of its net assets multiplied by macro-prudential regulation parameter, or the Net Asset Limits. The macro-prudential regulation parameter shall be 1. Enterprises shall file with the SAFE in its capital item information system after entering into the cross-border financing contracts and prior to three business days before drawing any money from the foreign debts. On July 20, 2023, the People's Bank of China and the SAFE raised the macro-prudential regulation parameter for cross-border financing of enterprises and financial institutions from 1.25 to 1.5.

Based on the foregoing, if we provide funding to our wholly foreign-owned subsidiaries through shareholder loans, the balance of such loans shall not exceed the Total Investment and Registered Capital Balance and we will need to register such loans with the SAFE or its local branches in the event that the currently valid foreign debt management mechanism applies, or the balance of such loans shall be subject to the risk-weighted approach and the Net Asset Limits and we will need to file the loans with the SAFE in its information system in the event that the mechanism as provided in PBOC Notice No. 9 applies. According to PBOC Notice No. 9, after a transition period of one year from January 12, 2017, the People's Bank of China and the SAFE will determine the cross-border financing administration mechanism for the foreign-invested enterprises after evaluating the overall implementation of PBOC Notice No. 9. As of the date of this annual report, neither the People's Bank of China nor the SAFE has promulgated and made public any further rules, regulations, notices or circulars in this regard. It is uncertain which mechanism will be adopted by the People's Bank of China and the SAFE in the future and what statutory limits will be imposed on us when providing loans to our PRC subsidiaries.

Offshore Investment

Under the Circular of the State Administration of Foreign Exchange on Issues Concerning the Foreign Exchange Administration over the Overseas Investment and Financing and Round-trip Investment by Domestic Residents via Special Purpose Vehicles, or the SAFE Circular 37, issued by the SAFE and effective on July 4, 2014, PRC residents are required to register with the local SAFE branch prior to the establishment or control of an offshore special purpose vehicle, which is defined as an offshore enterprise directly established or indirectly controlled by PRC residents for investment and financing purposes, with the enterprise assets or interests PRC residents hold in China or overseas. The term "control" means to obtain the operation rights, right to proceeds or decision-making power of an SPY through acquisition, trust, holding shares on behalf of others, voting rights, repurchase, convertible bonds or other means. An amendment to registration or subsequent filing with the local SAFE branch by such PRC resident is also required if there is any change in basic information of the offshore company or any material change with respect to the capital of the offshore company. At the same time, the SAFE has issued the Operation Guidance for the Issues Concerning Foreign Exchange Administration over Round-trip Investment regarding the procedures for SAFE registration under SAFE Circular 37, which took effect on July 4, 2014 as an attachment of SAFE Circular 37.

Under these rules, failure to comply with the registration procedures set forth in the SAFE Circular 37 may result in bans on the foreign exchange activities of the onshore company, including the payment of dividends and other distributions to its offshore parent or affiliates, and may also subject PRC residents to penalties under PRC foreign exchange administration regulations.

Regulations on Dividend Distribution

Wholly foreign-owned enterprises and Sino-foreign equity joint ventures in the PRC may pay dividends only out of their accumulated profits, if any, as determined in accordance with PRC accounting standards and regulations. Additionally, these foreign-invested enterprises may not pay dividends unless they set aside at least 10% of their respective accumulated profits after tax each year, if any, to fund certain reserve funds, until such time as the accumulative amount of such fund reaches 50% of the enterprise's registered capital. In addition, these companies also may allocate a portion of their after-tax profits based on PRC accounting standards to employee welfare and bonus funds at their discretion. These reserves are not distributable as cash dividends.

Regulations governing abovementioned dividend distribution arrangements have been replaced by the Foreign Investment Law and its implantation rules, which do not provide specific dividend distribution rules for foreign invested enterprises. The Foreign Investment Law and its implementation rules also provide that after the conversion from a wholly foreign-owned enterprise or sino-foreign equity joint venture to a foreign invested enterprise under the Foreign Investment Law, distribution method of gains agreed in the joint venture agreements may continue to apply.

Regulations on Taxation

Enterprise Income Tax

On March 16, 2007, the Standing Committee of the National People's Congress of China promulgated the *PRC Enterprise Income Tax Law* which was amended on February 24, 2017 and December 29, 2018 and on December 6, 2007, the State Council enacted the *Regulations for the Implementation of the Enterprise Income Tax Law* which took effect on January 1, 2008 and was amended on April 23, 2019. Under the Enterprise Income Tax Law, both resident enterprises and non-resident enterprises are subject to tax in the PRC. Resident enterprises are defined as enterprises that are established in China in accordance with PRC laws, or that are established in accordance with the laws of foreign countries but are actually or in effect controlled from within the PRC. Non-resident enterprises are defined as enterprises that are organized under the laws of foreign countries and whose actual management is conducted outside the PRC, but have established institutions or premises in the PRC, or have no such established institutions or premises but have income generated from inside the PRC. Under the Enterprise Income Tax Law and implementation regulations, a uniform corporate income tax rate of 25% is applied. However, if non-resident enterprises have not formed permanent establishments or premises in the PRC, or if they have formed permanent establishment or premises in the PRC but there is no actual relationship between the income derived in the PRC and the established institutions or premises set up by them, enterprise income tax is set at the rate of 10% with respect to their income sourced from inside the PRC.

In addition, an enterprise certified as a high and new technology enterprise enjoys a reduced enterprise income tax rate of 15%. According to the *Administrative Measures for the Certification of High-Tech Enterprises* amended in January 2016, the provincial counterparts of the Ministry of Science and Technology, the Ministry of Finance and the State Taxation Administration jointly determine whether an enterprise is a High-Tech Enterprise considering the ownership of core technology, whether the main technologies underlying the key products or services fall within the officially supported high-tech fields, the proportion of research and development personnel of the total staff, the proportion of research and development expenditure of total revenue, the proportion of high-tech products or services of total revenue, and other factors prescribed.

Value-added Tax

The *Provisional Regulations of the PRC on Value-added Tax* were promulgated by the State Council on December 13, 1993, took effect on January 1, 1994 and were subsequently amended from time to time; and the *Detailed Rules for the Implementation of the Provisional Regulations of the PRC on Value-added Tax (Revised in 2011)* were promulgated by the Ministry of Finance on December 25, 1993 and subsequently amended on December 15, 2008 and October 28, 2011, or collectively the VAT Law. On November 19, 2017, the State Council promulgated the *Decisions on Abolishing the Provisional Regulations of the PRC on Business Tax and Amending the Provisional Regulations of the PRC on Value-added Tax*. On March 20, 2019, the Ministry of Finance, the State Taxation Administration and the General Administration of Customs jointly issued the *Announcement on Relevant Policies on Deepen the Reform of Value-added Tax*. According to the VAT Law and the *Decisions on Abolishing the Provisional Regulations of the PRC on Business Tax and Amending the Provisional Regulations of the PRC on Value-added Tax*, all enterprises and individuals engaged in the sale of goods, the provision of processing, repair and replacement services, sales of services, intangible assets, real property and the importation of goods within the territory of the PRC are the taxpayers of value-added tax. According to the *Announcement on Relevant Policies on Deepen the Reform of Value-added Tax*, the value-added tax rates generally applicable are simplified as 13%, 9%, 6% and 0%, which took effect on April 1, 2019, and the value-added tax rate applicable to the small-scale taxpayers is 3%.

Dividend Withholding Tax

The Enterprise Income Tax Law provides that since January 1, 2008, an income tax rate of 10% will normally be applicable to dividends declared to non-PRC resident investors that do not have an establishment or place of business in the PRC, or that have such establishment or place of business but the income is not effectively connected with the establishment or place of business, to the extent such dividends are derived from sources within the PRC.

Pursuant to the Arrangement Between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and Capital, and other applicable PRC laws, if a Hong Kong resident enterprise is determined by the competent PRC tax authority to have satisfied the conditions and requirements under such arrangement and other applicable laws, the 10% withholding tax on the dividends the Hong Kong resident enterprise receives from a PRC resident enterprise may be reduced to 5%. However, based on the Circular on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties, or Circular 81, issued on February 20, 2009 by the State Taxation Administration, if the PRC tax authorities determine, in their discretions, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment. According to the Circular on Several Questions regarding the "Beneficial Owner" in Tax Treaties, which was issued on February 3, 2018 by the State Taxation Administration and took effect on April 1, 2018, when determining the applicant's status as the "beneficial owner" regarding tax treatments in connection with dividends, interests or royalties in the tax treaties, several factors, including, without limitation, whether the applicant is obligated to pay more than 50% of his or her income in twelve months to residents in third country or region, whether the business operated by the applicant constitutes the actual business activities, and whether the counterparty country or region to the tax treaties does not levy any tax or grant any tax exemption on incomes or levy tax at an extremely low rate, will be taken into account, and such factors will be analyzed according to the actual circumstances of the specific cases. This circular further provides that an applicant who intends to prove his or her status as the "beneficial owner" shall submit the documents to the tax bureau according to the Announcement on Issuing the Measures for the Administration of Non-Resident Taxpayers' Enjoyment of the Treatment under Agreements.

Tax on Indirect Transfer

On February 3, 2015, the State Taxation Administration issued the *Circular on Issues of Enterprise Income Tax on Indirect Transfers of Assets by Non-PRC Resident Enterprises*, or the Circular 7, which was latest amended on December 29, 2017. Pursuant to Circular 7, an "indirect transfer" of assets, including equity interests in a PRC resident enterprise, by non-PRC resident enterprises, may be recharacterized and treated as a direct transfer of PRC taxable assets, if such arrangement does not have a reasonable commercial purpose and was established for the purpose of avoiding payment of PRC enterprise income tax. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax. When determining whether there is a "reasonable commercial purpose" of the transaction arrangement, features to be taken into consideration include, inter alia, whether the main value of the equity interest of the offshore enterprise derives directly or indirectly from PRC taxable assets; whether the assets of the offshore enterprise mainly consists of direct or indirect investment in China or if its income is mainly derived from China; and whether the offshore enterprise and its subsidiaries directly or indirectly holding PRC taxable assets have a real commercial nature which is evidenced by their actual function and risk exposure. According to Circular 7, where the payer fails to withhold any or sufficient tax, the transferor shall declare and pay such tax to the tax authority by itself within the statutory time limit. Circular 7 does not apply to transactions of sale of shares by investors through a public stock exchange where such shares were acquired on a public stock exchange. On October 17, 2017, the State Taxation Administration issued the *Circular on Issues of Tax Withholding regarding Non-PRC Resident Enterprise Income Tax*, or the Circular 37, which was amended by the *Announcement of the State Taxation Administration on Revising Certain Taxation Normative Documents* issued on June 15, 2018 by the State Taxation Administration. The Circular 37 further elaborates the implemental rules regarding the calculation, reporting and payment obligations of the withholding tax by the non-resident enterprises. Nonetheless, there remain uncertainties as to the interpretation and application of Circular 7. Circular 7 may be determined by the tax authorities to be applicable to our offshore transactions or sale of our shares or those of our offshore subsidiaries where nonresident enterprises, being the transferors, were involved.

Regulations on Employment and Social Welfare

Labor Contract Law

The *Labor Contract Law of the PRC* which was promulgated on June 29, 2007 and amended on December 28, 2012, is primarily aimed at regulating rights and obligations of employer and employee relationships, including the establishment, performance and termination of labor contracts. Pursuant to the Labor Contract Law, labor contracts shall be concluded in writing if labor relationships are to be or have been established between employers and employees. Employers are prohibited from forcing employees to work above certain time limits and employers shall pay employees for overtime work in accordance with national regulations. In addition, employee wages shall be no lower than local standards on minimum wages and must be paid to employees in a timely manner.

Interim Provisions on Labor Dispatch

Pursuant to the *Interim Provisions on Labor Dispatch* promulgated by the Ministry of Human Resources and Social Security on January 24, 2014, which took effect on March 1, 2014, dispatched workers are entitled to equal pay with full-time employees for equal work. Employers are allowed to use dispatched workers for temporary, auxiliary or substitutive positions, and the number of dispatched workers may not exceed 10% of the total number of employees. Pursuant to the Labor Contract Law, if the employer violates the labor dispatch regulations, the labor administrative department shall order it to make corrections within a prescribed time limit; if it fails to make corrections within the time limit, a fine of more than RMB5,000 but less than RMB10,000 per person will be imposed on the employer.

Social Insurance and Housing Fund

As required under the Regulation of Insurance for Labor Injury implemented on January 1, 2004 and amended in 2010, the Provisional Measures for Maternity Insurance of Employees of Corporations implemented on January 1, 1995, the Decisions on the Establishment of a Unified Program for Old-Aged Pension Insurance of the State Council issued on July 16, 1997, the Decisions on the Establishment of the Medical Insurance Program for Urban Workers of the State Council promulgated on December 14, 1998, the Unemployment Insurance Measures promulgated on January 22, 1999 and the Social Insurance Law of the PRC implemented on July 1, 2011 and amended on December 29, 2018, employers are required to provide their employees in the PRC with welfare benefits covering pension insurance, unemployment insurance, maternity insurance, work-related injury insurance and medical insurance. These payments are made to local administrative authorities. Any employer that fails to make social insurance contributions may be ordered to rectify the non-compliance and pay the required contributions within a prescribed time limit and be subject to a late fee. If the employer still fails to rectify the failure to make the contributions within the prescribed time, it may be subject to a fine ranging from one to three times the amount overdue.

In accordance with the *Regulations on the Administration of Housing Funds* which was promulgated by the State Council in 1999 and latest amended in March 2019, employers must register at the designated administrative centers and open bank accounts for depositing employees' housing funds. Employer and employee are also required to pay and deposit housing funds, with an amount no less than 5% of the monthly average salary of the employee in the preceding year in full and on time. See "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Increases in labor costs and enforcement of stricter labor laws and regulations in the PRC may adversely affect our business and our profitability."

Employee Stock Incentive Plan

Pursuant to the Notice of Issues Related to the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Listed Company, which was issued by the SAFE on February 15, 2012, employees, directors, supervisors, and other senior management who participate in any stock incentive plan of a publicly-listed overseas company and who are PRC citizens or non-PRC citizens residing in China for a continuous period of no less than one year, subject to a few exceptions, are required to register with the SAFE through a qualified domestic agent, which may be a PRC subsidiary of such overseas listed company, and complete certain other procedures.

In addition, the State Taxation Administration has issued certain circulars concerning employee stock options and restricted shares. Under these circulars, employees working in the PRC who exercise stock options or are granted restricted shares will be subject to PRC individual income tax. The PRC subsidiaries of an overseas listed company are required to file documents related to employee stock options and restricted shares with tax authorities and to withhold individual income taxes of employees who exercise their stock options or purchase restricted shares. If the employees fail to pay or the PRC subsidiaries fail to withhold income tax in accordance with laws and regulations, the PRC subsidiaries may face sanctions imposed by the tax authorities or other PRC governmental authorities.

M&A Rules and Overseas Listing

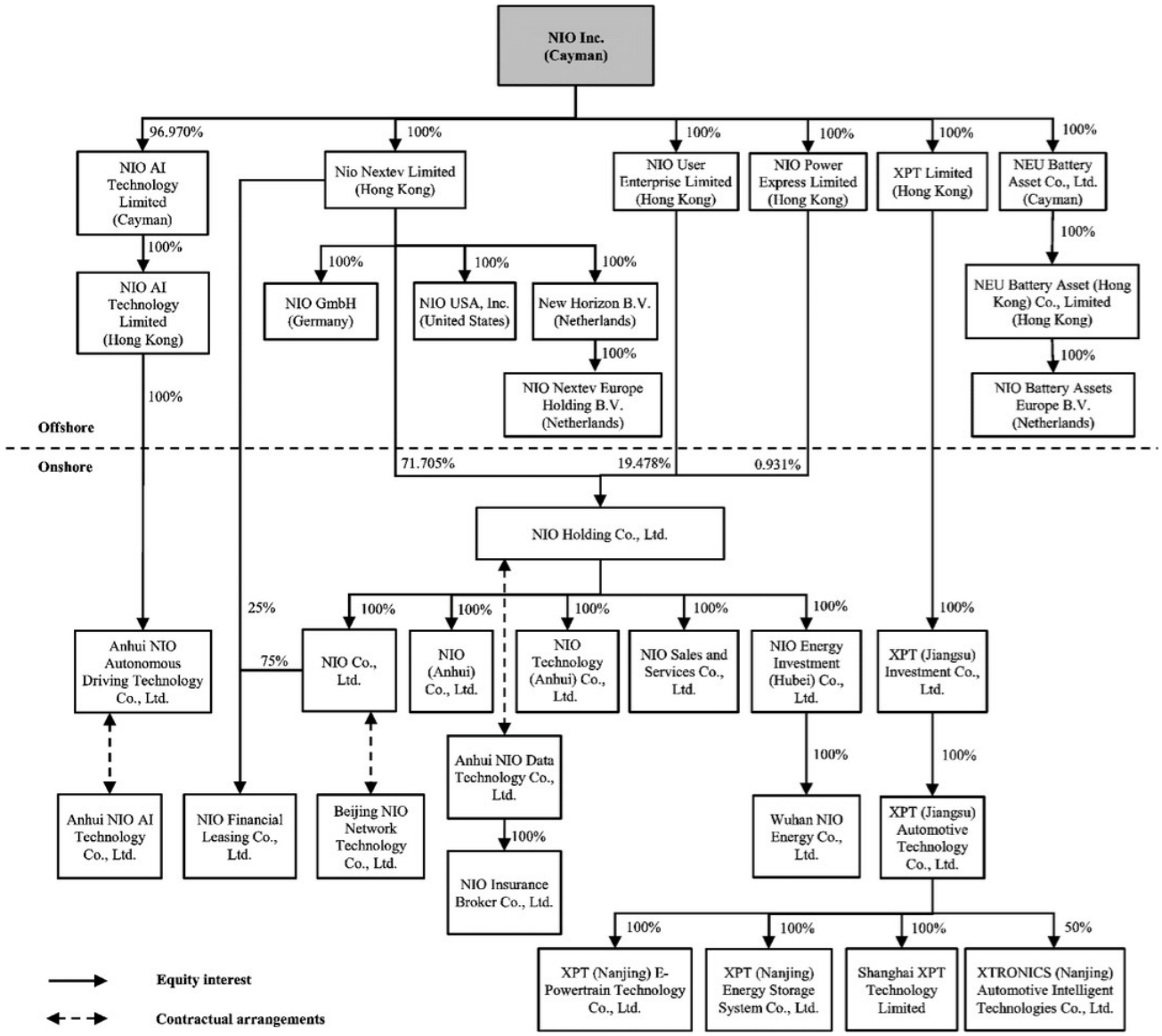
On August 8, 2006, six PRC governmental and regulatory agencies, including the Ministry of Commerce and the CSRC, promulgated the *Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors*, governing the mergers and acquisitions of domestic enterprises by foreign investors that took effect on September 8, 2006 and was revised on June 22, 2009. These rules, among other things, require that if an overseas company established or controlled by PRC companies or individuals, intends to acquire equity interests or assets of any other PRC domestic company affiliated with the PRC companies or individuals, such acquisition must be submitted to the Ministry of Commerce for approval. These rules also require that an offshore special vehicle, or a special purpose vehicle formed for overseas listing purposes and controlled directly or indirectly by the PRC companies or individuals, shall obtain the approval of the CSRC prior to overseas listing and trading of such special purpose vehicle's securities on an overseas stock exchange.

On February 17, 2023, the CSRC released the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies and five supporting guidelines, which took effect on March 31, 2023. According to these rules, the issuer or a major domestic operating company designated by the issuer, as the case may be, shall file with the CSRC, among other things, (i) with respect to its follow-on offering in the same foreign market within three business days after completion of the follow-on offering, and (ii) with respect to its follow-on offering and listing in other foreign markets within three business days, after its initial filing of the listing application to the regulator in the place of such intended listing. Non-compliance with these rules or an overseas listing completed in breach of these rules may result in a warning on the domestic companies and a fine of RMB1 million to RMB10 million on them. Furthermore, the supervisors directly responsible and other directly responsible persons of the domestic enterprises may be warned, and fined between RMB500,000 to RMB5,000,000. The controlling shareholders or actual controllers of the domestic company organize or instigate the illegal acts, or conceals matters resulting in the illegal acts, may be fined between RMB1 million to RMB10 million. On February 17, 2023, the CSRC issued the *Notice on Administrative Arrangements for the Filing of Domestic Enterprise's Overseas Offering and Listing*, which stipulates the domestic enterprises have completed overseas listings are not required to file with CSRC in accordance with these rules immediately, but shall carry out filing procedures as required if they conduct refinancing or fall within other circumstances that require filing with the CSRC.

On February 24, 2023, the CSRC and several other administrations jointly released the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies, which took effect on March 31, 2023. These rules apply to both overseas direct offerings and overseas indirect offerings. These rules provide that, among other things, (i) in relation to the overseas listing activities of domestic enterprises, the domestic enterprises are required to strictly comply with the requirements on confidentiality and archives management, establish a sound confidentiality and archives system, and take necessary measures to implement their confidentiality and archives management responsibilities; (ii) during the course of an overseas offering and listing, if a domestic enterprise needs to publicly disclose or provide to securities companies, accounting firms or other securities service providers and overseas regulators, any materials that contain state secrets or that have a sensitive impact (i.e., be detrimental to national security or the public interest if divulged), the domestic enterprise should complete the approval/filing and other regulatory procedures; and (iii) working papers produced in the PRC by securities companies and securities service institutions, which provide domestic enterprises with securities services during their overseas issuance and listing, should be stored in the PRC, and the transmission of all such working papers to recipients outside of the PRC is required to be approved by competent authorities of the PRC.

C. Organizational Structure

The following diagram illustrates our corporate structure, including our principal subsidiaries and the VIEs, as of the date of this annual report:



Contractual Agreements with the VIEs and Their Shareholders

In April 2018, we entered into a series of contractual arrangements through one of our PRC subsidiaries with Beijing NIO and its shareholders, which was then replaced by a new set of contractual arrangements we entered into with the same parties in April 2021. Further, on November 30, 2022 and December 12, 2022, we entered into a series of contractual agreements through our respective PRC subsidiaries with each of Anhui NIO AT and Anhui NIO DT, respectively, and their respective shareholders.

The following is a summary of the contractual agreements by and among Shanghai NIO, Beijing NIO and the shareholders of Beijing NIO. The terms of the contractual agreements with the same title between (i) Anhui NIO AD, Anhui NIO AT and the shareholders of Anhui NIO AT, and (ii) NIO China, Anhui NIO DT and the shareholders of Anhui NIO DT are substantially the same as those described below, except for, among other things, the amount of the loans to the shareholders of each VIE and the amount of service fees to be paid. We believe that the shareholders of all the VIEs will not receive any personal benefits from these agreements except as shareholders of our company.

Exclusive Business Cooperation Agreement between Shanghai NIO and Beijing NIO

Under the exclusive business cooperation agreement dated April 12, 2021, between Shanghai NIO and Beijing NIO, pursuant to which, in exchange for a monthly service fee, Beijing NIO agreed to engage the Shanghai NIO as its exclusive provider of technical support, consultation and other services.

Under the agreement, the service fee shall consist of 100% of the total consolidated profit of Beijing NIO, after the deduction of any accumulated deficit of Beijing NIO in respect of the preceding financial year(s), operating costs, expenses, taxes and other statutory contributions. Notwithstanding the foregoing, Shanghai NIO may adjust the scope and amount of services fees according to mainland China tax law and tax practices, and Beijing NIO will accept such adjustments. Shanghai NIO shall calculate the service fee on a monthly basis and issue a corresponding invoice to Beijing NIO. Notwithstanding the payment arrangements in the agreement, Shanghai NIO may adjust the payment time and payment method, and Beijing NIO will accept any such adjustment.

In addition, absent the prior written consent of Shanghai NIO, during the term of the agreement, with respect to the services subject to the agreement and other matters, Beijing NIO shall not directly or indirectly accept the same or any similar services provided by any third party and shall not establish cooperation relationships similar to that formed by the agreement with any third party. Shanghai NIO may appoint other parties, who may enter into certain agreements with Beijing NIO, to provide Beijing NIO with the services under the agreement.

The agreement also provides that Shanghai NIO has the exclusive proprietary rights to and interests in any and all intellectual property rights developed or created by Beijing NIO during the performance of the agreement.

The agreement shall remain effective unless terminated (a) in accordance with the provisions of the agreement; (b) in writing by the Shanghai NIO; or (c) renewal of the expired business period of either Shanghai NIO or Beijing NIO is denied by government authorities, at which time the agreement will terminate upon termination of that business period.

Exclusive Option Agreements between Shanghai NIO, Registered Shareholders and Beijing NIO

The exclusive option agreement, dated April 12, 2021, was executed among Shanghai NIO, Beijing NIO and the shareholders of Beijing NIO, namely Mr. Bin Li and Mr. Lihong Qin. We refer to Mr. Li and Mr. Qin as the Registered Shareholders. Under the exclusive option agreement, Shanghai NIO has the rights to require the Registered Shareholders to transfer any or all their equity interests in Beijing NIO to Shanghai NIO and/or a third party designated by it, in whole or in part at any time and from time to time, for considerations equivalent to the respectively outstanding loans owed to the Registered Shareholders (or part of the loan amounts in proportion to the equity interests being transferred) or, if applicable, for a nominal price, unless the government authorities or the mainland China laws request that another amount be used as the purchase price, in which case the purchase price shall be the lowest amount under such request.

Beijing NIO and the Registered Shareholders, and Registered Shareholders, separately, have made a series covenants and undertakings to ensure that Shanghai NIO retains control over all material respects of the operation and governance of Beijing NIO.

The Registered Shareholders have also undertaken that, subject to the laws and regulations, they will return to Shanghai NIO any consideration they receive in the event that Shanghai NIO exercise the options under the exclusive option agreement to acquire the equity interests in Beijing NIO.

The exclusive option agreement shall remain effective unless terminated in the event that the entire equity interests held by the Registered Shareholders in Beijing NIO have been transferred to Shanghai NIO or its appointee(s).

Equity Pledge Agreements between Shanghai NIO, Registered Shareholders and Beijing NIO

Under the equity pledge agreement dated April 12, 2021, entered into between Shanghai NIO, the Registered Shareholders and Beijing NIO, the Registered Shareholders agreed to pledge all their respective equity interests in Beijing NIO that they own, including any interest or dividend paid for the shares, to Shanghai NIO as a security interest to guarantee the performance of contractual obligations and the payment of outstanding debts.

The pledge in respect of Beijing NIO takes effect upon the completion of registration with the administration for industry and commerce and shall remain valid until after all the contractual obligations of the Registered Shareholders and Beijing NIO under the contractual arrangements have been fully performed and all the outstanding debts of the Registered Shareholders and Beijing NIO under the contractual arrangements have been fully paid.

Upon the occurrence and during the continuance of an event of default (as defined in the equity pledge agreements), Shanghai NIO shall have the right to require Beijing NIO's shareholders (i.e., the Registered Shareholders) to immediately pay any amount payable by Beijing NIO under the Exclusive Business Cooperation Agreement, repay any loans and pay any other due payments, and Shanghai NIO shall have the right to exercise all such rights as a secured party under any applicable mainland China law and the equity pledge agreements, including without limitations, being paid in priority with the equity interests based on the monetary valuation that such equity interests are converted into or from the proceeds from auction or sale of the equity interest upon written notice to the Registered Shareholders.

The registration of the equity pledge agreement as required by the laws and regulations has been completed in accordance with the terms of the equity pledge agreements and the PRC laws and regulations.

Power of Attorney by Registered Shareholders

The Registered Shareholders have executed powers of attorney dated April 12, 2021. Under the powers of attorney, the Registered Shareholders irrevocably appointed Shanghai NIO and their designated persons (including but not limited to directors and their successors and liquidators replacing the directors but excluding those non-independent or who may give rise to conflict of interests) as their attorneys-in-fact to exercise on their behalf, and agreed and undertook not to exercise without such attorneys-in-fact's prior written consent, any and all right that they have in respect of their equity interests in Beijing NIO, including without limitation:

(i) to convene and attend shareholders' meetings of Beijing NIO;

(ii) to file documents with the companies registry;

(iii) to exercise all shareholder's rights and shareholder's voting rights in accordance with law and the constitutional documents of Beijing NIO, including but not limited to the sale, transfer, pledge or disposal of any or all of the equity interests in Beijing NIO;

(iv) to execute any and all written resolutions and meeting minutes and to approve the amendments to the articles of associations in the name and on behalf of such shareholder; and

(v) to nominate, appoint or remove the legal representatives, directors, supervisors, general manager and other senior management of Beijing NIO.

Further, the powers of attorney shall remain effective for so long as each shareholder holds an equity interest in Beijing NIO.

Loan Agreements between Shanghai NIO and Registered Shareholders

Shanghai NIO and the Registered Shareholders entered into a loan agreement dated April 12, 2021, pursuant to which Shanghai NIO agreed to provide loans to the Registered Shareholders, to be used exclusively as investment in Beijing NIO. The loans must not be used for any other purposes without the lender's prior written consent.

The term of each loan commences from the date of the agreement and ends on the date the lender exercises its exclusive call option under the Exclusive Option Agreement, or when certain defined termination events occur, such as if the lender sends a written notice demanding repayment to the borrower, or upon the default of the borrower, whichever is earlier.

After the lender exercises his exclusive call option, the borrower may repay the loan by transferring all of its equity interest in Beijing NIO to the lender, or a person or entity nominated by the lender, and use the proceeds of such transfer as repayment of the loan. If the proceeds of such transfer are equal to or less than the principal of the loan under the Loan Agreement, the loan is considered interest-free. If the proceeds of such transfer are higher than the principal of the loan under the Loan Agreement, any surplus is considered interest for the loan under the Loan Agreement.

In the opinion of Han Kun Law Offices, our PRC legal counsel:

(i) each of the agreements comprising the contractual arrangements is legal, valid and binding on the parties thereto, enforceable under applicable PRC laws and regulations, except that (a) the contractual arrangements provide that the arbitral body may award remedies over the shares and/or assets or award injunctive relief and/or order the winding up of Beijing NIO, and that courts of competent jurisdictions are empowered to grant interim remedies in support of the arbitration pending the formation of an arbitral tribunal or in appropriate cases, while under PRC laws and regulations, an arbitral body has no power to grant injunctive relief or to order an entity to wind up, and the aforesaid interim remedies granted by competent courts may not be recognizable or enforceable in the PRC; and (b) the contractual arrangements provide that the Registered Shareholders undertake to appoint committees designated by Shanghai NIO as the liquidation committee upon the winding up of Beijing NIO to manage its assets; however, in the event of a mandatory liquidation required by PRC laws and regulations, these provisions may not be enforceable;

(ii) each of the agreements comprising the contractual arrangements does not violate the provisions of the articles of associations of Shanghai NIO and Beijing NIO, respectively; and

(iii) no approval or authorization from the PRC governmental authorities are required for entering into and the performance of the contractual arrangements except that (a) the pledge of any equity interest in Beijing NIO for the benefit of Shanghai NIO is subject to registration requirements with the governmental authority which has been duly completed; (b) the exercise of any exclusive option rights by Shanghai NIO under the exclusive option agreements may subject to the approval, filing or registration requirements with the authorities under the then prevailing PRC laws and regulations; and (c) the arbitration awards/interim remedies provided under the dispute resolution provision of the contractual arrangements shall be recognized by competent courts before compulsory enforcement.

For a description of the risks related to our corporate structure, please see "Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure."

D. Property, Plants and Equipment

Currently, we own land use rights with respect to a parcel of land in Nanjing of approximately 355,297 square meters and the ownership with respect to the plant thereon for a term ending on March 10, 2063, which are used for the manufacture of our electric powertrains. As of December 31, 2023, we also leased a number of our facilities in various cities in China, mainly facilities we use for user centers, warehouses, power management centers and sales, marketing and customer service, with an aggregated floor area of approximately 3,106,040 square meters. As of December 31, 2023, we leased property in North America for our North American headquarters and global software development center and our marketing, light assembly, research and development center with an aggregate floor area of 201,900 square feet; we leased properties in Europe for management, engineering and storage, design headquarters, and sales and marketing with an aggregate floor area of approximately 304,734 square meters.

ITEM 4A. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion of our financial condition and results of operations is based upon and should be read in conjunction with our consolidated financial statements and their related notes included elsewhere in this annual report. This annual report contains forward-looking statements. See "Forward-Looking Information." In evaluating our business, you should carefully consider the information provided under the caption "Item 3. Key Information—D. Risk Factors" in this annual report. We caution you that our businesses and financial performance are subject to substantial risks and uncertainties.

A. Operating Results

Overview

We are a pioneer and a leading company in the premium smart electric vehicle market. We design, develop, manufacture, and sell premium smart electric vehicles, driving innovations in next-generation technologies in assisted and intelligent driving, digital technologies, electric powertrains and batteries. We differentiate ourselves through our continuous technological breakthroughs and innovations, such as our industry-leading battery swapping technologies, Battery as a Service, or BaaS, as well as our proprietary NIO assisted and intelligent driving and its subscription services.

Our product portfolio currently consists of the ES8, a six-seater smart electric flagship SUV, the ES7 (or the EL7), a mid-large five-seater smart electric SUV, the ES6 (or the EL6), a five-seater all-round smart electric SUV, the EC7, a five-seater smart electric flagship coupe SUV, the EC6, a five-seater smart electric coupe SUV, the ET9, a smart electric executive flagship, the ET7, a smart electric flagship sedan, the ET5, a mid-size smart electric sedan, and the ET5T, a smart electric tourer. In 2023, we delivered 160,038 vehicles, including 92,186 premium smart electric SUVs and 67,852 premium smart electric sedans.

Key Line Items Affecting Our Results of Operations

Revenues

The following table presents our revenue components by amount and as a percentage of the total revenues for the periods indicated.

	Year Ended December 31						
	2021		2022		2023		
	RMB	%	RMB	%	RMB	US$	%
	(in thousands)						
Revenues:							
Vehicle sales	33,169,740	91.8	45,506,581	92.4	49,257,270	6,937,741	88.6
Other sales[(1)]	2,966,683	8.2	3,761,980	7.6	6,360,663	895,881	11.4
Total revenues	**36,136,423**	**100.0**	**49,268,561**	**100.0**	**55,617,933**	**7,833,622**	**100.0**

Note:

(1) Other sales are comprised as below:

	Year Ended December 31						
	2021		2022		2023		
	RMB	%	RMB	%	RMB	US$	%
	(in thousands)						
Other sales							
Parts, accessories and after-sales vehicle services	806,079	2.2	1,228,385	2.5	2,337,490	329,229	4.2
Provision of power solutions	811,809	2.3	1,016,094	2.0	1,666,346	234,700	3.0
Others	1,348,795	3.7	1,517,501	3.1	2,356,827	331,952	4.2
Total	**2,966,683**	**8.2**	**3,761,980**	**7.6**	**6,360,663**	**895,881**	**11.4**

We currently generate revenues from vehicle sales, which represent revenues from sales of new vehicles, and other sales including (a) parts, accessories and after-sales vehicle services, including repair, maintenance, service package, extended warranty services and other vehicle services, (b) provision of power solutions, including sale of charging piles, provision of battery charging and swapping services, battery upgrade services, BaaS battery buy-out services and other power solution services, (c) others, which mainly consist of revenues from sales of used cars, auto financing services, NIO Life merchandise, automotive regulatory credits and other products and services.

Revenue from sales of new vehicles, used vehicles, charging piles, battery upgrade services, automotive regulatory credits and sales of parts, accessories and after-sales vehicle services are recognized when control is transferred. For embedded vehicle connectivity services and battery swapping services offered together with vehicle sales, we recognize revenue over time using a straight-line method (commensurate with the transfer of benefit to the consumer over the period of service). As for the extended warranty, given our limited operating history and lack of historical data, we recognize revenue over time based on a straight-line method initially, and will continue monitoring the cost pattern periodically and adjust the revenue recognition pattern to reflect the actual cost pattern as it becomes available with more data.

Cost of Sales

The following table presents our cost of sales components by amount and as a percentage of our total cost of sales for the period indicated.

	Year Ended December 31						
	2021		2022		2023		
	RMB	%	RMB	%	RMB	US$	%
	(in thousands)						
Cost of Sales:							
Vehicle sales	(26,516,643)	90.5	(39,271,801)	89.0	(44,587,572)	(6,280,028)	84.8
Other sales	(2,798,347)	9.5	(4,852,767)	11.0	(7,978,565)	(1,123,757)	15.2
Total cost of sales	**(29,314,990)**	**100.0**	**(44,124,568)**	**100.0**	**(52,566,137)**	**(7,403,785)**	**100.0**

We incur cost of sales in relation to (i) vehicle sales, including parts, materials, processing fee, labor costs, manufacturing cost (including depreciation of assets associated with the production), losses on production related purchase commitments, warranty expenses, and inventory write-downs, and (ii) other sales, including parts, materials, labor costs, vehicle connectivity cost, and depreciation of assets that are associated with sales of service and others.

Operating Expenses

Research and Development Expenses

Research and development expenses consist primarily of (i) employee compensation, representing salaries, benefits and bonuses as well as share-based compensation expenses for our research and development staff and (ii) design and development expenses, which include, among others, consultation fees, outsourcing fees and expenses of testing materials. Our research and development expenses also include travel expenses, depreciation and amortization of equipment used in relation to our research and development activities, rental and related expenses with respect to laboratories and offices for research and development teams and others, which primarily consists of telecommunication expenses, office fees and freight charges.

Our research and development expenses are mainly driven by the number of our research and development employees, the stage and scale of our vehicle development and development of technology.

Selling, General and Administrative Expenses

Our selling, general and administrative expenses mainly include (i) employee compensation, including salaries, benefits and bonuses as well as share-based compensation expenses with respect to our sales, marketing and general corporate staff, (ii) marketing and promotional expenses, which primarily consist of marketing and advertising costs, (iii) rental and related expenses, which primarily consist of rental for NIO Houses, NIO Spaces and offices, (iv) professional service expenses, which consist of outsourcing fees primarily relating to legal and human resources and IT functions, design fees paid for NIO Houses, NIO Spaces and offices and fees paid to auditors, (v) depreciation and amortization expenses, primarily consisting of depreciation and amortization of leasehold improvements, IT equipment and software, among others, (vi) expenses of low value consumables, primarily consisting of, among others, IT consumables, office supplies, sample fees and IT-system related licenses, (vii) traveling expenses, and (viii) other expenses, which includes telecommunication expenses, utilities and other miscellaneous expenses.

Our selling, general and administrative expenses are significantly affected by the number of our non-research and development employees, marketing and promotion activities and the expansion of our sales and after-sales network, including NIO Houses, NIO Spaces and other leased properties.

Interest and Investment Income

Interest and investment income primarily consists of interest and gain earned on cash deposits, short-term investment and long-term investment.

Gain on Extinguishment of Debt

Gain on extinguishment of debt consists of gain earned from repurchase of convertible notes.

Interest Expense

Interest expense consists of interest expense with respect to our indebtedness.

Share of Income of Equity Investees

Share of income of equity investees primarily consists of our share of the losses, net of shares of gains of our investees in which, as of December 31, 2023, we held 1.0% to 51.0% in related equity interests. Our equity interests are accounted for using the equity method since we exercise significant influence but do not own a majority equity interest in or control those investees. For investees in which we held equity interest less than 20%, we can exercise significant influence over investees through participation and voting right in the board of directors or investment committee. For investee in which we held equity interest of 51.0%, we cannot control the significant financial and operating decisions of this investee at our discretion according to the corporate government documents.

Other Income/(Loss), Net

Other income or losses primarily consist of foreign exchange gains or losses we incur based on movements between the U.S. dollar and the Renminbi. Other income also includes income from reimbursement from depository bank.

Income Tax Expense

Income tax expense primarily consists of current income tax expense, mainly attributable to intra-group income earned by our United States, German, UK, Hong Kong and PRC subsidiaries which are eliminated upon consolidation but were subject to tax in accordance with applicable tax law, and deferred income tax expense, recognized for the tax consequences attributable to differences between carrying amounts of existing assets and liabilities in the financial statements and their respective tax basis, and operating loss carry-forwards.

Taxation

Cayman Islands

We are incorporated in the Cayman Islands. The Cayman Islands currently has no form of income, corporate or capital gains tax. There are no other taxes likely to be material to us levied by the government of the Cayman Islands except for stamp duties which may be applicable on instruments executed in, or, after execution, brought within the jurisdiction of the Cayman Islands.

Hong Kong

Subsidiaries incorporated in Hong Kong are subject to 8.25% profit tax on the first HKD2 million taxable income and 16.5% profit tax on the remaining taxable income generated from operations in Hong Kong. There is no withholding tax in Hong Kong on remittance of dividends.

PRC

Generally, our PRC subsidiaries are subject to enterprise income tax on their taxable income in China at a statutory rate of 25%, except for our certain PRC subsidiaries that are qualified as high and new technology enterprises under the PRC Enterprise Income Tax Law and are eligible for a preferential enterprise income tax rate of 15%. The enterprise income tax is calculated based on the entity's global income as determined under PRC tax laws and accounting standards.

Our products and services are primarily subject to value-added tax at a rate of 13% on the vehicles and charging piles, repair and maintenance services and charging services as well as 6% on services such as research and development services, in each case less any deductible value-added tax we have already paid or born. We are also subject to surcharges on value-added tax payments in accordance with PRC law.

Dividends paid by our PRC subsidiaries in China to our Hong Kong subsidiaries will be subject to a withholding tax rate of 10%, unless the Hong Kong entity satisfies all the requirements under the Arrangement Between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and Capital and receives approval from the tax authority. If our Hong Kong subsidiaries satisfy all the requirements under the tax arrangement and receive approval from the tax authority, then the dividends paid to the Hong Kong subsidiaries would be subject to withholding tax at the standard rate of 5%. Effective from November 1, 2015, the above-mentioned approval requirement has been abolished, but a Hong Kong entity is still required to file application package with the tax authority, and settle the overdue taxes if the preferential 5% tax rate is denied based on the subsequent review of the application package by the tax authority.

If NIO Inc. or any of our subsidiaries outside of China were deemed to be a "resident enterprise" under the PRC Enterprise Income Tax Law, it would be subject to enterprise income tax on its worldwide income at a rate of 25%.

Under the PRC Enterprise Income Tax Law, research and development expenses incurred by an enterprise in the course of carrying out research and development activities that have not formed intangible assets and are included in the profit and loss account for the current year. Besides deducting the actual amount of research and development expenses incurred, an enterprise is allowed an additional 100% deduction of the amount in calculating its taxable income for the relevant year. For research and development expenses that have formed intangible assets, the tax amortization is based on 200% of the costs of the intangible assets.

Recently Issued Accounting Pronouncements

For a summary of recently issued accounting pronouncements, see Note 3 to our consolidated financial statements included elsewhere in this annual report.

Results of Operations

The following table sets forth a summary of our consolidated results of operations for the periods indicated. This information should be read together with our consolidated financial statements and related notes included elsewhere in this annual report. The operating results in any year are not necessarily indicative of the results that may be expected for any future periods.

	Year Ended December 31,			
	2021	2022	2023	
	RMB	RMB	RMB	US$
	(in thousands)			
Revenues:[1]				
Vehicle sales	33,169,740	45,506,581	49,257,270	6,937,741
Other sales[3]	2,966,683	3,761,980	6,360,663	895,881
Total revenues	**36,136,423**	**49,268,561**	**55,617,933**	**7,833,622**
Cost of sales:[2]				
Vehicle sales	(26,516,643)	(39,271,801)	(44,587,572)	(6,280,028)
Other sales	(2,798,347)	(4,852,767)	(7,978,565)	(1,123,757)
Total cost of sales	**(29,314,990)**	**(44,124,568)**	**(52,566,137)**	**(7,403,785)**
Gross profit	6,821,433	5,143,993	3,051,796	429,837
Operating expenses:[2]				
Research and development[2]	(4,591,852)	(10,836,261)	(13,431,399)	(1,891,773)
Selling, general and administrative[2]	(6,878,132)	(10,537,119)	(12,884,556)	(1,814,752)
Other operating income, net	152,248	588,728	608,975	85,772
Total operating expenses	**(11,317,736)**	**(20,784,652)**	**(25,706,980)**	**(3,620,753)**
Loss from operations	**(4,496,303)**	**(15,640,659)**	**(22,655,184)**	**(3,190,916)**
Interest and investment income	911,833	1,358,719	2,210,018	311,275
Interest expenses	(637,410)	(333,216)	(403,530)	(56,836)
Gain on extinguishment of debt	—	138,332	170,193	23,971
Share of income of equity investees	62,510	377,775	64,394	9,070
Other income/(loss), net	184,686	(282,952)	155,191	21,858
Loss before income tax expense	**(3,974,684)**	**(14,382,001)**	**(20,458,918)**	**(2,881,578)**
Income tax expense	(42,265)	(55,103)	(260,835)	(36,738)
Net loss	**(4,016,949)**	**(14,437,104)**	**(20,719,753)**	**(2,918,316)**
Other comprehensive income/(loss)				
Change in unrealized gains/(losses) related to available-for-sale debt securities, net of tax	24,224	746,336	(770,560)	(108,531)
Foreign currency translation adjustment, net of nil tax	(230,345)	717,274	11,514	1,622
Total other comprehensive (loss)/income	**(206,121)**	**1,463,610**	**(759,046)**	**(106,909)**
Total comprehensive loss	**(4,223,070)**	**(12,973,494)**	**(21,478,799)**	**(3,025,225)**
Accretion on redeemable non-controlling interests to redemption value	(6,586,579)	(279,355)	(303,163)	(42,700)
Net loss/(profit) attributable to non-controlling interests	31,219	157,014	(124,051)	(17,472)
Other comprehensive (income)/loss attributable to non-controlling interests	(4,727)	(151,299)	156,026	21,976
Comprehensive loss attributable to ordinary shareholders of NIO Inc.	**(10,783,157)**	**(13,247,134)**	**(21,749,987)**	**(3,063,421)**

Notes:

(1) We currently generate revenues from vehicle sales and other sales.

(2) Share-based compensation expenses were allocated in cost of sales and operating expenses as follows:

Cost of sales	34,009	66,914	83,972	11,827
Research and development expenses	406,940	1,323,370	1,517,206	213,694
Selling, general and administrative expenses	569,191	905,612	767,863	108,151
Total	**1,010,140**	**2,295,896**	**2,369,041**	**333,672**

(3) Other sales mainly consist of revenues from (a) parts, accessories and after-sales vehicle services, including repair, maintenance, service package, extended warranty services and other vehicle services, (b) provision of power solutions, including sale of charging piles, provision of battery charging and swapping services, battery upgrade service, BaaS battery buy-out service and other power solution services, (c) others, which mainly consist of revenues from sales of used cars, auto financing services, NIO Life merchandise, automotive regulatory credits and other products and services.

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

Revenues

Our revenues increased by 12.9% from RMB49,268.6 million in 2022 to RMB55,617.9 million (US$7,833.6 million) in 2023, primarily attributable to (i) an increase of vehicle sales by RMB3,750.7 million, as a result of an increase in vehicle delivery volume by 30.7% mainly due to a more diversified product mix offered to our users, and partially offset by a decrease in the average selling price of our vehicles by 15.7% also mainly due to changes in product mix, (ii) an increase in other revenues by RMB2,655.4 million from sales of parts, accessories and after-sales vehicle services, provision of power solutions and other sales, as a result of continued growth in the number of our users, and partially offset by (iii) the decrease in revenue from sales of automotive regulatory credits by RMB56.7 million mainly due to decreased sales of credits with lower selling prices.

Cost of sales

Our cost of sales increased by 19.1% from RMB44,124.6 million in 2022 to RMB52,566.1 million (US$7,403.8 million) in 2023, primarily attributable to an increase in cost of vehicle sales by RMB5,315.8 million and an increase of cost of provision of power solutions and parts, accessories and after-sales vehicle services by RMB2,124.1 million, which was mainly due to (i) an increase of vehicle delivery volume by 30.7% in 2023, (ii) partially offset by lower material cost per vehicle and the inventory provisions, accelerated depreciation on production facilities, and losses on purchase commitments for the previous generation of ES8, ES6 and EC6 recorded in 2022 (RMB985.4 million in total) and (iii) higher depreciation and operating cost from the expanded investment in our power and service network.

Gross Profit and Gross Margin

Our gross profit decreased by 40.7% from RMB5,144.0 million in 2022 to RMB3,051.8 million (US$429.8 million) in 2023. The decrease of gross profit compared to 2022 was mainly driven by (i) the decrease of profit from vehicle sales with RMB1,565.1 million primarily due to lower average selling price as a result of changes in product mix, (ii) the decrease of profit from provision of power solutions with RMB697.1 million as a result of the expanded power network, (iii) and partially offset by the increase of profit from sales of parts, accessories and after-sales vehicle services with RMB332.9 million.

Gross margin in 2023 was 5.5%, compared with 10.4% in 2022. The decrease of gross margin as compared to 2022 was mainly driven by the decrease of vehicle margin.

Vehicle margin in 2023 was 9.5%, compared with 13.7% in 2022. Vehicle margin is the margin of new vehicle sales, which is calculated based on revenues and cost of sales derived from new vehicle sales only. The decrease of vehicle margin as compared to 2022 was mainly driven by lower average selling price primarily due to changes in product mix.

Other sales margin in 2023 was negative 25.4%, compared with negative 29.0% in 2022, which was mainly driven by the increase of sales of parts, accessories and after-sales vehicle services with high sales margin.

Research and Development Expenses

Research and development expenses increased by 23.9% from RMB10,836.3 million in 2022 to RMB13,431.4 million (US$1,891.8 million) in 2023, primarily due to increased personnel costs in research and development functions of RMB2,313.4 million.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased by 22.3% from RMB10,537.1 million in 2022 to RMB12,884.6 million (US$1,814.8 million) in 2023, primarily due to (i) increased employee compensation expense of RMB1,397.3 million due to an increase in sales and general corporate functions, and (ii) increased marketing and promotional expenses of RMB867.0 million due to the increase in sales and marketing activities.

Loss from Operations

As a result of the foregoing, we incurred a loss from operations of RMB22,655.2 million (US$3,190.9 million) in 2023, representing an increase of 44.8% as compared to a loss of RMB15,640.7 million in 2022.

Interest and investment income

We recorded interest and investment income of RMB2,210.0 million (US$311.3 million) in 2023, representing an increase of 62.7% as compared to RMB1,358.7 million in 2022, primarily due to the recycling of an unrealized gain from other comprehensive income to investment income of RMB977.3 million related to an equity investment previously accounted for as an available-for-sale debt investment.

Interest Expenses

Our interest expenses increased from RMB333.2 million in 2022 to RMB403.5 million (US$56.8 million) in 2023, primarily because the principal amount of convertible notes outstanding was higher in 2023 due to the issuance of the 2029 Notes and the 2030 Notes.

Gain on extinguishment of debt

Our gain on extinguishment of debt was RMB170.2 million (US$24.0 million) in 2023, compared with RMB138.3 million in 2022, which was attributed to the gain from the repurchase of a portion of the 2026 Notes and 2027 Notes with a carrying amount of RMB1,822.0 million (US$256.6 million) in 2023 and RMB1,739.3 million (US$245.0 million), respectively.

Share of Income of Equity Investees

We recorded share of income of equity investees of RMB64.4 million (US$9.1 million) in 2023, compared with RMB377.8 million in 2022, primarily due to the decreased share of income recorded from our equity investments measured under equity method due to decreased earnings of equity investees in 2023.

Other Income/(Loss), Net

We recorded other income of RMB155.2 million (US$21.9 million) in 2023, compared with other losses of RMB283.0 million in 2022, primarily due to a decrease in foreign exchange loss of RMB463.3 million from the revaluation impact of overseas Renminbi-related assets as a result of the appreciation of Renminbi against U.S. dollars in 2023.

Income Tax Expense

Our income tax expense increased from RMB55.1 million in 2022 to RMB260.8 million (US$36.7 million) in 2023, primarily due to the recognition of an income tax expense of RMB206.7 million in 2023 in connection with recycling of an unrealized gain from other comprehensive income to investment income of RMB977.3 million for the available-for-sale debt investment referred to above.

Net Loss

As a result of the foregoing, we incurred a net loss of RMB20,719.8 million (US$2,918.3 million) in 2023, representing an increase of 43.5% as compared to a net loss of RMB14,437.1 million in 2022.

Year Ended December 31, 2022 Compared to Year Ended December 31, 2021

Revenues

Our revenues increased by 36.3% from RMB36,136.4 million in 2021 to RMB49,268.6 million in 2022, primarily attributable to (i) an increase of vehicle delivery volume by 34.0% in 2022 as compared to 2021 mainly due to a more diversified product mix offered to our users, (ii) an increase in other revenue by RMB1,471.7 million from sales of packages and provision of power solutions, charging piles and other sales, which was in line with the incremental vehicle sales, and partially offset by (iii) the decrease in revenue from sales of automotive regulatory credits by RMB449.3 million due to decreased sales of credits with lower selling prices and volumes, and (iv) a decrease in revenue from battery upgrade services by RMB227.1 million, mainly due to the cumulative demand having been fulfilled in 2021.

Cost of sales

Our cost of sales increased by 50.5% from RMB29,315.0 million in 2021 to RMB44,124.6 million in 2022, primarily attributable to an increase in cost of vehicle sales by RMB12,755.2 million and an increase of cost of packages and provision of power solutions by RMB1,547.8 million, which is mainly due to (i) an increase of vehicle delivery volume by 34.0% in 2022, (ii) higher battery cost per vehicle, (iii) inventory provisions, accelerated depreciation on production facilities, and losses on purchase commitments for the existing generation of ES8, ES6 and EC6 which are expected to have lower production and delivery levels due to their transition to new models under NT2.0 (RMB985.4 million in total), and (iv) higher depreciation and operating cost from the expanded investment in our power and service network.

Gross Profit and Gross Margin

Our gross profit decreased by 24.6% from RMB6,821.4 million in 2021 to RMB5,144.0 million in 2022. The decrease of gross profit compared to 2021 was mainly driven by the decrease of profit from sales of packages and provision of power solutions with RMB1,216 million as a result of the expanded investment in our power and service network, and the decrease of RMB449.3 million from sales of the automotive regulatory credits with high sales margin.

Gross margin in 2022 was 10.4%, compared with 18.9% in 2021. The decrease of gross margin as compared to 2021 was mainly driven by the decrease of vehicle margin and other sales margin in 2022.

Vehicle margin in 2022 was 13.7%, compared with 20.1% in 2021. Vehicle margin is the margin of new vehicle sales, which is calculated based on revenues and cost of sales derived from new vehicle sales only. The decrease of vehicle margin as compared to 2021 was mainly driven by (i) the increased battery cost per vehicle with negative impact of around 3.8%, and (ii) the increased inventory provisions, accelerated depreciation on production facilities, and losses on purchase commitments for the existing generation of ES8, ES6 and EC6 which are expected to have lower production levels and deliveries due to their transition to new models under NT2.0, with a negative impact of 2.2% on vehicle margin.

Other sales margin in 2022 was negative 29.0%, compared with 5.7% in 2021, which was mainly driven by (i) decrease of margin from sales of packages and provision of power solutions with a negative impact of 24.8% as a result of the expanded investment in power and service network, (ii) the decrease of margin from sales of automotive regulatory credits which with high sales margin, with negative impact of 15.6%, and (iii) partially offset by increase of interest income from our auto financing arrangement and other sales with high margin.

Research and Development Expenses

Research and development expenses increased by 136.0% from RMB4,591.9 million in 2021 to RMB10,836.3 million in 2022, primarily due to increased personnel costs in research and development functions of RMB4,026.8 million as well as the incremental design and development costs of RMB1,704.1 million for new products and technologies.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased by 53.2% from RMB6,878.1 million in 2021 to RMB10,537.1 million in 2022, primarily due to (i) increased employee compensation expense of RMB1,638.2 million due to an increase in sales and general corporate functions, (ii) increased rental and related expense and professional service expense which totaled RMB913.9 million mainly due to the Company's sales and service network expansion, (iii) increased marketing and promotional expenses of RMB347.2 million due to an increase in marketing and promotional activities to promote our vehicles in China and Europe.

Loss from Operations

As a result of the foregoing, we incurred a loss from operations of RMB15,640.7 million in 2022, representing an increase of 247.9% as compared to a loss of RMB4,496.3 million in 2021.

Interest and investment income

We recorded interest and investment income of RMB1,358.7 million in 2022, representing an increase of 49.0% as compared to RMB911.8 million in 2021, primarily due to the increase in short-term investment and long-term time deposits on average throughout 2022.

Interest Expense

Our interest expense decreased from RMB637.4 million in 2021 to RMB333.2 million in 2022, primarily due to the conversion premium charged in connection with separately and individually negotiated agreements with certain holders of their outstanding 2024 Notes for early conversion in January 2021.

Gain on extinguishment of debt

Our gain on extinguishment of debt was RMB138.3 million in 2022, compared with nil in 2021, which was attributed to the gain from the repurchase of a portion of the 2026 Notes with a carrying amount of RMB1,317.1 million in 2022.

Share of Income of Equity Investees

We recorded share of income of equity investees of RMB377.8 million in 2022, as compared to RMB62.5 million in 2021, primarily due to the increased share of income recorded from our equity investments measured under equity method due to increased earnings of equity investees in 2022.

Other Income/(Loss), Net

We recorded other losses of RMB283.0 million in 2022, as compared with other income of RMB184.7 million in 2021, primarily due to a foreign exchange loss of RMB504.7 million mainly reflecting the revaluation impact of overseas Renminbi-related assets as a result of Renminbi's depreciation against U.S. dollars.

Income Tax Expense

In 2022, our income tax expense was RMB55.1 million, as compared to RMB42.3 million in 2021.

Net Loss

As a result of the foregoing, we incurred a net loss of RMB14,437.1 million in 2022, representing an increase of 259.4% as compared to a net loss of RMB4,016.9 million in 2021.

B. Liquidity and Capital Resources

Cash Flows and Working Capital

We had net cash provided by operating activities of RMB1,966.4 million in 2021, net cash used in operating activities of RMB3,866.0 million in 2022, and net cash used in operating activities of RMB1,381.5 million (US$194.6 million) in 2023.

As of December 31, 2023, we had a total of RMB55,431.6 million (US$7,807.4 million) in cash and cash equivalents, restricted cash (including non-current restricted cash) and short-term investments. As of December 31, 2023, 44.7% of our cash and cash equivalents and restricted cash (including non-current restricted cash) and short-term investments were denominated in Renminbi and held in PRC and Hong Kong and the other cash and cash equivalents and restricted cash (including non-current restricted cash) and short-term investments were mainly denominated in US$ and held in the PRC, Hong Kong and the United States. Our cash and cash equivalents consist primarily of cash on hand, time deposits and highly liquid investments placed with banks, which are unrestricted as to withdrawal and use, and which have original maturities of three months or less.

As of December 31, 2023, we had bank facilities with an aggregate amount of RMB64,464.1 million (US$9,079.6 million), which consists of non-collateral based bank facilities of RMB16,348.3 million (US$2,302.6 million) and collateral-based bank facilities of RMB48,115.8 million (US$6,777.0 million). Out of the total non-collateral based bank facilities, RMB5,492.8 million (US$773.6 million), RMB1,201.2 million (US$169.2 million), and RMB250.0 million (US$35.2 million) were used for bank borrowing, issuance of letters of guarantee, and bank's acceptance notes, respectively. Out of the total collateral-based bank facilities, RMB2,588.9 million (US$364.6 million), RMB14,713.9 million (US$2,072.4 million) and nil were used for issuance of letters of guarantee, bank's acceptance notes and letter of credit, respectively.

As of December 31, 2023, we had RMB9,821.5 million (US$1,383.3million) and RMB13,042.9 million (US$1,837.0 million) in total short-term and long-term borrowings outstanding, respectively. The borrowings outstanding primarily consisted of the 2024 Notes, 2026 Notes, 2027 Notes, 2029 Notes and 2030 Notes, portions of the asset-backed notes, and our short-term and long-term bank debt.

The 2024 Notes are unsecured debt and are not redeemable by us prior to the maturity date except for certain changes in tax law. In accordance with the indenture governing the 2024 Notes, or the 2024 Notes Indenture, holders of the 2024 Notes may require us to purchase all or any portion of their notes on February 1, 2022 at a repurchase price equal to 100% of the principal amount of the 2024 Notes to be repurchased, plus accrued and unpaid interest. Such repurchase right offer expired on January 28, 2022. None of the noteholders exercised their repurchase right, and no notes were surrendered for repurchase. Holders of the 2024 Notes may also require us, upon a fundamental change (as defined in the 2024 Notes Indenture), to repurchase for cash all or part of their 2024 Notes at a fundamental change repurchase price equal to 100% of the principal amount of the 2024 Notes to be repurchased, plus accrued and unpaid interest. The holders of the 2024 Notes may convert their notes to a number of our ADSs at their option at any time prior to the close of business on the second business day immediately preceding the maturity date pursuant to the 2024 Notes indenture, at a conversion rate of 105.1359 ADSs per US$1,000 principal amount of the 2024 Notes. The 2024 Notes that are converted in connection with a make-whole fundamental change (as defined in the 2024 Notes Indenture) may be entitled to an increase in the conversion rate for such 2024 Notes. In connection with the issuance of the 2024 Notes, we entered into capped call transactions and zero-strike call option transactions. Satisfying the obligations of the 2024 Notes could adversely affect the amount or timing of any distributions to our shareholders. We repaid the then outstanding 2024 Notes that had not been redeemed, repurchased or converted in full as it matured on February 1, 2024.

In January 2021, we issued US$750 million aggregate principal amount of 0.00% convertible senior notes due 2026, or the 2026 Notes, and US$750 million aggregate principal amount of 0.50% convertible senior notes due 2027, or the 2027 Notes. The 2026 Notes and the 2027 Notes are unsecured debt. The 2026 Notes will not bear interest, and the principal amount of the 2026 Notes will not accrete. The 2027 Notes will bear interest at a rate of 0.50% per year. The 2026 Notes will mature on February 1, 2026 and the 2027 Notes will mature on February 1, 2027, unless repurchased, redeemed or converted in accordance with their terms prior to such date. Prior to August 1, 2025, in the case of the 2026 Notes, and August 1, 2026, in the case of the 2027 Notes, the 2026 Notes and the 2027 Notes, as applicable, will be convertible at the option of the holders only upon satisfaction of certain conditions and during certain periods. Holders may convert their 2026 Notes or 2027 Notes, as applicable, at their option at any time on or after August 1, 2025, in the case of the 2026 Notes, or August 1, 2026, in the case of the 2027 Notes, until the close of business on the second scheduled trading day immediately preceding the relevant maturity date. Upon conversion, we will pay or deliver to such converting holders, as the case may be, cash, ADSs, or a combination of cash and ADSs, at our election. The initial conversion rate of the 2026 Notes is 10.7458 ADSs per US$1,000 principal amount of such 2026 Notes. The initial conversion rate of the 2027 Notes is 10.7458 ADSs per US$1,000 principal amount of such 2027 Notes. The relevant conversion rate for such series of the 2026 Notes and the 2027 Notes is subject to adjustment upon the occurrence of certain events. Holders of the 2026 Notes and the 2027 Notes may require us to repurchase all or part of their 2026 Notes and 2027 Notes for cash on February 1, 2024, in the case of the 2026 Notes, and February 1, 2025, in the case of the 2027 Notes, or in the event of certain fundamental changes, at a repurchase price equal to 100% of the principal amount of the 2026 Notes or the 2027 Notes to be repurchased, plus accrued and unpaid interest, if any, to, but excluding, the relevant repurchase date.

In addition, on or after February 6, 2024, in the case of the 2026 Notes, and February 6, 2025, in the case of the 2027 Notes, until the 20th scheduled trading day immediately prior to the relevant maturity date, we may redeem the 2026 Notes or the 2027 Notes, as applicable for cash subject to certain conditions, at a redemption price equal to 100% of the principal amount of the 2026 Notes or the 2027 Notes to be redeemed, plus accrued and unpaid interest, if any, to, but excluding, the relevant optional redemption date. Furthermore, we may redeem all but not part of the 2026 Notes or the 2027 Notes in the event of certain changes in the tax laws. Satisfying the obligations of the 2026 Notes and the 2027 Notes could adversely affect the amount or timing of any distributions to our shareholders. We may choose to satisfy, repurchase, or refinance the 2026 Notes or the 2027 Notes through public or private equity or debt financings if we deem such financings available on favorable terms. In 2022, we repurchased an aggregate principal amount of US$192.9 million of 2026 Notes for a total cash consideration of US$170.5 million. In September 2023, shortly after the pricing of the 2029 Notes and the 2030 Notes, we repurchased an aggregate principal amount of US$255.6 million of the 2026 Notes for a total cash consideration of US$249.9 million and an aggregate principal amount of US$244.4 million of the 2027 Notes for a total cash consideration of US$222.0 million. In February 2024, we completed the repurchase right offer relating to the 2026 Notes. US$300.5 million in aggregate principal amount of the 2026 Notes were validly surrendered and not withdrawn prior to the expiration of the repurchase right offer.

In September 2023, we issued US$500 million aggregate principal amount of 3.875% convertible senior notes due 2029, or the 2029 Notes, and US$500 million aggregate principal amount of 4.625% convertible senior notes due 2030, or the 2030 Notes. We granted the initial purchasers in the notes offering an option to purchase up to an additional US$75 million in aggregate principal amount of the 2029 Notes and up to an additional US$75 million in aggregate principal amount of the 2030 Notes. The initial purchasers exercised in full the option to purchase from us an aggregate of US$75 million principal amount of the 2029 Notes and US$75 million principal amount of the 2030 Notes. The 2029 Notes and the 2030 Notes are unsecured debt. The 2029 Notes will bear interest at a rate of 3.875% per year, and the 2030 Notes will bear interest at a rate of 4.625% per year. The 2029 Notes will mature on October 15, 2029 and the 2030 Notes will mature on October 15, 2030, unless repurchased, redeemed or converted in accordance with their terms prior to such date. The holders of the 2029 Notes and the 2030 Notes shall have the right, at such holder's option, to convert all or any portion of their 2029 Notes or 2030 Notes, as applicable, at any time prior to the close of business on the second scheduled trading day immediately preceding the relevant maturity date.

Upon conversion, we will pay or deliver to such converting holders, as the case may be, cash, ADSs, or a combination of cash and ADSs, at our election. The initial conversion rate of the 2029 Notes is 89.9685 ADSs per US$1,000 principal amount of such 2029 Notes. The initial conversion rate of the 2030 Notes is 89.9685 ADSs per US$1,000 principal amount of such 2030 Notes. The relevant conversion rate for such series of the 2029 Notes and the 2030 Notes is subject to adjustment upon the occurrence of certain events.

Holders of the 2029 Notes and 2030 Notes may require us to repurchase all or any portion of their 2029 Notes and 2030 Notes for cash on October 15, 2027, in the case of the 2029 Notes, and October 15, 2028, in the case of 2030 Notes, or in the event of certain fundamental changes, at a repurchase price equal to 100% of the principal amount of the 2029 Notes or the 2030 Notes to be repurchased plus accrued and unpaid interest, if any, to, but excluding, the repurchase date. In addition, on or after October 22, 2027, in the case of the 2029 Notes, and October 22, 2028, in the case of the 2030 Notes, until the 20th scheduled trading day immediately prior to the relevant maturity date, we may redeem all or part of the 2029 Notes and 2030 Notes, as applicable for cash subject to certain conditions, at a redemption price equal to 100% of the principal amount of the 2029 Notes or the 2030 Notes to be redeemed, plus accrued and unpaid interest, if any, to, but excluding, the optional redemption date. Furthermore, we may redeem all but not part of the 2029 Notes or the 2030 Notes in the event of certain changes in the tax laws. Satisfying the obligations of the 2029 Notes and the 2030 Notes could adversely affect the amount or timing of any distributions to our shareholders. We may choose to satisfy, repurchase, or refinance the 2029 Notes or the 2030 Notes through public or private equity or debt financings if we deem such financings available on favorable terms.

Based on the outstanding principal amount of the 2024 Notes, 2026 Notes, the 2027 Notes, the 2029 Notes and the 2030 Notes, and the highest conversion rate under each indenture, the maximum number of ADSs that would be issued in connection with the outstanding convertible notes is approximately 169.4 million.

Our principal sources of liquidity have been proceeds from issuances of equity securities, our notes offerings, our bank facilities and cash flow from business operations. We have been applying a variety of methods to manage our working capital. We use just-in-time, pull-production system to control the inventory level of the components. We adopt made-to-order model and do not maintain a high level of inventories of vehicles. We aim to fulfill orders and deliver vehicles to our users within 21 to 28 days from the date users place their orders. We manage the payment term policy to suppliers to improve our cash position. For most of our suppliers, the payment term ranges from 30 to 90 days. Meanwhile, payment methods can be a combination of cash and notes payable.

We believe that our current cash, cash equivalents and short-term investments balance as of December 31, 2023 is sufficient to fund our operating activities, capital expenditures and other obligations for at least the next twelve months. However, we may decide to enhance our liquidity position or increase our cash reserve for future expansions and acquisitions through additional capital and/or finance funding. The issuance and sale of additional equity would result in further dilution to our shareholders. The incurrence of indebtedness would result in increased fixed obligations and could result in operating covenants that would restrict our operations. We cannot assure you that financing will be available in amounts or on terms acceptable to us, if at all.

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

	Year Ended December 31,			
	2021	2022	2023	
	RMB	RMB	RMB	US$
	(in thousands)			
Summary of Consolidated Cash Flow Data:				
Net cash used in operating activities before movements in working capital	(701,159)	(8,116,982)	(14,466,984)	(2,037,633)
Changes in operating assets and liabilities	2,667,545	4,250,974	13,085,438	1,843,046
Net cash provided by/(used in) operating activities	1,966,386	(3,866,008)	(1,381,546)	(194,587)
Net cash (used in)/provided by investing activities	(39,764,704)	10,385,017	(10,885,375)	(1,533,173)
Net cash provided by/(used in) financing activities	18,128,743	(1,616,384)	27,662,881	3,896,236
Effects of exchange rate changes on cash, cash equivalents and restricted cash	(500,959)	(121,896)	70,254	9,895
Net (decrease)/increase in cash, cash equivalents and restricted cash	(20,170,534)	4,780,729	15,466,214	2,178,371
Cash, cash equivalents and restricted cash at beginning of the year	38,545,098	18,374,564	23,155,293	3,261,355
Cash, cash equivalents and restricted cash at end of the year	18,374,564	23,155,293	38,621,507	5,439,726

Operating Activities

Net cash used in operating activities was RMB1,381.5 million (US$194.6 million) in 2023, as compared to a net loss of RMB20,719.8 million. The difference was primarily attributable to (i) non-cash items of RMB6,252.8 million, which primarily consisted of depreciation and amortization of RMB3,378.0 million, share-based compensation expenses of RMB2,369.0 million, amortization of right-of-use assets of RMB1,529.5 million, and (ii) a net increase in changes in operating assets and liabilities by RMB13,085.4 million, which was primarily attributable to an increase in trade and notes payable of RMB4,870.8 million, a decrease in inventory of RMB2,895.5 million, a decrease in other non-current assets of RMB2,600.0 million.

Net cash used in operating activities was RMB3,866.0 million in 2022, as compared to a net loss of RMB14,437.1 million. The difference was primarily attributable to (i) non-cash items of RMB6,320.1 million, which primarily consisted of depreciation and amortization of RMB2,852.3 million, share-based compensation expenses of RMB2,295.9 million, amortization of right-of-use assets of RMB1,141.7 million, and (ii) a net increase in changes in operating assets and liabilities by RMB4,251.0 million, which was primarily attributable to an increase in trade and notes payable of RMB11,650.9 million, an increase in accruals and other liabilities of RMB4,119.4 million, an increase in other non-current liabilities of RMB1,620.9 million, which was partially offset by, among other things, an increase in inventory of RMB6,257.5 million, trade and notes receivable of RMB2,303.4 million and prepayments and other current assets of RMB1,239.9 million.

Net cash provided by operating activities was RMB1,966.4 million in 2021, as compared to a net loss of RMB4,016.9 million. The difference was primarily attributable to (i) non-cash items of RMB3,315.8 million, which primarily consisted of depreciation and amortization of RMB1,708.0 million, share-based compensation expenses of RMB1,010.1 million, amortization of right-of-use assets of RMB643.9 million and expected credit loss expense of RMB54.3 million, and (ii) a net increase in changes in operating assets and liabilities by RMB2,667.5 million, which was primarily attributable to an increase in trade and notes payable of RMB6,260.3 million, an increase in accruals and other liabilities of RMB2,485.1 million, an increase in other non-current liabilities of RMB1,778.4 million, an increase in taxes payable of RMB447.0 million and an increase in amount due to related parties of RMB342.6 million, which was partially offset by, among other things, an increase in other non-current assets of RMB3,705.8 million and an increase in trade and notes receivable of RMB1,717.7 million.

Investing Activities

Net cash used in investing activities was RMB10,885.4 million (US$1,533.2 million) in 2023, primarily attributable to (i) purchase of short-term investments of RMB43,899.1 million, and (ii) purchase of property, plant and equipment and intangible assets of RMB14,340.8 million, inclusive of VAT input, partially offset by proceeds from maturities of short-term investments of RMB47,753.6 million.

Net cash provided by investing activities was RMB10,385.0 million in 2022, primarily attributable to proceeds from maturities of short-term investments of RMB106,658.2 million, partially offset by (i) purchase of short-term investments of RMB87,631.7 million, (ii) purchase of property, plant and equipment and intangible assets of RMB6,972.9 million, and (iii) purchase of held to maturity debt investments of RMB1,830.0 million.

Net cash used in investing activities was RMB39,764.7 million in 2021, primarily attributable to (i) purchases of short-term investments of RMB134,316.2 million, (ii) purchase of property, plant and equipment and intangible assets of RMB4,078.8 million, (iii) acquisitions of held to maturity debt investments of RMB1,300.0 million, (iv) acquisitions of equity investees and equity security investments of RMB592.6 million, and (v) purchase of available-for-sale debt investment of RMB650.0 million, partially offset by (i) proceeds from maturities of short-term investments of RMB101,121.7 million, and (ii) loan repayment from related parties of RMB50.0 million.

Financing Activities

Net cash provided by financing activities was RMB27,662.9 million (US$3,896.2 million) in 2023, primarily attributable to (i) proceeds from issuance of ordinary shares to CYVN Investments, net of RMB20,962.3 million, (ii) proceeds from issuance of convertible senior notes of RMB8,120.8 million, and (iii) proceeds from borrowings from third parties of RMB8,014.4 million, partially offset by repayments of borrowings from third parties of RMB6,096.0 million and repurchase of convertible senior notes of RMB3,387.6 million.

Net cash used in financing activities was RMB1,616.4 million in 2022, primarily attributable to repayments of borrowings from third parties of RMB7,347.9 million and repurchase of convertible senior notes of RMB1,202.4 million, partially offset by proceeds from borrowings from third parties of RMB6,918.6 million.

Net cash provided by financing activities was RMB18,128.7 million in 2021, primarily attributable to (i) proceeds from issuance of ordinary shares, net of RMB12,677.6 million, (ii) proceeds from issuance of convertible senior notes of RMB9,560.8 million, (iii) proceeds from borrowings from third parties of RMB6,112.0 million, and (iv) proceeds from exercise of stock options of RMB144.6 million, partially offset by (i) repurchase of redeemable non-controlling interests of RMB8,000.0 million, (ii) repayments of borrowings from third parties of RMB2,432.3 million, and (iii) principal payments of finance leases of RMB32.9 million.

Material Cash Requirements

Our material cash requirements as of December 31, 2023 and any subsequent interim period primarily include our capital commitments, operating and financing lease obligations, short-term and long-term borrowings, convertible notes and asset-backed securities and notes, as below:

	Payment due by period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
	(in RMB thousands)				
Capital commitments	6,017,818	5,512,258	505,231	329	—
Operating lease obligations	17,197,585	2,658,392	3,674,221	2,623,203	8,241,769
Finance lease obligations	66,423	28,395	21,930	13,779	2,319
Short-term and long-term borrowings	7,125,800	5,927,420	815,880	340,000	42,500
Interest on borrowings	160,948	98,241	51,540	10,626	541
Convertible notes with principal and interest	16,646,343	3,684,309	4,282,406	8,679,628	—
Asset-backed notes	278,823	278,823	—	—	—
Total	47,493,740	18,187,838	9,351,208	11,667,565	8,287,129

Our capital commitments are commitments in relation to the purchase of property and equipment including leasehold improvements.

Our operating and finance lease obligations consist of leases in relation to certain manufacturing plant, offices and buildings, NIO Houses and other property for our sales and after-sales network.

Our short-term and long-term borrowings represent borrowings with maturity from eleven months to seven years.

Our convertible notes that remained outstanding as of December 31, 2023 represented the 2024 Notes with outstanding principal amount of US$163.7 million as of December 31, 2023, which matured on February 1, 2024, the 2026 Notes with outstanding principal amount of US$301.5 million as of December 31, 2023, the 2027 Notes with outstanding principal amount of US$505.6 million as of December 31, 2023, which will mature in February 2026 and February 2027, the 2029 Notes with outstanding principal amount of US$575 million as of December 31, 2023 and the 2030 Notes with outstanding principal amount of US$575 million as of December 31, 2023, which will mature in October 2029 and October 2030, respectively. The 2024 Notes matured on February 1, 2024, and we repaid the then outstanding 2024 Notes that had not been redeemed, repurchased or converted in full. On February 1, 2024, we completed the repurchase right offer relating to 2026 Notes with aggregate principal amount of US$300.5 million.

Our asset-backed notes represent the proceeds from the issuance of debt notes under asset-backed securitization arrangements with the principal amount of RMB847 million and RMB1,025 million as of December 31, 2023, which will become mature in March 2024 and June 2024, respectively.

We intend to fund our existing and future material cash requirements with our existing cash balance. We will continue to make cash commitments, including capital expenditures, to support the growth of our business.

Other than those shown above, we did not have any significant capital and other commitments, long-term obligations, mortgages and charges or guarantees as of December 31, 2023. As of December 31, 2023, save as disclosed in our consolidated financial statements included elsewhere in this annual report, we did not have significant contingent liabilities. As of December 31, 2023, save as disclosed in this section, we did not have any significant bank overdrafts, loans and other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges hire purchase commitments or other outstanding material contingent liabilities.

Capital Expenditures

In 2021, 2022 and 2023, our capital expenditures were mainly used for the acquisition of property, plant and equipment which consisted primarily of charging and battery swap equipment, mold and tooling, production facilities, IT equipment, research and development equipment, leasehold improvements mainly for NIO Houses and NIO Spaces, delivery and servicing centers, Power Swap Stations and laboratories as well as equity investments. We made capital expenditures of RMB4,671.3 million, RMB7,251.9 million and RMB14,762.5 million (US$2,079.3 million) in 2021, 2022 and 2023, respectively. We expect our capital expenditures to continue to be significant in the foreseeable future as we expand our business, and that our level of capital expenditures will be significantly affected by user demand for our products and services. The fact that we have a limited operating history means we have limited historical data on the demand for our products and services. As a result, our future capital requirements may be uncertain and actual capital requirements may be different from those we currently anticipate. To the extent the proceeds of securities we have issued and cash flows from our business activities are insufficient to fund future capital requirements, we may need to seek equity or debt financing. We will continue to make capital expenditures to support the expected growth of our business.

Holding Company Structure

NIO Inc. is a holding company with no material operations of its own. We conduct our operations in China primarily through our PRC subsidiaries, and, to a much lesser extent, the VIEs and their subsidiary. As a result, our ability to pay dividends depends significantly upon dividends paid by our PRC subsidiaries. If our existing PRC subsidiaries or any newly formed ones incur debt on their own behalf in the future, the instruments governing their debt may restrict their ability to pay dividends to us. In addition, our wholly foreign-owned subsidiaries in China are permitted to pay dividends to us only out of their retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. Under PRC law, each of our subsidiaries and the VIEs and their subsidiaries in China is required to set aside at least 10% of its after-tax profits each year, if any, to fund certain statutory reserve funds until such reserve funds reach 50% of its registered capital. In addition, each of our wholly foreign-owned subsidiaries in China may allocate a portion of its after-tax profits based on PRC accounting standards to enterprise expansion funds, staff bonuses and welfare funds at its discretion, and the VIEs may allocate a portion of their after-tax profits based on PRC accounting standards to a discretionary surplus fund at its discretion. The statutory reserve funds and the discretionary funds are not distributable as cash dividends. Remittance of dividends by a wholly foreign-owned company out of China is subject to examination by the banks designated by the SAFE. Our PRC subsidiaries have not paid dividends and will not be able to pay dividends until they generate accumulated profits and meet the requirements for statutory reserve funds. The VIEs did not have any material assets or liabilities as of December 31, 2023. In the future, we expect (i) Beijing NIO to focus on value-added telecommunications services, including, without limitation, performing internet services as well as holding certain related licenses; (ii) Anhui NIO AT to focus on assisted and intelligent driving services, including, without limitation, performing certain services as well as holding certain related licenses; and (iii) Anhui NIO DT to focus on insurance brokerage services, including, without limitation, performing insurance brokerage services as well as holding certain related licenses through its subsidiary.

Off-Balance Sheet Arrangements

Other than the guarantees provided to Battery Asset Company in relation to the BaaS model as described in Note 2(r) to our consolidated financial statements included elsewhere in this annual report, we have not entered into any off-balance sheet financial guarantees or other off-balance sheet commitments to guarantee the payment obligations of any third parties. We have not entered into any derivative contracts that are indexed to our shares and classified as shareholder's equity or that are not reflected in our consolidated financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or product development services with us.

C. Research and Development, Patents and Licenses, etc.

See "Item 4. Information on the Company—B. Business Overview—Intellectual Property."

D. Trend Information

Other than as disclosed elsewhere in this annual report, we are not aware of any trends, uncertainties, demands, commitments or events for the current fiscal year that are reasonably likely to have a material effect on our net revenues, income, profitability, liquidity or capital resources, or that would cause the disclosed financial information to be not necessarily indicative of future operating results or financial conditions.

E. Critical Accounting Estimates

We prepare our consolidated financial statements in accordance with U.S. GAAP, which requires our management to make estimates that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the balance sheet dates, as well as the reported amounts of revenues and expenses during the reporting periods. To the extent that there are material differences between these estimates and actual results, our financial condition or results of operations would be affected. We base our estimates on our own historical experience and other assumptions that we believe are reasonable after taking account of our circumstances and expectations for the future based on available information. We evaluate these estimates on an ongoing basis.

We consider an accounting estimate to be critical if: (i) the accounting estimate requires us to make assumptions about matters that were highly uncertain at the time the accounting estimate was made, and (ii) changes in the estimate that are reasonably likely to occur from period to period or use of different estimates that we reasonably could have used in the current period, would have a material impact on our financial condition or results of operations. There are other items within our financial statements that require estimation but are not deemed critical, as defined above. Changes in estimates used in these and other items could have a material impact on our financial statements. For a detailed discussion of our significant accounting policies and related judgments, see Note 2 to our consolidated financial statements included elsewhere in this annual report.

Warranty liabilities

We accrue a warranty reserve for all new vehicles that we sell, which includes our best estimate of the projected costs to repair or replace items under warranties. These estimates are based on actual claims incurred to date and an estimate of the nature, frequency and costs of future claims. These estimates are inherently uncertain given our relatively short history of sales, and changes to the historical or projected warranty experience may cause material changes to the warranty reserve when we accumulate more actual data and experience in the future.

The portion of the warranty reserve expected to be incurred within the next 12 months is included within accruals and other liabilities, while the remaining balance is included within other non-current liabilities on the consolidated balance sheets. Warranty expense is recorded as a component of cost of revenues in the consolidated statements of comprehensive loss.

When our assumptions relating to the estimates of the projected costs to repair or replace items under warranties decreased/increased by 5% while holding all other assumptions constant, there would be no significant impact to our consolidated results of operations.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and Executive Officers

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

Directors and Executive Officers	Age	Position/Title
Bin Li	49	Chairman and Chief Executive Officer
Lihong Qin	50	Director and President
Feng Shen	60	Executive Vice President
Xin Zhou	53	Executive Vice President
Wei Feng	44	Chief Financial Officer
Ganesh V. Iyer	56	Chief Executive Officer of NIO U.S.
Hai Wu	55	Independent Director
Denny Ting Bun Lee	56	Independent Director
Yu Long	51	Independent Director
Yonggang Wen	46	Independent Director
Eddy Georges Skaf	50	Director
Nicholas Paul Collins	49	Director

Mr. Bin Li is our founder and has served as chairman of the board since our inception and our chief executive officer since March 2018. Since July 2021, Mr. Li has served as a director of Uxin Limited (Nasdaq: UXIN), a leading e-commerce platform for buying and selling used cars in China. In 2000, Mr. Li co-founded Beijing Bitauto E-Commerce Co., Ltd. and served as its director and president until 2006. From 2010 to 2020, Mr. Li served as chairman of the board of directors at Bitauto Holdings Limited (previously listed on NYSE with stock code BITA), a former NYSE-listed automobile service company and a leading automobile service provider in China. In 2002, Mr. Li co-founded Beijing Creative & Interactive Digital Technology Co., Ltd. as the chairman of the board of directors and had served as its president and director. Mr. Li received his bachelor's degree in sociology from Peking University.

Mr. Lihong Qin is our co-founder and has served as our director and our president since our inception. Prior to joining us, Mr. Qin served as chief marketing officer and executive director at Longfor Properties Co., Ltd. (HKEX: 960), a leading company involved in property development and investment in China, from 2008 to 2014. He also served as deputy general manager at Anhui Chery Automobile Sales and Service Company from 2005 to 2008, as senior consultant and project manager at Roland Berger Strategy Consultants from 2003 to 2005. Mr. Qin received his bachelor's degree and a master's degree in law from Peking University in 1996 and 1999, respectively, and a master's degree in public policy from Harvard University in 2001.

Mr. Feng Shen joined our company in December 2017, and currently serves as our executive vice president and chairman of quality management committee. Mr. Shen worked in several senior executive management roles, such as president of Polestar China and global chief technology officer at Polestar, president at Volvo Cars China R&D Company, vice president of Volvo Cars Asia-Pacific Operation, and chairman at China-Sweden Traffic Safety Research Center from 2010 to 2017. Prior to that, Mr. Shen served in various roles, including powertrain manager and six-sigma quality management master, at Ford Motor Company (NYSE: F) from 1999 to 2010 in the United States and China. Mr. Shen received a bachelor's degree in mathematics and mechanics and a master's degree in applied mechanics from Fudan University in 1984 and 1987, respectively. He also received a doctoral degree in mechanical engineering from Auburn University in 1996.

Mr. Xin Zhou joined our company in April 2015. He has served as the chairman of product committee since 2017, and currently serves as our executive vice president. Prior to joining our company, Mr. Zhou served as executive director at Qoros Automotive Co., Ltd. from September 2009 to April 2015. Prior to that, he was the engagement manager of McKinsey & Co. from April 2007 to August 2009, and executive director of Lear Corp. (NYSE: LEA) from May 1998 to April 2007. From 1995 to 1998, Mr. Zhou worked at General Motors China Inc. Mr. Zhou received a bachelor's degree in applied science from Fudan University in 1992 and a master's degree in business administration from China Europe International Business School in 2008.

Mr. Wei Feng has served as our Chief Financial Officer since November 2019. Mr. Feng serves as an independent non-executive director of TUHU Car Inc. (HKEX: 9690). Prior to joining our company, Mr. Feng served as managing director and head of the auto and auto parts research team at China International Capital Corporation. Prior to that, Mr. Feng served as an industry analyst at Everbright Securities Co. Ltd. from 2010 to 2013. Mr. Feng's career also includes more than five years' working experience within the ZF (China) Investment Co., Ltd. where he participated in numerous corporate matters. Mr. Feng received his bachelor's degree in engineering from the Department of Automotive Engineering at Tsinghua University, and his joint master's degree in automotive system engineering from RWTH Aachen University in Germany and Tsinghua University in China.

Mr. Ganesh V. Iyer joined our company in April 2016. He has served as the chief executive officer of NIO U.S. since December 2018. Mr. Iyer has over 32 years of experience delivering results in various industries including autonomous technology, hi-tech, manufacturing, and telecom. Mr. Iyer worked as vice president of Information Technology at Tesla Inc. (Nasdaq: TSLA) until 2016. Prior to Tesla, where he served as vice president of Information Technology, Mr. Iyer joined VMWare (NYSE: VMW) in 2010 and held senior information technology leadership roles at VMWare. Prior to VMWare, Mr. Iyer served as director of information technology at Juniper Networks (NYSE: JNPR) and WebEx and worked in consulting primarily at Electronic Data Systems. Mr. Iyer received a bachelor's degree in chemical engineering from the University of Calicut in India.

Mr. Hai Wu has served as our director since July 2016. Mr. Wu has served as a managing partner of Cenova Capital since May 2019. He has extensive experience in investments and management. Prior to Cenova Capital, Mr. Wu served as an executive director of China at Temasek Holdings Advisors (Beijing) Co., Ltd. since April 2014. Prior to that, Mr. Wu was the chief executive officer at Ramaxel Technology (Shenzhen) Limited from April 2012 to February 2014 and a managing director at CITIC Private Equity Funds Management Co., Ltd. from March 2010 to May 2012. Prior to that, Mr. Wu had served at Beijing Branch office of McKinsey & Company for more than ten years and was appointed as the global director and managing partner until February 2010. He also served as a non-executive director of COFCO Meat Holdings Limited (HKEX: 1610) from September 2015 to December 2017. He received a bachelor's degree in physiology from Peking University, a master's degree in business administration from the Johnson School of Management, Cornell University and a doctoral degree in biomedical science from Rutgers University.

Mr. Denny Ting Bun Lee has served as our independent director since September 2018. Mr. Lee currently serves as the chairman of the audit committees and an independent non-executive director of the boards of New Oriental Education & Technology Group Inc. (NYSE: EDU; HKEX: 9901) and Jianpu Technology Inc. (NYSE: JT), which are listed on the New York Stock Exchange. From April 2002 to June 2022, Mr. Lee served as a director of NetEase, Inc., formerly known as NetEase.com, Inc., which is listed on the Nasdaq Global Select Market (Nasdaq: NTES) and the Hong Kong Stock Exchange (HKEX: 9999). He was the chief financial officer of NetEase.com, Inc. from April 2002 to June 2007 and its financial controller from November 2001 to April 2002. Prior to joining NetEase.com, Mr. Lee worked in the Hong Kong office of KPMG for more than ten years. Mr. Lee graduated from the Hong Kong Polytechnic University with a professional diploma in accounting and is a member of The Hong Kong Institute of Certified Public Accountants and The Chartered Association of Certified Accountants.

Ms. Yu Long has served as our director since July 2021. Ms. Long currently serves as the Founding and Managing Partner of BAI Capital. She also serves as a member of Bertelsmann Group Management Committee and the governor of China Venture Capital and Private Equity Association. Formerly, Ms. Long was the chief executive officer of Bertelsmann China Corporate Center and the managing partner of Bertelsmann Asia Investments. Prior to that, she was a Principal at Bertelsmann Digital Media Investments. She joined the international media, services, and education company via the Bertelsmann Entrepreneurs Program in 2005. Ms. Long is a member of the World Economic Forum's Young Global Leaders Advisory Council and its Global Agenda Council on the Future of Media, Entertainment & Information and was a member of the Stanford Graduate School of Business Advisory Council from May 2015 to May 2021. Ms. Long serves as an independent director on the board of directors of Tapestry Inc. (NYSE: TPR, its portfolio includes Coach, Stuart Weitzman and Kate Spade) and an independent non-executive director of the boards of the Hongkong and Shanghai Banking Corporation Limited. Ms. Long received a bachelor's degree in electrical engineering from University of Electronic Science and Technology in China and an MBA from Stanford Graduate School of Business.

Mr. Yonggang Wen has served as our director since November 2023. Mr. Wen currently serves as a Full Professor and President's Chair of Computer Science and Engineering at Nanyang Technological University, Singapore. He is a Fellow of the Institute of Electrical and Electronics Engineers (IEEE, the world's largest technical professional organization), a Fellow of Singapore Academy of Engineering, and a Distinguished Member of Association for Computing Machinery. He also serves as the Director of the Centre for Computational Technologies in Finance, and has been the Associate Provost (Graduate Education) and Dean of Graduate College at Nanyang Technological University since January 2024. Mr. Wen has served as a non-executive director of Red Dot Analytics Pte Ltd in Singapore since 2016. His career has been marked by pioneering work in applying learning-based techniques to system prototyping and performance optimization for large-scale networked computer systems. He has received numerous awards for his contributions, including the 2020 IEEE Industrial Technical Excellence Award, the 2019 Nanyang Research Award and the 2016 Nanyang Award in Innovation and Entrepreneurship. Professor Wen also has a strong record of leadership in academic and research roles, including serving as the Chair for IEEE ComSoc Multimedia Communication Technical Committee from 2014 to 2016 and the Editor in Chief of IEEE Transactions on Multimedia currently. Professor Wen received his PhD in electrical engineering and computer science from Massachusetts Institute of Technology in 2008.

Mr. Eddy Georges Skaf has served as our director since February 2024. Mr. Skaf has held the position of chief investment officer at CYVN Holdings L.L.C. since May 2023. He has also been a director of Foreight Limited and Forseven Limited since June 2023, and a director of CYVN Investments RSC Ltd. since July 2023. Previously, from August 2019 to May 2023, Mr. Skaf served as a senior advisor to Digital Infrastructure at Mubadala. Before this, he served as the chief strategy officer at Emirates Integrated Telecom Company (du) from August 2017 to May 2019. Mr. Skaf received his bachelor's degree in computer and communication engineering from American University of Beirut in 1995, and his master's degree of business administration in business administration and management and master's degree of science in management information systems from Boston University in 2000.

Mr. Nicholas Paul Collins has served as our director since February 2024. Mr. Collins has served as the chief executive officer of Forseven Limited since January 2024. Prior to this role, Mr. Collins worked at Jaguar Land Rover from March 2015 to December 2023 in various capacities, including a director of both Jaguar Land Rover Limited and Jaguar Land Rover Holdings Limited, and an executive director of vehicle programs at Jaguar Land Rover Limited. Mr. Collins began his career in the automotive industry in 1993 and has extensive experience in global product development, product and business strategy, and vehicle development and launch across Ford Motor Company and Jaguar Land Rover. Mr. Collins received his master's degree in mechanical engineering from University of Nottingham in 1998, and an MBA from Henley Management College in 2004.

B. Compensation

For the year ended December 31, 2023, we paid an aggregate of approximately US$3.1 million in cash to our directors and executive officers. For share incentive grants to our directors and executive officers, see "—Stock Incentive Plans." We have not set aside or accrued any amount to provide pension, retirement or other similar benefits to our directors and executive officers. Our PRC subsidiaries and the VIEs are required by law to make contributions equal to certain percentages of each employee's salary for his or her pension insurance, medical insurance, unemployment insurance and other statutory benefits and a housing provident fund.

Employment Agreements and Indemnification Agreements

We have entered into employment agreements with each of our executive officers. Under these agreements, each of our executive officers is employed for a specified time period. For the executive officers who joined our company prior to September 2018, we may terminate employment for cause, at any time, without advance notice or remuneration, for certain acts of such executive officer, such as conviction or plea of guilty to a felony or any crime involving moral turpitude, negligent or dishonest acts to our detriment, or misconduct or a failure to perform agreed duties. In such case of termination, we will provide severance payments to the executive officer as expressly required by applicable law of the jurisdiction where the executive officer is based.

Each executive officer has agreed to hold, both during and after the termination or expiry of the executive officer's employment agreement, in strict confidence and not to use, except as required in the performance of the executive officer's duties in connection with the executive officer's employment or pursuant to applicable law, any of our confidential information or trade secrets, any confidential information or trade secrets of our clients or prospective clients, or the confidential or proprietary information of any third party that we received and for which we have confidential obligations. The executive officers have also agreed to disclose in confidence to us all inventions, designs and trade secrets which they conceive, develop or reduce to practice during the executive officer's employment with us and to assign all right, title and interest in them to us, and assist us in obtaining and enforcing patents, copyrights and other legal rights for these inventions, designs and trade secrets.

In addition, each executive officer has agreed to be bound by non-competition and non-solicitation restrictions during the term of the executive officer's employment and typically for one year following the last date of employment. Specifically, each executive officer has agreed not to (i) approach our suppliers, clients, customers or contacts or other persons or entities introduced to the executive officer in the executive officer's capacity as a representative of us for the purpose of doing business with such persons or entities that will harm our business relationships with these persons or entities; (ii) assume employment with or provide services to any of our competitors, or engage, whether as principal, partner, licensor or otherwise, with any of our competitors, without our express consent; or (iii) seek directly or indirectly, to solicit the services of any of our employees who we employed on or after the date of the executive officer's termination, or in the year preceding such termination, without our express consent.

We have also entered into indemnification agreements with each of our directors and each of our executive officers who joined our company prior to September 2018. Under these agreements, we agree to indemnify our directors and executive officers against certain liabilities and expenses incurred by such persons in connection with claims made by reason of their being a director or officer of our company.

Stock Incentive Plans

We adopted share incentive plans in 2015, 2016, 2017, 2018 and 2024, which we refer to as the 2015 Plan, the 2016 Plan, the 2017 Plan, the 2018 Plan and the 2024 Plan, respectively. The 2018 Plan expired on December 31, 2023. All of the others remain effective. The terms of the 2015 Plan, the 2016 Plan and the 2017 Plan are substantially similar, and the terms of the 2018 Plan and the 2024 Plan are substantially similar. The purpose of our stock incentive plans is to attract and retain the best available personnel, to provide additional incentives to our employees, directors and consultants and to promote the success of our business. Our board of directors believes that our long-term success is dependent upon our ability to attract and retain superior individuals who, by virtue of their ability and qualifications, make important contributions to our business.

The maximum numbers of Class A ordinary shares which may be issued pursuant to all awards are 46,264,378 under the 2015 Plan, 18,000,000 under the 2016 Plan and 33,000,000 under the 2017 Plan. The maximum number of shares available for issuance pursuant to all awards under the 2018 Plan was initially 23,000,000 Class A ordinary shares, and the amount automatically increased at the beginning of each new year by the number of shares representing 1.5% of the then total issued and outstanding share capital of our company as of the end of the prior year during the term of the 2018 Plan. The maximum number of shares available for issuance pursuant to all awards under the 2024 Plan was initially 19,288,470 Class A ordinary shares, and the amount automatically increases at the beginning of each new year by the number of shares representing 1.2% of the then total issued and outstanding share capital of our company as of the last day of the immediately preceding fiscal year during the term of the 2024 Plan. In addition, any awards not granted under an earlier plan when it terminates are automatically added to the 2024 Plan. As of February 29, 2024, awards to purchase an aggregate amount of 123,804,348 Class A ordinary shares under the 2015 Plan, the 2016 Plan, the 2017 Plan, the 2018 Plan and the 2024 Plan had been granted and were outstanding, excluding awards that were forfeited or cancelled after the grant dates.

The following paragraphs describe the principal terms of the 2015 Plan, the 2016 Plan and the 2017 Plan.

Types of Awards. These three plans permit the awards of options, restricted shares, restricted share units, share appreciation rights, dividend equivalent right or other right or benefit under each plan.

Plan Administration. Our board of directors or a committee of one or more members of the board of directors or officers administer these three plans. The committee or the full board of directors, as applicable, will determine the grantees to receive awards, the type and number of awards to be granted to each grantee, and the terms and conditions of each award grant.

Award Agreement. Awards granted under these three plans are evidenced by an award agreement that sets forth terms, conditions and limitations for each award, which may include the term of the award, the provisions applicable in the event that the grantee's employment or service terminates, and our authority to unilaterally or bilaterally amend the award.

Eligibility. We may grant awards to our employees, consultants and directors.

Vesting Schedule. Except as approved by the plan administrator, options to be issued to the grantees under these three plans shall be subject to a minimum four (4) year vesting schedule calling for vesting no earlier than the following, counting from the applicable grant date or vesting commencement date (as determined by the plan administrator) with respect to the total issued options: the option representing 25% of the Class A ordinary shares under the option shall vest at the end of the first twelve (12) months commencing from the vesting commencement date, with remaining portions vesting in equal monthly installments over the next thirty-six (36) months.

Exercise of Options. The plan administrator determines the exercise price for each award, which is stated in the relevant award agreement. Options that are vested and exercisable will terminate if they are not exercised prior to the time as the plan administrator determines at the time of grant. However, in the case of an option granted to an employee who, at the time the option is granted, owns (or, pursuant to Section 424(d) of the U.S. Code, is deemed to own) stock representing more than 10% of the total combined voting power of all classes of shares of us or our subsidiary or affiliate, the term of the option will not be longer than ten years from the date of grant under the 2017 Plan, or five years from the date of grant under the 2015 Plan and the 2016 Plan.

Transfer Restrictions. Awards shall be transferable, subject to applicable laws, (i) by will and by the laws of descent and distribution and (ii) during the lifetime of the grantee, to the extent and in the manner authorized by the plan administrator. Notwithstanding the foregoing, the grantee may designate one or more beneficiaries of the grantee's award in the event of the grantee's death on a beneficiary designation form provided by the plan administrator.

Termination and Amendment of the Plan. Unless terminated earlier or extended before expiration, each of these three plans has a term of ten years. The board of directors has the authority to terminate, amend or modify any or all of these three plans; *provided, however,* that no such amendment shall be made without the approval of our shareholders to the extent such approval is required by applicable laws or provisions of the stock incentive plans. However, without the prior written consent of the grantee, no such action may adversely affect any outstanding award previously granted pursuant to the plan.

The following paragraphs describe the principal terms of the 2018 Plan before its expiration on December 31, 2023.

Types of Awards. The 2018 Plan permits the awards of options, restricted shares or any other type of awards that the committee grants.

Plan Administration. Our board of directors or a committee of one or more members of our board of directors shall administer the 2018 Plan. The committee or the full board of directors, as applicable, will determine the participants to receive awards, the type and number of awards to be granted to each participant, and the terms and conditions of each award grant.

Award Agreement. Awards granted under the 2018 Plan are evidenced by an award agreement that sets forth terms, conditions and limitations for each award, which may include the term of the award, the provisions applicable in the event that the grantee's employment or service terminates, and our authority to unilaterally or bilaterally amend, modify, suspend, cancel or rescind the award.

Eligibility. We may grant awards to the employees, directors and consultants of our company. However, we may grant incentive share options only to our employees, parent and subsidiaries.

Vesting Schedule. In general, the plan administrator determines the vesting schedule, which is specified in the relevant award agreement.

Exercise of Options. The plan administrator determines the exercise price for each award, which is stated in the award agreement. The vested portion of an option will expire if not exercised prior to the time as the plan administrator determines at the time of its grant. However, the maximum exercisable term is five years from the date of a grant.

Transfer Restrictions. Awards may not be transferred in any manner by the grantee other than by will or the laws of descent and distribution, except as otherwise determined by the plan administrator.

Termination and amendment. Unless terminated earlier, the 2018 Plan has a term of five years from January 1, 2019. Our board of directors has the authority to amend or terminate the plan. However, no such action may adversely affect in any material way any awards previously granted unless agreed by the grantee.

The following paragraphs describe the principal terms of the 2024 Plan.

Types of Awards. The 2024 Plan permits the awards of options, restricted shares or any other type of awards that the committee grants.

Plan Administration. Our board of directors or a committee of one or more members of our board of directors shall administer the 2024 Plan. The committee or the full board of directors, as applicable, shall determine the participants to receive awards, the type and number of awards to be granted to each participant, and the terms and conditions of each award grant.

Award Agreement. Awards granted under the 2024 Plan are evidenced by an award agreement that sets forth terms, conditions and limitations for each award, which may include the term of the award, the provisions applicable in the event that the grantee's employment or service terminates, and our authority to unilaterally or bilaterally amend, modify, suspend, cancel or rescind the award.

Eligibility. We may grant awards to the employees, directors and consultants of our company. However, we may grant incentive share options only to our employees, parent and subsidiaries.

Vesting Schedule. In general, the plan administrator determines the vesting schedule, which is specified in the relevant award agreement.

Exercise of Options. The plan administrator determines the exercise price for each award, which is stated in the award agreement. The vested portion of an option will expire if not exercised prior to the time as the plan administrator determines at the time of its grant. However, the maximum exercisable term is ten years from the date of a grant.

Transfer Restrictions. Awards may not be transferred in any manner by the grantee other than by will or the laws of descent and distribution, except as otherwise determined by the plan administrator.

Termination and amendment. Unless terminated earlier, the 2024 Plan has a term of five years from February 7, 2024. Our board of directors has the authority to amend or terminate the plans. However, no such action may adversely affect in any material way any awards previously granted unless agreed by the grantee.

The following table summarizes, as of February 29, 2024, the awards granted under the 2015 Plan, the 2016 Plan, the 2017 Plan, the 2018 Plan and the 2024 Plan to several of our executive officers, excluding awards that were forfeited or cancelled after the relevant grant dates.

Name	Class A Ordinary Shares Underlying Options and Restricted Share Units	Exercise Price (US$/Share**)	Date of Grant	Date of Expiration
Bin Li	15,000,000	2.55	March 1, 2018	February 29, 2028
		N/A	March 5, 2020	
Lihong Qin	*	2.39	April 2, 2020	April 1, 2030
		2.55	February 28, 2018	February 27, 2028
		2.55	February 1, 2018	January 31, 2028
		N/A	March 5, 2020	
		N/A	August 31, 2023	
Xin Zhou	*	2.05	September 25, 2019	September 24, 2026
		2.39	April 2, 2020	April 1, 2030
		2.55	February 28, 2018	February 27, 2028
		2.55	February 1, 2018	January 31, 2028
		N/A	March 5, 2020	
		N/A	August 31, 2023	
Denny Ting Bun Lee	*	N/A	September 12, 2018	
		N/A	August 13, 2020	
		N/A	September 12, 2020	
Hai Wu	*	3.61	May 29, 2019	May 29, 2026
		N/A	June 10, 2021	
		N/A	November 3, 2023	
Feng Shen	*	1.8	December 31, 2017	December 30, 2027
		2.05	September 25, 2019	September 24, 2026
		2.39	April 2, 2020	April 1, 2030
		2.55	February 1, 2018	January 31, 2028
		N/A	March 5, 2020	
		N/A	August 31, 2023	
Wei Feng	*	1.8	November 18, 2019	November 17, 2026
		2.39	April 2, 2020	April 1, 2030
		3.98	May 29, 2020	May 28, 2027
		N/A	March 5, 2020	
		N/A	August 31, 2023	
Ganesh V Iyer	*	2.05	September 25, 2019	September 24, 2026
		0.27	May 3, 2016	May 2, 2026
		2.55	March 1, 2018	February 29, 2028
		2.39	April 2, 2020	April 1, 2030
		N/A	August 31, 2023	
Yu Long	*	N/A	July 12, 2021	
		N/A	November 3, 2023	
Yonggang Wen	*	N/A	November 3, 2023	
Eddy Georges Skaf	*	N/A	February 7, 2024	
Nicholas Paul Collins	*	N/A	February 7, 2024	
Total	26,639,608			

* Less than one percent of our total outstanding shares.

As of February 29, 2024, non-executive officers and other grantees as a group held awards to purchase 98,713,648 Class A ordinary shares of our company. The exercise prices of the options outstanding as of February 29, 2024 ranged from US$0.1 to US$48.45 per share.

C. Board Practices

Board of Directors

The board of directors of our company, or the board, consists of eight directors. A director is not required to hold any shares in our company by way of qualification. A director may vote with respect to any contract, proposed contract or arrangement in which he is interested provided (a) such director has declared the nature of his interest at the earliest meeting of the board at which it is practicable for him to do so, either specifically or by way of a general notice and (b) if such contract or arrangement is a transaction with a related party, such transaction has been approved by the audit committee. The directors may exercise all the powers of our company to borrow money, mortgage our company's undertaking, property and uncalled capital, and issue debentures or other securities whenever money is borrowed or as security for any obligation of our company or of any third party. None of our non-executive directors has a service contract with us that provides for benefits upon termination of service.

Committees of the Board of Directors

We have established three committees under the board: an audit committee, a compensation committee and a nominating and ESG committee. We have adopted a charter (as amended from time to time) for each of the three committees. Each committee's members and functions are described below.

Audit Committee. Our audit committee consists of Denny Ting Bun Lee, Hai Wu and Yu Long. Denny Ting Bun Lee is the chairman of our audit committee. We have determined that Denny Ting Bun Lee, Hai Wu and Yu Long satisfy the "independence" requirements of Section 303A of the Corporate Governance Rules of the New York Stock Exchange and Rule 10A-3 under the Exchange Act. We have determined that Denny Ting Bun Lee qualifies as an "audit committee financial expert." The audit committee oversees our accounting and financial reporting processes and the audits of the financial statements of our company. The audit committee is responsible for, among other things:

- appointing the independent auditors and pre-approving all auditing and non-auditing services permitted to be performed by the independent auditors;
- reviewing with the independent auditors any audit problems or difficulties and management's response;
- discussing the annual audited financial statements with management and the independent auditors;
- reviewing the adequacy and effectiveness of our accounting and internal control policies and procedures and any steps taken to monitor and control major financial risk exposures;
- reviewing and approving all proposed related party transactions;
- meeting separately and periodically with management and the independent auditors; and
- monitoring compliance with our code of business conduct and ethics, including reviewing the adequacy and effectiveness of our procedures to ensure proper compliance.

Compensation Committee. Our compensation committee consists of Hai Wu, Denny Ting Bun Lee and Bin Li. Hai Wu is the chairman of our compensation committee. We have determined that Hai Wu and Denny Ting Bun Lee satisfy the "independence" requirements of Section 303A of the Corporate Governance Rules of the New York Stock Exchange. The compensation committee assists the board in reviewing and approving the compensation structure, including all forms of compensation, relating to our directors and executive officers. Our chief executive officer may not be present at any committee meeting during which his compensation is deliberated. The compensation committee is responsible for, among other things:

- reviewing and approving, or recommending to the board for its approval, the compensation for our chief executive officer and other executive officers;
- reviewing and recommending to the board for determination with respect to the compensation of our non-employee directors;

- reviewing periodically and approving any incentive compensation or equity plans, programs or similar arrangements; and
- selecting any compensation consultant, legal counsel or other adviser only after taking into consideration all factors to that person's independence from management.

Nominating and ESG Committee. Our nominating and ESG committee consists of Yu Long, Hai Wu and Denny Ting Bun Lee. Yu Long is the chairperson of our nominating and ESG committee. Hai Wu, Denny Ting Bun Lee and Yu Long satisfy the "independence" requirements of Section 303A of the Corporate Governance Rules of the New York Stock Exchange. The nominating and ESG committee assists the board in selecting individuals qualified to become our directors and in determining the composition of the board and its committees. The nominating and ESG committee is responsible for, among other things:

- selecting and recommending to the board nominees for election by the shareholders or appointment by the board;
- reviewing annually with the board the current composition of the board with regards to characteristics such as independence, knowledge, skills, experience and diversity;
- making recommendations on the frequency and structure of board meetings and monitoring the functioning of the committees of the board;
- advising the board periodically with regard to significant developments in the law and practice of corporate governance as well as our compliance with applicable laws and regulations, and making recommendations to the board on all matters of corporate governance and on any remedial action to be taken;
- providing advice on ESG matters to management, and discussing with management and approving, or recommending to the board for approval, our company's initiatives, objectives, strategies and targets for ESG matters; and
- reviewing and monitoring our company's progress toward achieving approved ESG objectives and targets.

Duties of Directors

Under Cayman Islands law, our directors owe fiduciary duties to our company, including a duty to act honestly, and a duty to act in good faith. The directors must act bona fide in what they consider to be in our best interests. Our directors must also exercise their powers only for a proper purpose. Our directors also have a duty to act with skills they actually possess and exercise the care and diligence that would be displayed by a reasonable director in comparable circumstances. It was previously considered that a director need not exhibit in the performance of his duties a greater degree of skill than may reasonably be expected from a person of his knowledge and experience. However, English and Commonwealth courts have moved towards an objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands. In fulfilling their duty of care to us, our directors must ensure compliance with our thirteenth amended and restated memorandum and articles of association, as amended and restated from time to time, and the class rights vested thereunder in the holders of the shares. Our directors owe their fiduciary duties to our company and not to our company's individual shareholders, and it is our company which has the right to seek damages if a duty owed by our directors is breached. In certain limited exceptional circumstances, a shareholder may have the right to seek damages in our name if a duty owed by our directors is breached.

Our board of directors has all the powers necessary for managing, and for directing and supervising, our business affairs. The functions and powers of our board of directors include, among others:

- convening shareholders' annual and extraordinary general meetings and reporting its work to shareholders at such meetings;
- declaring dividends and other distributions;
- appointing officers and determining the term of office of the officers;
- exercising the borrowing powers of our company and mortgaging the property of our company; and

- approving the transfer of shares in our company, including the registration of such shares in our share register.

Terms of Directors and Officers

Our directors are not subject to a term of office (unless there is any written agreement between our company and such director) and hold office until such time as they are removed from office by ordinary resolution of the shareholders or by the board pursuant to our thirteenth amended and restated memorandum and articles of association. The office of a director shall be vacated if, among other things, the director (i) becomes bankrupt or makes any arrangement or composition with his creditors; (ii) resigns his office by notice in writing to our company; or (iii) dies or is found to be or becomes of unsound mind. In addition, for so long as our Class A ordinary shares are listed on the Hong Kong Stock Exchange, our independent directors are subject to retirement by rotation at least once every three years and eligible for re-election at our annual general meeting.

Our officers are appointed by and serve at the discretion of the board of directors, and may be removed by our board of directors.

D. Employees

As of December 31, 2021, 2022 and 2023, we had 15,204, 26,763 and 32,820 full-time employees. The following table sets forth the numbers of our employees categorized by function as of December 31, 2023.

	As of December 31, 2023
User experience (sales and marketing and service)	17,172
Product and software development	11,222
Manufacturing	2,231
General administration	2,195
Total number of employees	**32,820**

Our employees have set up labor unions in China according to the related Chinese labor law. To date, we have not experienced any labor strike, and we consider our relationship with our employees to be good.

We provide competitive level of salary and other employee benefits to our employees. Every employee beneficially owns shares in our company. We provide employees with a wide range of benefits, including but not limited to employees' commercial insurance, physical examinations, vocational training and holiday benefits. We aim to create a warm, safe and secure working environment for everyone.

E. Share Ownership

Except as specifically noted, the following table sets forth information with respect to the beneficial ownership of our ordinary shares as of March 31, 2024 with respect to:

- each of our directors and executive officers; and
- each person known to us to own beneficially more than 5% of our ordinary shares.

The calculations in the table below are based on 2,087,029,186 ordinary shares outstanding as of March 31, 2024, comprising of 1,938,529,186 Class A ordinary shares (excluding 10,722,037 Class A ordinary shares issued and reserved for future issuance upon the exercising or vesting of awards granted under our stock incentive plans) and 148,500,000 Class C ordinary shares.

Beneficial ownership is determined in accordance with the rules and regulations of the SEC. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, we have included shares that the person has the right to acquire within 60 days, including through the exercise of any option, warrant, or other right or the conversion of any other security. These shares, however, are not included in the computation of the percentage ownership of any other person.

	Class A ordinary shares beneficially owned	Class C ordinary shares beneficially owned	Total ordinary shares beneficially owned	% of beneficial ownership	% of aggregate voting power†
Directors and Executive Officers:**					
Bin Li(1)	30,467,776	148,500,000	178,967,776	8.5	38.5
Lihong Qin	*	—	*	*	*
Feng Shen	*	—	*	*	—
Xin Zhou	*	—	*	*	*
Wei Feng	*	—	*	*	—
Ganesh V. Iyer(2)	*	—	*	*	*
Hai Wu(3)	*	—	*	*	—
Denny Ting Bun Lee(4)	*	—	*	*	—
Yu Long(5)	*	—	*	*	—
Yonggang Wen(6)	—	—	—	—	—
Eddy Georges Skaf(7)	—	—	—	—	—
Nicholas Paul Collins(8)	—	—	—	—	—
All Directors and Executive Officers as a Group	50,797,273	148,500,000	199,317,273	9.5	38.9
Principal Shareholders:					
Founder vehicles(9)	16,967,776	148,500,000	165,467,776	7.9	38.5
CYVN Investments RSC Ltd(10)	418,833,157	—	418,833,157	20.1	13.4
Tencent entities(11)	124,112,015	—	124,112,015	5.9	3.9

* Less than 1% of our total outstanding shares.

** Except where otherwise disclosed in the footnotes below, the business address of all the directors and executive officers is Building 19, No. 1355, Caobao Road, Minhang District, Shanghai, People's Republic of China.

† For each person and group included in this column, percentage of voting power is calculated by dividing the voting power beneficially owned by such person or group by the voting power of all of our Class A and Class C ordinary shares as a single class. Each holder of our Class A ordinary shares is entitled to one vote per share and each holder of our Class C ordinary shares is entitled to eight votes per share on all matters submitted to them for a vote. Our Class A ordinary shares and Class C ordinary shares vote together as a single class on all matters submitted to a vote of our shareholders, except as may otherwise be required by law.

(1) Represents (i) 13,500,000 Class A ordinary shares issuable to Mr. Bin Li upon exercise of options within 60 days of March 31, 2024, (ii) 89,013,451 Class C ordinary shares held by Originalwish Limited, a British Virgin Islands company wholly owned by Mr. Bin Li, (iii) 26,454,325 Class C ordinary shares held by mobike Global Ltd., a British Virgin Islands company wholly owned by Mr. Bin Li, and (iv)16,967,776 Class A ordinary shares and 33,032,224 Class C ordinary shares held by NIO Users Limited, a holding company controlled by NIO Users Trust, which is under the control of Mr. Bin Li, among which 14,967,776 Class A ordinary shares and 33,032,224 Class C ordinary shares were held on record by NIO Users Limited and 2,000,000 Class A ordinary shares were held on record by NIO Users Community Limited, a British Virgin Islands company wholly owned by NIO Users Limited.

(2) The business address of Mr. Iyer is 3200 North First Street, San Jose, CA 95134.

(3) The business address of Mr. Wu is No. 53, Gaoyou Road, Xuhui District, Shanghai, People's Republic of China.

(4) The business address of Mr. Lee is No. 4 Dianthus Road, Yau Yat Chuen, Kowloon, Hong Kong.

(5) The business address of Ms. Long is Unit 1610, 16th Floor, West Tower, Genesis Beijing, 8 Xinyuan South Road, Chaoyang District, Beijing 100027, People's Republic of China.

(6) The business address of Mr. Wen is N4-02c-95, Nanyang Avenue, Singapore 639798.

(7) The business address of Mr. Skaf is Building No. 51B, Al Bateen Executive Airport, Abu Dhabi, UAE.

(8) The business address of Mr. Collins is Suite 1, 7th Floor 50 Broadway, London, United Kingdom, SW1H 0DB.

(9) Represents (i) 89,013,451 Class C ordinary shares held by Originalwish Limited, a British Virgin Islands company wholly owned by Mr. Bin Li, (ii) 26,454,325 Class C ordinary shares held by mobike Global Ltd., a British Virgin Islands company wholly owned by Mr. Bin Li, and (iii) 16,967,776 Class A ordinary shares and 33,032,224 Class C ordinary shares held by NIO Users Limited, a holding company controlled by NIO Users Trust, which is under the control of Mr. Bin Li, among which ordinary shares 14,967,776 Class A ordinary shares and 33,032,224 Class C ordinary shares were held on record by NIO Users Limited and 2,000,000 Class A ordinary shares were held on record by NIO Users Community Limited, a British Virgin Islands company wholly owned by NIO Users Limited. The registered address of Originalwish Limited and mobike Global Ltd. is Sertus Chambers, P.O. Box 905, Quastisky Building, Road Town, Tortola, British Virgin Islands. The registered address of NIO Users Limited is Maples Corporate Services (BVI) Limited, Kingston Chambers, PO Box 173, Road Town, Tortola, British Virgin Islands.

(10) Represents 418,833,157 Class A ordinary shares held by CYVN Investments RSC Ltd, according to the statement on Schedule 13D/A filed on February 28, 2024 by CYVN Investments RSC Ltd. CYVN Investments RSC Ltd is a restricted scope company incorporated in the Abu Dhabi Global Market, Abu Dhabi, United Arab Emirates, and is wholly-owned by the Government of Abu Dhabi represented by the Abu Dhabi Department of Finance. The principal business address of CYVN Investments RSC Ltd is Office at 9th Floor, Level 9, Al Khatem Tower, Abu Dhabi Global Market Square, Al Maryah Island, Abu Dhabi, United Arab Emirates.

(11) Based on the statement on Schedule 13D/A filed on June 23, 2023 jointly by (i) Tencent Holdings Limited, (ii) Image Frame Investment (HK) Limited, and (iii) Huang River Investment Limited, pursuant to which, as of June 23, 2023, Image Frame Investment (HK) Limited held 47,251,193 Class A ordinary shares, a wholly-owned subsidiary of Tencent Holdings Limited held 146,578 Class A ordinary shares, and Huang River Investment Limited beneficially owned 76,714,244 Class A ordinary shares. Image Frame Investment (HK) Limited, Huang River Investment Limited and Tencent Holdings Limited are collectively referred to in this annual report as the Tencent entities. Huang River Investment Limited is a company incorporated in the British Virgin Islands, and Image Frame Investment (HK) Limited is a company incorporated in Hong Kong. Each of Image Frame Investment (HK) Limited and Huang River Investment Limited is beneficially owned and controlled by Tencent Holdings Limited, a Cayman Islands company. The registered office of Huang River Investment Limited is Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands. The registered address of Image Frame Investment (HK) Limited is 29/F Three Pacific Place, No. 1 Queen's Road East, Wanchai, Hong Kong. The principal business address of Tencent Holdings Limited is Level 29, Three Pacific Place, No. 1 Queen's Road East, Wanchai, Hong Kong.

As of March 31, 2024, to our knowledge, 378,564,881 of our Class A ordinary shares were held by one record holder in the United States, which was Deutsche Bank Trust Company Americas, the depositary of our ADS program. The number of beneficial owners of our ADSs in the United States is likely to be much larger than the number of record holders of our ordinary shares in the United States. We are not aware of any arrangement that may, at a subsequent date, result in a change of control of our company.

Currently, our ordinary shares consist of Class A ordinary shares and Class C ordinary shares. Holders of Class A ordinary shares are entitled to one vote per share, and holders of Class C ordinary shares are entitled to eight votes per share. We issued Class A ordinary shares represented by our ADSs in our initial public offering in September 2018. Holders of our Class C ordinary shares may choose to convert their respective Class C ordinary shares into the same number of Class A ordinary shares at any time. Class A ordinary shares are not convertible into Class C ordinary shares under any circumstance. See "Item 10. Additional Information—B. Memorandum and Articles of Association" for a more detailed description of our ordinary shares.

F. Disclosure of Registrant's Action to Recover Erroneously Awarded Compensation

Not applicable.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. Major Shareholders

See "Item 6. Directors, Senior Management and Employees—E. Share Ownership."

B. Related Party Transactions

Contractual Arrangements with The VIEs and Their Shareholders

See "Item 4. Information on the Company—C. Organizational Structure."

Shareholders Agreement and Registration Rights

We entered into a shareholders agreement and a right of first refusal and co-sale agreement on November 10, 2017 with our shareholders.

The shareholders agreement and right of first refusal and co-sale agreement (i) provided for certain special rights, including right of first refusal, co-sale rights and preemptive rights and (ii) contained provisions governing board of directors and other corporate governance matters. These special rights and corporate governance provisions automatically terminated upon the closing of the initial public offering of our ADSs on September 12, 2018.

Pursuant to our shareholders agreement dated November 10, 2017, we have granted certain registration rights to those shareholders who are parties to that agreement. Set forth below is a description of the registration rights granted under the agreement.

Demand Registration Rights. Holders holding 10% or more of the voting power of the then outstanding registrable securities held by all holders are entitled to request in writing that we effect a registration statement for any or all of the registrable securities of the initiating holders. We have the right to defer filing of a registration statement for a period of not more than 90 days if our board of directors determines in good faith judgment that filing of a registration statement in the near future will be materially detrimental to us or our shareholders, but we cannot exercise the deferral right on any one occasion or more than once during any twelve-month period and cannot register any other securities during such period. We are not obligated to effect more than two demand registrations. Further, if the registrable securities are offered by means of an underwritten offering, and the managing underwriter advises us that marketing factors require a limitation of the number of securities to be underwritten, the underwriters may decide to exclude up to 75% of the registrable securities requested to be registered but only after first excluding all other equity securities from the registration and underwritten offering, provided that the number of shares to be included in the registration on behalf of the non-excluded holders is allocated among all holders in proportion to the respective amounts of registrable securities requested by such holders to be included.

Registration on Form F-3 or Form S-3. Any holder is entitled to request us to file a registration statement on Form F-3 or Form S-3 if we qualify for registration on Form F-3 or Form S-3. The holders are entitled to an unlimited number of registrations on Form F-3 or Form S-3 so long as such registration offerings are in excess of US$5.0 million. We have the right to defer filing of a registration statement for a period of not more than 60 days if our board of directors determines in good faith judgment that filing of a registration statement in the near future will be materially detrimental to us or our shareholders, but we cannot exercise the deferral right on any one occasion or more than once during any twelve-month period and cannot register any other securities during such period.

Piggyback Registration Rights. If we propose to register for our own account any of our equity securities, or for the account of any holder, other than current shareholders, of such equity securities, in connection with the public offering, we shall offer holders of our registrable securities an opportunity to be included in such registration. If the underwriters advise in writing that market factors require a limitation of the number of registrable securities to be underwritten, the underwriters may exclude up to 75% of the registrable securities requested to be registered but only after first excluding all other equity securities (except for securities sold for the account of our company) from the registration and underwriting, provided that the number of shares to be included in the registration on behalf of the non-excluded holders is allocated among all holders in proportion to the respective amounts of registrable securities requested by such holders to be included.

Expenses of Registration. We will bear all registration expenses, other than the underwriting discounts and selling commissions applicable to the sale of registrable securities, incurred in connection with registrations, filings or qualification pursuant to the shareholders agreement.

Termination of Obligations. We have no obligation to effect any demand, piggyback, Form F-3 or Form S-3 registration upon the earlier of (i) September 14, 2028 and (ii) with respect to any holder, the date on which such holder may sell without registration, all of such holder's registrable securities under Rule 144 of the Securities Act in any 90-day period.

In addition, on June 20, 2023, we entered into a registration rights agreement with CYVN Holdings L.L.C. On July 11, 2023, CYVN Holdings L.L.C. assigned all of its rights, interests and obligations under the registration rights agreement to its affiliate, CYVN Investments, which executed a counterpart to the registration rights agreement and agreed to be treated as an investor under the registration rights agreement. Pursuant to the registration rights agreement, subject to certain exceptions, we are obligated to prepare and file with the SEC (i) no later than the 30th day immediately following the six-month anniversary of the closing of the share subscription agreement entered into by us and CYVN Holdings L.L.C., i.e., January 19, 2024, and (ii) at any time thereafter, no later than the 30th day immediately following a written demand by CYVN Investments (in case we do not already have an effective registration statement on Form F-3 on file with the SEC) a registration statement for an offering to be made on a continuous basis pursuant to Rule 415 of the Securities Act, registering the resale from time to time by CYVN Investments of all of the registrable securities, which include all Class A ordinary shares purchased pursuant to the share subscription agreement, and the stock purchase agreement entered into by and among CYVN Holdings L.L.C. and Image Frame Investment (HK) Limited dated June 20, 2023, and any shares purchased by CYVN Investments following the closing of the share subscription agreement, then held by CYVN Investments that are not covered by an effective registration statement. If our board of directors determines in good faith that it would be materially detrimental to our company or our members to effect such a registration, we have the right to defer such registration, not more than once in any 12-month period, for a period of up to 60 days. Additionally, pursuant to the registration rights agreement, in the event that we propose to register any of our equity securities under the Securities Act for our own account or for the account of any holder of our equity securities, CYVN Investments is entitled to certain piggyback registration rights. These registration rights terminate on the date that CYVN Investments owns less than 3% of our Class A ordinary shares outstanding.

Employment Agreements and Indemnification Agreements

See "Item 6. Directors, Senior Management and Employees—B. Compensation—Employment Agreements and Indemnification Agreements."

Share Option Grants

See "Item 6. Directors, Senior Management and Employees—B. Compensation—Stock Incentive Plans."

Other Transactions with Related Parties

In 2021, 2022 and 2023, we provided sales of goods to our affiliates, including Wuhan Weineng Battery Assets Co., Ltd., Beijing Yiche Interactive Advertising Co., Ltd., Shanghai Weishang Business Consulting Co., Ltd., Kunshan Siwopu Intelligent Equipment Co., Ltd., and Hefei Chuangwei Information Consultation Co., Ltd., and we received total sales of goods of RMB4,139.2 million, RMB3,105.9 million, and RMB1,457.9 million (US$205.3 million), respectively.

In 2021, 2022 and 2023, we received advertising and IT support services from Beijing Yiche Interactive Advertising Co., Ltd., Tianjin Boyou Information Technology Co., Ltd. and Beijing Bit Ep Information Technology Co., Ltd., and we incurred expenses of marketing and advertising services of RMB5.2 million, RMB9.0 million, and RMB7.8 million (US$1.1 million), respectively. Beijing Yiche Interactive Advertising Co., Ltd., Tianjin Boyou Information Technology Co., Ltd. and Beijing Bit Ep Information Technology Co., Ltd. are controlled by our principal shareholders.

In 2021, 2022 and 2023, we provided property management, administrative support, design and research and development services to our affiliates and companies controlled by our principal shareholders, including Wuhan Weineng Battery Assets Co., Ltd., Nanjing Weibang Transmission Technology Co., Ltd. and Beijing Weixu Business Consulting Co., Ltd., and we received total service income of RMB57.9 million, RMB122.7 million, and RMB167.2 million (US$23.5 million), respectively.

In 2021, 2022 and 2023, we paid a total of RMB89.3 million, nil and nil, respectively, for the cost of manufacturing consignment to Suzhou Zenlead XPT New Energy Technologies Co., Ltd., or Suzhou Zenlead. Suzhou Zenlead was an affiliate of ours in 2021. In February 2022, Suzhou Zenlead paid a consideration of RMB46.6 million to us in exchange for the exemption from battery warranty liabilities, and we disposed of our equity interests in Suzhou Zenlead. As a result, Suzhou Zenlead is no longer a related party of our company as of the date of this annual report.

In 2021, 2022 and 2023, we received research and development and maintenance services from Kunshan Siwopu Intelligent Equipment Co., Ltd., Xunjie Energy (Wuhan) Co., Ltd., Wuhan Weineng Battery Assets Co., Ltd, Ningbo Meishan Free Trade Port Weilai Xinneng Investment Management Co., Ltd., Jianglai Advanced Manufacturing Technology (Anhui) Co., Ltd., Beijing Welion New Energy Technology Co., Ltd and paid a total service fees of RMB8.2 million, RMB136.4 million, and RMB242.2 million (US$34.1 million), respectively.

In 2021, 2022 and 2023, we paid a total of RMB1,157.7 million, RMB1,066.8 million, and RMB1,247.5 million (US$175.7 million), for purchase of property and equipment and raw material, to Kunshan Siwopu Intelligent Equipment Co., Ltd., Nanjing Weibang Transmission Technology Co., Ltd. and Xunjie Energy (Wuhan) Co., Ltd.

In 2021, 2022 and 2023, we received a total of nil, RMB1.0 million, and RMB5.6 million (US$0.8 million) for sale of raw material, property and equipment from Wuhan Weineng Battery Assets Co., Ltd.

In November 2021, we acquired from Ningbo Meishan Bonded Port Area Weilan Investment Co., Ltd., certain equity interests in companies associated with NIO Capital for RMB50.0 million.

In February 2024, we entered into a technology license agreement with Forseven Limited, a subsidiary of CYVN Holdings L.L.C. Pursuant to the agreement, we will grant a non-exclusive and non-transferrable worldwide license to Forseven to use certain of our existing and future technical information, technical solutions, software and intellectual property rights related to or subsisting in our smart electric vehicle platforms. We will receive technology license fees comprising a non-refundable, fixed upfront license fee plus royalties determined based on the future sales of licensed products by Forseven.

C. Interests of Experts and Counsel

Not applicable.

ITEM 8. FINANCIAL INFORMATION

A. Consolidated Statements and Other Financial Information

We have appended consolidated financial statements filed as part of this annual report.

Legal Proceedings

From time to time, we may be involved in legal proceedings in the ordinary course of our business. Between March and July 2019, several securities class action lawsuits were filed against us, certain of our directors and officers, our underwriters in the IPO and our process agent. Some of these actions have been withdrawn, transferred, consolidated or dismissed. One action commenced during the aforementioned time period remains pending, under the caption In re NIO, Inc. Securities Litigation, 1:19-cv-01424, in the U.S. District Court for the Eastern District of New York (E.D.N.Y.). The plaintiffs in this case allege, in sum and substance, that our statements in the registration statement and/or other public statements were false or misleading and in violation of the U.S. federal securities laws. The Court denied our motion to dismiss in August 2021, and granted plaintiffs' motion for class certification in August 2023. Discovery is ongoing.

Separately, between August and September 2022, two complaints were filed against us, our CEO and our CFO in the federal district court for the Southern District of New York (S.D.N.Y.), in the actions captioned Saye v. NIO Inc. et al., Case No. 1:22-cv-07252 (S.D.N.Y.) and Bohonok v. NIO Inc. et al., Case No. 1:22-cv-07666 (S.D.N.Y.). Relying on a short seller report (see "Item 3. Key Information—D. Risk Factors—Risks Related to Our ADSs and Class A Ordinary Shares – Techniques employed by short sellers may drive down the market price of our ADSs"), these complaints allege that certain of our public disclosures between August 2020 and July 2022 contained false statements or omissions in violation of the Exchange Act. On December 14, 2022, the court consolidated the two actions and appointed a lead plaintiff. Briefing on our motion to dismiss was completed on July 31, 2023. The Court's decision on the motion to dismiss is pending.

For those of the abovementioned class actions that remain pending, we are currently unable to estimate the potential loss, if any, associated with the resolution of such lawsuits. We are defending the actions vigorously. See "Item 3. Key Information—D. Risk Factors—Risks Related to our Business and Industry—We and certain of our directors and officers have been named as defendants in shareholder class action lawsuits, which could have a material adverse impact on our business, financial condition, cash flows and reputation" for further details.

Dividend Policy

The payment of dividends is at the discretion of our board of directors, subject to our thirteenth amended and restated memorandum and articles of association. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our board of directors. In either case, all dividends are subject to certain restrictions under Cayman Islands law, namely that our company may only pay dividends out of profits or the share premium account, and provided that in no circumstances may a dividend be paid if this would result in our company being unable to pay its debts as they fall due in the ordinary course of business. Even if we decide to pay dividends, the form, frequency and amount will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the board of directors may deem relevant.

We do not have any present plan to pay any cash dividends on our ordinary shares in the foreseeable future. We currently intend to retain most, if not all, of our available funds and any future earnings to operate and expand our business.

We are a holding company incorporated in the Cayman Islands. We may rely on dividends paid by our subsidiaries in China for our cash requirements, including any payment of dividends to our shareholders. PRC regulations may restrict the ability of our PRC subsidiaries to pay dividends to us. See "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—We may rely on distributions by our PRC subsidiaries for our financing requirements, and any limitation on our PRC subsidiaries to make payments to us could have a material and adverse effect on our business."

If we pay any dividends on our ordinary shares, we will pay those dividends which are payable in respect of the ordinary shares underlying our ADSs to the depositary, as the registered holder of such ordinary shares, and the depositary then will pay such amounts to our ADS holders in proportion to the ordinary shares underlying the ADSs held by such ADS holders, subject to the terms of the deposit agreements, including the fees and expenses payable thereunder. Cash dividends on our ordinary shares, if any, will be paid in U.S. dollars.

B. Significant Changes

Except as disclosed elsewhere in this annual report, we have not experienced any significant changes since the date of our audited consolidated financial statements included in this annual report.

ITEM 9. THE OFFER AND LISTING

A. Offering and Listing Details

Our ADSs, each representing one Class A ordinary share, have been listed on the NYSE since September 12, 2018 under the symbol "NIO."

Our Class A ordinary shares have been listed on the Hong Kong Stock Exchange, by way of introduction, since March 10, 2022 under the stock code "9866."

Our Class A ordinary shares have been listed on the Singapore Exchange, by way of introduction, since May 20, 2022 under the stock code "NIO."

Currently, our ordinary shares consist of Class A ordinary shares and Class C ordinary shares. Holders of Class A ordinary shares are entitled to one vote per share, and holders of Class C ordinary shares are entitled to eight votes per share. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our ADSs and Class A Ordinary Shares—Our dual-class voting structure will limit the holders of our Class A ordinary shares and ADSs to influence corporate matters, provide certain shareholders of ours with substantial influence and could discourage others from pursuing any change of control transactions that holders of our Class A ordinary shares and ADSs may view as beneficial."

B. Plan of Distribution

Not applicable.

C. Markets

Our ADSs, each representing one Class A ordinary share, have been listed on the NYSE since September 12, 2018 under the symbol "NIO."

Our Class A ordinary shares have been listed on the Hong Kong Stock Exchange, by way of introduction, since March 10, 2022 under the stock code "9866."

Our Class A ordinary shares have been listed on the Singapore Exchange, by way of introduction, since May 20, 2022 under the stock code "NIO."

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

A. Share Capital

Not applicable.

B. Memorandum and Articles of Association

We are an exempted company incorporated under the laws of the Cayman Islands and our affairs are governed by our current thirteenth amended and restated memorandum and articles of association, the Companies Act, and the common law of the Cayman Islands.

The following are summaries of material provisions of our thirteenth amended and restated memorandum and articles of association which took effect in August 2022, insofar as they relate to the material terms of our ordinary shares.

Objects of Our Company

Under our thirteenth amended and restated memorandum and articles of association, the objects of our company are unrestricted and we have the full power and authority to carry out any object not prohibited by the law of the Cayman Islands.

Ordinary Shares

Our authorized share capital is US$1,000,000 divided into 4,000,000,000 shares comprising of (i) 2,632,030,222 Class A ordinary shares of a par value of US$0.00025 each, (ii) 148,500,000 Class C ordinary shares of a par value of US$0.00025 each and (iii) 1,219,469,778 shares of a par value of US$0.00025 each of such class or classes (however designated) as our board of directors may determine in accordance with our thirteenth amended and restated memorandum and articles of association. All of our issued and outstanding ordinary shares are fully paid and non-assessable. Our ordinary shares are issued in registered form, and are issued when registered in our register of members. Our shareholders who are non-residents of the Cayman Islands may freely hold and vote their ordinary shares. Under our thirteenth amended and restated memorandum and articles of association, our company may not issue bearer shares.

Class of ordinary shares

Holders of Class A ordinary shares and Class C ordinary shares shall at all times vote together as one class on all resolutions submitted to a vote by the holders of ordinary shares. Each Class A ordinary share shall entitle the holder thereof to one (1) vote on all matters subject to vote at general meetings of our company, and each Class C ordinary share shall entitle the holder thereof to eight (8) votes on all matters subject to vote at general meetings of our company. During the Relevant Period, our company shall have only one class of shares that each of such share entitles the holder thereof to more than one (1) vote on all matters subject to vote at general meetings of our company, which is Class C ordinary shares.

Conversion

Each Class C ordinary share is convertible into one (1) Class A ordinary share at any time at the option of the holder thereof. In no event shall Class A ordinary shares be convertible into Class C ordinary shares.

Upon any sale, transfer, assignment or disposition of any Class C ordinary share by a shareholder to any person who is not an existing shareholder of Class C ordinary shares and any affiliate of such shareholder or NIO Users Trust, or upon a change of ultimate beneficial ownership of any Class C ordinary share to any person who is not an existing shareholder of Class C ordinary shares and any affiliate of such shareholder or NIO Users Trust, each such Class C ordinary share shall be automatically and immediately converted into one (1) Class A ordinary share.

Dividends

The holders of our ordinary shares are entitled to such dividends as may be declared by our board of directors, subject to our thirteenth amended and restated memorandum articles of association. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our directors. In either case, under the laws of the Cayman Islands, our company may pay a dividend out of either profits or share premium account, provided that in no circumstances may a dividend be paid if this would result in our company being unable to pay its debts as they fall due in the ordinary course of business.

Voting Rights

Voting at any shareholders' meeting is by show of hands unless a poll is demanded. Each Class A ordinary share shall entitle the holder thereof to one (1) vote on all matters subject to vote at general meetings of our company, and each Class C ordinary share shall entitle the holder thereof to eight (8) votes on all matters subject to vote at general meetings of our company. A poll may be demanded by the chairman of such meeting or any one or more shareholders present in person or by proxy at the meeting. However, during the Relevant Period, each Class A ordinary share and each Class C ordinary share shall entitle its holder to one vote on a poll at a general meeting in respect of a resolution on any of the following matters: (i) any amendment of our memorandum or articles of association, including the variation of the rights attached to any class of shares; (ii) the appointment, election or removal of any independent non-executive director; (iii) the appointment or removal of the auditors; or (iv) the voluntary liquidation or winding-up of our company.

An ordinary resolution to be passed at a meeting by the shareholders requires the affirmative vote of a simple majority of the votes attaching to the ordinary shares cast at a meeting, while a special resolution requires the affirmative vote of no less than three-fourths of the votes cast attaching to the outstanding ordinary shares at a meeting. A special resolution will be required for important matters such as a change of name or making changes to our thirteenth amended and restated memorandum and articles of association. Holders of our ordinary shares may effect certain changes by ordinary resolution, including increasing the amount of our authorized share capital, consolidating all or any of our share capital into shares of larger amount than our existing shares, sub-dividing our shares or any of them into shares of an amount smaller than that fixed by our thirteenth amended and restated memorandum and articles of association, and cancelling any unissued shares. Both ordinary resolution and special resolution may also be passed by a unanimous written resolution signed by all the shareholders of our company, as permitted by the Companies Act and our thirteenth amended and restated memorandum and articles of association.

Appointment and Removal of Directors

Our board of directors may, by the affirmative vote of a simple majority of the directors present and voting at a board meeting, (i) appoint any person as a director, to fill a casual vacancy on the board or, (ii) subject to the maximum size of the board of directors being nine (9) directors, appoint any person as an addition to the existing board. Directors may be removed by ordinary resolution of our shareholders. Subject to the code, rules and regulations applicable to us as a result of our listing in the United States applicable to the composition of the board and qualifications and appointment of directors, (i) NIO Users Trust shall be entitled to nominate one (1) director to the board; and (ii) in the event that Mr. Bin Li is not an incumbent director and the board is composed of no less than six (6) directors, NIO Users Trust shall be entitled to nominate one (1) extra director to the Board. Such director nomination right of NIO Users Trust were ceased to be effective at the First AGM, and shall only be restored when our company is no longer listed on the Hong Kong Stock Exchange. In addition, for so long as CYVN Investments and its affiliates beneficially own no less than 15% of our total issued and outstanding share capital, CYVN Investments is entitled to nominate two directors; if the beneficial ownership of CYVN Investments and its affiliates decreases to less than 15% but remains above 5%, CYVN Investments retains the right to nominate one director. The foregoing director nomination rights of CYVN Investments are subject to compliance with the Company's articles and requirements of relevant stock exchanges.

General Meetings of Shareholders

As a Cayman Islands exempted company, we are not obliged by the Companies Act to call shareholders' annual general meetings. However, our thirteenth amended and restated memorandum and articles of association provide that we shall in each financial year hold a general meeting as our annual general meeting in addition to any other meeting in that year and shall specify the meeting as such in the notice calling it, and the annual general meeting shall be held at such time and place as may be determined by our directors.

Shareholders' general meetings may be convened by the chairman of board of directors or a majority of our board of directors. Advance notice of at least twenty - one calendar days is required for the convening of our annual general shareholders' meeting and advance notice of at least fourteen calendar days is required for any other general meeting of our shareholders. A quorum required for any general meeting of shareholders consists of at least one shareholder present or by proxy, representing not less than one-third of all votes attaching to all of our shares in issue and entitled to vote.

The Companies Act provides shareholders with only limited rights to requisition a general meeting, and does not provide shareholders with any right to put any proposal before a general meeting. However, these rights may be provided in a company's articles of association. Our thirteenth amended and restated memorandum and articles of association provide that upon the requisition of shareholders representing in aggregate not less than one-tenth of all votes (on a one vote per share basis) attaching to the outstanding shares of our company entitled to vote at general meetings, our board will convene an extraordinary general meeting and put the resolutions so requisitioned to a vote at such meeting, and such shareholders may add resolutions to the meeting agenda.

Transfer of Ordinary Shares

Subject to the restrictions in our thirteenth amended and restated memorandum and articles of association set out below, any of our shareholders may transfer all or any of his or her ordinary shares by an instrument of transfer in writing and in the usual or common form or any other form approved by our board of directors.

Our board of directors may, in its absolute discretion, decline to register any transfer of any ordinary share which is not fully paid up or on which we have a lien. Our board of directors may also decline to register any transfer of any ordinary share unless:

- the instrument of transfer is lodged with us, accompanied by the certificate for the ordinary shares to which it relates and such other evidence as our board of directors may reasonably require to show the right of the transferor to make the transfer;
- the instrument of transfer is in respect of only one class of ordinary shares;
- the instrument of transfer is properly stamped, if required;
- in the case of a transfer to joint holders, the number of joint holders to whom the ordinary share is to be transferred does not exceed four; and
- a fee of such maximum sum as the New York Stock Exchange or the Hong Kong Stock Exchange may determine to be payable or such lesser sum as our directors may from time to time require is paid to us in respect thereof.

If our directors refuse to register a transfer they shall, within three months after the date on which the instrument of transfer was lodged, send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may, after compliance with any notice required of the New York Stock Exchange or the Hong Kong Stock Exchange, be suspended and the register closed at such times and for such periods as our board of directors may from time to time determine; provided, however, that the registration of transfers shall not be suspended nor the register closed for more than 30 days in any year as our board of directors may determine.

Liquidation

On the winding-up of our company, if the assets available for distribution among our shareholders shall be more than sufficient to repay the whole of the share capital at the commencement of the winding-up, the surplus shall be distributed amongst our shareholders in proportion to the par value of the shares held by them at the commencement of the winding-up, subject to a deduction from those shares in respect of which there are monies due, of all monies payable to our company for unpaid calls or otherwise. If our assets available for distribution are insufficient to repay all of the paid-up capital, the assets will be distributed so that the losses are borne by our shareholders in proportion to the par value of the shares held by them.

Calls on Shares and Forfeiture of Shares

Our board of directors may from time to time make calls upon shareholders for any amounts unpaid on their shares in a notice served to such shareholders at least 14 days prior to the specified time and place of payment. The shares that have been called upon and remain unpaid are subject to forfeiture.

Redemption, Repurchase and Surrender of Shares

We may issue shares on terms that such shares are subject to redemption, at our option or at the option of the holders of these shares, on such terms and in such manner as may be determined by our board of directors or by special resolution of our shareholders. Our company may also repurchase any of our shares on such terms and in such manner as have been approved by our board of directors or by an ordinary resolution of our shareholders. Under the Companies Act, the redemption or repurchase of any share may be paid out of our company's profits or out of the proceeds of a new issue of shares made for the purpose of such redemption or repurchase, or out of capital (including share premium account and capital redemption reserve) if our company can, immediately following such payment, pay its debts as they fall due in the ordinary course of business. In addition, under the Companies Act no such share may be redeemed or repurchased (a) unless it is fully paid up, (b) if such redemption or repurchase would result in there being no shares outstanding or (c) if the company has commenced liquidation. In addition, our company may accept the surrender of any fully paid share for no consideration.

Variations of Rights of Shares

If at any time, our share capital is divided into different classes of shares, the rights attached to any class of shares (unless otherwise provided by the terms of issue of the shares of that class), may only be varied with the consent in writing of holders of three-fourths of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class by holders of three-fourths of the issued shares of that class present in person or by proxy and voting at such meeting. The rights conferred upon the holders of the shares of any class issued shall not, subject to any rights or restrictions for the time being attached to the shares of that class, be deemed to be varied by, inter alia, the creation, allotment or issue of further shares ranking pari passu with such existing class of shares.

Issuance of Additional Shares

Our thirteenth amended and restated memorandum of association authorizes our board of directors to issue additional ordinary shares from time to time as our board of directors shall determine, to the extent of available authorized but unissued shares.

Our thirteenth amended and restated memorandum of association also authorizes our board of directors, at any time after the Relevant Period, to establish from time to time one or more series of preference shares and to determine, with respect to any series of preference shares, the terms and rights of that series, including:

- the designation of the series;
- the number of shares of the series;
- the dividend rights, dividend rates, conversion rights and voting rights; and
- the rights and terms of redemption and liquidation preferences.

At any time after the Relevant Period, our board of directors may issue preference shares without action by our shareholders to the extent authorized but unissued. Issuance of these shares may dilute the voting power of holders of ordinary shares.

Inspection of Books and Records

Holders of our ordinary shares will have no general right under Cayman Islands law to inspect or obtain copies of our list of shareholders or our corporate records (except for our thirteenth amended and restated memorandum and articles of association and our register of mortgages and charges) except as conferred by law or authorized by the directors or by ordinary resolution.

However, as a company that is subject to the periodic reporting and other informational requirements of the Exchange Act, we file annual reports with the SEC that include annual audited financial statements. See “Item 10. Additional Information—H. Documents on Display.”

Changes in Capital

Our shareholders may from time to time by ordinary resolution:

- increase our share capital by such sum, to be divided into shares of such classes and amount, as the resolution shall prescribe;
- consolidate and divide all or any of our share capital into shares of a larger amount than our existing shares;
- sub-divide our existing shares, or any of them into shares of a smaller amount; provided that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in case of the share from which the reduced share is derived; or
- cancel any shares that, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of our share capital by the amount of the shares so cancelled.

Our shareholders may, by special resolution and subject to confirmation by the Grand Court of the Cayman Islands on an application by our company for an order confirming such reduction, reduce our share capital and any capital redemption reserve in any manner authorized by law.

Anti-Takeover Provisions

Some provisions of our thirteenth amended and restated memorandum and articles of association may discourage, delay or prevent a change of control of our company or management that shareholders may consider favorable, including provisions that:

- at any time after the Relevant Period, authorize our board of directors to issue preference shares in one or more series and to designate the price, rights, preferences, privileges and restrictions of such preference shares without any further vote or action by our shareholders; and

- at any time after the Relevant Period, limit the ability of shareholders to requisition and convene general meetings of shareholders.

However, under Cayman Islands law, our directors may only exercise the rights and powers granted to them under our thirteenth amended and restated memorandum and articles of association for a proper purpose and for what they believe in good faith to be in the best interests of our company.

Exempted Company

We are an exempted company with limited liability under the Companies Act. The Companies Act distinguishes between ordinary resident companies, ordinary non-resident companies and exempted companies. Any company that is registered in the Cayman Islands but conducts business mainly outside of the Cayman Islands may apply to be registered as an exempted company. The requirements for an exempted company are essentially the same as for an ordinary resident/non-resident company except that an exempted company:

- does not have to file an annual return detailing its shareholders with the Registrar of Companies of the Cayman Islands;

- is not required to open its register of members for inspection;

- does not have to hold an annual general meeting;

- may obtain an undertaking against the imposition of any future taxation (such undertakings are usually given for 30 years in the first instance);

- may register by way of continuation in another jurisdiction and be deregistered in the Cayman Islands;

- may register as a limited duration company; and

- may register as a segregated portfolio company.

"Limited liability" means that the liability of each shareholder is limited to the amount unpaid by the shareholder on the shares of the company (except in exceptional circumstances, such as involving fraud, the establishment of an agency relationship or an illegal or improper purpose or other circumstances in which a court may be prepared to pierce or lift the corporate veil).

Differences in Corporate Law

The Companies Act (As Revised) is derived, to a large extent, from the older Companies Acts of England but does not follow recent United Kingdom statutory enactments, and accordingly there are significant differences between the Companies Act (As Revised) and the current Companies Act of England.

In addition, the Companies Act (As Revised) differs from laws applicable to United States corporations and their shareholders. Set forth below is a summary of certain significant differences between the provisions of the Companies Act (As Revised) applicable to us and the laws applicable to United States corporations and companies incorporated in the State of Delaware.

Mergers and Similar Arrangements

The Companies Act (As Revised) permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (1) "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company and (2) a "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies in the consolidated company.

In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorized by (1) a special resolution of the shareholders of each constituent company, and (2) such other authorization, if any, as may be specified in such constituent company's articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

A merger between a Cayman parent company and its Cayman subsidiary or subsidiaries does not require authorization by a resolution of shareholders of that Cayman subsidiary if a copy of the plan of merger is given to every member of that Cayman subsidiary to be merged unless that member agrees otherwise. For this purpose, a company is a "parent" of a subsidiary if it holds issued shares that together represent at least 90% of the votes at a general meeting of the subsidiary.

The consent of each holder of a fixed or floating security interest over a constituent company is required unless this requirement is waived by a court in the Cayman Islands.

Save in certain limited circumstances, a shareholder of a Cayman constituent company who dissents from the merger or consolidation is entitled to payment of the fair value of his shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) upon dissenting to the merger or consolidation, provide the dissenting shareholder complies strictly with the procedures set out in the Companies Act. The exercise of dissenter rights will preclude the exercise by the dissenting shareholder of any other rights to which he or she might otherwise be entitled by virtue of holding shares, save for the right to seek relief on the grounds that the merger or consolidation is void or unlawful.

Separate from the statutory provisions relating to mergers and consolidations, the Companies Act (As Revised) also contains statutory provisions that facilitate the reconstruction and amalgamation of companies by way of schemes of arrangement, provided that the arrangement is approved by (a) 75% in value of the shareholders or class of shareholders, as the case may be, or (b) a majority in number representing 75% in value of the creditors or each class of creditors, as the case may be, with whom the arrangement is to be made, that are, in each case, present and voting either in person or by proxy at a meeting, or meetings, convened for that purpose. The convening of the meetings and subsequently the arrangement must be sanctioned by the Grand Court of the Cayman Islands. While a dissenting shareholder has the right to express to the court the view that the transaction ought not to be approved, the Grand Court can be expected to approve the arrangement if it determines that:

- the statutory provisions as to the required majority vote have been met;
- the shareholders have been fairly represented at the meeting in question and the statutory majority are acting bona fide without coercion of the minority to promote interests adverse to those of the class;
- the arrangement is such that may be reasonably approved by an intelligent and honest man of that class acting in respect of his interest; and
- the arrangement is not one that would more properly be sanctioned under some other provision of the Companies Act.

The Companies Act (As Revised) also contains a statutory power of compulsory acquisition which may facilitate the "squeeze out" of dissentient minority shareholder upon a tender offer. When a tender offer is made and accepted by holders of 90% of the shares affected within four months, the offeror may, within a two-month period commencing on the expiration of such four-month period, require the holders of the remaining shares to transfer such shares to the offeror on the terms of the offer. An objection can be made to the Grand Court of the Cayman Islands, but this is unlikely to succeed in the case of an offer which has been so approved unless there is evidence of fraud, bad faith or collusion.

If an arrangement and reconstruction by way of scheme of arrangement is thus approved, the dissenting shareholder would have no rights comparable to appraisal rights, which would otherwise ordinarily be available to dissenting shareholders of Delaware corporations, providing rights to receive payment in cash for the judicially determined value of the shares.

Shareholders' Suits

In principle, we will normally be the proper plaintiff to sue for a wrong done to us as a company, and as a general rule a derivative action may not be brought by a minority shareholder. However, based on English authorities, which would in all likelihood be of persuasive authority in the Cayman Islands, the Cayman Islands court can be expected to follow and apply the common law principles (namely the rule in Foss v. Harbottle and the exceptions thereto) so that a non-controlling shareholder may be permitted to commence a class action against or derivative actions in the name of our company to challenge actions where:

- a company acts or proposes to act illegally or ultra vires;
- the act complained of, although not ultra vires, could only be effected duly if authorized by more than a simple majority vote that has not been obtained; and
- an act which constitutes a fraud against the minority where the wrongdoer are themselves in control of the company.

Indemnification of Directors and Executive Officers and Limitation of Liability

The Companies Act does not limit the extent to which a company's memorandum and articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against civil fraud or the consequences of committing a crime. Our thirteenth amended and restated memorandum and articles of association provide that we shall indemnify our officers and directors against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by such directors or officer, other than by reason of such person's dishonesty, willful default or fraud, in or about the conduct of our company's business or affairs (including as a result of any mistake of judgment) or in the execution or discharge of his duties, powers, authorities or discretions, including without prejudice to the generality of the foregoing, any costs, expenses, losses or liabilities incurred by such director or officer in defending (whether successfully or otherwise) any civil proceedings concerning our company or its affairs in any court whether in the Cayman Islands or elsewhere. This standard of conduct is generally the same as permitted under the Delaware General Corporation Law for a Delaware corporation.

In addition, we have entered into indemnification agreements with our directors and executive officers that provide such persons with additional indemnification beyond that provided in our thirteenth amended and restated memorandum and articles of association.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers or persons controlling us under the foregoing provisions, we have been informed that in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Directors' Fiduciary Duties

Under Delaware corporate law, a director of a Delaware corporation has a fiduciary duty to the corporation and its shareholders. This duty has two components: the duty of care and the duty of loyalty. The duty of care requires that a director act in good faith, with the care that an ordinarily prudent person would exercise under similar circumstances. Under this duty, a director must inform himself of, and disclose to shareholders, all material information reasonably available regarding a significant transaction.

The duty of loyalty requires that a director acts in a manner he or she reasonably believes to be in the best interests of the corporation. He or she must not use his corporate position for personal gain or advantage. This duty prohibits self-dealing by a director and mandates that the best interest of the corporation and its shareholders take precedence over any interest possessed by a director, officer or controlling shareholder and not shared by the shareholders generally.

In general, actions of a director are presumed to have been made on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the corporation. However, this presumption may be rebutted by evidence of a breach of one of the fiduciary duties. Should such evidence be presented concerning a transaction by a director, the director must prove the procedural fairness of the transaction and that the transaction was of fair value to the corporation.

As a matter of Cayman Islands law, a director of a Cayman Islands company is in the position of a fiduciary with respect to the company and therefore it is considered that he or she owes the following duties to the company:

- a duty to act in good faith in the best interests of the company,
- a duty not to make a personal profit based on his or her position as director (unless the company permits him or her to do so),
- a duty not to put himself or herself in a position where the interests of the company conflict with his or her personal interest or his or her duty to a third party, and
- a duty to exercise powers for the purpose for which such powers were intended.

A director of a Cayman Islands company owes to the company a duty of care, diligence and skill. It was previously considered that a director need not exhibit in the performance of his or her duties a greater degree of skill than may reasonably be expected from a person of his or her knowledge and experience. However, English and Commonwealth courts have moved towards an objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands.

Shareholder Action by Written Consent

Under the Delaware General Corporation Law, a corporation may eliminate the right of shareholders to act by written consent by amendment to its certificate of incorporation. Cayman Islands law and our currently effective memorandum and articles of association provide that our shareholders may approve corporate matters by way of a unanimous written resolution signed by or on behalf of all shareholders who would have been entitled to vote on such matter at a general meeting without a meeting being held.

Shareholder Proposals

Under the Delaware General Corporation Law, a shareholder has the right to put any proposal before the annual meeting of shareholders, provided it complies with the notice provisions in the governing documents. A special meeting may be called by the board of directors or any other person authorized to do so in the governing documents, but shareholders may be precluded from calling special meetings.

The Companies Act (As Revised) does not provide shareholders with an express right to put forth any proposal before a general meeting of the shareholders. However, the Companies Act (As Revised) may provide shareholders with limited rights to requisition a general meeting but such rights must be stipulated in the articles of association of the company.

Any one or more shareholders holding not less than one-tenth of the voting rights on a one vote per share basis, in the share capital of the company at the date of deposit of the requisition shall at all times have the right, by written requisition to the board of directors or the secretary of the company, to require an extraordinary general meeting to be called by the board of directors for the transaction of any business specified in such requisition.

Cumulative Voting

Under the Delaware General Corporation Law, cumulative voting for election of directors is not permitted unless the corporation's certificate of incorporation specifically provides for it. Cumulative voting potentially facilitates the representation of minority shareholders on a board of directors since it permits the minority shareholder to cast all the votes to which the shareholder is entitled on a single director, which increases the shareholder's voting power with respect to electing such director.

There are no prohibitions relating to cumulative voting under the laws of the Cayman Islands, but our thirteenth amended and restated memorandum and articles of association do not provide for cumulative voting. As a result, our shareholders are not afforded any less protections or rights on this issue than shareholders of a Delaware corporation.

Removal of Directors

Under the Delaware General Corporation Law, a director of a corporation with a classified board may be removed only for cause with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise.

Under our thirteenth amended and restated memorandum and articles of association, directors may be removed with or without cause, by an ordinary resolution of our shareholders. A director will also cease to be a director if he or she (i) becomes bankrupt or makes any arrangement or composition with his or her creditors; (ii) dies or is found to be or becomes of unsound mind; (iii) resigns his office by notice in writing; (iv) without special leave of absence from our board, is absent from meetings of our board for three consecutive meetings and our board resolves that his office be vacated; or (v) is removed from office pursuant to any other provision of our thirteenth amended and restated articles of association.

Transactions with Interested Shareholders

The Delaware General Corporation Law contains a business combination statute applicable to Delaware public corporations whereby, unless the corporation has specifically elected not to be governed by such statute by amendment to its certificate of incorporation, it is prohibited from engaging in certain business combinations with an "interested shareholder" for three years following the date that such person becomes an interested shareholder. An interested shareholder generally is a person or a group who or which owns or owned 15% or more of the target's outstanding voting shares within the past three years.

This statute has the effect of limiting the ability of a potential acquirer to make a two-tiered bid for the target in which all shareholders would not be treated equally. The statute does not apply if, prior to the date on which such shareholder becomes an interested shareholder, the board of directors approves either the business combination or the transaction which resulted in the person becoming an interested shareholder. This encourages any potential acquirer of a Delaware corporation to negotiate the terms of any acquisition transaction with the target's board of directors.

Cayman Islands law has no comparable statute. As a result, we cannot avail ourselves of the types of protections afforded by the Delaware business combination statute. However, although Cayman Islands law does not regulate transactions between a company and its significant shareholders, it does provide that such transactions must be entered into bona fide in the best interests of the company and for a proper purpose and not with the effect of constituting a fraud on the minority shareholders.

Restructuring

A company may present a petition to the Grand Court of the Cayman Islands for the appointment of a restructuring officer on the grounds that the company:

(a) is or is likely to become unable to pay its debts; and

(b) intends to present a compromise or arrangement to its creditors (or classes thereof) either pursuant to the Companies Act, the law of a foreign country or by way of a consensual restructuring.

The Grand Court may, among other things, make an order appointing a restructuring officer upon hearing of such petition, with such powers and to carry out such functions as the court may order. At any time (i) after the presentation of a petition for the appointment of a restructuring officer but before an order for the appointment of a restructuring officer has been made, and (ii) when an order for the appointment of a restructuring officer is made, until such order has been discharged, no suit, action or other proceedings (other than criminal proceedings) shall be proceeded with or commenced against the company, no resolution to wind up the company shall be passed, and no winding up petition may be presented against the company, except with the leave of the court. However, notwithstanding the presentation of a petition for the appointment of a restructuring officer or the appointment of a restructuring officer, a creditor who has security over the whole or part of the assets of the company is entitled to enforce the security without the leave of the court and without reference to the restructuring officer appointed.

Dissolution; Winding Up

Under the Delaware General Corporation Law, unless the board of directors approves the proposal to dissolve, dissolution must be approved by shareholders holding 100% of the total voting power of the corporation. Only if the dissolution is initiated by the board of directors may it be approved by a simple majority of the corporation's outstanding shares. Delaware law allows a Delaware corporation to include in its certificate of incorporation a supermajority voting requirement in connection with dissolutions initiated by the board.

Under Cayman Islands law, a company may be wound up by either an order of the courts of the Cayman Islands or by a special resolution of its members or, if the company is unable to pay its debts as they fall due, by an ordinary resolution of its members. The court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the court, just and equitable to do so.

Variation of Rights of Shares

Under the Delaware General Corporation Law, a corporation may vary the rights of a class of shares with the approval of a majority of the outstanding shares of such class, unless the certificate of incorporation provides otherwise. Under Cayman Islands law and our thirteenth amended and restated memorandum and articles of association, if our share capital is divided into more than one class of shares, we may vary the rights attached to any class with the sanction of a special resolution passed by a majority of not less than three-fourths of the votes cast at a separate meeting of the holders of the shares of that class.

Amendment of Governing Documents

Under the Delaware General Corporation Law, a corporation's governing documents may be amended with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise.

Under Cayman Islands law, our thirteenth amended and restated memorandum and articles of association may only be amended with a special resolution of our shareholders.

Rights of Non-resident or Foreign Shareholders

There are no limitations imposed by our thirteenth amended and restated memorandum and articles of association on the rights of non-resident or foreign shareholders to hold or exercise voting rights on our shares.

In addition, there are no provisions in our thirteenth amended and restated memorandum and articles of association governing the ownership threshold above which shareholder ownership must be disclosed.

Inspection of Books and Records

Under the Delaware General Corporation Law, any shareholder of a corporation may for any proper purpose inspect or make copies of the corporation's stock ledger, list of shareholders and other books and records.

Shareholders of Cayman Islands exempted companies like us have no general right under Cayman Islands law to inspect corporate records (other than the memorandum and articles of association, the register of mortgages and charges and any special resolutions passed by our shareholders) or obtain copies of the list of shareholders of these companies. However, we intend to provide our shareholders with annual reports containing audited financial statements.

C. Material Contracts

We have not entered into any material contracts other than in the ordinary course of business and other than those described in "Item 4. Information on the Company," "Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions" or elsewhere in this annual report.

D. Exchange Controls

See "Item 4. Information on the Company—B. Business Overview—Regulations—Regulations on Foreign Exchange."

E. Taxation

The following discussion of Cayman Islands, PRC and United States federal income tax consequences of an investment in our ADSs or ordinary shares is based upon laws and interpretations thereof in effect as of the date of this annual report, all of which are subject to change or differing interpretation, possibly with retroactive effect. This summary does not deal with all possible tax consequences relating to an investment in our ADSs or ordinary shares, such as the tax consequences under U.S. state and local tax laws or under the tax laws of jurisdictions other than the Cayman Islands, the People's Republic of China and the United States.

Cayman Islands Taxation

The Cayman Islands currently has no form of income, corporate or capital gains tax and no estate duty, inheritance tax or gift tax. There are no other taxes likely to be material to holders of our ADSs or ordinary shares levied by the government of the Cayman Islands except for stamp duties which may be applicable on instruments executed in, or, after execution, brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties that are applicable to any payments made to or by our company. There are no exchange control regulations under Cayman Islands law.

Payments of dividends and capital in respect of our Class A ordinary shares and ADSs will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of a dividend or capital to any holder of our Class A ordinary shares or ADSs, nor will gains derived from the disposal of our Class A ordinary shares or ADSs be subject to Cayman Islands income or corporation tax.

People's Republic of China Taxation

Under the PRC Enterprise Income Tax Law and its implementation rules, an enterprise established outside of the PRC with a "de facto management body" within the PRC is considered a resident enterprise and will be subject to the enterprise income tax at the rate of 25% on its global income. The implementation rules define the term "de facto management body" as the body that exercises full and substantial control over and overall management of the business, productions, personnel, accounts and properties of an enterprise. In April 2009, the State Taxation Administration issued the Circular on Issues Relating to Identification of PRC-Controlled Overseas Registered Enterprises as Resident Enterprises in Accordance With the De Facto Standards of Organizational Management, or Circular 82, which provides certain specific criteria for determining whether the "de facto management body" of a PRC-controlled enterprise that is incorporated offshore is located in China. Although this circular only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreigners, the criteria set forth in the circular may reflect the State Taxation Administration's general position on how the "de facto management body" test should be applied in determining the tax resident status of all offshore enterprises. According to Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its "de facto management body" in China only if all of the following conditions are met: (i) the primary location of the day-to-day operational management is in the PRC; (ii) decisions relating to the enterprise's financial and human resource matters are made or are subject to approval by organizations or personnel in the PRC; (iii) the enterprise's primary assets, accounting books and records, company seals, and board and shareholder resolutions, are located or maintained in the PRC; and (iv) at least 50% of voting board members or senior executives habitually reside in the PRC. Further to Circular 82, the State Taxation Administration issued the Bulletin on Promulgation of the Administrative Measures for Income Tax of Chinese-Controlled Offshore-Incorporated Resident Enterprises (Trial Implementation), which took effect in September 2011, to provide more guidance on the implementation of Circular 82. This bulletin provides for procedures and administration details of determination on resident status and administration on post-determination matters.

We believe that NIO Inc. is not a PRC resident enterprise for PRC tax purposes. NIO Inc. is not controlled by a PRC enterprise or PRC enterprise group and we do not believe that NIO Inc. meets all of the conditions above. NIO Inc. is a company incorporated outside the PRC. As a holding company, NIO Inc.'s key assets are its ownership interests in its subsidiaries, and its key assets are located, and its records (including the resolutions of its board of directors and the resolutions of its shareholders) are maintained, outside the PRC. For the same reasons, we believe our other entities outside of China are not PRC resident enterprises either. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term "de facto management body." There can be no assurance that the PRC government will ultimately take a view that is consistent with us.

If the PRC tax authorities determine that NIO Inc. is a PRC resident enterprise for enterprise income tax purposes, we may be required to withhold a 10% withholding tax from dividends we pay to our shareholders that are non-resident enterprises, including the holders of our ADSs. In addition, non-resident enterprise shareholders (including our ADS holders) may be subject to a 10% PRC tax on gains realized on the sale or other disposition of ADSs or Class A ordinary shares, if such income is treated as sourced from within the PRC. It is unclear whether our non-PRC individual shareholders (including our ADS holders) would be subject to any PRC tax on dividends or gains obtained by such non-PRC individual shareholders in the event we are determined to be a PRC resident enterprise. If any PRC tax were to apply to such dividends or gains, it would generally apply at a rate of 20% unless a reduced rate is available under an applicable tax treaty. It is also unclear whether non-PRC shareholders of NIO Inc. would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that NIO Inc. is treated as a PRC resident enterprise. Pursuant to the Enterprise Income Tax Law and its implementation rules, if a non-resident enterprise has not set up an organization or establishment in China, or has set up an organization or establishment but the income derived has no actual connection with such organization or establishment, it will be subject to a withholding tax on its PRC-sourced income at a rate of 10%. Pursuant to the Arrangement between Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Tax Evasion on Income, the tax rate in respect to dividends paid by a PRC enterprise to a Hong Kong enterprise is reduced to 5% from a standard rate of 10% if the Hong Kong enterprise directly holds at least 25% of the PRC enterprise. Pursuant to STA Circular 81, a Hong Kong resident enterprise must meet the following conditions, among others, in order to enjoy the reduced tax rate: (i) it must directly own the required percentage of equity interests and voting rights in the PRC resident enterprise; and (ii) it must have directly owned such percentage in the PRC resident enterprise throughout the 12 months prior to receiving the dividends. Furthermore, the Administrative Measures for Non-Resident Enterprises to Enjoy Treatments under Treaties, which took effect in January 2020, require that non-resident enterprises must obtain approval from the tax authority in order to enjoy the reduced tax rate. There are also other conditions for enjoying the reduced tax rate according to other tax rules and regulations. Accordingly, our subsidiaries may be able to enjoy the 5% tax rate for the dividends it receives from its PRC incorporated subsidiaries if they satisfy the conditions prescribed under STA Circular 81 and other tax rules and regulations and obtain the approvals as required. However, according to STA Circular 81, if the tax authorities determine our transactions or arrangements are for the primary purpose of enjoying a favorable tax treatment, the tax authorities may adjust the favorable tax rate on dividends in the future.

Provided that our Cayman Islands holding company, NIO Inc., is not deemed to be a PRC resident enterprise, holders of our ADSs and Class A ordinary shares who are not PRC residents will not be subject to PRC income tax on dividends that we distributed or gains realized from the sale or other disposition of our shares or ADSs. Circular 7 further clarifies that, if a non-resident enterprise derives income by acquiring and selling shares in an offshore listed enterprise in the public market, such income will not be subject to PRC tax. However, there is uncertainty as to the application of Circular 7, we and our non-PRC resident investors may be at risk of being required to file a return and being taxed under Circular 7 and we may be required to expend valuable resources to comply with Circular 7 or to establish that we should not be taxed under Circular 7. See "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—We face uncertainty with respect to indirect transfers of equity interests in PRC resident enterprises by their non-PRC holding companies."

United States Federal Income Taxation

The following discussion is a summary of U.S. federal income tax considerations generally applicable to the ownership and disposition of our ADSs or Class A ordinary shares by a U.S. Holder (as defined below) that acquires our ADSs and holds our ADSs as "capital assets" (generally, property held for investment) under the U.S. Internal Revenue Code of 1986, as amended (the "Code"). This discussion is based upon existing U.S. federal tax law, which is subject to differing interpretations or change, possibly with retroactive effect. There can be no assurance that the Internal Revenue Service (the "IRS") or a court will not take a contrary position. This discussion, moreover, does not address the U.S. federal estate, gift, Medicare, minimum tax, and other non-income tax considerations or any state, local and non-U.S. tax considerations, relating to the ownership or disposition of our ADSs or Class A ordinary shares. The following summary does not address all aspects of U.S. federal income taxation that may be important to particular investors in light of their individual circumstances or to persons in special tax situations such as:

- banks and other financial institutions;
- insurance companies;
- pension plans;
- cooperatives;
- regulated investment companies;
- real estate investment trusts;
- broker-dealers;
- traders that elect to use a mark-to-market method of accounting;
- certain former U.S. citizens or long-term residents;
- tax-exempt entities (including private foundations);
- holders who acquire their ADSs or Class A ordinary shares pursuant to any employee share option or otherwise as compensation;
- investors that will hold their ADSs or Class A ordinary shares as part of a straddle, hedge, conversion, constructive sale or other integrated transaction for U.S. federal income tax purposes;
- investors that have a functional currency other than the U.S. dollar;
- persons that actually or constructively own 10% or more of our stock (by vote or value); or
- partnerships or other entities taxable as partnerships for U.S. federal income tax purposes, or persons holding ADSs or Class A ordinary shares through such entities.

All of the foregoing may be subject to tax rules that differ significantly from those discussed below.

Each U.S. Holder is urged to consult its tax advisor regarding the application of U.S. federal taxation to its particular circumstances, and the state, local, non-U.S. and other tax considerations of the ownership and disposition of our ADSs or Class A ordinary shares.

General

For purposes of this discussion, a "U.S. Holder" is a beneficial owner of our ADSs or Class A ordinary shares that is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created in, or organized under the law of the United States or any state thereof or the District of Columbia;
- an estate the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source; or
- a trust (A) the administration of which is subject to the primary supervision of a U.S. court and which has one or more U.S. persons who have the authority to control all substantial decisions of the trust or (B) that has otherwise validly elected to be treated as a U.S. person under the Code.

If a partnership (or other entity treated as a partnership for U.S. federal income tax purposes) is a beneficial owner of our ADSs or Class A ordinary shares, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. Partnerships holding our ADSs or Class A ordinary shares and their partners are urged to consult their tax advisors regarding an investment in our ADSs or Class A ordinary shares.

For U.S. federal income tax purposes, a U.S. Holder of ADSs will generally be treated as the beneficial owner of the underlying shares represented by the ADSs. The remainder of this discussion assumes that a U.S. Holder of our ADSs will be treated in this manner. Accordingly, deposits or withdrawals of Class A ordinary shares for ADSs will generally not be subject to U.S. federal income tax.

Passive Foreign Investment Company Considerations

A non-U.S. corporation, such as our company, will be classified as a PFIC for U.S. federal income tax purposes for any taxable year, if either (i) 75% or more of its gross income for such year consists of certain types of "passive" income or (ii) 50% or more of the value of its assets (generally determined on the basis of a quarterly average) during such year is attributable to assets that produce or are held for the production of passive income. For this purpose, cash and assets readily convertible into cash are categorized as passive assets and the company's goodwill and other unbooked intangibles are taken into account. Passive income generally includes, among other things, dividends, interest, rents, royalties, and gains from the disposition of passive assets. We will be treated as owning a proportionate share of the assets and earning a proportionate share of the income of any other corporation in which we own, directly or indirectly, 25% or more (by value) of the stock.

Although the law in this regard is not entirely clear, we treat the VIEs as being owned by us for U.S. federal income tax purposes because we control their management decisions and are entitled to substantially all of the economic benefits associated with these entities, and as a result, we consolidate their results of operations in our consolidated U.S. GAAP financial statements. If it were determined, however, that we do not own the VIEs for U.S. federal income tax purposes, we may be treated as a PFIC for the current taxable year and any subsequent taxable year.

Assuming that we are the owner of the VIEs for U.S. federal income tax purposes, and based upon our current and expected income and assets, we do not believe that we were a PFIC for the taxable year ended December 31, 2023. However, no assurance can be given that we will not be or become a PFIC in the current or future taxable years because the determination of whether we will be or become a PFIC is a factual determination made annually that will depend, in part, upon the nature and composition of our income and assets (in particular, the retention of substantial amounts of cash and investments). Fluctuations in the market price of our ADSs or Class A ordinary shares may cause us to be classified as a PFIC for the current or future taxable years because the value of our assets for purposes of the asset test, including the value of our goodwill and other unbooked intangibles, may be determined by reference to the market price of our ADSs or Class A ordinary shares, which may be volatile. In particular, recent declines in the market price of the ADSs and Class A ordinary shares increased our risk of becoming a PFIC. The market price of the ADSs and Class A ordinary shares may continue to fluctuate considerably and, consequently, we cannot assure you of our PFIC status for any taxable year. Furthermore, the composition of our income and assets may also be affected by how, and how quickly, we use our liquid assets. Under circumstances where our passive income significantly increases relative to our non-passive income, or where we determine not to deploy significant amounts of cash for active purposes, our risk of becoming classified as a PFIC may substantially increase.

If we are classified as a PFIC for any year during which a U.S. Holder holds our ADSs or Class A ordinary shares, the PFIC rules discussed below under "—Passive Foreign Investment Company Rules" generally will apply to such U.S. Holder for such taxable year, and unless the U.S. Holder makes certain elections, will apply in future years even if we cease to be a PFIC.

The discussion below under "—Dividends" and "—Sale or Other Disposition" is written on the basis that we will not be or become classified as a PFIC for U.S. federal income tax purposes. The U.S. federal income tax rules that apply generally if we are treated as a PFIC are discussed below under "—Passive Foreign Investment Company Rules."

Dividends

Subject to the discussion below under "—Passive Foreign Investment Company Rules," any cash distributions (including the amount of any PRC tax withheld) paid on our ADSs or Class A ordinary shares out of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles, will generally be includible in the gross income of a U.S. Holder as dividend income on the day actually or constructively received by the U.S. Holder, in the case of Class A ordinary shares, or by the depositary, in the case of ADSs. Because we do not intend to determine our earnings and profits on the basis of U.S. federal income tax principles, any distribution we pay will generally be treated as a "dividend" for U.S. federal income tax purposes. Dividends received on our ADSs or Class A ordinary shares will not be eligible for the dividends received deduction allowed to corporations. A non-corporate U.S. Holder will be subject to tax at the lower capital gain tax rate applicable to "qualified dividend income," provided that certain conditions are satisfied, including that (1) our ADSs are readily tradeable on an established securities market in the United States, or, in the event that we are deemed to be a PRC resident enterprise under the PRC tax law, we are eligible for the benefit of the United States-PRC income tax treaty (the "Treaty"), (2) we are neither a PFIC nor treated as such with respect to such a U.S. Holder (as discussed below) for the taxable year in which the dividend was paid and the preceding taxable year, and (3) certain holding period requirements are met. We expect our ADSs (but not our Class A ordinary shares) will be considered to be readily tradeable on the New York Stock Exchange, which is an established securities market in the United States. There can be no assurance, however, that our ADSs will be considered readily tradeable on an established securities market in later years.

In the event that we are deemed to be a PRC resident enterprise under the PRC Enterprise Income Tax Law (see "—People's Republic of China Taxation" above), we may be eligible for the benefits of the Treaty. If we are eligible for such benefits, dividends we pay on our Class A ordinary shares, regardless of whether such shares are represented by the ADSs, would be eligible for the reduced rates of taxation described in the preceding paragraph.

Dividends will generally be treated as income from foreign sources for U.S. foreign tax credit purposes and will generally constitute passive category income. Depending on the U.S. Holder's individual facts and circumstances, a U.S. Holder may be eligible, subject to a number of complex limitations, to claim a foreign tax credit in respect of any foreign withholding taxes imposed on dividends received on our ADSs or Class A ordinary shares. A U.S. Holder who does not elect to claim a foreign tax credit for foreign tax withheld may instead claim a deduction, for U.S. federal income tax purposes, in respect of such withholding, but only for a year in which such holder elects to do so for all creditable foreign income taxes. The rules governing the foreign tax credit are complex and their outcome depends in large part on the U.S. Holder's individual facts and circumstances. Accordingly, U.S. Holders are urged to consult their tax advisors regarding the availability of the foreign tax credit under their particular circumstances.

Sale or Other Disposition

Subject to the discussion below under "—Passive Foreign Investment Company Rules," a U.S. Holder will generally recognize capital gain or loss upon the sale or other disposition of ADSs or Class A ordinary shares in an amount equal to the difference between the amount realized upon the disposition and the holder's adjusted tax basis in such ADSs or Class A ordinary shares. Any capital gain or loss will be long-term if the ADSs or Class A ordinary shares have been held for more than one year and will generally be U.S.-source gain or loss for U.S. foreign tax credit purposes. Long-term capital gain of non-corporate U.S. Holders is generally eligible for a reduced rate of taxation. In the event that gain from the disposition of the ADSs or Class A ordinary shares is subject to tax in the PRC, such gain may be treated as PRC-source gain under the Treaty. Pursuant to Treasury Regulations, however, if a U.S. Holder is not eligible for the benefits of the Treaty or does not elect to apply the Treaty, then such holder may not be able to claim a foreign tax credit arising from any PRC tax imposed on the disposition of our ADSs or Class A ordinary shares. The deductibility of a capital loss may be subject to limitations. U.S. Holders are urged to consult their tax advisors regarding the tax consequences if a foreign tax is imposed on a disposition of our ADSs or Class A ordinary shares, including the availability of the foreign tax credit or deduction under their particular circumstances, their eligibility for benefits under the Treaty and the potential impact of the Treasury Regulations.

Passive Foreign Investment Company Rules

If we are classified as a PFIC for any taxable year during which a U.S. Holder holds our ADSs or Class A ordinary shares, and unless the U.S. Holder makes a mark-to-market election (as described below), the U.S. Holder will generally be subject to special tax rules on (i) any excess distribution that we make to the U.S. Holder (which generally means any distribution paid during a taxable year to a U.S. Holder that is greater than 125 percent of the average annual distributions paid in the three preceding taxable years or, if shorter, the U.S. Holder's holding period for the ADSs or Class A ordinary shares), and (ii) any gain realized on the sale or other disposition of ADSs or Class A ordinary shares. Under the PFIC rules:

- the excess distribution or gain will be allocated ratably over the U.S. Holder's holding period for the ADSs or Class A ordinary shares;
- the amount allocated to the current taxable year and any taxable years in the U.S. Holder's holding period prior to the first taxable year in which we are classified as a PFIC (each, a "pre-PFIC year"), will be taxable as ordinary income;
- the amount allocated to each prior taxable year, other than a pre-PFIC year, will be subject to tax at the highest tax rate in effect for individuals or corporations, as appropriate, for that year; and
- an additional tax equal to the interest charge generally applicable to underpayments of tax will be imposed on the tax attributable to each prior taxable year, other than a pre-PFIC year.

If we are a PFIC for any taxable year during which a U.S. Holder holds our ADSs or Class A ordinary shares and any of our subsidiaries, the VIEs or any of the subsidiaries of the VIEs are also a PFIC, such U.S. Holder would be treated as owning a proportionate amount (by value) of the shares of the lower-tier PFIC for purposes of the application of these rules. U.S. Holders are urged to consult their tax advisors regarding the application of the PFIC rules to any of our subsidiaries, the VIEs or any of the subsidiaries of the VIEs.

As an alternative to the foregoing rules, a U.S. Holder of "marketable stock" in a PFIC may make a mark-to-market election with respect to such stock, provided that such stock is regularly traded on a qualified exchange, as defined in applicable U.S. Treasury regulations. For those purposes, our ADSs, but not our Class A ordinary shares, are traded on the New York Stock Exchange which is a qualified exchange. We anticipate that our ADSs should qualify as being regularly traded, but no assurances may be given in this regard. If a U.S. Holder makes this election, the holder will generally (i) include as ordinary income for each taxable year that we are a PFIC the excess, if any, of the fair market value of ADSs held at the end of the taxable year over the adjusted tax basis of such ADSs and (ii) deduct as an ordinary loss the excess, if any, of the adjusted tax basis of the ADSs over the fair market value of such ADSs held at the end of the taxable year, but such deduction will only be allowed to the extent of the amount previously included in income as a result of the mark-to-market election. The U.S. Holder's adjusted tax basis in the ADSs would be adjusted to reflect any income or loss resulting from the mark-to-market election. If a U.S. Holder makes a mark-to-market election in respect of a corporation classified as a PFIC and such corporation ceases to be classified as a PFIC, the holder will not be required to take into account the gain or loss described above during any period that such corporation is not classified as a PFIC. If a U.S. Holder makes a mark-to-market election, any gain such U.S. Holder recognizes upon the sale or other disposition of our ADSs in a year when we are a PFIC will be treated as ordinary income and any loss will be treated as ordinary loss, but such loss will only be treated as ordinary loss to the extent of the net amount previously included in income as a result of the mark-to-market election.

Because a mark-to-market election technically cannot be made for any lower-tier PFICs that we may own, a U.S. Holder may continue to be subject to the PFIC rules with respect to such U.S. Holder's indirect interest in any investments held by us that are treated as an equity interest in a PFIC for U.S. federal income tax purposes.

We do not intend to provide information necessary for U.S. Holders to make qualified electing fund elections which, if available, would result in tax treatment different from (and generally less adverse than) the general tax treatment for PFICs described above.

If a U.S. Holder owns our ADSs or Class A ordinary shares during any taxable year that we are a PFIC, the holder must generally file an annual IRS Form 8621. You should consult your tax advisors regarding the U.S. federal income tax consequences of owning and disposing of our ADSs or Class A ordinary shares if we are or become a PFIC.

F. Dividends and Paying Agents

Not applicable.

G. Statement by Experts

Not applicable.

H. Documents on Display

We are subject to the periodic reporting and other informational requirements of the Exchange Act. Under the Exchange Act, we are required to file reports and other information with the SEC. Specifically, we are required to file annually a Form 20-F no later than four months after the close of each fiscal year. All information we file with the SEC can be obtained over the internet at the SEC's website at *www.sec.gov.* As a foreign private issuer, we are exempt from the rules under the Exchange Act prescribing the furnishing and content of quarterly reports and proxy statements, and officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act.

We will furnish Deutsche Bank Trust Company Americas, the depositary of our ADSs, with our annual reports, which will include a review of operations and annual audited consolidated financial statements prepared in conformity with U.S. GAAP, and all notices of shareholders' meetings and other reports and communications that are made generally available to our shareholders. The depositary will make such notices, reports and communications available to holders of ADSs and, upon our request, will mail to all record holders of ADSs the information contained in any notice of a shareholders' meeting received by the depositary from us.

In accordance with NYSE Rule 203.01, we will post this annual report on our website, http://ir.nio.com/. In addition, we will provide hardcopies of our annual report to shareholders, including ADS holders, free of charge upon request.

I. Subsidiary Information

Not applicable.

J. Annual Report to Security Holders

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Foreign Exchange Risk

We expect that, in the foreseeable future, the majority of our revenues will be denominated in RMB while our expenses are denominated in RMB and other currencies. As a result, we are exposed to risk related to movements between the RMB and such other currencies. In addition, the value of our ADSs and Class A ordinary shares will be affected by the exchange rate between U.S. dollar and RMB because the value of our business is effectively denominated in RMB, while our Class A ordinary shares and the ADSs will be traded in Hong Kong dollars and U.S. dollars, respectively. Furthermore, we have purchased certain financial products issued by banks, the returns of which could also be affected by the exchange rate between RMB and other currencies.

The conversion of Renminbi into foreign currencies, including U.S. dollars, is based on rates set by the People's Bank of China. The Renminbi has fluctuated against the U.S. dollar, at times significantly and unpredictably. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between the Renminbi and the U.S. dollar in the future.

To the extent that we need to convert U.S. dollars into Renminbi for our operations, appreciation of the Renminbi against the U.S. dollar would have an adverse effect on the RMB amount we receive from the conversion. Conversely, if we decide to convert Renminbi into U.S. dollars for the purpose of making payments for dividends on our Class A ordinary shares or ADSs or for other business purposes, appreciation of the U.S. dollar against the Renminbi would have a negative effect on the U.S. dollar amounts available to us.

Interest Rate Risk

Our exposure to interest rate risk relates primarily to the interest rates associated with the outstanding convertible notes we issued and bank loans that bear floating interest rates. The interest rate risk may result from many factors, including, among others, government monetary and tax policies, domestic and international economic and political considerations that are beyond our control. We may incur additional loans or other financing facilities in the future. The objective of interest rate risk management is to minimize financial costs and uncertainties associated with interest rate changes. We strive to effectively manage our interest rate risk by periodic monitoring and responding to risk factors on a timely basis, improve the structure of long-term and short-term borrowings and maintain the appropriate balance between loans with floating interest rates and fixed interest rates.

We are subject to interest rate sensitivity on our outstanding 2026 Notes, 2027 Notes, 2029 Notes and 2030 Notes. We account for our convertible notes on an amortized cost basis and our recognized value of the convertible notes does not reflect changes in fair value. Also, because convertible notes we have issued either bear interest at a fixed rate or bear no interest, we have not incurred financial statement impact resulting from changes in interest rates. However, changes in market interest rates impact the fair value of the convertible notes along with other variables such as our credit spreads and the market price and volatility of our ADSs and ordinary shares. Increases in market interest rates would result in a decrease in the fair value of our outstanding convertible notes and decreases in market interest rates would result in an increase in the fair value of our outstanding convertible notes. For information on the maturities and other contractual terms of our convertible notes, see "Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Cash Flows and Working Capital."

With regard to interest rate sensitivity on our bank loans, we present the sensitivity analysis below based on the exposure to interest rates for interest bearing bank loans with variable interest rates as of December 31, 2023. The analysis is prepared assuming that those balances outstanding as of December 31, 2023 were outstanding for the whole financial year. A 1.0% increase or decrease which represents our management's assessment of the reasonably possible change in interest rates is used. Assuming no change in the outstanding balance of our existing interest-bearing bank loans balances with floating interest rates as of December 31, 2023, a 1.0% increase or decrease in each applicable interest rate would add or deduct RMB2.0 million (US$0.3 million) to our interest expense for the year ended December 31, 2023. We have not used any derivative financial instruments to manage our interest risk exposure.

In addition, we may from time to time invest in interest-earning instruments. Investments in both fixed rate and floating rate interest-earning instruments carry certain interest rate risk associated with our investment return. Fixed rate securities may have their fair market value adversely impacted due to a rise in interest rates, while floating rate securities may produce less income than expected if interest rates fall.

Inflation

According to the National Bureau of Statistics of China, the year-over-year percent changes in the consumer price index for December 2021, 2022 and 2023 were an increase of 1.5%, an increase of 1.8% and a decrease of 0.3%, respectively. Although we have not been materially affected by inflation in the PRC in the past, we may be affected in the future by higher rates of inflation in the PRC. In addition, as we expand our global presence and offer products and services to markets outside China, we may be affected by inflationary pressures in Europe or the U.S. or other parts of the world.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

A. Debt Securities

Not applicable.

B. Warrants and Rights

Not applicable.

C. Other Securities

Not applicable.

D. American Depositary Shares

Fees and Charges Our ADS holders May Have to Pay

Holders of our ADSs will be required to pay the following service fees to the depositary bank and certain taxes and governmental charges (in addition to any applicable fees, expenses, taxes and other governmental charges payable on the deposited securities represented by any of ADSs held):

Service	Fees
● To any person to which ADSs are issued or to any person to which a distribution is made in respect of ADS distributions pursuant to stock dividends or other free distributions of stock, bonus distributions, stock splits or other distributions (except where converted to cash)	Up to US$0.05 per ADS issued
● Cancellation of ADSs, including the case of termination of the deposit agreement	Up to US$0.05 per ADS cancelled
● Distribution of cash dividends	Up to US$0.05 per ADS held
● Distribution of cash entitlements (other than cash dividends) and/or cash proceeds from the sale of rights, securities and other entitlements	Up to US$0.05 per ADS held
● Distribution of ADSs pursuant to exercise of rights	Up to US$0.05 per ADS held
● Distribution of securities other than ADSs or rights to purchase additional ADSs	Up to US$0.05 per ADS held
● Depositary services	Up to US$0.05 per ADS held on the applicable record date(s) established by the depositary bank

Holders of our ADSs will also be responsible to pay certain fees and expenses incurred by the depositary bank and certain taxes and governmental charges (in addition to any applicable fees, expenses, taxes and other governmental charges payable on the deposited securities represented by any of your ADSs) such as:

- Fees for the transfer and registration of ordinary shares charged by the registrar and transfer agent for the ordinary shares in Cayman Islands (i.e., upon deposit and withdrawal of ordinary shares).
- Expenses incurred for converting foreign currency into U.S. dollars.
- Expenses for cable, telex and fax transmissions and for delivery of securities.
- Taxes and duties upon the transfer of securities, including any applicable stamp duties, any stock transfer charges or withholding taxes (i.e., when ordinary shares are deposited or withdrawn from deposit).
- Fees and expenses incurred in connection with the delivery or servicing of ordinary shares on deposit.
- Fees and expenses incurred in connection with complying with exchange control regulations and other regulatory requirements applicable to ordinary shares, deposited securities, ADSs and ADRs.
- Any applicable fees and penalties thereon.

The depositary fees payable upon the issuance and cancellation of ADSs are typically paid to the depositary bank by the brokers (on behalf of their clients) receiving the newly issued ADSs from the depositary bank and by the brokers (on behalf of their clients) delivering the ADSs to the depositary bank for cancellation. The brokers in turn charge these fees to their clients. Depositary fees payable in connection with distributions of cash or securities to ADS holders and the depositary services fee are charged by the depositary bank to the holders of record of ADSs as of the applicable ADS record date.

The depositary fees payable for cash distributions are generally deducted from the cash being distributed or by selling a portion of distributable property to pay the fees. In the case of distributions other than cash (i.e., share dividends, rights), the depositary bank charges the applicable fee to the ADS record date holders concurrent with the distribution. In the case of ADSs registered in the name of the investor (whether certificated or uncertificated in direct registration), the depositary bank sends invoices to the applicable record date ADS holders. In the case of ADSs held in brokerage and custodian accounts (via DTC), the depositary bank generally collects its fees through the systems provided by DTC (whose nominee is the registered holder of the ADSs held in DTC) from the brokers and custodians holding ADSs in their DTC accounts. The brokers and custodians who hold their clients' ADSs in DTC accounts in turn charge their clients' accounts the amount of the fees paid to the depositary banks.

In the event of refusal to pay the depositary fees, the depositary bank may, under the terms of the deposit agreements, refuse the requested service until payment is received or may set off the amount of the depositary fees from any distribution to be made to the ADS holder.

The depositary may make payments to us or reimburse us for certain costs and expenses, by making available a portion of the ADS fees collected in respect of the ADR program or otherwise, upon such terms and conditions as we and the depositary bank agree from time to time.

Fees and Other Payments Made by the Depositary to Us

Deutsche Bank Trust Company Americas, as the depositary, has agreed to reimburse us for certain expenses we incur that are related to establishment and maintenance of the ADR program upon such terms and conditions as we and the depositary may agree from time to time. The depositary may make available to us a set amount or a portion of the depositary fees charged in respect of the ADR program or otherwise upon such terms and conditions as we and the depositary may agree from time to time. In 2023, we received an after-tax reimbursement payment of US$29.1 million from the depositary.

Conversion Between Class A Ordinary Shares in Hong Kong and ADSs

A. Dealings and Settlement of Class A Ordinary Shares in Hong Kong

Our Class A ordinary shares are traded on the Hong Kong Stock Exchange in board lots of 10 Class A ordinary shares. Dealings in our Class A ordinary shares on the Hong Kong Stock Exchange will be conducted in Hong Kong dollars.

The transaction costs of dealings in our Class A ordinary shares on the Hong Kong Stock Exchange include:

- Hong Kong Stock Exchange trading fee of 0.00565% of the consideration of the transaction, charged to each of the buyer and seller;
- Securities and Futures Commission transaction levy of 0.0027% of the consideration of the transaction, charged to each of the buyer and seller;
- AFRC Transaction Levy of 0.00015%, charged per side of the consideration of a transaction, collected for the Accounting and Financial Reporting Council (AFRC);
- transfer deed stamp duty of HK$5.00 per transfer deed (if applicable), payable by the seller;
- ad valorem stamp duty at a total rate of 0.2% of the value of the transaction, with 0.1% payable by each of the buyer and the seller;
- stock settlement fee, which is currently 0.002% of the gross transaction value, subject to a minimum fee of HK$2.00 and a maximum fee of HK$100.00 per side per trade;
- brokerage commission, which is freely negotiable with the broker (other than brokerage commissions for IPO transactions which are currently set at 1% of the subscription or purchase price and will be payable by the person subscribing for or purchasing the securities); and
- charge by the Hong Kong share registrar between HK$2.50 to HK$20, depending on the speed of service (or such higher fee as may from time to time be permitted under the Hong Kong Listing Rules), for each transfer of Class A ordinary shares from one registered owner to another, each share certificate canceled or issued by it and any applicable fee as stated in the share transfer forms used in Hong Kong.

Investors in Hong Kong must settle their trades executed on the Hong Kong Stock Exchange through their brokers directly or through custodians. For an investor in Hong Kong who has deposited his or her Class A ordinary shares in his or her stock account or in his or her designated Participant's stock account of the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited, or CCASS, maintained with CCASS, settlement will be effected in CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. For an investor who holds the physical certificates, settlement certificates and the duly executed transfer forms must be delivered to his or her broker or custodian before the settlement date.

An investor may arrange with his or her broker or custodian on a settlement date in respect of his or her trades executed on the Hong Kong Stock Exchange. Under the Hong Kong Listing Rules and the General Rules of CCASS and CCASS Operational Procedures in effect from time to time, the date of settlement must be the second business day (a day on which the settlement services of CCASS are open for use by CCASS Participants) following the trade date (T+2). For trades settled under CCASS, the General Rules of CCASS and CCASS Operational Procedures in effect from time to time provided that the defaulting broker may be compelled to compulsorily buy-in by HKSCC the day after the date of settlement (T+3), or if it is not practicable to do so on T+3, at any time thereafter. HKSCC may also impose fines from T+2 onwards.

B. Conversion between Class A Ordinary Shares Trading in Hong Kong and ADSs

We have established a branch register of members in Hong Kong, or the Hong Kong share register, which are maintained by our Hong Kong share registrar, Computershare Hong Kong Investor Services Limited. Our principal register of members, or the Cayman share register, are maintained by our principal share registrar, Maples Fund Services (Cayman) Limited in the Cayman Islands.

Holders of Class A ordinary shares registered on the Hong Kong share register are able to exchange these Class A ordinary shares into ADSs, and vice versa.

In connection with the listing of our Class A ordinary shares on the Hong Kong Stock Exchange, and to facilitate fungibility and conversion between ADSs and Class A ordinary shares and trading between the NYSE and the Hong Kong Stock Exchange, we moved a portion of our issued Class A ordinary shares from our register of members maintained in the Cayman Islands to our Hong Kong share register. We are not under any obligation to maintain or increase the number of Class A ordinary shares on the Hong Kong share register to facilitate any withdrawals of ADSs to convert into Class A ordinary shares listed on the Hong Kong Exchange.

C. Converting Class A Ordinary Shares Trading in Hong Kong into ADSs

An investor who holds Class A ordinary shares registered in Hong Kong and who intends to convert them to ADSs to trade on the NYSE must deposit or have his or her broker deposit the Class A ordinary shares with the depositary's Hong Kong custodian, Deutsche Bank AG, Hong Kong Branch, or the custodian, in exchange for ADSs.

A deposit of Class A ordinary shares trading in Hong Kong in exchange for ADSs involves the following procedures:

- If Class A ordinary shares have been deposited with CCASS, the investor must transfer the Class A ordinary shares to the depositary's account with the custodian within CCASS by following the CCASS procedures for transfer and submit and deliver a duly completed and signed letter of transmittal to the custodian via his or her broker.

- If Class A ordinary shares are held outside CCASS, the investor must arrange to deposit his or her Class A ordinary shares into CCASS for delivery to the depositary's account with the custodian within CCASS, and must submit and deliver a duly completed and signed letter of transmittal to the custodian via his or her broker.

- Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, if applicable, and subject in all case to the terms of the deposit agreement, the depositary will register the corresponding number of ADSs in the name(s) requested by an investor and will deliver the ADSs as instructed in the letter of transmittal.

For Class A ordinary shares deposited in CCASS, under normal circumstances, the above steps generally require two business days, provided that the investor has provided timely and complete instructions. For Class A ordinary shares held outside CCASS in physical form, the above steps may take 14 business days, or more, to complete. Temporary delays may arise. For example, the transfer books of the depositary may from time to time be closed to ADS issuances. The investor will be unable to trade the ADSs until the procedures are completed.

D. Converting ADSs to Class A Ordinary Shares Trading in Hong Kong

An investor who holds ADSs fungible with the ADSs listed on the NYSE and who intends to convert his/her ADSs into Class A ordinary shares that trade on the Hong Kong Stock Exchange must cancel the ADSs the investor holds and withdraw Class A ordinary shares from our ADS program and cause his or her broker or other financial institution to trade such Class A ordinary shares on the Hong Kong Stock Exchange.

An investor that holds ADSs indirectly through a broker or other financial institution should follow the procedure of the broker or financial institution and instruct the broker to arrange for cancelation of the ADSs to the depositary for cancelation, and transfer of the underlying Class A ordinary shares from the depositary's account with the custodian within the CCASS system to the investor's Hong Kong stock account. A cancellation fee of up to US$0.05 per ADS cancelled will apply.

For investors holding ADSs directly, subject to the applicable transfer restrictions, the following steps must be taken:

- To withdraw Class A ordinary shares from our ADS program, an investor who holds ADSs may turn in such ADSs at the office of the depositary (and the applicable ADR(s) if the ADSs are held in certificated form), and send an instruction to cancel such ADSs to the depositary.

- Upon payment or net of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, if applicable, and subject in all cases to the terms of the deposit agreement, the depositary will instruct the custodian to deliver Class A ordinary shares underlying the canceled ADSs to the CCASS account designated by an investor.

- If an investor prefers to receive Class A ordinary shares outside CCASS, he or she must receive Class A ordinary shares in CCASS first and then arrange for the withdrawal from CCASS. Investors can then obtain a transfer form signed by HKSCC Nominees Limited (as the transferor) and register Class A ordinary shares in their own names with the Hong Kong share registrar. For Class A ordinary shares to be received in CCASS, under normal circumstances, the above steps generally require two business days, provided that the investor has provided timely and complete instructions.

For Class A ordinary shares to be received outside CCASS in physical form, the above steps may take 14 business days, or more, to complete. The investor will be unable to trade the Class A ordinary shares on the Hong Kong Stock Exchange until the procedures are completed.

Temporary delays may arise. For example, the transfer books of the depositary may from time to time be closed to ADS cancelations. In addition, completion of the above steps and procedures for delivery for Class A ordinary shares in a CCASS account is subject to there being a sufficient number of Class A ordinary shares on the Hong Kong share register to facilitate a withdrawal from the ADS program directly into the CCASS system. We are not under any obligation to maintain or increase the number of Class A ordinary shares on the Hong Kong share register to facilitate such withdrawals.

E. Depositary Requirements

Before the depositary issues and delivers ADSs or permits withdrawal of Class A ordinary shares, the depositary may require:

- production of satisfactory proof of the identity and genuineness of any signature or other information it deems necessary;

- compliance with terms and procedures it may establish, from time to time, consistent with the deposit agreement, including completion and presentation of transfer documents; and

- compliance with U.S. securities law requirements.

The depositary may refuse to deliver, transfer, or register issuances, transfers, and cancellations of ADSs generally when the transfer books of the depositary or our Hong Kong share registrar or Cayman Islands share registrar are closed or at any time if the depositary or we determine it advisable to do so, subject to such refusal complying with U.S. federal securities laws.

All costs attributable to the transfer of Class A ordinary shares to effect a withdrawal from or deposit of Class A ordinary shares into our ADS program will be borne by the investor requesting the transfer. In particular, holders of Class A ordinary shares and ADSs should note that the Hong Kong share registrar will charge between HK$2.50 to HK$20, depending on the speed of service (or such higher fee as may from time to time be permitted under the Hong Kong Listing Rules), for each transfer of Class A ordinary shares from one registered owner to another, each share certificate canceled or issued by it and any applicable fee as stated in the share transfer forms used in Hong Kong. In addition, holders of Class A ordinary shares and ADSs must pay up to US$5.00 per 100 ADSs (or portion thereof) for each issuance of ADSs and each cancelation of ADSs, as the case may be, in connection with the deposit of Class A ordinary shares into, or withdrawal of Class A ordinary shares from, our ADS program.

Conversion Between Class A Ordinary Shares in Singapore and ADSs

A. Clearance and Settlement on the Singapore Exchange

Our Class A ordinary shares are traded on the Singapore Exchange in board lots of 10 Class A ordinary shares. Our Class A ordinary shares that are traded on the Singapore Exchange will be cleared and settled under the scripless book-entry settlement system of the Central Depository (Pte) Limited, or CDP, and all dealings in and transactions of the Class A ordinary shares through the Singapore Exchange will be effected in accordance with the terms and conditions for the operation of securities accounts maintained by a depositor with CDP and the terms and conditions for CDP to act as depository for foreign securities, as amended from time to time.

Under the Cayman Islands Companies Act, only a person who agrees to become a shareholder of a Cayman Islands company and whose name is entered in the register of members of such company is considered a member with rights to attend and vote at shareholders' meetings of such company.

Our Class A ordinary shares trading on the Singapore Exchange are registered in the name of CDP or its nominee and held by CDP for and on behalf of persons who maintain, either directly or through depository agents, securities accounts. Accordingly, under Cayman Islands laws, a shareholder who maintains, either directly or through depository agents, securities accounts with CDP, or a NIO CDP depositor, holding our Class A ordinary shares through CDP would not be recognized as our shareholder but may be appointed by CDP as its proxy and have the direct right to attend and cast votes at such shareholders' meetings. Shareholders are to take note that no option shall be provided to shareholders for them to withdraw or deposit the Class A ordinary shares from or with the CDP in scrip form. Accordingly, in the event that a NIO CDP depositor wishes to attend and vote at the shareholders' meetings in his own name, the NIO CDP depositor would have to first convert his Class A ordinary shares trading on the Singapore Exchange to ADS trading on the NYSE, before cancelling the ADS with the ADS depositary, being Deutsche Bank Trust Company Americas, and receiving the corresponding number of underlying Class A ordinary shares in certificated form in his own name from the Cayman share registrar. The NIO CDP depositor must be a registered holder of Class A ordinary shares on the Cayman share register prior to the record date for the shareholders' meeting.

Our shareholders and ADS holders can convert and transfer shares trading on the Singapore Exchange to ADS trading on the NYSE (and vice versa) only on a scripless basis, which involves a transfer of shares through the CDP electronic system between the CDP accounts of the Singapore custodian of the ADS Depositary, namely DB Nominees (Singapore) Pte Ltd, and the shareholder (or his depository agent). In this regard, the shares listed and traded on the Singapore Exchange shall be solely Class A ordinary shares underlying ADSs which have been registered with the SEC (or exempted, as the case may be) and listed and traded on the NYSE, which are unrestricted shares. For the avoidance of doubt, unrestricted shares which are not represented by ADSs will not be accepted for deposit into CDP.

Our shareholders will not be given an option to deposit and/or withdraw the Class A ordinary shares from and/or with the CDP in scrip form, or the Option, in order to ensure that the Class A ordinary shares trading on the Singapore Exchange are strictly unrestricted shares. If our shareholders are given the Option, there may be a risk of shares which are unregistered with the SEC and/or have yet to be approved by the NYSE for listing, which we refer to as the Restricted Shares, being deposited directly into CDP. Thereafter, it would be practically impossible for our company and the ADS depositary to differentiate between unrestricted shares and Restricted Shares once shares are admitted for trading in scripless form on the Singapore Exchange. Any conversion of Restricted Shares into ADS, without registration with the SEC (or exemption, as the case may be) may further result in non-compliance with the U.S. securities law.

Accordingly, the following mechanisms have been put in place to ensure that the Restricted Shares are not listed and traded on the Singapore Exchange:

(1) Shareholders would not be given an option to deposit and/or withdraw the Class A ordinary shares from and/or with the CDP in scrip form to prevent shareholders from depositing Restricted Shares into CDP, and accordingly introducing Restricted Shares to the Singapore Exchange for trading; and

(2) Before the ADS depositary accepts deposits of shares to issue new ADSs, the ADS depositary would ensure, inter alia, compliance with U.S. securities law requirements, and compliance with the terms and procedures of the ADS depositary which are consistent with the deposit agreement (including completion and presentation of transfer documents). Accordingly, through this process, only unrestricted shares would be permitted for deposit with the ADS depositary for the issuance of the corresponding ADSs for trading on the NYSE.

NIO CDP depositors must have their respective securities accounts credited with the number of Class A ordinary shares deposited before they can effect the desired trades. A fee of S$10.00 is payable upon the deposit of each instrument of transfer with CDP and the ADS depositary reserves the right to charge additional fees imposed by the ADS depositary, CDP and any brokers to ADS holders and NIO CDP depositors who have made requests for the conversion of ADSs into Class A ordinary shares and *vice versa*. The above fees may be subject to such charges as may be imposed in accordance with CDP's prevailing policies or the current tax policies, including GST that may be in force in Singapore from time to time.

Transactions in our Class A ordinary shares under the CDP book-entry settlement system will be reflected by the seller's securities account being debited with the number of Class A ordinary shares sold and the buyer's securities account being credited with the number of Class A ordinary shares acquired and no transfer stamp duty is currently payable for our Class A ordinary shares that are settled on a book-entry basis.

The Class A ordinary shares traded on the Singapore Exchange will not be fungible with the Class A ordinary shares traded on the Hong Kong Stock Exchange as there is no mechanism in place to facilitate such transfer of Class A ordinary shares between the Singapore Exchange and the Hong Kong Stock Exchange.

B. Clearing Fees

A Singapore clearing fee for trades in our Class A ordinary shares on the Singapore Exchange is payable at the rate of 0.0325% of the contract value. The clearing fee, instrument of transfer deposit fee and share withdrawal fee may be subject to GST at the prevailing rate of 9.0% (or such other rate prevailing from time to time).

Dealings in our Class A ordinary shares will be carried out in U.S. dollars and will be effected for settlement in CDP on a scripless basis. Settlement of trades on a normal "ready" basis on the Singapore Exchange generally takes place on the second (2^{nd}) market day following the transaction date and payment for the securities between member companies of the Singapore Exchange and NIO CDP depositors is generally settled on the following business day. CDP holds securities on behalf of depositors in securities accounts. An investor may open a direct account with CDP or a sub-account with any depository agent. A depository agent may be a member company of the Singapore Exchange, bank, merchant bank or trust company.

C. Dealing of Shares on the Singapore Exchange

Dealing of Class A ordinary shares on the Singapore Exchange should be conducted with member companies of the Singapore Exchange by NIO CDP depositors who hold direct securities accounts with CDP or a sub-account with a depository agent.

Dealings in, and transactions of, Class A ordinary shares on the Singapore Exchange will be due for settlement on the second market day following the date of transaction (T+2, or the Settlement Date), and payment for the securities is generally settled on the following business day. NIO CDP depositors selling Class A ordinary shares should ensure that there are sufficient Class A ordinary shares in their direct securities account with CDP or their sub-account with a depository agent on the Settlement Date. Settlement of dealings through the CDP direct securities account or sub-account with a depository agent shall be made in accordance with CDP's "Terms and Conditions for Operation of Securities Accounts with CDP," and the "Terms and Conditions for CDP to Act as Depository for Foreign Securities," as amended from time to time. Investors should take note that they would need to maintain a direct account with CDP or a sub-account with any depository agent before they can hold and/or trade the Class A ordinary shares on the Singapore Exchange. If you do not currently have a direct account with CDP or a sub-account with a depository agent through which you can trade securities on the Singapore Exchange, please open an account with CDP or contact a broker to open an account.

D. Instructions for the Cancellation of ADS Traded on NYSE and Withdrawal of Physical Class A Ordinary Share Certificates

ADS holders may turn in their ADS at the ADS depositary's corporate trust office or by providing appropriate instructions to their U.S. broker for cancellation and withdrawal of the underlying shares. In cases where the ADS holder would like to cancel their ADS and withdraw the underlying shares in the form of physical Class A share certificates, the ADS holder or the holder's U.S. broker would need to inform us and the ADS depositary that they would like to receive the shares in this form. Upon payment of its fees, expenses and any taxes or charges, such as stamp taxes or stock transfer taxes or fees, and subject in all cases to the terms and conditions of the deposit agreement, the ADS depositary will deliver the Class A ordinary shares on the Cayman share register and any other deposited securities underlying the ADSs to the ADS holder or a person designated by the ADS holder at the office of the custodian of the ADS depositary. Or, at the request, risk and expense of the ADS holder, the ADS depository will deliver the deposited securities at its corporate trust office, to the extent permitted by law. The mechanism for cancelling ADSs and receiving Class A ordinary shares for trading on the Singapore Exchange is described below.

Temporary delays may arise. For example, the transfer books of the ADS depositary may from time to time be closed to ADS cancellations.

E. No Withdrawal or Deposit of Class A Ordinary Shares in Scrip Form from or with the CFP

Shareholders should note that they will not be permitted to withdraw or deposit the Class A ordinary shares from or with the CDP in scrip form, so as to ensure that the fungible ADSs and Class A ordinary shares trading on the NYSE and the Singapore Exchange respectively have either been registered under the Securities Act or are otherwise freely tradable pursuant to an exemption from registration under the Securities Act. In the event that any NIO CDP depositor wishes to withdraw his Class A ordinary shares in scrip form for whatsoever reason, the NIO CDP depositor would have to first convert his Class A ordinary shares trading on the Singapore Exchange to ADS trading on the NYSE, before cancelling the ADS with the ADS depositary and receiving such Class A ordinary shares in physical share certificates as registered holder. The instructions for the cancellation of ADSs traded on the NYSE and withdrawal of physical certificates of Class A ordinary shares are as set out above.

F. Mechanism for Conversion and Transfer of Class A Ordinary Shares Trading on the Singapore Exchange to ADSs for trading on the NYSE

Conversion of Class A ordinary shares on the Singapore Exchange to ADSs for trading on the NYSE will only be carried out on a scripless basis. A NIO CDP depositor whose Class A ordinary shares are held through CDP (either directly or through a depository agent) and wishes to convert and transfer his Class A ordinary share to ADS for trading on the NYSE, shall first provide ADS issuance instructions to the Singapore custodian of the ADS depositary, namely DB Nominees (Singapore) Pte Ltd, in the form of a letter of transmittal (LOT) through his Singapore broker, providing key information including but not limited to the number of ADSs to be issued, the ADS delivery information, and such other documentation as the ADS depositary may require pursuant to the deposit agreement. Immediately thereafter, the Singapore broker, on behalf of the NIO CDP depositor, shall make a Free of Payment (FOP) transfer of the relevant number of the Class A ordinary shares to DB Nominees (Singapore) Pte Ltd through the CDP electronic system. The cut-off time for providing the ADS issuance instructions in the form of a letter of transmittal and for the Singapore broker to make the FOP transfer is 11:30 a.m. (Singapore time).

Such issuances are subject in all cases to the terms of the deposit agreement. All forms and declarations required by the ADS depositary must be fully completed, provided in a timely manner, duly signed and submitted to the ADS depositary with the instruction to credit the relevant number of ADSs in DTC. Upon receipt of the relevant number of Class A ordinary shares, DB Nominees (Singapore) Pte Ltd shall forward the corresponding letter of transmittal to the ADS depositary. Following which, the ADS depositary shall issue the relevant number of ADSs as instructed by the letter of transmittal for delivery through the DTC settlement system to the designated DTC securities account (whether held directly by the NIO CDP depositor or through a U.S. broker) upon payment of its fees, expenses and any taxes or charges such as stamp taxes or stock transfer taxes or fees.

The conversion and transfer of Class A ordinary shares in a securities account held with CDP to ADS in the NIO CDP depositor's securities account opened with his U.S. broker would normally take approximately two (2) business days from the time the ADS depositary (and/or any of its agents in Singapore) receives the underlying Class A ordinary shares and the ADS issuance instructions with the necessary documents, barring any closure of the transfer books of the ADS depositary or any other unforeseen circumstances and assuming that all requisite forms/instructions have been duly completed and provided, and necessary payment for all associated fees has been made.

Please note that in all cases of transfers referred to in this section, there should not be any change or difference, or purported change or difference, in the beneficial owner of the underlying Class A ordinary share before and after transfer of Class A ordinary shares trading on the Singapore Exchange to ADSs for trading on the NYSE.

You may be charged with applicable fees by your broker or custodian in Singapore. Please note that the transfer process and/or fees payable are subject to change. For further information or copies of the forms, please contact the Company and the ADS depositary directly. For the avoidance of doubt, all fees and taxes (including stamp duties) incurred during the transfer process shall be borne by the ADS holder.

G. Mechanism for Conversion and Transfer of ADSs Trading on NYSE to Class A Ordinary Shares for Trading on the Singapore Exchange

Conversion and transfer of ADSs to Class A ordinary shares for trading on the Singapore Exchange will only be carried out on a scripless basis. As an ADS holder, if you wish to trade your underlying Class A ordinary shares on the Singapore Exchange, you must first instruct your U.S. broker to convert the ADSs which you hold in NYSE into Class A ordinary shares through the submission of an ADR cancellation instruction for the purpose of cancellation and withdrawal. The U.S. broker will subsequently surrender the ADSs to the ADS Depositary (through DTC), and provide the ADS Depositary with the ADR cancellation instruction and pay the ADS Depositary's fees, expenses and any applicable taxes or charges, such as stamp taxes or stock transfer taxes or fees.

Such cancellations and withdrawals are subject in all cases to the terms of the Deposit Agreement. All forms and declarations required by the ADS Depositary must be fully completed, provided in a timely manner, duly signed and submitted to the ADS Depositary with the instruction to credit the relevant number of Class A ordinary shares into a securities account opened with CDP. The ADS Depositary and its custodian shall electronically transfer the relevant number of Class A ordinary shares through the scripless system operated by CDP from their securities account to your designated securities account (either in your direct name or maintained under your Singapore broker as a depository agent).

The conversion and transfer of ADSs on NYSE to Class A ordinary shares in the NIO CDP depositor's securities account opened with CDP or his securities sub-account maintained with a Depository Agent would normally take approximately two (2) business days to complete from the time the ADS Depositary receives the ADSs for cancellation, any applicable fees and the ADS cancellation instructions with the necessary documents, barring any closure of the transfer books of the ADS Depositary or any other unforeseen circumstances and assuming that all requisite forms/instructions have been duly completed and provided, and necessary payment for all associated fees has been made.

Please note that in all cases of transfers referred to in this section, there should not be any change or difference, or purported change or difference, in the beneficial owner of the underlying Class A ordinary share before and after transfer of ADSs trading on the NYSE to Class A ordinary shares trading on the Singapore Exchange.

You may be charged with applicable fees by your broker or custodian in the U.S. Please note that the transfer process and/or fees payable are subject to change. For further information or copies of the forms, please contact the Company and the ADS Depositary directly. For the avoidance of doubt, all fees and taxes (including stamp duties) incurred during the transfer process shall be borne by the ADS holder. For the avoidance of doubt, no specific consent or approval by the Company will be required for the conversion and transfer of ADS on the NYSE to Class A ordinary shares for trading on the Singapore Exchange by shareholders and vice versa.

H. Voting Instructions

ADS holders are not treated as shareholders and accordingly, do not have shareholder rights. As the ADS depositary holds the legal title to our Class A ordinary shares represented by the ADSs, ADS holders must rely on the ADS depositary to exercise the rights of a shareholder. The obligations of the ADS depositary, rights and obligations of the ADS holders, including processes related to the voting of the Class A ordinary shares underlying the ADSs, are governed by the conditions of the deposit agreement. Under the Cayman Islands law, every other person who has agreed to become a member of a Cayman Islands company and whose name is entered in the register of members of such company is considered a member. Accordingly, a NIO CDP depositor holding Class A ordinary shares through CDP would not be recognized as our shareholder under the laws of the Cayman Islands but would be appointed as a proxy of CDP (which is a registered shareholder), and have the right to attend general meetings of our shareholders and to cast any votes at such meetings.

Where applicable and/or required, we will coordinate with the Singapore share transfer agent to mail to NIO CDP depositors, in English, any notice of shareholders' meetings, together with instruction form, or the Voting Instruction Form. The Voting Instruction Form would in turn be consolidated by the Singapore share transfer agent. NIO CDP depositors will be able to vote on such matters tabled for shareholders' approval at the shareholders' meetings by (i) attending the meetings and casting votes in person as a proxy appointed by CDP, or (ii) returning the Voting Instruction Form by the deadline to CDP or the Singapore share transfer agent, as the case may be.

NIO CDP depositors who wish to attend shareholders' meetings and exercise their voting rights directly under their own names with regard to Class A ordinary shares beneficially owned by them, shall first convert their Class A ordinary shares to ADSs in accordance with the above section on "F. Mechanism for Conversion and Transfer of Class A Ordinary Shares Trading on the Singapore Exchange to ADSs for Trading on the NYSE." Thereafter, they would need to cancel the ADSs and withdraw the underlying physical Class A ordinary share certificate in accordance with the above section on "D. Instructions for the Cancellation of ADS Traded on NYSE and Withdrawal of Physical Class A Ordinary Share Certificates," and make appropriate arrangements to hold the shares directly prior to the record date for the shareholders' meeting.

I. ADS Depositary Requirements

Before the ADS depositary accepts deposits of Class A ordinary shares, delivers ADSs or permits withdrawal of Class A ordinary shares, the ADS depositary requires:

- production of satisfactory proof of the identity and genuineness of any signature or other information it deems necessary;
- compliance with terms and procedures it may establish, from time to time, consistent with the Deposit Agreement, including completion and presentation of required transfer documents; and
- compliance with U.S. securities law requirements.

The ADS depositary may refuse to deliver, transfer, or register issuances, transfers and cancellations of ADSs generally when the transfer books of the ADS depositary are closed, or at any time if the ADS depositary or our company determines it advisable to do so. In addition, procedures for delivery of Class A ordinary shares in CDP are subject to there being a sufficient number of Class A ordinary shares to facilitate a withdrawal from the ADS program directly into the CDP system. The Company, the ADS depositary and the CDP are not under any obligation to maintain or increase the number of Class A ordinary shares in the CDP system to facilitate such withdrawals.

Any affiliate of the Company (as defined in Rule 144(a)(1) of the Securities Act) can only deposit Class A ordinary shares into the ADR program in connection with a contemporaneous sale of such ADSs issued on deposit or related shares on CDP, should they cancel such ADSs and receive the underlying Class A ordinary shares.

PART II.

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

Material Modifications to the Rights of Security Holders

See "Item 10. Additional Information—B. Memorandum and Articles of Association—Ordinary Shares" for a description of the rights of securities holders, which remain unchanged.

ITEM 15. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our chief executive officer and chief financial officer, has performed an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this report, as required by Rule 13a-15(b) under the Exchange Act. Based upon that evaluation, our management, with the participation of our chief executive officer and chief financial officer, has concluded that, as of December 31, 2023, our disclosure controls and procedures were effective in ensuring that the information we are required to disclose in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and that the information we are required to disclose in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our chief executive officer, as appropriate, to allow timely decisions regarding required disclosure.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with Generally Accepted Accounting Principles (GAAP) in the United States of America and includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of our company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with GAAP, and that receipts and expenditures of our company are being made only in accordance with authorizations of our management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of the unauthorized acquisition, use or disposition of our company's assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect all potential misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As required by Section 404 of the Sarbanes-Oxley Act of 2002 and related rules as promulgated by the SEC, our management including our Chief Executive Officer and Chief Financial Officer assessed the effectiveness of internal control over financial reporting as of December 31, 2023 using the criteria set forth in the report "Internal Control—Integrated Framework (2013)" published by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, the management concluded that our internal control over financial reporting was effective as of December 31, 2023.

Changes in Internal Control over Financial Reporting

As required by Rule 13a-15(d), under the Exchange Act, our management, including our chief executive officer and our chief financial officer, also conducted an assessment of our internal control over financial reporting to determine whether any changes occurred during the period covered by this report have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. Based on that assessment, it has been determined that there has been no such change during the period covered by this annual report.

Attestation Report of the Registered Public Accounting Firm

Our independent registered public accounting firm, PricewaterhouseCoopers Zhong Tian LLP, has audited the effectiveness of our company's internal control over financial reporting as of December 31, 2023, as stated in its report, which appears on page F-2 of this annual report on Form 20-F.

ITEM 16.

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Our board of directors has determined that Mr. Denny Ting Bun Lee, a member of our audit committee and independent director (under the standards set forth in Section 303A of the Corporate Governance Rules of the NYSE and Rule 10A-3 under the Securities Exchange Act of 1934), is an audit committee financial expert.

ITEM 16B. CODE OF ETHICS

Our board of directors has adopted a code of ethics that applies to all of the directors, officers and employees of us and our subsidiaries, whether they work for us on a full-time, part-time, consultative, or temporary basis. Certain provisions of the code apply specifically to our chief executive officer, chief financial officer, senior finance officer, controller, senior vice presidents, vice presidents and any other persons who perform similar functions for us. We have posted a copy of our code of business conduct and ethics on our website at https://www.nio.com/policies/compliance-policies**.**

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table sets forth the aggregate fees by the categories specified below in connection with certain professional services rendered by PricewaterhouseCoopers Zhong Tian LLP and its affiliates, our principal external auditor, for the years indicated. We did not pay any other fees to our principal external auditors during the years indicated below.

	For the Year Ended December 31,	
	2022	2023
	(in RMB thousands)	
Audit fees[(1)]	17,150	17,338
Audit related fees[(2)]	—	—
Tax fees[(3)]	1,393	3,488
Other fees[(4)]	1,070	660
Total	**19,613**	21,486

Note:

(1) "Audit fees" means the aggregate fees billed for professional services rendered by our principal external auditor, including the audits of our annual financial statements and our internal controls over financial reporting and the quarterly reviews of our condensed consolidated financial information, statutory audits for certain of our subsidiaries, and provision of comfort letters, consents and other professional services in relation to our equity and debt offering, Hong Kong listing and Singapore listing.

(2) "Audit related fees" means the aggregate fees billed for professional services rendered by our principal external auditor that are reasonably related to the performance of the audit or review of our financial statements and are not reported under "Audit fees."

(3) "Tax fees" means the aggregate fees billed in each of the fiscal years listed for professional services rendered by our principal external auditor for tax compliance, tax advice and tax planning.

(4) "All other fees" means the aggregate fees billed for professional services rendered by our principal external auditor associated with other advisory services.

The policy of our audit committee is to pre-approve all audit and other service provided by PricewaterhouseCoopers Zhong Tian LLP and its affiliates, including audit services, tax services and other services described above, other than those for *de minimis* services which are approved by the Audit Committee prior to the completion of the audit.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

None.

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

Not applicable.

ITEM 16G. CORPORATE GOVERNANCE

As a Cayman Islands company listed on the New York Stock Exchange, we are subject to the NYSE corporate governance listing standards. However, NYSE rules permit a foreign private issuer like us to follow the corporate governance practices of its home country. Certain corporate governance practices in the Cayman Islands, which is our home country, may differ significantly from the NYSE corporate governance listing standards.

We have chosen to (i) rely on the home country exemption from Section 303A.01 of the NYSE Listed Company Manual, which requires a listed company to have a majority of independent directors, (ii) rely on the home country exemption from Section 303A.05 of the NYSE Listed Company Manual, which requires a listed company to have a compensation committee composed entirely of independent directors, and (iii) rely on the home country exemption from Section 303A.08 of the NYSE Listed Company Manual, which requires that shareholders be given the opportunity to vote on all equity-compensation plans and material revisions thereto. In these respects, and in such other respects where we choose to follow home country practice in the future, our shareholders may be afforded less protection than they otherwise would under the NYSE corporate governance listing standards applicable to U.S. domestic issuers. See "Item 3. Key Information—D. Risk Factors—Risks related to our ADSs and Class A Ordinary Shares—Our shareholders may face difficulties in protecting their interests, and ability to protect their rights through U.S. courts may be limited, because we are incorporated under Cayman Islands law."

Other than the home country practice described above, we are not aware of any significant differences between our corporate governance practices and those followed by U.S. domestic companies under the NYSE corporate governance listing standards.

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

ITEM 16I. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

ITEM 16J. INSIDER TRADING POLICIES

Not applicable.

ITEM 16K. CYBERSECURITY

Cybersecurity Risk Management and Strategy

We have implemented comprehensive cybersecurity risk assessment procedures to ensure effectiveness in cybersecurity management, strategy and governance and reporting cybersecurity risks. We have also integrated cybersecurity risk management into our overall enterprise risk management system.

We have developed a comprehensive cybersecurity threat defense system to address both internal and external threats. This system encompasses various levels, including network, host and application security and incorporates systematic security capabilities for threat defense, monitoring, analysis, response, deception and countermeasures. We strive to manage cybersecurity risks and protect sensitive information through various means, such as technical safeguards, procedural requirements, an intensive program of monitoring on our corporate network, continuous testing of aspects of our security posture internally and with outside vendors, a robust incident response program and regular cybersecurity awareness training for employees. Our cybersecurity-related departments regularly monitors the performance of our apps, platforms and infrastructure to enable us to respond quickly to potential problems, including potential cybersecurity threats.

As of the date of this annual report, we have not experienced any material cybersecurity incidents or identified any material cybersecurity threats that have affected or are reasonably likely to materially affect us, our business strategy, results of operations or financial condition.

Cybersecurity Governance

Our board of directors is responsible for overseeing risks related to cybersecurity. Our board of directors shall (i) maintain oversight of the disclosure related to cybersecurity matters in current reports or periodic reports of our company, (ii) review updates to the status of any material cybersecurity incidents or material risks from cybersecurity threats to our company, and the disclosure issues, if any, presented by our management on a quarterly basis, and (iii) review disclosure concerning cybersecurity matters in our annual report on Form 20-F presented by our management.

At the management level, our CEO, CFO and the head of the departments in connection with cybersecurity-related matters, including our chief digital safety and security officer, who is an expert in cybersecurity with over 15 years of academic and industrial experience in security research and development, operations and management, are responsible for assessing, identifying and managing cybersecurity risks and monitoring the prevention, detection, mitigation, and remediation of cybersecurity incidents. Our CEO and CFO report to our board of directors (i) on a quarterly basis on updates to the status of any material cybersecurity incidents or material risks from cybersecurity threats to our company, and the disclosure issues, if any, and (ii) in connection with disclosure concerning cybersecurity matters in our annual report on Form 20-F.

If a cybersecurity incident occurs, our cybersecurity-related departments will promptly organize personnel for internal assessment. If it is further determined that the incident could potentially be a material cybersecurity event, the cybersecurity-related departments will promptly report the incident and assessment results to our CEO and CFO, and, to the extent appropriate, involve external legal counsels to provide advice. Our management shall prepare disclosure material on the cybersecurity incident for review and approval by our board of directors before it is disseminated to the public.

PART III.

ITEM 17. FINANCIAL STATEMENTS

We have elected to provide financial statements pursuant to “Item 18. Financial Statements.”

ITEM 18. FINANCIAL STATEMENTS

The consolidated financial statements of NIO Inc. and its subsidiaries and the related notes are included at the end of this annual report.

ITEM 19. EXHIBITS

Exhibit Number	Description of Document
1.1	Thirteenth Amended and Restated Memorandum and Articles of Association of the Registrant (incorporated herein by reference to Exhibit 3.1 to the current report on Form 6-K (File No. 001-38638), furnished with the SEC on August 25, 2022)
2.1	Registrant's Specimen American Depositary Receipt (included in Exhibit 2.3)
2.2	Registrant's Specimen Certificate for Class A ordinary shares (incorporated herein by reference to Exhibit 4.2 to the registration statement on Form F-1 (File No. 333-226822), as amended, initially filed with the SEC on August 13, 2018)
2.3	Deposit Agreement, dated as of September 11, 2018, among the Registrant, Deutsche Bank Trust Company Americas, as the depositary, and all holders and beneficial owners of the American Depositary Shares issued thereunder (incorporated herein by reference to Exhibit 4.3 to the registration statement on Form S-8 (File No. 333-229952), filed with the SEC on February 28, 2019)
2.4	Fifth Amended and Restated Shareholders' Agreement, dated as of November 10, 2017, among the Registrant and the other signatories thereto (incorporated herein by reference to Exhibit 4.4 to the registration statement on Form F-1 (File No. 333226822), as amended, initially filed with the SEC on August 13, 2018)
2.5	Description of American Depositary Shares of the Registrant (incorporated herein by reference to Exhibit 2.5 to the Company's Report on Form 20-F (File No. 001-38638), filed with the SEC on May 14, 2020)
2.6	Description of Class A ordinary shares of the Registrant (incorporated herein by reference to Exhibit 2.6 to the Company's Report on Form 20-F (File No. 001-38638), filed with the SEC on May 14, 2020)
4.1	2015 Share Incentive Plan (incorporated herein by reference to Exhibit 10.1 to the registration statement on Form F-1 (File No. 333-226822), as amended, initially filed with the SEC on August 13, 2018)
4.2	2016 Share Incentive Plan (incorporated herein by reference to Exhibit 10.2 to the registration statement on Form F-1 (File No. 333-226822), as amended, initially filed with the SEC on August 13, 2018)
4.3	2017 Share Incentive Plan (incorporated herein by reference to Exhibit 10.3 to the registration statement on Form F-1 (File No. 333-226822), as amended, initially filed with the SEC on August 13, 2018)
4.4	2018 Share Incentive Plan (incorporated herein by reference to Exhibit 10.4 to the registration statement on Form F-1 (File No. 333-226822), as amended, initially filed with the SEC on August 13, 2018)
4.5	2024 Share Incentive Plan (incorporated herein by reference to Exhibit 99.1 to the Company's Current Report on Form 6-K (File No. 001-38638), filed with the SEC on February 7, 2024)
4.6	Form of Indemnification Agreement, between the Registrant and its directors and executive officers (incorporated herein by reference to Exhibit 10.5 to the registration statement on Form F-1 (File No. 333-226822), as amended, initially filed with the SEC on August 13, 2018)
4.7†	English translation of Manufacture Cooperation Agreement, dated as of May 23, 2016, between the Registrant and Anhui Jianghuai Automobile Co., Ltd. (incorporated herein by reference to Exhibit 10.10 to the registration statement on Form F-1 (File No. 333-226822), as amended, initially filed with the SEC on August 13, 2018)
4.8	Form of Employment Agreement, between the Registrant and its executive officers (Non-PRC citizens) (incorporated herein by reference to Exhibit 10.6 to the registration statement on Form F-1 (File No. 333-226822), as amended, initially filed with the SEC on August 13, 2018)
4.9	Form of Employment Agreement, between the Registrant and its executive officers (PRC citizens) (incorporated herein by reference to Exhibit 10.7 to the registration statement on Form F-1 (File No. 333-226822), as amended, initially filed with the SEC on August 13, 2018)
4.10	English translation of Power of Attorney, dated as of April 12, 2021, executed by the shareholders of Beijing NIO, Beijing NIO and Shanghai NIO (incorporated herein by reference to Exhibit 4.10 to the Company's Report on Form 20-F (File No. 001-38638), filed with the SEC on April 29, 2022)
4.11	English translation of Loan Agreements, dated April 12, 2021, between shareholders of Beijing NIO and Shanghai NIO (incorporated herein by reference to Exhibit 4.11 to the Company's Report on Form 20-F (File No. 001-38638), filed with the SEC on April 29, 2022)
4.12	English translation of Equity Pledge Agreements, dated as of April 12, 2021, among shareholders of Beijing NIO, Beijing NIO and Shanghai NIO (incorporated herein by reference to Exhibit 4.12 to the Company's Report on Form 20-F (File No. 001-38638), filed with the SEC on April 29, 2022)
4.13	English translation of Exclusive Business Cooperation Agreement, dated as of April 12, 2021, between Beijing NIO and Shanghai NIO (incorporated herein by reference to Exhibit 4.13 to the Company's Report on Form 20-F (File No. 00138638), filed with the SEC on April 29, 2022)

4.14	English translation of Exclusive Option Agreements, dated as of April 12, 2021, among shareholders of Beijing NIO, Beijing NIO and Shanghai NIO (incorporated herein by reference to Exhibit 4.14 to the Company's Report on Form 20-F (File No. 001-38638), filed with the SEC on April 29, 2022)
4.15	English translation of Confirmation and Undertaking Letters, dated as of April 12, 2021, executed by shareholders of Beijing NIO (incorporated herein by reference to Exhibit 4.15 to the Company's Report on Form 20-F (File No. 001-38638), filed with the SEC on April 29, 2022)
4.16	English translation of Consent Letters, dated as of April 12, 2021, executed by the spouses of the shareholders of Beijing NIO (incorporated herein by reference to Exhibit 4.16 to the Company's Report on Form 20-F (File No. 001-38638), filed with the SEC on April 29, 2022)
4.17	Deposit Agreement for Restricted Securities, dated as of February 4, 2019, among the Registrant, Deutsche Bank Trust Company Americas, as the depositary, and all holders and beneficial owners of the American Depositary Shares issued thereunder (incorporated herein by reference to Exhibit 4.24 to the Company's Report on Form 20-F (File No. 001-38638), filed with the SEC on April 2, 2019)
4.18†	English translation of NIO ES6 Manufacture Cooperation Agreement, dated as of April 30, 2019, between the Registrant and Anhui Jianghuai Automobile Co., Ltd. (incorporated herein by reference to Exhibit 4.23 to the Company's Report on Form 20-F (File No. 001-38638), filed with the SEC on May 14, 2020)
4.19†	English translation of NIO Fury (EC6) Manufacture Cooperation Agreement, dated as of March 10, 2020, between the Registrant and Anhui Jianghuai Automobile Co., Ltd. (incorporated herein by reference to Exhibit 4.24 to the Company's Report on Form 20-F (File No. 001-38638), filed with the SEC on May 14, 2020)
4.20	English translation of Investment Agreement, dated April 29, 2020, among Hefei Construction Investment Holdings (Group) Co., Ltd., the Registrant, Nio Nextev Limited, NIO Power Express Limited, NIO (Anhui) Holding Co., Ltd. and other parties thereto (incorporated herein by reference to Exhibit 4.35 to the Company's Report on Form 20-F (File No. 001-38638), filed with the SEC on May 14, 2020)
4.21	English translation of Amendment and Supplementary Agreement to Investment Agreement, dated May 29, 2020, among Hefei Construction Investment Holdings (Group) Co., Ltd., the Registrant, Nio Nextev Limited, NIO Power Express Limited, NIO (Anhui) Holding Co., Ltd. and other parties thereto (incorporated herein by reference to Exhibit 99.1 to the Company's Current Report on Form 6-K (File No. 001-38638), furnished with the SEC on June 9, 2020)
4.22	English translation of Amendment and Supplementary Agreement II to Investment Agreement, dated June 18, 2020, among Hefei Construction Investment Holdings (Group) Co., Ltd., the Registrant, Nio Nextev Limited, NIO Power Express Limited, NIO (Anhui) Holding Co., Ltd. and other parties thereto (incorporated herein by reference to Exhibit 99.1 to the Company's Current Report on Form 6 - K (File No. 001 - 38638), furnished with the SEC on June 30, 2020)
4.23	Indenture, dated as of January 15, 2021, by and between the Registrant, as issuer, and Deutsche Bank Trust Company Americas, as trustee, constituting US$750 million 0.00% Convertible Senior Notes due 2026 (incorporated herein by reference to Exhibit 4.39 to the Company's Report on Form 20-F (File No. 001-38638), filed with the SEC on April 6, 2021)
4.24	Form of 0.00% Convertible Senior Notes due 2026 (included in Exhibit 4.23)
4.25	Indenture, dated as of January 15, 2021, by and between the Registrant, as issuer, and Deutsche Bank Trust Company Americas, as trustee, constituting US$750 million 0.50% Convertible Senior Notes due 2027 (incorporated herein by reference to Exhibit 4.41 to the Company's Report on Form 20-F (File No. 001-38638), filed with the SEC on April 6, 2021)
4.26	Form of 0.50% Convertible Senior Notes due 2027 (included in Exhibit 4.25)
4.27†	English translation of Renewal Joint Manufacturing Agreement, by and between the Registrant, Anhui Jianghuai Automobile Co., Ltd. and Jianglai Advanced Manufacturing Technology (Anhui) Co., Ltd., dated May 22, 2021 (incorporated herein by reference to Exhibit 4.45 to the Company's Report on Form 20-F (File No. 001-38638), filed with the SEC on April 29, 2022)
4.28†	English translation of Manufacturing Cooperation Agreement, by and among NIO Technology (Anhui) Co., Ltd., NIO (Anhui) Co., Ltd., and Anhui Jianghuai Automobile Co., Ltd. dated September 2022 (incorporated by reference to Exhibit 4.46 of the Company's Report on Form 20 - F (File No. 001 - 38638), filed with the SEC on April 28, 2023)
4.29	English translation of NIO Park (Phase I) Assets Transfer Agreement and its supplementary agreement, each dated December 23, 2022, executed by and between NIO (Anhui) Co., Ltd. and Anhui Jianghuai Automobile Co., Ltd. (incorporated by reference to Exhibit 4.47 of the Company's Report on Form 20 - F (File No. 001 - 38638), filed with the SEC on April 28, 2023)

4.30	English translation of Power of Attorney, dated November 30, 2022, executed by the shareholders of Anhui NIO AT, Anhui NIO AT and Anhui NIO AD. (incorporated by reference to Exhibit 4.48 of the Company's Report on Form 20 - F (File No. 001 - 38638), filed with the SEC on April 28, 2023)
4.31	English translation of Loan Agreements, dated November 30, 2022, between shareholders of Anhui NIO AT and Anhui NIO AD (incorporated by reference to Exhibit 4.49 of the Company's Report on Form 20 - F (File No. 001 - 38638), filed with the SEC on April 28, 2023)
4.32	English translation of Equity Pledge Agreements, dated November 30, 2022, among shareholders of Anhui NIO AT, Anhui NIO AT and Anhui NIO AD (incorporated by reference to Exhibit 4.50 of the Company's Report on Form 20-F (File No. 001-38638), filed with the SEC on April 28, 2023)
4.33	English translation of Exclusive Business Cooperation Agreement, dated November 30, 2022, between Anhui NIO AT and Anhui NIO AD (incorporated by reference to Exhibit 4.51 of the Company's Report on Form 20-F (File No. 001-38638), filed with the SEC on April 28, 2023)
4.34	English translation of Exclusive Option Agreements, dated November 30, 2022, among shareholders of Anhui NIO AT, Anhui NIO AT and Anhui NIO AD (incorporated by reference to Exhibit 4.52 of the Company's Report on Form 20 - F (File No. 001 - 38638), filed with the SEC on April 28, 2023)
4.35	English translation of Confirmation and Undertaking Letters, dated November 30, 2022, executed by shareholders of Anhui NIO AT (incorporated by reference to Exhibit 4.53 of the Company's Report on Form 20 - F (File No. 001 - 38638), filed with the SEC on April 28, 2023)
4.36	English translation of Consent Letters, dated November 30, 2022, executed by the spouses of the shareholders of Anhui NIO AT (incorporated by reference to Exhibit 4.54 of the Company's Report on Form 20 - F (File No. 001 - 38638), filed with the SEC on April 28, 2023)
4.37	English translation of Power of Attorney, dated December 12, 2022, executed by the shareholders of Anhui NIO DT, Anhui NIO DT and NIO China (incorporated by reference to Exhibit 4.55 of the Company's Report on Form 20 - F (File No. 001 - 38638), filed with the SEC on April 28, 2023)
4.38	English translation of Loan Agreements, dated December 12, 2022, between shareholders of Anhui NIO DT and NIO China (incorporated by reference to Exhibit 4.56 of the Company's Report on Form 20 - F (File No. 001 - 38638), filed with the SEC on April 28, 2023)
4.39	English translation of Equity Pledge Agreements, dated December 12, 2022, among shareholders of Anhui NIO DT, Anhui NIO DT and NIO China (incorporated by reference to Exhibit 4.57 of the Company's Report on Form 20 - F (File No. 001 - 38638), filed with the SEC on April 28, 2023)
4.40	English translation of Exclusive Business Cooperation Agreement, dated December 12, 2022, between Anhui NIO DT and NIO China (incorporated by reference to Exhibit 4.58 of the Company's Report on Form 20 - F (File No. 001 - 38638), filed with the SEC on April 28, 2023)
4.41	English translation of Exclusive Option Agreements, dated December 12, 2022, among shareholders of Anhui NIO DT, Anhui NIO DT and NIO China (incorporated by reference to Exhibit 4.59 of the Company's Report on Form 20 - F (File No. 001 - 38638), filed with the SEC on April 28, 2023)
4.42	English translation of Confirmation and Undertaking Letters, dated December 12, 2022, executed by shareholders of Anhui NIO DT (incorporated by reference to Exhibit 4.60 of the Company's Report on Form 20 - F (File No. 001 - 38638), filed with the SEC on April 28, 2023)
4.43	English translation of Consent Letters, dated December 12, 2022, executed by the spouses of the shareholders of Anhui NIO DT (incorporated by reference to Exhibit 4.61 of the Company's Report on Form 20 - F (File No. 001 - 38638), filed with the SEC on April 28, 2023)
4.44*	Share Subscription Agreement, dated June 20, 2023, by and between the Registrant and CYVN Holdings L.L.C.
4.45*	Registration Rights Agreement, dated June 20, 2023, by and between the Registrant and CYVN Holdings L.L.C.
4.46*	Share Subscription Agreement, dated December 18, 2023, by and between the Registrant and CYVN Investments RSC Ltd
4.47*†	English translation of Asset Transaction Agreements, dated December 5, 2023, by and between NIO Technology (Anhui) Co., Ltd. and Anhui Jianghuai Automobile Group Co., Ltd.
4.48*†	Technology License Agreement, dated February 26, 2024, by and between NIO Technology (Anhui) Co., Ltd. and Forseven Limited
4.49*	English translation of NIO China Shareholders Agreement, dated March 30, 2024, by and among Hefei Jianheng New Energy Automobile Investment Fund Partnership (Limited Partnership), Advanced Manufacturing Industry Investment Fund II (Limited Partnership), Anhui Provincial Sanzhong Yichuang Industry Development Fund Co., Ltd., Anhui Jintong New Energy Automobile II Fund Partnership (Limited Partnership), the Registrant, Nio Nextev Limited, NIO User Enterprise Limited, NIO Power Express Limited and NIO Holding Co., Ltd.
8.1*	List of Principal Subsidiaries and Consolidated Variable Interest Entities
11.1*	Global Code of Business Conduct and Ethics of the Registrant

12.1*	CEO Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
12.2*	CFO Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
13.1**	CEO Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
13.2**	CFO Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
15.1*	Consent of PricewaterhouseCoopers Zhong Tian LLP
15.2*	Consent of Han Kun Law Offices
97.1*	Clawback Policy of the Registrant
101.INS*	Inline XBRL Instance Document—this instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith.

** Furnished herewith.

† Confidential treatment has been requested for certain portions of this exhibit pursuant to Rule 406 under the Securities Act and Division of Corporation Finance Staff Legal Bulletin No. 1. In accordance with Rule 406 and Staff Legal Bulletin No. 1, these confidential portions have been omitted and filed separately with the SEC.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing its annual report on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

NIO Inc.

By: /s/ Bin Li
Name: Bin Li
Title: Chairman of the Board of Directors
and Chief Executive Officer

Date: April 9, 2024

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of NIO Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of NIO Inc. and its subsidiaries (the "Company") as of December 31, 2023 and 2022, and the related consolidated statements of comprehensive loss, of shareholders' equity and of cash flows for each of the three years in the period ended December 31, 2023, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Report on Internal Control over Financial Reporting appearing under Item 15. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Accrual of warranty liabilities

As described in Notes 2(p), 12 and 14 to the consolidated financial statements, the Company provides warranty to its customers for all new vehicles it sold. For the year ended December 31, 2023, the Company accrued warranty costs of RMB1,222.9 million. As of December 31, 2023, the Company recorded warranty liabilities of RMB3,912.2 million. The warranty cost is accrued based on the Company's assumptions related to the nature and frequency of future claims and the estimate of the projected costs to repair or replace items under warranty. These estimates are based on actual claims incurred to date and an estimate of the nature, frequency and costs of future claims.

The principal considerations for our determination that performing procedures relating to the accrual of warranty liabilities is a critical audit matter are the significant judgment by management and estimates used in determining the accrual of warranty liabilities; this in turn led to significant auditor judgment, subjectivity, and effort in designing and performing procedures relating to evaluating the reasonableness of management's estimate of the nature, frequency and costs of future claims. In addition, the audit effort included the involvement of professionals with specialized skills and knowledge to assist in performing these procedures.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's estimate of the accrual of warranty liabilities, including controls over management's estimate of the nature, frequency and costs of future claims as well as the completeness and accuracy of actual claims incurred to date. These procedures also included, among others, testing management's process for determining the accrual of warranty liabilities by (a) evaluating the appropriateness of the model applied by management for the accrual of warranty liabilities; (b) evaluating the reasonableness of significant assumptions related to the nature and frequency of future claims and the related projected costs to repair or replace items under warranty, considering current and past performance, including a lookback analysis comparing prior period forecasted claims to actual claims incurred; and (c) testing the completeness, accuracy and relevance of management's data used in the estimation of future claims. These procedures also included developing an independent estimate of the accrual of warranty liabilities and comparing this estimate to management's estimate to evaluate its reasonableness. Professionals with specialized skill and knowledge were used to assist in evaluating the appropriateness of the model applied by management for the accrual of warranty liabilities and developing an independent estimate of the accrual of warranty liabilities.

/s/PricewaterhouseCoopers Zhong Tian LLP
Shanghai, the People's Republic of China
April 9, 2024

We have served as the Company's auditor since 2016.

NIO INC.

CONSOLIDATED BALANCE SHEETS
(All amounts in thousands, except for share and per share data)

	As of December 31,		
	2022	2023	2023
	RMB	RMB	USD Note 2(e)
ASSETS			
Current assets:			
Cash and cash equivalents	19,887,575	32,935,111	4,638,813
Restricted cash	3,154,240	5,542,271	780,613
Short-term investments	19,171,017	16,810,107	2,367,654
Trade and notes receivables, net (Allowance for expected credit losses of RMB39.6 million and RMB46.2 million, respectively)	5,118,170	4,657,652	656,017
Amounts due from related parties, net (Allowance for expected credit losses of RMB6.7 million and RMB8.8 million, respectively)	1,380,956	1,722,603	242,624
Inventory	8,191,386	5,277,726	743,352
Prepayments and other current assets, net (Allowance for expected credit losses of RMB4.0 million and RMB5.4 million, respectively)	2,246,408	3,434,763	483,776
Total current assets	59,149,752	70,380,233	9,912,849
Non-current assets:			
Long-term restricted cash	113,478	144,125	20,300
Property, plant and equipment, net	15,658,666	24,847,004	3,499,627
Intangible assets, net	—	29,648	4,176
Land use rights, net	212,603	207,299	29,197
Long-term investments	6,356,411	5,487,216	772,858
Right-of-use assets – operating lease	7,374,456	11,404,116	1,606,236
Other non-current assets, net (Allowance for expected credit losses of RMB89.6 million and RMB53.4 million, respectively)	7,398,559	4,883,561	687,835
Total non-current assets	37,114,173	47,002,969	6,620,229
Total assets	96,263,925	117,383,202	16,533,078
LIABILITIES			
Current liabilities:			
Short-term borrowings	4,039,210	5,085,411	716,265
Trade and notes payable	25,223,687	29,766,134	4,192,472
Amounts due to related parties	384,611	561,625	79,103
Taxes payable	286,300	349,349	49,205
Current portion of operating lease liabilities	1,025,968	1,743,156	245,518
Current portion of long-term borrowings	1,237,916	4,736,087	667,064
Accruals and other liabilities	13,654,362	15,556,354	2,191,067
Total current liabilities	45,852,054	57,798,116	8,140,694
Non-current liabilities:			
Long-term borrowings	10,885,799	13,042,861	1,837,049
Non-current operating lease liabilities	6,517,096	10,070,057	1,418,338
Deferred tax liabilities	218,189	212,347	29,908
Other non-current liabilities	5,144,027	6,663,805	938,578
Total non-current liabilities	22,765,111	29,989,070	4,223,873
Total liabilities	68,617,165	87,787,186	12,364,567
Commitments and contingencies (Note 28)			

NIO INC.

CONSOLIDATED BALANCE SHEETS
(All amounts in thousands, except for share and per share data)

	As of December 31,		
	2022	2023	2023
	RMB	RMB	USD Note 2(e)
MEZZANINE EQUITY			
Redeemable non-controlling interests	3,557,221	3,860,384	543,724
Total mezzanine equity	3,557,221	3,860,384	543,724
SHAREHOLDERS' EQUITY			
Class A Ordinary Shares (US$0.00025 par value; 2,632,030,222 and 2,632,030,222 shares authorized; 1,531,720,892 and 1,925,022,118 shares issued; 1,513,659,868 and 1,906,961,094 shares outstanding as of December 31, 2022 and 2023, respectively)	2,668	3,368	474
Class C Ordinary Shares (US$0.00025 par value; 148,500,000 shares authorized, issued and outstanding as of December 31, 2022 and 2023)	254	254	36
Less: Treasury shares (18,061,024 shares as of December 31, 2022 and 2023)	(1,849,600)	(1,849,600)	(260,511)
Additional paid in capital	94,593,062	117,717,254	16,580,128
Accumulated other comprehensive income	1,036,011	432,991	60,986
Accumulated deficit	(69,914,230)	(90,758,034)	(12,783,002)
Total NIO Inc. shareholders' equity	23,868,165	25,546,233	3,598,111
Non-controlling interests	221,374	189,399	26,676
Total shareholders' equity	24,089,539	25,735,632	3,624,787
Total liabilities, mezzanine equity and shareholders' equity	96,263,925	117,383,202	16,533,078

The accompanying notes are an integral part of these consolidated financial statements.

NIO INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(All amounts in thousands, except for share and per share data)

	For the Year Ended December 31,			
	2021	2022	2023	2023
	RMB	RMB	RMB	USD Note 2(e)
Revenue:				
Vehicle sales	33,169,740	45,506,581	49,257,270	6,937,741
Other sales	2,966,683	3,761,980	6,360,663	895,881
Total revenues	36,136,423	49,268,561	55,617,933	7,833,622
Cost of sales:				
Vehicle sales	(26,516,643)	(39,271,801)	(44,587,572)	(6,280,028)
Other sales	(2,798,347)	(4,852,767)	(7,978,565)	(1,123,757)
Total cost of sales	(29,314,990)	(44,124,568)	(52,566,137)	(7,403,785)
Gross profit	6,821,433	5,143,993	3,051,796	429,837
Operating expenses:				
Research and development	(4,591,852)	(10,836,261)	(13,431,399)	(1,891,773)
Selling, general and administrative	(6,878,132)	(10,537,119)	(12,884,556)	(1,814,752)
Other operating income	152,248	588,728	608,975	85,772
Total operating expenses	(11,317,736)	(20,784,652)	(25,706,980)	(3,620,753)
Loss from operations	(4,496,303)	(15,640,659)	(22,655,184)	(3,190,916)
Interest and investment income	911,833	1,358,719	2,210,018	311,275
Interest expenses	(637,410)	(333,216)	(403,530)	(56,836)
Gain on extinguishment of debt	—	138,332	170,193	23,971
Share of income of equity investees	62,510	377,775	64,394	9,070
Other income/(loss), net	184,686	(282,952)	155,191	21,858
Loss before income tax expense	(3,974,684)	(14,382,001)	(20,458,918)	(2,881,578)
Income tax expense	(42,265)	(55,103)	(260,835)	(36,738)
Net loss	(4,016,949)	(14,437,104)	(20,719,753)	(2,918,316)
Accretion on redeemable non-controlling interests to redemption value	(6,586,579)	(279,355)	(303,163)	(42,700)
Net loss attributable to non-controlling interests	31,219	157,014	(124,051)	(17,472)
Net loss attributable to ordinary shareholders of NIO Inc.	(10,572,309)	(14,559,445)	(21,146,967)	(2,978,488)
Net loss	(4,016,949)	(14,437,104)	(20,719,753)	(2,918,316)
Other comprehensive income/(loss)				
Change in unrealized gains/(losses) related to available-for-sale debt securities, net of tax	24,224	746,336	(770,560)	(108,531)
Foreign currency translation adjustment, net of nil tax	(230,345)	717,274	11,514	1,622
Total other comprehensive (loss)/income	(206,121)	1,463,610	(759,046)	(106,909)
Total comprehensive loss	(4,223,070)	(12,973,494)	(21,478,799)	(3,025,225)
Accretion on redeemable non-controlling interests to redemption value	(6,586,579)	(279,355)	(303,163)	(42,700)
Net loss/(profit) attributable to non-controlling interests	31,219	157,014	(124,051)	(17,472)
Other comprehensive (income)/loss attributable to non-controlling interests	(4,727)	(151,299)	156,026	21,976
Comprehensive loss attributable to ordinary shareholders of NIO Inc	(10,783,157)	(13,247,134)	(21,749,987)	(3,063,421)
Weighted average number of ordinary shares used in computing net loss per share				
Basic and diluted	1,572,702,112	1,636,999,280	1,700,203,886	1,700,203,886
Net loss per share attributable to ordinary shareholders				
Basic and diluted	(6.72)	(8.89)	(12.44)	(1.75)
Weighted average number of ADS used in computing net loss per ADS				
Basic and diluted	1,572,702,112	1,636,999,280	1,700,203,886	1,700,203,886
Net loss per ADS attributable to ordinary shareholders				
Basic and diluted	(6.72)	(8.89)	(12.44)	(1.75)

The accompanying notes are an integral part of these consolidated financial statements.

NIO INC.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(All amounts in thousands, except for share and per share data)

	Ordinary Shares		Treasury Shares		Additional Paid in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Shareholders' Equity	Non-Controlling Interests	Total Equity
	Shares	Par value	Shares	Amount						
Balance as of December 31, 2020	1,529,031,103	2,679	(2,491,715)	—	78,880,014	(65,452)	(51,648,410)	27,168,831	2,125	27,170,956
Accretion on redeemable non-controlling interests to redemption value	—	—	—	—	(6,586,579)	—	—	(6,586,579)	—	(6,586,579)
Settlement of capped call options and zero strike call options (Note 13(ii))	—	—	(16,402,643)	(1,849,600)	1,849,600	—	—	—	—	—
Conversion of convertible senior notes to ordinary shares - related parties	7,219,872	12	—	—	148,381	—	—	148,393	—	148,393
Conversion of convertible senior notes to ordinary shares -third party	62,508,996	101	—	—	4,199,718	—	—	4,199,819	—	4,199,819
Capital injection from non-controlling interests	—	—	—	—	—	—	—	—	100,000	100,000
Shareholder's contribution (Note 9)	—	—	—	—	18,535	—	—	18,535	—	18,535
Issuance of ordinary shares	53,292,401	85	—	—	12,677,469	—	—	12,677,554	—	12,677,554
Exercise of share options	8,891,011	14	228,037	—	120,925	—	—	120,939	—	120,939
Share based compensation of the restricted shares	842,742	1	—	—	457,985	—	—	457,986	—	457,986
Issuance of restricted shares (Note 24(a)(ii))	549,376	—	—	—	148,869	—	—	148,869	—	148,869
Share based compensation of the share options	—	—	—	—	552,155	—	—	552,155	—	552,155
Cancellation of restricted shares	(586,068)	—	586,068	—	—	—	—	—	—	—
Foreign currency translation adjustment	—	—	—	—	—	(230,345)	—	(230,345)	—	(230,345)
Change in fair value of available-for-sale debt securities (Note 9)	—	—	—	—	—	19,497	—	19,497	4,727	24,224
Net loss	—	—	—	—	—	—	(3,985,730)	(3,985,730)	(31,219)	(4,016,949)
Balance as of December 31, 2021	1,661,749,433	2,892	(18,080,253)	(1,849,600)	92,467,072	(276,300)	(55,634,140)	34,709,924	75,633	34,785,557

NIO INC.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(All amounts in thousands, except for share and per share data)

	Ordinary Shares		Treasury Shares		Additional Paid in Capital	Accumulated Other Comprehensive (Loss)/Income	Accumulated Deficit	Total Shareholders' Equity	Non-Controlling Interests	Total Equity
	Shares	Par value	Shares	Amount						
Balance as of December 31, 2021	1,661,749,433	2,892	(18,080,253)	(1,849,600)	92,467,072	(276,300)	(55,634,140)	34,709,924	75,633	34,785,557
Accretion on redeemable non-controlling interests to redemption value	—	—	—	—	(279,355)	—	—	(279,355)	—	(279,355)
Conversion of convertible senior notes to ordinary shares - related parties	8,805,770	15	—	—	207,457	—	—	207,472	—	207,472
Conversion of convertible senior notes to ordinary shares - third party	172,631	—	—	—	10,450	—	—	10,450	—	10,450
Distributions to non-controlling interests	—	—	—	—	—	—	—	—	(32,629)	(32,629)
Transactions with non-controlling interests (Note 23)	—	—	—	—	(184,085)	—	—	(184,085)	184,085	—
Exercise of share options	4,514,461	7	19,229	—	75,627	—	—	75,634	—	75,634
Share based compensation of the restricted shares	4,978,597	8	—	—	1,863,412	—	—	1,863,420	—	1,863,420
Share based compensation of the share options	—	—	—	—	432,484	—	—	432,484	—	432,484
Foreign currency translation adjustment	—	—	—	—	—	717,274	—	717,274	—	717,274
Change in fair value of available-for-sale debt securities (Note 9)	—	—	—	—	—	595,037	—	595,037	151,299	746,336
Net loss	—	—	—	—	—	—	(14,280,090)	(14,280,090)	(157,014)	(14,437,104)
Balance as of December 31, 2022	1,680,220,892	2,922	(18,061,024)	(1,849,600)	94,593,062	1,036,011	(69,914,230)	23,868,165	221,374	24,089,539

NIO INC.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(All amounts in thousands, except for share and per share data)

	Ordinary Shares		Treasury Shares		Additional Paid in Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total Shareholders' Equity	Non-Controlling Interests	Total Equity
	Shares	Par value	Shares	Amount						
Balance as of December 31, 2022	1,680,220,892	2,922	(18,061,024)	(1,849,600)	94,593,062	1,036,011	(69,914,230)	23,868,165	221,374	24,089,539
Accretion on redeemable non-controlling interests to redemption value	—	—	—	—	(303,163)	—	—	(303,163)	—	(303,163)
Issuance of ordinary shares	378,695,543	674	—	—	20,961,615	—	—	20,962,289	—	20,962,289
Exercise of share options	4,242,054	8	—	—	96,699	—	—	96,707	—	96,707
Share based compensation of the restricted shares	10,363,629	18	—	—	2,089,401	—	—	2,089,419	—	2,089,419
Share based compensation of the share options	—	—	—	—	279,640	—	—	279,640	—	279,640
Foreign currency translation adjustment	—	—	—	—	—	11,514	—	11,514	—	11,514
Recycling of unrealized gain of available-for-sale debt security (Note 9)	—	—	—	—	—	(614,534)	—	(614,534)	(156,026)	(770,560)
Net loss	—	—	—	—	—	—	(20,843,804)	(20,843,804)	124,051	(20,719,753)
Balance as of December 31, 2023	2,073,522,118	3,622	(18,061,024)	(1,849,600)	117,717,254	432,991	(90,758,034)	25,546,233	189,399	25,735,632

The accompanying notes are an integral part of these consolidated financial statements.

NIO INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(All amounts in thousands, except for share and per share data)

	For the Year Ended December 31,			
	2021	2022	2023	2023
	RMB	RMB	RMB	USD Note 2(e)
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss	(4,016,949)	(14,437,104)	(20,719,753)	(2,918,316)
Adjustments to reconcile net loss to net cash provided by/(used in) operating activities:				
Depreciation and amortization	1,708,019	2,852,315	3,377,977	475,778
Expected credit loss expense/(reversal)	54,332	48,707	(26,315)	(3,706)
Inventory write-downs	1,105	148,729	65,362	9,206
Impairment on long-term assets	—	35,011	—	—
Foreign exchange loss/(gain)	10,111	282,888	(55,458)	(7,811)
Share-based compensation expenses	1,010,140	2,295,896	2,369,041	333,672
Investment income	(105,608)	(174,854)	(969,134)	(136,500)
Gain on extinguishment of debt	—	(138,332)	(170,193)	(23,971)
Share of income of equity investees, net of tax	(62,510)	(377,775)	(64,394)	(9,070)
Amortization of right-of-use assets	643,895	1,141,740	1,529,464	215,420
Loss/(gain) on disposal of property, plant and equipment	31,107	12,807	(4,473)	(630)
Deferred income tax expense	25,199	192,990	200,892	28,295
Changes in operating assets and liabilities:				
Prepayments and other current assets	(38,908)	(1,239,921)	279,387	39,351
Inventory	(990,550)	(6,257,514)	2,895,477	407,819
Other non-current assets	(3,705,762)	(1,849,518)	2,600,019	366,205
Amounts due from related parties	(1,444,122)	167,692	(329,704)	(46,438)
Operating lease liabilities	(748,799)	(1,016,571)	(1,255,825)	(176,879)
Taxes payable	446,984	(341,592)	61,014	8,594
Trade and notes receivable	(1,717,747)	(2,303,364)	453,382	63,858
Trade and notes payable	6,260,311	11,650,850	4,870,777	686,035
Accruals and other liabilities	2,485,101	4,119,375	1,827,860	257,449
Amounts due to related parties	342,597	(299,339)	177,264	24,967
Other non-current liabilities	1,778,440	1,620,876	1,505,787	212,085
Net cash provided by/(used in)operating activities	1,966,386	(3,866,008)	(1,381,546)	(194,587)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment, land use rights and intangible assets	(4,078,764)	(6,972,854)	(14,340,771)	(2,019,855)
Proceeds from disposal of property, plant and equipment	1,126	3,622	73,064	10,290
Purchase of short-term investments	(134,316,219)	(87,631,686)	(43,899,109)	(6,183,060)
Proceeds from maturities of short-term investments	101,121,723	106,658,218	47,753,555	6,725,948
Purchase of available-for-sale debt investment	(650,000)	(120,000)	—	—
Proceeds from disposal of available-for-sale debt investment	—	270,000	—	—
Acquisitions of equity investees	(592,570)	(279,043)	(421,729)	(59,399)
Proceeds from disposal of equity investees	—	286,760	—	—
Withdrawal of long-term investment	—	—	10,750	1,514
Purchase of held to maturity debt investments	(1,300,000)	(1,830,000)	(35,000)	(4,930)
Purchase of retained asset-backed securities	—	—	(43,000)	(6,056)
Proceeds from maturities of retained asset-backed securities	—	—	16,865	2,375
Loan repayment from related parties	50,000	—	—	—
Net cash(used in)/provided by investing activities	(39,764,704)	10,385,017	(10,885,375)	(1,533,173)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from exercise of stock options	144,562	78,726	86,820	12,228
Capital withdrawal by non-controlling interests	(1,000)	(3,250)	(250)	(35)
Distributions to non-controlling interests	—	(32,629)	—	—
Capital injection from non-controlling interests	100,000	—	—	—
Redemption and repurchase of redeemable non-controlling interests	(8,000,000)	—	—	—
Proceeds from issuance of convertible senior notes	9,560,755	—	8,120,765	1,143,786
Repurchase of convertible senior notes	—	(1,202,365)	(3,387,648)	(477,140)
Proceeds from borrowings from third parties	6,112,000	6,918,564	8,014,434	1,128,809
Repayments of borrowings from third parties	(2,432,255)	(7,347,941)	(6,096,018)	(858,606)
Principal payments on finance leases	(32,873)	(27,489)	(37,511)	(5,283)
Proceeds from issuance of ordinary shares, net of issuance costs	12,677,554	—	20,962,289	2,952,477
Net cash provided by/(used in) financing activities	18,128,743	(1,616,384)	27,662,881	3,896,236
Effects of exchange rate changes on cash, cash equivalents and restricted cash	(500,959)	(121,896)	70,254	9,895
NET (DECREASE)/ INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(20,170,534)	4,780,729	15,466,214	2,178,371
Cash, cash equivalents and restricted cash at beginning of the year	38,545,098	18,374,564	23,155,293	3,261,355
Cash, cash equivalents and restricted cash at end of the year	18,374,564	23,155,293	38,621,507	5,439,726
NON-CASH INVESTING AND FINANCING ACTIVITIES				
Accruals related to purchase of property, plant and equipment	1,458,767	4,172,758	4,445,749	626,171
Issuance of restricted shares	148,869	—	—	—
Conversion of convertible senior notes to ordinary shares	4,348,212	217,922	—	—
Accretion on redeemable non-controlling interests to redemption value	6,586,579	279,355	303,163	42,700
Settlement of capped call options and zero strike call options (Note 13(ii))	1,849,600	—	—	—
Shareholder's contribution (Note 9)	18,535	—	—	—
Supplemental Disclosure				
Interest paid	218,830	274,347	285,479	40,209
Income taxes paid	6,007	77,187	35,975	5,067

The accompanying notes are an integral part of these consolidated financial statements.

NIO INC.
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1. Organization and Nature of Operations

NIO Inc. ("NIO", or the "Company") was incorporated under the laws of the Cayman Islands in November 2014, as an exempted company with limited liability. The Company was formerly known as NextCar Inc. It changed its name to NextEV Inc. in December 2014, and then changed to NIO Inc. in July 2017. The Company, its subsidiaries and consolidated variable interest entities (the "VIEs") are collectively referred to as the "Group".

The Group designs and develops electric vehicles and jointly manufactures its vehicles through strategic collaboration with other Chinese vehicle manufacturers during the reporting periods. The Group also offers power solutions and comprehensive value-added services to its users. As of December 31, 2023, the Group's primary operations are conducted in the People's Republic of China (the "PRC") and the Company's principal subsidiaries and VIEs are as follows:

Subsidiaries	Equity interest held	Place and Date of incorporation or date of acquisition	Principal activities
Nio Nextev Limited ("NIO HK") (formerly known as Nextev Limited)	100%	Hong Kong, February 2015	Investment holding
NIO GmbH (formerly known as NextEV GmbH)	100%	Germany, May 2015	Design and technology development
NIO Co., Ltd. ("NIO SH") (formerly known as NextEV Co., Ltd.)	100%	Shanghai, PRC, May 2015	Headquarter and technology development
NIO USA, Inc. ("NIO US") (formerly known as NextEV USA, Inc.)	100%	United States, November 2015	Technology development
XPT Limited ("XPT")	100%	Hong Kong, December 2015	Investment holding
XPT (Jiangsu) Investment Co., Ltd. ("XPT Jiangsu")	100%	Jiangsu, PRC, May 2016	Investment holding
Shanghai XPT Technology Limited	100%	Shanghai, PRC, May 2016	Technology development
XPT (Nanjing) E-Powertrain Technology Co., Ltd. ("XPT NJEP")	100%	Nanjing, PRC, July 2016	Manufacturing of E-Powertrain
XPT (Nanjing) Energy Storage System Co., Ltd. ("XPT NJES")	100%	Nanjing, PRC, October 2016	Manufacturing of battery
NIO Power Express Limited ("PE HK)	100%	Hong Kong, January 2017	Investment holding
NIO User Enterprise Limited ("UE HK")	100%	Hong Kong, February 2017	Investment holding
NIO Sales and Services Co., Ltd. ("UE CNHC") (formerly known as Shanghai NIO Sales and Service Co., Ltd.)	100%	Shanghai, PRC, March 2017	Investment holding and sales and after sales management
NIO Energy Investment (Hubei) Co., Ltd. ("PE CNHC")	100%	Wuhan PRC, April 2017	Investment holding
Wuhan NIO Energy Co., Ltd. ("PE WHJV")	100%	Wuhan, PRC, May 2017	Investment holding
NIO Holding Co., Ltd. ("NIO China") (formerly known as NIO (Anhui) Holding Co., Ltd.) (Note (a))	100%	Anhui, PRC, November 2017	Headquarter and technology development
XPT (Jiangsu) Automotive Technology Co., Ltd. ("XPT AUTO")	100%	Nanjing, PRC, May 2018	Investment holding
NIO Financial Leasing Co., Ltd. ("NIO Leasing")	100%	Shanghai, PRC, August 2018	Financial Leasing
NIO (Anhui) Co., Ltd. ("NIO AH")	100%	Anhui, PRC, August 2020	Industrialization and technology development
NIO Technology (Anhui) Co., Ltd. ("NIO R&D")	100%	Anhui, PRC, August 2020	Design and technology development
New Horizon B.V.	100%	Netherlands, November 2022	Investment holding
NIO Nextev Europe Holding B.V.("NIO NL")	100%	Netherlands, December 2020	Investment holding
NEU Battery Asset Co., Ltd. ("BAC Cayman")	100%	Cayman Islands, May 2021	Investment holding
Instant Power Europe B.V. ("BAC NL") Co., Limited	100%	Netherlands, June 2021	Battery Subscription Service
NEU Battery Asset (Hong Kong) Co.Limited ("BAC HK")	100%	Hong Kong, July 2021	Investment holding
NIO AI Technology Limited ("NIO AI Technology")	96.970%	Cayman Islands, March 2021	Investment holding
NIO AI Technology Limited	96.970%	Hong Kong, May 2021	Investment holding
Anhui NIO Autonomous Driving Technology Co., Ltd. ("Anhui NIO AD")	96.970%	Anhui, PRC, June 2021	Technology development
XTRONICS (Nanjing) Automotive Intelligent Technologies Co. Ltd. ("XPT NJWL") (Note (b))	50%	Nanjing, PRC, June 2017	Manufacturing of components

VIE and VIE's subsidiaries	Place and Date of incorporation or date of acquisition
Prime Hubs Limited ("Prime Hubs")	BVI, October 2014
Beijing NIO Network Technology Co., Ltd. ("Beijing NIO")	Beijing, PRC, July 2017
Anhui NIO AI Technology Co., Ltd. ("Anhui NIO AT")	Anhui, PRC, April 2021
Anhui NIO Data Technology Co., Ltd. ("Anhui NIO DT")	Anhui, PRC, October 2022
NIO Insurance Broker Co., Ltd("NIO IB") (formerly known as Huiding Insurance Broker Co., Ltd)	Anhui, PRC, January 2023

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Note (a) - NIO China

As of December 31, 2022 and 2023, the Company held 92.114% of total paid-in capital of NIO China. In accordance with NIO China's share purchase agreement, the redemption of the non-controlling interests is at the holders of non-controlling interests' option and is upon the occurrence of the events that are not solely within the control of the Company. Therefore, these redeemable non-controlling interests in NIO China were classified as mezzanine equity and are subsequently accreted to the redemption price using the agreed interest rate as a reduction of additional paid in capital (Note 21). With the redemption feature of the non-controlling interests, the Company is considered to effectively have 100% equity interest of NIO China as of December 31, 2022 and 2023.

Note (b) - XPT NJWL

In accordance with the Article of Association of XPT NJWL, the Company has the power to control the board of directors of XPT NJWL to unilaterally govern the financial and operating policies of XPT NJWL, and the non-controlling shareholder does not have substantive participating rights. As a result, the Group consolidates XPT NJWL.

Variable interest entities

Prime Hubs

In October 2014, Prime Hubs, a British Virgin Islands ("BVI") incorporated company, was established by Li Bin, the shareholder of the Group, to facilitate the adoption of the Company's employee stock incentive plans on behalf of the Company. The Company entered into a management agreement with Prime Hubs and Li Bin. The agreement enables the Company to direct the activities that most significantly impact Prime Hubs's economic performance and enable the Company to obtain substantially all of the economic benefits arising from Prime Hubs. As of December 31, 2022 and 2023, Prime Hubs held 4,250,002 Class A Ordinary Shares of the Company, respectively, other than which, Prime Hubs did not have any operations, nor any material assets or liabilities. All restricted shares granted under the Company's Prime Hubs Restricted Shares Plan have been fully vested.

Beijing NIO

In April 2018, the Group entered into a series of contractual arrangements with Beijing NIO and its individual shareholders (the "Nominee Shareholders"), including, among others, an exclusive business cooperation agreement, a loan agreement, an equity pledge agreement, an exclusive call option agreement and a power of attorney, which enable the Company to direct the activities that most significantly impact Beijing NIO's economic performance and obtain substantially all of the economic benefits arising from Beijing NIO. Management concluded that Beijing NIO is a variable interest entity and the Company is the ultimate primary beneficiary of Beijing NIO and hence consolidates the financial results of Beijing NIO. The Group operates value-added telecommunication services, including without limitation, performing internet information services, as well as holding certain related licenses, through Beijing NIO. For the years ended December 31, 2021, 2022 and 2023, the financial position, result of operations and cash flow activities of Beijing NIO were immaterial to the consolidated financial statements.

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Anhui NIO AT

In April 2021, Anhui NIO AT, was established by individual shareholders (the "Nominee Shareholders"). Anhui NIO AD entered into a management agreement with Nominee Shareholders. The agreement enables the Company to direct the activities that most significantly impact Anhui NIO AT's economic performance, and enabled the Company to obtain substantially all of the economic benefits arising from them. Management concluded that Anhui NIO AT is a variable interest entity and the Company is the ultimate primary beneficiary of Anhui NIO AT and hence consolidates the financial results of Anhui NIO AT. In November 2022, concurrent with the termination of the said management agreement, the Group entered into a series of contractual arrangements with the Nominee Shareholders as well as Anhui NIO AT, including, among others, an exclusive business cooperation agreement, a loan agreement, an equity pledge agreement, an exclusive call option agreement and a power of attorney. These agreements enable the Company to direct the activities that most significantly impact Anhui NIO AT's economic performance and enable the Company to obtain substantially all of the economic benefits arising from Anhui NIO AT. Management concluded that Anhui NIO AT continues to be a variable interest entity and the Company remains as the ultimate primary beneficiary of Anhui NIO AT. Therefore, the Group continues to consolidate the financial results of Anhui NIO AT's financial statements. The Group intends to obtain requisite licenses for certain supporting functions during the development of autonomous driving technology through Anhui NIO AT. For the years ended December 31, 2021, 2022 and 2023, the financial position, result of operations and cash flow activities of Anhui NIO AT were immaterial to the consolidated financial statements.

Anhui NIO DT and NIO IB

In October 2022, the Group entered into a series of contractual arrangements with Anhui NIO DT and its individual shareholders (the "Nominee Shareholders"), including, among others, an exclusive business cooperation agreement, a loan agreement, an equity pledge agreement, an exclusive call option agreement and a power of attorney, which enable the Group to direct the activities that most significantly impact Anhui NIO DT's economic performance and obtain substantially all of the economic benefits arising from Anhui NIO DT. Management concluded that Anhui NIO DT is a variable interest entity and the Company is the ultimate primary beneficiary of Anhui NIO DT and hence consolidates the financial results of Anhui NIO DT in the Group's consolidated financial statements. In January 2023, Anhui NIO DT acquired NIO IB. NIO IB was a company holding the insurance brokerage license and does not meet the criteria necessary to be defined as a business under US GAAP. Accordingly, the Group accounted for this transaction as an asset acquisition.The Group provides insurance brokerage services which are mainly vehicle-related and property-related and holds requisite licenses through Anhui NIO DT and NIO IB. For the years ended December 31, 2022 and 2023, the financial position, result of operations and cash flow activities of Anhui NIO DT were immaterial to the consolidated financial statements.

Shanghai Anbin

The Company, the ultimate shareholder of NIO SH, was the ultimate primary beneficiary of Shanghai Anbin Technology Co., Ltd. ("Shanghai Anbin") and its subsidiary and hence consolidated the financial results of Shanghai Anbin and its subsidiary in the Group's consolidated financial statements, pursuant to a series of contractual agreements, including, among others, an exclusive business corporation agreements, a loan agreement, an equity pledge agreement, an exclusive call option agreement and a power of attorney entered into among NIO SH, Shanghai Anbin and its nominee shareholders in April 2018. On March 31, 2021, all parities agreed to terminate above mentioned contractual agreements, after which, the Company was no longer the ultimate primary beneficiary of Shanghai Anbin and deconsolidated the financial results of Shanghai Anbin and its subsidiary. The deconsolidation of Shanghai Anbin and its subsidiary did not have significant impact on the Group's consolidated financial statements. Before the deconsolidation, the financial position, result of operations and cash flow activities of Shanghai Anbin and its subsidiary were immaterial to the consolidated financial statements.

Liquidity and Going Concern

The Group's consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will continue in operation for the foreseeable future and, accordingly, will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due.

The Group has been incurring losses from operations since inception. The Group incurred net losses of RMB4.0 billion and RMB14.4 billion and RMB20.7 billion for the years ended December 31, 2021, 2022 and 2023, respectively. The Group incurred operating cash outflow of RMB3.9 billion and RMB1.4 billion for the years ended December 31, 2022 and 2023, respectively. Accumulated deficit amounted to RMB69.9 billion and RMB90.8 billion as of December 31, 2022 and 2023, respectively.

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As of December 31, 2023, the Group's balance of cash and cash equivalents was RMB32.9 billion and short-term investments of RMB16.8 billion and the Group had net current assets of RMB12.6 billion. Management has evaluated the sufficiency of its working capital and concluded that the Group's available cash and cash equivalents and short-term investments will be sufficient to support its continuous operations and to meet its payment obligations when liabilities fall due within the next twelve months from the date of issuance of these consolidated financial statements. Accordingly, management continues to prepare the Group's consolidated financial statements on going concern basis.

2. Summary of Significant Accounting Policies

(a) Basis of presentation

The consolidated financial statements of the Group have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). Significant accounting policies followed by the Group in the preparation of the accompanying consolidated financial statements are summarized below.

(b) Principles of consolidation

The consolidated financial statements include the financial statements of the Company, its subsidiaries and the VIEs for which the Company is the ultimate primary beneficiary.

A subsidiary is an entity in which the Company, directly or indirectly, controls more than one half of the voting power; has the power to appoint or remove the majority of the members of the board of directors (the "Board"): to cast majority of votes at the meeting of the Board or to govern the financial and operating policies of the investee under a statute or agreement among the shareholders or equity holders.

The Company applies the guidance under Accounting Standard Codification 810, Consolidations ("ASC 810") on accounting for the VIEs. A VIE is an entity with one or more of the following characteristics: (a) the total equity investment at risk is not sufficient to permit the entity to finance its activities without additional financial support; (b) as a group, the holders of the equity investment at risk lack the ability to make certain decisions, the obligation to absorb expected losses or the right to receive expected residual returns, or (c) an equity investor has voting rights that are disproportionate to its economic interest and substantially all of the entity's activities are on behalf of the investor. ASC 810 requires variable interest entities to be consolidated by the primary beneficiary which has a controlling financial interest of variable interest entities. The Company is considered as the primary beneficiary of the VIEs and thus consolidates the financial statements each of these entities under U.S. GAAP.

All significant transactions and balances between the Company, its subsidiaries and the VIEs have been eliminated upon consolidation. The non-controlling interests in consolidated subsidiaries are shown separately in the consolidated financial statements.

(c) Use of estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, related disclosures of contingent assets and liabilities at the balance sheet date, and the reported revenue and expenses during the reported period in the consolidated financial statements and accompanying notes. Significant accounting estimates reflected in the Group's consolidated financial statements mainly include, but are not limited to, standalone selling price of each distinct performance obligation in revenue recognition, warranty liabilities, fair value of available-for-sale debt security investments and equity securities using fair value option investments, lower of cost and net realizable value of inventories, inventory valuation for excess and obsolete inventories, losses on purchase commitments, allowance for current expected credit loss, depreciable lives of property, equipment and software, impairment of long-lived assets, determination and allocation of standalone transaction price regarding multiple performance obligations, subsequent measurement of equity securities measured under measurement alternatives, discount rate of lease liabilities, fair value of short-term investments, valuation of deferred tax assets, valuation and recognition of share-based compensation arrangements, as well as current or non-current classification of receivables. Actual results could differ from those estimates.

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(d) Functional currency and foreign currency translation

The Group's reporting currency is the Renminbi ("RMB"). The functional currency of the Company and its subsidiaries which are incorporated in HK is United States dollars ("US$"), except NIO Sport which operates mainly in United Kingdom and uses Great Britain pounds ("GBP"). The functional currencies of the other subsidiaries and the VIEs are their respective local currencies. The determination of the respective functional currency is based on the criteria set out by ASC 830, Foreign Currency Matters.

Transactions denominated in currencies other than in the functional currency are translated into the functional currency using the exchange rates prevailing at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into functional currency using the applicable exchange rates at the balance sheet date. Non-monetary items that are measured in terms of historical cost in foreign currency are re-measured using the exchange rates at the dates of the initial transactions. Exchange gains or losses arising from foreign currency transactions are included in the consolidated statements of comprehensive loss.

The financial statements of the Group's entities of which the functional currency is not RMB are translated from their respective functional currency into RMB. Assets and liabilities denominated in foreign currencies are translated into RMB at the exchange rates at the balance sheet date. Equity accounts other than earnings generated in current period are translated into RMB at the appropriate historical rates. Income and expense items are translated into RMB using the periodic average exchange rates. The resulting foreign currency translation adjustments are recorded in other comprehensive loss in the consolidated statements of comprehensive income or loss, and the accumulated foreign currency translation adjustments are presented as a component of accumulated other comprehensive loss in the consolidated statements of shareholders' equity. Total foreign currency translation adjustment (losses)/ income were a loss of RMB230,345, an income of RMB717,274, and an income of RMB11,514 for the years ended December 31, 2021, 2022 and 2023, respectively. The grant-date fair value of the Group's share-based compensation expenses is reported in US$ as the respective valuation is conducted in US$ and the shares are denominated in US$.

(e) Convenience translation

Translations of balances in the consolidated balance sheets, consolidated statements of comprehensive loss and consolidated statements of cash flows from RMB into US$ as of and for the years ended December 31, 2023 are solely for the convenience of the reader and were calculated at the rate of US$1.00 = RMB7.0999, representing the noon buying rate in The City of New York for cable transfers of RMB as certified for customs purposes by the Federal Reserve Bank of New York on December 29, 2023. No representation is made that the RMB amounts represent or could have been, or could be, converted, realized or settled into US$ at that rate on, or December 31, 2023, or at any other rate.

(f) Fair value

Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be either recorded or disclosed at fair value, the Group considers the principal or most advantageous market in which it would transact, and it also considers assumptions that market participants would use when pricing the asset or liability.

Accounting guidance establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Accounting guidance establishes three levels of inputs that may be used to measure fair value:

Level 1 — Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 — Observable, market-based inputs, other than quoted prices, in active markets for identical assets or liabilities.

Level 3 — Unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

As disclosed in Note 2(n), the Group's equity securities with readily determinable fair values are carried at fair value using quoted market prices that currently available on a securities exchange and classified within Level 1.

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The Group's investments in money market funds, financial products issued by banks and certain retained asset-backed securities are carried at fair value, which are classified within Level 2 and valued using directly or indirectly observable inputs in the market place. As of December 31, 2022 and 2023, such investments aggregately amounted to RMB12,781,060 and RMB8,473,612, respectively.

As disclosed in Note 2(q), the Group's derivative instruments are carried at fair value, which are classified within Level 2 and valued using indirectly observable inputs in the market place.

As disclosed in Note 9, the Group's available-for-sale debt security investments include investments the Group made in private companies which contains substantive redemption and preferential rights. The Group's equity securities investments measured using fair value option include an investment the Group made in a private company which contains certain preferential rights. Such investments are classified within Level 3 for fair value measurement. As of December 31, 2022 and 2023, the carrying values of the investments were RMB1,648,861. The Group re-measured the respective fair values using a market approach by adopting a backsolve method, which determined the estimated fair value of the investments through comparison to a recent transaction and applied significant unobservable inputs and assumptions. For the years ended December 31, 2022 and 2023, RMB746,336 and nil, respectively, of fair value changes, net of tax, were recorded in either comprehensive income, in the case of available-for-sale debt security investments, or investment income/(losses), in the case of equity securities investments using fair value option . The significant unobservable inputs adopted in the valuation as of December 31, 2022 and 2023 are as follows:

	December 31, 2022	December 31, 2023
Unobservable Input		
Expected volatility	54%-61%	44%-51%
Probability	Liquidation scenario: 25%-40% Redemption scenario: 25%-40% IPO scenario: 20%-50%	Liquidation scenario: 35%-40% Redemption scenario: 0%-35% IPO scenario: 30%-60%

Financial assets and liabilities of the Group primarily consist of cash and cash equivalents, restricted cash, short-term investments, trade receivable, amounts due from related parties, deposits and other receivables, available-for-sale debt security investments, retained asset-backed securities, trade and notes payable, amounts due to related parties, other payables, derivative instruments, short-term borrowings, lease liabilities and long-term borrowings. As of December 31, 2022 and 2023, other than as discussed above, the carrying values of these financial instruments approximated to their respective fair values.

(g) Cash, cash equivalents and restricted cash

Cash and cash equivalents represent cash at hand, time deposits and highly-liquid investments placed with banks or other financial institutions, which are unrestricted as to withdrawal and use, and which have original maturities of three months or less.

Cash which is restricted to withdrawal for use or pledged as security is reported separately on the face of the consolidated balance sheets. The Group's restricted cash mainly represents (a) secured deposits held in designated bank accounts for borrowings and corporate bank credit cards, bank acceptance notes,letter of credit and letters of guarantee; and (b) time deposits that are pledged for property leases. The restricted cash is classified according to the contractual term of the restriction imposed.

Cash, cash equivalents and restricted cash as reported in the consolidated statements of cash flows are presented separately on our consolidated balance sheets as follows:

	December 31, 2022	December 31, 2023
Cash and cash equivalents	19,887,575	32,935,111
Restricted cash	3,154,240	5,542,271
Long-term restricted cash	113,478	144,125
Total	23,155,293	38,621,507

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(h) Short-term investments

Short-term investments consist primarily of investments in fixed deposits with maturities between three months and one year, which are stated at amortised cost, and investments in money market funds and financial products issued by banks, which are measured at fair value. As of December 31, 2022 and 2023, the short-term investments amounted to RMB19,171,017 and RMB16,810,107, respectively, among which, RMB12,259,459 and RMB11,520,514, were restricted as collateral for notes payable, bank borrowings and letter of guarantee as of December 31, 2022 and 2023, respectively.

(i) Expected credit losses

The Group accounts for the impairment of financial instruments in accordance with ASU No. 2016-13, "Financial Instruments — Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments" ("ASC Topic 326"), effective from January 1, 2020. The Group's trade and notes receivable, receivables of installment payments, deposits and other receivables are within the scope of ASC Topic 326. The Group has identified the relevant risk characteristics of its customers and the related receivables, prepayments, deposits and other receivables which include size, type of the services or the products the Group provides, or a combination of these characteristics. Receivables with similar risk characteristics have been grouped into pools. For each pool, the Group considers the historical credit loss experience, current economic conditions, supportable forecasts of future economic conditions, and any recoveries in assessing the lifetime expected credit losses. Other key factors that influence the expected credit loss analysis include customer demographics, payment terms offered in the normal course of business to customers, and industry-specific factors that could impact the Group's receivables. Additionally, external data and macroeconomic factors are also considered. This is assessed at each quarter based on the Group's specific facts and circumstances.

For the years ended December 31, 2021, 2022 and 2023, the Group recorded RMB54,332, RMB48,707 and reversed RMB26,315, respectively, in expected credit loss provisions in selling, general and administrative expenses. As of December 31, 2023, the expected credit loss reserve for current and non-current assets are RMB60,384 and RMB53,357, respectively. As of December 31, 2022, the expected credit loss reserve for current and non-current assets are RMB50,415 and RMB89,641, respectively.

Balance as at December 31, 2022

	Original amount	Expected credit loss Rate	Expected credit loss provision
Current assets:			
Trade and notes receivable	5,157,814	0.77 %	39,644
Amounts due from related parties	1,387,694	0.49 %	6,738
Prepayments and other current assets	2,250,441	0.18 %	4,033
Non-current assets:			
Other non-current assets	7,488,200	1.20 %	89,641

Balance as at December 31, 2023

	Original amount	Expected credit loss Rate	Expected credit loss provision
Current assets:			
Trade and notes receivable	4,703,829	0.98 %	46,177
Amounts due from related parties	1,731,399	0.51 %	8,796
Prepayments and other current assets	3,440,174	0.16 %	5,411
Non-current assets:			
Other non-current assets	4,936,918	1.08 %	53,357

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(j) Inventory

Inventories are stated at the lower of cost or net realizable value. Cost is calculated on the average basis and includes all costs to acquire and other costs to bring the inventories to their present location and condition. The Group records inventory write-downs for excess or obsolete inventories or accrues costs of inventory commitments based upon assumptions on current and future demand forecasts. If the inventory on hand or inventory purchase commitments is in excess of future demand forecast, the excess amounts are written down or accrued. The Group also reviews inventory to determine whether its carrying value exceeds the net amount realizable upon the ultimate sale of the inventory. This requires the determination of the estimated selling price of the vehicles less the estimated cost to convert inventory on hand into a finished product. Once inventory is written-down, a new, lower-cost basis for that inventory is established and subsequent changes in facts and circumstances do not result in the restoration or increase in that newly established cost basis.

(k) Property, plant and equipment, net

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any. Property, plant and equipment are depreciated at rates sufficient to write off their costs less impairment and residual value, if any, over their estimated useful lives on a straight-line basis. Leasehold improvements are amortized over the shorter of the lease term or the estimated useful lives of the related assets.

The estimated useful lives are as follows:

	Useful lives
Buildings and constructions	20 years
Production facilities	10 years
Charging & battery swap equipment	5 to 8 years
R&D equipment	5 years
Computer and electronic equipment	3 years
Purchased software	3 to 5 years
Leasehold improvements	Shorter of the estimated useful life or remaining lease term (ranging from 1-10 years)
Vehicles for corporate use or customers' subscription	5 years
Others (office equipment, after-sales equipment, etc)	3 to 5 years

Depreciation for mold and tooling is computed using the units-of-production method, including capitalized interest costs which are amortized over the total estimated units of production of the related assets.

The cost of maintenance and repairs is expensed as incurred, whereas the cost of renewals and betterment that extends the useful lives of property, plant and equipment is capitalized as additions to the related assets. Interest expense on outstanding debt is capitalized during the period of significant capital asset construction. Capitalized interest on construction-in-progress is included within property, plant and equipment and is amortized over the useful life or units of production of the related assets. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation and amortization are removed from their respective accounts, and any gain or loss on such sale or disposal is reflected in the consolidated statements of comprehensive loss.

(l) Intangible assets, net

Definite lived intangible assets are carried at cost less accumulated amortization and impairment, if any. Definite lived intangible assets are amortized using the straight-line method over the estimated useful lives as below:

	Useful lives
Domain name	5 years

The Group estimates the useful life of the domain name to be 5 years based on the contract terms, expected technical obsolescence and innovations and industry experience of such intangible assets.The estimated useful lives of amortized intangible assets are reassessed if circumstances occur that indicate the original estimated useful lives have changed.

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Intangible assets with an indefinite useful life represent the insurance brokerage license, and is carried at cost less any subsequent impairment loss. The Group expects, based upon regulatory precedent, the license can be renewed, on a perfunctory basis, upon expiration and believes that the license is unlikely to be terminated and will continue to contribute revenue in the future. Therefore, the Group considers the useful life of this intangible asset to be indefinite.

(m) Land use rights, net

Land use rights are recorded at cost less accumulated amortization. Amortization is provided on a straight-line basis over the respective lease period ranging from 491 to 536 months.

(n) Long-term investments

The Group's long-term investments include equity investments in entities and debt security investments.

Investments in entities in which the Group can exercise significant influence and holds an investment in voting common stock or in substance common stock (or both) of the investee but does not own a majority equity interest or control are accounted for using the equity method of accounting in accordance with ASC topic 323, Investments — Equity Method and Joint Ventures ("ASC 323"). Under the equity method, the Group initially records its investments at fair value. The Group subsequently adjusts the carrying amount of the investments to recognize the Group's proportionate share of each equity investee's net income or loss into earnings after the date of investment. The Group evaluates the equity method investments for impairment under ASC 323. An impairment loss on the equity method investments is recognized in earnings when the decline in value is determined to be other-than-temporary.

Equity securities with readily determinable fair values and over which the Group has neither significant influence nor control through investments in common stock or in-substance common stock are measured at fair value, with changes in fair value reported through earnings.

Equity securities without readily determinable fair values and over which the Group has neither significant influence nor control through investments in common stock or in-substance common stock are measured and recorded using a measurement alternative that measures the securities at cost minus impairment, if any, plus or minus changes resulting from qualifying observable price changes.

The Group elected the fair value option ("FVO") at the date of initial recognition under ASC 825 for certain equity securities, with changes in fair value reported through earnings.

Available-for-sale debt security investments are reported at estimated fair value with the aggregate unrealized gains and losses, net of tax, reflected in accumulated other comprehensive loss in the consolidated balance sheets. Gain or losses are realized when the investments are sold or when dividends are declared or payments are received or when other than temporarily impaired.

Held-to-maturity debt security investment are reported at amortized cost. The securities are held to collect contractual cash flows, and the Group has the positive intent and ability to hold those securities to maturity.

Trading securities are acquired and held principally for the purpose of selling them. The securities are reported at fair value, and subsequent changes in the fair value are recognized through net income. As disclosed in Note 9, the Group elects to classify the retained asset-backed securities as trading securities. Subsequent changes in the fair value are recognized through net income.

The Group monitors its investments measured under equity method for other-than-temporary impairment by considering factors including, but not limited to, current economic and market conditions, the operating performance of the companies including current earnings trends and other company-specific information. No impairment charge was recognized for the years ended December 31, 2021, 2022 and 2023.

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(o) Impairment of long-lived assets

Long-lived assets are evaluated for impairment whenever events or changes in circumstances (such as a significant adverse change to market conditions that will impact the future use of the assets) indicate that the carrying amount may not be fully recoverable or that the useful life is shorter than the Group had originally estimated. When these events occur, the Group evaluates the impairment by comparing carrying value of the assets to an estimate of future undiscounted cash flows expected to be generated from the use of the assets and their eventual disposition. If the sum of the expected future undiscounted cash flows is less than the carrying value of the assets, the Group recognizes an impairment loss based on the excess of the carrying value of the assets over the fair value of the assets. Impairment charges recognized for the years ended December 31, 2021, 2022 and 2023 was nil,RMB35,011 and nil, respectively.

(p) Warranty liabilities

The Group accrues a warranty reserve for all new vehicles sold by the Group, which includes the Group's best estimate of the projected costs to repair or replace items under warranty. These estimates are based on actual claims incurred to date and an estimate of the nature, frequency and costs of future claims. These estimates are inherently uncertain given the Group's relatively short history of sales, and changes to the historical or projected warranty experience may cause material changes to the warranty reserve when the Group accumulates more actual data and experience in the future.

The portion of the warranty reserve expected to be incurred within the next 12 months is included within accruals and other liabilities, while the remaining balance is included within other non-current liabilities on the consolidated balance sheets. Warranty expense is recorded as a component of cost of revenues in the consolidated statements of comprehensive loss.

The following table shows a reconciliation in the current reporting period related to carried-forward warranty liabilities.

	For the Year Ended December 31,		
	2021	2022	2023
Warranty – beginning of year	952,946	1,962,977	2,946,937
Provision for warranty	1,078,854	1,128,920	1,222,916
Warranty costs incurred	(68,823)	(144,960)	(257,629)
Warranty– end of year	1,962,977	2,946,937	3,912,224

(q) Derivatives instruments and hedging

Derivative instruments are carried at fair value, which generally represent the estimated amounts expect to receive or pay upon termination of the contracts as of the reporting date. Derivative financial instruments are not used for trading or speculative purposes.

The Group has entered into several currency exchange forward contracts with certain commercial banks in PRC to mitigate the risks of foreign exchange gain/loss generated from the Group's balances of cash and cash equivalents and short-term investments denominated in US dollars. As such instruments do not qualify for hedge accounting treatment, the Group records the changes in fair value of the derivatives in other (loss)/income, net, the same line item in which foreign exchange gain/loss is recognised, with offsetting effect. Total changes in fair value of the derivatives recorded in other (loss)/income, net, were a loss of RMB668,051 for the year ended December 31, 2022. As of December 31, 2022, all the currency exchange forward contracts have been fully executed and the Group did not enter into any currency exchange forward contracts during the year ended December 31, 2023.

The Group has entered into several swap contracts with a commercial bank to hedge the risks of commodity price associated with the forecasted purchasing transactions. The Group applies cash flow hedge accounting since the hedge relationship is effective. The changes in fair value of the hedging instruments are initially recorded in other comprehensive income, and the amounts in accumulated other comprehensive income related to the fair value changes in the hedging instruments are released into the Group's earnings when the hedged items affect earnings. For the years ended December 31, 2022 and 2023, both the changes in fair value of the hedging instruments through other comprehensive income and the amounts in accumulated other comprehensive income related to the fair value changes in the hedging instruments that were released into earnings were immaterial.

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(r) Revenue recognition

Revenue is recognized when or as the control of the goods or services is transferred to a customer. Depending on the terms of the contract and the laws that apply to the contract, control of the goods and services may be transferred over time or at a point in time. Control of the goods and services is transferred over time if the Group's performance:

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

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

Contracts with customers may include multiple performance obligations. For such arrangements, the Group allocates revenue to each performance obligation based on its relative standalone selling price. The Group determines standalone selling prices based on the prices charged to customers. If the standalone selling price is not directly observable, it is estimated using expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information. Assumptions and estimations have been made in estimating the relative selling price of each distinct performance obligation, and changes in judgments on these assumptions and estimates may impact the revenue recognition.

When either party to a contract has performed, the Group presents the contract in the consolidated balance sheets as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment.

A contract asset is the Group's right to consideration in exchange for goods and services that the Group has transferred to a customer. A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due. As of December 31, 2022 and 2023, the Group did not record any contract assets.

A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. The Group's contract liabilities primarily resulted from the multiple performance obligations identified in the customer contract, which is recorded as deferred revenue and advance from customers.

The Group generates revenue from (i) vehicle sales, (ii) parts, accessories and after-sales vehicle services, (iii) provision of power solutions and (iv) others. The Group's revenue sources for the comparative periods as disclosed in Note (16) have been revised to conform with the current year classification which depicts the nature and amounts of the Group's major revenue streams for the most recent period.

Vehicle sales

The Group generates revenue from sales of electric vehicles, together with a number of embedded products and services through a series of contracts. The Group identifies the users who purchase the vehicle as its customers. In general, there are multiple distinct performance obligations explicitly stated in a series of contracts in addition to sales of vehicles, which may include home chargers, vehicle connectivity services, extended warranty services and battery swapping services which are accounted for in accordance with ASC 606. In the PRC, initial users are entitled to vehicle connectivity services, extended warranty services and battery swapping services. The standard warranty provided by the Group is accounted for in accordance with ASC 460, Guarantees, and the estimated costs are recorded as a liability when NIO transfers the control of vehicle to a user.

Customers only pay the amount after deducting the government subsidies to which they are entitled for the purchase of electric vehicles. The government subsidies are applied and collected by the Group or Jianghuai Automobile Group Co., Ltd. ("JAC") from the government. The government subsidy is considered as a part of the transaction price it charges the customers for the electric vehicle, as the subsidy is granted to the buyer of the electric vehicle instead of the Group and the buyer remains liable for such amount to the Group in the event the subsidies were not received by the Group. The Group or JAC applies and collects the payment on behalf of the customers.

In the instance that some eligible customers elect installment payment for battery or the auto financing arrangements, the Group believes such arrangement contains a significant financing component and as a result adjusts the transaction price to reflect the impact of time value on the transaction price using an appropriate discount rate (i.e. the interest rates of the loan reflecting the credit risk of the borrower). Interest income from such arrangements with a significant financing component is presented as other sales. Receivables related to the battery installment payment and auto financing programs that are expected to be repaid by customers beyond one year of the dates of the financial statements are recognized as non-current assets. The difference between the gross receivable and the respective present value is recorded as unrealized finance income. Interest income from such arrangements with a significant financing component is presented separately from revenue from contracts with customers.

The Group generally determines standalone selling prices based on the prices charged to customers. If the standalone selling price is not directly observable, it is estimated using expected cost plus a margin or adjusted market assessment approach, considering the Group's pricing policies and practices, and the data utilized in making pricing decisions. The overall contract price is then allocated to each distinct performance obligation based on the relative estimated standalone selling price in accordance with ASC 606. The revenue for vehicle sales and home chargers are recognized at a point in time when the control of the product is transferred to the customer. For the vehicle connectivity services and battery swapping services, the Group recognizes the revenue over time using a straight-line method during the estimated beneficial period, based on the estimated length of time that the initial owner owns the vehicles before it is re-sold to secondary market. As for the extended warranty services, given limited operating history and lack of historical data, the Group decides to recognize the revenue over time based on a straight-line method initially, and will continue monitoring the cost pattern periodically and adjust the revenue recognition pattern to reflect the actual cost pattern as it becomes available.

As the consideration for the vehicle and all embedded services are generally paid in advance, which means the payments received are prior to the transfer of goods or services by the Group, the Group records a contract liability (deferred revenue) for the allocated amount regarding those unperformed obligations. As of December 31, 2022 and 2023, the balances of contract liabilities (deferred revenue) from vehicle sales contracts were RMB3,740,108 and RMB5,040,125 respectively.

Battery as a Service (BaaS)

The Battery as a Service (the "BaaS"), allows users to purchase electric vehicles without batteries and subscribe for the usage of batteries separately. In PRC, under the BaaS, the Group sells batteries to Wuhan Weineng Battery Asset Co., Ltd. (the "Battery Asset Company"), an equity investee of the Group, on a back-to-back basis when the Group sells the vehicle to the BaaS users and the BaaS users subscribe for the usage of the batteries from the Battery Asset Company by paying a monthly subscription fee to the Battery Asset Company. The promise to transfer the control of the batteries to the Battery Asset Company is the only performance obligation in the contract with the Battery Asset Company for the sales of batteries. The Group recognizes revenue from the sales of batteries to the Battery Asset Company when the vehicles (together with the batteries) are delivered to the BaaS users which is the point considered then the control of the batteries is transferred to the Battery Asset Company.

Together with the sales of the batteries, the Group entered into service agreements with the Battery Asset Company, pursuant to which the Group provides services to the Battery Asset Company including batteries monitoring, maintenance, upgrade, replacement, IT system support, etc., with monthly service charges. In case of any default in payment of monthly rental fees from users, the Battery Asset Company also has right to request the Group to track and lock down the battery subscribed by the users to limit its usage. In addition, in furtherance of the BaaS, the Group agreed to provide guarantee to the Battery Asset Company for the default in payment of monthly subscription fees from users. The maximum amount of guarantee that can be claimed by the Battery Asset Company for the users' payment default shall not be higher than the accumulated service fees the Group receives from the Battery Asset Company.

For services provided to the Battery Asset Company, revenue is recognized over the period when services are rendered. As for financial guarantee liabilities, the provision of guarantee is linked to and associated with services rendered to the Battery Asset Company and the payment of guarantee amount is therefore accounted for as the reduction to the revenue from the Battery Asset Company.

The fair value of the guarantee liabilities is determined by taking considerations of the default pattern of the Group's existing battery installment programs provided to users. At each period end, the financial liabilities are remeasured with the corresponding changes recorded as the reduction to the revenue. For the years ended December 31, 2023 and 2022, both service revenue and guarantee liability were immaterial.

Since 2022, the BaaS users are also provided with the option to buy out the batteries in PRC. Under this arrangement, BaaS users and the Battery Asset Company enter into battery subscription termination agreement, and the Group purchases the outgoing batteries from the Battery Asset Company, after which the Group sells batteries with qualified performance to the BaaS users. These transactions are arranged on back-to-back basis under which the Group is in substance rendering the agency service to facilitate the BaaS users which are also the customers of the Group to complete the purchase of batteries from the Battery Asset Company. The Group therefore recognizes revenue of the service to facilitate the BaaS batteries buy out transactions on net basis with the amount of the difference between the consideration the Group receives from the BaaS users for the battery sales and the price of batteries the Group pays to the Battery Asset Company. Upon the completion of BaaS buy-out, the Group stops to provide battery service and is not obliged to provide guarantee and warranty related to the relevant batteries to the Battery Asset Company.

Practical expedients and exemptions

The Group follows the guidance on immaterial promises when identifying performance obligations in the vehicle sales contracts and concludes that roadside assistance is not performance obligation considering that it is value-added service to enhance user experience rather than critical item for vehicle driving and forecasted that usage of this service will be very limited. The Group also performs an estimation on the standalone fair value of each promise applying a cost plus margin approach and concludes that the standalone fair value of roadside assistance is insignificant individually and in aggregate, representing less than 1% of vehicle gross selling price and aggregate fair value of each individual promise.

Considering the qualitative assessment and the result of the quantitative estimate, the Group concluded not to assess whether promises are performance obligations as they are immaterial in the context of the contract and the relative standalone fair value individually and in aggregate is less than 3% of the contract price.

Parts, accessories and after-sales vehicle services

The Group sells parts and accessories to the third party authorized service centers and its users, and provides after-sales vehicle services to users, including, repair, maintenance, extended warranty services and other vehicle services. Revenue from the sales of parts and accessories is recognized when the control of the products is transferred to the customers. Revenue from after-sales services is recognized when the services are rendered.

Provision of power solutions

The Group provides power solutions to users, including, sale of charging piles, provision of battery charging and swapping services, battery upgrade service, BaaS battery buy-out service and other power solution services. Revenue from the services is recognized when relevant services are rendered. Revenue from the sales of charging piles is recognized when the control of the products is transferred to the customers.

Battery swapping service

The Group provides battery swapping service to users with convenient "recharging" experience by swapping the user's battery for another one. The battery swapping service is in substance a charging service instead of non-monetary exchanges or sales of batteries as the batteries involved in such swapping are the same in capacity and very similar in performance. For performance obligation of the battery swapping service sold together with the vehicles (i.e. monthly free-of-charge quota), the Group recognizes the revenue over time using a straight-line method in the estimated beneficial period, being the estimated length of time that the initial owner owns the vehicle. For the battery swapping beyond monthly free-of-charge quota for which additional considerations are paid by the users, the Group recognizes revenue when the battery swapping service is completed.

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Battery upgrade service

The Group provides battery upgrade service to both BaaS users and non-BaaS users. The users can exchange their batteries with lower capacity for the batteries with higher capacity from the Group with a fixed cash consideration. The battery upgrade service is in substance the provision of incremental battery capacity service to the users instead of non-monetary battery exchanges or sales of battery. Therefore, under non-BaaS model, the revenue from the battery upgrade service is recognized at the amount of cash consideration paid by users at a point in time when the service is rendered. Under the BaaS model, since the ownership of originally installed battery belongs to the Battery Asset Company, when a user requests battery upgrade, the Group actually upgrades the battery that belongs to the Battery Asset Company and recognize revenue for the battery upgrade service at the amount paid by the Battery Asset Company when upgrade service is rendered. BaaS users will then pay a higher monthly subscription fee to the Battery Asset Company for subscribing for the battery with higher capacity.

Others

Other revenues consists of sales of used vehicles, auto financing services, retail merchandise, automotive regulatory credits, embedded products and services offered together with vehicle sales, including vehicle connectivity services, and other products and services. Revenue is recognized when relevant services are rendered or control of the products is transferred.

Sales of automotive regulatory credits

New Energy Vehicle ("NEV") mandate policy launched by China's Ministry of Industry and Information Technology ("MIIT") specifies the NEV credit targets and as all of the Group's products are NEVs, the Group is able to generate NEV credits above target. The credits earned per vehicle is dependent on various metrics such as vehicle driving range and battery energy efficiency, and is calculated based on the MIIT published formula. Excess positive NEV credits are tradable to other vehicle manufacturers through a credit management system established by the MIIT on a separately negotiated basis. The Group sells these credits at agreed price to other vehicle manufacturers.

Considerations for automotive regulatory credits are typically received at the point control transfers to the customer, or in accordance with payment terms customary to the business. The Group recognizes revenue on the sale of automotive regulatory credits at the time control of the regulatory credits is transferred to the purchasing party as other sales revenue in the consolidated statements of comprehensive loss.

Incentives

The Group offers a self-managed customer loyalty program in the form of "NIO points", which can be redeemed to acquire free or discounted goods or services provided by the Group, including accessories, branded merchandise, and other services. The Group determines the standalone selling price of each point based on estimated incremental cost. Customers, and NIO users and, fans and employees have a variety of ways to earn the points. The major accounting policy for its points program is described as follows:

(i) Points issued in connection with sales transactions

The Group concludes the points issued in connection with the sales transaction is a material right and accordingly a separate performance obligation according to ASC 606, and is taken into consideration when allocating the transaction price of the sales. The Group also estimates the probability of points redemption when performing the allocation based on the historical redemption pattern. The amount allocated to the points as separate performance obligation is recorded as contract liability (deferred revenue) and revenue should be recognized when future goods or services are transferred or when the points expire.

(ii) Points issued in other scenarios

NIO users and fans can also earn points through other ways such as inviting friends to test drive or purchase a vehicle, frequent sign-ins to the Group's mobile application, participating in NIO community activities, etc. The Group believes these points are to encourage user engagement and generate market awareness. As a result, the Group accounts for such points as selling, general and administrative expenses with a corresponding liability recorded under other current liabilities of its consolidated balance sheets upon the points are issued. The Group estimates liabilities under the customer loyalty program based on cost of the products and services that can be redeemed, and its estimate of probability of redemption. At the time of redemption, the Group records a reduction of inventory and other current liabilities. In certain cases where merchandise is sold for cash in addition to points, the Group records revenue of other sales for the amount of cash received.

For the years ended December 31, 2021, 2022 and 2023, the revenue portion allocated to the points as a separate performance obligation was RMB371,849, RMB492,925 and RMB863,627, respectively, which is recorded as contract liability (deferred revenue). For the years ended December 31, 2021, 2022 and 2023, the total points recorded as selling, general and administrative expenses were RMB155,884, RMB215,201 and RMB162,875, respectively.

As of December 31, 2022 and, 2023, liabilities recorded related to unredeemed points were RMB680,660, and RMB954,709, respectively.

(s) Cost of Sales

Vehicle

Cost of vehicle sales includes parts, materials, processing fee, labor costs, manufacturing cost (including depreciation of assets associated with the production) and losses from production related purchase commitments. Cost of vehicle sales also includes reserves for estimated warranty expenses and charges to write-down the carrying value of the inventory when it exceeds its estimated net realizable value and to provide for on-hand inventory that is either obsolete or in excess of forecasted demand.

Service and Other

Cost of service and other sales includes direct parts, materials, labor costs, vehicle connectivity costs, depreciation of associated assets used for providing services, and other cost associated with sales of service and others.

(t) Sales and marketing expenses

Sales and marketing expenses consist primarily of advertising expenses, marketing and promotional expenses, salaries and other compensation-related expenses to sales and marketing personnel. Advertising expenses consist primarily of costs for the promotion of corporate image and product marketing. The Group expenses all advertising costs as incurred and classifies these costs under sales and marketing expenses. For the years ended December 31, 2021, 2022 and 2023, advertising costs totaled RMB529,057, RMB815,619 and RMB1,242,941, respectively.

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(u) Research and development expenses

Certain costs associated with developing internal-use software are capitalized when such costs are incurred within the application development stage of software development. Other than that, all costs associated with research and development ("R&D") are expensed as incurred. R&D expenses are primary comprised of charges for R&D and consulting work performed by third parties; salaries, bonuses, share-based compensation, and benefits for those employees engaged in research, design and development activities; costs related to design tools; license expenses related to intellectual property, supplies and services; and allocated costs, including depreciation and amortization, rental fees, and utilities.

(v) General and administrative expenses

General and administrative expenses consist primarily of salaries, bonuses, share-based compensation and benefits for employees involved in general corporate functions, depreciation and amortization of fixed assets which are used in general corporate activities, legal and other professional services fees, rental and other general corporate related expenses.

(w) Employee benefits

Full time employees of the Group in the PRC participate in a government mandated defined contribution plan, pursuant to which certain pension benefits, medical care, employee housing fund and other welfare benefits are provided to the employees. Chinese labor regulations require that the PRC subsidiaries and VIEs of the Group make contributions to the government for these benefits based on certain percentages of the employees' salaries, up to a maximum amount specified by the local government. The Group has no legal obligation for the benefits beyond the contributions made. Total amounts of such employee benefit expenses, which were expensed as incurred, were approximately RMB761,417, RMB1,578,273 and RMB2,349,966 for the years ended December 31, 2021, 2022 and 2023, respectively.

(x) Government grants

The Company's subsidiaries received government subsidies from certain local governments. The Group's government subsidies consisted of specific subsidies and other subsidies. Specific subsidies are subsidies that the local government has provided for a specific purpose, such as product development and renewal of production facilities. Other subsidies are the subsidies that the local government has not specified its purpose for and are not tied to future trends or performance of the Group; receipt of such subsidy income is not contingent upon any further actions or performance of the Group and the amounts do not have to be refunded under any circumstances. The Group recorded specific purpose subsidies as advances payable when received. For specific subsidies, upon government acceptance of the related project development or asset acquisition, the specific purpose subsidies are recognized to reduce related R&D expenses or the cost of asset acquisition. Other subsidies are recognized as other operating income upon receipt as further performance by the Group is not required.

(y) Income taxes

Current income taxes are recorded in accordance with the regulations of the relevant tax jurisdiction. The Group accounts for income taxes under the asset and liability method in accordance with ASC 740, *Income Tax*. Deferred income taxes are recognized for the tax consequences attributable to differences between carrying amounts of existing assets and liabilities in the financial statements and their respective tax basis, and operating loss carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred taxes of a change in tax rates is recognized in the consolidated statements of comprehensive loss in the period of change. Valuation allowances are established when necessary to reduce the amount of deferred tax assets if it is considered more likely than not that amount of the deferred tax assets will not be realized.

The Group records liabilities related to uncertain tax positions when, despite the Group's belief that the Group's tax return positions are supportable, the Group believes that it is more likely than not that those positions may not be fully sustained upon review by tax authorities. Accrued interest and penalties related to unrecognized tax benefits are classified as income tax expense. The Group did not recognize uncertain tax positions as of December 31, 2022 and 2023.

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(z) Share-based compensation

The Company grants restricted shares and share options of the Company and its subsidiary to eligible employees and non-employee consultants and accounts for share-based compensation in accordance with ASC 718, Compensation — Stock Compensation and ASU 2018-07-Compensation-stock compensation (Topic 718)-Improvements to non-employee share-based payment accounting.

Employees' share-based compensation awards are measured at the grant date fair value of the awards and recognized as expenses a) immediately at the grant date if no vesting conditions are required; or b) for share options or restricted shares granted with only service conditions, using the straight-line vesting method, net of estimated forfeitures, over the vesting period; or c) for share options where the underlying share is liability within the scope of ASC 480, using the graded vesting method, net of estimated forfeitures, over the vesting period, and re-measuring the fair value of the award at each reporting period end until the award is settled.

All transactions in which goods or services are received in exchange for equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable.

In April 2019, the Group adopted ASU 2018-07, "Compensation — Stock Compensation (Topic 718): Improvements to Non-employee Share-Based Payment Accounting". Upon the adoption of this guidance, the Group no longer re-measures equity-classified share-based awards granted to consultants or non-employees at each reporting date through the vesting period and the accounting for these share-based awards to consultants or non-employees and employees was substantially aligned. Share-based compensation expenses for share options and restricted shares granted to non-employees are measured at fair value at the date when such awards are granted and recognized over the period during which the service from the non-employees is provided.

The binomial option-pricing model is used to measure the value of share options. The determination of the fair value is affected by the fair value of the ordinary shares as well as assumptions including the expected share price volatility, actual and projected employee and non-employee share option exercise behavior, risk-free interest rates and expected dividends.

The assumptions used in share-based compensation expense recognition represent management's best estimates, but these estimates involve inherent uncertainties and application of management judgment. If factors change or different assumptions are used, the share-based compensation expenses could be materially different for any period. Moreover, the estimates of fair value of the awards are not intended to predict actual future events or the value that ultimately will be realized by grantees who receive share-based awards, and subsequent events are not indicative of the reasonableness of the original estimates of fair value made by the Group for accounting purposes.

For restricted shares granted by one of the Company's subsidiaries to employees, determination of related estimated fair values (the subsidiaries are not publicly traded) requires complex and subjective judgments due to limited financial and operating history, unique business risks and limited comparable public information. Key inputs and assumptions underlying the determined fair value of these restricted shares include but are not limited to the pricing of recent rounds of financing, future cash flow forecasts, discount rates, and liquidity factors relevant to each of the respective subsidiaries.

Forfeitures are estimated at the time of grant and revised in subsequent periods if actual forfeitures differ from those estimates. The Group uses historical data to estimate pre-vesting options and records share-based compensation expenses only for those awards that are expected to vest.

(aa) Comprehensive income/(loss)

The Group applies ASC 220, *Comprehensive Income*, with respect to reporting and presentation of comprehensive loss and its components in a full set of financial statements. Comprehensive loss is defined to include all changes in equity of the Group during a period arising from transactions and other event and circumstances except those resulting from investments by shareholders and distributions to shareholders. For the years presented, the Group's comprehensive loss includes net loss and other comprehensive income/(loss), which mainly consists of the foreign currency translation adjustment that have been excluded from the determination of net loss, change in fair value of available-for-sale debt securities.

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(ab) Leases

As the lessee, the Group recognizes in the balance sheet a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, the Group makes an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities and recognizes lease expenses for such lease generally on a straight-line basis over the lease term. The Group primarily uses the discount rate at the lease commencement date using the rate implicit in the lease. If the information necessary to determine the rate implicit in the lease is not readily available, the Group uses its incremental borrowing rate("IBR"). The IBR is determined by the Group's best understanding of the interest rate the Group would bear to borrow an amount equal to the lease payments in a similar economic environment over the lease term based on its credit rating. Operating lease assets are included within right-of-use assets— operating lease, and the corresponding operating lease liabilities are included within operating lease liabilities on the consolidated balance sheets. Finance lease assets are included within other non-current assets, and the corresponding finance lease liabilities are included within accruals and other liabilities for the current portion, and within other non-current liabilities on the consolidated balance sheets.

(ac) Dividends

Dividends are recognized when declared. No dividends were declared for the the years ended December 31, 2021, 2022 and 2023.

(ad) Earnings/(loss) per share

Basic earnings/(loss) per share is computed by dividing net income/(loss) attributable to holders of ordinary shares, considering the accretions to redemption value of the preferred shares, by the weighted average number of ordinary shares outstanding during the period using the two-class method. Under the two-class method, net income is allocated between ordinary shares and other participating securities based on their participating rights. Diluted earnings/(loss) per share is calculated by dividing net income/(loss) attributable to ordinary shareholders, as adjusted for the accretion and allocation of net income related to the preferred shares, if any, by the weighted average number of ordinary and dilutive ordinary equivalent shares outstanding during the period. Ordinary equivalent shares consist of shares issuable upon the conversion of the preferred shares using the if-converted method, unvested restricted shares, restricted share units and ordinary shares issuable upon the exercise of outstanding share options (using the treasury stock method). Ordinary equivalent shares are not included in the denominator of the diluted earnings per share calculation when inclusion of such shares would be anti-dilutive.

(ae) Segment reporting

ASC 280, Segment Reporting, establishes standards for companies to report in their financial statements information about operating segments, products, services, geographic areas, and major customers.

Based on the criteria established by ASC 280, the Group's chief operating decision maker ("CODM") has been identified as the Chief Executive Officer, who reviews consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole and hence, the Group has only one reportable segment. The Group does not distinguish between markets or segments for the purpose of internal reporting. As the Group's long-lived assets are substantially located in the PRC, no geographical segments are presented.

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3. Recent Accounting Pronouncements

(a) Recently adopted accounting pronouncements

In March 2022, the Financial Accounting Standards Board ("FASB") issued ASU 2022-02, Troubled Debt Restructurings and Vintage Disclosures. This ASU eliminates the accounting guidance for troubled debt restructurings by creditors that have adopted ASU 2016-13, Measurement of Credit Losses on Financial Instruments, which we adopted on January 1, 2020. This ASU also enhances the disclosure requirements for certain loan refinancing and restructurings by creditors when a borrower is experiencing financial difficulty. In addition, the ASU amends the guidance on vintage disclosures to require entities to disclose current period gross write-offs by year of origination for financing receivables and net investments in leases within the scope of ASC 326-20. The ASU is effective for annual periods beginning after December 15, 2022, including interim periods within those fiscal years. Adoption of the ASU would be applied prospectively. Early adoption is also permitted, including adoption in an interim period. The Group adopted ASU 2022-02 from January 1, 2023, which did not have a material impact on the Group's consolidated financial statements.

In September 2022, the FASB issued Accounting Standards Update ("ASU") ASU 2022- 04, Liabilities - Supplier Finance Programs (Subtopic 405-50) Disclosure of Supplier Finance Program Obligations. The ASU requires that a buyer in a supplier finance program disclose sufficient information about the program to allow a user of financial statements to understand the program's nature, activity during the period, changes from period to period, and potential magnitude. This ASU is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years, except for the amendment on rollforward information, which is effective for fiscal years beginning after December 15, 2023. The Group adopted ASU 2022-04 from January 1, 2023 and disclosed related impact on Note 11. The adoption of ASU did not have a material impact on the Group's consolidated financial statements.

In October 2021, the FASB issued ASU No. 2021-08, Accounting for Contract Assets and Contract Liabilities from Contracts with Customers (Topic 805). This ASU requires an acquirer in a business combination to recognize and measure contract assets and contract liabilities (deferred revenue) from acquired contracts using the revenue recognition guidance in Topic 606. At the acquisition date, the acquirer applies the revenue model as if it had originated the acquired contracts. The ASU is effective for annual periods beginning after December 15, 2022, including interim periods within those fiscal years. Adoption of the ASU should be applied prospectively. Early adoption is also permitted, including adoption in an interim period. If early adopted, the amendments are applied retrospectively to all business combinations for which the acquisition date occurred during the fiscal year of adoption. The Group adopted ASU 2021-08 from January 1, 2023, which did not have a material impact on the Group's consolidated financial statements.

In November 2021, the FASB issued ASU No. 2021-10, Government Assistance (Topic 832). This ASU requires business entities to disclose information about government assistance they receive if the transactions were accounted for by analogy to either a grant or a contribution accounting model. The disclosure requirements include the nature of the transaction and the related accounting policy used, the line items on the balance sheets and statements of operations that are affected and the amounts applicable to each financial statement line item and the significant terms and conditions of the transactions. The ASU is effective for annual periods beginning after December 15, 2021. The disclosure requirements can be applied either retrospectively or prospectively to all transactions in the scope of the amendments that are reflected in the financial statements at the date of initial application and new transactions that are entered into after the date of initial application. The Group adopted ASU No. 2020-01 from January 1, 2022, which did not have a material impact on the Group's consolidated financial statements.

In March 2020, the FASB issued ASU 2020-04, "Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting", which provides optional expedients and exceptions for applying U.S. GAAP on contract modifications and hedge accounting to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform, if certain criteria are met. These optional expedients and exceptions provided in ASU 2020-04 are effective for the Group as of March 12, 2020 through December 31, 2022. The Group adopted this from January 1, 2022, which did not have a material impact on the Group's consolidated financial statements.

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(b) Recently issued accounting pronouncements not yet adopted

In June 2022, the FASB issued ASU 2022-03 Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions. The update clarifies that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and, therefore, is not considered in measuring fair value. The update also clarifies that an entity cannot, as a separate unit of account, recognize and measure a contractual sale restriction. The update also requires certain additional disclosures for equity securities subject to contractual sale restrictions. The amendments in this update are effective for the Group beginning January 1, 2024 on a prospective basis. Early adoption is permitted for both interim and annual financial statements that have not yet been issued or made available for issuance. The Group is in the process of evaluating the impact of the new guidance on its consolidated financial statements. This ASU is currently not expected to have a material impact on the Group's consolidated financial statements.

In November 2023, the FASB issued ASU No. 2023-07, Improvements to Reportable Segment Disclosures (Topic 280). This ASU updates reportable segment disclosure requirements by requiring disclosures of significant reportable segment expenses that are regularly provided to the Chief Operating Decision Maker ("CODM") and included within each reported measure of a segment's profit or loss. This ASU also requires disclosure of the title and position of the individual identified as the CODM and an explanation of how the CODM uses the reported measures of a segment's profit or loss in assessing segment performance and deciding how to allocate resources. The ASU is effective for annual periods beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Adoption of the ASU should be applied retrospectively to all prior periods presented in the financial statements. Early adoption is also permitted. This ASU is currently not expected to have a material impact on the Group's consolidated financial statements.

In December 2023, the FASB issued ASU No. 2023-08, Accounting for and Disclosure of Crypto Assets (Subtopic 350-60). This ASU requires certain crypto assets to be measured at fair value separately in the balance sheet and income statement each reporting period. This ASU also enhances the other intangible asset disclosure requirements by requiring the name, cost basis, fair value, and number of units for each significant crypto holding. The ASU is effective for annual periods beginning after December 15, 2024, including interim periods within those fiscal years. Adoption of the ASU requires a cumulative-effect adjustment to the opening balance of retained earnings as of the beginning of the annual reporting period in which an entity adopts the amendments. Early adoption is also permitted, including adoption in an interim period. This ASU is currently not expected to have a material impact on the Group's consolidated financial statements.

In December 2023, the FASB issued ASU No. 2023-09, Improvements to Income Tax Disclosures (Topic 740). The ASU requires disaggregated information about a reporting entity's effective tax rate reconciliation as well as additional information on income taxes paid. The ASU is effective on a prospective basis for annual periods beginning after December 15, 2024. Early adoption is also permitted for annual financial statements that have not yet been issued or made available for issuance. This ASU will result in the required additional disclosures being included in our consolidated financial statements, once adopted. This ASU is currently not expected to have a material impact on the Group's consolidated financial statements.

4. Concentration and Risks

(a) Concentration of credit risk

Assets that potentially subject the Group to significant concentrations of credit risk primarily consist of cash and cash equivalents, restricted cash, short-term investment, trade receivable, amount due from related parties, deposits and other receivables. The maximum exposure of such assets to credit risk is their carrying amounts as of the balance sheet dates. As of December 31, 2022 and 2023, the great majority of the Group's cash and cash equivalents, restricted cash and short-term investments were held by major financial institutions located in the PRC and the United States which management believes are of high credit quality based on their credit ratings.

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(b) Currency convertibility risk

The PRC government imposes controls on the convertibility of RMB into foreign currencies. The Group's cash and cash equivalents and restricted cash denominated in RMB that are subject to such government controls amounted to RMB13,012,259 and RMB12,472,010 as of December 31, 2022 and 2023, respectively. The value of RMB is subject to changes in the central government policies and to international economic and political developments affecting supply and demand in the PRC foreign exchange trading system market. In the PRC, certain foreign exchange transactions are required by law to be transacted only by authorized financial institutions at exchange rates set by the People's Bank of China (the "PBOC"). Remittances in currencies other than RMB by the Group in the PRC must be processed through PBOC or other Chinese foreign exchange regulatory bodies which require certain supporting documentation in order to process the remittance.

(c) Foreign currency exchange rate risk

Since July 21, 2005, the RMB has been permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. While the international reaction to the RMB appreciation has generally been positive, there remains significant international pressure on the PRC government to adopt an even more flexible currency policy, which could result in a further and more significant appreciation of the RMB against other currencies.

(***d) Concentration of customers and suppliers***

The following tables summarized the customer with greater than 10% of the total revenue and account receivables:

	For the Year Ended December 31,		
	2021	2022	2023
Percentage of the total revenue			
Customer A	12 %	*	*

	December 31, 2022	December 31, 2023
Percentage of the account receivables		
Customer A	21 %	27 %

* Less than 10%

The following tables summarizes the supplier with greater than 10% of the total purchase and payables:

	For the Year Ended December 31,		
	2021	2022	2023
Percentage of the total purchase			
Supplier A	20 %	20 %	15 %

	December 31, 2022	December 31, 2023
Percentage of the payables		
Supplier A	31 %	20 %

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5. Inventory

	December 31, 2022	December 31, 2023
Raw materials	2,974,125	2,245,076
Work in process	170,995	90,035
Finished Goods	4,685,790	2,646,287
Merchandise	510,143	480,174
Less: inventory provision	(149,667)	(183,846)
Total	8,191,386	5,277,726

Raw materials primarily consist of materials for volume production as well as spare parts used for aftersales services.

Finished goods include vehicles ready for transit at production factory, vehicles in transit to fulfill customer orders, new vehicles available for immediate sale at the Group's sales and service center locations and charging piles.

Merchandise includes accessories and branded merchandise which can be redeemed by customer loyalty program.

Inventory write-downs recorded in cost of sales for the years ended December 31, 2021, 2022 and 2023 were RMB1,105, RMB148,729 and RMB65,362, respectively.

6. Prepayments and Other Current Assets

Prepayments and other current assets consist of the following:

	December 31, 2022	December 31, 2023
Deductible VAT input	779,694	2,271,162
Prepayment to vendors	541,457	575,016
Deposits	349,651	240,769
Receivables from third party online payment service providers	154,264	160,030
Interest receivable	10,167	42,340
Receivables from JAC	196,075	—
Receivables of reimbursement from the depositary bank	87,170	—
Other receivables	131,963	150,857
Less: Allowance for credit losses	(4,033)	(5,411)
Total	2,246,408	3,434,763

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7. Property, Plant and Equipment, Net

Property, plant and equipment and related accumulated depreciation were as follows:

	December 31, 2022	December 31, 2023
Charging & battery swap equipment	3,393,603	6,442,827
Mold and tooling	3,901,436	6,341,011
Production facilities	3,252,362	6,025,654
Leasehold improvements	3,408,731	5,160,732
Construction in process	3,114,345	2,894,333
Computer and electronic equipment	1,250,861	1,767,634
R&D equipment	939,586	1,469,604
Purchased software	985,141	1,281,685
Buildings and constructions	890,576	912,378
Subscription vehicles	387,619	890,044
Corporate vehicles	473,602	833,355
Others	603,978	1,150,042
Subtotal	22,601,840	35,169,299
Less: Accumulated depreciation	(6,901,232)	(10,288,331)
Less: Accumulated impairment	(41,942)	(33,964)
Total property, plant and equipment, net	15,658,666	24,847,004

The Group recorded depreciation expenses of RMB1,702,559, RMB2,874,912 and RMB3,372,673 for the years ended December 31, 2021, 2022 and 2023, respectively.

As disclosed in Note 18, in December 2023, the Group completed the purchase of the production facilities in the first advanced manufacturing base, or the F1 Plant, from JAC at the consideration of RMB1.9 billion, inclusive of tax.

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8. Land Use Rights, Net

Land use rights and related accumulated amortization were as follows:

	December 31, 2022	December 31, 2023
Land use rights	235,198	235,198
Less: Accumulated amortization—land use rights	(22,595)	(27,899)
Total land use rights, net	212,603	207,299

The Group recorded amortization expense for land use rights of RMB4,847, RMB5,227 and RMB5,304 for the years ended December 31, 2021, 2022 and 2023, respectively.

9. Long-term investments

The Group's long-term investments consisted of the following:

	December 31, 2022	December 31, 2023
Equity investments:		
Equity method investments (i)	1,325,800	1,505,509
Equity securities using fair value option (iv)	—	1,528,861
Equity securities without readily determinable fair value (ii)	101,536	391,205
Equity securities with readily determinable fair value	48,290	45,323
Debt investments:		
Held-to-maturity debt securities – time deposit (iii)	3,231,924	1,875,318
Available-for-sale debt securities (iv)	1,648,861	120,000
Retained asset-backed securities(v)	—	21,000
Total	6,356,411	5,487,216

(i) Equity method investments

In August 2020, the Group and three other third party investors jointly established the Battery Asset Company. The Group invested RMB200,000 in the Battery Asset Company and held 25% of the Battery Asset Company's equity interests. In December 2020, the Battery Asset Company entered into an agreement with the other third-party investors for a total additional investment of RMB640,000 by those investors. In 2021, the Group invested an additional RMB270,000 and owned approximately 19.8% equity interests of the Battery Asset Company. In July 2022, the Battery Asset Company entered into an agreement with the other third-party investors for a total additional investment of RMB40,000 by those investors. As of December 31, 2023, the Group owns approximately 19.4% equity interests of the Battery Asset Company. The Group, as a major shareholder of the Battery Asset Company, is entitled to appoint one out of eight directors in the Battery Asset Company's board of directors and can exercise significant influence over the Battery Asset Company. Therefore, the investment in the Battery Asset Company is accounted for using the equity method of accounting.

In November 2021, the Group purchased an equity investment in an investment fund held by Ningbo Meishan Bonded Port Area Weilan Investment Co., Ltd. ("Weilan"), a company controlled by the principal shareholder (and Chief Executive Officer) of the Group (Note 27), with the total consideration of RMB50,000. As at the date of purchase, such investment was recorded at fair value of RMB68,535 with the excessive amount of RMB18,535 over the purchase consideration of RMB50,000 being recorded as an additional paid in capital contribution from the shareholder. The Group has ownership interest of 1.03% in this fund but has the ability to exercise significant influence over this fund through its capacity as a member of its investment committee which determines the investment strategies and makes investment decisions for this fund. Therefore, the Group accounts for this investment under equity method.

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In April 2018, the Group and certain other third party investors jointly established a private company. The Group invested RMB112,500 and held 22.5% of its equity interests. The Group was entitled to appoint one out of five directors in its board of directors and could exercise significant influence over the private company. Therefore, the investment was accounted for under equity method. As of December 31, 2020, the carrying amount of the investment was nil due to the share of losses of the investee. In February 2021, with the dilution of the Group's ownership in the investee to 4.5% as a result of a financing transaction completed by the investee which issued new shares to new investors, the Group, after taking into consideration unrecognized losses of the investee (any losses cumulatively in excess of carrying value), recognized a dilution gain of RMB104,653 in the share of income of equity investee as an indirect disposal with a like adjustment to the investment carrying amount. This gain became an addition to the Group's new cost basis in this investment. Upon the completion of the financing transaction of the investee, the Group was no longer entitled to appoint director to this investee and hence lost the ability to exercise significant influence. As a result, the Group discontinued the equity method accounting and elected to account for this investment as an equity investment without a readily determinable fair value. Immediately following the discontinuation of the equity method accounting, the Group remeasured the investment at fair value of RMB133,767 with reference to the price of the financing and recorded a gain of RMB29,114.

In 2022 and 2023, the Group invested in several private funds as a limited partner with a total amount of RMB192,723 and RMB94,849, respectively. The Group is not able to control the investment committee which determines the investment strategies and makes investment decisions for these funds, nor is the Group entitled to replace the general partner through kick-out rights. However, with certain voting rights the Group is entitled to exercise significant influence over the funds. Therefore, the Group accounts for these investments under equity method.

During the years ended December 31, 2021, 2022 and 2023, the Group recognized RMB62,510, RMB377,775 and RMB64,394 of shares of income of equity investees, respectively, from all of its equity method investments.

As of December 31, 2022 and 2023, none of the Group's equity method investment, both individually or in aggregate, was considered as significant under Reg S-X Rules.

(ii) Equity securities without readily determinable fair value

	December 31, 2022	December 31, 2023
Equity securities without readily determinable fair value:		
Initial cost	9,477	304,134
Net cumulative fair value adjustments	92,059	87,071
Carrying value	101,536	391,205

The Group has certain equity investments which are measured under the measurement alternative. During the years ended December 31, 2021, 2022 and 2023, in addition to the transaction discussed above, the Group invested RMB4,000, RMB35 and RMB294,657 in equity securities without readily determinable fair value, respectively. The Group re-measured these investments based on recent financing transactions of these investees, which were considered as observable transactions, and recorded fair value gain of RMB94,711, losses of RMB2,652 and RMB4,988 in investment income during the years ended December 31, 2021, 2022 and 2023, respectively.

(iii) Held-to-maturity debt securities – time deposit

Held-to-maturity investments represent time deposits in commercial banks with maturities of more than one year with carrying amounts of RMB3.2 billion and RMB1.9 billion as of December 31, 2022 and 2023 respectively. As of December 31, 2022 and 2023, the weighted average maturities periods are 1.9 and 1.5 years, respectively.

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(iv) Available-for-sale debt securities

	December 31, 2022	December 31, 2023
Available-for-sale debt securities:		
Initial cost	671,567	120,000
Net cumulative fair value adjustments	977,294	—
Carrying value	1,648,861	120,000

In July 2022, the Group invested in a private company with total consideration of RMB120,000. Since the investment contains certain substantive preferential rights, including redemption at the holders' option upon occurrence of certain contingent events that are out of the investee's control and liquidation preference over the rights of common shareholders, it is not considered as common stock or in-substance common stock and is therefore classified as available-for-sale debt investment which is measured at its fair value with the change of fair value recognized as other comprehensive income. For the year ended December 31, 2023, the fair value change of the investment was immaterial.

In July 2021, the Group, together with several third party investors, established a fund with total capital contributions of RMB650,000, among which the Group contributed RMB550,000. According to the fund agreement, the fund is established for the sole purpose of investing in a pre-determined private company and the Group is able to unilaterally determine the operation and investment strategy of the fund. Therefore, the Group consolidated the financial statements of the fund. The investments provided by other investors to the fund with amount of RMB100,000 are classified as non-controlling interest. The fund purchased a minority interest of a private company that was pre-determined with total consideration of RMB650,000. Since the investment contained certain substantive preferential rights, including redemption at the holders' option upon occurrence of certain contingent events that were out of the investee's control and liquidation preference over the common shareholders, it was not considered as common stock or in-substance common stock and was therefore classified as available-for-sale debt investment which was measured at its fair value with the change of fair value recognized as other comprehensive income. In 2022, the Group entered into agreements with other third-party investors and disposed certain equity interests of this private company with the total consideration of RMB270,000 and recognized investment gain of RMB171,567, among which RMB4,652 were released from unrealized gains of other comprehensive income. In November 2023, all shareholders of the investee entered into agreements and agreed to terminate their redemption rights, with other preferential rights being remained effective, including the rights to request the investee's founders' to repurchase shares from certain shareholders upon the achievement of certain contingent events (the "Put option") and liquidation preference over the rights of common shareholders. As a result of these changes, the Group determined that the fund should no longer be considered a debt investment, but rather now included terms more akin to an equity investment.As a result, the Group discontinued available-for-sale debt investment accounting and accounted for this investment as an equity investment using the fair value option. Due to the change in the character of the investment and as a result of the related remeasurement, a gain on the previously held available-for-sale debt security was recognized by recycling a previously unrealized gain of RMB977,294 from other comprehensive income to investment income. Correspondingly, the deferred tax impact associated with this unrealised gain of RMB206,734 that was previously recorded in other comprehensive income was recognized in deferred income tax expenses.

As of December 31, 2022 and 2023, the Group valued available-for-sale debt securities using a market approach by adopting a backsolve method which benchmarked to recent comparable financing transactions of these investments, and recognized a gain from the increase of the fair value of RMB946,571 and nil, respectively. After deducting the tax impact of RMB200,235 and nil, the Group recorded RMB746,336 and nil in other comprehensive income, among which RMB151,299 and nil was attributed to non-controlling interests.

(v) Retained asset-backed securities

In August 2023, the Company, through its wholly owned subsidiary, entered into an asset-backed securitization arrangement and securitized receivables arising from auto financing arrangements through the transfer of those assets to a third party securitization entity. The securitization entity initially issued debt securities to investors at the total amount of RMB859 million. It is a revolving arrangement where the Group provides management, administration and collection services at market rates on the transferred financial assets, but only retains an insignificant economic interest in the securitization entity. As a result, the Group does not have control over the securitization entity and the transferred receivables were derecognized. The Group elects to classify the retained asset-backed securities as trading securities.

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No impairment charges were recognized for the years ended December 31, 2021, 2022 and 2023.

10. Other Non-current Assets

Other non-current assets consist of the following:

	December 31, 2022	December 31, 2023
Non-current portion of auto financing receivables	4,501,168	2,486,326
Long-term deposits	944,768	1,092,550
Non-current portion of prepayments for long-term assets	433,750	1,173,248
Non-current portion of receivables of installment payments for battery	221,089	59,853
Non-current portion of right of use assets – finance lease	49,205	55,985
Non-current portion of national subsidy receivable	1,227,270	—
Others	110,950	68,956
Less: Allowance for credit losses	(89,641)	(53,357)
Total	7,398,559	4,883,561

Long-term deposits mainly consists of deposits to vendors for guarantee of production capacity as well as rental deposits which will not be collectible within one year.

11. Trade and Notes Payable

Trade and notes payable consist of the following:

	December 31, 2022	December 31, 2023
Trade payable	12,709,285	14,111,853
Notes payable (i)	12,514,402	15,654,281
Total	25,223,687	29,766,134

(i) As of December 31, 2022 and 2023, notes payable includes certain supply chain financing program offered by banks to the Group's suppliers. In connection with this program, the Group issues notes to participating suppliers which can elect to assign such notes, at a discount, to the banks for payment at or before the maturity of each note. The maturity of each note is consistent with the original supplier payment terms. All terms related to the Group's payment obligations to participating suppliers (which may be assigned to the banks) remain unchanged as part of this program. As of December 31, 2022 and 2023, the outstanding amount of the supply chain financing channels program is insignificant.

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12. Accruals and Other Liabilities

Accruals and other liabilities consist of the following:

	December 31, 2022	December 31, 2023
Payables for purchase of property, plant and equipment	4,172,758	4,445,749
Payable for R&D expenses	1,814,746	2,318,679
Salaries and benefits payable	1,525,366	1,902,119
Current portion of deferred revenue/income	1,273,779	1,945,021
Payables for marketing events	1,075,693	1,636,911
Advance from customers	833,779	911,006
Warranty liabilities	669,793	709,288
Accrued costs on purchase commitments	792,786	521,443
Accrued expenses	857,639	422,730
Interest payables	32,271	135,492
Current portion of finance lease liabilities	30,609	25,311
Other payables	575,143	582,605
Total	13,654,362	15,556,354

As of December 31, 2022, as a result of the planned products upgrade of certain existing vehicle models, the Group provided a provision for purchase commitments specifically related to these vehicles with amount of RMB792,786. As of December 31, 2023, the unsettled amount was RMB521,443.

13. Borrowings

Borrowings consist of the following:

	December 31, 2022	December 31, 2023
Short-term borrowing:		
Bank loan (i)	4,039,210	4,783,000
Other short-term financing arrangements	—	302,411
Current portion of long-term borrowings:		
Current portion of convertible notes (ii)	—	3,286,640
Current portion of long-term borrowings (iii)	108,320	1,144,420
Current portion of Asset-backed Securities and Notes (iv)	1,129,596	278,823
Current portion of other financing arrangements	—	26,204
Long-term borrowings:		
Bank loan (iii)	430,460	1,198,380
Convertible notes (ii)	10,155,599	11,575,725
Asset-backed Securities and Notes (iv)	293,945	—
Other financing arrangements	5,795	268,756
Total	16,162,925	22,864,359

(i) Short-term bank loan

As of December 31, 2022, the Group obtained short-term borrowings from several banks of RMB4,039,210 in aggregate. The annual interest rate of these borrowings is approximately 1.95% to 3.5%.

As of December 31, 2023, the Group obtained short-term borrowings from several banks of RMB4,783,000 in aggregate. The annual interest rate of these borrowings is approximately 2.35% to 2.95%.

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The short-term borrowings contain covenants including, among others, limitation on liens, consolidation, merger, sale of the Group's assets and certain financial measures which include liabilities to assets ratio. The Group is in compliance with all of the loan covenants as of December 31, 2022 and 2023. As of December 31, 2022 and 2023, certain of the Group's short-term borrowings were guaranteed by the Company's subsidiaries or pledged with short-term investments of RMB348,230 and RMB354,135, and restricted cash of RMB355,197 and nil, respectively.

(ii) Convertible notes

2024 Notes

In February 2019, the Company issued US$650,000 convertible senior notes and additional US$100,000 senior notes (collectively the "2024 Notes") to the Notes purchasers (the "Notes Offering"). The 2024 Notes bears interest at a rate of 4.50% per year, payable semi-annually in arrears on February 1 and August 1 of each year, beginning on August 1, 2019. The 2024 Notes is convertible into the Company's American Depositary Shares at the pre-agreed fixed conversion price at the discretion of the holders and will mature for repayment on February 1, 2024. Holders of the 2024 Notes are entitled to require the Company to repurchase all or part of the 2024 Notes in cash on February 1, 2022 or in the event of certain fundamental changes. In connection with the Notes Offering, the Company entered into capped call transactions with certain Notes purchasers and/or their respective affiliates and/or other financial institutions (the "Capped Call Option Counterparties") and used a portion of the net proceeds of the Notes Offering to pay the cost of such transactions. In addition, the Company also entered into privately negotiated zero-strike call option transactions with certain Notes purchasers or their respective affiliates (the "Zero-Strike Call Option Counterparties") and used a portion of the net proceeds of the Notes Offering to pay the aggregate premium under such transactions. The Company accounts for the 2024 Notes as a single instruments as a long-term debt. The debt issuance cost were recorded as reduction to the long-term debts and are amortized as interest expenses using the effective interest method. The value of the 2024 Notes are measured by the cash received. The cost for the capped call transactions have been recorded as deduction of additional paid-in capital within total shareholders' deficit. The zero-strike call option was deemed as a prepaid forward to purchase the Company's own shares and recognized as permanent equity at its fair value at inception as a reduction to additional paid in capital in the consolidated balance sheet. In November 2020, US$7.0 in aggregate principal amount of such Notes were converted, pursuant to which the Company issued 735 Class A ordinary shares to the holders of such Notes. The balance of the Notes converted were derecognized and recorded as ordinary shares and additional paid-in capital.

On January 15, 2021, the Company entered into separate and individually privately negotiated agreements with certain holders of its outstanding 2024 Notes to exchange US$581,685 principal amount of the outstanding 2024 Notes for 62,192,017 ADSs with a conversion premium of US$56,359 (the "2024 Notes Exchanges"). In connection with the 2024 Notes Exchanges, the Company also entered into agreements with certain financial institutions to terminate a portion of the capped call transactions and Zero-Strike Call transactions with the amount corresponding to the portion of the principal amount of the 2024 Notes that were exchanged. With above termination of the capped call transactions and Zero-Strike Call transactions, the Company received 16,402,643 treasury shares accordingly.

For the 2024 Notes Exchanges, the 2024 Notes with carrying amount of US$578,902 were derecognised with a corresponding amount being recognised as share capital and additional paid-in capital. The conversion premium of US$56,359 was recorded as interest expenses according to ASC 470-20-40-16, which requires a reporting entity to recognize an expense equal to the fair value of the shares or other consideration issued to induce conversion, i.e., the excess of the fair value of all consideration transferred over the fair value of the securities transferred pursuant to the original conversion terms. For the terminations of the capped call transactions and Zero-Strike Call transactions, the amount of the purchase price of the capped call transactions and Zero-Strike Call transactions terminated of RMB1,849,600 that was previously recorded in the additional paid-in capital was reclassified to treasury stock.

During the years ended December 31, 2022 and 2023, US$1,642 and nil in aggregate principal amount of such Notes were converted, pursuant to which the Company issued 172,631 and nil Class A ordinary shares to the holders of such Notes respectively. The balance of the Notes converted were derecognized in January and March 2022 and was recorded as ordinary shares and additional paid-in capital.

As of December 31, 2022, the carrying value of the remaining 2024 Notes with the amount of RMB1,144,464 was classified in non-current liabilities. As of December 31, 2023, the carrying value of the remaining 2024 Notes with the amount of RMB1,165,244 were classified in current liabilities as the 2024 Notes will mature in February 2024.

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Affiliate Notes

On September 5, 2019, the Company issued US$200,000 convertible senior notes to an affiliate of Tencent Holdings Limited and Mr. Bin Li, chairman and chief executive officer of the Company (collectively the "Affiliate Notes"). Tencent and Mr. Li each subscribed for US$100,000 principal amount of the convertible notes, each in two equally split tranches. The 360-day Notes would be convertible into Class A ordinary shares (or ADSs) of the Company at a conversion price of US$2.98 per ADS at the holder's option from the 15th day immediately prior to maturity, and the 3-year Notes will be convertible into Class A ordinary shares (or ADSs) of the Company at a conversion price of US$3.12 per ADS at the holder's option from the first anniversary of the issuance date. The holders of the 3-year Notes will have the right to require the Company to repurchase for cash all of the Notes or any portion thereof on February 1, 2022.

In September and December 2020, all of the 360-day Notes due in 2020 and US$50,000 in aggregate principal amount of the 3-year Notes due in 2022 were converted, pursuant to which the Company issued 49,582,686 Class A ordinary shares to the holders of such Notes. Such Notes were derecognized and recorded as ordinary shares and additional paid-in capital. In January 2021, US$22,526 (RMB148,393) in aggregate principal amount of the 3-year Notes due in 2022 were converted, pursuant to which the Company issued 7,219,872 Class A ordinary shares to the holders of such Notes. Such Notes were derecognized and recorded as ordinary shares and additional paid-in capital. As of December 31, 2021, the balances of these convertible notes outstanding were RMB175,166 in current liabilities. In August 2022, US$27,474 (RMB189,494) in aggregate principal amount of the 3-year Notes due in 2022 were converted, pursuant to which the Company issued 8,805,770 Class A ordinary shares to the holders of such Notes. Such Notes were derecognized and recorded as ordinary shares and additional paid-in capital with amount of RMB15 and RMB207,457 respectively. As of December 31, 2022, all of the the 3-year Notes have been converted.

2026 and 2027 Notes

In January 2021, the Company issued US$750,000 convertible senior Notes due 2026 (the "2026 Notes") and US$750,000 convertible senior Notes due 2027 (the "2027 Notes"). The 2026 Notes bears no interest and the 2027 Notes bears interest at a rate of 0.50% per year, which is payable semiannually in arrears on February 1 and August 1 of each year, beginning on August 1, 2021. Holders may convert their 2026 Notes at their option prior to the close of business on the business day immediately preceding August 1, 2025, and holders may convert their 2027 Notes at their option prior to the close of business on the business day immediately preceding August 1, 2026. The initial conversion price is US$93.06 per ADS for the Notes, subject to customary anti-dilution adjustments. Upon conversion, the Company will pay or deliver, as the case may be, cash, ADSs, or a combination of cash and ADSs, at the Company's discretion. Holders of the 2026 Notes have the right to require the Company to repurchase in cash for all or part of their Notes on February 1, 2024 or in the event of certain fundamental changes at a repurchase price equal to 100% of the principal amount of the Notes to be repurchased. Holders of the 2027 Notes have the right to require the Company to repurchase in cash for all or part of their Notes on February 1, 2025 or in the event of certain fundamental changes at a repurchase price equal to 100% of the principal amount of the Notes to be repurchased, plus accrued and unpaid interest.

The Company early adopted ASU 2020-06 which eliminates the cash conversion accounting models for 2026 Notes and 2027 Notes. Accordingly, the principal amount of these Notes was reported as one single unit of account in long-term borrowings at its principal amount, net of debt issuance costs of US$26,340, on the basis of not electing fair value option for the Notes and no substantial premium to be offered. The Notes are subsequently measured at amortized cost with interest expenses accrued over the term of these Notes using the effective interest method.

In 2022, the Company repurchased the aggregated portion of 2026 Notes with the carrying amount of US$190,962 (RMB1,317,106). As of December 31, 2022, the carrying amount of the Notes were RMB9,011,135.

In 2023, the Company repurchased the aggregated portion of 2026 Notes and 2027 Notes with the carrying amount of US$ 253,762 (RMB1,801,685) and US$242,249 (RMB1,719,944), respectively. As of December 31, 2023, the carrying amount of the remaining 2026 Notes and 2027 Notes were RMB2,121,397 and RMB3,552,323, respectively. The Company reclassified the carrying value of the remaining 2026 Notes with the amount of RMB2,121,397 in current liabilities to reflect the early redemption right by 2026 Notes holders on February 1, 2024.

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2029 and 2030 Notes

In September and October 2023, the Company issued US$575,000 convertible senior Notes due 2029 (the "2029 Notes") and US$575,000 convertible senior Notes due 2030 (the "2030 Notes"). The 2029 Notes bears interest at a rate of 3.875% per year, payable semiannually in arrears on April 15 and October 15 of each year, beginning on April 15, 2024. The 2030 Notes bears interest at a rate of 4.625% per year, payable semiannually in arrears on April 15 and October 15 of each year, beginning on April 15, 2024. Holders may convert their 2029 Notes at their option prior to the close of business on the second scheduled trading day immediately preceding October 15, 2029, and holders may convert their 2030 Notes at their option prior to the close of business on the second scheduled trading day immediately preceding October 15, 2030. The initial conversion price is US$11.12 per ADS for the Notes, subject to customary anti-dilution adjustments. Upon conversion, the Company will pay or deliver, as the case may be, cash, ADSs, or a combination of cash and ADSs, at the Company's discretion. Holders of the 2029 Notes have the right to require the Company to repurchase in cash for all or part of their Notes on October 15, 2027 or in the event of certain fundamental changes at a repurchase price equal to 100% of the principal amount of the Notes to be repurchased. Holders of the 2030 Notes have the right to require the Company to repurchase in cash for all or part of their Notes on October 15, 2028 or in the event of certain fundamental changes at a repurchase price equal to 100% of the principal amount of the Notes to be repurchased, plus accrued and unpaid interest.

The Company accounted for 2029 Notes and 2030 Notes in accordance with ASU 2020-06 which eliminates the cash conversion accounting models. Accordingly, the principal amount of these Notes was reported as one single unit of account in long-term borrowings at its principal amount, net of debt issuance costs of US$17,855, on the basis of not electing fair value option for the Notes and no substantial premium to be offered. The Notes are subsequently measured at amortized cost with interest expenses accrued over the term of these Notes using the effective interest method. As of December 31, 2023, the carrying amount of the Notes were RMB8,023,401.

(iii) Long-term bank loan

				As of December 31, 2022			As of December 31, 2023		
Ref.	Date of borrowing	Lender/Banks	Maturity/ Repayment date	Outstanding loan	Current portion according to the repayment schedule	Long-term portion	Outstanding loan	Current portion according to the repayment schedule	Long-term portion
1	March 7,2022	Bank of Beijing	March 6,2024	149,000	2,000	147,000	147,000	147,000	—
2	June 15, 2022	Bank of Shanghai	June 15, 2025	172,980	46,320	126,660	126,660	46,320	80,340
3	June 22, 2022	Hang Seng Bank	June 22, 2024	180,000	60,000	120,000	120,000	120,000	—
4	July 25, 2022	China Construction Bank	July 25, 2029	6,800	—	6,800	6,800	340	6,460
5	July 26, 2022	Industrial and Commercial Bank of China	July 25, 2029	10,200	—	10,200	10,200	510	9,690
6	August 24, 2022	China Construction Bank	July 25, 2029	19,800	—	19,800	19,800	990	18,810
7	January 19,2023	China Construction Bank	July 25, 2029	—	—	—	313,400	15,670	297,730
8	January 20,2023	Industrial and Commercial Bank of China	July 25, 2029	—	—	—	499,800	24,990	474,810
9	February 24, 2023	Bank of Beijing	February 24, 2025	—	—	—	127,500	30,000	97,500
10	March 31,2023	Bank of Shanghai	April 30, 2024	—	—	—	650,000	650,000	—
11	September 18,2023	Bank of Shanghai	September 18,2026	—	—	—	321,640	108,600	213,040
	Total			538,780	108,320	430,460	2,342,800	1,144,420	1,198,380

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The long-term borrowings contain covenants including, among others, limitation on liens, consolidation, merger and sale of the Group's assets and certain financial measures which includes liabilities to assets ratio. The Group is in compliance with all of the loan covenants as of December 31, 2022 and 2023.

As of December 31, 2022, the Group had bank facilities with aggregated amount of RMB56,121,492 which consists of non-collateral based bank facilities of RMB28,411,492 and collateral-based bank facilities of RMB27,710,000. Out of the total non-collateral bank facilities, RMB2,838,780, RMB3,264,275 and RMB350,000 were used for bank borrowing, issuance of letters of guarantee and bank's acceptance notes, respectively. Out of the total collateral-based bank facilities, RMB2,650,000, RMB5,884,500 and RMB300,000 were used for issuance of letters of guarantee, bank's acceptance notes and letter of credit, respectively.

As of December 31, 2023, the Group had bank facilities with aggregated amount of RMB64,464,118 which consists of non-collateral based bank facilities of RMB16,348,270 and collateral-based bank facilities of RMB48,115,848. Out of the total non-collateral bank facilities, RMB5,492,800, RMB1,201,226 and RMB250,000 were used for bank borrowing, issuance of letters of guarantee and bank's acceptance notes, respectively. Out of the total collateral-based bank facilities, RMB2,588,913, RMB14,713,855 and nil were used for issuance of letters of guarantee, bank's acceptance notes and letter of credit, respectively.

(iv) Asset-backed securities and notes

The Group entered into several asset-backed securitization arrangements with third-party financial institutions and set up securitization vehicles to issue the senior debt securities and notes to third party investors, which are collateralized by the auto financing receivables (the "transferred financial assets"). The Group also acts as servicer to provide management, administration and collection services on the transferred financial assets. The Group consolidated the securitization vehicles when significant economic interests are retained in the form of subordinated interests. The proceeds from the issuance of debt securities and notes are reported as securitization debt. The securities and notes are due for repayment when collections on the underlying collateralized assets occur and the amounts are included in "Current portion of long-term borrowings" or "Long-term borrowings" according to the contractual maturities date of the debt securities and notes. As of December 31, 2022 and 2023, the balance of current portion of asset-backed securities and notes are RMB1,129,596 and RMB278,823, and the balance of non-current portion of asset-backed securities and notes are RMB293,945 and nil, respectively.

14. Other Non-Current Liabilities

Other non-current liabilities consist of the following:

	December 31, 2022	December 31, 2023
Deferred revenue	2,288,111	3,051,022
Warranty liabilities	2,277,144	3,202,936
Deferred government grants	309,762	323,980
Non-current finance lease liabilities	14,457	22,173
Others	254,553	63,694
Total	5,144,027	6,663,805

Deferred government grants mainly consist of specific government subsidies for purchase of land use right and buildings, charging and battery swap equipment, which is amortized using the straight-line method as a deduction of the amortization or depreciation expense of the relevant assets over their remaining estimated useful life.

15. Leases

The Group has entered into various non-cancellable operating and finance lease agreements for certain offices, factory, warehouses, retail and service locations, equipment and vehicles worldwide. The Group determines if an arrangement is a lease, or contains a lease, at inception and record the leases in the financial statements upon lease commencement, which is the date when the underlying asset is made available for use by the lessor.

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The balances for the operating and finance leases where the Group is the lessee are presented as follows within the consolidated balance sheet:

	December 31, 2022	December 31, 2023
Operating leases:		
Right-of-use assets - operating lease	7,374,456	11,404,116
Current portion of operating lease liabilities	1,025,968	1,743,156
Non-current operating lease liabilities	6,517,096	10,070,057
Total operating lease liabilities	7,543,064	11,813,213
Finance leases:		
Right-of-use assets - finance lease	49,205	55,985
Current portion of finance lease liabilities	30,609	25,311
Non-current finance lease liabilities	14,457	22,173
Total finance lease liabilities	45,066	47,484

The components of lease expenses were as follows:

	Year Ended December 31,	
Lease cost:	2022	2023
Amortization of right-of-use assets	1,141,740	1,529,463
Interest of operating lease liabilities	310,701	566,704
Expenses for short-term leases within 12 months and other non-lease component	407,850	544,640
Total lease cost	1,860,291	2,640,807

Other information related to leases where the Group is the lessee is as follows:

	As of December 31, 2022	As of December 31, 2023
Weighted-average remaining lease term:		
Operating leases	11.6 years	12.0 years
Finance leases	2.9 years	4.4 years
Weighted-average discount rate:		
Operating leases	5.09 %	4.92 %
Finance leases	5.58 %	5.22 %

Supplemental cash flow information related to leases where we are the lessee is as follows:

	For the Year Ended December 31,	
	2022	2023
Operating cash outflows from operating leases	1,280,125	2,220,978
Operating cash outflows from finance leases (interest payments)	4,906	2,122
Financing cash outflows from finance leases	27,489	37,511
Right-of-use assets obtained in exchange for lease liabilities	5,820,041	6,339,111

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As of December 31, 2022 and 2023, the maturities of our operating and finance lease liabilities (excluding short-term leases) are as follows:

	As of December 31, 2022		As of December 31, 2023	
	Operating Leases	Finance Leases	Operating Leases	Finance Leases
2023	1,574,692	35,151	—	—
2024	1,426,176	17,299	2,658,392	28,395
2025	1,213,535	6,717	1,949,316	11,342
2026	1,038,903	6,277	1,724,905	10,588
2027	837,505	4,737	1,449,608	8,899
2028	768,279	294	1,173,595	4,880
Thereafter	4,499,959	1,856	8,241,769	2,319
Total minimum lease payments	11,359,049	72,331	17,197,585	66,423
Less: Interest	(3,815,985)	(27,265)	(5,384,372)	(18,939)
Present value of lease obligations	7,543,064	45,066	11,813,213	47,484
Less: Current portion	(1,025,968)	(30,609)	(1,743,156)	(25,311)
Long-term portion of lease obligations	6,517,096	14,457	10,070,057	22,173

As of December 31, 2022 and 2023, the Group had future minimum lease payments for non-cancelable short-term operating leases of RMB304,213 and RMB537,432, respectively.

16. Revenue

Revenue by source consists of the following:

	Year Ended December 31,		
	2021	2022	2023
Vehicle sales	33,169,740	45,506,581	49,257,270
Parts, accessories and after-sales vehicle services	806,079	1,228,385	2,337,490
Provision of power solution	811,809	1,016,094	1,666,346
Others	1,348,795	1,517,501	2,356,827
Total	36,136,423	49,268,561	55,617,933

For the years ended December 31, 2021, 2022 and 2023, revenue recognised at a point in time was RMB35,416,050, RMB47,734,716 and RMB53,401,464, respectively, and revenue recognised over time was RMB720,373, RMB1,533,845 and RMB2,216,470, respectively.

17. Deferred Revenue/Income

The following table shows a reconciliation in the current reporting period related to carried-forward deferred revenue/income.

	Year Ended December 31,		
	2021	2022	2023
Deferred revenue/income–beginning of year	1,061,254	2,197,766	3,561,890
Additions	1,934,086	2,483,462	3,138,343
Recognition	(795,878)	(1,124,186)	(1,705,134)
Effects on foreign exchange adjustment	(1,696)	4,848	944
Deferred revenue/income–end of year	2,197,766	3,561,890	4,996,043

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Deferred revenue mainly includes the transaction price allocated to the performance obligations that are unsatisfied, or partially satisfied, which mainly arises from the undelivered home chargers, the vehicle connectivity services, the extended warranty services, battery swapping services as well as the points offered to customers, with unrecognized deferred revenue balance of RMB3,546,849 and RMB4,996,043 as of December 31, 2022 and 2023, respectively.

The Group expects that approximately 39% of the transaction price allocated to unsatisfied performance obligation as at December 31, 2023 will be recognized as revenue during the period from January 1, 2024 to December 31, 2024. The remaining 61% will be recognized during the period from January 1, 2025 to June 30, 2028.

Deferred income includes the reimbursement from a depository bank in connection with the advancement of the Company's ADS and investor relations programs in the next five years. The Company initially recorded the payment from the depository bank as deferred income and then recognized as other income over the beneficial period, with unrecognized deferred income balance of RMB15,041 and nil as of December 31, 2022 and 2023, respectively.

18. Manufacturing in collaboration with JAC

Since 2016, the Group have been partnering with Jianghuai Automobile Group Ltd., or JAC, a major state-owned automobile manufacturer in China, for the joint manufacturing of the Group's vehicles. JAC built the JAC-NIO manufacturing plant in Hefei, Anhui province, the first advanced manufacturing base, or the F1 Plant, for the production of the ES8, the ES6, the EC6, the ET7 and potentially the Group's other vehicle models. Further, in September 2022, the Group entered into a manufacturing cooperation agreement with JAC, under which JAC will jointly manufacture the ET5 and potentially the Group's other vehicle models in the second advanced manufacturing base, or the F2 Plant, in NeoPark, a smart electric vehicle industry park at Xinqiao, Hefei. The fees payable to JAC under the above agreements consist of the following: (i) asset depreciation and amortization with regard to the assets JAC invested and to invest for the manufacture of NIO models as actually incurred, payable monthly and subject to adjustment annually; (ii) vehicle production and processing fees recorded on per-vehicle basis, payable monthly and subject to adjustment annually; (iii) purchase amount of certain production materials; and (iv) relevant tax. In addition, the Group also agreed to pay certain compensation up to a capped amount for JAC's investment in F1 Plant, including for the land, factory and equipment.

In conjunction with the aforementioned manufacturing cooperation agreement, in December 2022, the Group and JAC entered into an Asset Transfer Agreement where the Group agreed to sell and JAC agreed to acquire certain production facilities (the "Transferred Assets") with a total consideration of RMB1.7 billion inclusive of tax. As of December 31, 2022, JAC had accepted the Transferred Assets and assumed the legal title of the Transferred Assets. Considering that (1) the Transferred Assets are designated to be used for the manufacturing of the Group's vehicle models only and do not have substantive alternative use; (2) all costs incurred in relation to the Transferred Assets, including depreciation and maintenance costs and relevant tax and surcharges, are undertaken by and charged to the Group; (3) the Group also has the right to obtain the economic benefits from all outputs of the Transferred Assets, management concluded that the Group still retained the control of the Transferred Assets and this transaction was a failed sale and leaseback transaction with no sales of the Transferred Assets recognized by the Group. The Transferred Assets continue to be accounted for as the Group's property, plant and equipment subject to depreciation. The sales consideration from JAC will be recorded as a financing payable when the Group receives the cash. As of December 31, 2023, JAC had fully paid the consideration. In December 2023, pursuant to an asset transfer agreement with JAC, the Group agreed to purchase the Transferred Assets back at the consideration of RMB1.7 billion,inclusive of tax, and the consideration was paid in full by end of December 2023. In December 2023, the Group also agreed to purchase the production facilities in F1 Plant from JAC at the consideration of RMB1.9 billion, inclusive of tax. As of December 31, 2023, both purchases of the Transferred Assets and F1 Plant have been consummated.

For the years ended December 31, 2021, 2022 and 2023, the aggregate fees to JAC under the above collaboration arrangement were RMB715,118, RMB1,126,523 and RMB1,318,524, respectively, and were included in cost of sales.

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19. Research and Development Expenses

Research and development expenses consist of the following:

	For the Year Ended December 31,		
	2021	2022	2023
Employee compensation	2,658,158	6,684,971	8,998,415
Design and development expenses	1,572,834	3,276,915	3,019,403
Depreciation and amortization expenses	214,312	333,097	720,737
Rental and related expenses	53,846	193,132	273,493
Travel and entertainment expenses	43,732	111,531	135,891
Others	48,970	236,615	283,460
Total	4,591,852	10,836,261	13,431,399

20. Selling, General and Administrative Expenses

Selling, general and administrative expenses consist of the following:

	For the Year Ended December 31,		
	2021	2022	2023
Employee compensation	2,894,308	4,532,553	5,929,888
Marketing and promotional expenses	1,428,290	1,775,539	2,642,531
Rental and related expenses	845,512	1,336,575	1,683,929
Professional services	521,327	944,160	550,011
IT consumable, office supply and other low value consumable	247,828	545,498	581,193
Depreciation and amortization expenses	337,708	484,363	672,669
Other Taxes and Surcharges	198,572	285,076	290,456
Travel and entertainment expenses	80,726	162,924	218,396
Expected credit losses	54,332	48,707	(26,315)
Others	269,529	421,724	341,798
Total	6,878,132	10,537,119	12,884,556

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21. Redeemable non-controlling interests

Investment in NIO China

On April 29, 2020, the Company and certain of its subsidiaries entered into definitive agreements, as amended and supplemented in May and June 2020, for investments in NIO China, with a group of investors (collectively, the "Strategic Investors"), pursuant to which, the Strategic Investors agreed to invest an aggregate of RMB7.0 billion in cash into NIO China for its non-controlling interest. In June and July 2020, the Company received RMB5.0 billion. On September 16, 2020, pursuant to a share transfer agreement, the Company repurchased 8.612% equity interests owned by one of the Strategic Investors with the total consideration of RMB511,458, consisting of the actual capital investment plus accrued interest, and the Group assumed the remaining cash consideration obligation of RMB2.0 billion of the Strategic Investors. On February 2021, the Group, purchased from two of the Strategic Investors an aggregate of 3.305% equity interests in NIO China for a total consideration of RMB5.5 billion and subscribed for newly increased registered capital of NIO China at a subscription price of RMB10.0 billion. In September 2021, the Company repurchased 1.418% equity interests from the Strategic Investors for a total consideration of RMB2.5 billion and recorded an amount of RMB2,023,534 in accretion on redeemable non-controlling interests to redemption value. As of December 31, 2023, the Company held 92.114% controlling equity interests in NIO China.

Each of the Strategic Investors has the right to request the Company to redeem their equity interests in NIO China at an agreed price in case of NIO China's failure to submit the application for a qualified initial public offering in 48 months commencing from June 29, 2020, failure to complete a qualified initial public offering in 60 months commencing from June 29, 2020, or other events as set forth in the share purchase agreement. The agreed price is calculated based on each non-controlling shareholder's cash investment to NIO China plus an annual interest rate of 8.5%.

As the redemption is at the holders' option and is upon the occurrence of the events that are not solely within the control of the Company, these Strategic Investors' contributions in NIO China were classified as mezzanine equity and is subsequently accreted to the redemption price using the effective interest method with accretion recorded as a reduction of additional paid in capital.

For the years ended December 31, 2021, 2022 and 2023, the Company recorded RMB6,586,579,RMB279,355 and RMB303,163 of accretion on redeemable non-controlling interests to redemption value. As of December 31, 2022 and 2023, the balance of redeemable non-controlling interests was RMB3,557,221 and RMB3,860,384, respectively.

22. Ordinary Shares

Upon inception, each ordinary share was issued at a par value of US$0.00025 per share. Various numbers of ordinary shares have been issued to share-based compensation award recipients since inception. Each Class A ordinary share shall entitle the holder thereof to one (1) vote on all matters subject to vote at general meetings of the Company, each Class B ordinary share shall entitle the holder thereof to four (4) votes on all matters subject to vote at general meetings of the Company, and each Class C ordinary share shall entitle the holder thereof to eight (8) votes on all matters subject to vote at general meetings of the Company.

Each Class C ordinary share is convertible into one Class A ordinary share, whereas Class A ordinary shares are not convertible into Class C ordinary shares under any circumstances. Upon any transfer of Class C ordinary shares by a holder thereof to any person or entity which is not an affiliate of such holder, such Class C ordinary shares are automatically and immediately converted into the equal number of Class A ordinary shares.

As of December 31, 2022 and 2023, the authorized share capital of the Company is US$1,000 divided into 4,000,000,000 shares, comprising of: 2,632,030,222 Class A Ordinary Shares, nil Class B Ordinary Shares and 148,500,000 Class C Ordinary Shares, each at a par value of US$0.00025 per share, and 1,219,469,778 shares of a par value of US$0.00025 each of such class or classes as the board of directors may determine.

In 2020, the Company consummated the follow-on offerings of a total of 82,800,000, 101,775,000 and 78,200,000 American depositary shares (the "ADSs") at a price of US$ 5.95, US$17.00 and US$ 39.00 per ADS, respectively.

In 2021, the Company completed the issuance of 53,292,401 ADSs with net proceeds of RMB12,677,554 (US$1,974,000) through an at-the-market offering.

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In 2023, the Company completed a US$2,943.5 million strategic equity investment from CYVN Investments RSC Ltd, an affiliate of CYVN Holdings L.L.C., an investment vehicle majority owned by the Abu Dhabi Government (collectively referred to as "CYVN Entities") which subscribed 378,695,543 newly issued Class A ordinary shares from the Company.

As disclosed in Note 13 (ii), in 2022 and 2023, certain convertible notes were converted by respective holders, pursuant to which the Company issued 8,978,401 and nil ADSs, respectively.

Upon the Company's listing of Class A ordinary shares on the Hong Kong Stock Exchange, all of the Company's Class B ordinary shares were converted to Class A ordinary shares pursuant to the conversion notice delivered by the relevant shareholders. The shareholding structure of Class B ordinary shares and provisions related to Class B ordinary shares have been removed in the Company's amended and restated memorandum and articles of association, as approved by the Company's shareholders at the annual general meeting held at August 25, 2022.

As of December 31, 2022 and 2023, 4,000,000,000 ordinary shares were authorized, 1,680,220,892 shares and 2,073,522,118 shares were issued, and 1,662,159,868 shares and 2,055,461,094 shares were outstanding, respectively. The share number excludes 24,279,105 Class A Ordinary Shares issued to the depositary bank for bulk issuance of ADSs reserved for future issuance upon the exercise or vesting of awards granted under the Company's share incentive plans.

23. Non-controlling interest

Investment in NIO AI Technology

In March 2021, the Group established a subsdiary named NIO AI Technology by subscribing its ordinary shares with equity interests of 51% and the remaining interests held by an employee of the Group. In August 2022, the Group subscribed a certain number of Series Seed Preferred Shares issued by NIO AI Technology. Upon the completion of this transaction, the Group held 96.97% equity interests in NIO AI Technology and continued to control NIO AI Technology. The Group accounted for the change of equity interests in NIO AI as an equity transaction by adjusting the carrying value of the non-controlling interests and the Group's additional paid-in capital with an amount of RMB184,085.

24. Share-based Compensation

Compensation expenses recognized for share-based awards granted by the Company were as follows:

	For the Year Ended December 31,		
	2021	2022	2023
Cost of sales	34,009	66,914	83,972
Research and development expenses	406,940	1,323,370	1,517,206
Selling, general and administrative expenses	569,191	905,612	767,863
Total	1,010,140	2,295,896	2,369,041

There was no income tax benefit recognized in the consolidated statements of comprehensive loss for share-based compensation expenses and the Group did not capitalize any of the share-based compensation expenses as part of the cost of any assets in the years ended December 31, 2021, 2022 and 2023.

(a) NIO Incentive Plans

In 2015, the Company adopted the 2015 Stock Incentive Plan (the "2015 Plan"), which allows the plan administrator to grant share options and restricted shares of the Company to its employees, directors, and consultants.

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The Company granted both share options and restricted shares to the employees. The share options and restricted shares of the Company under 2015 Plan have a contractual term of ten years from the grant date, and vest over a period of four years of continuous service, one fourth (1/4) of which vest upon the first anniversary of the stated vesting commencement date and the remaining vest ratably over the following 36 months. Under the 2015 Plan, share options granted to the non-NIO US employees of the Group are only exercisable upon the occurrence of an initial public offering by the Company.

In 2016, 2017 and 2018, the Board of Directors further approved the 2016 Stock Incentive Plan (the "2016 Plan"), the 2017 Stock Incentive Plan (the "2017 Plan") and the 2018 Stock Incentive Plan (the "2018 Plan"). The share options of the Company under the 2016 Plan, 2017 Plan and 2018 Plan have a contractual term of seven or ten years from the grant date, and vest immediately or over a period of four or five years of continuous service.

The Group recognized the share options and restricted shares of the Company granted to the employees of the Group on a straight-line basis over the vesting term of the awards, net of estimated forfeitures.

(i) Share Options

The following table summarizes activities of the Company's share options under the 2016, 2017 and 2018 Plans for the years ended December 31, 2021, 2022 and 2023:

	Number of Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value
		US$	In Years	US$
Outstanding as of December 31, 2020	79,318,499	3.59	6.39	3,581,119
Granted	2,468,150	13.89	—	—
Exercised	(9,119,048)	2.31	—	—
Cancelled	(2,143,711)	12.59	—	—
Expired	(25,940)	19.03	—	—
Outstanding as of December 31, 2021	70,497,950	4.76	5.44	1,944,597
Granted	1,685,000	3.03	—	—
Exercised	(4,533,690)	2.58	—	—
Cancelled	(1,197,777)	10.76	—	—
Expired	(467,608)	12.03	—	—
Outstanding as of December 31, 2022	65,983,875	3.57	4.51	465,353
Granted	1,487,000	2.39	—	—
Exercised	(4,242,054)	2.63	—	—
Cancelled	(482,775)	10.25	—	—
Expired	(126,634)	37.34	—	—
Outstanding as of December 31, 2023	62,619,412	3.48	3.56	423,637
Vested and expected to vest as of December 31,2023	62,553,567	3.48	3.56	403,072
Exercisable as of December 31, 2023	58,961,360	3.35	3.43	399,989

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The total share-based compensation expenses recognized for share options during the years ended December 31, 2021, 2022 and 2023 was RMB534,641, RMB379,178 and RMB201,023, respectively. The weighted-average grant date fair value for options granted under the Company's 2016, 2017 and 2018 Plans during the years ended December 31, 2021, 2022 and 2023 was US$33.54, US$19.27 and US$6.66, respectively, computed using the binomial option pricing model with the assumptions (or ranges thereof) in the following table:

	For the Year Ended December 31,		
	2021	2022	2023
Exercise price (US$)	2.39 - 42.20	2.39 - 19.91	2.39 - 2.39
Fair value of the ordinary shares on the date of option grant (US$)	39.54 - 42.20	10.34 - 19.61	6.66 - 6.66
Risk-free interest rate	1.08 % - 1.47 %	2.50 % - 2.56 %	3.70 % - 3.70 %
Exercise multiple	2.5 x	2.5 x	2.5 x
Expected dividend yield	0 %	0 %	0 %
Expected volatility	55 %	56 %	57 %
Expected forfeiture rate (post-vesting)	2 %	1.5 %	1.8 %

Risk-free interest rate is estimated based on the yield curve of US Sovereign Bond as of the option valuation date. The expected volatility at the grant date and each option valuation date is estimated based on annualized standard deviation of daily stock price return of comparable companies with a time horizon close to the expected expiry of the term of the options. The Company has never declared or paid any cash dividends on its capital stock, and the Group does not anticipate any dividend payments in the foreseeable future. Expected term is the contract life of the options.

As of December 31, 2022 and 2023, there were RMB219,781 and RMB62,135 of unrecognized compensation expenses related to the stock options granted to the employees, which is expected to be recognized over a weighted-average period of 0.77 and 0.18 years, respectively.

(ii) Restricted shares

The fair value of each restricted share granted with service conditions is estimated based on the fair market value of the underlying ordinary shares of the Company on the date of grant.

Share-based compensation expenses of RMB20,820, RMB118,700 and RMB89,581 related to restricted shares granted to the employees of NIO US was recognized for the years ended December 31, 2021, 2022 and 2023, respectively.

The following table summarizes activities of the Company's restricted shares to US employees under the 2016 Plan:

	Number of Restricted Shares Outstanding	Weighted Average Grant Date Fair Value US$
Unvested at December 31, 2021	1,138,196	41.93
Granted	2,353,714	16.00
Vested	(291,069)	36.44
Forfeited	(232,483)	29.70
Unvested at December 31, 2022	2,968,358	23.87
Granted	1,190,820	10.02
Vested	(574,621)	23.97
Forfeited	(1,299,475)	20.66
Unvested at December 31, 2023	2,285,082	16.45

As of December 31, 2022 and 2023, there were RMB428,463 and RMB256,410 of unrecognized compensation expenses related to restricted shares granted to the employees of NIO US, which is expected to be recognized over a weighted-average period of 3.48 and 3.23 years, respectively.

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The following table summarizes activities of the Company's restricted shares to non-US employees under the 2017 and 2018 plan:

	Number of Restricted Shares Outstanding	Weighted Average Grant Date Fair Value US$
Unvested at December 31, 2021	22,899,941	33.02
Granted	31,944,551	15.12
Vested	(4,687,528)	34.49
Forfeited	(3,172,211)	28.42
Unvested at December 31, 2022	46,984,753	22.88
Granted	23,749,757	8.67
Vested	(9,789,008)	23.32
Forfeited	(7,166,686)	18.79
Unvested at December 31, 2023	53,778,816	16.15

As of December 31, 2022 and 2023, there were RMB6,525,925 and RMB5,366,095 of unrecognized compensation expenses related to restricted shares granted to the non-US employees, which is expected to be recognized over a weighted-average period of 3.32 and 3.02 years, respectively.

Share-based compensation expenses of RMB437,166 and RMB1,744,712 and RMB1,999,820 related to restricted shares granted to the non-US employees was recognized for years ended December 31, 2021, 2022 and 2023, respectively.

(b) Share-based compensation of subsidiaries

In November 2021, a subsidiary of the Company ("Subsidiary A") adopted the 2021 Share Incentive Plan (the "A Plan") which allows Subsidiary A to grant share options to its employees.

Under the A plan, the share options have a contractual term of ten years from the grant date, and vest over a period of four years of continuous service, one fourth (1/4) of which vest upon the first anniversary of the stated vesting commencement date and the remaining vest ratably over the following 36 months.

Before the completion of Subsidiary A's possible future initial public offering and listing, its employees are entitled to convert the vested share options to the Class A ordinary shares of the Company at a fixed conversion rate. The corresponding share options will be cancelled if the conversion right is exercised.

The following table summarizes activities of A Plan for the year ended December 31, 2023:

	Number of Options Outstanding	Weighted Average Exercise Price US$	Weighted Average Remaining Contractual Life In Years	Aggregate Intrinsic Value US$
Outstanding as of December 31, 2021	31,931,249	0.00001	9.84	35,888
Vested	(1,387,401)	0.00001	—	—
Outstanding as of December 31, 2022	30,543,848	0.00001	8.84	34,337
Granted	7,525,378	0.00001	—	—
Exercised	(3,663,406)	—	—	—
Cancelled	(5,401,320)	—	—	—
Outstanding as of December 31, 2023	29,004,500	0.00001	7.87	43,526

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For the year ended December 31, 2021, 2022 and 2023, the weighted average grant date fair values of options granted were US$1.12, US$1.12 and US$1.10 per share respectively. The estimated fair value of each option granted is estimated on the date of grant using the binominal option-pricing model with the assumptions (or ranges thereof) in the following table:

	For the Year Ended December 31, 2021, 2022 and 2023
Fair value of the ordinary shares on the date of option grant (US$)	1.00-1.01
Risk-free interest rate	1.58 %
Expected term (in years)	10
Expected dividend yield	0 %
Expected volatility	52 %
Expected forfeiture rate (post-vesting)	2 %

For the years ended December 31, 2021, 2022 and 2023, total share-based compensation expenses for the share options granted under A Plan were RMB17,513,RMB53,306 and RMB78,617 respectively. As of December 31, 2022 and 2023, there were RMB170,091 and RMB155,843 of unrecognized share-based compensation expenses related to the share options granted. The expenses were expected to be recognized over a weighted-average period of 2.2 and 1.3 years, respectively.

25. Taxation

(a) Income taxes

Cayman Islands

The Company was incorporated in the Cayman Islands and conducts most of its business through its subsidiaries located in Mainland China, Hong Kong, United States, United Kingdom, Germany, Norway and Netherlands. Under the current laws of the Cayman Islands, the Company is not subject to tax on either income or capital gain. Additionally, upon payments of dividends to the shareholders, no Cayman Islands withholding tax will be imposed.

PRC

Effective January 1, 2008, the Enterprise Income Tax Law (the "EIT Law") in China unifies the enterprise income tax rate for the entities incorporated in China at 25%, unless they are eligible for preferential tax treatment, which will be granted to companies conducting businesses in certain encouraged sectors. NIO R&D, the Company's subsidiary engaging in design and technology development activities, was qualified as a "high and new technology enterprise" ("HNTE") for the fiscal years from 2022 to 2024, which entitled the entity a preferential tax rate of 15%. The qualification as HNTE is subject to self-evaluation, and the relevant documents should be retained for future examination purpose. Upon the expiration of qualification, re-accreditation of certification from the relevant authorities is necessary for the entities to continue enjoying the preferential tax treatment. The remaining Chinese companies are subject to enterprise income tax ("EIT") at a uniform rate of 25%.

Under the EIT Law enacted by the National People's Congress of PRC on March 16, 2007 and its implementation rules which became effective on January 1, 2008, dividends generated after January 1, 2008 and payable by a foreign investment enterprise in the PRC to its foreign investors who are non-resident enterprises are subject to a 10% withholding tax, unless any such foreign investor's jurisdiction of incorporation has a tax treaty with the PRC that provides for a different withholding arrangement. Under the taxation arrangement between the PRC and Hong Kong, a qualified Hong Kong tax resident which is the "beneficial owner" and directly holds 25% or more of the equity interest in a PRC resident enterprise is entitled to a reduced withholding tax rate of 5%. The Cayman Islands, where the Company was incorporated, does not have a tax treaty with PRC.

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The EIT Law also provides that an enterprise established under the laws of a foreign country or region but whose "de facto management body" is located in the PRC be treated as a resident enterprise for PRC tax purposes and consequently be subject to the PRC income tax at the rate of 25% for its global income. The Implementing Rules of the EIT Law merely define the location of the "de facto management body" as "the place where the exercising, in substance, of the overall management and control of the production and business operation, personnel, accounting, properties, etc., of a non-PRC company is located." Based on a review of surrounding facts and circumstances, the Group does not believe that it is likely that its operations outside of the PRC will be considered a resident enterprise for PRC tax purposes. However, due to limited guidance and implementation history of the EIT Law, there is uncertainty as to the application of the EIT Law. Should the Company be treated as a resident enterprise for PRC tax purposes, the Company will be subject to PRC income tax on worldwide income at a uniform tax rate of 25%.

According to relevant laws and regulations promulgated by the State Administration of Tax of the PRC effective from 2023 onwards, enterprises engaging in research and development activities are entitled to claim 200% of their qualified research and development expenses so incurred as tax deductible expenses when determining their assessable profits for the year ('Super Deduction'). The additional deduction of 100% of qualified research and development expenses can only be claimed directly in the annual EIT filing and subject to the approval from the relevant tax authorities.

Hong Kong

Under the current Hong Kong Inland Revenue Ordinance, the subsidiaries of the Group incorporated in Hong Kong are subject to 8.25% profit tax on the first HKD2,000 taxable income and 16.5% profit tax on the remaining taxable income generated from operations in Hong Kong. Additionally, payments of dividends by the subsidiaries incorporated in Hong Kong to the Company are not subject to any Hong Kong withholding tax.

Other Countries

The statutory income tax rates of other countries where the Company's subsidiaries having significant operations for the years ended December 31, 2021, 2022 and 2023 are as follows:

	For the Year Ended December 31,		
	2021	2022	2023
United States	29.84 %	29.84 %	29.84 %
United Kingdom	19.00 %	19.00 %	19.00 %
Germany	32.98 %	32.98 %	32.98 %
Norway	22.00 %	22.00 %	22.00 %
Netherlands	25.00 %	25.80 %	25.80 %

Composition of income tax expense for the periods presented are as follows:

	For the Year Ended December 31,		
	2021	2022	2023
Current income tax expense	23,565	62,348	59,943
Deferred income tax expense/(benefit)	18,700	(7,245)	200,892
Total	42,265	55,103	260,835

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Reconciliations of the income tax expense computed by applying the PRC statutory income tax rate of 25% to the Group's income tax expense of the years presented are as follows:

	For the Year Ended December 31,		
	2021	2022	2023
Loss before income tax expense	(3,974,684)	(14,382,001)	(20,458,918)
Income tax benefit computed at PRC statutory income tax rate of 25%	(993,671)	(3,595,500)	(5,114,730)
Non-deductible expenses	29,325	23,484	58,852
Foreign tax rates differential	100,690	395,543	481,318
Additional 100%/75% tax deduction for qualified research and development expenses	(546,805)	(750,736)	(1,432,723)
FDII Deduction	—	(10,356)	—
Tax exempted interest income	(2,194)	(8,847)	(25,017)
US tax credits	(30,273)	(45,446)	(36,746)
Prior year True-ups	286,693	110,581	242,392
Effect of tax rate change	—	490,855	—
Others	(1,206)	(5,154)	316
Change in valuation allowance	1,199,706	3,450,679	6,087,173
Income tax expense	42,265	55,103	260,835

The PRC statutory income tax rate was used because the majority of the Group's operations are based in PRC.

(b) Deferred tax

The Group considers positive and negative evidence to determine whether some portion or all of the deferred tax assets will be more-likely-than-not realized. This assessment primarily considers the nature, frequency and extent of the losses incurred and other historical objective evidences, as well as the considerations of forecasts of future profitability. These assumptions require significant judgment on the forecasts of future taxable income. The PRC statutory income tax rate of 25% or applicable preferential income tax rates were applied when calculating deferred tax assets.

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The Group's deferred tax assets and liabilities consist of the following components:

	As of December 31,		
	2021	2022	2023
Deferred tax assets			
Net operating loss carry-forwards	7,294,844	9,711,744	14,850,298
Accrued and prepaid expenses	1,136,278	1,666,519	1,635,032
Deferred revenue	559,815	940,633	1,241,114
Tax credit carry-forwards	243,198	301,437	347,340
Property, plant and equipment, net	—	—	158,609
Unrealized financing expense	28,796	33,140	64,870
Intangible assets	85,439	89,328	59,375
Allowance against receivables	19,500	27,386	28,435
Deferred rent	—	29,731	80,240
Share-based compensation	10,695	6,951	19,846
Write-downs of inventory	713	452	47,733
Advertising expenses in excess of deduction limit	705	188	33
Equity securities without readily determinable fair value	—	—	953
Equity securities with readily determinable fair value	—	150	717
Unrealized foreign exchange loss	—	1,704	2,364
Others	711	4,224	3,539
Less: Valuation allowance	(9,216,725)	(12,727,355)	(18,538,828)
Subtotal	163,969	86,232	1,670
Deferred tax liabilities			
Equity securities without readily determinable fair value	(15,975)	(6,435)	—
Equity securities with readily determinable fair value	(2,725)	—	—
Equity method investments	—	(5,170)	(7,283)
Available for sale debt investment	(6,499)	(206,734)	—
Equity securities	—	—	(206,734)
Property, plant and equipment, net	(143,512)	(86,082)	—
Deferred rent	(18,752)	—	—
Unrealized foreign exchange gain	(1,705)	—	—
Subtotal	(189,168)	(304,421)	(214,017)
Total deferred tax liabilities, net	(25,199)	(218,189)	(212,347)

Full valuation allowances have been provided where, based on all available evidence, management determined that deferred tax assets are not more likely than not to be realizable in future tax years. Movement of valuation allowance is as follow:

	As of December 31,		
	2021	2022	2023
Valuation allowance			
Balance at beginning of the year	8,019,519	9,216,725	12,727,355
Additions	1,197,206	3,510,630	5,811,473
Balance at end of the year	9,216,725	12,727,355	18,538,828

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The Group has tax losses arising in Mainland China of RMB61,331,790 that will expire in one to ten years for deduction against future taxable profit.

Loss expiring in 2024	2,045,428
Loss expiring in 2025	3,860,354
Loss expiring in 2026	2,380,002
Loss expiring in 2027	9,180,600
Loss expiring in 2028	14,701,895
Loss expiring in 2029	5,334,423
Loss expiring in 2030	156,199
Loss expiring in 2031	4,833,296
Loss expiring in 2032	7,153,295
Loss expiring in 2033	11,686,298
Total	61,331,790

The Group has tax losses arising in Hong Kong of RMB3,178,917 for which could be carried forward indefinitely against future taxable income. The Group has tax losses arising in United States of RMB4,323, RMB593,406 and RMB1,866,675 that will expire in thirteen, fourteen and infinite years for deduction against future taxable income. As of December 31, 2022 and 2023, the Group provided full valuation allowances for the above net operating loss carry-forwards.

Uncertain Tax Position

The Group did not identify any significant unrecognized tax benefits for each of the periods presented. The Group did not incur any interest related to unrecognized tax benefits, did not recognize any penalties as income tax expense and also does not anticipate any significant change in unrecognized tax benefits within 12 months from December 31, 2023.

Tax years subject to examination by major jurisdictions

In general, the PRC tax authorities have up to five years to review a company's tax filings. Accordingly, tax filings of the Company's PRC subsidiaries and VIEs for tax years 2019 through 2023 remain subject to the review by the relevant PRC tax authorities.

26. Loss Per Share

Basic loss per share and diluted loss per share have been calculated in accordance with ASC 260 on computation of earnings per share for the years ended December 31, 2021, 2022 and 2023 as follows:

	For the Year Ended December 31,		
	2021	2022	2023
Numerator:			
Net loss	(4,016,949)	(14,437,104)	(20,719,753)
Accretion on redeemable non-controlling interests to redemption value	(6,586,579)	(279,355)	(303,163)
Net loss attributable to non-controlling interests	31,219	157,014	(124,051)
Net loss attributable to ordinary shareholders of NIO Inc. for basic/dilutive net loss per share	(10,572,309)	(14,559,445)	(21,146,967)
Denominator:			
Weighted-average number of ordinary shares outstanding – basic and diluted	1,572,702,112	1,636,999,280	1,700,203,886
Basic and diluted net loss per share attributable to ordinary shareholders of NIO Inc.	(6.72)	(8.89)	(12.44)

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For the years ended December 31, 2021, 2022 and 2023, the Company had potential ordinary shares, including non-vested restricted shares, option granted and convertible notes. As the Group incurred losses for the years ended December 31, 2021, 2022 and 2023, these potential ordinary shares were anti-dilutive and excluded from the calculation of diluted net loss per share of the Company. The weighted average numbers of these potential ordinary shares outstanding are as following:

	For the Year Ended December 31,		
	2021	2022	2023
Restricted shares	1,358,110	4,051,753	—
Outstanding weighted average options granted	56,768,907	55,132,378	43,876,236
Convertible notes	45,323,169	37,671,003	57,008,080
Total	103,450,186	96,855,134	100,884,316

27. Related Party Balances and Transactions

The principal related parties with which the Group had transactions during the years presented are as follows:

Name of Entity or Individual	Relationship with the Group
Beijing Welion New Energy Technology Co., Ltd.	An investee of the Group
Kunshan Siwopu Intelligent Equipment Co., Ltd.	An investee of the Group
Nanjing Weibang Transmission Technology Co., Ltd.	An investee of the Group
Wuhan Weineng Battery Assets Co., Ltd.	An investee of the Group
Xunjie Energy (Wuhan) Co., Ltd.	An investee of the Group
Jianglai Advanced Manufacturing Technology (Anhui) Co., Ltd.	An investee of the Group
Beijing Bit Ep Information Technology Co., Ltd.	Controlled by Principal Shareholder
Beijing Weixu Business Consulting Co., Ltd.	Significantly influenced by Principal Shareholder
Beijing Yiche Interactive Advertising Co., Ltd.	Controlled by Principal Shareholder
Hefei Chuangwei Information Consultation Co., Ltd.	Controlled by Principal Shareholder
Huang River Investment Limited	Controlled by Principal Shareholder
Ningbo Meishan Bonded Port Area Weilan Investment Co., Ltd.	Controlled by Principal Shareholder
Ningbo Meishan Free Trade Port Weilai Xinneng Investment Management Co., Ltd.	Significantly influenced by Principal Shareholder
Shanghai Weishang Business Consulting Co., Ltd.	Significantly influenced by Principal Shareholder
Tianjin Boyou Information Technology Co., Ltd.	Controlled by Principal Shareholder
Wistron Info Comm (Kunshan) Co., Ltd.	Non-controlling shareholder of subsidiary
Xtronics Innovation Ltd.	Non-controlling shareholder of subsidiary

In February 2022, the Group disposed its equity interests in Suzhou Zenlead XPT New Energy Technologies Co., Ltd.. Since then, Suzhou Zenlead was no longer the Group's related party.

(a) The Group entered into the following significant related party transactions:

(i) Provision of service

For the years ended December 31, 2021, 2022 and 2023, service income was primarily generated from property management , administrative support, research and development services and BaaS battery buy-out services the Group provided to its related parties.

	For the Year Ended December 31,		
	2021	2022	2023
Wuhan Weineng Battery Assets Co., Ltd.	56,095	120,967	166,027
Nanjing Weibang Transmission Technology Co., Ltd.	1,586	1,683	1,153
Beijing Weixu Business Consulting Co., Ltd.	220	37	—
Total	57,901	122,687	167,180

NIO INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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(ii) Acceptance of advertising and IT support services

	For the Year Ended December 31,		
	2021	2022	2023
Tianjin Boyou Information Technology Co., Ltd.	217	8,984	7,823
Beijing Bit Ep Information Technology Co., Ltd.	4,533	—	—
Beijing Yiche Interactive Advertising Co., Ltd.	472	—	—
Total	5,222	8,984	7,823

(iii) Cost of manufacturing consignment

	For the Year Ended December 31,		
	2021	2022	2023
Suzhou Zenlead XPT New Energy Technologies Co., Ltd.	89,286	—	—

As of December 31, 2023, the outstanding warranty obligations have been fully repaid by the Group.

(iv) Purchase of raw material or property, plant and equipment

	For the Year Ended December 31,		
	2021	2022	2023
Kunshan Siwopu Intelligent Equipment Co., Ltd.	876,510	728,096	1,062,521
Xunjie Energy (Wuhan) Co., Ltd.	67,350	90,132	111,875
Nanjing Weibang Transmission Technology Co., Ltd.	213,867	248,604	73,071
Total	1,157,727	1,066,832	1,247,467

NIO INC.
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(All amounts in thousands, except for share and per share data)

(v) Sales of goods

	For the Year Ended December 31,		
	2021	2022	2023
Wuhan Weineng Battery Assets Co., Ltd.	4,138,187	3,103,871	1,457,500
Shanghai Weishang Business Consulting Co., Ltd.	157	229	199
Hefei Chuangwei Information Consultation Co., Ltd.	—	1,798	194
Beijing Yiche Interactive Advertising Co., Ltd.	485	—	—
Kunshan Siwopu Intelligent Equipment Co., Ltd.	370	—	—
Total	4,139,199	3,105,898	1,457,893

(vi) Acceptance of R&D and maintenance service

	For the Year Ended December 31,		
	2021	2022	2023
Jianglai Advanced Manufacturing Technology (Anhui) Co., Ltd.	—	107,144	184,279
Beijing Welion New Energy Technology Co., Ltd.	—	—	34,016
Wuhan Weineng Battery Assets Co., Ltd.	—	8,508	23,878
Kunshan Siwopu Intelligent Equipment Co., Ltd.	7,265	13,956	—
Xunjie Energy (Wuhan) Co., Ltd.	929	3,735	—
Ningbo Meishan Free Trade Port Weilai Xinneng Investment Management Co., Ltd.	—	3,015	—
Total	8,194	136,358	242,173

(vii) Sale of raw material or property, plant and equipment

	For the Year Ended December 31,		
	2021	2022	2023
Wuhan Weineng Battery Assets Co., Ltd.	—	1,012	5,597

(viii) Convertible notes issued to related parties and interest accrual

	For the Year Ended December 31,		
	2021	2022	2023
Huang River Investment Limited	15,316	13,712	11,234

(ix) Purchase of equity investee

	Year Ended December 31,		
	2021	2022	2023
Weilan (Note 9)	50,000	—	—

NIO INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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(b) The Group had the following significant related party balances:

(i) Amounts due from related parties

	As of December 31,	
	2022	2023
Wuhan Weineng Battery Assets Co., Ltd.	1,376,584	1,714,659
Kunshan Siwopu Intelligent Equipment Co., Ltd.	8,647	13,050
Hefei Chuangwei Information Consultation Co., Ltd.	2,032	2,249
Nanjing Weibang Transmission Technology Co., Ltd.	283	1,440
Shanghai Weishang Business Consulting Co., Ltd.	148	—
Total	1,387,694	1,731,398

(ii) Amounts due to related parties

	As of December 31,	
	2022	2023
Kunshan Siwopu Intelligent Equipment Co., Ltd.	262,712	358,083
Xunjie Energy (Wuhan) Co., Ltd.	14,517	75,157
Wuhan Weineng Battery Assets Co., Ltd.	58,497	60,187
Beijing WeLion New Energy Technology Co., Ltd.	—	25,843
Jianglai Advanced Manufacturing Technology (Anhui) Co., Ltd.	23,279	19,869
Nanjing Weibang Transmission Technology Co., Ltd.	22,293	16,099
Tianjin Boyou Information Technology Co., Ltd.	48	6,200
Shanghai Weishang Business Consulting Co., Ltd.	—	186
Ningbo Meishan Free Trade Port Weilai Xinneng Investment Management Co., Ltd.	3,015	—
Wistron Info Comm (Kunshan) Co., Ltd.	167	—
Xtronics Innovation Ltd.	83	—
Total	384,611	561,624

(iii) Short-term borrowing and interest payable

	As of December 31,	
	2022	2023
Huang River Investment Limited	3,918	216,465

(iv) Long-term borrowing

	As of December 31,	
	2022	2023
Huang River Investment Limited	208,938	—

NIO INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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28. Commitment and Contingencies

(a) Capital commitments

Capital expenditures contracted for at the balance sheet dates but not recognized in the Group's consolidated financial statements are as follows:

	As of December 31,	
	2022	2023
Property, plant and equipment	4,541,383	5,465,192
Leasehold improvements	807,666	552,626
Total	5,349,049	6,017,818

(b) Contingencies

Between March and July 2019, several securities class action lawsuits were filed against the Group, certain of the Group's directors and officers, the underwriters in the IPO and the process agent. Some of these actions have been withdrawn, transferred, consolidated or dismissed. One action commenced during the aforementioned time period remains pending, under the caption In re NIO, Inc. Securities Litigation, 1:19-cv-01424, in the U.S. District Court for the Eastern District of New York (E.D.N.Y.). The plaintiffs in this case allege, in sum and substance, that the Group's statements in the registration statement and/or other public statements were false or misleading and in violation of the U.S. federal securities laws. The Court denied the Group's motion to dismiss in August 2021, and granted plaintiffs' motion for class certification in August 2023. Discovery is ongoing.

Between August and September 2022, two complaints were filed against the Group, its CEO and its CFO in the federal district court for the Southern District of New York (S.D.N.Y.), in the actions captioned Saye v. NIO Inc. et al., Case No. 1:22-cv-07252 (S.D.N.Y.) and Bohonok v. NIO Inc. et al., Case No. 1:22-cv-07666 (S.D.N.Y.). Relying on a short seller report, these complaints allege that certain of the Group's public disclosures between August 2020 and July 2022 contained false statements or omissions in violation of the Exchange Act. On December 14, 2022, the court consolidated the two actions and appointed a lead plaintiff. Briefing on the Group's motion to dismiss was completed on July 31, 2023. The Court's decision on the motion to dismiss is pending.

The aforementioned actions remain in their preliminary stages. The Group is currently unable to determine the outcomes of these actions or any estimate of the amount or range of any potential loss, if any, associated with resolution of such lawsuits, if they proceed.

On March 22, 2021, two individual plaintiffs filed a complaint in the Superior Court of the State of California, County of Santa Clara against the Company, several of its subsidiaries and certain unnamed individual defendants. Plaintiffs allege that they were former employees or contractors of the Company and its subsidiaries and that they had been discriminated and wrongfully terminated by the Company and its subsidiaries, allegedly in violation of various state and federal laws. Plaintiffs seek compensatory damages, including back pay, equity and lost earnings, the amounts of which have yet to be ascertained. On July 7, 2021, two of the Company's subsidiaries filed a request to remove the case from state to federal court. Plaintiffs opposed the removal. On May 3, 2022, the Federal District Court remanded the case to the state court. On June 2, 2022, the Company filed a motion to quash service of the complaint for lack of personal jurisdiction with the Superior Court of the State of California. On September 22, 2022, the Court issued an order finding that Plaintiffs have not met their burden to establish the court's jurisdiction over NIO Inc., but also granted limited jurisdictional discovery with respect to the relationship between NIO Inc. and its U.S.-based subsidiaries. Document production has been paused as Plaintiffs and the Defendants have engaged in mediation and settlement discussions. The Parties are now in the processof final settelement. The settlement amount is not considered to be significant.

The Group is subject to legal proceedings and regulatory actions in the ordinary course of business, such as disputes with landlords, suppliers, employees, etc. The results of such proceedings cannot be predicted with certainty, but the Group does not anticipate that the final outcome arising out of any of such matters will have a material adverse effect on the consolidated balance sheets, comprehensive loss or cash flows on an individual basis or in the aggregate. As of December 31, 2022 and 2023, other than as disclosed above, the Group is not a party to any material legal or administrative proceedings.

NIO INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(All amounts in thousands, except for share and per share data)

29. Subsequent Events

(a) Completion of the Repurchase Right Offer for Convertible Senior Notes due 2026

On February 1, 2024, the Group completed the repurchase right offer relating to its 0.00% Convertible Senior Notes due 2026 (the "2026 Notes"). US$300,536 aggregate principal amount of the 2026 Notes were validly surrendered and not withdrawn prior to the expiration of the repurchase right offer. Following settlement of the repurchase, US$912 aggregate principal amount of the 2026 Notes remain outstanding and continue to be subject to the existing terms of the Indenture and the Notes.

(b) Completion of the Asset-backed Notes Issuance

In January 2024, the Group entered into another asset-backed securitization arrangement with issuance of the notes at the total amount of RMB2,450,000 and securitized receivables arising from auto financing arrangements through the transfer of those assets to a securitization vehicle. It is a revolving arrangement where the Group provides management, administration and collection services (at market rates) on the transferred financial assets, but only retains an insignificant economic interest in the securitization vehicle. As a result, the Group will not consolidate the securitization vehicle (thereby derecognizing transferred receivables) under US GAAP.

(c) Amended shareholders agreement for NIO China

On March 30, 2024, the Company and certain of its subsidiaries entered into a shareholders agreement with the Strategic Investors, which amended certain shareholders' rights in NIO China, including the redemption rights. In particular, if NIO China fails to complete the listing application or to issue the material assets restructuring plan related to the qualified initial public offering before December 31, 2027, or fails to complete the qualified initial public offering before December 31, 2028, the Strategic Investors may request the Company to redeem the equity interest in NIO China then held by them.

30. Parent Company (the "Company") Only Financial Information

The Company performed a test on the restricted net assets of its consolidated subsidiaries and VIEs in accordance with Securities and Exchange Commission Regulation S-X Rule 4-08 (e) (3), "General Notes to Financial Statements" and concluded that it was applicable for the Company to disclose the financial information for the Company only.

The subsidiaries did not pay any dividends to the Company for the years presented. Certain information and footnote disclosures generally included in financial statements prepared in accordance with U.S. GAAP have been omitted. The footnote disclosures contain supplemental information relating to the operations of the Company, as such, these statements are not the general-purpose financial statements of the reporting entity and should be read in conjunction with the notes to the consolidated financial statements of the Company.

NIO INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(All amounts in thousands, except for share and per share data)

The Company did not have significant capital and other commitments, or guarantees as of December 31, 2023.

Condensed Balance Sheets

	As of December 31,		
	2022 RMB	2023 RMB	2023 US$ Note 2(e)
ASSETS			
Current assets:			
Cash and cash equivalents	7,076,550	22,676,489	3,193,917
Restricted cash	—	—	—
Short-term investments	696,460	1,499,939	211,262
Amounts due from subsidiaries of the Company	6,657,631	15,453,012	2,176,511
Amounts due from related parties	87	89	13
Prepayments and other current assets	114,263	70,356	9,909
Total current assets	14,544,991	39,699,885	5,591,612
Non-current assets:			
Investments in subsidiaries and VIEs	21,328,304	2,783,143	391,997
Total non-current assets	21,328,304	2,783,143	391,997
Total assets	35,873,295	42,483,028	5,983,609
LIABILITIES			
Current liabilities:			
Amounts due to subsidiaries of the Company	1,775,951	1,928,100	271,567
Current portion of long-term borrowings	—	3,286,640	462,914
Accruals and other liabilities	73,580	146,330	20,610
Total current liabilities	1,849,531	5,361,070	755,091
Long-term borrowings	10,155,599	11,575,725	1,630,407
Total non-current liabilities	10,155,599	11,575,725	1,630,407
Total liabilities	12,005,130	16,936,795	2,385,498
SHAREHOLDERS' EQUITY			
Class A Ordinary Shares	2,668	3,368	474
Class C Ordinary Shares	254	254	36
Treasury shares	(1,849,600)	(1,849,600)	(260,511)
Additional paid in capital	94,593,062	117,717,254	16,580,128
Accumulated other comprehensive loss	1,036,011	432,991	60,986
Accumulated deficit	(69,914,230)	(90,758,034)	(12,783,002)
Total shareholders' equity	23,868,165	25,546,233	3,598,111
Total liabilities and shareholders' equity	35,873,295	42,483,028	5,983,609

NIO INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(All amounts in thousands, except for share and per share data)

Condensed Statements of Comprehensive Loss

	For the Year ended December 31,			
	2021	2022	2023	2023
	RMB	RMB	RMB	US$ Note 2(e)
Operating expenses:				
Selling, general and administrative	(4,735)	(24,039)	(99,587)	(14,027)
Total operating expenses	(4,735)	(24,039)	(99,587)	(14,027)
Loss from operations	(4,735)	(24,039)	(99,587)	(14,027)
Interest and investment income	61,292	207,057	524,173	73,828
Interest expense	(471,270)	(113,277)	(207,649)	(29,247)
Gain on extinguishment of debt	—	138,332	170,193	23,971
Equity in loss of subsidiaries and VIEs	(3,632,893)	(14,138,689)	(21,349,555)	(3,007,022)
Other income/(loss), net	61,876	(351,874)	121,800	17,155
Loss before income tax expense	(3,985,730)	(14,282,490)	(20,840,625)	(2,935,342)
Income tax benefit/(expense)	—	2,400	(3,179)	(446)
Net loss	(3,985,730)	(14,280,090)	(20,843,804)	(2,935,788)
Accretion on redeemable non-controlling interests to redemption value	(6,586,579)	(279,355)	(303,163)	(42,700)
Net loss attributable to ordinary shareholders of NIO Inc.	(10,572,309)	(14,559,445)	(21,146,967)	(2,978,488)
Net loss	(3,985,730)	(14,280,090)	(20,843,804)	(2,935,788)
Total comprehensive loss	(4,196,578)	(12,967,779)	(21,446,824)	(3,020,721)
Accretion on redeemable non-controlling interests to redemption value	(6,586,579)	(279,355)	(303,163)	(42,700)
Comprehensive loss attributable to ordinary shareholders of NIO Inc.	(10,783,157)	(13,247,134)	(21,749,987)	(3,063,421)

Condensed Statements of Cash Flows

	For The Year ended December 31,			
	2021	2022	2023	2023
	RMB	RMB	RMB	US$ Note 2(e)
CASH FLOWS FROM OPERATING ACTIVITIES				
Net cash used in operating activities	(8,697)	(4,949,308)	(8,262,167)	(1,163,702)
CASH FLOWS FROM INVESTING ACTIVITIES				
Net cash (used in)/provided by investing activities	(40,770,898)	9,140,766	(1,972,672)	(277,845)
CASH FLOWS FROM FINANCING ACTIVITIES				
Net cash provided by/(used in) financing activities	22,382,871	(1,135,316)	25,782,226	3,631,351
Effects of exchange rate changes on cash, cash equivalents and restricted cash	(445,787)	689,465	52,552	7,402
NET (DECREASE)/INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(18,842,511)	3,745,607	15,599,939	2,197,206
Cash, cash equivalents and restricted cash at beginning of the year	22,173,454	3,330,943	7,076,550	996,711
Cash, cash equivalents and restricted cash at end of the year	3,330,943	7,076,550	22,676,489	3,193,917

NIO INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(All amounts in thousands, except for share and per share data)

Basis of presentation

The Company's accounting policies are the same as the Group's accounting policies with the exception of the accounting for the investments in subsidiaries and VIEs.

For the company only financial information, the Company records its investments in subsidiaries and VIEs under the equity method of accounting as prescribed in ASC 323, Investments—Equity Method and Joint Ventures.

Such investments are presented on the Balance Sheets as "Investments in subsidiaries and VIEs" and shares in the subsidiaries and VIEs' loss are presented as "Equity in loss of subsidiaries and VIEs" on the Statements of Comprehensive Loss. The parent company only financial information should be read in conjunction with the Group's consolidated financial statements.

Exhibit 4.44

SHARE SUBSCRIPTION AGREEMENT

dated as of June 20, 2023

by and between

NIO INC.

and

CYVN HOLDINGS L.L.C.

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SHARE SUBSCRIPTION AGREEMENT

SHARE SUBSCRIPTION AGREEMENT (this "**Agreement**"), dated as of June 20, 2023, by and between NIO Inc., an exempted company incorporated in the Cayman Islands (the "**Company**"), and CYVN Holdings L.L.C., a limited liability company organized under the laws of Abu Dhabi, United Arab Emirates (the "**Purchaser**").

WHEREAS

The Company desires to issue, sell and deliver to the Purchaser, and the Purchaser desires to purchase and acquire from the Company, upon the terms and conditions set forth in this Agreement, an aggregate of 84,695,543 Class A Ordinary Shares, par value US$0.00025 per share, of the Company (the "**Securities**").

Concurrently with the sale of the Securities, the Company and the Purchaser will execute and deliver a Registration Rights Agreement, in the form attached hereto as Exhibit A (the "**Registration Rights Agreement**"), pursuant to which the Company will agree to provide the Purchaser certain registration rights under the Securities Act (as defined below).

The Purchaser has entered into a share purchase agreement with Image Frame Investment (HK) Limited (the "**Existing Shareholder**") pursuant to which the Purchaser purchased 40,137,614 Class A Ordinary Shares beneficially owned by the Existing Shareholder (the "**Secondary Share Transfer**").

NOW, THEREFORE, in consideration of the foregoing and representations, warranties, covenants and agreements set forth herein as well as other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and accepted, and intending to be legally bound, the Company and the Purchaser hereby agree as follows:

1. DEFINITIONS

The following capitalized terms shall have the following meanings for purposes of this Agreement:

"1934 Act" means the United States Securities Exchange Act of 1934, as amended;

"**Act**" means the Companies Act (As Revised) of the Cayman Islands;

"**ADS**" means American Depositary Share, each representing one (1) Class A Ordinary Shares of the Company as of the date hereof;

"**Affiliate**" means an "affiliate" within the meaning of Rule 405 under the Securities Act;

"**Aggregate Purchase Price**" has the meaning set forth in Section 2(a);

"**Agreement**" has the meaning set forth in the preamble;

"**Anti-Corruption Laws**" means the U.S. Foreign Corrupt Practices Act of 1977, the U.K. Bribery Act 2010, and any other applicable laws or regulations related to bribery or corruption;

"**Anti-Money Laundering Laws**" means the Money Laundering Control Act of 1986 (18 U.S.C. §§ 1956-1957), the USA PATRIOT ACT ((Pub. L. No. 107-56), and the Bank Secrecy Act (31 U.S.C. §§5311-5332)), the UK Proceeds of Crime Act 2002, the UK Terrorism Act 2000, the Proceeds of Crime Act (Revised) of the Cayman Islands, the Anti-Money Laundering Regulations (Revised) of the Cayman Islands, the Terrorism Act (Revised) of the Cayman Islands, the Proliferation Financing (Prohibition) Act (Revised) of the Cayman Islands, the Guidance Notes on the Prevention and Detection of Money Laundering, Terrorist Financing and Proliferation Financing in the Cayman Islands, and any other applicable laws or regulations related to terrorist financing or money laundering;

"**Board**" means the Company's Board of Directors;

"**Business Day**" means any weekday that is not a day on which banking institutions in the Cayman Islands, the Hong Kong Special Administrative Region, New York City, Abu Dhabi or the PRC are authorized or required by law, regulation or executive order to be closed;

"**Change of Control**" means the consummation of any bona fide third party tender offer, merger, consolidation or other similar transaction the result of which is that any "person" (as defined in Section 13(d)(3) of the 1934 Act), or group of persons, other than the Company, becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 of the 1934 Act) of a majority of the total voting power of the voting stock of the Company;

"**Class A Ordinary Shares**" means the Company's Class A ordinary shares, par value US$0.00025 per share;

"**Closing**" has the meaning set forth in Section 2(b)(i);

"**Closing Date**" has the meaning set forth in Section 2(b)(i);

"**Company**" has the meaning set forth in the preamble;

"**Company Articles**" means the Thirteenth Amended and Restated Memorandum and Articles of Association of the Company, as may be amended from time to time;

"**Contract**" means any agreement, contract, lease, indenture, instrument, note, debenture, bond, mortgage or deed of trust or other agreement, arrangement or understanding;

"**Encumbrance**" means any mortgage, lien, pledge, charge, security interest, title defect, preemptive or similar right or other encumbrance;

"**Ex-Im Laws**" means (a) the U.S. Export Administration Regulations administered by the U.S. Department of Commerce, the International Traffic in Arms Regulations administered by the U.S. Department of State, and any other applicable laws or regulation related to export controls administered or enforced by an applicable Governmental Entity; and (b) import controls and customs laws administered by U.S. Customs and Border Protection and any other applicable Governmental Entity.

"**Existing Shareholder**" has the meaning set forth in the Recitals;

"**GAAP**" means generally accepted accounting principles in the United States;

"**Governmental Entity**" means any supranational, national, provincial, state, municipal, local or other government, whether U.S., PRC or otherwise, any instrumentality, subdivision, administrative agency or commission thereof, court, other governmental authority or regulatory body or instrumentality, or any quasi-governmental or private body exercising any regulatory, taxing, importing or other governmental or quasi-governmental authority or any self-regulatory agency (including any stock exchange);

"**Hong Kong Listing Rules**" means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time;

"**Hong Kong Stock Exchange**" means The Stock Exchange of Hong Kong Limited;

"**Hong Kong Stock Exchange Documents**" means all announcements, proxy statements and other statements, reports, forms and other documents that are either required to be or have otherwise been filed by the Company with the Hong Kong Stock Exchange or published on the website of the Hong Kong Stock Exchange from time to time;

"**HKIAC**" has the meaning set forth in Section 9(b);

"**Indemnifiable Loss**" means, with respect to any Person, any action, claim, cost, damage, deficiency, disbursement, expense, liability, loss, obligation, penalty, settlement, suit, or Tax of any kind or nature, together with all interest, penalties, legal, accounting and other professional fees and expenses reasonably incurred in the investigation, collection, prosecution and defense of claims and amounts paid in settlement, imposed on or otherwise actually incurred or suffered by such Person, whether directly or indirectly;

"**Lock-Up Period**" has the meaning set forth in Section 5(e);

"**Material Adverse Effect**" means any event, occurrence, fact, condition, change or development, individually or together with other events, occurrences, facts, conditions, changes or developments, that has or would reasonably be expected to have a material adverse effect on (a) the business or operations of the Company and its Subsidiaries (taken as a whole) as presently conducted, or the condition (financial or otherwise), assets or results of operation of the Company and its Subsidiaries (taken as a whole) or (b) the ability of the Company to consummate the transactions contemplated by this Agreement; provided, however, that in determining whether a Material Adverse Effect has occurred, there shall be excluded any effect on the business of the Company or any Subsidiary relating to or arising in connection with (i) any action expressly required to be taken pursuant to the terms and conditions of this Agreement or taken at the written direction of the Purchaser, (ii) economic changes affecting the industry in which the Company and its Subsidiaries operate generally or the economy of the PRC or any other market where the Company and its Subsidiaries have material operations or sales generally, (iii) the execution, announcement or disclosure of this Agreement or the pendency or consummation of the transactions contemplated hereunder, (iv) changes in generally accepted accounting principles, (v) changes in general legal, tax or regulatory conditions, (vi) changes in national or international political or social conditions, including any engagement in hostilities or the occurrence of any military or terrorist attack or civil unrest, or (vii) earthquakes, hurricanes, floods, epidemic-induced public health crises or other disasters; provided further, however, that any event, occurrence, fact, condition, change or development referred to in clauses (ii), (vi) and (vii) immediately above shall be taken into account in determining whether a Material Adverse Effect has occurred or would reasonably be expected

to occur to the extent that such event, occurrence, fact, condition, change or development has a disproportionate effect on the Company or its Subsidiaries (taken as a whole) compared to other similarly situated participants in the industries and geographies in which the Company and its Subsidiaries operate (in which case, only the incremental disproportionate adverse effect may be taken into account in determining whether a Material Adverse Effect has occurred).

"**NYSE**" means the New York Stock Exchange;

"**Person**" means an individual, a limited liability company, a partnership, a joint venture, a corporation, a trust, an unincorporated organization or a government or any department or agency thereof;

"**PRC**" means the People's Republic of China;

"**Public Documents**" means, collectively, the SEC Documents, the Hong Kong Stock Exchange Documents and the Singapore Exchange Documents;

"**Purchaser**" has the meaning set forth in the preamble;

"**Purchaser Designee"** has the meaning set forth in Section 5(c);

"**Registration Rights Agreement**" has the meaning set forth in the Recitals;

"**Sanctioned Country**" means any country or territory that is itself the target of comprehensive Sanctions (including Cuba, Iran, North Korea, Syria, Crimea and those portions of the Donetsk People's Republic or Luhansk People's Republic regions (and such other regions) of Ukraine over which any Sanctions authority imposes comprehensive Sanctions), or any country or territory whose government is the subject of Sanctions (including Venezuela) or that is otherwise the subject of broad Sanctions restrictions (including Afghanistan, Russia and Belarus).

"**Sanctioned Person**" means any Person that is (a) the target of Sanctions, including any Person identified on the U.S. Department of the Treasury's Office of Foreign Assets Control ("**OFAC**") Specially Designated Nationals and Blocked Persons List, Sectoral Sanctions Identifications List, or any other Sanctions-related list maintained by a Sanctions authority; (b) a Person that is organized, located or resident in a Sanctioned Country; or (c) any Person owned or controlled by any Person(s) described in clause(s) (a) and/or (b).

"**Sanctions**" means economic, financial and trade sanctions administered or enforced by the United States (including OFAC, U.S. Department of State, and U.S. Department of Commerce); European Union and each member state thereof; United Kingdom (including Her Majesty's Treasury); and United Nations Security Council.

"**SEC**" means the U.S. Securities and Exchange Commission;

"**SEC Documents**" means all registration statements, proxy statements and other statements, reports, schedules, forms and other documents that are either required from time to time to be or have otherwise been filed or furnished by the Company with or to the SEC, and all exhibits included therein and financial statements, notes and schedules thereto and documents incorporated by reference therein;

"**Secondary Share Transfer**" has the meaning set forth in the Recitals;

"**Securities**" has the meaning set forth in the Recitals;

"**Securities Act**" means the United States Securities Act of 1933, as amended, and all of the rules and regulations promulgated thereunder;

"**SFC"** has the meaning set forth in Section 4(o);

"**SFO**" has the meaning set forth in Section 4(o);

"**Singapore Exchange**" means The Singapore Exchange Securities Trading Limited;

"**Singapore Exchange Documents**" means all announcements, proxy statements and other statements, reports, forms and other documents that are either required to be or have otherwise been filed by the Company with the Singapore Exchange or published on the website of the Singapore Exchange from time to time.

"**Subsidiary**" means any entity of which a majority of the outstanding equity securities or other ownership interests representing a majority of the outstanding equity interests or otherwise having ordinary voting power to elect a majority of the board of directors or other Persons performing similar functions are at the time directly or indirectly owned or controlled by the Company, and includes any entity which is directly or indirectly controlled by the Company (including, for the avoidance of doubt, any variable interest entities that are consolidated into the financial statements of the Company);

"**Transaction Documents**" means this Agreement, the Registration Rights Agreement and any other agreement, document or instrument entered into or delivered in connection with the transactions contemplated hereby or thereby;

"**Transfer**" means directly or indirectly, offer, sell, contract to sell, pledge, transfer, assign, give, hypothecate, encumber, grant a security interest in, convey in trust, gift, devise or descent, or otherwise dispose of, or suffer to exist (whether by operation of law of otherwise) any Encumbrance on, any of the Securities or any right, title or interest therein or thereto, or enter into a transaction which would have the same effect, or enter into any swap, hedge or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of any of the Securities, whether any such aforementioned transaction is to be settled by delivery of the Company's securities, in cash or otherwise, or publicly disclose the intention to make any such disposition or to enter into any such transaction, swap, hedge or other arrangement, including transfers pursuant to divorce or legal separation, transfers to receivers, levying creditors, trustees or receivers in bankruptcy proceedings or general assignees for the benefit of creditors, whether voluntary or by operation of law, directly or indirectly, of any of the Securities; and

"**U.S."** or **"United States**" means the United States of America.

2. PURCHASE AND SALE OF SECURITIES

(a) Purchase of Shares. Subject to the terms and conditions of this Agreement, at the Closing (as defined below), the Company shall issue and sell to the Purchaser, and the Purchaser shall subscribe for and purchase from the Company, the Securities, free and clear of

all Encumbrances (except for restrictions created by virtue of transactions contemplated by this Agreement), for the aggregate purchase price of US$738,545,134.96 (the "**Aggregate Purchase Price**"), representing US$8.72 per Class A Ordinary Share, which is the volume weighted average price of Class A Ordinary Shares (as adjusted for the American depository share-to-Class A Ordinary Share ratio) on the NYSE over the seven consecutive trading days immediately preceding June 19, 2023.

(b) Closing.

(i) Date and Time. Subject to satisfaction or, to the extent permissible, waiver of the conditions set forth in Sections 6 and 7 (other than conditions that by their nature are to be satisfied upon the Closing, but subject to the satisfaction or, to the extent permissible, waiver of those conditions at the Closing by the applicable parties), the closing of the sale and purchase of the Securities (the "**Closing**") shall take place remotely via exchange of documents and signatures on such date that is no later than five (5) Business Days after each of the conditions set forth in Sections 6 and 7 has been fulfilled or waived (other than those conditions that can be fulfilled only at the Closing), as is specified by the Company and the Purchaser or at such other date and location as may be mutually agreed in writing by the Company and the Purchaser (such date, the "**Closing Date**").

(ii) Payment and Delivery. At the Closing:

(A) the Purchaser shall pay or caused to be paid the Aggregate Purchase Price to the Company by electronic bank transfer of immediately available funds to a bank account designated in writing by the Company at least three (3) Business Days prior to the Closing Date;

(B) the Company shall deliver to the Purchaser an updated certified extract of the register of members of the Company kept in accordance with the Act evidencing the ownership of the Securities by the Purchaser;

(C) the Company shall deliver to the Purchaser a certificate, executed on behalf of the Company by an executive officer or other authorized person, dated as of the Closing Date, certifying to the fulfillment of the conditions specified in Sections 7(b), 7(c), 7(d), 7(f) and 7(g); and

(D) the Purchaser shall deliver to the Company a certifciate, executed on behalf of the Purchaser by an executive or other authorized person, dated as of the Closing Date, certifying to the fulfillment of the conditions specified in Sections 6(b), 6(c) and 6(d).

3. REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

The Purchaser represents and warrants to the Company as of the date hereof and as of the Closing Date that:

(a) Organization. The Purchaser is a company duly organized and validly existing in good standing under the laws of the jurisdiction in which it is organized.

(b) Authorization; Enforcement; Validity. The Purchaser has the requisite entity power and authority to enter into and perform this Agreement and to consummate the transactions contemplated by this Agreement and each other Transaction Document to which it is a party.

The execution and delivery of this Agreement by the Purchaser and the consummation of the transactions contemplated by and in compliance with the provisions of this Agreement have been, or at the Closing will be, duly authorized by all necessary entity action on the part of the Purchaser. This Agreement has been and, at or prior to the Closing, and each other Transaction Document to be delivered at the Closing will be, duly executed and delivered by the Purchaser and constitute the legal, valid and binding obligations of the Purchaser. This Agreement constitutes and, upon the execution and delivery thereof by the Purchaser, each other Transaction Document will constitute, the legal, valid and binding obligations of the Purchaser, enforceable against the Purchaser in accordance with their respective terms, except as such enforceability may be limited by general principles of equity or applicable bankruptcy, insolvency, reorganization, moratorium, liquidation or similar laws relating to, or affecting generally, the enforcement of applicable creditors' rights and remedies.

(c) No Conflicts. The execution, delivery and performance by the Purchaser of this Agreement and the other Transaction Documents and the consummation by the Purchaser of the transactions contemplated hereby and thereby do not and will not (i) result in a violation of the organizational or constitutional documents of the Purchaser, or (ii) result in a violation of any law, rule, regulation, order, judgment or decree (including U.S. federal and state, and any other applicable, securities laws) applicable to the Purchaser, except in the case of clause (ii) above, for such violations which would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the ability of the Purchaser to perform its obligations hereunder.

(d) Consents and Approvals. Neither the execution and delivery by the Purchaser of this Agreement or any other Transaction Document, nor the consummation by the Purchaser of any of the transactions contemplated hereby or thereby, nor the performance by the Purchaser of this Agreement or any other Transaction Document in accordance with its respective terms, requires the consent, approval, order or authorization of, or registration with, or the giving notice to, any Governmental Entity or any third party prior to the Closing, except (i) any filing or report required to be made with or submitted to the SEC, the Hong Kong Stock Exchange or the Singapore Exchange and (ii) for such that would not have a material adverse effect on the Purchaser's ability to consummate the transactions contemplated by this Agreement.

(e) Status and Investment Intent.

(i) Investment Experience. The Purchaser is a sophisticated investor with knowledge and experience in financial and business matters such that the Purchaser is capable of evaluating the merits and risks of the investment in the Securities. The Purchaser is able to bear the economic risks of an investment in the Securities. The Purchaser has carefully reviewed all documents relating to the transactions contemplated by this Agreement and has been provided with all other materials that it considers relevant to the transactions contemplated by this Agreement, has had a full opportunity to ask questions of and receive answers from the Company or any person acting on behalf of the Company concerning the terms and conditions of transactions contemplated by this Agreement. In making its decision to invest in the Company, the Purchaser is not relying upon, and has not relied upon, any statement, representation or warranty made by any person, except for the statements, representations and warranties contained in this Agreement.

(ii) Restricted Securities. The Purchaser acknowledges that the Securities are "restricted securities" that have not been registered under the Securities Act or any applicable state securities law. The Purchaser further acknowledges that, absent an effective registration under the Securities Act, the Securities may only be offered, sold or otherwise transferred (x) to the Company, (y) outside the United States in accordance with Rule 904 of Regulation S under the Securities Act, or (z) pursuant to an exemption from registration under the Securities Act.

(iii) Not U.S. Person. Such Purchaser is not a "U.S. person" as defined in Rule 902 of Regulation S.

(f) No Public Sale or Distribution. The Purchaser is acquiring the Securities for its own account and not with a view to, or with any intention of, resale, distribution or other disposition thereof in a manner that would violate the registration requirements of the Securities Act. The Purchaser does not presently have any agreement or understanding, directly or indirectly, with any Person to distribute any of the Securities. The Purchaser is not a broker-dealer registered with the SEC under the 1934 Act or an entity engaged in a business that would require it to be so registered as a broker-dealer.

(g) Legends. The Purchaser understands that the Securities and the register of members of the Company shall bear, in addition to any other legends required under applicable laws, the following legend:

THE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE WITH THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE PURCHASER: (1) REPRESENTS THAT IT AND ANY ACCOUNT FOR WHICH IT IS ACTING IS LOCATED OUTSIDE THE UNITED STATES AND NOT A U.S. PERSON (WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT), AND (2) AGREES FOR THE BENEFIT OF THE COMPANY THAT IT WILL NOT OFFER, SELL, PLEDGE OR OTHERWISE TRANSFER THE SECURITIES, OR ANY BENEFICIAL INTEREST HEREIN, EXCEPT (A) TO THE COMPANY OR ANY SUBSIDIARY THEREOF, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BECOME EFFECTIVE UNDER THE SECURITIES ACT, (C) TO A NON-U.S. PERSON OUTSIDE THE UNITED STATES IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT, OR (D) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED UNDER THE SECURITIES ACT (IF AVAILABLE). THE SECURITIES ARE ALSO SUBJECT TO LOCK-UP PURSUANT TO THAT CERTAIN SHARE SUBSCRIPTION AGREEMENT, DATED AS OF JUNE 20, 2023, BY AND AMONG THE HOLDER OF SUCH SECURITIES, AND NIO INC., AND MAY ONLY BE OFFERED, SOLD, TRANSFERRED, PLEDGED OR OTHERWISE DISPOSED DURING THE TERM OF THE LOCK-UP PURSUANT TO THE TERMS SET FORTH IN SUCH SHARE SUBSCRIPTION AGREEMENT.

(h) Brokers and Finders. No Person will have, as a result of the transactions contemplated by the Transaction Documents, any valid right, interest or claim against or upon the Purchaser for any commission, fee or other compensation pursuant to any agreement,

arrangement or understanding with a placement agent entered into by or on behalf of the Purchaser.

(i) Sufficient Funding. The Purchaser has at its disposal sufficient funding to pay the Aggregate Purchase Price and consummate the transactions contemplated hereby.

(j) No Additional Representations. The Purchaser makes no representations or warranties as to any matter whatsoever except as expressly set forth in the Transaction Documents or in any certificate delivered by the Purchaser to the Company in accordance with the terms thereof.

4. REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company represents and warrants to the Purchaser as of the date hereof and as of the Closing Date (except for such representations and warranties made only as of a specific date), that, except as otherwise disclosed in the Public Documents:

(a) Organization and Qualification. The Company is a corporation duly incorporated and validly existing in good standing under the laws of the Cayman Islands, and has the requisite corporate power and authorization to own its properties and to carry on its business as now being conducted.

(b) Capitalization. The authorized share capital of the Company is US$1,000,000 divided into 4,000,000,000 shares comprising of (i) 2,632,030,222 Class A Ordinary Shares, (ii) 148,500,000 Class C ordinary shares of a par value of US$0.00025 each and (iii) 1,219,469,778 shares of a par value of US$0.00025, each of such class or classes (however designated) as the Board may determine in accordance with the Company Articles. As of June 18, 2023, 1,545,410,843 Class A Ordinary Shares and 148,500,000 Class C ordinary shares are issued and outstanding. All of the outstanding ordinary shares of the Company are duly authorized, validly issued, fully paid and non-assessable, have been issued in compliance with the then effective memorandum and articles of association of the Company, the Act and all applicable securities laws, including the rules and regulations of each of NYSE, the Singapore Exchange and the Hong Kong Stock Exchange, and none of such outstanding shares was issued in violation of any preemptive rights or similar rights to subscribe for or purchase securities. Except as set forth in the Public Documents, the Company has no outstanding bonds, debentures, notes or other obligations, the holders of which have the right to vote (or which are convertible into or exercisable for securities having the right to vote) with the shareholders of the Company on any matter.

(c) Authorization; Enforcement; Validity. The Company has the requisite corporate power and authority to enter into and perform its obligations under this Agreement and each other Transaction Document to which it is a party and to issue the Securities in accordance with the terms hereof and thereof. The execution and delivery of this Agreement and the other Transaction Documents by the Company and the consummation by the Company of the transactions contemplated hereby and thereby, including, the issuance of the Securities, has been duly authorized by the Board and no further filing, consent or authorization (including any shareholder approval) is required by the Board or otherwise, except for any required filing regarding the issuance of additional securities with NYSE, Hong Kong Stock Exchange or Singapore Exchange. This Agreement has been and, at or prior to the Closing, each other Transaction Document to be delivered at the Closing will be, duly executed and delivered by

the Company. This Agreement constitutes and, upon the execution and delivery thereof by the Company, each other Transaction Document to which it is a party will constitute the legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their respective terms, except as such enforceability may be limited by general principles of equity or applicable bankruptcy, insolvency, reorganization, moratorium, liquidation or similar laws relating to, or affecting generally, the enforcement of applicable creditors' rights and remedies.

(d) No Conflicts. The execution, delivery and performance by the Company of the Transaction Documents and the consummation by the Company of the transactions contemplated hereby and thereby (including, the issuance of the Securities) will not (i) result in a violation of the Company Articles, (ii) conflict with, or constitute a default (or an event which with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, any Contract to which the Company is a party, or (iii) subject to the terms of this Agreement, result in a violation of any law, rule, regulation, order, judgment or decree (including U.S. federal and state securities laws and regulations, and the rules and regulations of NYSE, the Hong Kong Stock Exchange and the Singapore Exchange applicable to the Company or by which any property or asset of the Company is bound or affected), except in the case of clauses (ii) and (iii) above, for such conflicts, defaults, rights or violations which, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect.

(e) Consents. Assuming the accuracy of the representations and warranties of the Purchaser under this Agreement and other Transaction Documents, in connection with the entering into and performance of this Agreement and the other Transaction Documents, the Company is not required to obtain any consent, authorization or order of, or make any filing or registration with, (i) any Governmental Entity in order for it to execute and deliver the Transaction Documents or perform any of its obligations under or contemplated by the Transaction Documents or (ii) any third party pursuant to any agreement, indenture or instrument to which the Company is a party, in each case in accordance with the terms hereof or thereof other than such as have been made or obtained, and except for (x) any required filing or notifications regarding the issuance of additional securities with the SEC, NYSE, the Hong Kong Stock Exchange or the Singapore Exchange; or (y) the failure to obtain such consent, authorization, order, or make such filing or registration that, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect.

(f) Issuance of Securities. The Securities, when issued and paid for in accordance with the terms hereof, will be duly authorized, validly issued and non-assessable and free from any Encumbrance and the Securities will be fully paid with the holders being entitled to all rights accorded to a holder of the Company's Class A Ordinary Shares. Assuming the accuracy of the representations and warranties set forth in Section 3 of this Agreement, the offer and issuance by the Company of the Securities is exempt from registration under the Securities Act.

(g) No Direct Selling Efforts. Neither the Company, nor any of its Affiliates, nor any Person acting on its or their behalf, has engaged in any form of general solicitation or direct selling efforts as that terms is defined in Rule 902 of Regulation S in connection with the offer or sale of the Securities.

(h) Public Documents. The Company has timely filed all the Public Documents.

(i) As of their respective effective dates (in the case of the SEC Documents that are registration statements filed pursuant to the requirements of the Securities Act) and as of their respective filing dates (in the case of all other SEC Documents), or in each case, if amended prior to the date hereof, as of the date of the last such amendment, (A) each of the SEC Documents complied in all material respects with the requirements of the Securities Act or the 1934 Act, as the case may be, and the rules and regulations of the SEC promulgated thereunder, and, (B) none of the SEC Documents contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the material statements therein, in the light of the circumstances under which they were made, not misleading. As of the date of this Agreement, there are no material outstanding or unresolved comments in comment letters received by the Company from the staff of the SEC with respect to any SEC Document.

(ii) As of their respective dates of submission or publication of the Hong Kong Stock Exchange Documents, or in each case, if amended prior to the date hereof, as of the date of the last such amendment, (A) each of the Hong Kong Stock Exchange Documents complied in all material respects with the applicable requirements of the Hong Kong Listing Rules and (B) none of the Hong Kong Stock Exchange Documents contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the material statements therein, in the light of the circumstances under which they were made, not misleading.

(iii) As of their respective dates of submission or publication of the Singapore Exchange Documents, or in each case, if amended prior to the date hereof, as of the date of the last such amendment, (A) each of the Singapore Exchange Documents complied in all material respects with the applicable requirements of the listing manual of the Singapore Exchange and the Singapore Code of Corporate Governance and (B) none of the Singapore Exchange Documents contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the material statements therein, in the light of the circumstances under which they were made, not misleading.

(i) Financial Statements. As of their respective dates, the financial statements of the Company included in the Public Documents complied as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC, the Hong Kong Stock Exchange and the Singapore Exchange with respect thereto. The consolidated financial statements (including any related notes thereto) included or incorporated by reference in the Public Documents fairly presented in all material respects the consolidated financial position of the Company and its Subsidiaries as of the dates indicated therein and the consolidated results of their operations and cash flows for the periods specified therein. Such financial statements were prepared in accordance with GAAP applied on a consistent basis throughout the periods covered thereby (except (i) as may be otherwise indicated in such financial statements or the notes thereto, or (ii) in the case of unaudited interim statements, to the extent they may exclude footnotes or may be condensed or summary statements).

(j) Internal Controls. The Company and its Subsidiaries maintain (and have maintained), with respect to the operations of the business of the Company and its Subsidiaries a system of internal control over financial reporting (as defined in Rule 13a-15 or 15d-15, as applicable, under the 1934 Act) that is sufficient to provide reasonable assurance that (A) transactions are recorded as necessary to permit preparation of consolidated financial statements of the Company in accordance with GAAP, (B) receipts and expenditures of the

Company are being made only in accordance with appropriate authorizations of management and the Board, and (C) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the assets of the Company and its Subsidiaries.

(k) No Material Adverse Effect. Since December 31, 2022, no event or circumstance has occurred that, individually or in the aggregate, has had or would reasonably be expected to have a Material Adverse Effect.

(l) Litigation. Except as disclosed in the Public Documents, there are no claims, suits, actions or proceedings pending or, to the Company's knowledge, threatened against the Company or any of its Subsidiaries before any Governmental Entity or any arbitrator that seeks to restrain or enjoin the consummation of the transactions contemplated by the Transaction Documents or which would reasonably be expected, to have, individually or in the aggregate, a Material Adverse Effect.

(m) Compliance with Applicable Laws. Except as set forth in the Public Documents, each of the Company and its Subsidiaries has conducted its businesses in compliance with all applicable laws, regulations and applicable stock exchange requirements, except where the failure to be in compliance, individually or in the aggregate, do not and would not reasonably be expected to have, a Material Adverse Effect, and as of the date of this Agreement, the Company has not received any comment letter from the SEC or the staff thereof or any notices from NYSE, the Singapore Exchange or the Hong Kong Stock Exchange regarding non-compliance with any of such Governmental Entity's rules or regulations.

(n) Sanctions, Anti-Corruption, Ex-Im Laws and Anti-Money Laundering. Neither the Company nor any of its Subsidiaries, or any of their respective directors, officers, employees is a Sanctioned Person. The Company and its Subsidiaries, and to the knowledge of the Company, their respective directors, officers and employees have been for the past five (5) years prior to the date hereof and are currently in compliance with Sanctions, Anti-Corruption Laws, Ex-Im Laws and Anti-Money Laundering Laws. For the past five (5) years prior to the date hereof, neither the Company nor its Subsidiaries (i) has had or currently has assets located in, or otherwise directly or indirectly has derived or currently derives revenues from or has engaged or currently engages in investments in or with, any Sanctioned Country; or (ii) directly or indirectly has derived or currently derives revenues from or has engaged or currently engages in investments, dealings, activities or transactions in or with any Sanctioned Person. For the past five (5) years prior to the date hereof, there has not been, and there is no, pending or, to the Company's knowledge, threatened action, suit, proceeding or investigation before any court or other Governmental Entity against the Company or any Subsidiary or Affiliate of the Company, or any of their respective officers, directors, employees, or, to the knowledge of the Company, agents (with respect to such agents' activities or transactions that were within the scope of their authorized agency relationship with the Company or its Subsidiaries), or any investigation by the Company, a Subsidiary or Affiliate of the Company, or their respective legal or other representatives involving the foregoing, that relates to a potential or actual violation of Sanctions, Anti-Corruption Laws, Ex-Im Laws or Anti-Money Laundering Laws; nor does a basis for any such claim exist.

(o) Securities and Futures Ordinance. The conditions on which the Hong Kong Securities and Futures Commission (the "**SFC**") granted a partial exemption under section 309(2) of the Securities and Futures Ordinance (the "**SFO**") to the Company, its substantial

shareholders, directors and chief executive from strict compliance with the provisions of Part XV of the SFO continue to be satisfied and there has been no material change that has caused the SFC to withdraw or reconsider such exemption.

(p) Brokers and Finders. No Person will have, as a result of the transactions contemplated by the Transaction Documents, any valid right, interest or claim against or upon the Company or any of its Subsidiaries for any commission, fee or other compensation pursuant to any agreement, arrangement or understanding with a placement agent entered into by or on behalf of the Company or any of its Subsidiary.

(q) No Additional Representations. The Company makes no representations or warranties as to any matter whatsoever except as expressly set forth in the Transaction Documents or in any certificate delivered by the Company to the Purchaser in accordance with the terms thereof.

5. COVENANTS AND ADDITIONAL AGREEMENTS

(a) Business Cooperation Agreements. Following the Closing Date, the Company and the Purchaser (or any of their respective Affiliates) shall use their respective commercially reasonable efforts to discuss, negotiate and enter into one or more detailed definitive agreements after Closing reflecting the business cooperation arrangements specified in Exhibit B attached hereto.

(b) Consents and Approvals. The Purchaser shall take all necessary actions to obtain all requisite internal consents, approvals, or authorizations with respect to Closing as soon as practicable after the date hereof and in any event prior to the Closing Date.

(c) Director Nomination Right.

(i) Upon the Closing, the Purchaser shall be entitled to nominate one (1) director to the Board (such Person, the "**Purchaser Designee**"), subject to requirements of the NYSE, the Hong Kong Stock Exchange, the Singapore Exchange or any other applicable securities exchange, and the Company shall, take all necessary actions to add such Purchaser Designee to the Board at the next regularly scheduled meeting of the Board after the Closing. The Purchaser may exercise its director nomination rights hereunder through delivery of a written notice to the Company regarding the nomination, and the appointment of the Purchaser Designee by the Board shall be subject to the Company Articles and requirements of the NYSE, the Hong Kong Stock Exchange, the Singapore Exchange or any other applicable securities exchange applicable to the composition of the Board and qualifications and appointment of directors. The Company and the Board shall take customary and reasonable actions to obtain shareholder approval of the Purchaser Designee as a director of the Board to the extent such approval is required under applicable law. The Company shall take all necessary actions to ensure that, at all times when a Purchaser Designee is eligible to be appointed or nominated, there are sufficient vacancies on the Board to permit such designation.

(ii) The Purchaser shall have the right to request (by written notice to the Board) the removal of the Purchaser Designee, following which the Company and the Board shall take all necessary actions to cause the removal of such Purchaser Designee as a director of the Company. If any Purchaser Designee ceases to serve on the Board for any reason during his or her term, the vacancy created thereby shall be filled, and the Company shall cause the Board to fill such vacancy, with a new Purchaser Designee eligible to serve on the Board in accordance with Section 5(c)(i); provided, however, notwithstanding anything to the contrary in this Agreement, in the event that the Purchaser's rights under this Section 5(c) are terminated, any Purchaser Designee serving on the Board shall tender his or her resignation to the Board.

(iii) For the avoidance of doubt, a Purchaser Designee shall be entitled (A) to the same retainer, equity compensation and other fees or compensation, including travel and expense reimbursement, paid to the directors of the Company for his or her service as a director and (B) to the same indemnification rights as other directors of the Company, and the Company shall maintain, in full force and effect, directors' and officers' liability insurance in reasonable amounts to the same extent it now indemnifies and provides insurance for the directors on the Board.

(iv) The rights of the Purchaser under this Section 5(c) shall terminate automatically if the Purchaser and its Affiliates beneficially own less than five percent (5%) of the then total issued and outstanding share capital of the Company.

(d) Expenses. Each party shall bear and pay its own costs, fees and expenses incurred by it in connection with the Transaction Documents and the transactions contemplated by the Transaction Documents.

(e) Purchaser Lockup. The Purchaser shall not, during the period commencing on the date hereof and ending six (6) months after the Closing Date (the "**Lock-Up Period**"), Transfer any portion or interest of the Securities purchased hereunder without the prior written consent of the Company, other than (A) to any Affiliate of the Purchaser or to any investment fund or other entity controlling, controlled by, managing or managed by or under common control with the Purchaser or as part of a distribution to members or shareholders of the Purchaser upon liquidation, (B) pursuant to tenders, sales or other transfers pursuant to a bona fide third-party tender offer, merger, consolidation or other similar transaction made to all holders of ADS or Class A Ordinary Shares or involving a Change of Control of the Company, (C) Class A Ordinary Shares and ADSs acquired by the Purchaser in open market transactions subsequent to the Closing or (D) to the Company. Any purported sale, transfer, pledge, encumbrance, assignment, loan, or disposal of the Securities in violation of the foregoing sentence without prior written consent of the Company shall be null and void.

(f) Public Disclosure. Without limiting any other provision of this Agreement, the Company and Purchaser, to the extent permitted by applicable law, will consult with each other before issuance of, and provide each other the opportunity to review and comment upon, any press release or public statement with respect to the Transaction Documents and the transactions contemplated hereby and thereby, and will not (to the extent practicable) issue any such press release or make any such public statement prior to such consultation with and

consent of the other party, which shall not be unreasonably withheld, conditioned or delayed, except as to such press release or public statement (and information contained therein) that the Company or the Purchaser determines, after consultation with outside legal counsel, is required by law, rules, regulations or any listing agreement with or requirement of the SEC, NYSE, the Hong Kong Stock Exchange, the Singapore Exchange or any other applicable securities exchange; provided that the disclosing party shall, to the extent permitted by applicable law, rules, regulations or any listing agreement with or requirement of the SEC, NYSE, the Hong Kong Stock Exchange, the Singapore Exchange or any other applicable securities exchange and if reasonably practicable, inform the other parties about the disclosure to be made pursuant to such requirements prior to the disclosure. Notwithstanding the foregoing, this Section 5(f) shall not apply to any press release or other public statement made by the Company that does not contain any information relating to this Agreement that has not been previously announced or made public in accordance with the terms of this Agreement and that is made in the ordinary course of business.

(g) Sanctions, Anti-Corruption, Ex-Im Laws and Anti-Money Laundering. The Company and each of its Subsidiaries shall not, directly or indirectly, use any proceeds of the Aggregate Purchase Price, or use, lend, contribute or otherwise make available any such proceeds, to any Subsidiary, Affiliate, joint venture partner or other Person (i) to fund any investments, activities or transactions involving any Sanctioned Country or Sanctioned Person or (ii) if such use, loan, contribution, or the making available of any such proceeds would be prohibited under Sanctions for a Person subject to U.S., EU or UK jurisdiction; or otherwise in any manner in violation of Sanctions, Anti-Corruption Laws, Ex-Im Laws or Anti-Money Laundering Laws by any Person (including Purchaser, nominee, financial institution, arranger or advisor). The Company will maintain policies and procedures reasonably designed to ensure compliance with Sanctions, Ex-Im Laws Anti-Corruption Laws and Anti-Money Laundering Laws.

(h) Use of Proceeds. The Company shall designate the proceeds from the sale of the Securities for research and development and expansion of business internationally.

6. CONDITIONS TO THE COMPANY'S OBLIGATIONS

The obligation of the Company hereunder to issue and sell the Securities to the Purchaser at the Closing is subject to the satisfaction or waiver by the Company, on or before the Closing Date, of each of the following conditions:

(a) Execution of Transaction Documents. The Purchaser shall have duly executed and delivered to the Company each of the Transaction Documents to which it is a party. The execution and delivery of this Agreement by the Purchaser and the consummation of the transactions contemplated by and in compliance with the provisions of the Transaction Documents have been duly authorized by all necessary entity action on the part of the Purchaser.

(b) Performance. The Purchaser shall have performed and complied in all material respects with all agreements, obligations and conditions contained in the Transaction Documents that are required to be performed or complied with by it on or before the Closing.

(c) Representations and Warranties; Covenants. The representations and warranties of the Purchaser shall be true and correct in all material respects (except for those representations and warranties that are qualified by materiality or material adverse effect, which shall be true

and correct in all respects) as of the date of this Agreement and as of the Closing Date as though made at that time (except for representations and warranties that speak as of a specific date, which shall be true and correct as of such specified date); provided that each representation or warranty made by the Purchaser in this Agreement under Sections 3(a), 3(b) and 3(c) shall be true and correct in all respects as of the date of this Agreement and as of the Closing Date as though made at that time (except for representations and warranties that speak as of a specific date, which shall be true and correct as of such specified date).

(d) No Stop Order. There shall not be in force and effect any (A) law, rule or regulation (whether temporary, preliminary or permanent) or (B) order, judgment, verdict, subpoena, injunction, decree, ruling, determination or award by any Governmental Entity of competent jurisdiction, in either case, enjoining, prohibiting or having the effect of making illegal the consummation of the transactions contemplated by this Agreement.

(e) Closing of the Secondary Share Transfer. The closing of the Secondary Share Transfer shall have occurred prior to the Closing.

7. CONDITIONS TO THE PURCHASER'S OBLIGATIONS

The obligation of the Purchaser hereunder to purchase the Securities at the Closing is subject to the satisfaction or waiver by the Purchaser, on or before the Closing Date, of each of the following conditions:

(a) Execution of Transaction Documents. The Company shall have duly executed and delivered to the Purchaser each of the Transaction Documents to which it is a party.

(b) Performance. The Company shall have performed and complied in all material respects with all agreements, obligations and conditions contained in the Transaction Documents that are required to be performed or complied with by it on or before the Closing.

(c) Representations and Warranties; Covenants. The representations and warranties of the Company contained in the Transaction Documents shall be true and correct in all material respects (except for those representations and warranties that are qualified by materiality or material adverse effect, which shall be true and correct in all respects) as of the date of this Agreement and as of the Closing Date as though made at that time (except for representations and warranties that speak as of a specific date, which shall be true and correct in all material respects as of such specified date); provided that each representation or warranty made by the Company in this Agreement under Sections 4(a), 4(b), 4(c), 4(f) and 4(g) shall be true and correct in all respects as of the date of this Agreement and as of the Closing Date as though made at that time (except for representations and warranties that speak as of a specific date, which shall be true and correct as of such specified date).

(d) No Stop Order. There shall not be in force and effect any (A) law, rule or regulation (whether temporary, preliminary or permanent) or (B) order, judgment, verdict, subpoena, injunction, decree, ruling, determination or award by any Governmental Entity of competent jurisdiction, in either case, enjoining, prohibiting or having the effect of making illegal the consummation of the transactions contemplated by this Agreement.

(e) Closing of the Secondary Share Transfer. The closing of the Secondary Share Transfer shall have occurred prior to the Closing.

(f) No Material Adverse Effect. No Material Adverse Effect shall have occurred since the date of this Agreement.

(g) Exchange Listing. The Company shall have filed a supplemental listing application for the ADSs representing the Securities with NYSE and shall have received no objection thereto from NYSE.

8. TERMINATION

(a) Subject to Section 8(b) below, this Agreement may be terminated and the transactions contemplated by this Agreement abandoned at any time prior to the Closing:

(i) by either the Company or the Purchaser, by written notice to the other party, if Closing does not occur by July 14, 2023;

(ii) by mutual agreement of the Company and the Purchaser;

(iii) by the Company or the Purchaser if there is in force and effect any (A) law, rule or regulation (whether temporary, preliminary or permanent) or (B) order, judgment, verdict, subpoena, injunction, decree, ruling, determination or award by any Governmental Entity of competent jurisdiction, in either case, enjoining, prohibiting or having the effect of making illegal the consummation of the transactions contemplated by this Agreement;

(iv) by the Purchaser if any representation or warranty made by the Company under this Agreement shall have become untrue or there has been a breach of any covenant or agreement by the Company under this Agreement, which breach cannot be cured or, if it is capable of being cured, that is not cured within seven (7) Business Days of its occurrence, in either case such that the conditions set forth in Section 7 would not be satisfied as of the time of such breach or as of the time such representation or warranty shall have become untrue; provided, however, that the Purchaser shall not have the right to terminate this Agreement pursuant to this Section 8(a)(iv) if the Purchaser shall have materially breached or failed to perform any of its representation or warranty or covenant or agreement under any Transaction Document which breach or failure to perform would give rise to the failure of the condition set forth in Section 7; or

(v) by the Company if any representation or warranty made by the Purchaser under this Agreement shall have become untrue or there has been a breach of any covenant or agreement by the Purchaser under this Agreement, which breach cannot be cured or, if it is capable of being cured, that is not cured within seven (7) Business Days of its occurrence, in either case such that the conditions set forth in Section 6 would not be satisfied as of the time of such breach or as of the time such representation or warranty shall have become untrue; provided, however, that the Company shall not have the right to terminate this Agreement pursuant to this Section 8(a)(v) if the Company shall have materially breached or failed to perform any of its representation or warranty or covenant or agreement under any Transaction Document which breach or failure to perform would give rise to the failure of the condition set forth in Section 6.

(b) In the event of termination of this Agreement as provided in Section 8(a) above, this Agreement shall forthwith become void and there shall be no liability or obligation on the part of the parties hereto and, as applicable, the officers, directors and shareholders of each

party, except that the provisions of Sections 8 and 9 hereof shall remain in full force and effect; provided that nothing herein shall relieve any party hereto from liability for any breach of this Agreement that occurred prior to such termination.

9. MISCELLANEOUS

(a) No Survival. None of the representations, warranties, covenants or agreements in this Agreement or in any instrument delivered pursuant to this Agreement shall survive the Closing and all rights, claims and causes of action (whether in contract or in tort or otherwise, or whether at law or in equity) with respect thereto shall terminate at the Closing. Notwithstanding the foregoing, neither this Section 9(a) nor anything else in this Agreement to the contrary shall limit: (a) the survival of any covenant or agreement of the parties which by its terms is required to be performed or complied with in whole or in part after the Closing, which covenants and agreements shall survive the Closing in accordance with their respective terms; or (b) the liability of any Person with respect to fraud.

(b) Governing Law; Arbitration. All questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by and construed in accordance with the laws of the State of New York without giving effect to any choice or conflict of law provision or rule thereof. Any dispute, controversy or claim arising out of or relating to this Agreement, or the interpretation, breach, termination or validity hereof, shall be submitted to arbitration upon the request of any party with notice to the other party. The arbitration shall be conducted in Hong Kong under the auspices of the Hong Kong International Arbitration Centre ("**HKIAC**") in accordance with the HKIAC Administered Arbitration Rules then in effect, which rules are deemed to be incorporated by reference into this Section 9(b). There shall be three (3) arbitrators. The complainant and the respondent to such dispute shall each select one arbitrator within thirty (30) days after giving or receiving the demand for arbitration. The Chairman of the HKIAC shall select the third arbitrator, who shall be qualified to practice law in Hong Kong. If either party to the arbitration does not appoint an arbitrator who has consented to participate within thirty (30) days after selection of the first arbitrator, the relevant appointment shall be made by the Chairman of the HKIAC. The arbitration proceedings shall be conducted in English. Each party irrevocably waives, to the fullest extent it may effectively do so, any objection which it may now or hereafter have to the laying of venue of any such arbitration in Hong Kong and the HKIAC, and hereby submits to the exclusive jurisdiction of HKIAC in any such arbitration. The award of the arbitration tribunal shall be conclusive and binding upon the disputing parties, and any party to the dispute may apply to a court of competent jurisdiction for enforcement of such award. Any party to the dispute shall be entitled to seek preliminary injunctive relief, if possible, from any court of competent jurisdiction pending the constitution of the arbitral tribunal.

(c) Remedies and Waivers. No delay or omission by any party to this Agreement in exercising any right, power or remedy provided by law or under this Agreement or any other documents referred to in it shall: (i) affect that right, power or remedy; or (ii) operate as a waiver thereof. The single or partial exercise of any right, power or remedy provided by law or under this Agreement shall not preclude any other or further exercise or any other right, power or remedy. Except as otherwise expressly provided in this Agreement, the rights, powers and remedies provided in this Agreement are cumulative and not exclusive of any rights, powers and remedies provided by law.

(d) Counterparts. This Agreement may be executed in two or more identical counterparts, all of which shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party. Signatures in the form of electronically imaged ".pdf" shall be considered due execution and shall be binding upon the signatory thereto with the same force and effect as if the signatures were original.

(e) Headings. The headings of this Agreement are for convenience of reference and shall not form part of, or affect the interpretation of, this Agreement.

(f) Severability. If any provision of this Agreement shall be invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall not affect the validity or enforceability of the remainder of this Agreement in that jurisdiction or the validity or enforceability of any provision of this Agreement in any other jurisdiction.

(g) Interpretation. When a reference is made in this Agreement to an Article, Section or Exhibit, such reference shall be to an Article or Section of, or an Exhibit to, this Agreement unless otherwise indicated. The table of contents and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation". The words "hereof", "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. The word "or" shall not be exclusive. All references to "$" mean the lawful currency of the U.S. The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such term. Except as specifically stated herein, any agreement, instrument or statute defined or referred to herein or in any agreement or instrument that is referred to herein means such agreement, instrument or statute as from time to time amended, modified or supplemented, including (in the case of agreements or instruments) by waiver or consent and (in the case of statutes) by succession of comparable successor statutes and references to all attachments thereto and instruments incorporated therein. Except as otherwise specified herein, references to a person are also to its permitted successors and assigns. Each of the parties has participated in the drafting and negotiation of this Agreement. If an ambiguity or question of intent or interpretation arises, this Agreement must be construed as if it is drafted by all the parties and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of authorship of any of the provisions of this Agreement.

(h) Entire Agreement; Amendments. This Agreement (including all schedules and exhibits hereto), together with the other Transaction Documents constitute the entire agreement, and supersede all other prior oral or written agreements between the Purchaser, the Company, their Affiliates and Persons acting on their behalf with respect to the subject matter hereof and thereof. No provision of this Agreement may be amended other than by an instrument in writing signed by the Company and the Purchaser. No provision hereof may be waived other than by an instrument in writing signed by the party against whom enforcement is sought.

(i) Notices. Any notices, consents, waivers or other communications required or permitted to be given under the terms of this Agreement must be in writing and will be deemed to have been delivered: (i) upon receipt, when delivered personally or by internationally recognized overnight courier service; (ii) upon receipt, when sent by email if sent during

normal business hours of the recipient, and if not, then on the next Business Day, in each case properly addressed to the party to receive the same. The addresses and email addresses for such communications shall be:

If to the Company:

NIO Inc.
Address: Building 19, No. 889, Tianlin Road
Minhang District
Shanghai, People's Republic of China
Telephone: [***]
Email: [***]
Attention: [***]

with a copy (for informational purposes only) to:

Skadden, Arps, Slate, Meagher & Flom LLP
Address: 46/F, Tower II, Jing An Kerry Centre
1539 Nanjing West Road
Shanghai 200040, People's Republic of China
Telephone: [***]
Email: [***]
Attention: [***]

If to the Purchaser:

CYVN Holdings L.L.C.
Address: Building No.51B, Al Bateen Executive Airport,
Abu Dhabi, United Arab Emirates
Telephone: [***]
Email: [***]
Attention: [***]

with a copy (for informational purposes only) to:

Akin Gump Strauss Hauer & Feld LLP
Address: One Bryant Park
New York, NY 10036
Telephone: [***]
Email: [***]
Attention: [***]

(j) Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the parties

hereto (whether by operation of law or otherwise) without the prior written consent of the other parties; provided, however, that the Purchaser may assign its rights and obligations under this Agreement to one or more of its Affiliates in connection with the Purchaser's assignment of Securities to such Affiliates with prior written notice to the Company.

(k) Further Assurances. Each of the Purchaser and the Company shall, in good faith, cooperate and consult with the other and use commercially reasonable efforts to prepare and file all necessary documentation, to effect all necessary applications, notices, petitions, filings and other documents, and to obtain all necessary permits, consents, orders, approvals and authorizations of, or any exemption by, all Governmental Entities, necessary or advisable to consummate the transactions contemplated by this Agreement and the other Transaction Documents. Each party shall do and perform, or cause to be done and performed, all such further acts and things, and shall execute and deliver all such other agreements, certificates, instruments and documents, as any other party may reasonably request in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated hereby.

(l) Adjustment of Share Numbers. If there is a subdivision, split, stock dividend, combination, reclassification or similar event with respect to any of the shares of Company's Class A Ordinary Shares referred to in this Agreement, then, in any such event, the numbers and types of shares of such Class A Ordinary Shares referred to in this Agreement shall be equitably adjusted as appropriate to the number and types of shares of such stock that a holder of such number of shares of such stock would own or be entitled to receive as a result of such event of such holder had held such number of shares immediately prior to the record date for, or effectiveness of, such event.

(m) Specific Performance. The parties hereto acknowledge and agree irreparable harm would occur for which money damages would not be an adequate remedy in the event that any of the provisions of the Transaction Documents were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties to the Transaction Documents shall be entitled, in addition to any other remedy to which such party is entitled at law, in equity, in contract, in tort or otherwise, to an injunction or injunctions, without posting a bond or undertaking and without proof of damages, to prevent breaches of the Transaction Documents and to enforce specifically the terms and provisions of the Transaction Documents.

[Signature Pages Follow]

IN WITNESS WHEREOF, the Company and the Purchaser have caused their respective signature page to this Share Subscription Agreement to be duly executed as of the date first written above.

COMPANY:

NIO INC.

By: /s/ Bin Li
Name: Bin Li
Title: Chairman of the Board of Directors
and Chief Executive Officer

IN WITNESS WHEREOF, the Company and the Purchaser have caused their respective signature page to this Share Subscription Agreement to be duly executed as of the date first written above.

PURCHASER:

CYVN HOLDINGS L.L.C.

By: /s/ Jassem Mohamed Obaid Bu Ataba Alzaabi
Name: Jassem Mohamed Obaid Bu Ataba Alzaabi
Title: Chairman

Exhibit A

Registration Rights Agreement

Exhibit B

Key Scope and Objectives of Business Cooperation

Following the Closing Date, the Parties hereby agree to cooperate with each other in the following areas if and only to the extent such cooperation (a) would not be prohibited under Sanctions for a Person subject to U.S., EU or UK jurisdiction; (b) would not be prohibited under Anti-Corruption Laws, Ex-Im Laws or Anti-Money Laundering Laws; (c) does not involve a Sanctioned Country; and (d) does not otherwise violate or contradict with any applicable local law or regulations: (i) the Investor shall have the right to participate in future investments and strategic expansions of the Company in connection with its international business, subject to the Company's expansion planning, market entry strategies and transaction structures to be tailored for the applicable jurisdictions. In particular, the Company undertakes to prioritize its expansion in the MENA market and will form a business plan with regards to MENA in consultation with the Investor within six (6) months of Closing; and (ii) the Company or its Affiliate to provide technology, engineering and supply chain support to CYVN Automotive, with detailed cooperation plan to be further discussed. The Company or its Affiliates will also consider potential investment into CYVN Automotive subject to the progress of development of CYVN Automotive and status of the Parties' technical cooperation.

Exhibit 4.45

REGISTRATION RIGHTS AGREEMENT

between

NIO INC.

and

CYVN Holdings L.L.C.

Dated as of June 20, 2023

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REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT (the "**Agreement**") is made as of June 20, 2023, by and between NIO Inc., an exempted company with limited liability incorporated under the laws of the Cayman Islands (the "**Company**"), and CYVN Holdings L.L.C., a limited liability company organized under the laws of Abu Dhabi, United Arab Emirates (the "**Investor**").

BACKGROUND

A. WHEREAS, the Company and the Investor have entered into that certain Share Subscription Agreement, dated as of June 20, 2023 (the "**Share Subscription Agreement**"), pursuant to which the Investor has agreed to subscribe for and purchase from the Company a certain number of Class A Ordinary Shares.

B. WHEREAS, the Investor has entered into a share purchase agreement (the "**Secondary Transfer Agreement**") on June 20, 2023 with Image Frame Investment (HK) Limited (the "**Existing Shareholder**"), pursuant to which the Investor purchased Class A Ordinary Shares beneficially owned by the Existing Shareholder. The Class A Ordinary Shares to be subscribed for by the Investor under the Share Subscription Agreement, together with the Class A Ordinary Shares purchased by the Investor from the Existing Shareholder pursuant to the Secondary Transfer Agreement, are collectively referred to hereunder as the "**Subject Securities**".

C. WHEREAS, reference is made to the Fifth Amended and Restated Shareholders' Agreement among the Company and other parties thereto, dated November 10, 2017 (the "**Shareholders Agreement**").

D. WHEREAS, the Company and the Investor desire to set forth their agreements regarding certain registration rights with respect to the Subject Securities and other Registrable Securities.

NOW THEREFORE, in consideration of the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

AGREEMENT

SECTION 1

EFFECTIVENESS; DEFINITIONS

1.1. Effective Date. This Agreement shall become effective upon the closing of the transactions contemplated by the Share Subscription Agreement (the "**Closing**").

1.2. Definitions. Certain terms are used in this Agreement as specifically defined herein. These definitions are set forth or referred to in Section 7 hereof.

SECTION 2

SHELF REGISTRATION

2.1. Shelf Registration. (1) No later than the thirtieth (30th) day immediately following the six (6) month anniversary of Closing, and (2) at any time thereafter, no later than the thirtieth (30th) day immediately following a written demand by the Investor, in case the Company does not already have an effective Registration Statement on Form F-3 on file, the Company shall prepare and file with the Commission one Registration Statement for an offering to be made on a continuous basis pursuant to Rule 415 of the Securities Act registering the resale from time to time pursuant to any method or combination of methods legally available to, and requested by, the Investor of all of the Registrable Securities then held by the Investor that are not covered by an effective Registration Statement. Such Registration Statement also shall cover, to the extent allowable under the Securities Act (including Rule 416 under the Securities Act), such indeterminate number of additional Registrable Securities resulting from stock splits, stock dividends or similar transactions with respect to the Registrable Securities. The Registration Statement (and each amendment or supplement thereto, and each request for acceleration of effectiveness thereof, if applicable) shall be provided in accordance with Section 4.1 to the Investor prior to its filing or other submission. Notwithstanding any other provision of this Section 2.1, if the Commission Staff does not permit all of the Registrable Securities to be registered on the Registration Statement filed pursuant to this Section 2.1 or Section 2.2 or requires the Investor to be named as an "underwriter", then the Company shall use its reasonable best efforts to persuade the Commission Staff that the offering contemplated by the Registration Statement is a valid secondary offering and not an offering "by or on behalf of the issuer" as defined in Rule 415 under the Securities Act and that the Investor is not an "underwriter" or that the number of shares the Company is eligible to register on the Registration Statement should not be so limited.

2.2. Right of Deferral.

i. The Company shall not be obligated to Register or qualify the Registrable Securities held by the Investor pursuant to Section 2.1 if (1) during the period starting with the date of filing by the Company of, and ending six (6) months following the effective date of any Registration Statement filed pursuant to Section 2.1; **provided that** the Investor is entitled to join such Registration in accordance with Section 3 (*Piggyback Registrations*); (2) the aggregate anticipated price to the public of any Registrable Securities proposed to be sold pursuant to such Registration is less than US$50,000,000 (or the equivalent thereof in other currencies); or (3) in any jurisdiction in which the Company would be required to execute a general consent to service of process in effecting such Registration or qualification, unless the Company is already subject to service of process in such jurisdiction.

ii. If, after receiving a request from the Investor pursuant to Section 2.1 hereof, the Company furnishes to the Investor a certificate signed by the chief executive officer of the Company stating that, in the good faith judgment of the board of directors of the Company, it would be materially detrimental to

the Company or its members for a Registration Statement to be filed in the near future, then the Company shall have the right to defer such filing for a period during which such filing would be materially detrimental, **provided that** the Company may not utilize this right for a Registration under Section 2.1 for more than sixty (60) days, on any one occasion or more than once during any twelve (12) month period; **provided further that** the Company may not Register any other of its Equity Securities during such period (except for Exempt Registrations).

2.3. Underwritten Offerings. If, in connection with a request to Register Registrable Securities under Section 2.1, the Investor seeks to distribute such Registrable Securities in an underwritten offering, it shall so advise the Company as a part of the request, and the Company shall include such information in the written notice to be promptly sent to the Holders. The Company shall, as soon as practicable, cause the Registrable Securities specified in the request, together with any NIO Securities of any Holder who requests in writing to join such Registration within fifteen (15) days after the Company's delivery of written notice, to be Registered and qualified for the applicable sale and distribution. In such event, the right of any Registration Rights Holder, including the Investor, to include its NIO Securities in such Registration shall be conditioned upon such Registration Rights Holder's participation in such underwritten offering and the inclusion of such Registration Rights Holder's NIO Securities in the underwritten offering to the extent provided herein. All Registration Rights Holders proposing to distribute their securities through such underwritten offering shall enter into an underwriting agreement in customary form with the underwriter or underwriters of internationally recognized standing selected for such underwritten offering by the Company and reasonably acceptable to the holders of a majority of the voting power of all NIO Securities proposed to be included in such Registration. Notwithstanding any other provision of this Agreement, if the managing underwriter(s) advises(s) the Company that marketing factors (including without limitation the aggregate number of securities requested to be Registered, the general condition of the market, and the status of the Persons proposing to sell securities pursuant to the Registration) require a limitation of the number of NIO Securities to be underwritten in a Registration, the underwriters may exclude up to seventy-five percent (75%) of the NIO Securities requested to be Registered but only after first excluding all other Equity Securities from the Registration and underwritten offering, **provided that** the number of shares to be included in the Registration on behalf of the non-excluded Registration Rights Holders is allocated among all Registration Rights Holders in proportion, as nearly as practicable, to the respective amounts of NIO Securities requested by such Registration Rights Holders to be included. If the Investor disapproves the terms of any underwriting, the Investor may elect to withdraw therefrom by written notice to the Company and the underwriters delivered at least ten (10) days prior to the effective date of the Registration Statement. Any Registrable Securities excluded or withdrawn from such underwritten offering shall be withdrawn from the Registration. To facilitate the allocation of shares in accordance with the above provisions, the Company or the underwriters may round the number of shares allocated to a Holder to the nearest one hundred (100) shares.

SECTION 3

PIGGYBACK REGISTRATIONS

3.1. Registration of the Company's Securities. Subject to the terms of this Agreement, if the Company proposes to Register for its own account any of its Equity Securities, or for the account of any holder of Equity Securities any of such holder's Equity Securities, in connection with the public offering of such securities (except for Exempt Registrations), the Company shall promptly give the Investor written notice of such Registration and, upon the written request of the Investor given within fifteen (15) days after delivery of such notice, the Company shall include in such Registration any Registrable Securities thereby requested to be Registered by the Investor. If the Investor decides not to include all or any of its Registrable Securities in such Registration by the Company, the Investor shall nevertheless continue to have the right to include any Registrable Securities in any subsequent Registration Statement or Registration Statements as may be filed by the Company, all upon the terms and conditions set forth herein.

3.2. Right to Terminate Registration. The Company shall have the right to terminate or withdraw any Registration initiated by it under Section 3.1 prior to the effectiveness of such Registration, whether or not the Investor has elected to participate therein. The expenses of such withdrawn Registration shall be borne by the Company in accordance with Section 4.3.

3.3. Underwriting Requirements.

i. In connection with any offering involving an underwriting of the Company's Equity Securities, the Company shall not be required to Register any Registrable Securities under this Section 3 (*Piggyback Registrations*) unless the Registrable Securities are included in the underwritten offering and the Investor enters into an underwriting agreement in customary form with the underwriter or underwriters of internationally recognized standing selected by the Company and setting forth such terms for the underwritten offering as have been agreed upon between the Company and the underwriters. In the event the managing underwriter(s) advise(s) the Company and the Registration Rights Holders seeking Registration of their respective NIO Securities pursuant to this Agreement and the Shareholders Agreement, as applicable, in writing that, in their opinion, market factors (including the aggregate number of Registrable Securities requested to be Registered, the general condition of the market, and the status of the Persons proposing to sell securities pursuant to the Registration) require a limitation of the number of NIO Securities to be underwritten, the underwriters may exclude up to seventy-five percent (75%) of the total NIO Securities requested to be Registered but only after first excluding all other Equity Securities (except for securities sold for the account of the Company) from the Registration and underwriting, **provided that** the number of shares to be included in the Registration on behalf of the non-excluded Registration Rights Holders is allocated among all Registration Rights Holders in proportion, as nearly as practicable, to the respective amounts of NIO Securities requested by such Registration Rights Holders to be included. To facilitate the allocation of

shares in accordance with the above provisions, the Company or the underwriters may round the number of shares allocated to a Registration Rights Holder to the nearest one hundred (100) shares.

ii. If the Investor disapproves the terms of any underwriting, the Investor may elect to withdraw therefrom by written notice to the Company and the underwriters delivered at least ten (10) days prior to the effective date of the Registration Statement. Any Registrable Securities excluded or withdrawn from the underwritten offering shall be withdrawn from the Registration.

3.4. Exempt Registrations. The Company shall have no obligation to Register any Registrable Securities under this Section 3 in connection with a Registration by the Company (i) on Form S-8 relating solely to the sale of securities to participants in a share incentive plan of the Company, or (ii) relating to a corporate reorganization or other transaction under Rule 145 of the Securities Act (or comparable provision under the laws of another jurisdiction, as applicable) (collectively, "**Exempt Registrations**").

SECTION 4

REGISTRATION PROCEDURES

4.1. Registration Procedures and Obligations. Whenever required under this Agreement to effect the Registration of any Registrable Securities held by the Investor, the Company shall, as expeditiously as reasonably possible:

i. Prepare and file with the Commission a Registration Statement with respect to those Registrable Securities and, to the extent the Registration Statement is not automatically effective, use its reasonable best efforts to cause that Registration Statement to become effective as soon as practicable, and, upon the request of the Investor, keep the Registration Statement effective until the distribution thereunder has been completed. The Company shall notify the Investor as promptly as practicable after any Registration Statement is declared effective (to the extent such Registration Statement is not automatically effective);

ii. Prepare and file with the Commission amendments and supplements to that Registration Statement and the prospectus used in connection with the Registration Statement as may be necessary to comply with the provisions of Applicable Securities Laws with respect to the disposition of all securities covered by the Registration Statement;

iii. Within a reasonable time before filing a Registration Statement, prospectus or amendments or supplements thereto with the Commission, furnish to one counsel selected by the Investor copies of such documents proposed to be filed, and the Company shall reasonably consider the comments of such counsel;

iv. Furnish to the Investor the number of copies of a prospectus, including a preliminary prospectus, required by Applicable Securities Laws, and any other documents as the Investor may reasonably request in order to facilitate the disposition of Registrable Securities owned by the Investor;

v. Use its reasonable best efforts to Register and qualify the securities covered by the Registration Statement under the securities laws of any jurisdiction, as reasonably requested by the Investor, provided, that the Company shall not be required to qualify to do business or file a general consent to service of process in any such jurisdictions;

vi. Use reasonable best efforts to cause all Registrable Securities covered by a Registration Statement to be listed on each securities exchange, interdealer quotation system or other market on which similar securities issued by the Company are then listed;

vii. In the event of any underwritten public offering (including for the avoidance of doubt, any "bought deal," "registered direct offering" or "overnight transaction"), enter into and perform its obligations under an underwriting agreement, in customary form, with the managing underwriter(s) of the offering, and take all such other customary actions as the Investor or the managing underwriter of such offering reasonably request in order to expedite or facilitate the disposition of such Registrable Securities (including, without limitation, making appropriate officers of the Company available to participate in "road show" and other customary marketing activities);

viii. Promptly notify the Investor at any time when a prospectus relating to the Registrable Securities held by the Investor is required to be delivered under Applicable Securities Laws of (a) the issuance of any stop order by the Commission, or (b) the happening of any event or the existence of any condition as a result of which any prospectus included in the Registration Statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances under which they were made, or if in the opinion of counsel for the Company it is necessary to supplement or amend such prospectus to comply with law, and at the request of the Investor promptly prepare and furnish to the Investor a reasonable number of copies of a supplement to or an amendment of such prospectus as may be necessary so that, as thereafter delivered to the purchasers of such securities, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances under which they were made or such prospectus, as supplemented or amended, shall comply with law;

ix. Furnish, at the request of the Investor requesting Registration of the Registrable Securities pursuant to this Agreement, on the date that such

Registrable Securities are delivered for sale in connection with a Registration pursuant to this Agreement, (A) an opinion and negative assurance letter, dated the date of the sale, of the counsel representing the Company for the purposes of the Registration, in form and substance as is customarily given to underwriters in an underwritten public offering; and (B) comfort letters dated as of (x) the effective date of the Registration Statement covering such Registrable Securities, and (y) the closing date of the offering, from the independent certified public accountants of the Company, in form and substance as is customarily given by independent certified public accountants to underwriters in an underwritten public offering, addressed to the underwriters;

x. Otherwise comply with all applicable rules and regulations of the Commission to the extent applicable to the applicable Registration Statement and use its reasonable best efforts to make generally available to its security holders (or otherwise provide in accordance with Section 11(a) of the Securities Act) an earnings statement satisfying the provisions of Section 11(a) of the Securities Act, no later than forty-five (45) days after the end of a twelve (12) month period (or ninety (90) days, if such period is a fiscal year) beginning with the first month of the Company's first fiscal quarter commencing after the effective date of such registration statement, which statement shall cover such twelve (12) month period, subject to any proper and necessary extensions;

xi. Not, without the written consent of the Investor, make any offer relating to the Registrable Securities that would constitute a "free writing prospectus," as defined in Rule 405 promulgated under the Securities Act;

xii. Take all reasonable action necessary to list the Registrable Securities on the primary exchange on which the Company's securities are then traded; and

xiii. Subject to the terms and conditions hereof, otherwise use its reasonable efforts to take all other steps necessary to effect the Registration of such Registrable Securities contemplated hereby.

4.2. Information from Investor. It shall be a condition precedent to the obligations of the Company to take any action pursuant to Section 2 (*Shelf Registration*) and Section 3 (*Piggyback Registrations*) hereof with respect to Registrable Securities of the Investor that the Investor shall furnish to the Company such information regarding itself, the Registrable Securities held by it, and the intended method of disposition of such Registrable Securities as shall be required by applicable law to effect the Registration of the Registrable Securities held by the Investor.

4.3. Expenses of Registration. All expenses, other than the underwriting discounts and selling commissions applicable to the sale of Registrable Securities pursuant to this Agreement, incurred in connection with Registrations, filings or qualifications pursuant to this Agreement, including (without limitation) all Registration, filing and qualification fees, stock exchange fees,

Financial Industry Regulatory Authority fees, printers' and accounting fees, fees and disbursements of counsel and other advisors for the Company and fees and disbursement of counsels for the Investor, shall be borne by the Company. The Company shall not, however, be required to pay for any expenses of any Registration initiated pursuant to Section 2.1 of this Agreement if the Registration request is subsequently withdrawn at the request of the Investor; provided, however, that if at the time of such withdrawal, the Investor has learned of a material adverse change in the condition, business or prospects of the Company from that known to the Investor at the time of their request and have withdrawn the request with reasonable promptness following disclosure by the Company of such material adverse change, then the Investor shall not be required to pay any of such expenses and the Company shall pay any and all such expenses.

SECTION 5

REGISTRATION-RELATED INDEMNIFICATION

5.1. Company Indemnity. To the maximum extent permitted by law, the Company will indemnify and hold harmless the Investor, its partners, officers, directors, shareholders, members and any affiliates that control the Investor, against any losses, claims, damages, liabilities or expenses (joint or several) to which they may become subject under laws which are applicable to the Company and relate to action or inaction required of the Company in connection with any Registration, qualification, or compliance, insofar as such losses, claims, damages, liabilities or expenses (or actions in respect thereof) arise out of or are based upon any of the following statements, omissions or violations (each a "**Violation**"): (a) any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement (unless the Investor has actual knowledge and consents to the making of such alleged untrue statement or omission), on the effective date thereof (including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto), (b) the omission or alleged omission to state in the Registration Statement, on the effective date thereof (including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto), a material fact required to be stated therein or necessary to make the statements therein not misleading, or (c) any violation or alleged violation by the Company of Applicable Securities Laws, or any rule or regulation promulgated under Applicable Securities Laws.

5.2. Investor Indemnity.

i. To the maximum extent permitted by law, the Investor, so long as it includes the Registrable Securities in a Registration, will, severally and not jointly with the other Persons who included securities of the Company (including the Holders who included NIO Securities) in the Registration, indemnify and hold harmless the Company, its directors and officers, and each Person, if any, who controls (within the meaning of the Securities Act) the Company, against any losses, claims, damages, liabilities or expenses (joint or several) to which any of the foregoing persons may become subject, under Applicable Securities Laws, or any rule or regulation promulgated under Applicable Securities Laws, insofar as such losses, claims, damages, liabilities or

expenses (or actions in respect thereto) arise out of or are based upon any Violation, in each case to the extent (and only to the extent) that such Violation occurs solely in reliance upon and in conformity with written information furnished by the Investor expressly for use in connection with such Registration; and the Investor will reimburse, as incurred, any Person intended to be indemnified pursuant to this Section 5.2 (*Investor Indemnity*), for any legal or other expenses reasonably incurred by such Person in connection with investigating or defending any such loss, claim, damage, liability or action. The Investor's liability under this Section 5.2 (*Investor Indemnity*) (when combined with any amounts paid by the Investor pursuant to Section 5.4 (*Contribution*)) shall not exceed the net proceeds actually received by the Investor from the offering of securities made in connection with that Registration.

ii. The indemnity contained in this Section 5.2 (*Investor Indemnity*) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Investor (which consent shall not be unreasonably withheld or delayed).

iii. The indemnity contained in this Section 5.2 (*Investor Indemnity*) shall be in addition to any liability the Investor may otherwise have in connection with selling the Registrable Securities.

5.3. Notice of Indemnification Claim. Promptly after receipt by an indemnified party under Section 5.1 (*Company Indemnity*) or Section 5.2 (*Investor indemnity*) of notice of the commencement of any action (including any governmental action), such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under Section 5.1 (*Company Indemnity*) or Section 5.2 (*Investor indemnity*), deliver to the indemnifying party a written notice of the commencement thereof and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume the defense thereof with counsel mutually satisfactory to the indemnifying parties. An indemnified party (together with all other indemnified parties that may be represented without conflict by one counsel) shall have the right to retain one separate counsel, with the reasonably incurred fees and expenses to be paid by the indemnifying party, if representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential differing interests between such indemnified party and any other party represented by such counsel in such proceeding. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action, if prejudicial to its ability to defend such action, shall relieve such indemnifying party, to the extent so prejudiced, of any liability to the indemnified party under this Section 5, but the omission to deliver written notice to the indemnifying party will not relieve it of any liability that it may have to any indemnified party otherwise than under this Section 5. No indemnifying party, in the defense of any such claim or litigation, shall, except with the consent of each indemnified party, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or the plaintiff to such indemnified party of a release from all liability in respect to such claim or litigation.

5.4. Contribution. If any indemnification provided for in Section 5.1 (*Company Indemnity*) or Section 5.2 (*Investor indemnity*) is held by a court of competent jurisdiction to be unavailable to an indemnified party with respect to any loss, liability, claim, damage or expense referred to herein, the indemnifying party, in lieu of indemnifying such indemnified party hereunder, shall contribute to the amount paid or payable by such indemnified party as a result of such loss, liability, claim, damage or expense in such proportion as is appropriate to reflect the relative fault of the indemnifying party, on the one hand, and of the indemnified party, on the other, in connection with the statements or omissions that resulted in such loss, liability, claim, damage or expense, as well as any other relevant equitable considerations. The relative fault of the indemnifying party and of the indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information, and opportunity to correct or prevent such statement or omission; provided, however, that, in any such case: (A) the Investor will not be required to contribute any amount (after combined with any amounts paid by the Investor pursuant to Section 5.2 (*Investor indemnity*)) in excess of the net proceeds to the Investor from the sale of all such Registrable Securities offered and sold by the Investor pursuant to such Registration Statement; and (B) no person or entity guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) will be entitled to contribution from any person or entity who was not guilty of such fraudulent misrepresentation.

5.5. Underwriting Agreement. To the extent that the provisions on indemnification and contribution contained in the underwriting agreement entered into in connection with an underwritten public offering are in conflict with the foregoing provisions, the provisions in the underwriting agreement shall control.

5.6. Survival. The obligations of the Company and the Investor under this Section 5 shall survive the completion of any offering of Registrable Securities in a Registration Statement under this Agreement, regardless of the expiration of any statutes of limitation or extensions of such statutes.

SECTION 6

ADDITIONAL REGISTRATION-RELATED UNDERTAKINGS

6.1. Reports under the Exchange Act. With a view to making available to the Investor the benefits of Rule 144 promulgated under the Securities Act and any comparable provision of any Applicable Securities Laws that may at any time permit the Investor to sell securities of the Company to the public without Registration or pursuant to a Registration on Form F-3 (or any comparable form in a jurisdiction other than the United States), the Company agrees to:

i. make and keep public information available, as those terms are understood and defined in Rule 144 (or comparable provision, if any, under Applicable Securities Laws in any jurisdiction where the Company's securities are listed), at all times;

ii. file with the Commission in a timely manner all reports and other documents required of the Company under all Applicable Securities Laws; and

iii. upon the reasonable request of the Investor, the Company will deliver to the Investor a written statement as to whether it has complied with such information requirements, and, if not, the specific reasons for non-compliance.

6.2. Limitations on Subsequent Registration Rights. From and after the date of this Agreement, the Company shall not, without the written consent of holders of at least seventy-five percent (75%) of the voting power of the then outstanding Registrable Securities, enter into any agreement with any holder or prospective holder of any Equity Securities of the Company that would allow such holder or prospective holder (i) to include such Equity Securities in any Registration filed under Section 2 (*Shelf Registration*) or Section 3 (*Piggyback Registrations*), (ii) to demand Registration of their Equity Securities, or (iii) cause the Company to include such Equity Securities in any Registration filed under Section 2 (*Shelf Registration*) or Section 3 (*Piggyback Registrations*) hereof on a basis *pari passu* with or more favorable to such holder or prospective holder than is provided to the Investor.

6.3. Termination. This Agreement shall terminate and be of no further force and effect on the date that the Investor owns less than 3% of the Class A Ordinary Shares outstanding (or any substitute securities issued or issuable as a dividend or other distribution with respect to, by way of a stock split, in exchange for, or in replacement of, or otherwise in connection with a combination of shares, distribution, recapitalization, merger, consolidation, other reorganization or other similar event with respect to the Class A Ordinary Shares). This Agreement may also be terminated upon the mutual written consent of the Company and the Investor. Notwithstanding this Section 6.3, no termination under this Agreement shall relieve any Person of liability for breach prior to termination or any obligations set forth in Section 5.

SECTION 7

DEFINITIONS. FOR PURPOSES OF THIS AGREEMENT

7.1. Certain Matters of Construction. In addition to the definitions referred to or set forth below in this Section 7:

(1) The words “hereof”, “herein”, “hereunder” and words of similar import shall refer to this Agreement as a whole and not to any particular Section or provision of this Agreement, and reference to a particular Section of this Agreement shall include all subsections thereof;

(2) The word “including” shall mean including, without limitation;

(3) Definitions shall be equally applicable to both nouns and verbs and the singular and plural forms of the terms defined; and

(4) The masculine, feminine and neuter genders shall each include the other.

7.2. Definitions. The following terms shall have the following meanings:

"**Affiliate**" means an "affiliate" within the meaning of Rule 405 under the Securities Act.

"**Agreement**" has the meaning set forth in the Recitals.

"**Applicable Securities Laws**" means (i) with respect to any offering of securities in the United States, or any related act or omission within that jurisdiction, the securities laws of the United States, including the Exchange Act and the Securities Act, and any applicable law of any state of the United States, and (ii) with respect to any offering of securities in any jurisdiction other than the United States, or any related act or omission in that jurisdiction, the applicable laws of that jurisdiction.

"**Business Day**" means any weekday that is not a day on which banking institutions in New York City or the PRC are authorized or required by law, regulation or executive order to be closed.

"**Class A Ordinary Shares**" means the Company's Class A ordinary shares, par value US$0.00025 per share.

"**Closing**" has the meaning set forth in Section 1.1.

"**Commission**" means the U.S. Securities and Exchange Commission.

"**Company**" has the meaning set forth in the Recitals.

"**Equity Securities**" means, with respect to any Person that is a legal entity, any and all shares of capital stock, membership interests, profits interests, ownership interests, equity interests, registered capital, and other equity securities of such Person, and any right, warrant, option, call, commitment, note, conversion privilege, preemptive right or other right to acquire any of the foregoing, or security convertible into, exchangeable or exercisable for any of the foregoing, or any contract providing for the acquisition of any of the foregoing.

"**Exchange Act**" means the United States Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"**Exempt Registration**" has the meaning set forth in Section 3.4

"**HKIAC**" has the meaning set forth in Section 9.1.

"**Holders**" means the holders of NIO Securities who are parties to the Shareholders Agreement, and their permitted transferees that become parties to Shareholders Agreement from time to time.

"**Investor**" has the meaning set forth in the Recitals and includes the Investor's permitted transferees that become parties to this Agreement from time to time.

"**NIO Securities**" means, collectively, (i) the Registrable Securities and (ii) the Equity Securities with respect to which the Holders have registration rights pursuant to the Shareholders Agreement.

"**Person**" means any individual, natural person, corporation, partnership, limited partnership, proprietorship, association, limited liability company, firm, trust, estate or other enterprise or entity.

"**Registrable Securities**" means, collectively, (a) (i) the Subject Securities, (ii) any Class A Ordinary Shares purchased by the Investor after the Closing and (iii) any other securities issued or issuable as a dividend or other distribution with respect to, by way of a stock split, in exchange for, or in replacement of, or otherwise in connection with a combination of shares, distribution, recapitalization, merger, consolidation, other reorganization or other similar event with respect to the securities described in (i) and (ii), and (b) any American Depositary Shares representing the Subject Securities or other Class A Ordinary Shares described in the foregoing clause (a); provided, that, a security shall cease to be a Registrable Security upon sale to the public pursuant to a Registration Statement or Rule 144 under the Securities Act.

"**Registration**" means a registration effected by preparing and filing a Registration Statement and the declaration or ordering of the effectiveness of that Registration Statement; and the terms "Register" and "Registered" have meanings concomitant with the foregoing.

"**Registration Rights Holders**" means, collectively, the Investor and the Holders.

"**Registration Statement**" means a registration statement of the Company prepared on Form F-1, F-3, S-1, or S-3 under the Securities Act (including, without limitation, Rule 415 under the Securities Act) pursuant to the provisions of this Agreement filed with, or to be filed with, the Commission under the Securities Act, including the related prospectus, amendments and supplements to such registration statement, including pre- and post- effectiveness amendments, and all exhibits and material incorporated by reference in such registration statement.

"**Secondary Transfer Agreement**" has the meaning set forth in the Recitals.

"**Securities Act**" means the United States Securities Act of 1933, as amended, and all of the rules and regulations promulgated thereunder.

"**Share Subscription Agreement**" has the meaning set forth in the Recitals.

"**Subject Securities**" has the meaning set forth in the Recitals.

"**Transaction Documents**" has the meaning as set forth in the Share Subscription Agreement.

"**Violation**" has the meaning set forth in Section 5.1.

SECTION 8

MISCELLANEOUS

8.1. Authority; Effect. Each party hereto represents and warrants to and agrees with each other party that the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized on behalf of such party and do not violate any agreement or other instrument applicable to such party or by which its assets are bound. This Agreement does not, and shall not be construed to, give rise to the creation of a partnership among any of the parties hereto, or to constitute any of such parties members of a joint venture or other association.

8.2. Notices. Any notices, consents, waivers or other communications required or permitted to be given under the terms of this Agreement must be in writing and will be deemed to have been delivered: (i) upon receipt, when delivered personally or sent with an internationally recognized courier service; or (ii) upon receipt, when sent by email (if sent during normal business hours of the recipient, and if not, then on the next Business Day, in each case properly addressed to the party to receive the same. The addresses and email addresses for such communications shall be:

if to the Company:

NIO Inc.
Address: Building 19, No. 889, Tianlin Road
Minhang District
Shanghai, People's Republic of China
Telephone: [***]
Email: [***]
Attention: [***]

with a copy (for informational purposes only) to:

Skadden, Arps, Slate, Meagher & Flom LLP
Address: 46/F, Tower II, Jing An Kerry Centre
1539 Nanjing West Road
Shanghai 200040, People's Republic of China
Telephone: [***]
Email: [***]
Attention: [***]

if to Investor:

CYVN Holdings L.L.C.
Address: Building No.51B, Al Bateen Executive Airport,
Abu Dhabi, United Arab Emirates
Telephone: [***]
Email: [***]
Attention: [***]

with a copy (for informational purposes only) to:

Akin Gump Strauss Hauer & Feld LLP

Address:	One Bryant Park New York, NY 10036
Telephone:	[***]
Email:	[***]
Attention:	[***]

8.3. Descriptive Heading. The descriptive headings of this Agreement are for convenience of reference only, are not to be considered a part hereof and shall not be construed to define or limit any of the terms or provisions hereof.

8.4. Counterparts. This Agreement may be executed in any number of counterparts and signatures may be delivered in electronic format, all of which together shall constitute one instrument.

8.5. Successors and Assigns. Except as otherwise provided in this Agreement, the provisions of this Agreement shall inure to the benefit of and be binding upon, the successors, assigns, heirs, executors, and administrators of the parties; provided, however, that the Company shall not assign this Agreement or any of its rights herein to any Person without the prior written consent of the Investor. The Investor may assign its rights hereunder to any purchaser or transferee of Registrable Securities; provided, that such purchaser or transferee shall, as a condition to the effectiveness of such assignment, be required to execute a counterpart to this Agreement agreeing to be treated as an Investor, whereupon such purchaser or transferee shall have the benefits of, and shall be subject to the restrictions contained in, this Agreement as if such purchaser or transferee was originally included in the definition of an Investor herein and had originally been a party hereto. In the event there is more than one Investor party to this Agreement, such Persons shall act as requested by the holders of a majority of the voting power of the Registrable Securities to the extent that any decision is required to be made by the Investor hereunder with respect to any participation in a Registration or any offering pursuant to a Registration Statement.

8.6. No Third-Party Beneficiaries. Except as explicitly specified in this Agreement, nothing in this Agreement, expressed or implied, is intended to confer on any Person other than the parties any rights, remedies, obligations or liabilities under or by reason of this Agreement, and no Person that is not a party to this Agreement (including any partner, member, stockholder, director, officer, employee or other beneficial owner of any party, in its or his own capacity as such or in bringing a derivative action on behalf of a party) shall have any standing as third-party beneficiary with respect to this Agreement or the transactions contemplated by this Agreement.

8.7. Entire Agreement. This Agreement and the other Transaction Documents constitute the full and entire understanding and agreement among the parties with regard to the subjects hereof and thereof.

8.8. Delays or Omissions. No delay or omission to exercise any right, power, or remedy accruing to any party hereto under this Agreement shall impair any such right, power, or remedy of such party, nor shall it be construed to be a waiver of or acquiescence to any breach or default, or in any similar breach or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default. All remedies, either under this Agreement or by law or otherwise afforded to any holder, shall be cumulative and not alternative.

8.9. Amendments and Waivers. Any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively), only if such amendment or waiver is in writing and signed, in the case of an amendment, by the Company and the Investor or, in the case of a waiver, by the party against whom the waiver is to be effective.

8.10. Severability. If any provision of this Agreement becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable, or void, portions of such provision, or such provision in its entirety, to the extent necessary, shall be severed from this Agreement and the balance of this Agreement shall be enforceable in accordance with its terms.

SECTION 9

GOVERNING LAW; JURISDICTION, ETC.

9.1. Governing Law; Arbitration. All questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by and construed in accordance with the laws of the State of New York without giving effect to any choice or conflict of law provision or rule thereof. Any dispute, controversy or claim arising out of or relating to this Agreement, or the interpretation, breach, termination or validity hereof, shall be submitted to arbitration upon the request of any party with notice to the other party. The arbitration shall be conducted in Hong Kong under the auspices of the Hong Kong International Arbitration Centre ("**HKIAC**") in accordance with the HKIAC Administered Arbitration Rules then in effect, which rules are deemed to be incorporated by reference into this Section 9.1. There shall be three (3) arbitrators. The complainant and the respondent to such dispute shall each select one arbitrator within thirty (30) days after giving or receiving the demand for arbitration. The Chairman of the HKIAC shall select the third arbitrator, who shall be qualified to practice law in Hong Kong. If either party to the arbitration does not appoint an arbitrator who has consented to participate within thirty (30) days after selection of the first arbitrator, the relevant appointment shall be made by the Chairman of the HKIAC. The arbitration proceedings shall be conducted in English. Each party irrevocably waives, to the fullest extent it may effectively do so, any objection which it may now or hereafter have to the laying of venue of any such arbitration in Hong Kong and the HKIAC, and hereby submits to the exclusive jurisdiction of HKIAC in any such arbitration. The award of the arbitration tribunal shall be conclusive and binding upon the disputing parties, and any party to the dispute may apply to a court of

competent jurisdiction for enforcement of such award. Any party to the dispute shall be entitled to seek preliminary injunctive relief, if possible, from any court of competent jurisdiction pending the constitution of the arbitral tribunal.

9.2. Remedies and Waivers. No delay or omission by any party to this Agreement in exercising any right, power or remedy provided by law or under this Agreement or any other documents referred to in it shall: (i) affect that right, power or remedy; or (ii) operate as a waiver thereof. The single or partial exercise of any right, power or remedy provided by law or under this Agreement shall not preclude any other or further exercise or any other right, power or remedy. Except as otherwise expressly provided in this Agreement, the rights, powers and remedies provided in this Agreement are cumulative and not exclusive of any rights, powers and remedies provided by law.

9.3. Specific Performance. The parties hereto acknowledge and agree irreparable harm may occur for which money damages would not be an adequate remedy in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties to this Agreement shall be entitled, in addition to any other remedy to which such party is entitled at law, in equity, in contract, in tort or otherwise, to an injunction or injunctions, without posting a bond or undertaking and without proof of damages, to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement.

[Signature pages follow]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

NIO INC.

By: /s/ Bin Li
Name: Bin Li
Title: Chairman of the Board of Directors
and Chief Executive Officer

[*Signature Page to Registration Rights Agreement*]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

CYVN HOLDINGS L.L.C.

By: /s/ Jassem Mohamed Obaid Bu Ataba Alzaabi
Name: Jassem Mohamed Obaid Bu Ataba Alzaabi
Title: Chairman

[*Signature Page to Registration Rights Agreement*]

Exhibit 4.46

SHARE SUBSCRIPTION AGREEMENT

dated as of December 18, 2023

by and between

NIO INC.

and

CYVN Investments RSC Ltd

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SHARE SUBSCRIPTION AGREEMENT

SHARE SUBSCRIPTION AGREEMENT (this "**Agreement**"), dated as of December 18, 2023, by and between NIO Inc., an exempted company incorporated in the Cayman Islands (the "**Company**"), and CYVN Investments RSC Ltd, a restricted scope company incorporated in the Abu Dhabi Global Market, Abu Dhabi, United Arab Emirates (the "**Purchaser**").

WHEREAS

The Company desires to issue, sell and deliver to the Purchaser, and the Purchaser desires to purchase and acquire from the Company, upon the terms and conditions set forth in this Agreement, an aggregate of 294,000,000 Class A Ordinary Shares, par value US$0.00025 per share, of the Company (the "**Securities**").

NOW, THEREFORE, in consideration of the foregoing and representations, warranties, covenants and agreements set forth herein as well as other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and accepted, and intending to be legally bound, the Company and the Purchaser hereby agree as follows:

1. DEFINITIONS

The following capitalized terms shall have the following meanings for purposes of this Agreement:

"**1934 Act**" means the United States Securities Exchange Act of 1934, as amended;

"**Acceptance Notice**" has the meaning set forth in Section 5(c)(iii);

"**Act**" means the Companies Act (As Revised) of the Cayman Islands;

"**ADS**" means American Depositary Share, each representing one (1) Class A Ordinary Shares of the Company as of the date hereof;

"**Affiliate**" means an "affiliate" within the meaning of Rule 405 under the Securities Act;

"**Aggregate Purchase Price**" has the meaning set forth in Section 2(a);

"**Agreement**" has the meaning set forth in the preamble;

"**Anti-Corruption Laws**" means the U.S. Foreign Corrupt Practices Act of 1977, the U.K. Bribery Act 2010, and any other applicable laws or regulations related to bribery or corruption;

"**Anti-Money Laundering Laws**" means the Money Laundering Control Act of 1986 (18 U.S.C. §§ 1956-1957), the USA PATRIOT ACT ((Pub. L. No. 107-56), and the Bank Secrecy Act (31 U.S.C. §§5311-5332)), the UK Proceeds of Crime Act 2002, the UK Terrorism Act 2000, the Proceeds of Crime Act (Revised) of the Cayman Islands, the Anti-Money Laundering Regulations (Revised) of the Cayman Islands, the Terrorism Act (Revised) of the Cayman Islands, the Proliferation Financing (Prohibition) Act (Revised) of the Cayman Islands, the Guidance Notes on the Prevention and Detection of Money Laundering, Terrorist Financing

and Proliferation Financing in the Cayman Islands, and any other applicable laws or regulations related to terrorist financing or money laundering;

"**Board**" means the Company's Board of Directors;

"**Business Day**" means any weekday that is not a day on which banking institutions in the Cayman Islands, the Hong Kong Special Administrative Region, New York City, Abu Dhabi or the PRC are authorized or required by law, regulation or executive order to be closed;

"**Change of Control**" means the consummation of any bona fide third party tender offer, merger, consolidation or other similar transaction the result of which is that any "person" (as defined in Section 13(d)(3) of the 1934 Act), or group of persons, other than the Company, becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 of the 1934 Act) of a majority of the total voting power of the voting stock of the Company;

"**Class A Ordinary Shares**" means the Company's Class A ordinary shares, par value US$0.00025 per share;

"**Closing**" has the meaning set forth in Section 2(b)(i);

"**Closing Date**" has the meaning set forth in Section 2(b)(i);

"**Company**" has the meaning set forth in the preamble;

"**Company Articles**" means the Thirteenth Amended and Restated Memorandum and Articles of Association of the Company, as may be amended from time to time;

"**Company Lock-Up Period**" has the meaning set forth in Section 5(i);

"**Contract**" means any agreement, contract, lease, indenture, instrument, note, debenture, bond, mortgage or deed of trust or other agreement, arrangement or understanding;

"**Encumbrance**" means any mortgage, lien, pledge, charge, security interest, title defect, preemptive or similar right or other encumbrance;

"**Equity Securities**" means any and all (i) shares, interests, participations, or other equivalents (however designated) of capital stock, equity interests, registered capital, joint venture interest, partnership interest, equity-linked debt obligation or other voting or equity securities of the Company and any and all equivalent or analogous ownership (or profit) or voting interests in the Company, including in each case any such shares, interests, participations or other equivalents issued upon any conversion, (ii) securities convertible into or exchangeable for shares, interests, participations, or other equivalents (however designated) of capital stock or voting securities of (or other ownership or profit or voting interests in) the Company, and (iii) any and all warrants, rights or options to purchase any of the foregoing, whether voting or nonvoting, and, in each case, whether or not such shares, interests, participations, equivalents, securities, warrants, options, rights, or other interests are authorized or otherwise existing on any date of determination;

"**Ex-Im Laws**" means (a) the U.S. Export Administration Regulations administered by the U.S. Department of Commerce, the International Traffic in Arms Regulations administered by the U.S. Department of State, and any other applicable laws or regulation related to export controls administered or enforced by an applicable Governmental Entity; and (b) import

controls and customs laws administered by U.S. Customs and Border Protection and any other applicable Governmental Entity;

"**Exercise Period**" has the meaning set forth in Section 5(c)(iii);

"**GAAP**" means generally accepted accounting principles in the United States;

"**Governmental Entity**" means any supranational, national, provincial, state, municipal, local or other government, whether U.S., PRC or otherwise, any instrumentality, subdivision, administrative agency or commission thereof, court, other governmental authority or regulatory body or instrumentality, or any quasi-governmental or private body exercising any regulatory, taxing, importing or other governmental or quasi-governmental authority or any self-regulatory agency (including any stock exchange);

"**HKIAC**" has the meaning set forth in Section 9(b);

"**Hong Kong Listing Rules**" means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time;

"**Hong Kong Stock Exchange**" means The Stock Exchange of Hong Kong Limited;

"**Hong Kong Stock Exchange Documents**" means all announcements, proxy statements and other statements, reports, forms and other documents that are either required to be or have otherwise been filed by the Company with the Hong Kong Stock Exchange or published on the website of the Hong Kong Stock Exchange from time to time;

"**Issuance Notice**" has the meaning set forth in Section 5(c)(iii);

"**Material Adverse Effect**" means any event, occurrence, fact, condition, change or development, individually or together with other events, occurrences, facts, conditions, changes or developments, that has or would reasonably be expected to have a material adverse effect on (a) the business or operations of the Company and its Subsidiaries (taken as a whole) as presently conducted, or the condition (financial or otherwise), assets or results of operation of the Company and its Subsidiaries (taken as a whole) or (b) the ability of the Company to consummate the transactions contemplated by this Agreement; provided, however, that in determining whether a Material Adverse Effect has occurred, there shall be excluded any effect on the business of the Company or any Subsidiary relating to or arising in connection with (i) any action expressly required to be taken pursuant to the terms and conditions of this Agreement or taken at the written direction of the Purchaser, (ii) economic changes affecting the industry in which the Company and its Subsidiaries operate generally or the economy of the PRC or any other market where the Company and its Subsidiaries have material operations or sales generally, (iii) the execution, announcement or disclosure of this Agreement or the pendency or consummation of the transactions contemplated hereunder, (iv) changes in generally accepted accounting principles, (v) changes in general legal, tax or regulatory conditions, (vi) changes in national or international political or social conditions, including any engagement in hostilities or the occurrence of any military or terrorist attack or civil unrest, or (vii) earthquakes, hurricanes, floods, epidemic-induced public health crises or other disasters; provided further, however, that any event, occurrence, fact, condition, change or development referred to in clauses (ii), (vi) and (vii) immediately above shall be taken into account in determining whether a Material Adverse Effect has occurred or would reasonably be expected to occur to the extent that such event, occurrence, fact, condition, change or development has

a disproportionate effect on the Company or its Subsidiaries (taken as a whole) compared to other similarly situated participants in the industries and geographies in which the Company and its Subsidiaries operate (in which case, only the incremental disproportionate adverse effect may be taken into account in determining whether a Material Adverse Effect has occurred).

"**NYSE**" means the New York Stock Exchange;

"**OEMs**" has the meaning set forth in Section 5(e);

"**Offer Notice**" has the meaning set forth in Section 5(d);

"**Person**" means an individual, a limited liability company, a partnership, a joint venture, a corporation, a trust, an unincorporated organization or a government or any department or agency thereof;

"**PRC**" means the People's Republic of China;

"**Proposed Issuance**" has the meaning set forth in Section 5(c)(i);

"**Public Documents**" means, collectively, the SEC Documents, the Hong Kong Stock Exchange Documents and the Singapore Exchange Documents;

"**Purchase Price**" has the meaning set forth in Section 2(a);

"**Purchaser**" has the meaning set forth in the preamble;

"**Purchaser Designee**" has the meaning set forth in Section 5(a);

"**Purchaser Lock-Up Period**" has the meaning set forth in Section 5(h);

"**Sanctioned Country**" means any country or territory that is itself the target of comprehensive Sanctions (including Cuba, Iran, North Korea, Syria, Crimea and those portions of the Donetsk People's Republic, Luhansk People's Republic, Kherson and Zaporizhzhia regions (and such other regions) of Ukraine over which any Sanctions authority imposes comprehensive Sanctions), or any country or territory whose government is the subject of Sanctions (including Venezuela) or that is otherwise the subject of broad Sanctions restrictions (including Afghanistan, Russia and Belarus).

"**Sanctioned Person**" means any Person that is (a) the target of Sanctions, including any Person identified on the U.S. Department of the Treasury's Office of Foreign Assets Control ("**OFAC**") Specially Designated Nationals and Blocked Persons List, Sectoral Sanctions Identifications List, or any other Sanctions-related list maintained by a Sanctions authority; (b) a Person that is organized, located or resident in a Sanctioned Country; or (c) any Person owned or controlled by any Person(s) described in clause(s) (a) and/or (b).

"**Sanctions**" means economic, financial and trade sanctions administered or enforced by the United States (including OFAC, U.S. Department of State, and U.S. Department of Commerce); European Union and each member state thereof; United Kingdom (including Her Majesty's Treasury); and United Nations Security Council.

"**SEC**" means the U.S. Securities and Exchange Commission;

"**SEC Documents**" means all registration statements, proxy statements and other statements, reports, schedules, forms and other documents that are either required from time to time to be or have otherwise been filed or furnished by the Company with or to the SEC, and all exhibits included therein and financial statements, notes and schedules thereto and documents incorporated by reference therein;

"**Securities**" has the meaning set forth in the Recitals;

"**Securities Act**" means the United States Securities Act of 1933, as amended, and all of the rules and regulations promulgated thereunder;

"**SFC**" has the meaning set forth in Section 4(p);

"**SFO**" has the meaning set forth in Section 4(p);

"**Singapore Exchange**" means The Singapore Exchange Securities Trading Limited;

"**Singapore Exchange Documents**" means all announcements, proxy statements and other statements, reports, forms and other documents that are either required to be or have otherwise been filed by the Company with the Singapore Exchange or published on the website of the Singapore Exchange from time to time;

"**Strategy Committee**" has the meaning set forth in Section 5(b);

"**Subject Transaction**" has the meaning set forth in Section 5(d);

"**Subsidiary**" means any entity of which a majority of the outstanding equity securities or other ownership interests representing a majority of the outstanding equity interests or otherwise having ordinary voting power to elect a majority of the board of directors or other Persons performing similar functions are at the time directly or indirectly owned or controlled by the Company, and includes any entity which is directly or indirectly controlled by the Company (including, for the avoidance of doubt, any variable interest entities that are consolidated into the financial statements of the Company);

"**Transaction Documents**" means this Agreement and any other agreement, document or instrument entered into or delivered in connection with the transactions contemplated hereby or thereby;

"**Transfer**" means directly or indirectly, offer, sell, contract to sell, pledge, transfer, assign, give, hypothecate, encumber, grant a security interest in, convey in trust, gift, devise or descent, or otherwise dispose of, or suffer to exist (whether by operation of law of otherwise) any Encumbrance on, any of the Securities or any right, title or interest therein or thereto, or enter into a transaction which would have the same effect, or enter into any swap, hedge or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of any of the Securities, whether any such aforementioned transaction is to be settled by delivery of the Company's securities, in cash or otherwise, or publicly disclose the intention to make any such disposition or to enter into any such transaction, swap, hedge or other arrangement, including transfers pursuant to divorce or legal separation, transfers to receivers, levying creditors, trustees or receivers in bankruptcy proceedings or general assignees for the benefit of creditors, whether voluntary or by operation of law, directly or indirectly, of any of the Securities; and

"**U.S.**" or "**United States**" means the United States of America.

2. PURCHASE AND SALE OF SECURITIES

(a) Purchase of Shares. Subject to the terms and conditions of this Agreement, at the Closing (as defined below), the Company shall issue and sell to the Purchaser, and the Purchaser shall subscribe for and purchase from the Company, the Securities, free and clear of all Encumbrances (except for restrictions created by virtue of transactions contemplated by this Agreement), for the aggregate purchase price of US$2,205,000,000 (the "**Aggregate Purchase Price**"), representing US$7.50 per Class A Ordinary Share (the "**Purchase Price**"), which took reference of and factored in the volume weighted average price of Class A Ordinary Shares (as adjusted for the American depository share-to-Class A Ordinary Share ratio) on the NYSE over the 21 consecutive trading days immediately preceding December 18, 2023.

(b) Closing.

(i) Date and Time. Subject to satisfaction or, to the extent permissible, waiver of the conditions set forth in Sections 6 and 7 (other than conditions that by their nature are to be satisfied upon the Closing, but subject to the satisfaction or, to the extent permissible, waiver of those conditions at the Closing by the applicable parties), the closing of the sale and purchase of the Securities (the "**Closing**") shall take place remotely via exchange of documents and signatures on such date that is no later than ten (10) Business Days after each of the conditions set forth in Sections 6 and 7 has been fulfilled or waived (other than those conditions that can be fulfilled only at the Closing), as is specified by the Company and the Purchaser or at such other date and location as may be mutually agreed in writing by the Company and the Purchaser (such date, the "**Closing Date**").

(ii) Payment and Delivery. At the Closing:

(A) the Purchaser shall pay or caused to be paid the Aggregate Purchase Price to the Company by electronic bank transfer of immediately available funds to a bank account designated in writing by the Company at least three (3) Business Days prior to the Closing Date;

(B) the Company shall deliver to the Purchaser an updated certified extract of the register of members of the Company kept in accordance with the Act evidencing the ownership of the Securities by the Purchaser;

(C) the Company shall deliver to the Purchaser a certificate, executed on behalf of the Company by an executive officer or other authorized person, dated as of the Closing Date, certifying to the fulfillment of the conditions specified in Sections 7(b), 7(c), 7(d), 7(e) and 7(f); and

(D) the Purchaser shall deliver to the Company a certificate, executed on behalf of the Purchaser by an executive or other authorized person, dated as of the Closing Date, certifying to the fulfillment of the conditions specified in Sections 6(b), 6(c) and 6(d).

3. REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

The Purchaser represents and warrants to the Company as of the date hereof and as of the Closing Date that:

(a) Organization. The Purchaser is a company duly organized and validly existing in good standing under the laws of the jurisdiction in which it is organized.

(b) Authorization; Enforcement; Validity. The Purchaser has the requisite entity power and authority to enter into and perform this Agreement and to consummate the transactions contemplated by this Agreement and each other Transaction Document to which it is a party. The execution and delivery of this Agreement by the Purchaser and the consummation of the transactions contemplated by and in compliance with the provisions of this Agreement have been, or at the Closing will be, duly authorized by all necessary entity action on the part of the Purchaser. This Agreement has been and, at or prior to the Closing, and each other Transaction Document to be delivered at the Closing will be, duly executed and delivered by the Purchaser and constitute the legal, valid and binding obligations of the Purchaser. This Agreement constitutes and, upon the execution and delivery thereof by the Purchaser, each other Transaction Document will constitute, the legal, valid and binding obligations of the Purchaser, enforceable against the Purchaser in accordance with their respective terms, except as such enforceability may be limited by general principles of equity or applicable bankruptcy, insolvency, reorganization, moratorium, liquidation or similar laws relating to, or affecting generally, the enforcement of applicable creditors' rights and remedies.

(c) No Conflicts. The execution, delivery and performance by the Purchaser of this Agreement and the other Transaction Documents and the consummation by the Purchaser of the transactions contemplated hereby and thereby do not and will not (i) result in a violation of the organizational or constitutional documents of the Purchaser, or (ii) result in a violation of any law, rule, regulation, order, judgment or decree (including U.S. federal and state, and any other applicable, securities laws) applicable to the Purchaser, except in the case of clause (ii) above, for such violations which would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the ability of the Purchaser to perform its obligations hereunder.

(d) Consents and Approvals. Neither the execution and delivery by the Purchaser of this Agreement or any other Transaction Document, nor the consummation by the Purchaser of any of the transactions contemplated hereby or thereby, nor the performance by the Purchaser of this Agreement or any other Transaction Document in accordance with its respective terms, requires the consent, approval, order or authorization of, or registration with, or the giving notice to, any Governmental Entity or any third party prior to the Closing, except (i) any filing or report required to be made with or submitted to the SEC, the Hong Kong Stock Exchange or the Singapore Exchange and (ii) for such that would not have a material adverse effect on the Purchaser's ability to consummate the transactions contemplated by this Agreement.

(e) Status and Investment Intent.

(i) Investment Experience. The Purchaser is a sophisticated investor with knowledge and experience in financial and business matters such that the Purchaser is capable of evaluating the merits and risks of the investment in the Securities. The Purchaser is able to bear the economic risks of an investment in the Securities. The Purchaser has carefully reviewed all documents relating to the transactions contemplated by this Agreement and has been provided with all other materials that it considers relevant to the transactions contemplated by this Agreement, has had a full opportunity to ask questions of and receive answers from the Company or any person acting on behalf of the Company concerning the terms and conditions of transactions contemplated by this Agreement. In making its decision to invest in the

Company, the Purchaser is not relying upon, and has not relied upon, any statement, representation or warranty made by any person, except for the statements, representations and warranties contained in this Agreement.

(ii) Restricted Securities. The Purchaser acknowledges that the Securities are "restricted securities" that have not been registered under the Securities Act or any applicable state securities law. The Purchaser further acknowledges that, absent an effective registration under the Securities Act, the Securities may only be offered, sold or otherwise transferred (x) to the Company, (y) outside the United States in accordance with Rule 904 of Regulation S under the Securities Act, or (z) pursuant to an exemption from registration under the Securities Act.

(iii) Not U.S. Person. Such Purchaser is not a "U.S. person" as defined in Rule 902 of Regulation S.

(f) No Public Sale or Distribution. The Purchaser is acquiring the Securities for its own account and not with a view to, or with any intention of, resale, distribution or other disposition thereof in a manner that would violate the registration requirements of the Securities Act. The Purchaser does not presently have any agreement or understanding, directly or indirectly, with any Person to distribute any of the Securities. The Purchaser is not a broker-dealer registered with the SEC under the 1934 Act or an entity engaged in a business that would require it to be so registered as a broker-dealer.

(g) Legends. The Purchaser understands that the Securities and the register of members of the Company shall bear, in addition to any other legends required under applicable laws, the following legend:

> THE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE WITH THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE PURCHASER: (1) REPRESENTS THAT IT AND ANY ACCOUNT FOR WHICH IT IS ACTING IS LOCATED OUTSIDE THE UNITED STATES AND NOT A U.S. PERSON (WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT), AND (2) AGREES FOR THE BENEFIT OF THE COMPANY THAT IT WILL NOT OFFER, SELL, PLEDGE OR OTHERWISE TRANSFER THE SECURITIES, OR ANY BENEFICIAL INTEREST HEREIN, EXCEPT (A) TO THE COMPANY OR ANY SUBSIDIARY THEREOF, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BECOME EFFECTIVE UNDER THE SECURITIES ACT, (C) TO A NON-U.S. PERSON OUTSIDE THE UNITED STATES IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT, OR (D) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED UNDER THE SECURITIES ACT (IF AVAILABLE). THE SECURITIES ARE ALSO SUBJECT TO LOCK-UP PURSUANT TO THAT CERTAIN SHARE SUBSCRIPTION AGREEMENT, DATED AS OF DECEMBER 18, 2023, BY AND BETWEEN THE HOLDER OF SUCH SECURITIES, AND NIO INC., AND MAY ONLY BE OFFERED, SOLD, TRANSFERRED, PLEDGED OR OTHERWISE DISPOSED

DURING THE TERM OF THE LOCK-UP PURSUANT TO THE TERMS SET FORTH IN SUCH SHARE SUBSCRIPTION AGREEMENT.

(h) Brokers and Finders. No Person will have, as a result of the transactions contemplated by the Transaction Documents, any valid right, interest or claim against or upon the Purchaser for any commission, fee or other compensation pursuant to any agreement, arrangement or understanding with a placement agent entered into by or on behalf of the Purchaser.

(i) Sufficient Funding. The Purchaser has at its disposal sufficient funding to pay the Aggregate Purchase Price and consummate the transactions contemplated hereby.

(j) No Additional Representations. The Purchaser makes no representations or warranties as to any matter whatsoever except as expressly set forth in the Transaction Documents or in any certificate delivered by the Purchaser to the Company in accordance with the terms thereof.

4. REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company represents and warrants to the Purchaser as of the date hereof and as of the Closing Date (except for such representations and warranties made only as of a specific date), that, except as otherwise disclosed in the Public Documents:

(a) Organization and Qualification. The Company is a corporation duly incorporated and validly existing in good standing under the laws of the Cayman Islands, and has the requisite corporate power and authorization to own its properties and to carry on its business as now being conducted.

(b) Capitalization. The authorized share capital of the Company is US$1,000,000 divided into 4,000,000,000 shares comprising of (i) 2,632,030,222 Class A Ordinary Shares, (ii) 148,500,000 Class C ordinary shares of a par value of US$0.00025 each and (iii) 1,219,469,778 shares of a par value of US$0.00025, each of such class or classes (however designated) as the Board may determine in accordance with the Company Articles. As of December 14, 2023, 1,637,474,374 Class A Ordinary Shares and 148,500,000 Class C ordinary shares are issued and outstanding. All of the outstanding ordinary shares of the Company are duly authorized, validly issued, fully paid and non-assessable, have been issued in compliance with the Company Articles, the Act and all applicable securities laws, including the rules and regulations of each of NYSE, the Singapore Exchange and the Hong Kong Stock Exchange, and none of such outstanding shares was issued in violation of any preemptive rights or similar rights to subscribe for or purchase securities. Except as set forth in the Public Documents, the Company has no outstanding bonds, debentures, notes or other obligations, the holders of which have the right to vote (or which are convertible into or exercisable for securities having the right to vote) with the shareholders of the Company on any matter.

(c) Authorization; Enforcement; Validity. The Company has the requisite corporate power and authority to enter into and perform its obligations under this Agreement and each other Transaction Document to which it is a party and to issue the Securities in accordance with the terms hereof and thereof. The execution and delivery of this Agreement and the other Transaction Documents by the Company and the consummation by the Company of the transactions contemplated hereby and thereby, including, the issuance of the Securities, has been duly authorized by the Board and no further filing, consent or authorization (including

any shareholder approval) is required by the Board or otherwise, except for any required filing regarding the issuance of additional securities with NYSE, Hong Kong Stock Exchange or Singapore Exchange. This Agreement has been and, at or prior to the Closing, each other Transaction Document to be delivered at the Closing will be, duly executed and delivered by the Company. This Agreement constitutes and, upon the execution and delivery thereof by the Company, each other Transaction Document to which it is a party will constitute the legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their respective terms, except as such enforceability may be limited by general principles of equity or applicable bankruptcy, insolvency, reorganization, moratorium, liquidation or similar laws relating to, or affecting generally, the enforcement of applicable creditors' rights and remedies.

(d) No Conflicts. The execution, delivery and performance by the Company of the Transaction Documents and the consummation by the Company of the transactions contemplated hereby and thereby (including, the issuance of the Securities) will not (i) result in a violation of the Company Articles, (ii) conflict with, or constitute a default (or an event which with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, any Contract to which the Company is a party, or (iii) subject to the terms of this Agreement, result in a violation of any law, rule, regulation, order, judgment or decree (including U.S. federal and state securities laws and regulations, and the rules and regulations of NYSE, the Hong Kong Stock Exchange and the Singapore Exchange applicable to the Company or by which any property or asset of the Company is bound or affected), except in the case of clauses (ii) and (iii) above, for such conflicts, defaults, rights or violations which, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect.

(e) Consents. Assuming the accuracy of the representations and warranties of the Purchaser under this Agreement and other Transaction Documents, in connection with the entering into and performance of this Agreement and the other Transaction Documents, the Company is not required to obtain any consent, authorization or order of, or make any filing or registration with, (i) any Governmental Entity in order for it to execute and deliver the Transaction Documents or perform any of its obligations under or contemplated by the Transaction Documents or (ii) any third party pursuant to any agreement, indenture or instrument to which the Company is a party, in each case in accordance with the terms hereof or thereof other than such as have been made or obtained, and except for (x) any required filing or notifications regarding the issuance of additional securities with the SEC, NYSE, the Hong Kong Stock Exchange or the Singapore Exchange; or (y) the failure to obtain such consent, authorization, order, or make such filing or registration that, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect.

(f) Issuance of Securities. The Securities, when issued and paid for in accordance with the terms hereof, will be duly authorized, validly issued and non-assessable and free from any Encumbrance and the Securities will be fully paid with the holders being entitled to all rights accorded to a holder of the Company's Class A Ordinary Shares. Assuming the accuracy of the representations and warranties set forth in Section 3 of this Agreement, the offer and issuance by the Company of the Securities is exempt from registration under the Securities Act.

(g) No Direct Selling Efforts. Neither the Company, nor any of its Affiliates, nor any Person acting on its or their behalf, has engaged in any form of general solicitation or direct selling efforts as that term is defined in Rule 902 of Regulation S in connection with the offer or sale of the Securities.

(h) Public Documents. The Company has timely filed all the Public Documents.

(i) As of their respective effective dates (in the case of the SEC Documents that are registration statements filed pursuant to the requirements of the Securities Act) and as of their respective filing dates (in the case of all other SEC Documents), or in each case, if amended prior to the date hereof, as of the date of the last such amendment, (A) each of the SEC Documents complied in all material respects with the requirements of the Securities Act or the 1934 Act, as the case may be, and the rules and regulations of the SEC promulgated thereunder, and, (B) none of the SEC Documents contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the material statements therein, in the light of the circumstances under which they were made, not misleading. As of the date of this Agreement, there are no material outstanding or unresolved comments in comment letters received by the Company from the staff of the SEC with respect to any SEC Document.

(ii) As of their respective dates of submission or publication of the Hong Kong Stock Exchange Documents, or in each case, if amended prior to the date hereof, as of the date of the last such amendment, (A) each of the Hong Kong Stock Exchange Documents complied in all material respects with the applicable requirements of the Hong Kong Listing Rules and (B) none of the Hong Kong Stock Exchange Documents contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the material statements therein, in the light of the circumstances under which they were made, not misleading.

(iii) As of their respective dates of submission or publication of the Singapore Exchange Documents, or in each case, if amended prior to the date hereof, as of the date of the last such amendment, (A) each of the Singapore Exchange Documents complied in all material respects with the applicable requirements of the listing manual of the Singapore Exchange and the Singapore Code of Corporate Governance and (B) none of the Singapore Exchange Documents contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the material statements therein, in the light of the circumstances under which they were made, not misleading.

(i) Financial Statements. As of their respective dates, the financial statements of the Company included in the Public Documents complied as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC, the Hong Kong Stock Exchange and the Singapore Exchange with respect thereto. The consolidated financial statements (including any related notes thereto) included or incorporated by reference in the Public Documents fairly presented in all material respects the consolidated financial position of the Company and its Subsidiaries as of the dates indicated therein and the consolidated results of their operations and cash flows for the periods specified therein. Such financial statements were prepared in accordance with GAAP applied on a consistent basis throughout the periods covered thereby (except (i) as may be otherwise indicated in such financial statements or the notes thereto, or (ii) in the case of unaudited interim statements, to the extent they may exclude footnotes or may be condensed or summary statements).

(j) Internal Controls. The Company and its Subsidiaries maintain (and have maintained), with respect to the operations of the business of the Company and its Subsidiaries a system of internal control over financial reporting (as defined in Rule 13a-15 or 15d-15, as applicable, under the 1934 Act) that is sufficient to provide reasonable assurance that (A) transactions are recorded as necessary to permit preparation of consolidated financial

statements of the Company in accordance with GAAP, (B) receipts and expenditures of the Company are being made only in accordance with appropriate authorizations of management and the Board, and (C) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the assets of the Company and its Subsidiaries.

(k) No Material Adverse Effect. Since December 31, 2022, no event or circumstance has occurred that, individually or in the aggregate, has had or would reasonably be expected to have a Material Adverse Effect.

(l) Litigation. Except as disclosed in the Public Documents, there are no claims, suits, actions or proceedings pending or, to the Company's knowledge, threatened against the Company or any of its Subsidiaries before any Governmental Entity or any arbitrator that seeks to restrain or enjoin the consummation of the transactions contemplated by the Transaction Documents or which would reasonably be expected, to have, individually or in the aggregate, a Material Adverse Effect.

(m) Compliance with Applicable Laws. Except as set forth in the Public Documents, each of the Company and its Subsidiaries has conducted its businesses in compliance with all applicable laws, regulations and applicable stock exchange requirements, except where the failure to be in compliance, individually or in the aggregate, do not and would not reasonably be expected to have, a Material Adverse Effect, and as of the date of this Agreement, the Company has not received any comment letter from the SEC or the staff thereof or any notices from NYSE, the Singapore Exchange or the Hong Kong Stock Exchange regarding non-compliance with any of such Governmental Entity's rules or regulations.

(n) Sanctions, Anti-Corruption, Ex-Im Laws and Anti-Money Laundering. Neither the Company nor any of its Subsidiaries, or any of their respective directors, officers, employees is a Sanctioned Person. The Company and its Subsidiaries, and to the knowledge of the Company, their respective directors, officers and employees have been for the past five (5) years prior to the date hereof and are currently in compliance with Sanctions, Anti-Corruption Laws, Ex-Im Laws and Anti-Money Laundering Laws. For the past five (5) years prior to the date hereof, neither the Company nor its Subsidiaries (i) has had or currently has assets located in, or otherwise directly or indirectly has derived or currently derives revenues from or has engaged or currently engages in investments, dealings, activities or transactions in or with, any Sanctioned Country; or (ii) directly or indirectly has derived or currently derives revenues from or has engaged or currently engages in investments, dealings, activities or transactions in or with any Sanctioned Person. For the past five (5) years prior to the date hereof, there has not been, and there is no, pending or, to the Company's knowledge, threatened action, suit, proceeding or investigation before any court or other Governmental Entity against the Company or any Subsidiary or Affiliate of the Company, or any of their respective officers, directors, employees, or, to the knowledge of the Company, agents (with respect to such agents' activities or transactions that were within the scope of their authorized agency relationship with the Company or its Subsidiaries or Affiliates), or any investigation by the Company, a Subsidiary or Affiliate of the Company, or their respective legal or other representatives involving the foregoing, that relates to a potential or actual violation of Sanctions, Anti-Corruption Laws, Ex-Im Laws or Anti-Money Laundering Laws; nor does a basis for any such claim exist.

(o) Committee on Foreign Investment in the United States. The Company is not engaging in activities that would cause it to become in the future, a "TID U.S. business," as that term is defined at 31 C.F.R. 800.248. For avoidance of doubt, the Company does not (a)

produce, design, test, manufacture, fabricate or develop any "critical technologies," as defined at 31 C.F.R. 800.215; (b) perform any functions related to "covered investment critical infrastructure" as defined at 31 C.F.R. 800.212 and as set forth in Appendix A to 31 C.F.R. Part 800; or (c) maintain or collect, directly or indirectly, any "sensitive personal data" of U.S. citizens as defined at 31 C.F.R. 800.241.

(p) Securities and Futures Ordinance. The conditions on which the Hong Kong Securities and Futures Commission (the "**SFC**") granted a partial exemption under section 309(2) of the Securities and Futures Ordinance (Cap. 571) (the "**SFO**") to the Company, its substantial shareholders, directors and chief executive from strict compliance with the provisions of Part XV of the SFO continue to be satisfied and there has been no material change that has caused the SFC to withdraw or reconsider such exemption.

(q) Brokers and Finders. No Person will have, as a result of the transactions contemplated by the Transaction Documents, any valid right, interest or claim against or upon the Company or any of its Subsidiaries for any commission, fee or other compensation pursuant to any agreement, arrangement or understanding with a placement agent entered into by or on behalf of the Company or any of its Subsidiary.

(r) No Additional Representations. The Company makes no representations or warranties as to any matter whatsoever except as expressly set forth in the Transaction Documents or in any certificate delivered by the Company to the Purchaser in accordance with the terms thereof.

5. COVENANTS AND ADDITIONAL AGREEMENTS

(a) Director Nomination Right.

(i) Upon the Closing, for so long as the Purchaser and its Affiliates beneficially own (A) not less than fifteen percent (15%) of the then total issued and outstanding share capital of the Company (on a non-fully diluted basis), the Purchaser shall be entitled to nominate two (2) directors to the Board (each such Person, a "**Purchaser Designee**" and collectively, the "**Purchaser Designees**"), and (B) less than fifteen percent (15%) but not less than five percent (5%) of the then total issued and outstanding share capital of the Company (on a non-fully diluted basis), the Purchaser shall be entitled to nominate one (1) Purchaser Designee, in each case subject to the Company Articles and requirements of the NYSE, the Hong Kong Stock Exchange, the Singapore Exchange or any other applicable securities exchange, and the Company shall, upon the exercise of such director nomination right by the Purchaser, take all necessary actions to add such Purchaser Designee(s) to the Board at the next regularly scheduled meeting of the Board after the Closing, including but not limited to arranging for the register of directors and officers of the Company to be updated forthwith. The Purchaser may exercise its director nomination right hereunder through delivery of a written notice to the Company regarding the nomination, and the appointment of the Purchaser Designee(s) by the Board shall be subject to the Company Articles and requirements of the NYSE, the Hong Kong Stock Exchange, the Singapore Exchange or any other applicable securities exchange applicable to the composition of the Board and qualifications and appointment of directors. The Company and the Board shall take customary and reasonable

actions to obtain shareholder approval of the Purchaser Designee(s) as director(s) of the Board to the extent such approval is required under applicable law. The Company shall take all necessary actions to ensure that, at all times when a Purchaser Designee is eligible to be appointed or nominated, there are sufficient vacancies on the Board to permit such designation.

(ii) The Purchaser shall have the right to request (by written notice to the Board) the removal of the Purchaser Designee(s), following which the Company and the Board shall take all necessary actions to cause the removal of such Purchaser Designee(s) as director(s) of the Company. If any Purchaser Designee ceases to serve on the Board for any reason during his or her term, the vacancy created thereby shall be filled, and the Company shall cause the Board to fill such vacancy, with a new Purchaser Designee eligible to serve on the Board in accordance with Section 5(a)(i); provided, however, notwithstanding anything to the contrary in this Agreement, in the event that the Purchaser ceases to be entitled to nominate one or both of the two (2) directors to the Board pursuant to Section 5(a)(iv), the applicable Purchaser Designee(s) serving on the Board shall tender his or her resignation to the Board, and the Purchaser shall take all necessary actions to cause such number of the Purchaser Designee(s) serving on the Board to tender his or her resignation to the Board to stay compliant with Section 5(a)(iv).

(iii) For the avoidance of doubt, a Purchaser Designee shall be entitled (A) to the same retainer, equity compensation and other fees or compensation, including travel and expense reimbursement, paid to the other directors of the Company for his or her service as a director and (B) to the same indemnification rights as other directors of the Company, and the Company shall maintain, in full force and effect, directors' and officers' liability insurance in reasonable amounts to the same extent it now indemnifies and provides insurance for the directors on the Board.

(iv) The rights of the Purchaser under this Section 5(a) shall terminate automatically if the Purchaser and its Affiliates beneficially own less than five percent (5%) of the then total issued and outstanding share capital of the Company (on a non-fully diluted basis).

(v) For the avoidance of doubt, this Section 5(a) shall supersede, and replace in its entirety, Section 5(c) of the Share Subscription Agreement, dated as of June 20, 2023, by and between the Company and the Purchaser.

(b) Board Committee. The Board shall establish a strategy committee (the "**Strategy Committee**") chaired by Mr. Bin Li. The Strategy Committee shall consist of Mr. Li, one Purchaser Designee, and up to three (3) other members as determined by the Board from time to time. In addition, for as long as there are two (2) Purchaser Designees on the Board (in accordance with Section 5(a)), the additional Purchaser Designee shall be an observer on the Strategy Committee. Unless otherwise determined by the vote of a majority of the members of the Strategy Committee, the Strategy Committee shall meet at least once every quarter, and more frequently upon the reasonable request of any member of the Strategy Committee, provided that any such meeting may be held by teleconference or videoconference. The Strategy Committee shall be responsible for overseeing the development and

implementation of the Company's overall business strategies proposed or approved by the Board in the areas of (A) brand and product development, portfolio and design, (B) technology roadmap, (C) international market entry and expansion, and (D) other areas that the Board deems appropriate. The primary objective of the Strategy Committee will be to facilitate the decision-making process of the Board, and it shall perform periodic reviews of the implementation of its proposals relating to the Company's overall business strategies in the areas described in this Section 5(b).

(c) Preemptive Rights.

(i) For so long as the Purchaser and its Affiliates beneficially own not less than fifteen percent (15%) of the then total issued and outstanding share capital of the Company (on a non-fully diluted basis), the Purchaser is entitled to a pre-emptive right to purchase up to its pro rata share of any new Equity Securities which the Company may, from time to time, propose to sell, offer or issue to any party (the "**Proposed Issuance**"), for the same purchase price and on substantially the same terms as are offered to other participants in such issuance. The Purchaser's pro rata share, for purposes of the pre-emptive right under this Section 5(c), shall be a fraction, the numerator of which shall be the number of Class A Ordinary Shares held by the Purchaser and its Affiliates immediately prior to the issuance of such new Equity Securities and the denominator of which shall be the total number of ordinary shares of the Company issued and outstanding immediately prior to such issuance of new Equity Securities.

(ii) For the avoidance of doubt, the pre-emptive right hereunder shall not apply to any sale, offer or issuance of Equity Securities: (A) to employees, officers or consultants as compensation for their services to the Company pursuant to any employee benefit plan, employee stock option plan or similar share-based plan of the Company duly adopted for such purpose by a majority of the members of the Board or a majority of the members of a committee of directors established for such purpose, (B) in connection with any exercise of conversion rights by any Person holding any convertible securities of the Company that are outstanding as of the date of this Agreement or were issued in compliance with this Section 5(c) after the date of this Agreement, (C) in connection with any share split, share dividend or any share subdivision or other similar event in which all of the shareholders of the Company are entitled to participate on a pro rata basis, or (D) issued pursuant to any transaction or any series of transactions that constitute a Change of Control so long as such sale, offer or issuance of Equity Securities is not primarily for the purpose of raising capital and such sale, offer or issuance is not to any Affiliate or any entity whose primary business is investing in securities.

(iii) The Company shall deliver a written notice, in accordance with the provisions of Section 9(i) hereof (the "**Issuance Notice**"), of any Proposed Issuance to the Purchaser not less than ten (10) Business Days prior to the earlier of the commencement of such Proposed Issuance and the entering into definitive documentation pursuant to which such Proposed Issuance would occur. The Issuance Notice shall set forth the material terms and conditions of the Proposed Issuance, including, to the extent applicable and available, (A) the number and description of the new Equity Securities proposed to be

issued and the percentage interest in the Company such issuance would represent, as well as the Purchaser's pro rata share, (B) the proposed closing date of the Proposed Issuance, (C) the proposed purchase price, and (D) the proposed method of sale. The Purchaser shall for a period of five (5) Business Days following the receipt of an Issuance Notice (the "**Exercise Period**") have the right to elect to purchase up to the Purchaser's pro rata share of the new Equity Securities at the purchase price set forth in the Issuance Notice by delivering a written notice to the Company (an "**Acceptance Notice**"), which Acceptance Notice shall include the number of new Equity Securities the Purchaser elects to purchase. The failure of the Purchaser to deliver an Acceptance Notice by the end of the Exercise Period shall constitute a waiver of its rights under this Section 5(c) with respect to the purchase of such new Equity Securities, but shall not affect its rights with respect to any Proposed Issuance in the future.

(d) Right of First Refusal. Subject to any applicable local laws or regulations, for so long as the Purchaser and its Affiliates beneficially own not less than fifteen percent (15%) of the then total issued and outstanding share capital of the Company (on a non-fully diluted basis), the Purchaser is entitled to a right of first refusal with respect to any transaction or series of related transactions involving the issuance and sale of any equity or equity-linked interest in any newly established joint ventures or Subsidiaries (whether existing or newly established) of the Company in global jurisdictions other than mainland China, Hong Kong, Macau and Taiwan (the "**Subject Transaction**") in accordance with the following provisions of this Section 5(d).

(i) The Company shall deliver a written notice, in accordance with the provisions of Section 9(i) hereof (the "**Offer Notice**"), of its bona fide intent to pursue any Subject Transaction to the Purchaser. The Offer Notice shall set forth the material terms and conditions of the Subject Transaction, including (A) as applicable, the amount of financing sought, the number and description of any securities (including any Equity Securities) proposed to be issued and the purchase price therefor with respect to the Subject Transaction, (B) the proposed timing of the Subject Transaction, and (C) the jurisdiction(s) involved in the Subject Transaction.

(ii) The Purchaser may exercise its right of first refusal by delivering to the Company written notice within ten (10) Business Days after its receipt of the Offer Notice to participate in the Subject Transaction at the same price and subject to the same terms and conditions as described in the Offer Notice. If and to the extent that the Purchaser fails to exercise its right hereunder timely or at all, the Company may proceed with the Subject Transaction at the price and on the terms specified in the Offer Notice.

(iii) To the extent that the Purchaser duly exercised its right of first refusal hereunder, the Purchaser and the Company shall use their commercially best efforts to complete the Subject Transaction at the same price and subject to the same terms and conditions as described in the Offer Notice.

(e) Technology Licensing. Except for the Company's battery swapping technology, for so long as the Purchaser and its Affiliates beneficially own not less than fifteen percent (15%) of the then total issued and outstanding share capital of the Company (on a non-fully

diluted basis), the Company shall not license its technologies to any other original equipment manufacturers ("**OEMs**"), for purposes of utilizing such technologies in connection with the development and manufacturing of vehicle models with starting manufacturer's suggested retail price (MSRP) of over US$50,000, without the prior written consent of the Purchaser. If the Purchaser consents to any such proposed licensing of the Company's technologies to an OEM, the Company shall ensure that the terms of the licensing agreement with such OEM will not be more favorable than those offered to the Purchaser and its Affiliates.

(f) Consents and Approvals. The Purchaser shall take all necessary actions to obtain all requisite internal consents, approvals, or authorizations with respect to Closing as soon as practicable after the date hereof and in any event prior to the Closing Date.

(g) Expenses. Each party shall bear and pay its own costs, fees and expenses incurred by it in connection with the Transaction Documents and the transactions contemplated by the Transaction Documents.

(h) Purchaser Lockup. The Purchaser shall not, during the period commencing on the date hereof and ending six (6) months after the Closing Date (the "**Purchaser Lock-Up Period**"), Transfer any portion or interest of the Securities purchased hereunder without the prior written consent of the Company, other than (A) to any Affiliate of the Purchaser or to any investment fund or other entity controlling, controlled by, managing or managed by or under common control with the Purchaser or as part of a distribution to members or shareholders of the Purchaser upon liquidation, (B) pursuant to tenders, sales or other transfers pursuant to a bona fide third-party tender offer, merger, consolidation or other similar transaction made to all holders of ADS or Class A Ordinary Shares or involving a Change of Control of the Company, (C) Class A Ordinary Shares and ADSs acquired by the Purchaser in open market transactions subsequent to the Closing or (D) to the Company. Any purported sale, transfer, pledge, encumbrance, assignment, loan, or disposal of the Securities in violation of the foregoing sentence without prior written consent of the Company shall be null and void.

(i) Company Lockup. Without the prior written consent of the Purchaser, the Company shall not, during the period commencing on the date hereof and ending six (6) months after the Closing Date (the "**Company Lock-Up Period**"), offer, sell, contract to sell, or grant any option, right or warrant to purchase with respect to, any Company's Equity Securities at a purchase price per Class A Ordinary Share (as adjusted for the American depository share-to-Class A Ordinary Share ratio) or a conversion price per Class A Ordinary Share (in the case of any security convertible into, exchangeable or exercisable for the Class A Ordinary Share) that is below the Purchase Price.

(j) Public Disclosure. Without limiting any other provision of this Agreement, the Company and Purchaser, to the extent permitted by applicable law, will consult with each other before issuance of, and provide each other the opportunity to review and comment upon, any press release or public statement with respect to the Transaction Documents and the transactions contemplated hereby and thereby, and will not (to the extent practicable) issue any such press release or make any such public statement prior to such consultation with and consent of the other party, which shall not be unreasonably withheld, conditioned or delayed, except as to such press release or public statement (and information contained therein) that the Company or the Purchaser determines, after consultation with outside legal counsel, is required by law, rules, regulations or any listing agreement with or requirement of the SEC, NYSE, the Hong Kong Stock Exchange, the Singapore Exchange or any other applicable securities exchange; provided that the disclosing party shall, to the extent permitted by applicable law,

rules, regulations or any listing agreement with or requirement of the SEC, NYSE, the Hong Kong Stock Exchange, the Singapore Exchange or any other applicable securities exchange and if reasonably practicable, inform the other parties about the disclosure to be made pursuant to such requirements prior to the disclosure. Notwithstanding the foregoing, this Section 5(j) shall not apply to any press release or other public statement made by the Company that does not contain any information relating to this Agreement that has not been previously announced or made public in accordance with the terms of this Agreement and that is made in the ordinary course of business.

(k) Sanctions, Anti-Corruption, Ex-Im Laws and Anti-Money Laundering. The Company and each of its Subsidiaries shall not, directly or indirectly, use any proceeds of the Aggregate Purchase Price, or use, lend, contribute or otherwise make available any such proceeds, to any Subsidiary, Affiliate, joint venture partner or other Person (i) to fund any investments, activities or transactions involving any Sanctioned Country or Sanctioned Person or (ii) if such use, loan, contribution, or the making available of any such proceeds would be prohibited under Sanctions for a Person subject to U.S., EU or UK jurisdiction; or otherwise in any manner in violation of Sanctions, Anti-Corruption Laws, Ex-Im Laws or Anti-Money Laundering Laws by any Person (including Purchaser, nominee, financial institution, arranger or advisor). The Company will maintain policies and procedures reasonably designed to ensure compliance with Sanctions, Ex-Im Laws Anti-Corruption Laws and Anti-Money Laundering Laws.

6. CONDITIONS TO THE COMPANY'S OBLIGATIONS

The obligation of the Company hereunder to issue and sell the Securities to the Purchaser at the Closing is subject to the satisfaction or waiver by the Company, on or before the Closing Date, of each of the following conditions:

(a) Execution of Transaction Documents. The Purchaser shall have duly executed and delivered to the Company each of the Transaction Documents to which it is a party. The execution and delivery of this Agreement by the Purchaser and the consummation of the transactions contemplated by and in compliance with the provisions of the Transaction Documents have been duly authorized by all necessary entity action on the part of the Purchaser.

(b) Performance. The Purchaser shall have performed and complied in all material respects with all agreements, obligations and conditions contained in the Transaction Documents that are required to be performed or complied with by it on or before the Closing.

(c) Representations and Warranties; Covenants. The representations and warranties of the Purchaser shall be true and correct in all material respects (except for those representations and warranties that are qualified by materiality or material adverse effect, which shall be true and correct in all respects) as of the date of this Agreement and as of the Closing Date as though made at that time (except for representations and warranties that speak as of a specific date, which shall be true and correct as of such specified date); provided that each representation or warranty made by the Purchaser in this Agreement under Sections 3(a), 3(b) and 3(c) shall be true and correct in all respects as of the date of this Agreement and as of the Closing Date as though made at that time (except for representations and warranties that speak as of a specific date, which shall be true and correct as of such specified date).

(d) No Stop Order. There shall not be in force and effect any (A) law, rule or regulation (whether temporary, preliminary or permanent) or (B) order, judgment, verdict,

subpoena, injunction, decree, ruling, determination or award by any Governmental Entity of competent jurisdiction, in either case, enjoining, prohibiting or having the effect of making illegal the consummation of the transactions contemplated by this Agreement.

7. CONDITIONS TO THE PURCHASER'S OBLIGATIONS

The obligation of the Purchaser hereunder to purchase the Securities at the Closing is subject to the satisfaction or waiver by the Purchaser, on or before the Closing Date, of each of the following conditions:

(a) Execution of Transaction Documents. The Company shall have duly executed and delivered to the Purchaser each of the Transaction Documents to which it is a party.

(b) Performance. The Company shall have performed and complied in all material respects with all agreements, obligations and conditions contained in the Transaction Documents that are required to be performed or complied with by it on or before the Closing.

(c) Representations and Warranties; Covenants. The representations and warranties of the Company contained in the Transaction Documents shall be true and correct in all material respects (except for those representations and warranties that are qualified by materiality or material adverse effect, which shall be true and correct in all respects) as of the date of this Agreement and as of the Closing Date as though made at that time (except for representations and warranties that speak as of a specific date, which shall be true and correct in all material respects as of such specified date); provided that each representation or warranty made by the Company in this Agreement under Sections 4(a), 4(b), 4(c), 4(f) and 4(g) shall be true and correct in all respects as of the date of this Agreement and as of the Closing Date as though made at that time (except for representations and warranties that speak as of a specific date, which shall be true and correct as of such specified date).

(d) No Stop Order. There shall not be in force and effect any (A) law, rule or regulation (whether temporary, preliminary or permanent) or (B) order, judgment, verdict, subpoena, injunction, decree, ruling, determination or award by any Governmental Entity of competent jurisdiction, in either case, enjoining, prohibiting or having the effect of making illegal the consummation of the transactions contemplated by this Agreement.

(e) No Material Adverse Effect. No Material Adverse Effect shall have occurred since the date of this Agreement.

(f) Exchange Listing. The Company shall have filed a supplemental listing application for the ADSs representing the Securities with NYSE and shall have received no objection thereto from NYSE.

8. TERMINATION

(a) Subject to Section 8(b) below, this Agreement may be terminated and the transactions contemplated by this Agreement abandoned at any time prior to the Closing:

(i) by either the Company or the Purchaser, by written notice to the other party, if Closing does not occur by December 31, 2023;

(ii) by mutual agreement of the Company and the Purchaser;

(iii) by the Company or the Purchaser if there is in force and effect any (A) law, rule or regulation (whether temporary, preliminary or permanent) or (B) order, judgment, verdict, subpoena, injunction, decree, ruling, determination or award by any Governmental Entity of competent jurisdiction, in either case, enjoining, prohibiting or having the effect of making illegal the consummation of the transactions contemplated by this Agreement;

(iv) by the Purchaser if any representation or warranty made by the Company under this Agreement shall have become untrue or there has been a breach of any covenant or agreement by the Company under this Agreement, which breach cannot be cured or, if it is capable of being cured, that is not cured within seven (7) Business Days of its occurrence, in either case such that the conditions set forth in Section 7 would not be satisfied as of the time of such breach or as of the time such representation or warranty shall have become untrue; provided, however, that the Purchaser shall not have the right to terminate this Agreement pursuant to this Section 8(a)(iv) if the Purchaser shall have materially breached or failed to perform any of its representation or warranty or covenant or agreement under any Transaction Document which breach or failure to perform would give rise to the failure of the condition set forth in Section 7; or

(v) by the Company if any representation or warranty made by the Purchaser under this Agreement shall have become untrue or there has been a breach of any covenant or agreement by the Purchaser under this Agreement, which breach cannot be cured or, if it is capable of being cured, that is not cured within seven (7) Business Days of its occurrence, in either case such that the conditions set forth in Section 6 would not be satisfied as of the time of such breach or as of the time such representation or warranty shall have become untrue; provided, however, that the Company shall not have the right to terminate this Agreement pursuant to this Section 8(a)(v) if the Company shall have materially breached or failed to perform any of its representation or warranty or covenant or agreement under any Transaction Document which breach or failure to perform would give rise to the failure of the condition set forth in Section 6.

(b) In the event of termination of this Agreement as provided in Section 8(a) above, this Agreement shall forthwith become void and there shall be no liability or obligation on the part of the parties hereto and, as applicable, the officers, directors and shareholders of each party, except that the provisions of Sections 8 and 9 hereof shall remain in full force and effect; provided that nothing herein shall relieve any party hereto from liability for any breach of this Agreement that occurred prior to such termination.

9. MISCELLANEOUS

(a) No Survival. None of the representations, warranties, covenants or agreements in this Agreement or in any instrument delivered pursuant to this Agreement shall survive the Closing and all rights, claims and causes of action (whether in contract or in tort or otherwise, or whether at law or in equity) with respect thereto shall terminate at the Closing. Notwithstanding the foregoing, neither this Section 9(a) nor anything else in this Agreement to the contrary shall limit: (a) the survival of any covenant or agreement of the parties which by its terms is required to be performed or complied with in whole or in part after the Closing, which covenants and agreements shall survive the Closing in accordance with their respective terms; or (b) the liability of any Person with respect to fraud. For the avoidance of doubt, all of the covenants and agreements contained in Section 9(a) herein shall survive the Closing.

(b) Governing Law; Arbitration. All questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by and construed in accordance with the laws of the State of New York without giving effect to any choice or conflict of law provision or rule thereof. Any dispute, controversy or claim arising out of or relating to this Agreement, or the interpretation, breach, termination or validity hereof, shall be submitted to arbitration upon the request of any party with notice to the other party. The arbitration shall be conducted in Hong Kong under the auspices of the Hong Kong International Arbitration Centre ("**HKIAC**") in accordance with the HKIAC Administered Arbitration Rules then in effect, which rules are deemed to be incorporated by reference into this Section 9(b). There shall be three (3) arbitrators. The complainant and the respondent to such dispute shall each select one arbitrator within thirty (30) days after giving or receiving the demand for arbitration. The Chairman of the HKIAC shall select the third arbitrator, who shall be qualified to practice law in Hong Kong. If either party to the arbitration does not appoint an arbitrator who has consented to participate within thirty (30) days after selection of the first arbitrator, the relevant appointment shall be made by the Chairman of the HKIAC. The arbitration proceedings shall be conducted in English. Each party irrevocably waives, to the fullest extent it may effectively do so, any objection which it may now or hereafter have to the laying of venue of any such arbitration in Hong Kong and the HKIAC, and hereby submits to the exclusive jurisdiction of HKIAC in any such arbitration. The award of the arbitration tribunal shall be conclusive and binding upon the disputing parties, and any party to the dispute may apply to a court of competent jurisdiction for enforcement of such award. Any party to the dispute shall be entitled to seek preliminary injunctive relief, if possible, from any court of competent jurisdiction pending the constitution of the arbitral tribunal.

(c) Remedies and Waivers. No delay or omission by any party to this Agreement in exercising any right, power or remedy provided by law or under this Agreement or any other documents referred to in it shall: (i) affect that right, power or remedy; or (ii) operate as a waiver thereof. The single or partial exercise of any right, power or remedy provided by law or under this Agreement shall not preclude any other or further exercise or any other right, power or remedy. Except as otherwise expressly provided in this Agreement, the rights, powers and remedies provided in this Agreement are cumulative and not exclusive of any rights, powers and remedies provided by law.

(d) Counterparts. This Agreement may be executed in two or more identical counterparts, all of which shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party. Signatures in the form of electronically imaged ".pdf" shall be considered due execution and shall be binding upon the signatory thereto with the same force and effect as if the signatures were original.

(e) Headings. The headings of this Agreement are for convenience of reference and shall not form part of, or affect the interpretation of, this Agreement.

(f) Severability. If any provision of this Agreement shall be invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall not affect the validity or enforceability of the remainder of this Agreement in that jurisdiction or the validity or enforceability of any provision of this Agreement in any other jurisdiction.

(g) Interpretation. When a reference is made in this Agreement to an Article, Section or Exhibit, such reference shall be to an Article or Section of, or an Exhibit to, this Agreement unless otherwise indicated. The table of contents and headings contained in this

Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation". The words "hereof", "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. The word "or" shall not be exclusive. All references to "$" mean the lawful currency of the U.S. The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such term. Except as specifically stated herein, any agreement, instrument or statute defined or referred to herein or in any agreement or instrument that is referred to herein means such agreement, instrument or statute as from time to time amended, modified or supplemented, including (in the case of agreements or instruments) by waiver or consent and (in the case of statutes) by succession of comparable successor statutes and references to all attachments thereto and instruments incorporated therein. Except as otherwise specified herein, references to a person are also to its permitted successors and assigns. Each of the parties has participated in the drafting and negotiation of this Agreement. If an ambiguity or question of intent or interpretation arises, this Agreement must be construed as if it is drafted by all the parties and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of authorship of any of the provisions of this Agreement.

(h) Entire Agreement; Amendments. This Agreement (including all schedules and exhibits hereto), together with the other Transaction Documents constitute the entire agreement, and supersede all other prior oral or written agreements between the Purchaser, the Company, their Affiliates and Persons acting on their behalf with respect to the subject matter hereof and thereof. No provision of this Agreement may be amended other than by an instrument in writing signed by the Company and the Purchaser. No provision hereof may be waived other than by an instrument in writing signed by the party against whom enforcement is sought.

(i) Notices. Any notices, consents, waivers or other communications required or permitted to be given under the terms of this Agreement must be in writing and will be deemed to have been delivered: (i) upon receipt, when delivered personally or by internationally recognized overnight courier service; (ii) upon receipt, when sent by email if sent during normal business hours of the recipient, and if not, then on the next Business Day, in each case properly addressed to the party to receive the same. The addresses and email addresses for such communications shall be:

If to the Company:

NIO Inc.
Address: Building 19, No. 889, Tianlin Road
Minhang District
Shanghai, People's Republic of China
Telephone: [***]
Email: [***]
Attention: [***]

with a copy (for informational purposes only) to:

Skadden, Arps, Slate, Meagher & Flom LLP
Address: 46/F, Tower II, Jing An Kerry Centre
1539 Nanjing West Road
Shanghai 200040, People's Republic of China
Telephone: [***]
Email: [***]
Attention: [***]

If to the Purchaser:

CYVN Investments RSC Ltd
Address: Office at 9th Floor, Level 9, Al Khatem Tower
Abu Dhabi Global Market Square, Al Maryah Island
Abu Dhabi, United Arab Emirates
Telephone: [***]
Email: [***]
Attention: [***]

with a copy (for informational purposes only) to:

Akin Gump Strauss Hauer & Feld LLP
Address: 100 Pine St Suite 3200
San Francisco, CA 94111
Telephone: [***]
Email: [***]
Attention: [***]

(j) Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the parties hereto (whether by operation of law or otherwise) without the prior written consent of the other parties; provided, however, that the Purchaser may assign its rights and obligations under this Agreement to one or more of its Affiliates in connection with the Purchaser's assignment of Securities to such Affiliates with prior written notice to the Company.

(k) Further Assurances. Each of the Purchaser and the Company shall, in good faith, cooperate and consult with the other and use commercially reasonable efforts to prepare and file all necessary documentation, to effect all necessary applications, notices, petitions, filings and other documents, and to obtain all necessary permits, consents, orders, approvals and authorizations of, or any exemption by, all Governmental Entities, necessary or advisable to consummate the transactions contemplated by this Agreement and the other Transaction Documents. Each party shall do and perform, or cause to be done and performed, all such further acts and things, and shall execute and deliver all such other agreements, certificates, instruments and documents, as any other party may reasonably request in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated hereby.

(l) Adjustment of Share Numbers. If there is a subdivision, split, stock dividend, combination, reclassification or similar event with respect to any of the shares of Company's Class A Ordinary Shares referred to in this Agreement, then, in any such event, the numbers

and types of shares of such Class A Ordinary Shares referred to in this Agreement shall be equitably adjusted as appropriate to the number and types of shares of such stock that a holder of such number of shares of such stock would own or be entitled to receive as a result of such event of such holder had held such number of shares immediately prior to the record date for, or effectiveness of, such event.

(m) Specific Performance. The parties hereto acknowledge and agree irreparable harm would occur for which money damages would not be an adequate remedy in the event that any of the provisions of the Transaction Documents were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties to the Transaction Documents shall be entitled, in addition to any other remedy to which such party is entitled at law, in equity, in contract, in tort or otherwise, to an injunction or injunctions, without posting a bond or undertaking and without proof of damages, to prevent breaches of the Transaction Documents and to enforce specifically the terms and provisions of the Transaction Documents.

[Signature Pages Follow]

IN WITNESS WHEREOF, the Company and the Purchaser have caused their respective signature page to this Share Subscription Agreement to be duly executed as of the date first written above.

COMPANY:

NIO INC.

By: /s/ Bin Li
Name: Bin Li
Title: Chairman of the Board of Directors
and Chief Executive Officer

[Signature Page to Share Subscription Agreement]

IN WITNESS WHEREOF, the Company and the Purchaser have caused their respective signature page to this Share Subscription Agreement to be duly executed as of the date first written above.

PURCHASER:

CYVN INVESTMENTS RSC LTD

By: /s/ Samer Salah Mohammad Abdelhaq
Name: Samer Salah Mohammad Abdelhaq
Title: Director

By: /s/ Eddy Skaf
Name: Eddy Skaf
Title: Director

[Signature Page to Share Subscription Agreement]

Exhibit 4.47

Assets Transaction Agreement for the Project of Transfer of Structures and Equipment of Xinqiao Plant of Anhui Jianghuai Automobile Group Co., Ltd. Passenger Car Company

Notice for Use of the Contract

I. This Contract is a model text formulated in accordance with the *Civil Code of the People's Republic of China*, the *Measures for the Supervision and Administration of the Trading of State-owned Assets of Enterprises* (Order No. 32 of the State-owned Assets Supervision and Administration Commission of the State Council and the Ministry of Finance) and other relevant laws and regulations governing the trading of state-owned assets of enterprises.

II. All the terms hereof are exemplary. The parties to this Contract can amend, adjust or supplement this Contract in light of the actualities. Anhui Assets and Equity Exchange Co., Ltd. ("AAEE"), as the provider of this model contract, shall take no legal responsibility therefor.

III. To better protect the rights and interests of both parties hereto, the parties hereto shall exercise caution in entering into this Contract and shall endeavor to make the terms and conditions hereof specific and meticulous. **Where the specific transaction does not concern any circumstance set out in any provision hereof, such provision shall be marked with "this provision does not relate to this Contract".**

IV. **Assets Transaction Fees: means the service charges payable to AAEE by a transferor or transferee of a trading of state-owned assets of enterprises at AAEE in accordance with the requirements of the administration of commodity prices or other relevant requirements.**

V. The materials relating to the text of this Contract shall be set out in the appendix to this Contract.

VI. AAEE solemnly declares that this sample contract is only for use at their election by the parties to the assets transaction at AAEE in light of the actualities. **AAEE shall not be under any guarantee obligation required in connection with the preparation and provision of this sample contract, including but not limited to the guarantee for the completeness of the terms and conditions of this sample contract, the authenticity of the purposes of the parties to the transaction entering into this Contract, the eligibility of the parties to the transaction as signatories, the truthfulness and accuracy of the representations and covenants made, and the documents and information provided, by the parties to the transaction for the execution of this Contract, and all other relevant guarantee liabilities.**

Party A (Transferor): Anhui Jianghuai Automobile Group Co., Ltd.

Party B (Transferee): NIO Technology (Anhui) Co., Ltd.

In accordance with the *Civil Code of the People's Republic of China* and the relevant laws, regulations and policies governing the trading of state-owned assets of enterprises, Party A and Party B have, in adherence to the principles of voluntariness, equality, fairness and good faith, and upon public listing, agreed on matters relating to the transfer of the structures and equipment of Xinqiao Plant of Anhui Jianghuai Automobile Group Co., Ltd. Passenger Car Company, and enter into this transaction contract (this "Contract") as follows:

Article 1
Transferred Assets

1.1 Transferred Assets: structures and equipment of Xinqiao Plant of Anhui Jianghuai Automobile Group Co., Ltd. Passenger Car Company.

1.2 Party A has entrusted Zhonghua Certified Public Accountants LLP (Special General Partnership) Anhui Branch and Anhui Zhonglian Guoxin Assets Appraisal Co., Ltd. with the audit and appraisal of the transferred assets in detail, and Party B acknowledges the audit and appraisal. The auditor and the appraisal firm have issued the Special Audit Report on the Assets to be Transferred by Anhui Jianghuai Automobile Group Co., Ltd. (Zhong Hui Zi (2023) No. [***]) and the Asset Appraisal Report on the Project of Appraisal of the Value of the Structures and Equipment of Xinqiao Plant of Passenger Car Company Involved in the Assets to be Transferred by Anhui Jianghuai Automobile Group Co., Ltd. (Wan Zhong Lian Guo Xin Ping Bao Zi (2023) No. [***]) (the "Appraisal Report"); the details of the transferred assets are as set forth in the list of assets (attached hereto as Appendix 1).

1.3 Except for the matters already disclosed by Party A to Party B, there is no matter undisclosed or omitted in the asset appraisal report or audit report that may affect the appraisal result or have material adverse effect on the determination of the value of the transferred assets.

Article 2
Transfer Price

2.1 Party A and Party B agree that the transfer price of the transferred assets shall be the price resulting from the public listing on AAEE of the transferred assets in the amount of RMB[***] (exclusive of VAT: Renminbi [***]).

2.2 The deposit in the amount of RMB[***] paid by Party B to AAEE shall become a part of the transfer price after this Contract becomes effective.

Article 3
Payment Method for Transfer Price

3.1 The Parties agree to pay the transfer price specified in Article 2.1 hereof to the account designated by AAEE by the following method within 5 business days from the effective date of this Contract:

Lump-sum Payment Method: Party B agrees to pay the balance of the transfer price in the amount of RMB[***] (balance of the transfer price = transfer price of RMB[***] - deposit of RMB[***]) to the account designated by AAEE within 5 business days from the effective date of this Contract.

3.2 Party B shall be deemed to have performed its payment obligation specified herein after Party B has paid the full amount of the transaction price to the account designated by AAEE and has paid all taxes to the account designated by Party A. Within 5 business days after Party B has fully paid the transfer price, AAEE will transfer the full amount of the transfer price to the account designated by Party A, to which Party B must respond without raising any objection.

Article 4
Closing of Assets and Assumption of Taxes

4.1 Party B has fully understood and acknowledged the status of and the agreements on the transferred assets, and voluntarily accepts the current status of the transferred assets in its entirety and the defects disclosed in the Announcement on Transfer of Structures and Equipment of Xinqiao Plant of Anhui Jianghuai Automobile Group Co., Ltd. Passenger Car Company (the "Transfer Announcement"), and is willing to bear all liabilities and risks.

4.2 After handover of the transferred assets by Party A to Party B, Party A warrants that it will render necessary assistance to Party B to complete the required approvals and amendments (including but not limited to change in the special equipment verification certificate, change in the relevant certificates for imported (duty-free) equipment) by and with relevant competent governmental authorities to which the transfer of the transferred assets hereunder may relate.

4.3 Party A shall, within 4 months following the Assets Closing Date, hand over the data and archives concerning the transferred assets to Party B.

4.4 Within 7 business days after the effective date of this Contract, the Parties shall complete the handover of the transferred assets (the day on which the Parties complete the handover of the assets shall be the "Assets Closing Date"), sign for confirmation the Handover Checklist of Transferred Assets, and have the transferred assets handed over on an "as-is" basis at the time of delivery.

4.5 The type, quantity and status of the transferred assets to be delivered shall be in their "as-is" condition at the time of delivery. Party B shall not raise any objection to the transferred assets after the acquisition thereof.

4.6 The overall layout, planning, operations and relevant existing facilities and equipment within the area where the transferred assets are located shall be in their "as-is" condition at the time of delivery, and Party B shall not raise any objection to the transferred assets after the acquisition thereof.

4.7 Party B shall inform itself about, and check against, other conditions including but not limited to the requirements of the relevant competent authorities of the locality of the transferred assets on the transfer of ownership and use of the transferred assets. If the transfer of ownership of, or amendment or other formalities for, the transferred assets fail to be completed due to any reason attributable to Party B, or the transferred assets fail to be used

as expected, Party B shall solely bear all consequences arising therefrom, including but not limited to costs, risks and losses.

4.8 Party B shall, in respect of its qualifications, comply with local policies and regulations on the qualifications for purchase of the transferred assets, and shall check its own qualifications against the relevant regulations and requirements, consult professionals, relevant parties and regulatory authorities, and solely bear all consequences arising therefrom, including but not limited to costs, risks and losses.

4.9 The appraised price, listed price and transaction price of the transferred assets are all exclusive of tax. After completion of the transaction, Party A (or a branch company of Party A) shall issue a VAT invoice to Party B within two days after the Assets Closing Date in accordance with the tax law of the PRC, and the VAT (i.e., the VAT on the transfer price under the Project) shall be borne by Party B. Party B shall transfer the relevant VAT amount to the account designated by Party A while paying the transfer price.

4.10 Except that the amount of tax stated in the VAT invoice for the transfer price under the Project issued by Party A to Party B shall be borne by Party B, the Parties shall each pay VAT and its surcharges, stamp duty and all other taxes incurred in connection with the transfer of the transferred assets respectively in accordance with the law. If no laws or regulations provide for the payer of such taxes, and the Parties have not agreed on the payer either, the Parties shall jointly bear such taxes in equal proportion, unless otherwise agreed by the Parties.

4.11 The transferred assets are currently used for the manufacturing of new energy vehicles, and Party B shall cooperate with Party A in completing the subsequent construction, inspection and acceptance of the Project, and in performing relevant contractual obligations. If it intends to continue to use the transferred assets for the original purposes, Party B shall inform itself about, and check against, the requirements including but not limited to project investment filing and licensing requirements under the law, national industry policies of China and the layout requirements on automobile industry in Anhui Province.

4.12 In accordance with Article 21 of the *Measures for the Administration of Automobile Sales* which provides that "A supplier shall announce to the public in a timely manner the model of which the production or sale has been discontinued, and shall guarantee the supply of parts and relevant after-sales services for at least 10 years thereafter", Party B undertakes and warrants that it will continuously supply the relevant models manufactured currently in relation to the transferred assets, and guarantees a continuous and sufficient supply of after-sales parts of the relevant models for after-sales services and maintenance within 10 years after the cessation of the production or sale of those models.

Article 5
Assets Transaction Fees

All Assets Transaction Fees arising from the transactions contemplated hereunder shall be borne by Party B according to the agreements of the Parties.

Article 6
Representations and Warranties of Party A

6.1 Party A warrants that it has the full right to dispose of the transferred assets hereunder, that the ownership of the transferred assets is clear, that the transferred assets have not been sealed up by judicial authorities or been subject to other compulsory measures, and that the transfer of the transferred assets is not prohibited or restricted by laws. All material defects in the transferred assets and Party A's rights therein or other major matters which may affect the determination of the value of the transferred assets have been disclosed by Party A to Party B, and Party A undertakes that all risks and liabilities arising from such defects shall be solely borne by Party A.

6.2 Party A warrants that all materials (including originals and copies) provided and all statements of facts made by it to Party B and AAEE for the purpose of entering into this Contract are true, accurate, complete and valid, and do not contain any false document or material omission. Party A shall be responsible for the consistency between the materials provided by it and the actual conditions of the transferred assets, and shall bear all legal liabilities arising from any concealment or false statement in such materials.

6.3 Party A warrants that all procedures necessary for its execution of this Contract (including but not limited to internal decisions, authorizations and approvals) have been legally and validly obtained by it, and all the conditions precedent to the formation of this Contract and the transfer of the transferred assets by it have been satisfied.

Article 7
Representations and Warranties of Party B

7.1 Party B is a legal person in legal and valid existence, and has independent legal personality and the ability to assume civil liabilities independently; it is in a good financial position, and has good payment ability and commercial credit; the transaction funds are from legal sources and it is in compliance with the eligibility requirements on transferee under laws, regulations and the Transfer Announcement of the Project.

7.2 Party B warrants that all materials (including originals and copies) provided and all statements of facts made by it to Party A and AAEE for the purpose of entering into this Contract are true, accurate, complete and valid.

7.3 Party B warrants that all procedures necessary for its execution of this Contract (including but not limited to internal decisions, authorizations and approvals) have been legally and validly obtained by it, and all the conditions precedent to the formation of this Contract and the transfer of the transferred assets to it have been satisfied.

7.4 Party B has completed a site inspection of the transferred assets, has carefully read, fully understood and fully accepted all the contents and requirements of the Announcement on Transfer of Structures and Equipment of Xinqiao Plant of Anhui Jianghuai Automobile Group Co., Ltd. Passenger Car Company, voluntarily and entirely accepts the current status and disclosed defects of the transferred assets, and is willing to bear all liabilities and risks.

7.5 With respect to the approvals or filings required for the assets transaction, including those relating to the examination of eligibility of parties to the transaction, antitrust clearance, concession, use right to allocated state-owned land, exploration right and mining

right, Party B has understood the provisions of relevant laws and administrative regulations and regulatory requirements, has determined on its own that it is eligible to act as the transferee to this assets transfer project in accordance with such provisions and regulatory requirements and upon consultation with professionals, relevant parties and regulatory authorities, and shall solely bear all consequences arising therefrom, including expenses, risks and losses.

7.6 Party B's acceptance of the confirmation of its eligibility by Party A and AAEE does not imply that Party B's eligibility has complied with the provisions of relevant laws and administrative regulations and regulatory requirements. The final determination of Party B's eligibility to act as transferee to the Project shall be subject to the examination opinions of relevant regulatory authorities.

7.7 Other undertakings required to be made by Party B in the Announcement on Transfer of Structures and Equipment of Xinqiao Plant of Anhui Jianghuai Automobile Group Co., Ltd. Passenger Car Company.

Article 8
Notices and Delivery

All notices, demands and other communications required by this Contract shall generally be sent by courier, text message or email. A notice shall be deemed to have been duly delivered three business days after sending if sent by courier, or when the text message is sent by the sender to the correct mobile phone number of the other party (to the extent such message is not returned by the operator) if sent by text message, or when the email is sent by the sender to the correct email address of the other party (to the extent the email is not returned by the system) if sent by email. Notices shall be sent to the domicile, contact details or email address of the parties set forth on the signature page to this Contract.

Article 9
Liability for Breach of Contract

9.1 If Party B delays in paying the transfer price, Party B shall pay liquidated damages to Party A in an amount equal to 5‰ of the overdue amount of purchase price for each day of delay. If Party B fails to make full payment of the transfer price within 30 days of the receipt of a reminder of late payment, Party A shall be entitled to terminate this Contract, request Party B to bear its liability for breach by paying 30% of the transfer price under this Contract, and request Party B to compensate Party A for its losses.

9.2 If either Party delays in cooperating with the other Party in closing the assets transaction or delivering the assets, the breaching Party shall pay liquidated damages to the non-breaching Party in an amount equal to 5‰ of the transfer price for each day of delay. If the breaching Party fails to cooperate with the non-breaching Party in closing the assets transaction within 30 days of the receipt of a reminder, the non-breaching Party shall be entitled to terminate this Contract and request the breaching Party to compensate the non-breaching Party for its losses.

9.3 If either Party hereto breaches any obligation or responsibility set forth in this Contract, which causes any loss to the other Party, the breaching Party shall be liable to compensate the non-breaching Party; if the purposes of this Contract cannot be effected due to any material adverse effect of the breaching Party's breach on the transferred assets or the

transferor, the non-breaching Party shall be entitled to terminate this Contract and request the breaching Party to compensate the non-breaching Party for its losses.

Article 10
Modification and Termination of Contract

10.1 This Contract may be modified in writing upon mutual agreement of the Parties; provided that such modification shall not violate the provisions of the laws of the PRC and the Transfer Announcement.

10.2 This Contract may be modified or terminated by either Party if:

(1) the Parties agree to terminate this Contract in writing upon mutual agreement due to any change in the circumstances, without prejudice to the national or social public interests;

(2) the conditions to termination by operation of law as provided for in the *Civil Code of the People's Republic of China* are satisfied;

(3) any of the circumstances set forth in this Contract where this Contract shall be modified or terminated occurs.

10.3 Either Party that terminates this Contract in accordance with Article 10.2 shall notify the other Party in writing.

10.4 In the event of any termination or modification of the main provisions of this Contract, Party A and Party B shall also notify AAEE in writing of the termination or modification of this Contract. If the modification or termination of this Contract involves any amount temporarily kept in the fund settlement account of AAEE, a written application for the transfer of such amount shall be submitted to AAEE, and AAEE shall have the right to deduct the Assets Transaction Fees payable by the breaching Party directly from such amount.

Article 11
Jurisdiction and Dispute Resolution

11.1 All actions under this Contract shall be governed by the laws of the People's Republic of China.

11.2 Any dispute arising from the performance of this Contract by the Parties hereto shall be resolved by the Parties through negotiation; if no agreement can be reached through negotiation, such dispute shall be resolved in accordance with (2) below:

(1) the dispute shall be referred to arbitration administered by the Hefei Arbitration Commission;

(2) a lawsuit shall be filed to the people's court of competent jurisdiction in the place where the transferred assets are located.

Article 12
Miscellaneous

12.1 In respect of any matter not mentioned herein, a written supplementary agreement may be entered into by the Parties upon mutual agreement which shall have the

same legal effect as this Contract; provided that such supplementary agreement shall not violate the provisions of the laws of the PRC and the Transfer Announcement.

12.2 This Contract shall take effect as of the date when it is signed and affixed with the seals of Party A and Party B and affixed with the seal of AAEE, unless the effectiveness of this Contract is subject to approval or filing under laws and administrative regulations. If any administrative approval is required for the assets transaction, including those relating to examination of eligibility of parties to the transaction and antitrust clearance, the effectiveness of this Assets Transaction Agreement shall not be affected. If Party B fails to obtain the approval or filing within a reasonable time limit, Party A shall be entitled to terminate this Contract and otherwise dispose of the transferred assets. The deposit or transfer price paid by Party B, net of the Assets Transaction Fees payable to AAEE, shall be paid to Party A and relevant parties as compensation. If such amount of compensation is not sufficient to cover the losses of relevant parties, the relevant parties shall be entitled to request Party B to further make compensation for their losses.

12.3 The appendices to this Contract shall have the same legal effect as this Contract.

12.4 This Contract shall be executed in nine counterparts, and each of Party A and Party B shall hold four counterparts. One counterpart shall be kept by AAEE for record purpose, and the remaining counterparts shall be used to complete the approval or registration procedures for the assets transaction. All counterparts shall have the same legal effect.

(Remainder intentionally left blank; signature page follows)

(Signature page without main text)

Party A (Transferor): (seal)
Anhui Jianghuai Automobile Group Co., Ltd.

Legal Representative: (signature) or
Authorized Representative: (signature)
/s/ Authorized Representative

Domicile: No. 176, Dongliu Road, Hefei, Anhui Province

Telephone: [***]
Fax:
Email:

Unified Social Credit Code:
913400007117750489

Bank Account No.: [***]

Account Opening Bank: Industrial and Commercial Bank of China, Hefei Wangjiang Road Sub-branch

Signing Date: December 5, 2023

Party B (Transferee): (seal)
NIO Technology (Anhui) Co., Ltd.

Legal Representative: (signature) or
Authorized Representative: (signature)
/s/ Authorized Representative

Domicile: Building F, Hengchuang Intelligent Technology Park, No. 3963, Susong Road, Economic and Technological Development Zone, Hefei, Anhui Province
Telephone: [***]
Fax:
Email:

Unified Social Credit Code:
91340111MA2W48B2X6

Bank Account No.: [***]

Account Opening Bank: Bank of China Limited, Hefei Economic and Technological Development Zone Sub-branch

Signing Date: December 5, 2023

Signing Place: Hefei City, Anhui Province
Transaction Organizer: Anhui Assets and Equity Exchange Co., Ltd.

Date of Witness: December 5, 2023

Assets Transaction Agreement for the Project of Transfer of Inventories, Fixed Assets and Construction Works in Progress of No. 3 Plant of Anhui Jianghuai Automobile Group Co., Ltd. Passenger Car Company

Notice for Use of the Contract

VII. This Contract is a model text formulated in accordance with the *Civil Code of the People's Republic of China*, the *Measures for the Supervision and Administration of the Trading of State-owned Assets of Enterprises* (Order No. 32 of the State-owned Assets Supervision and Administration Commission of the State Council and the Ministry of Finance) and other relevant laws and regulations governing the trading of state-owned assets of enterprises.

VIII. All the terms hereof are exemplary. The parties to this Contract can amend, adjust or supplement this Contract in light of the actualities. Anhui Assets and Equity Exchange Co., Ltd. ("AAEE"), as the provider of this model contract, shall take no legal responsibility therefor.

IX. To better protect the rights and interests of both parties hereto, the parties hereto shall exercise caution in entering into this Contract and shall endeavor to make the terms and conditions hereof specific and meticulous. **Where the specific transaction does not concern any circumstance set out in any provision hereof, such provision shall be marked with "this provision does not relate to this Contract".**

X. **Assets Transaction Fees: means the service charges payable to AAEE by a transferor or transferee of a trading of state-owned assets of enterprises at AAEE in accordance with the requirements of the administration of commodity prices or other relevant requirements.**

XI. The materials relating to the text of this Contract shall be set out in the appendix to this Contract.

XII. AAEE solemnly declares that this sample contract is only for use at their election by the parties to the assets transaction at AAEE in light of the actualities. **AAEE shall not be under any guarantee obligation required in connection with the preparation and provision of this sample contract, including but not limited to the guarantee for the completeness of the terms and conditions of this sample contract, the authenticity of the purposes of the parties to the transaction entering into this Contract, the eligibility of the parties to the transaction as signatories, the truthfulness and accuracy of the representations and covenants made, and the documents and information provided, by the parties to the transaction for the execution of this Contract, and all other relevant guarantee liabilities.**

Party A (Transferor): Anhui Jianghuai Automobile Group Co., Ltd.

Party B (Transferee): NIO Technology (Anhui) Co., Ltd.

In accordance with the *Civil Code of the People's Republic of China* and the relevant laws, regulations and policies governing the trading of state-owned assets of enterprises, Party A and Party B have, in adherence to the principles of voluntariness, equality, fairness and good faith, and upon public listing, agreed on matters relating to the transfer of the inventories, fixed assets and construction works in progress of No. 3 Plant of Anhui Jianghuai Automobile Group Co., Ltd. Passenger Car Company, and enter into this transaction contract (this "Contract") as follows:

Article 1
Transferred Assets

1.1 Transferred Assets: inventories, fixed assets and construction works in progress of No. 3 Plant of Anhui Jianghuai Automobile Group Co., Ltd. Passenger Car Company

1.2 Party A has entrusted Zhonghua Certified Public Accountants LLP (Special General Partnership) Anhui Branch and Anhui Zhonglian Guoxin Assets Appraisal Co., Ltd. with the audit and appraisal of the transferred assets in detail, and Party B acknowledges the audit and appraisal. The auditor and the appraisal firm have issued the Special Audit Report on the Assets to be Transferred by Anhui Jianghuai Automobile Group Co., Ltd. (Zhong Hui Zi (2023) No. [***]) and the Asset Appraisal Report on the Project of Appraisal of the Value of the Inventories, Fixed Assets and Construction Works in Progress of No. 3 Plant of Passenger Car Company Involved in the Assets to be Transferred by Anhui Jianghuai Automobile Group Co., Ltd. (Wan Zhong Lian Guo Xin Ping Bao Zi (2023) No. [***]) (the "Appraisal Report"); the details of the transferred assets are as set forth in the list of assets (attached hereto as Appendix 1).

1.3 Except for the matters already disclosed by Party A to Party B, there is no matter undisclosed or omitted in the asset appraisal report or audit report that may affect the appraisal result or have material adverse effect on the determination of the value of the transferred assets.

Article 2
Transfer Price

2.1 Party A and Party B agree that the transfer price of the transferred assets shall be the price resulting from the public listing on AAEE of the transferred assets in the amount of RMB[***] (exclusive of VAT) [in letters: Renminbi [***]).

2.2 The deposit in the amount of RMB[***] paid by Party B to AAEE shall become a part of the transfer price after this Contract becomes effective.

Article 3
Payment Method for Transfer Price

3.1 The Parties agree to pay the transfer price specified in Article 2.1 hereof to the account designated by AAEE by the following method within 5 business days from the effective date of this Contract:

Lump-sum Payment Method: Party B agrees to pay the balance of the transfer price in the amount of RMB[***] (balance of the transfer price = transfer price of RMB[***] - deposit of RMB[***]) to the account designated by AAEE within 5 business days from the effective date of this Contract.

3.2 Party B shall be deemed to have performed its payment obligation specified herein after Party B has paid the full amount of the transaction price to the account designated by AAEE and has paid all taxes to the account designated by Party A. Within 5 business days after Party B has fully paid the transfer price, AAEE will transfer the full amount of the transfer price to the account designated by Party A, to which Party B must respond without raising any objection.

Article 4
Closing of Assets and Assumption of Taxes

4.1 Party B has fully understood and acknowledged the status of and the agreements on the transferred assets, and voluntarily accepts the current status of the transferred assets in its entirety and the defects disclosed in the Announcement on Transfer of Inventories, Fixed Assets and Construction Works in Progress of No. 3 Plant of Anhui Jianghuai Automobile Group Co., Ltd. Passenger Car Company (the "Transfer Announcement"), and is willing to bear all liabilities and risks.

4.2 After handover of the transferred assets by Party A to Party B, Party A warrants that it will render necessary assistance to Party B to complete the required approvals and amendments (including but not limited to change in the special equipment verification certificate, change in the relevant certificates for imported (duty-free) equipment) by and with relevant competent governmental authorities to which the transfer of the transferred assets hereunder may relate.

4.3 Party A shall, within 4 months following the Assets Closing Date, hand over the data and archives concerning the transferred assets to Party B.

4.4 The specific date of the closing by the Parties of the transferred assets shall be determined by the Parties through negotiation (the day on which the Parties complete the handover of the assets shall be the "Assets Closing Date"). Party A and Party B shall sign for confirmation the Handover Checklist of Transferred Assets on the Assets Closing Date. The relevant expenses (i.e., water, electricity, property, sanitation and other relevant charges) incurred in connection with the transferred assets, and the risks of damage to and loss of, responsibilities for the management of, and proceeds derived from, the transferred assets, from the date on which this Contract becomes effective and Party B has fully paid the transfer price and the VAT (i.e., the VAT on the transfer price under the Project), shall be borne or enjoyed by the Transferee.

4.5 The type, quantity and status of the transferred assets to be delivered shall be in their "as-is" condition at the time of delivery. Party B shall not raise any objection to the transferred assets after the acquisition thereof.

4.6 The overall layout, planning, operations and relevant existing facilities and equipment within the area where the transferred assets are located shall be in their "as-is" condition at the time of delivery, and Party B shall not raise any objection to the transferred assets after the acquisition thereof.

4.7 Party B shall inform itself about, and check against, other conditions including but not limited to the requirements of the relevant competent authorities of the locality of the transferred assets on the transfer of ownership and use of the transferred assets. If the transfer of ownership of, or amendment or other formalities for, the transferred assets fail to be completed due to any reason attributable to Party B, or the transferred assets fail to be used as expected, Party B shall solely bear all consequences arising therefrom, including costs, risks and losses.

4.8 Party B shall, in respect of its qualifications, comply with local policies and regulations on the qualifications for purchase of the transferred assets, and shall check its own qualifications against the relevant regulations and requirements, consult professionals, relevant parties and regulatory authorities, and solely bear all consequences arising therefrom, including but not limited to costs, risks and losses.

4.9 The appraised price, listed price and transaction price of the transferred assets are all exclusive of tax. After completion of the transaction, Party A (or a branch company of Party A) shall issue a VAT invoice to Party B in accordance with the tax law of the PRC, and the VAT (i.e., the VAT on the transfer price under the Project) shall be borne by Party B. Party B shall transfer the relevant VAT amount to the account designated by Party A while paying the transfer price.

4.10 During the transition period from the date of this Contract to the Assets Closing Date, Party A shall properly use the transferred assets and shall not perform any act that would infringe upon the legitimate rights and interests of Party B (including but not limited to transfer, mortgage, pledge, lease and other disposal of the transferred assets). Given that there are physical items used for the manufacture such as spare parts in the transferred assets, in the event of any consumption of the spare parts or other physical items from the appraisal reference date to the Assets Closing Date, Party A shall compensate Party B at the appraised price of the items actually consumed (the price of the spare parts and other physical items shall not be adjusted based on the result of the public listing) which is provided in the Asset Appraisal Report on the Project of Appraisal of the Value of the Inventories, Fixed Assets and Construction Works in Progress of No. 3 Plant of Passenger Car Company Involved in the Assets to be Transferred by Anhui Jianghuai Automobile Group Co., Ltd. [Wan Zhong Lian Guo Xin Ping Bao Zi (2023) No. [***]].

4.11 The outstanding construction payment (the "Final Payment") payable for the construction works in progress in the transferred assets has been included in the listed price of the transferred assets hereunder, and such Final Payment shall be paid by Party A to the construction contractor.

4.12 As the audit of the final project accounts of the fixed assets recognized from construction works in progress and the construction works in progress in the transferred assets has not been completed, if there is any compensation for expenses other than those specified in the construction contract, or any loss or indemnification caused by any change of project quantity, Party A shall be responsible for the relevant project endorsements (including all endorsements completed and not completed before and after the appraisal reference date) and the final accounts audit, and Party B shall cooperate in this regard. Party A shall provide Party B with the documents of the aforesaid final accounts audit, pursuant to which, in respect of sums, etc., the construction and other relevant payments and relevant liabilities arising from the endorsements before and after the appraisal reference date shall be paid by Party B to Party A, and Party B shall be responsible for the services fees for final accounts audit (including service fees for audit of final accounts of construction works in progress) paid by Party A.

4.13 The project endorsement fees and the service fees for final accounts audit mentioned in Article 4.12 above shall be paid by Party B to Party A within 10 business days after delivery by Party A to Party B of the aforesaid documents of final accounts audit and the invoices issued in accordance with laws and regulations.

4.14 Except that the amount of tax stated in the VAT invoice for the transfer price under the Project issued by the Transferor to the Transferee shall be borne by Party B, the Parties shall each pay VAT and its surcharges, stamp duty and all other taxes incurred in connection with the transfer of the transferred assets respectively in accordance with the law. If no laws or regulations provide for the payer of such taxes, and the Parties have not agreed on the payer either, the Parties shall jointly bear such taxes in equal proportion, unless otherwise agreed by the Parties.

4.15 Party A shall be responsible for the outstanding quality assurance and repair and maintenance relating to the transferred assets after the date of this Contract.

4.16 The transferred assets are currently used for the manufacturing of new energy vehicles, and Party B shall cooperate with Party A in completing the subsequent construction, inspection and acceptance of the Project, and in performing relevant contractual obligations. If it intends to continue to use the transferred assets for the original purposes, Party B shall inform itself about, and check against, the requirements including but not limited to project investment filing and licensing requirements under the law, national industry policies of China and the layout requirements on automobile industry in Anhui Province.

4.17 In accordance with Article 21 of the *Measures for the Administration of Automobile Sales* which provides that "A supplier shall announce to the public in a timely manner the model of which the production or sale has been discontinued, and shall guarantee the supply of parts and relevant after-sales services for at least 10 years thereafter", Party B undertakes and warrants that it will continuously supply the relevant models manufactured currently in relation to the transferred assets, and guarantees a continuous and sufficient supply of after-sales parts of the relevant models for after-sales services and maintenance within 10 years after the cessation of the production or sale of those models.

Article 5
Assets Transaction Fees

All Assets Transaction Fees arising from the transactions contemplated hereunder shall be borne by Party B according to the agreements of the Parties.

Article 6
Representations and Warranties of Party A

6.1 Party A warrants that it has the full right to dispose of the transferred assets hereunder, that the ownership of the transferred assets is clear, that the transferred assets have not been sealed up by judicial authorities or been subject to other compulsory measures, and that the transfer of the transferred assets is not prohibited or restricted by laws. All material defects in the transferred assets and Party A's rights therein or other major matters which may affect the determination of the value of the transferred assets have been disclosed by Party A to Party B, and Party A undertakes that all risks and liabilities arising from such defects shall be solely borne by Party A.

6.2 Party A warrants that all materials (including originals and copies) provided and all statements of facts made by it to Party B and AAEE for the purpose of entering into this Contract are true, accurate, complete and valid, and do not contain any false document or material omission. Party A shall be responsible for the consistency between the materials provided by it and the actual conditions of the transferred assets, and shall bear all legal liabilities arising from any concealment or false statement in such materials.

6.3 Party A warrants that all procedures necessary for its execution of this Contract (including but not limited to internal decisions, authorizations and approvals) have been legally and validly obtained by it, and all the conditions precedent to the formation of this Contract and the transfer of the transferred assets by it have been satisfied.

Article 7
Representations and Warranties of Party B

7.1 Party B is a legal person in legal and valid existence, and has independent legal personality and the ability to assume civil liabilities independently; it is in a good financial position, and has good payment ability and commercial credit; the transaction funds are from legal sources and it is in compliance with the eligibility requirements on transferee under laws, regulations and the Transfer Announcement of the Project.

7.2 Party B warrants that all materials (including originals and copies) provided and all statements of facts made by it to Party A and AAEE for the purpose of entering into this Contract are true, accurate, complete and valid.

7.3 Party B warrants that all procedures necessary for its execution of this Contract (including but not limited to internal decisions, authorizations and approvals) have been legally and validly obtained by it, and all the conditions precedent to the formation of this Contract and the transfer of the transferred assets to it have been satisfied.

7.4 Party B has completed a site inspection of the transferred assets, has carefully read, fully understood and fully accepted all the contents and requirements of the Announcement on Transfer of Inventories, Fixed Assets and Construction Works in Progress of No. 3 Plant

of Anhui Jianghuai Automobile Group Co., Ltd. Passenger Car Company, voluntarily and entirely accepts the current status and disclosed defects of the transferred assets, and is willing to bear all liabilities and risks.

7.5 With respect to the approvals or filings required for the assets transaction, including those relating to the examination of eligibility of parties to the transaction, antitrust clearance, concession, use right to allocated state-owned land, exploration right and mining right, Party B has understood the provisions of relevant laws and administrative regulations and regulatory requirements, has determined on its own that it is eligible to act as the transferee to this assets transfer project in accordance with such provisions and regulatory requirements and upon consultation with professionals, relevant parties and regulatory authorities, and shall solely bear all consequences arising therefrom, including expenses, risks and losses.

7.6 Party B's acceptance of the confirmation of its eligibility by Party A and AAEE does not imply that Party B's eligibility has complied with the provisions of relevant laws and administrative regulations and regulatory requirements. The final determination of Party B's eligibility to act as transferee to the Project shall be subject to the examination opinions of relevant regulatory authorities.

7.7 Other undertakings required to be made by Party B in the Announcement on Transfer of Inventories, Fixed Assets and Construction Works in Progress of No. 3 Plant of Anhui Jianghuai Automobile Group Co., Ltd. Passenger Car Company.

Article 8
Notices and Delivery

All notices, demands and other communications required by this Contract shall generally be sent by courier, text message or email. A notice shall be deemed to have been duly delivered three business days after sending if sent by courier, or when the text message is sent by the sender to the correct mobile phone number of the other party (to the extent such message is not returned by the operator) if sent by text message, or when the email is sent by the sender to the correct email address of the other party (to the extent the email is not returned by the system) if sent by email. Notices shall be sent to the domicile, contact details or email address of the parties set forth on the signature page to this Contract.

Article 9
Liability for Breach of Contract

9.1 If Party B delays in paying the transfer price, Party B shall pay liquidated damages to Party A in an amount equal to 5‰ of the overdue amount of purchase price for each day of delay. If Party B fails to make full payment of the transfer price within 30 days of the receipt of a reminder of late payment, Party A shall be entitled to terminate this Contract, request Party B to bear its liability for breach by paying 30% of the transfer price under this Contract, and request Party B to compensate Party A for its losses.

9.2 If either Party delays in cooperating with the other Party in closing the assets transaction or delivering the assets, the breaching Party shall pay liquidated damages to the non-breaching Party in an amount equal to 5‰ of the transfer price for each day of delay. If the breaching Party fails to cooperate with the non-breaching Party in closing the assets

transaction within 30 days of the receipt of a reminder, the non-breaching Party shall be entitled to terminate this Contract and request the breaching Party to compensate the non-breaching Party for its losses.

9.3 If either Party hereto breaches any obligation or responsibility set forth in this Contract, which causes any loss to the other Party, the breaching Party shall be liable to compensate the non-breaching Party; if the purposes of this Contract cannot be effected due to any material adverse effect of the breaching Party's breach on the transferred assets or the transferor, the non-breaching Party shall be entitled to terminate this Contract and request the breaching Party to compensate the non-breaching Party for its losses.

Article 10
Modification and Termination of Contract

10.1 This Contract may be modified in writing upon mutual agreement of the Parties; provided that such modification shall not violate the provisions of the laws of the PRC and the Transfer Announcement.

10.2 This Contract may be modified or terminated by either Party if:

(1) the Parties agree to terminate this Contract in writing upon mutual agreement due to any change in the circumstances, without prejudice to the national or social public interests;

(2) the conditions to termination by operation of law as provided for in the *Civil Code of the People's Republic of China* are satisfied;

(3) any of the circumstances set forth in this Contract where this Contract shall be modified or terminated occurs.

10.3 Either Party that terminates this Contract in accordance with Article 10.2 shall notify the other Party in writing.

10.4 In the event of any termination or modification of the main provisions of this Contract, Party A and Party B shall also notify AAEE in writing of the termination or modification of this Contract. If the modification or termination of this Contract involves any amount temporarily kept in the fund settlement account of AAEE, a written application for the transfer of such amount shall be submitted to AAEE, and AAEE shall have the right to deduct the Assets Transaction Fees payable by the breaching Party directly from such amount.

Article 11
Jurisdiction and Dispute Resolution

11.1 All actions under this Contract shall be governed by the laws of the People's Republic of China.

11.2 Any dispute arising from the performance of this Contract by the Parties hereto shall be resolved by the Parties through negotiation; if no agreement can be reached through negotiation, such dispute shall be resolved in accordance with (2) below:

(1) the dispute shall be referred to arbitration administered by the Hefei Arbitration Commission;

(2) a lawsuit shall be filed to the people's court of competent jurisdiction in the place where the transferred assets are located.

Article 12
Miscellaneous

12.1 In respect of any matter not mentioned herein, a written supplementary agreement may be entered into by the Parties upon mutual agreement which shall have the same legal effect as this Contract; provided that such supplementary agreement shall not violate the provisions of the laws of the PRC and the Transfer Announcement.

12.2 This Contract shall take effect as of the date when it is signed and affixed with the seals of Party A and Party B and affixed with the seal of AAEE, unless the effectiveness of this Contract is subject to approval or filing under laws and administrative regulations. If any administrative approval is required for the assets transaction, including those relating to examination of eligibility of parties to the transaction and antitrust clearance, the effectiveness of this Assets Transaction Agreement shall not be affected. If Party B fails to obtain the approval or filing within a reasonable time limit, Party A shall be entitled to terminate this Contract and otherwise dispose of the transferred assets. The deposit or transfer price paid by Party B, net of the Assets Transaction Fees payable to AAEE, shall be paid to Party A and relevant parties as compensation. If such amount of compensation is not sufficient to cover the losses of relevant parties, the relevant parties shall be entitled to request Party B to further make compensation for their losses.

12.3 The appendices to this Contract shall have the same legal effect as this Contract.

12.4 This Contract shall be executed in nine counterparts, and each of Party A and Party B shall hold four counterparts. One counterpart shall be kept by AAEE for record purpose, and the remaining counterparts shall be used to complete the approval or registration procedures for the assets transaction. All counterparts shall have the same legal effect.

(Remainder intentionally left blank; signature page follows)

(Signature page without main text)

Party A (Transferor): (seal)
Anhui Jianghuai Automobile Group Co., Ltd.

Legal Representative: (signature) or
Authorized Representative: (signature)
/s/ Authorized Representative

Domicile: No. 176, Dongliu Road, Hefei, Anhui Province

Telephone: [***]
Fax:
Email:

Unified Social Credit Code:
913400007117750489

Bank Account No.: [***]

Account Opening Bank: Industrial and Commercial Bank of China, Hefei Wangjiang Road Sub-branch

Signing Date: December 5, 2023

Party B (Transferee): (seal)
NIO Technology (Anhui) Co., Ltd.

Legal Representative: (signature) or
Authorized Representative: (signature)
/s/ Authorized Representative

Domicile: Building F, Hengchuang Intelligent Technology Park, No. 3963, Susong Road, Economic and Technological Development Zone, Hefei, Anhui Province
Telephone: [***]
Fax:
Email:

Unified Social Credit Code:
91340111MA2W48B2X6

Bank Account No.: [***]

Account Opening Bank: Bank of China Limited, Hefei Economic and Technological Development Zone Sub-branch

Signing Date: December 5, 2023

Signing Place: Hefei City, Anhui Province
Transaction Organizer: Anhui Assets and Equity Exchange Co., Ltd.

Date of Witness: December 5, 2023

Exhibit 4.48

TECHNOLOGY LICENCE AGREEMENT

This TECHNOLOGY LICENCE AGREEMENT (hereinafter referred to as this **"Agreement"**) is entered into as of February 26, 2024 (**"Effective Date"**) by and between the following parties:

NIO Technology (Anhui) Co., Ltd., a company incorporated under the laws of the People's Republic of China and having its registered address at Building F, Hengchuang Intelligent Technology Park, No. 3963, Susong Road, Economic and Technological Development Zone, Hefei City, Anhui Province, PRC (hereinafter referred to as **"NIO"**); and

Forseven Limited, a company incorporated under the laws of England and Wales and having its registered address at Suite 1, 7th Floor 50 Broadway, London, United Kingdom, SW1H 0DB (hereinafter referred to as **"LICENSEE"**).

NIO and LICENSEE shall hereinafter be referred to collectively as the **"Parties"** and individually as a **"Party"**.

WHEREAS, NIO owns or controls Licensed Technologies (as defined below) in connection with NIO's or its Affiliates' electric vehicle platforms (the "**SEV Platforms**") technologies.

WHEREAS, LICENSEE desires to research and develop, manufacture, sell, offer to sell, import and export the Licensed Product(s) (as defined below) and provide or procure the Associated Services (as defined below), and desires to obtain authorisation from NIO to use the Licensed Technologies solely for the Licensed Purpose (as defined below).

WHEREAS, the Technology Licence Fees will relate to sales of Licensed Products inside China and outside of China.

NOW, THEREFORE, the Parties agree as follows regarding the licence of the technology:

1. DEFINITIONS AND INTERPRETATION

1.1 **"Additional Deliverables"** means any deliverables or other Materials that NIO provides to LICENSEE under or in relation to this Agreement (including Modifications and New Versions which have been provided to LICENSEE), excluding the Initial Deliverables.

1.2 **"Affiliate"** means in relation to a Party or any other entity, any person or entity that directly or indirectly Controls, is Controlled by, or is under common Control with, that Party or entity.

1.3 **"Applicable Law"** means, in relation to any person or matter, any and all applicable laws, legislation, statutes, treaties, by-laws, regulations, rules, policies, ordinances, and codes, and any and all applicable notifications, orders, notices, awards, injunctions, judgments, directions, determinations, requirements, decrees and undertakings of any governmental, trade, administrative, statutory or regulatory body, agency, commission, authority or department or any court, tribunal, arbitral or judicial body, in each case, anywhere in the world, in force and as amended or modified from time to time and to which such person (or such person's business(es) or operation(s)) or such matter is subject.

1.4 **"Associated Services"** mean:

1.4.1 after-sales services for the Licensed Product(s) provided by LICENSEE (or its Affiliates) to consumers, such as providing maintenance and repair services, maintenance instructions or replacement parts (**"After-Sales Services"**);

1.4.2 technical services provided by NIO (**"Technical Services"**) under the Standard Technical Services Framework Agreement entered into on or around the date of this Agreement by the Parties (or their Affiliates) (together with its relevant ancillary agreements and corresponding orders, "**Standard Technical Services Framework Agreement**"). During the provision of Technical Services, deliverables provided by NIO may contain certain Background Intellectual Property Rights (which shall have the same meaning as in the Standard Technical Services Framework Agreement) owned or controlled by NIO. LICENSEE may have the right to use such Background Intellectual Property Rights, to the extent necessary, on terms and conditions as stipulated in the Standard Technical Services Framework Agreement.

1.5 **"Business Days"** means any day other than Saturdays and Sundays on which the banks in Shanghai and London are open for business.

1.6 **"Claim"** any claim, action, proceeding or investigation of any nature or kind.

1.7 **"Claims Procedure"** means the procedure set out in Annex IV.

1.8 "**Control**" means, in relation to a person or entity:

(i) the direct or indirect beneficial ownership of, or the right to exercise, directly or indirectly, more than fifty per cent. (50%) of the voting rights attributable to the shares or other equity securities of such person or entity;

(ii) the right to, directly or indirectly, elect or control a majority of the board of directors or equivalent body governing the affairs of such person or entity; or

(iii) the power to, directly or indirectly, direct or cause the direction of the management or policies of such person or entity,

and "**Controlling**" and "**Controlled**" shall be construed accordingly.

1.9 "**Core Technologies**" means those Licensed Technologies specifically identified as "Core Technologies" in Annex I.

1.10 **"Cyber Security Requirements"** means the requirements set out in Annex III.

1.11 **"Deliverables"** means the Initial Deliverables and any Additional Deliverables.

1.12 "**Endorsement Letter**" has the meaning given in Section 4.4.2.

1.13 **"Improvement"** means any discovery, enhancement, improvement, invention, addition, amplification, modification, derivative technology, or alterations related to the Licensed Technologies (whether patentable or not) developed by or on behalf of LICENSEE or its Affiliate(s) or developed by a Third Party for LICENSEE or its Affiliate(s).

1.14 **"Initial Deliverables"** means those Materials specified in Annex I as at the Effective Date.

1.15 "**Initial Upfront Payment**" has the meaning given in Annex X.

1.16 **"Intellectual Property Rights"** means any and all worldwide intellectual property rights, whether arising under law or agreement and whether registered or unregistered, including (i) patents, rights to inventions, copyrights, design rights, database rights, and rights to protect and use confidential information (including know-how and trade secrets); (ii) any rights similar to the foregoing; and (iii) all applications, divisions, renewals and extensions of the foregoing. For the avoidance of doubt, the Intellectual Property Rights referred to in this Agreement do not include trade marks, rights in get-up and trade dress, goodwill or the right to sue for passing off or unfair competition.

1.17 **"IPR Claim"** means any Claim brought by a Third Party that the provision or Use by the LICENSEE or any SUB-LICENSEE of the Licensed Technology in accordance with the terms of this Agreement infringes the Intellectual Property Rights of such Third Party.

1.18 **"Know-How"** means trade secrets and any other technical, practical or other knowledge, techniques, methods and other information (whether or not patentable or protected as a trade secret or as confidential information), in the SEV Platforms.

1.19 **"Licence Term"** has the meaning given in Section 5.3.

1.20 **"Licensed Patents"** means any Patents held by NIO (or any of its Affiliates) during the Licence Term which claim all or part of the SEV Platform, or use thereof.

1.21 **"Licensed Product"** has the meaning given in Section 4.5.

1.22 "**Licensed Purpose**" means: (i) the research and development, manufacture, sale, offering to sell, import and export of the Licensed Product(s); and (ii) to provide or procure the provision of Associated Services.

1.23 **"Licensed Software"** means the Software forming part of the Licensed Technologies, including as specified in Annex I.

1.24 **"Licensed Technologies"** means: (i) the technical information, technical solutions, and Software relating to or comprised within the SEV Platforms that have passed the Pre-Production Gate and are in existence as at the Effective Date or that come into existence **[***]**, including the Deliverables, any Part-Developed Technologies and, in respect of the forgoing, any Modifications and New Versions; and (ii) any Intellectual Property Rights subsisting in or related to any of the forgoing, including the Know-How and the Licensed Patents, in each case excluding Third-Party Intellectual Property Rights.

1.25 **"Loss"** means any loss, expense, fine, penalty, award, damages or cost.

1.26 **"Materials"** means any document, methodology or process, documentation, data or other material in whatever form, including any reports, business rules or requirements, user manuals, user guides, operations manuals, training materials and instructions, but excluding Software.

1.27 **"Modification"** means any amendment, change, patch, bug fix, upgrade, modification, enhancement, replacement or addition made to the Deliverables by or on behalf of NIO or any NIO Affiliate, independently of providing any services to LICENSEE under any

Standard Technical Services Framework Agreement, prior to the tenth anniversary of the Effective Date.

1.28 **"New Version"** means any new versions of the SEV Platforms, released by NIO prior to the tenth anniversary of the Effective Date. As at the Effective Date, versions of the SEV Platform are designated by the prefix "NT" and then a version number, with the current version of the SEV Platform being NT3 so that (for example) NT4 would be a New Version.

1.29 "**OEM**" means a company that owns one or more automotive brands and sells vehicles under such brand(s) to any market, including those entities listed in Annex VIII (for so long as they fall under the foregoing description).

1.30 "**Open Source Software**" means any Software which is licensed under any form of open-source licence meeting the Open Source Initiative's open source definition from time to time.

1.31 "**Patent**" means any patent, including but not limited to any patent application, granted patent, continuation, continuation-in part or division based on the patent application.

1.32 "**Part Developed Technologies**" means the technical information, technical solutions, and Licensed Software relating to or comprised within the SEV Platforms, which have not passed the Pre-Production Gate, but which are identified as being Part Developed Technologies in Annex 1.

1.33 "**Permitted Entity**" means any person or entity that is listed in Annex IX (as agreed by the Parties from time-to-time, following the provision by LICENSEE to NIO of details of the proposed Licensed Technologies to be sublicensed and the scope of such sublicence).

1.34 "**Pre-Production Gate**" means, in the context of 'passing' the Pre-Production Gate, the occurrence of both: (i) the completion of engineering sign-off for all relevant parts and systems; and (ii) product scalable PPAP (including interim PPAP) meeting requirements to begin user delivery.

1.35 "**Prohibited Sublicensee**" means any person or entity that is listed in Annex V.

1.36 "**Project**" has the meaning given in Section 2.

1.37 "**Quarter**" means a calendar quarter.

1.38 **"SEV Platforms"** has the meaning given in the Recitals.

1.39 "**Software**" means any software or computer program or code (in object code form), program interfaces and any tools or object libraries embedded in any software.

1.40 **"Specific Supplier"** means: (i) an Affiliate of the LICENSEE; or (ii) Third Party supplier, in each case that provides research and development, assembly and/or manufacturing services and/or engineering, maintenance or repair services, and/or distribution, sales, import and export services, for the Licensed Products and/or any components of the Licensed Product(s) under the sole instruction of LICENSEE to facilitate LICENSEE to achieve the Licensed Purpose.

1.41 **"SUB-LICENSEE"** means a Specific Supplier to whom LICENSEE has granted a sublicense of the rights in the Licensed Technologies granted to it under this Agreement in accordance with Section 5.4, which shall include any Specific Suppliers to which LICENSEE provides NIO's Intellectual Property Rights or Confidential Information (whether or not such Specific Supplier has separately received such Intellectual Property Rights or Confidential Information from NIO).

1.42 "**Supplier Confirmation**" has the meaning given in Section 4.4.1.

1.43 **"Standard Essential Patent"** means any Patent necessary for the compliance and implementation of a technical standard, including but not limited to Patents related to standard technologies of wireless communication (including but not limited to 2G, 3G, 4G, and 5G cellular communications), audio and/or video encoders and decoders, wireless charging, semiconductor devices, and CAN bus communication involved in whole vehicle.

1.44 "**Technology License Fees"** has the meaning given to it in Annex X.

1.45 **"Third Party"** means entities other than NIO, NIO's Affiliate(s), LICENSEE's Affiliate(s), and LICENSEE.

1.46 **"Third-Party Intellectual Property Rights"** means Intellectual Property Rights related to the Licensed Technologies that are owned or controlled by a Third Party. This includes the Standard Essential Patents and open source software involved in the implementation of the Licensed Technologies, any Intellectual Property Rights related to the manufacture of components provided by NIO's direct or indirect suppliers in connection with Licensed Technologies that are owned or controlled by NIO's existing direct or indirect suppliers, and other Third-Party Intellectual Property Rights involved in the process of

implementing the Licensed Technologies that are currently known to NIO (specified in Annex II of this Agreement).

1.47 "**Upfront Payments"** has the meaning given to it in Annex X;

1.48 **"Use"** means to load, execute, store, transmit, display, copy, modify, develop, adapt, configure, incorporate or implement, in each case within or in respect of any Licensed Product only and in respect of: (i) Licensed Software, subject to the restrictions in Section 5.2, and (ii) other Licensed Technologies, subject to the restrictions set out in Part B of Annex I.

1.49 **"VAT"** means value added tax charged or imposed pursuant to the UK Value Added Tax Act 1994 and any related secondary legislation, and any other value added, goods and services, sales, turnover, or equivalent tax imposed in any jurisdiction.

1.50 **"VP Gateway"** means when the design of the relevant Licensed Product is frozen and long-lead engineering release has been completed for the relevant validation prototype, and the LICENSEE's business approves the validation prototype tooling spend.

1.51 If there is any conflict between the terms in the main body of this Agreement and:

1.51.1 Annex I, Annex II or Annex X, then Annex I, Annex II or Annex X (as applicable) shall prevail; or

1.51.2 Annex III, the terms setting the highest standard shall prevail.

2. SCOPE OF THIS AGREEMENT

2.1 The Parties are engaged in a collaboration (the "**Project**") which, amongst other things, will entail:

2.1.1 NIO providing and licensing the Licensed Technologies in the SEV Platforms to LICENSEE for Use in Licensed Products in accordance with Section 5.1 and providing LICENSEE with information and reasonable assistance to the extent necessary for LICENSEE to utilise the Licensed Technologies in accordance with general industry practice; and

2.1.2 NIO's willingness to provide LICENSEE with opportunities to acquire relevant hardware for use in the SEV Platforms in the Licensed Products, provided that while NIO shall use reasonable endeavours to facilitate the LICENSEE's engagement of suppliers of relevant hardware and take the steps set out in

Section 4.4 in respect of Core Technologies, NIO does not guarantee that any such suppliers will agree to supply hardware to LICENSEE.

3. PROVISION OF THE LICENSED TECHNOLOGY

Initial Deliverables

3.1 The Parties acknowledge that, as at the Effective Date, the Parties intend for Annex I to reflect the Parties' understanding of the Initial Deliverables, after which Annex I may only be updated by the Parties' mutual written agreement.

3.2 Subject to Section 3.10, NIO shall provide the Initial Deliverables from the Effective Date in accordance with the timetable set out in Annex I.

3.3 Following receipt of any Deliverables from NIO, LICENSEE shall be entitled to evaluate the completeness of the Deliverables. If the LICENSEE, acting reasonably and in good faith, believes that the Deliverables provided are insufficient to enable LICENSEE to use the relevant part of the SEV Platform to which they relate in a Licensed Product, without the need for material additional information or assistance from NIO (an "**Insufficiency**"), it shall notify NIO accordingly.

3.4 If LICENSEE notifies NIO of any Insufficiency under Section 3.3:

3.4.1 LICENSEE shall provide NIO with details of such Insufficiency (including any Materials which LICENSEE reasonably believes may have been missing from the relevant Deliverable(s) which would resolve the Insufficiency); and

3.4.2 provided that NIO has in its possession any information and/or Materials which would assist in resolving the Insufficiency, and NIO is not precluded from sharing such information and/or materials with LICENSEE (whether under the terms of any license, Applicable Law, or otherwise), NIO shall provide such Materials and/or information to LICENSEE.

3.5 For the avoidance of doubt:

3.5.1 NIO shall not be required to create new Materials in order to comply with its obligations under Section 3.4 (except as may be required to comply with Section 3.11 (*Form of Deliverables*));

3.5.2 this Section 3.5 shall be without prejudice to NIO's obligations to provide Modifications and New Versions to LICENSEE under Section 3.7; and

3.5.3 upon sharing Deliverables as set out in this Agreement that comprise a 'major release' of the SEV Platforms (e.g. 1.0, 2.0, 3.0) to the dedicated recipient account via the NIO Data Exchange Platform, NIO will be deemed to have completed its 'major' obligation of providing and licensing the Licensed Technologies in such Deliverables to the LICENSEE, except that this shall not extinguish NIO's 'minor' obligations in respect of such Deliverables as set forth in Sections 3.2, 3.3, 3.4, 3.7, and 3.8. NIO may further provide limited follow up Q&A to LICENSEE thereafter, if reasonably requested.

3.6 In the event that LICENSEE disputes whether NIO is in compliance with its obligation to provide Materials, information or any Deliverables as required by this Agreement (and NIO is not entitled to withhold such Deliverables under Section 3.10), LICENSEE shall be entitled to notify NIO in writing accordingly and, within 5 days of receiving such notification, the Engineering Operations Director (for LICENSEE) and the Head of Product and Technology Alliance (for NIO) shall meet to seek to resolve the dispute. If they are unable to do so, the dispute will be resolved in accordance with Section 22 (Governing Law and Dispute Resolution).

Modifications and New Versions

3.7 Subject to Section 3.10, in the event that NIO makes any Modification to the SEV Platform, releases a New Version or creates any new Licensed Technologies during the Licence Term, NIO shall promptly notify LICENSEE accordingly and provide LICENSEE with such Modifications, New Versions or new Licensed Technology (including changes in or additions to the Licensed Technology) on an "AS IS" basis.

Third Party Content

3.8 If requested by LICENSEE from time to time during the Licence Term, NIO shall promptly provide LICENSEE with the following information (in writing) in respect of any Open Source Software incorporated into the SEV Platform, to the extent such details are not already provided in Annex II:

3.8.1 the purpose for which the Open Source Software is used;

3.8.2 the licences applicable to the Open Source Software; and

3.8.3 any other information regarding the Open Source Software reasonably requested by LICENSEE.

Withholding Deliverables

3.9 On request from NIO (not more than once per Quarter), LICENSEE shall provide NIO with written confirmation that LICENSEE is in compliance with the Cyber Security Requirements, and shall provide reasonable written evidence to NIO supporting such confirmation of compliance at NIO's written request. LICENSEE shall also notify NIO in writing promptly if LICENSEE experiences a material security breach of its IT systems and/or data.

3.10 Without prejudice to its other rights and remedies, NIO will be entitled to withhold any Deliverables (including New Versions and Modifications, and will not be in breach of its obligations to provide any such Deliverables, New Versions or Modifications) in the event that NIO reasonably believes that LICENSEE is not in compliance with the Cyber Security Requirements or if LICENSEE has experienced a material security breach of its IT systems and/or data. In such circumstances:

3.10.1 NIO shall notify LICENSEE of the non-compliance or security breach, the specific details of it, and NIO's intention to withhold Deliverables; and

3.10.2 once the non-compliance or underlying cause of the security breach has been rectified to NIO's reasonable satisfaction, NIO shall promptly provide the relevant Deliverables which were being withheld.

Form of Deliverables

3.11 All Deliverables provided by NIO shall:

3.11.1 be in the English language (with the original language versions being available to LICENSEE on written request); and

3.11.2 be in the format agreed in writing between the Parties.

3.12 To the extent there are any Third-Party Intellectual Property Rights which relate to or likely to be involved in the process of implementing the Licensed Technologies comprised within the Deliverables:

3.12.1 NIO shall at the time of delivery of such Deliverables use reasonable endeavours to update Annex II to refer to any such Third-Party Intellectual Property Rights;

3.12.2 after delivery of such Deliverables, Annex II may only be updated by the Parties in respect of Third-Party Intellectual Property Rights relating to such Deliverables by the Parties' written agreement (acting reasonably), provided that, for the avoidance of doubt, NIO may update Annex II in respect of New Versions and Modifications in accordance with Section 3.12.1.

NIO shall not be deemed to provide any warranties, representations or guarantees in respect of the completeness or accuracy of Annex II.

4. CO-OPERATION

4.1 The Parties shall work constructively and co-operate with each other with a view to ensuring that:

4.1.1 the Licensed Technology is provided in accordance with this Agreement;

4.1.2 LICENSEE is able to exercise the rights granted to it under Section 4.6.

4.2 Without limiting NIO's obligations under Section 4.1, NIO shall:

4.2.1 provide such assistance as is reasonably requested by LICENSEE in relation to the Project; and

4.2.2 provide information as necessary to assist LICENSEE to utilise the SEV Platform in the Licensed Products in accordance with general industry practice.

4.3 Notwithstanding the foregoing, NIO gives no guarantee of any form that LICENSEE can or will be able to fully exercise or Use the Licensed Technologies or SEV Platform, even with NIO's full performance of its obligations hereunder.

4.4 NIO shall:

4.4.1 promptly after the Effective Date, make contact with each Third Party supplier of components incorporating the Core Technologies (as at the Effective Date), introducing LICENSEE as a potential purchaser of such components from such Third Party supplier and request that such Third Party Supplier provide written confirmation of its willingness to engage in further commercial discussions with LICENSEE in respect of the supply of such components (each such confirmation being "**Supplier Confirmation**"); and

4.4.2 promptly after the beginning of the Licence Term, provide LICENSEE with a letter, on NIO-headed paper, that confirms that LICENSEE is licensed to the SEV Platform and has NIO's endorsement to procure relevant components from NIO's supply chain (the "**Endorsement Letter**"), provided that

LICENSEE shall be responsible for the content of each Endorsement Letter, such content to be subject to NIO's express written approval (acting reasonably). However, NIO will not guarantee LICENSEE's successful procurement of the relevant components.

4.5 The Parties agree that LICENSEE may only use the Licensed Technologies to produce vehicle models which are sold or marketed:

4.5.1 under one LICENSEE brand, which LICENSEE shall notify to NIO as soon as reasonably practicable, with an MSRP of over USD $50,000 (excluding tax), provided that this shall include any region-specific variations of such designated brand;

4.5.2 under any additional LICENSEE brand:

1) with an MSRP of over USD $100,000 (excluding tax); or

2) provided LICENSEE has obtained NIO's prior written consent to production of such vehicle model under such additional LICENSEE brand, with an MSRP between USD $50,000 and USD $100,000 (excluding tax),

(each such vehicle model that incorporates all or part of the Licensed Technologies, a "**Licensed Product**"). For the purpose of this Section 4.5, a LICENSEE brand includes a brand used by LICENSEE but where Intellectual Property Rights in such brand are owned by an Affiliate of LICENSEE.

4.6 LICENSEE shall maintain Annex VII to include a list of Licensed Products that have passed the VP Gateway, including the brands under which each such Licensed Product is (or is proposed to be) sold or marketed. LICENSEE shall, without undue delay: (i) update Annex VII on the removal or addition of any Licensed Products or changes to the details of any such Licensed Products; and (ii) notify NIO in writing of the same.

5. GRANT OF LICENSE

5.1 NIO hereby grants to LICENSEE a non-exclusive, non-transferable, non-sublicensable (except as permitted under Section 5.2.3 and 5.4), worldwide licence to Use the Licensed Technologies, during the Licence Term, on the terms and conditions stipulated in this Agreement, for the Licensed Purpose only.

5.2 In relation to any Licensed Software provided by NIO under this Agreement, the licence that NIO grants to LICENSEE under Section 5.1 with respect to the Licensed Software shall be limited by the following restraints:

5.2.1 NIO will provide Licensed Software in object code form only;

5.2.2 LICENSEE shall not attempt to derive or use the source code of such object code by any means, such as decompiling, disassembling, reverse engineering, or any other means, except that for the avoidance of doubt, LICENSEE shall be entitled to integrate and interface the Licensed Software with its own software and systems (including in the Licensed Products), but shall not amend or modify the Licensed Software, and NIO shall provide the LICENSEE with all applicable interface documentation which NIO has in its possession to assist the LICENSEE in this regard; and

5.2.3 for the purpose of manufacturing, selling, offering to sell, importing and/or exporting the Licensed Product, LICENSEE may reproduce, transmit and distribute the Licensed Software to Third Parties, provided that: (1) the Licensed Software is provided in object code only; (2) the Licensed Software is provided only as part of the Licensed Product(s); and (3) LICENSEE must enter into a licence agreement with any such Third Party that is consistent with or provide at least the same level of protection as NIO's Intellectual Property Rights and Confidential Information under this Agreement.

5.3 Licence Term

The "**Licence Term**" starts on the date the Licensee pays the Initial Upfront Payment to NIO and, subject to early termination in accordance with Section 11 shall continue until the following periods expire:

5.3.1 in respect of the Use for the purposes of research and development, manufacture, sale, offering to sell, import and export of any Licensed Product(s), until the end of production of the Licensed Product; and

5.3.2 in respect of any Use for the purposes of providing After-Sales Services, until the expiration of LICENSEE's or any of its Affiliates' obligation to provide or procuring the provision of After-Sales Services to its customers.

5.4 Sublicence to Specific Suppliers: LICENSEE shall have the right to sublicense its right to Use the Licensed Technology to Specific Suppliers, provided that:

5.4.1 LICENSEE may not grant a sublicence to any Prohibited Sublicensees;

5.4.2 LICENSEE may not grant a sublicence to a Specific Supplier that it is aware (having made reasonable enquiries) is Controlled (directly or indirectly) by an OEM without NIO's express prior written consent, provided that this restriction shall not apply in respect of a Permitted Entity;

5.4.3 any sublicence granted to a Specific Supplier shall be limited to the scope necessary for such Specific Supplier to perform research, development, assembly and/or manufacturing services in respect of the Licensed Products or any components of the Licensed Product(s), and/or selling such components or solution of such components to LICENSEE, in each case only to the extent required for LICENSEE to achieve the Licensed Purpose;

5.4.4 any sublicence granted to a Specific Supplier that is a distributor shall be limited to the scope necessary to fulfil the purpose of selling, offering to sell, importing and exporting of Licensed Product(s) solely for LICENSEE to achieve the Licensed Purpose;

5.4.5 LICENSEE is not permitted to sublicense its right to Use Licensed Technology to manufacture components incorporating Core Technologies to any Third Party other than suppliers designated by NIO in writing;

5.4.6 the exercise of such sublicensing right by LICENSEE shall be in writing and signed by LICENSEE and SUB-LICENSEE(s) (each such sublicence agreement a "**Sublicence Agreement**");

5.4.7 each Sublicence Agreement shall be consistent with the terms and conditions of this Agreement, and provide protections in respect of NIO's Intellectual Property Rights and Confidential Information that are no less onerous than those set out in this Agreement;

5.4.8 LICENSEE shall promptly notify NIO in writing if it becomes aware that any SUB-LICENSEE that provides engineering and/or technical services to LICENSEE is or has become Controlled by an OEM, and LICENSEE shall cease engaging such SUB-LICENSEE in respect of such engineering and/or technical services no later than the date six months after receipt of written notice from NIO;

5.4.9 LICENSEE shall promptly notify NIO in writing if it becomes aware that any SUB-LICENSEE has committed a material breach of the terms of a relevant Sublicence Agreement which relate to the grant of the licence, information security and/or confidentiality. Following such notice, LICENSEE shall exercise its right to terminate a Sublicence Agreement immediately at NIO's written request;

5.4.10 no SUB-LICENSEE shall be permitted to further sublicense or assign any of its rights under its Sublicence Agreement, except as expressly authorised by NIO in writing;

5.4.11 no SUB-LICENSEE may use the Licensed Technology for the purposes of any other brand (other than those identified in Annex VII (Licensed Products)) or OEM;

5.4.12 LICENSEE shall procure that each SUB-LICENSEE shall comply with the limitations and restrictions imposed on LICENSEE in relation to the use of the Licensed Technology and NIO's Confidential Information under this Agreement, including but not limited to the Cyber Security Requirements, and any breach thereof by any SUB-LICENSEE shall be deemed a breach hereof by LICENSEE; and

5.4.13 LICENSEE shall be liable to NIO for any breach of this Agreement (in accordance with Section 5.4.12) arising out of the acts and omissions any such SUB-LICENSEE as if they were the LICENSEE's own acts and omissions.

5.5 LICENSEE shall maintain Annex VI to include a list of SUB-LICENSEEs, including the identity of each such SUB-LICENSEE and the purpose of the relevant sublicence. LICENSEE shall, without undue delay following the grant of a sublicence to a SUB-LICENSEE, update Annex VI to include details of such SUB-LICENSEE and notify NIO in writing of such update.

5.6 NIO may update Annex V (Prohibited Sublicensees) from time to time if:

5.6.1 there is any ongoing litigation or dispute between NIO or its Affiliate and a person or entity to be included in Annex V; or

5.6.2 NIO reasonably believes that there are any sanctions, compliance or other issues under Applicable Law with such person or entity,

and such updated Annex V shall become binding and effective on thirty (30) days' advance written notice from NIO.

5.7 LICENSEE shall either:

5.7.1 if NIO: (i) provides notice to LICENSEE that the prospective Prohibited Sublicensee is engaged in a dispute with NIO or its Affiliate in respect of NIO's confidential information or NIO's Intellectual Property Rights, or (ii) updates Annex V in accordance with Section 5.6.2 above, where LICENSEE is able to do so under the terms of the relevant Sublicence Agreement, terminate its Sublicence Agreement(s) with such prospective Prohibited Sublicensee no later than the expiry of such thirty (30) days' advance notice; or

5.7.2 otherwise, not order any further goods and/or services under the relevant Sublicence Agreement(s) and not agree to extend the term of any such Sublicence Agreement(s), until otherwise notified in writing by NIO that it can resume ordering such goods and/or services. If LICENSEE's failure to order any further goods and/or services under the relevant Sublicence Agreement would cause LICENSEE to fail to meet any minimum order commitments under such Sublicence Agreement, LICENSEE shall: (i) only be permitted to order the minimum amounts of goods and/or services required to fulfil such minimum order commitments; (ii) not order any new types of goods or services under such Sublicence Agreement; and (iii) not share any further Licensed Technologies or NIO Confidential Information with such Prohibited Sublicensee.

5.8 If NIO adds a Prohibited Sublicensee to Annex V in accordance with Section 5.6.1 and the relevant dispute ends: (i) NIO has no obligation to remove such Prohibited Sublicensee from Annex V; and (ii) LICENSEE must terminate its Sublicence Agreement with such Prohibited Sublicensee (if not already expired or terminated) no later than the expiry of thirty (30) days' advance written notice from NIO.

5.9 If LICENSEE requires the services provided by such prospective Prohibited Sublicensee, NIO shall assist LICENSEE in identifying a replacement Specific Supplier.

5.10 The Parties acknowledge that the LICENSEE and NIO may independently develop similar improvements to the Licensed Technologies concurrently ("**Independent Improvements**"), and that the Parties may independently seek to obtain Patent rights in respect of any such Independent Improvements that that they have developed. Each Party

agrees not to assert any Patent it may have in any Independent Improvement against the other Party creating or exploiting its own Independent Improvement.

6. **IPR OWNERSHIP**

6.1 As between the Parties, NIO owns all the Intellectual Property Rights, titles, and other legal rights and interests in and to any Licensed Technologies provided by NIO to LICENSEE in connection with the performance of this Agreement (including without limitation, any documents, materials, responses, or other content containing NIO's intellectual property, whether provided in written or oral form). The ownership of these rights and interests shall remain unchanged as a result of the performance of this Agreement.

6.2 Unless expressly agreed otherwise in writing between the Parties, LICENSEE will own all Intellectual Property Rights in and relating to the Improvements.

6.3 Nothing in this Agreement will operate to transfer, assign or otherwise grant any Party any ownership right or interest in any other Party's Intellectual Property Rights.

7. **FEES, REPORTS AND PAYMENTS**

7.1 The terms of Annex X shall apply in respect of fees, payments, reports, and tax.

8. **WARRANTIES**

8.1 NIO warrants and represents that it possesses legal ownership or control over the Licensed Technologies and shall have the right to grant LICENSEE the licence to use the Licensed Technologies in accordance with Section 5.1. If there is any change of NIO's ownership of the Licensed Technologies (including but not limited to partial or complete transfer of ownership), NIO warrants and represents that the licence under this Agreement remains valid for the subsequent owners obtaining the rights pertaining to the Licensed Technologies.

For the avoidance of doubt, LICENSEE acknowledges and agrees that the process of implementing the Licensed Technologies may involve Third-Party Intellectual Property Rights. NIO has not granted LICENSEE any rights in respect of Third-Party Intellectual Property Rights under this Agreement and no warranty of non-infringement of Third-Party Intellectual Property Rights is provided. It is LICENSEE's sole responsibility to obtain any licenses of Third-Party Intellectual Property Rights required to exercise the rights under this Agreement at LICENSEE's own cost.

8.2 The Parties acknowledge that (without prejudice to the express obligations of NIO under this Agreement or any other agreement between the Parties) the research and development, manufacture, sale, offer to sell, import and export (including but not limited to product homologation) of the Licensed Product(s) and providing Associated Service, are the responsibility of the LICENSEE and the LICENSEE shall solely bear all the risks and liabilities arising from the aforementioned process, including in respect of product liability, personal injury, and property damage claims relating to Licensed Products sold or marketed by LICENSEE or its Affiliates.

8.3 Except as expressly provided under this Agreement or to the extent required by Applicable Law, LICENSEE will not, and will not permit or authorise Third Parties to: (a) provide, disclose, or permit the use of the Licensed Technologies by or for any Third Party; (b) reproduce, modify, translate, enhance, decompile, disassemble, reverse engineer, or in any other way attempt to obtain the source code or algorithms of the Licensed Software; (c) alter, encode, copy, distribute, or transmit any data using the Licensed Software; (d) circumvent or disable any technical features or measures in the Licensed Software, or remove copyright declarations from the Licensed Software; or (e) attempt to remove, alter, or access/activate any feature in the Licensed Software without NIO's express written permission.

8.4 If either Party discovers that a Third Party infringes upon the rights related to the Licensed Technologies, such Party shall immediately notify the other Party. NIO shall have the right, but not the obligation, to take any legal action it deems appropriate against such Third Parties and to obtain all income and proceeds therefrom. Without NIO's prior written consent, LICENSEE has no right, unilaterally or jointly with other Third Parties, to take any legal action with respect to such infringement.

8.5 LICENSEE warrants and represents that, as at the Effective Date, LICENSEE does not have any direct or indirect OEM shareholders.

9. **INDEMNITIES**

9.1 NIO shall indemnify the LICENSEE from and against any and all Losses suffered or incurred in connection with any IPR Claim: (i) in respect of which a court of competent jurisdiction has finally found that the Licensed Technologies infringe the Intellectual Property Rights of a Third Party; or (ii) that LICENSEE has settled with a Third Party with NIO's prior written consent. Notwithstanding the foregoing, NIO shall not be liable

for Losses suffered or incurred in connection with any IPR Claim to the extent relating to or resulting from any of the following circumstances:

9.1.1 use of the Licensed Technologies beyond the scope permitted under this Agreement, including but not limited to combining with any product that is not a Licensed Product for research and development, manufacturing, selling, offering to sell, import or export;

9.1.2 modifications to the Licensed Technologies made (directly or indirectly) by or on behalf of LICENSEE, including modifications carried out by NIO under the instruction of LICENSEE (where the infringement was a necessary result of compliance with those instructions);

9.1.3 Third-Party Intellectual Property Rights, including but not limited to breach of Third-Party licence terms by LICENSEE or any SUB-LICENSEE;

9.1.4 provision of any promise, compromise, or self-admission with respect to a Third Party's claim or related facts without NIO's prior written consent;

9.1.5 continued use of all or any part of the Licensed Technology if it is subject to any existing or threatened claim, accusation or assertion and NIO notifies LICENSEE to stop LICENSEE and its SUB-LICENSEEs' use of the Licensed Technology(ies) concerned in writing and works to provide an alternative solution.

9.2 If an IPR Claim is made, the Claims Procedure shall apply.

9.3 LICENSEE shall indemnify NIO from and against any and all Losses suffered or incurred in connection with LICENSEE's breach of Section 12 (Confidentiality).

10. DISCLAIMER AND LIMITATION OF LIABILITY

10.1 LICENSEE acknowledges that Licensed Technologies are provided "as is" at the Effective Date of this Agreement. The warranties provided by NIO under Section 8 of this Agreement replaces any other express, implied, or statutory warranties regarding such Licensed Technologies and LICENSEE's use of technical information, including but not limited to the merchantability, fitness for any particular purpose, non-infringement, accuracy, and completeness of the involved technical information, the stability of the involved patents, the prospect of authorisation of the involved patent

applications, and the quality and performance of the Licensed Product(s), and NIO assumes no liability in this regard. Further, notwithstanding NIO's undertakings in Section 15, NIO makes no representations or warranties about whether any Licensed Products, Licensed Technologies or Deliverables would be subject to any export controls in relation to the provision of such Licensed Technologies or Deliverables or the production, transport and sale of any Licensed Products.

10.2 LICENSEE expressly acknowledges that any Open Source Software involved in the Licensed Technologies or the process of implementing the Licensed Technologies is provided "as is" at the Effective Date of this Agreement, and expressly subject to the disclaimer in Section 10.1.

10.3 Nothing in this Agreement will operate so as to exclude or limit the liability of either Party to the other for:

10.3.1 death or personal injury arising out of negligence;

10.3.2 fraud or fraudulent misrepresentation; or

10.3.3 any other liability which cannot be excluded or limited by law.

10.4 Nothing in this Agreement will operate so as to exclude or limit LICENSEE's liability for its intentional breach of Section 12 (*Confidentiality*) or liability under the indemnity given by LICENSEE in Section 9.3 in connection with an intentional breach of Section 12 (*Confidentiality*).

10.5 NIO's liability in respect of the indemnity given by NIO in Section 9.1 will be capped at an amount equal to **[***]**, provided that such liability shall not exceed **[***]**.

10.6 Subject to Sections 10.3 to 10.5 (inclusive) and LICENSEE's liability to pay the Technology License Fees, the total aggregate liability of each Party to the other Party (in aggregate) under or in relation to this Agreement, including liability for breach of contract, misrepresentation (whether tortious or statutory), tort (including negligence), breach of statutory duty, liability under the indemnity given by LICENSEE in Section 9.3 in connection with a non-intentional breach of Section 12 (*Confidentiality*) or otherwise, will be capped at **[***]**.

10.7 Subject to Sections 10.3 and 10.4 and excluding NIO's liability under the indemnity given by NIO in Section 9.1, LICENSEE's liability under the indemnity given by LICENSEE in Section 9.3, and LICENSEE's liability to pay the Technology License Fees, neither Party will be liable to the other Party for:

10.7.1 any loss of profits, revenue, business opportunities or damage to goodwill (whether direct or indirect); or

10.7.2 any indirect or consequential loss or damage,

arising under or in relation to this Agreement, even if the first Party was aware of the possibility that such loss or damage might be incurred by the other Party.

11. TERM AND TERMINATION

11.1 This Agreement is valid from the Effective Date of this Agreement until the earlier of: (i) expiration of the Licence Term for all Licensed Products or (ii) termination in accordance with this Section 11.

11.2 Either Party may terminate this Agreement on written notice to the other Party in any of the following circumstances:

11.2.1 if the other Party: (i) voluntarily applies for insolvency, liquidation, receivership, bankruptcy, or any other similar procedure for the purpose of debt settlement (other than solvent mergers or reorganisations); (ii) involuntarily applies for insolvency, liquidation, receivership, bankruptcy, or any other similar procedure, and such procedures are not revoked or reversed within sixty (60) days; (iii) makes a general assignment for the benefit of its creditors; (iv) dissolves; or (v) suspends or threatens to suspend payment of its debts, or is unable to pay debts as they fall due, or admits inability to pay its debts;

11.2.2 if the other Party commits a material breach of this Agreement and (i) such breach is irremediable; or (ii) if the breach is remediable, the Party in breach fails to rectify the breach within 60 days after receiving written notice from the non-breaching Party detailing the breach and requesting a remedy; or

11.2.3 in accordance with Section 15.3 or 16.2.

For the avoidance of doubt, given the research and development process of the Licensed Product(s) is based on all or part of the Licensed Technologies provided or disclosed by NIO, even though the Intellectual Property Rights relating to the Licensed Technologies may cease to exist in part during the performance of this Agreement by reason of expiration, invalidation, revocation, disclosure, this Agreement shall not be invalid or terminated by reason of the fact that some of the aforementioned Intellectual Property Rights cease to exist, and LICENSEE shall nonetheless continue to pay the Technology

License Fees to NIO in accordance with this Agreement and to fulfil its obligations of confidentiality and other obligations under this Agreement.

11.3 NIO may terminate this Agreement on written notice to LICENSEE in any of the following circumstances:

11.3.1 LICENSEE commits a material breach of Section 5 (Grant of License) or Section 12 (Confidentiality);

11.3.2 LICENSEE's fails to meet its payment obligations in accordance with Annex X, only where the relevant delinquent amounts are: (i) overdue and remain overdue 30 days after NIO has provided written notice to LICENSEE informing it that such amounts are overdue and that it intends to invoke its right to terminate this Agreement should such amounts not be paid; (ii) over USD $500,000 in aggregate; and (iii) not the subject of a good faith dispute between the Parties;

11.3.3 LICENSEE or any of its Affiliates challenges the validity of any of the Licensed Technology in any jurisdiction, except in respect of any challenge by LICENSEE or any of its Affiliates arising as part of a counterclaim against NIO; or

11.3.4 an OEM gains Control of LICENSEE.

11.4 Subject to Sections 11.5 and 11.6, upon the expiration or termination of this Agreement, neither Party shall continue to bear their respective obligations and liabilities under this Agreement, except for: (i) terms expressly or implicitly intended to survive after the termination of this Agreement (including such terms as set out in Section 11.7); (ii) fees incurred and other obligations that arose prior to the termination of this Agreement and (iii) any liabilities arising from prior breaches, or any rights or remedies that should have accrued, none of which shall be affected thereby.

11.5 Subject to Section 11.6, upon the expiration of the Licence Term or termination of this Agreement: (i) the licence granted to LICENSEE pursuant to Section 5.1 shall immediately terminate; and (ii) LICENSEE and all its SUB-LICENSEEs shall immediately stop using the Licensed Technologies and NIO's Confidential Information, and promptly destroy all copies of the Licensed Technologies and NIO's Confidential Information in their possession, and promptly provide a certification of destruction to NIO.

11.6 The licence granted to LICENSEE pursuant to Section 5.1 shall survive termination of this Agreement for the duration of the Licence Term for all Licensed Products that have passed the VP Gateway, provided that the LICENSEE'S obligation to pay Royalties in

respect of such Licensed Products (and its associated obligations, including to provide Declaration Reports) shall also survive.

11.7 The rights and obligations of the Parties under this Agreement shall terminate upon the termination or expiration of this Agreement. Notwithstanding the foregoing, Section 1 (Definitions), Sections 5.1 and 5.2 (Grant of License) but only to the extent provided in Section 11.6, Section 5.10 (Improvement), Section 6 (IPR Ownership), Section 8 (Warranties), Section 10 (Disclaimer and Limitation of Liability), Sections 11.5 and 11.6 (Effect of Termination), Section 11.7 (Survival), Section 12 (Confidentiality), Section 17 (Notices), Section 21 (Third Party Rights), Section 22 (Governing Law and Disputes Resolution), Section 23 (Severability and Entire Agreement), Section 24 (Headings), Section 25 (Modification, Amendment, Supplement or Waiver), Section 25 (Effectiveness) and any other section in this Agreement which, by its nature and context should survive, will survive any such termination or expiration.

12. CONFIDENTIALITY

12.1 During the term of this Agreement, the Parties acknowledge that Confidential Information may be mutually disclosed for the Licensed Purpose and in the performance of the Parties' obligations under this Agreement. The term **"Confidential Information"** under this Agreement shall mean all Materials and information concerning the business and affairs of one Party (including its Affiliate(s) and related personnel (collectively **"Disclosing Party"**), as well as any content of this Agreement and the existence of this Agreement, that the other Party (**"Receiving Party"**) obtains or receives through written, oral, or other means in the course of negotiation for this Agreement, or performance of this Agreement. To the extent disclosed in connection with this Agreement, Confidential Information includes but is not limited to: specifications; testing results; data; know-how; formulas; compositions; processes; workflows; designs; prints; sketches; photographs; samples; prototypes; test vehicles; inventions; concepts; ideas; past, current and planned research and development; past, current and planned manufacturing or distribution methods and processes; the identity of or other information about actual or potential customers; customer contact methods; customer sales strategies; market studies, penetration data and other market information; sales and marketing plans, programs and strategies; sales, costs and other financial data; sources of supply for products, raw materials, and components; descriptions of plants and production equipment; price lists; business plans; financial reports and statements; computer software and programs (including object code and source code); databases, internal reports, memoranda, notes,

analyses, compilations, studies and other data, information, materials or intangible assets that relate to the Disclosing Party's business and/or products. Confidential Information also includes any materials or information that contains or is based on any other Confidential Information, whether prepared by the Disclosing Party, the Receiving Party, or any other personnel.

Without limiting the generality of the foregoing provisions, except as otherwise expressly agreed or as should be interpreted based on the nature of the Licensed Technologies, the Licensed Technologies and list of Third-Party Intellectual Property Rights under this Agreement shall be considered NIO's Confidential Information. The existence and terms and conditions of this Agreement, as well as the cooperation relationship between NIO and LICENSEE, shall also be treated as Confidential Information.

12.2 The Parties agree that Confidential Information shall be used only for the sole purpose of discussions concerning this Agreement or the performance of this Agreement and shall not disclose such Confidential Information, whether directly or indirectly, to any Third Party without prior written approval of the Disclosing Party. However, the Receiving Party may disclose the Confidential Information to its employees or, in the case of the LICENSEE to its SUB-LICENSEES, to whom the access to such Confidential Information is necessary for the purpose of fulfilling obligations or exercising rights under this Agreement (excluding shareholders, consultants, investors, potential funding parties, and potential investors), provided that the Receiving Party shall ensure that such employees (and the SUB-LICENSEES, where relevant) are bound by confidentiality obligations at least as stringent as the terms of this Agreement. In the event of a breach of confidentiality obligations by such employees, it shall be deemed as a breach by the Receiving Party, and the Receiving Party shall be liable for any such breach in accordance with the terms of this Agreement.

12.3 To prevent the disclosure of Confidential Information, the Parties agree to implement measures for the Disclosing Party's Confidential Information, which shall be at least as protective as those employed to protect its own confidential information similarly sensitive and important (provided that such measures shall not be less than reasonable care). Upon discovering or suspecting any unauthorised disclosure or use of the Disclosing Party's Confidential Information, the Receiving Party shall promptly notify the Disclosing Party and take necessary actions to prevent or limit further dissemination of such Confidential Information.

In particular, LICENSEE's confidentiality measures for NIO's Confidential Information shall comply with the Cyber Security Requirements. NIO reserves the right to inspect the confidentiality measures implemented by LICENSEE and its compliance with the Cyber Security Requirements after the execution of this Agreement and at any time thereafter upon agreement with the LICENSEE (such agreement not to be unreasonably withheld or delayed).

12.4 Restrictions on the use or disclosure of Confidential Information under this Agreement shall not apply to such information which:

12.4.1 prior to the Receiving Party's receipt thereof was publicly available or in the Receiving Party's possession from a source other than the Disclosing Party without any accompanying confidentiality obligations, and the entity disclosing such information has not breached any confidentiality obligations; or

12.4.2 after the Receiving Party's receipt thereof becomes publicly available through no fault of either the Disclosing Party or the Receiving Party; or

12.4.3 is independently developed by the Receiving Party entirely without reliance on the Confidential Information disclosed by the Disclosing Party and such independent development can be proved without doubt; or

12.4.4 is required to be disclosed pursuant to a subpoena or similar order from a court, agency, or other similar authority, or as required under any stock exchange rules or regulations, provided that the Receiving Party required to disclose such information gives to the Disclosing Party as early notice as is reasonably practicable and allows the Disclosing Party as much opportunity as is reasonably practicable to defend against such subpoena or order.

12.5 The obligations in this Section 12 shall be perpetual and will survive termination or expiry of this Agreement.

13. DATA COMPLIANCE

13.1 The Parties shall comply with Applicable Laws related to cyber security, data security, data protection and data privacy during the performance of this Agreement.

13.2 If either Party's breach of the above obligations causes Losses or other adverse impacts to the other Party, subject to Section 10, the breaching Party shall be fully responsible

for resolving the matter and bearing the corresponding contractual liabilities as stipulated in this Agreement.

14. PUBLICITY

14.1 Subject to Section 14.2, neither Party shall issue any press release or other public document, or make any public statement, with respect to the subject matter of this Agreement or the Project or otherwise disclose to any Third Party that they are involved in the provision of technology, products or services to each other, without the prior written consent of the other Party. The foregoing restriction shall not prevent LICENSEE from presenting, or providing a copy of, the Endorsement Letter to Third Parties in NIO's supply chain or from notifying such Third Parties that LICENSEE is licensed to use the Licensed Technologies and has NIO's endorsement to procure relevant components from Third Parties in NIO's supply chain.

14.2 Section 14.1 does not apply to the extent that the statement or release is required to be made by Applicable Law or any stock exchange rules or regulations, in which case, either Party shall consult with the other Party about the contents of that announcement or release before it is made or issued provided that such consultation is permitted by Applicable Law.

15. EXPORT CONTROL AND SANCTIONS

15.1 The Parties hereby declare and warrant to each other that, at the time of entering into this Agreement and throughout the term of this Agreement, they and their Affiliate(s), along with their respective directors, executives, shareholders, agents, or employees, are not and will not be: (i) listed as sanctioned parties by the United Nations, the People's Republic of China, the United States, the European Union (including its member states), the United Kingdom, and/or any other relevant institutions; (ii) located or resident in or organised under the laws of a country or territory that is the target of sanctions; or (iii) Controlled by one or more aforementioned sanctioned parties. NIO shall use its reasonable efforts at LICENSEE's expense to cooperate with LICENSEE by providing any supporting documentation, certifications and information regarding the Licensed Products, Licensed Technologies or Deliverables as may be requested reasonably by LICENSEE in support of LICENSEE's export control compliance.

15.2 During the performance of this Agreement, NIO, LICENSEE and its SUB-LICENSEE(s) shall all comply with any export controls and economic sanctions resolutions, laws and regulations of the United Nations, the People's Republic of China, the United States, the

United Kingdom, the European Union (including its member states) and any other relevant international organisations or countries and shall not engage in any activities that would violate export control and trade compliance laws and regulations or that would risk placing any other Party in breach of any export control and trade compliance laws and regulations.

15.3 If either Party violates any of the aforementioned obligations, the other Party shall be entitled to unilaterally and immediately terminate this Agreement and, subject to Section 10, the breaching Party shall be responsible for any and all Losses arising from such termination.

16. ANTI-CORRUPTION

16.1 The Parties shall, and shall procure that their employees, representatives, agents, and subcontractors will, comply with all Applicable Laws relating to anti-corruption and anti-bribery in the People's Republic of China and other jurisdictions that are binding on the Parties. If required by Applicable Law, each Party shall provide the other Party relevant information or document in connection with its compliance under this Section 16.1.

16.2 If either Party materially violates any of the aforementioned obligations, the other Party shall be entitled to unilaterally and immediately terminate this Agreement and, subject to Section 10, the breaching Party shall be responsible for any and all losses arising from such termination.

17. NON-SOLICITATION

17.1 In order to protect the legitimate business interests of each Party, each Party covenants with the other Party that it shall not (and shall procure that none of its Affiliates shall), during the term of this Agreement and for a period of 12 months after termination or expiry of this Agreement, without the other Party's prior written consent:

17.1.1 attempt to solicit or entice away; or

17.1.2 solicit or entice away,

from the employment or service of the other Party the services of any person who has been engaged in the performance or management of this Agreement (as principal, agent, employee, independent contractor or in any other form of employment or engagement) other than by means of an advertising campaign open to all-comers and not specifically targeted at such staff of the other Party. For the avoidance of doubt, a Party will not be deemed to have solicited or enticed away such person (or attempted to do so), if their

subsequent employment or engagement results from such person first approaching the relevant Party.

18. NOTICES

18.1 Subject to Section 18.2, any notice, demand, waiver, consent, or approval under this Agreement "**Notice**") shall be made in writing and sent by onsite delivery, email, or through domestically recognised courier services. The Notice shall be deemed delivered if sent to the contact details provided by the Party as indicated in this Agreement or other written notices.

18.2 The following Notices may not be delivered by email:

18.2.1 any notice terminating this Agreement; and

18.2.2 any notice of Dispute.

18.3 Contact details for NIO are as follows:

Contact Person: **[***]**

Address: **[***]**

Email: **[***]**

18.4 Contact details for LICENSEE are as follows:

Contact Persons: **[***]**

Address: **[***]**

Email: **[***]**

18.5 If any Party's aforementioned contact details change, that Party shall provide written notice to the other Party within 48 hours of the change. Any consequences resulting from failure to fulfil the notification obligation in a timely manner shall be solely borne by that Party.

19. INDEPENDENT CONTRACTOR

Nothing in this Agreement shall be construed as to create any partnership, joint venture, employment, or agency relationship between the Parties hereto or any of their Affiliate(s), subsidiaries, related business entities, agents, contractors, or subcontractors, or to provide

either Party with any right, power or authority, whether express or implied, to create any such duty or obligation on behalf of the other Party.

20. ASSIGNMENT

20.1 Neither Party may assign or transfer any interests, rights and/or obligations under this Agreement without the other Party's prior written consent (such consent not to be unreasonably withheld or delayed). No such assignment or transfer shall take legal effect prior to the date on which other Party gives written consent to such assignment or transfer.

20.2 All provisions of this Agreement shall be binding upon the respective successors and assignees of the Parties.

21. THIRD PARTY RIGHTS

21.1 No one other than a Party to this Agreement, their successors and permitted assignees, shall have any right to enforce any of its terms.

22. GOVERNING LAW AND DISPUTES RESOLUTION

22.1 This Agreement shall be governed in all respect, including the formation, validity, construction and performance of this Agreement, by the laws of Singapore, excluding the application of its conflict of law rules.

22.2 In the event of any disputes arising out of or relating to this Agreement, the Party claiming that the dispute has arisen must give written notice to the other Party (the "**Notice of Dispute**") and Parties shall seek resolution through amicable negotiation. If negotiation fails after 10 Business Days of one Party issuing the Notice of Dispute, any dispute arising out of or in connection with this Agreement, including any question regarding its existence, validity or termination, shall be referred to and finally resolved by arbitration administered by the Singapore International Arbitration Centre in accordance with the Arbitration Rules of the Singapore International Arbitration Centre for the time being in force, which rules are deemed to be incorporated by reference in this Section. The Tribunal shall consist of three arbitrators. The seat of the arbitration shall be Singapore. The arbitration proceedings shall be conducted in English. The arbitration award shall be final and binding upon the Parties.

22.3 Without prejudice to any other rights or remedies that the other Party may have, each Party acknowledges and agrees that damages alone would not be an adequate remedy for any breach of the terms of this Agreement by them. Accordingly, each Party shall be

entitled to the remedies of injunction, specific performance or other equitable relief for any threatened or actual breach of the terms of this Agreement.

23. SEVERABILITY AND ENTIRE AGREEMENT

23.1 In the event any one or more of the provisions of this Agreement shall for any reason be held to be invalid, illegal, or unenforceable, the remaining provisions of this Agreement shall remain unaffected and the invalid, illegal or unenforceable provision shall be replaced by a mutually acceptable provision, which being valid, legal and enforceable, comes closest to the intention of the Parties underlying the invalid, illegal or unenforceable provision.

23.2 This Agreement constitutes the complete and exclusive statement of the entire agreement between the Parties regarding the subject matter hereto and supersedes all proposals, prior agreements, statements, declarations, warranties, or communications, whether oral or written, unless such proposals, prior agreements, statements, declarations, warranties, or communications are expressly incorporated into this Agreement or are specifically referred to under this Agreement.

24. HEADINGS

The headings under this Agreement are for purposes of reference only and shall not in any way limit or otherwise affect the meaning or interpretation of any of the terms hereof.

25. MODIFICATION, AMENDMENT, SUPPLEMENT OR WAIVER

25.1 No modification, amendment, supplement to or waiver of this Agreement shall be binding upon the Parties hereto unless made in writing and duly executed by the Parties.

25.2 A failure or delay of either Party to this Agreement at any time to enforce any of the provisions of this Agreement, or to exercise any option which is herein provided, or to require performance of any of the provisions hereof at any time, shall in no way be construed to be a waiver of any rights conferred under such terms of this Agreement, or as a waiver of the right to later held the other Party accountable for breach of contract or any other remedies available.

26. EFFECTIVENESS

26.1 Upon signatures by the duly authorised representatives of the Parties or affixation with appropriate company chops of the Parties, this Agreement shall become legally binding on the Parties. This Agreement may be signed in any number of counterparts and by the

Parties on separate counterparts, each of which, when so executed, shall be an original, but all counterparts shall together constitute one and the same document. Signatures may be exchanged by e-mail, with original signatures to follow. Each Party agrees to be bound by its own electronic signature and that it accepts the electronic signature of the other Parties.

26.2 This Agreement is made in duplicate, with each Party holding one copy. Each copy shall be equally authentic.

(There is no text below)

IN WITNESS WHEREOF, this Agreement has been duly signed and sealed by the authorised representatives of the Parties on the date indicated below:

NIO Technology (Anhui) Co.，Ltd.

On behalf of NIO Technology (Anhui) Co., Ltd.

Signature:

Name:

Title:

Date:

Seal:

Forseven Limited

On behalf of **Forseven Limited**

Signature:

Name:

Title:

Date:

Annex I: Licensed Technologies and Deliverables

[***]

Annex II: Third-Party Intellectual Property Rights and Supply Chain Information

[***]

Annex III: Cyber Security Requirements

[***]

Annex IV: Claims Procedure

[***]

Annex V: Prohibited Sublicensees

[***]

Annex VI: SUB-LICENSEES

INTENTIONALLY BLANK AS AT THE EFFECTIVE DATE

Annex VII: Licensed Products

INTENTIONALLY BLANK AS AT THE EFFECTIVE DATE

Annex VIII: OEMs

[***]

Annex IX: Permitted Entities

[***]

Annex X: Fees, Reports and Payments

[***]

NIO CHINA SHAREHOLDERS AGREEMENT

BY AND AMONG

HEFEI JIANHENG NEW ENERGY AUTOMOBILE INVESTMENT FUND PARTNERSHIP (LIMITED PARTNERSHIP)

ADVANCED MANUFACTURING INDUSTRY INVESTMENT FUND II (LIMITED PARTNERSHIP)

ANHUI PROVINCIAL SANZHONG YICHUANG INDUSTRY DEVELOPMENT FUND CO., LTD.

ANHUI JINTONG NEW ENERGY AUTOMOBILE II FUND PARTNERSHIP (LIMITED PARTNERSHIP)

AND

NIO INC.

NIO NEXTEV LIMITED

NIO USER ENTERPRISE LIMITED

NIO POWER EXPRESS LIMITED

AND

NIO HOLDING CO., LTD.

Hefei, China
Date: March 30, 2024

TABLE OF CONTENTS

This NIO China Shareholders Agreement (this "**Agreement**") dated as of March 30, 2024 (the "**Execution Date**") is made by and among:

1. Hefei Jianheng New Energy Automobile Investment Fund Partnership (Limited Partnership), a limited partnership duly established and existing under the Laws of the People's Republic of China (the "**PRC**", for the purpose of this Agreement, excluding the Hong Kong Special Administrative Region, the Macao Special Administrative Region and Taiwan), holding a business license with unified social credit code of 91340111MA2UU69EX8, and with its executive partner being Hefei Construction Investment Capital Management Co., Ltd., and registered office at Room 101, Area G, Intelligent Equipment Technology Park, No. 3963 Susong Road, Economic and Technological Development Area, Hefei City, Anhui Province ("**Jianheng New Energy Fund**");

2. Advanced Manufacturing Industry Investment Fund II (Limited Partnership), a limited partnership duly established and existing under the Laws of the PRC, holding a business license with unified social credit code of 91320191MA1YK7YA6J, and with its executive partner being CMG-SDIC Capital Management Co., Ltd., and registered office at Room 1380, Fuying Building, No. 99 Tuanjie Road, Research and Innovation Park, Jiangbei New Area, Nanjing City ("**Advanced Manufacturing Industry Fund**");

3. Anhui Provincial Sanzhong Yichuang Industry Development Fund Co., Ltd., a limited liability company duly established and existing under the Laws of the PRC, holding a business license with unified social credit code of 91340100 MA2NUJ2A1H, and with its legal representative being XU Xianlu, and registered address at Room 424, Technology and Innovation Center, No. 860 West Wangjiang Road, High-tech District, Hefei City ("**Anhui Sanzhong Yichuang**");

4. Anhui Jintong New Energy Automobile II Fund Partnership (Limited Partnership), a limited partnership duly established and existing under the Laws of the PRC, holding a business license with unified social credit code of 91340800MA2UE54B3J, and with its executive partner being Anhui JinTong New Energy II Investment Management Partnership (Limited Partnership), and registered office at Room 616-1, NO.1 Building, Zhumeng New Area, No. 188 Wenyuan Road, Yixiu District, Anqing City, Anhui Province ("**New Energy Automobile Fund**", together with Jianheng New Energy Fund,

Advanced Manufacturing Industry Fund and Anhui Sanzhong Yichuang, collectively referred to as the "**Investors**");

5. NIO Inc., a company duly established and existing under the Laws of the Cayman Islands, with its registered address at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands ("**NIO Group**" or "**NIO Inc**.");

6. Nio Nextev Limited, a private company limited by shares duly established and existing under the Laws of the Hong Kong of the PRC, with its company number of 2199750, and registered office at 30th Floor, Jardine House, Once Connaught Place, Central, Hong Kong ("**NIO HK**");

7. NIO User Enterprise Limited, a private company limited by shares duly established and existing under the laws of the Hong Kong of the PRC, with its company number of 2487823 and registered office at 30th Floor, Jardine House, Once Connaught Place, Central, Hong Kong ("**UE HK**");

8. NIO Power Express Limited, a private company limited by shares duly established and existing under the Laws of the Hong Kong of the PRC, with its company number of 2472480 and registered office at 30th Floor, Jardine House, Once Connaught Place, Central, Hong Kong ("**PE HK**", together with NIO HK and UE HK, the "**NIO HK** Holding Platforms"; the NIO HK **Holding Platforms**, together with NIO Group, the "**NIO Parties**"); and

9. NIO Holding Co., Ltd., a limited liability company duly established and existing under the Laws of the PRC, holding a business license with unified social credit code of 91340111MA2RAD3M4R, and with its legal representative being LI Bin, and registered address at Building F, Hengchuang Intelligent Technology Park, No. 3963 Susong Road, Economic and Technological Development Area, Hefei City, Anhui Province ("**NIO China**", or the "**Target Company**", or the "**Company**").

Each of the above parties shall be referred to individually as a "**Party**" and collectively as the "**Parties**".

WHEREAS:

1. The Target Company is a limited liability company established and existing under the Laws of the PRC, and is a company controlled by NIO Inc. in the PRC through the NIO HK Holding Platforms with its current registered capital of RMB 6,428,815,699.3.

2. CMG-SDIC Capital Management Co., Ltd. ("**SDIC**"), Anhui Provincial Emerging Industry Investment Co., Ltd. ("**Anhui High-tech Co.**"), Hefei Construction Investment Holdings (Group) Co., Ltd. ("**Hefei Construction Co.**" or the "**Hefei Investor**"), the NIO Parties and the Company entered into an Investment Agreement in respect of NIO China (the "**Investment Agreement**") and a Shareholders Agreement in respect of NIO China (the "**Shareholders Agreement**") on April 29, 2020.

3. SDIC, Advanced Manufacturing Industry Fund, Anhui High-tech Co., New Energy Automobile Fund, the Hefei Investor, Jianheng New Energy Fund, the NIO Parties and the Company entered into an Amendment and Supplementary Agreement to the Shareholders Agreement in respect of NIO China (the "**Amendment and Supplementary Agreement I**") on June 5, 2020. In accordance with the Amendment and Supplementary Agreement I, Advanced Manufacturing Industry Fund designated by SDIC, New Energy Automobile Fund designated by Anhui High-tech Co., and Jianheng New Energy Fund designated by the Hefei Investor shall succeed to all or part of their respective rights and obligations under the Shareholders Agreement.

4. SDIC, Advanced Manufacturing Industry Fund, Anhui High-tech Co., New Energy Automobile Fund, the Hefei Investor, Jianheng New Energy Fund, Anhui Sanzhong Yichuang, the NIO Parties and the Company entered into an Amendment and Supplementary Agreement to the Shareholders Agreement in respect of NIO China (the "**Amendment and Supplementary Agreement II**") on June 18, 2020. In accordance with the Amendment and Supplementary Agreement II, Anhui Sanzhong Yichuang designated Anhui High-tech Co. to succeed to part of its rights and obligations under the Shareholders Agreement and the Amendment and Supplementary Agreement I pursuant to the Amendment and Supplementary Agreement II.

5. Jianheng New Energy Fund and NIO HK entered into an Equity Purchase Agreement on September 16, 2020, pursuant to which, NIO HK exercised its NIO Parties' Redemption Right under Shareholders Agreement, Amendment and Supplementary Agreement I and Amendment and Supplementary Agreement II, to purchase RMB 437,062,937.06 of the

registered capital of the Company from Jianheng New Energy Fund; SDIC, Advanced Manufacturing Industry Fund, Anhui High-tech Co., New Energy Automobile Fund, the Hefei Investor, Jianheng New Energy Fund, Anhui Sanzhong Yichuang, the NIO Parties and the Company entered into an Amendment and Supplementary Agreement III to the Shareholders Agreement in respect of NIO China (the "**Amendment and Supplementary Agreement III**") on September 16, 2020 to make certain amendments and supplements to the Shareholders Agreement, Amendment and Supplementary Agreement I and Amendment and Supplementary Agreement II.

6. The Company, the NIO Parties, Advanced Manufacturing Industry Fund, New Energy Automobile Fund, Anhui Sanchong Yichuang, and Jianheng New Energy Fund entered into an Capital Increase Agreement on September 25, 2020, pursuant to which, NIO HK exercised its NIO Parties' Capital Increase Right under the Shareholders Agreement, to subscribe for RMB 742,153,846.15 of the Company's increased registered capital; SGIC, Advanced Manufacturing Industry Fund, Anhui High-tech Co., New Energy Automobile Fund, the Hefei Investor, Jianheng New Energy Fund, Anhui Sanchong Yichuang, the NIO Parties and the Company entered into the Amendment and Supplementary Agreement IV to the Shareholders Agreement in respect of NIO China (the "**Amendment and Supplementary Agreement IV**") on September 25, 2020 to make certain amendments and supplements to the Shareholders Agreement, the Amendment and Supplementary Agreement I, the Amendment and Supplementary Agreement II and the Amendment and Supplementary Agreement III.

7. The Company, the NIO Parties, Advanced Manufacturing Industry Fund, New Energy Automobile Fund, Anhui Sanchong Yichuang, and Jianheng New Energy Fund entered into a Capital Increase and Equity Transfer Agreement on January 26, 2021, pursuant to which, NIO HK shall purchase RMB 174,825,174.83 of the registered capital of the Company from Jianheng New Energy Fund, purchase RMB 17,482,517.48 of the registered capital of the Company from Advanced Manufacturing Industry Fund, and subscribe for RMB 349,650,349.65 of the Company's increased registered capital; SGIC, Advanced Manufacturing Industry Fund, Anhui High-Tech Co., New Energy Automobile Fund, the Hefei Investor, Jianheng New Energy Fund, Anhui Sanchong Yichuang, the NIO Parties and the Company entered into an Amendment and Supplementary Agreement V to the Shareholders Agreement in respect of NIO China (the "**Amendment and Supplementary Agreement V**") on January 26, 2021 to make certain amendments and supplements to the Shareholders Agreement, Amendment and Supplementary Agreement I, Amendment and Supplementary Agreement II, Amendment and Supplementary Agreement III and Amendment and Supplementary Agreement IV.

8. The Company, the NIO Parties, Advanced Manufacturing Industry Fund, New Energy Automobile Fund, Anhui Sanchong Yichuang and Jianheng New Energy Fund entered into an Capital Increase and Equity Transfer Agreement on September 24, 2021, pursuant to which, NIO HK shall purchase RMB 87,412,587.41 of the registered capital of the Company from Anhui Sanchong Yichuang and subscribe for RMB 262,237,762.24 of the Company's increased registered capital at a subscription price of RMB 7,500,000,000 or equivalent in USD in cash; SGIC, Advanced Manufacturing Industry Fund, Anhui High-Tech Co., New Energy Automobile Fund, the Hefei Investor, Jianheng New Energy Fund, Anhui Sanzhong Yichuang, the NIO Parties and the Company entered into an Amendment and Supplementary Agreement VI to the Shareholders Agreement in respect of NIO China (the "**Amendment and Supplementary Agreement VI**") on September 24, 2021 to make certain amendments and supplements to the Shareholders Agreement, Amendment and Supplementary Agreement I, Amendment and Supplementary Agreement II, Amendment and Supplementary Agreement III, Amendment and Supplementary Agreement IV and Amendment and Supplementary Agreement V.

The Parties intend to make an agreement on the governance of the Target Company, the rights and obligations of the Parties and other matters through this Agreement.

NOW, THEREFORE, based on equality and mutual benefit and in accordance with the *Company Law of the PRC* and other relevant PRC Laws and Regulations, with respect to the governance of the Target Company and the rights and obligations of the Parties and other matters, the Parties hereby agree as follows:

1 DEFINITIONS AND INTERPRETATIONS

1.1 Unless otherwise required by the context, the following terms shall have the meanings ascribed to them:

Previous Transaction	means	the Capital Increase in Cash and the asset

		contribution by the Investors in the Target Company in accordance with the Investment Agreement and its amendments and supplements
This Agreement	means	this NIO China Shareholders Agreement and the exhibits or schedules hereto
Changing Party	means	the definition in Clause 28.2 hereof
Force Majeure	means	the definition in Clause 22.1 hereof
Restructuring	means	the definition in Clause 17 hereof
Laws/Laws and Regulation	means	applicable laws, regulations, departmental rules, local regulations, local rules, normative documents, treaties concluded, judgments or orders of any Governmental Authority
Co-Sale Feedback Period	means	the definition in Clause 8.1.1 hereof
Shareholders	means	the definition in Clause 2.1 hereof
Core Management Team	means	the personnel specified in Exhibit II hereof
Redemption Price	means	the definition in Clause 11.2 hereof
Joinder Agreement	means	the definition in Clause 14.2 hereof
Competing Business	means	the definition in Clause 18.4 hereof
Transaction Documents	means	this Agreement, the Investment Agreement and its amendments and supplements, the articles of association of the Target Company and other agreements or documents entered into by the Parties in connection with the Previous Transaction.
Group Members	means	the Target Company, NIO Energy Investment (Hubei) Co., Ltd., NIO Sales and Services Co., Ltd., NIO Co., Ltd., Wuhan NIO Energy Co., Ltd., NIO (Anhui) Co., Ltd., NIO Technology (Anhui) Co., Ltd., NIO Financial Leasing Co., Ltd., Anhui NIO Data Technology Co., Ltd. and Beijing NIO Network Technology Co., Ltd.
Controlling Shareholders	means	NIO Group and the NIO HK Holding Platforms
Investors	means	Jianheng New Energy Fund, Advanced

		Manufacturing Industry Fund, Anhui Sanzhong Yichuang and New Energy Automobile Fund
US Dollar/USD	means	the lawful currency of the United States of America
Target Company	means	NIO Holding Co., Ltd.
Holdco of the Target Company	means	the person who directly or indirectly holds equity interest/shares in the Target Company
Term of the Target Company	means	the definition in Clause 21.1 hereof
Proposed Transfer	means	the definition in Clause 7.1 hereof
Proposed Capital Increase	means	the definition in Clause 9.1 hereof
Platform	means	the definition in Clause 17 hereof
Term	means	the definition in Clause 21.1 hereof
Execution Date	means	March 30, 2024
Qualified IPO	means	the Target Company is directly or indirectly listed on the Shanghai/Shenzhen Stock Exchange or other overseas stock exchange approved by the Parties by means of initial public offering or material assets restructuring with a listed company
Renminbi/RMB	means	the lawful currency of the PRC
Remaining Property	means	the definition in Clause 12.1 hereof
Actual Controller	means	LI Bin, a PRC citizen, with his ID card number of [***] and address at [***]
Deemed Liquidation Event	means	the definition in Clause 12.5 hereof
Transferee	means	the definition in Clause 7.1 hereof
Investors Subscription Price	means	the definition in Clause 10.1.2 hereof
Guaranteed Minimum Return on Investment	means	the definition in Clause 12.1 hereof
Hong Kong	means	the Hong Kong Special Administrative Region of the PRC
Material or Major	means	any act or circumstance which may result in any single or accumulative losses of more than RMB

		50 million suffered by the Investors
Preferential Distribution	means	the definition in Clause 12.1 hereof
ROFR Holder	means	the definition in Clause 7.1 hereof
Yuan	means	Renminbi yuan (unless the context otherwise requires)
Main Business	means	(i) Manufacturing, sale, purchase, after-sale repair and other supporting services of finished new-energy automobiles, supporting products for energy sources, parts, materials, components, machinery and equipment, as well as the technical development, technical services, technical transfer and technical consulting services relating thereto; (ii) Investing in accordance with the law in the fields in which foreign investment is allowed by the State; (iii) Import and export of machinery and equipment, auto parts, goods and technology; automobile sale, leasing, designated driving, repair and maintenance (limited to branch operation), agent and after-sale service of automobile insurance services; (iv) Sale of auto supplies and parts, machinery and equipment, daily articles, clothes and accessories, toys, beverages, handicrafts gifts and second-hand automobiles; (v) Research and development, production, sale and operation of equipment and components relating to battery swap stations, charging piles and energy storage system; design, development, technical service and consulting of vehicle system and software; (vi) Automobile exhibition activities and marketing planning; conference, exhibition, catering services, self-operation and agency of the import and export of various commodities and technologies

Capital Increase Feedback Period	means	the definition in Clause 9.1.2 hereof
Capital Increase Notice	means	the definition in Clause 9.1.1 hereof
Government Authority	means	any PRC or non-PRC international organization, national, state, provincial, local, or other government, governmental, regulatory or administrative authority, agency or commission or any court, tribunal, or judicial or arbitral body
Governmental Approval	means	means any approval, authorization, consent, franchise, permit or registration by any Governmental Authority, or any report, circular, statement or other correspondences required to be filed with or submitted to any Governmental Authority
Transfer Feedback Period	means	the definition in Clause 7.1.2 hereof
Transferring Shareholders	means	the definition in Clause 7.1 hereof
Transfer Notice	means	the definition in Clause 7.1.1 hereof
PRC	means	the definition in recitals hereof
CSRC	means	the China Securities Regulatory Commission

1.2 Capitalized terms used and not otherwise defined in this Agreement shall have the meanings ascribed to them in the Investment Agreement, unless otherwise required by the context of this Agreement.

1.3 "**Section**", "**Clause**" and "**Exhibit**" mean the clause and section of, and the exhibit to, this Agreement, respectively. Any reference to "**this Agreement**" shall be construed to include its exhibits.

1.4 "**Include**", "**includes**" or "**including**" and similar words are not intended to be restrictive and shall be construed as if followed by the words "**without limitation**".

1.5 The headings in this Agreement are inserted for the convenience of reference only and shall not be taken into consideration in the interpretation or construction of this Agreement.

1.6 Any reference to this Agreement or any other agreement shall be construed to include this Agreement or such other agreement as may be amended, modified, supplemented

or novated.

2 SHAREHOLDERS OF THE TARGET COMPANY

2.1 Shareholders of the Target Company

The shareholders of the Target Company (the "**Shareholders**") are as follows:

NIO HK:	**Nio Nextev Limited**, a company established and existing under the Laws of Hong Kong, the PRC, with its office at 30th Floor, Jardine House, Once Connaught Place, Central, Hong Kong. Authorized Representative: LI Bin
UE HK:	**NIO User Enterprise Limited**, a company established and existing under the Laws of Hong Kong, the PRC, with its office at 30th Floor, Jardine House, Once Connaught Place, Central, Hong Kong. Authorized Representative: LI Bin
PE HK:	**NIO Power Express Limited**, a company established and existing under the Laws of Hong Kong, the PRC, with its office at 30th Floor, Jardine House, Once Connaught Place, Central, Hong Kong. Authorized Representative: LI Bin
Jianheng New Energy Fund:	Hefei Jianheng New Energy Automobile Investment Fund Partnership (Limited Partnership), a limited partnership established and existing under the Laws of the PRC, with its registered address at Room 101, Area G, Intelligent Equipment Technology Park, No. 3963 Susong Road, Economic and Technological Development Area, Hefei City, Anhui Province, and a unified social credit code of 91340111MA2UU69EX8. Executive Partner: Hefei Construction Investment Capital Management Co., Ltd.
Advanced Manufacturing	Advanced Manufacturing Industry Investment Fund II (Limited Partnership), a limited partnership established and existing

Industry Fund: under the Laws of the PRC, with its registered address at Room 1380, Fuying Building, No. 99 Tuanjie Road, Research and Innovation Park, Jiangbei New Area, Nanjing City, and a unified social credit code of 91320191MA1YK7YA6J.

Executive Partner: CMG-SDIC Capital Management Co., Ltd.

Anhui Sanzhong Yichuang: Anhui Provincial Sanzhong Yichuang Industry Development Fund Co., Ltd., a limited liability company duly established and existing under the Laws of the PRC, with its registered address at Room 424, Technology and Innovation Center, No. 860 West Wangjiang Road, High-tech District, Hefei City, and a unified social credit code of 91340100MA2NUJ2A1H.

Legal Representative: XU Xianlu

New Energy Automobile Fund: Anhui Jintong New Energy Automobile II Fund Partnership (Limited Partnership), a limited partnership duly established and existing under the Laws of the PRC, with its registered address at Room 616-1, NO.1 Building, Zhumeng New Area, No. 188 Wenyuan Road, Yixiu District, Anqing City, Anhui Province, and a unified social credit code of 91340800MA2UE54B3J.

Executive Partner: Anhui JinTong New Energy II Investment Management Partnership (Limited Partnership)

3 OVERVIEW OF THE TARGET COMPANY

3.1 Basic Information of the Target Company

3.1.1 In accordance with the applicable PRC Laws, the Shareholders agree to hold the equity interests in the Target Company jointly pursuant to the terms and conditions of this Agreement.

3.1.2 The name of the Target Company in Chinese shall be “蔚来控股有限公司”.

3.1.3 The name of the Target Company in English shall be “NIO Holding Co., Ltd.”.

3.1.4 The registered address of the Target Company shall be Building F, Hengchuang Intelligent Technology Park, No. 3963 Susong Road, Economic and Technological Development Area, Hefei City, Anhui Province.

3.2 Nature of the Target Company

The Target Company is a limited liability company with the status of an enterprise legal person. The establishment of and conduct of all activities by the Target Company shall comply with the relevant provisions of the PRC Laws. Its lawful rights and interests shall be protected by the PRC Laws.

3.3 Limited Liability

As the Target Company is a limited liability company under the PRC Laws, it shall be liable to its debts to the extent of all of its assets. Under any circumstance, the liabilities and risks of each Shareholder of the Target Company shall be limited to the amount of their respective contributions to the registered capital of the Target Company expressly subscribed by it under Clause 5.1 below. Furthermore, none of the Shareholders shall have liability whatsoever, jointly or severally, for any debts or obligations of the Target Company.

4 PURPOSE AND SCOPE OF BUSINESS OF THE TARGET COMPANY

4.1 Purpose of the Target Company

The purposes of the Shareholders in jointly investing in the Target Company shall be as follows: the Shareholders are committed to making the Target Company achieve good economic performance through the operation and management of the business of the Target Company.

4.2 Scope of Business of the Target Company

The business scope of the Target Company is as follows: 1. Investment in the fields in which foreign investors are allowed by the state; 2. Provision of the following services to the enterprise it invests in as engaged by such investee in writing: (1) assisting or acting as agent for the enterprise it invests in to purchase, from both home and abroad, any machinery equipment and office equipment for such enterprise′s own use, or any material, components and parts needed in manufacturing, and to sell the products manufactured by the enterprise it invests in at both home and abroad, and to provide after-sale service; (2) providing the enterprise it invests in with technological support and other services in the process of as manufacturing, sale and market development of

product; (3) establishing scientific research and development center or department within the territory of the PRC to engage in the research and development of new products and high technologies, to transfer its research and development achievements, and to provide corresponding technical services; (4) providing its investors with consulting services, and to provide its affiliates with consulting services such as market information and investment policies in relation to its investment; (5) undertaking the outsourcing services of its parent company and affiliates; (6) providing technical development, technical services, technical transfer and technical consultation services for finished new-energy automobiles and the relevant parts thereof; wholesale and commission agent (excluding auction) of automobile parts; import and export of machinery equipment, automobile parts, goods and technologies; sale, lease, designated driving, repair and maintenance (limited to the operations by its branches) and after-sale service of automobiles; sale of automobile supplies and accessories, mechanical equipment, general merchandise, clothing accessories, toys, beverages, gifts and crafts, second-hand automobiles; operation of charging pile facilities; vehicle insurance agent; design, development, technical services and consultation of vehicle-mounted system and software; automobile exhibition activities and marketing; conference, exhibition and catering services; design, production, publication and agent of domestic advertisements; production and sale of food; and import and export of commodities and technologies of all kinds (excluding commodities or technology of which export or import is forbidden or is limited to certain corporation as required by the state) (Business items subject to approval in accordance with laws shall not be carried out unless approved by relevant authorities).

The business scope of the Target Companies shall be subject to the descriptions on the business license issued by the Registration Authority.

5 REGISTERED CAPITAL

5.1 Registered Capital

The registered capital of the Target Company shall be RMB 6,428,815,699.3, of which:

5.1.1 NIO HK shall subscribe to RMB 4,609,855,439.81, representing 71.705% of the registered capital of the Target Company, of which RMB 372,632,867.14 shall be contributed in cash in RMB, RMB 2,293,891,006.40 shall be contributed in the form of equity interests in NIO Co., Ltd., RMB 1,441,454,545.44 shall be contributed in cash in RMB or in cash in equivalent USD, RMB 239,639,258.59 shall be contributed in the form of intellectual property rights, and RMB 262,237,762.24 shall be contributed in cash in RMB, all of which have been paid up as of the Execution Date hereof;

5.1.2 UE HK shall subscribe to RMB 1,252,136,433.60, representing 19.478% of the registered capital of the Target Company, of which RMB 5,500,000 shall be contributed in cash in RMB, RMB 744,755,244.76 shall be contributed in cash in USD equivalent, and RMB 501,881,188.84 shall be contributed in the form of equity interests in NIO Sales and Services Co., Ltd., all of which have been paid up as of the Execution Date hereof;

5.1.3 PE HK shall subscribe to RMB 59,830,818.88, representing 0.931% of the registered capital of the Target Company, which shall be contributed in the form of equity interests in NIO Energy Investment (Hubei) Co., Ltd., all of which have been paid up as of the Execution Date hereof;

5.1.4 Advanced Manufacturing Industry Fund shall subscribe to RMB 157,342,657.35, representing 2.447% of the registered capital of the Target Company, which shall be contributed in cash in RMB, all of which have been paid up as of the Execution Date hereof;

5.1.5 Anhui Sanzhong Yichuang shall subscribe to RMB 52,447,552.45, representing 0.816% of the registered capital of the Target Company, which shall be contributed in cash in RMB, all of which have been paid up as of the Execution Date hereof;

5.1.6 New Energy Automobile Fund shall subscribe to RMB 34,965,034.97, representing 0.544% of the registered capital of the Target Company, which shall be contributed in cash in RMB, all of which have been paid up as of the Execution Date hereof;

5.1.7 Jianheng New Energy Fund shall subscribe to RMB 262,237,762.24, representing 4.079% of the registered capital of the Target Company, which shall be contributed in cash in RMB, all of which have been paid up as of the Execution Date hereof.

6 PROTECTIVE RIGHTS

6.1 Protective Rights

6.1.1 During the period in which the Investors hold equity interests in the Target Company, resolutions in respect of the following matters of major importance to the Target Company shall require approval by more than three-fourths (3/4) of the directors before the same is submitted to the Shareholders' meeting for resolution:

(1) any amendment to the articles of association of the Target Company;

(2) any increase or decrease in the registered capital of the Target Company; and

(3) any merger, split-off, dissolution and/or change of corporate form of the Target Company.

6.1.2 During the period in which the Investors hold equity interests in the Target Company, resolutions in respect of the following matters material to the Target Company shall be adopted by affirmative votes of not less than three-fourths (3/4) of the directors of the Target Company before implementation (if such matters shall be submitted to the Shareholders' meeting for resolution as required by relevant Laws and Regulations or the articles of association of the Target Company, such matters shall be submitted to the Shareholders' meeting for resolution and approval before implementation, and the following matters shall not be directly submitted to the Shareholders' meeting for resolution without resolution and approval by the Board of Directors):

(1) any merger, split-off, dissolution and liquidation of the Target Company, or the Target Company applying for its bankruptcy and restructuring, and/or any decision on change of corporate form of the Target Company;

(2) termination of the Main Business of the Target Company or any change to its current Main Business;

(3) any equity financing plan of the Target Companies, or any increase, decrease or cancellation of any authorized share capital, issued shares or registered capital of the Target Companies, or any issuance, distribution, purchase or redemption of any shares/equity interests or convertible securities, or any share warrants, or issuance of options or any other matters that may result in the future issuance of new shares or the dilution of the ownership percentage of the Investors in the Target Company;

(4) any related-party transaction beyond the annual budget between the Target Company and any of its affiliate whose financial statement is not included in a consolidated statement of the Target Company, with the amount in excess of RMB 300 million individually or in aggregate within one (1) year;

(5) any borrowing or any other security arrangement by the Target Company beyond the bank credit granted prior to the Previous Transaction or beyond the annual budget approved by the Shareholders' meeting or the Board of Directors of the Target Company after the Previous Transaction, in excess of RMB 300 million individually or in aggregate within one (1) fiscal year;

(6) any contract beyond the annual budget between the Target Company and any third party whose financial statement is not included in a consolidated statement of the Target Company out of the ordinary course of business of the Target Company, in excess of RMB 300 million;

(7) any expenditure or payment beyond the annual budget including construction projects, establishment of any subsidiary or acquisition of equity interest in other companies, in excess of RMB 300 million individually or in aggregate within one (1) fiscal year;

(8) any non-controlling long-term equity investment or any disposal of such investment made by the Target Company beyond the annual budget, in excess of RMB 300 million individually or in aggregate within one (1) fiscal year;

(9) any sale or disposal of assets or equity interests to any third party whose financial statement is not included in a consolidated statement of the Target Company, in excess of RMB 300 million;

(10) any lending of money in any form (including without limitation, inter-lending and bridge loan for purposes rather than operation) to any third party whose financial statement is not included in a consolidated statement of the Target Company;

(11) any provision of guarantee, mortgage, pledge and security of any kind to any third party whose financial statement is not included in a consolidated statement of the Target Company;

(12) any sale, transfer, exclusive license, pledge or disposition of any kind of any material brand, trademark, patent, copyright, non-patent technology or other intellectual properties of the Target Company and/or its controlled subsidiaries to any third party whose financial statement is not included in a consolidated statement of the Target Company, with the amount in excess of RMB 300 million;

(13) formulation and submission of any proposal of any amendment to the articles of association of the Target Company to the Shareholders' meeting for its approval;

(14) formulation and submission of any proposal of any adjustment to the number and composition of the Board of Directors of the Target Company to the Shareholders' meeting for approval;

(15) any merger, Deemed Liquidation Event, drag-along event involving the Target Company and any other matter that may result in change of control of the Target Company;

(16) determination of the application time of listing, percentage of issuance and stock exchange in connection with the Qualified IPO of the Target Company; and

(17) amendment or change of the rights and priorities of the Investors hereunder, or any restriction on such rights, or enabling any other Shareholders to enjoy rights more favorable than or equivalent to those of the Investors.

6.1.3 During the period in which the Investors hold equity interests in the Target Company, resolutions in respect of the following matters material to the Target Company shall be adopted by affirmative votes of not less than two-thirds (2/3) of the directors of the Target Company before implementation (if such matters shall be submitted to the Shareholders' meeting for resolution as required by relevant Laws and Regulations or the articles of association of the Target Company, such matters shall be submitted to the Shareholders' meeting for resolution and approval before implementation, and the following matters shall not be directly submitted to the Shareholders' meeting for resolution without resolution and approval by the Board of Directors):

(1) approval of the annual budget and final accounts of the Target Company; and

(2) appointment or removal of CEO and CFO of the Target Company.

6.1.4 During the period in which the Investors hold equity interests in the Target Company, resolutions in respect of the following matters of major importance to the Target Company shall be adopted by not less than one-half (1/2) of the directors of the Target Company before implementation

(if such matters shall be submitted to the Shareholders' meeting for resolution as required by relevant Laws and Regulations or the articles of association of the Target Company, such matters shall be submitted to the Shareholders' meeting for resolution and approval before implementation, and the following matters shall not be directly submitted to the Shareholders' meeting for resolution without resolution and approval by the Board of Directors):

(1) to amend and approve the adoption of material accounting policies or change the fiscal year, and select and change the auditing firm among the "Big Four" accounting firms (i.e., PwC, DTT, KPMG and EY);

(2) to distribute profits to the Shareholders and converse capital reserve into share capital; and

(3) to establish, amend or implement any equity incentive plan/employee stock ownership plan of the Target Company.

6.1.5 During the preparation and formulation of the annual budget of the Target Company, the Investors shall be entitled to arrange observers to make observations and provide suggestions. Prior to the completion of the Qualified IPO of the Target Company, in respect of the annual budget, the annual final accounts, selection and appointment of CEO and CFO of the Target Company and other related matters, the directors nominated by the NIO Parties and the directors nominated by the Investors shall carry out a full consultation before such matters are formally submitted to the Board of Directors or the Shareholders' meeting for resolution.

6.1.6 The aforesaid protective right mechanism shall apply to other Group Members, and none of such Group Members shall engage in the aforesaid matters without the prior written review and approval by the Target Company in accordance with the aforesaid provisions.

6.2 Unless otherwise agreed in the Transaction Documents, the aforesaid clauses shall become void automatically as of the date of the acceptance of the application for the Qualified IPO of the Target Company. However, if such application for the Qualified IPO of the Target Company fails to be approved by the examination authority of the CSRC or relevant stock exchanges, or the Target Company fails to be listed on relevant stock exchanges, the full validity of such provision entitling rights to the Investors shall restore automatically and immediately.

6.3 The Parties hereto agree to amend the articles of association of the Target Company in

accordance with this Clause.

7 RIGHT OF FIRST REFUSAL

7.1 Grant and Exercise of the Right of First Refusal

Prior to the Qualified IPO of the Target Company and as long as the Investors hold equity interests in the Target Company, if the NIO Parties intend to indirectly transfer its equity interests in / shares of the Target Company to any third party other than its affiliate (the "**Transferee**") by transferring the equity interests in the Holdco of the Target Company, or if any Shareholders of the Target Company intends to transfer its equity interests in / shares of in the Target Company to any non-affiliated third party except for the Investors (the "**Proposed Transfer**"), the NIO Parties shall give a prior written notice to the other Shareholders of the Target Company, which shall specify the terms and conditions of the Proposed Transfer or proposed disposal. Each of the other Shareholders of the Target Company (the "**ROFR Holder**") shall have the right of first refusal to purchase the equity interests in / shares of the Target Company under the same conditions in proportion to their then respective ratio of paid-in capital contribution (each of the aforesaid Shareholder who intends to transfer equity interests shall be referred to individually as a "**Transferring Shareholder**").

7.1.1 If any Transferring Shareholder intends to transfer, directly or indirectly, any registered capital of the Target Company held by it, it shall give a written notice (the "**Transfer Notice**") to the ROFR Holders fifteen (15) working days before it enters into any binding agreement with such transferee with respect to the Proposed Transfer. The Transfer Notice shall include, without limitation, the number and price of the registered capital to be transferred, and the payment method of the price.

7.1.2 The ROFR Holders shall reply, in writing within fifteen (15) working days (the "**Transfer Feedback Period**") following the receipt of the aforesaid Transfer Notice, whether they opt to exercise the right of first refusal and the amount of registered capital to be purchased by them. If any ROFR Holder fails to reply within such Transfer Feedback Period, it shall be deemed to have waived the right of first refusal, consented to the Proposed Transfer, and waived the co-sale right enjoyed by it (if any).

If any ROFR Holder proposes to exercise the right of first refusal, it shall purchase all or part of the equity interests to be transferred at the proposed transfer price and on other same terms and conditions. If the total number of the equity interests to be transferred of which the ROFR Holder propose to exercise the right of first refusal is in excess of the number of the equity

interests to be transferred, the maximum number of the equity interests to be transferred which each ROFR Holder is entitled to purchase shall be equal to the product of the equity interests to be transferred multiplied by a fraction, of which the numerator is the total registered capital of the Target Company held by such ROFR Holder as of the date of the Transfer Notice, and the denominator is the total registered capital of the Target Company then held by all ROFR Holders that have elected to exercise the right of first refusal as of the date of the Transfer Notice. The delivery of a written notice from the ROFR Holders exercising the right of first refusal shall constitute a formal agreement between the Transferring Shareholders and such ROFR Holders in respect of sell and purchase all or part of the equity interests to be transferred (the amount of which to be subject to the adjustment as described above, if necessary) at the proposed transfer price and in accordance with other applicable terms and conditions set forth in the Transfer Notice. However, to clarify the transaction arrangement and facilitation of the change registration with competent administration for market regulation, the parties shall cooperate to enter into a written contract in accordance with the formal agreement between them.

7.1.3 If the ROFR Holders waive the right of first refusal in writing during the Transfer Feedback Period or fails to response within the Transfer Feedback Period, the Proposed Transfer shall be completed within thirty (30) working days from the earlier of the occurrence of the forgoing circumstances (the completion date shall be the date on which the re-registration with competent administration for market regulation is completed, if applicable); if the Proposed Transfer is not completed within such period, the Transferring Shareholders shall re-issue a Transfer Notice in accordance with Clause 7.1.1 hereof and the ROFR Holders shall have the right of first refusal and the right of co-sale (if applicable) with respect to such transfer.

7.1.4 If (a) any ROFR Holder waives the right of first refusal in writing during the Transfer Feedback Period, or (b) any ROFR Holder fails to response within the Transfer Feedback Period, or (c) any ROFR Holder elects to exercise the right of first refusal under Clause 7.1.2 above but does not purchase all of the equity interests to be transferred, after the expiration of the Transfer Feedback Period, the Transferring Shareholders may sell the equity interests to be transferred (or, under the circumstance (c) above, the remaining equity interests to be transferred of which the ROFR Holders are not exercised) to the Transferee at a price and on terms and conditions not less favorable than that of the Proposed Transfer and those set forth in the Transfer Notice.

7.1.5 If the Investors agree to acquire the NIO Parties' equity interest in the Holdco

of the Target Company in accordance with this clause and after the Qualified IPO of the Target Company, the NIO Parties undertake to procure, when the Investors decide to exit from the Target Company, the Holdco of the Target Company to sell the shares of the Target Company indirectly held by the Investors at an amount calculated on a basis of ratio of the Investors' interest in the Holdco of the Target Company, and cooperate with the Investors in completing the procedures for capital reduction by the Holdco of the Target Company; or the NIO Parties or any third party designated by them shall acquire the interests of the Holdco of the Target Company held by the Investors at a price calculated on a basis of sales price of the shares of the Target Company by the Holdco of the Target Company.

7.1.6 This Clause 7.1 shall not apply to the following circumstances: (i) the equity transfer in accordance with Clause 10 (Anti-dilution) hereof; and (ii) any direct or indirect transfer of equity interests or any interests therein of the Target Company to the participants pursuant to any equity incentive plan duly approved in accordance with Clause 6.1.2 hereof, or any acquisition or transfer of the equity interests or any interests therein of the Target Company directly or indirectly held by the participants pursuant to any duly approved equity incentive plan mentioned above.

7.2 Infringement on the Right of First Refusal and the Remedies

If the Proposed Transfer infringes the ROFR Holders' right of first refusal:

7.2.1 The Proposed Transfer shall be invalid, and none of the Parties shall cooperate in any manner on the registration or filing with the competent administration for market regulation and commerce bureau in respect of the Proposed Transfer;

7.2.2 The Transferee of the Proposed Transfer is not entitled to any right and interest as a shareholder of the Target Company; and

7.2.3 For the purpose of this Agreement, if the Transferring Shareholder intending to make the Proposed Transfer fails to give the Transfer Notice in accordance with Clause 7.1.1 hereof, or if there is material difference or material omission in the conditions of the Proposed Transfer from those given in the Transfer Notice, it shall constitute an infringement of the ROFR Holders' right of first refusal.

8 RIGHT OF CO-SALE

8.1 Grant and Exercise of Co-sale Right

As long as the Investors hold equity interests in the Target Company, if the NIO Parties intend to directly or indirectly conduct a Proposed Transfer and the Investor fails to exercise the right of first refusal in accordance with Clause 7 hereof, such Investors shall have the co-sale right, i.e., the right to sell the registered capital of the Target Company held by them at the same price and on the same terms and conditions in accordance with this Agreement.

8.1.1 The Investors reply in writing within fifteen (15) working days (the "**Co-Sale Feedback Period**") from the date of receipt of the Transfer Notice of the Proposed Transfer from the Transferring Shareholders, stating whether they intend to exercise the co-sale right and the amount of the registered capital proposed to be co-sold. If such Investors fail to reply within such time limit, they shall be deemed to have waived the co-sale right enjoyed by them.

8.1.2 Each Investor shall be entitled to simultaneously transfer to such third party all or part of its equity interest in / shares of the Target Company at the same price and under the same conditions under the same conditions in proportion to their respective shareholding percentage at the time. If more than two Investors propose to exercise the co-sale right, the number of the registered capital of which each Investor exercising the co-sale right shall be equal to the product of the registered capital of the Target Company proposed to be transferred by the Transferring Shareholders to the Transferee multiplied by a fraction, of which the numerator is the total registered capital of the Target Company then held by such Investor exercising the co-sale right as of the date of the Transfer Notice, and the denominator is the total registered capital of the Target Company then held by all the Investors that have elected to exercise the co-sale right and the Transferring Shareholders as of the date of the Transfer Notice. If the equity interests in / shares of the Target Company that the NIO Parties and the Investors intend to sell exceed the equity interests Holdco of/shares proposed to be transferred to such third party, the Investors shall have the right of priority to sell the equity interests/shares to such third party. If the subject matter of the Proposed Transfer is the equity interest in the Holdco of the Target Company, the amount of the equity interests to be sold of which the Investors exercising co-sale right shall be calculated on a basis of the number of equity interest in / shares of the Target Company representing the subject matter of the Proposed Transfer.

8.1.3 If, in any Proposed Transfer, the Transferee does not agree to purchase the equity interest held by the Investors in the Target Company, and as a result of which the Investors are unable to exercise the co-sale right, the Proposed

Transfer shall be terminated and shall not continue, unless such Investors exercising the co-sale right consent in advance in writing.

8.1.4 If any Investor waives the co-sale right in writing during the Co-Sale Feedback Period or fails to response within the Co-Sale Feedback Period, the Proposed Transfer shall be completed within thirty (30) working days from the earlier of the occurrence of the forgoing circumstances (the completion date shall be the date on which the re-registration with competent administration for market regulation is completed, if applicable); if the Proposed Transfer is not completed within such period, the Transferring Shareholders shall give a new Transfer Notice in accordance with Clause 7.1.1 hereof and the Investors shall have the co-sale right with respect to such transfer.

8.1.5 This Clause 8.1 shall not apply to the following circumstances: (i) the equity transfer in accordance with Clause 10 (Anti-dilution) hereof; and (ii) any direct or indirect transfer of equity interests or any interests therein of the Target Company to the participants pursuant to any equity incentive plan duly approved in accordance with Clause 6.1.2 hereof, or any acquisition or transfer of the equity interests or any interests therein of the Target Company directly or indirectly held by the participants pursuant to any duly approved equity incentive plan mentioned above.

8.2 Infringement on the Co-Sale Rights and the Remedies

If the Proposed Transfer infringes the Investors' co-sale right:

8.2.1 The Proposed Transfer shall be invalid, and none of the Parties shall cooperate in any manner on the registration or filing with the competent administration for market regulation and commerce bureau in respect of the Proposed Transfer;

8.2.2 The Transferee of the Proposed Transfer is not entitled to any right and interest as a shareholder of the Target Company; and

8.2.3 For the purpose of this Agreement, if the Transferring Shareholder intending to make the Proposed Transfer fails to give the Transfer Notice in accordance with Clause 7.1.1 hereof, or if there is material difference or material omission in the conditions of the Proposed Transfer from those given in the Transfer Notice, it shall constitute an infringement of the Investors' co-sale right.

9 PRE-EMPTIVE RIGHTS

9.1 Grant and Exercise of the Pre-emptive Right

In the event of increase in the registered capital of the Target Company (the "**Proposed Capital Increase**"), the Shareholders shall have the pre-emptive right to subscribe for the newly increased registered capital or newly issued shares of the Target Company in proportion to their respective ratio of paid-in capital contribution under the same conditions.

9.1.1 The Target Company shall give a written notice (the "**Capital Increase Notice**") to each Shareholder fifteen (15) working days before it enters into any binding agreement or convenes a Board's meeting and/or Shareholders' meeting in respect of the Proposed Capital Increase, which shall specify, including without limitation, the amount of the registered capital to be increased, the price of the Proposed Capital Increase, and the payment method of price of the registered capital to be increased. If two or more Shareholders with pre-emptive right propose to exercise the pre-emptive rights, the maximum amount of the registered capital for which each Shareholder is entitled to subscribe shall be the product of the newly increased registered capital of the Target Company multiplied by a fraction, of which the numerator is the total paid-in capital contribution to the Target Company then held by such Shareholder exercising the pre-emptive right as of the date of the Capital Increase Notice issued by the Target Company, and the denominator is the total paid-in capital contribution to the Target Company then held by all Shareholders that have elected to exercise the pre-emptive right as of the date of the Capital Increase Notice issued by the Target Company.

9.1.2 Each Shareholder shall reply in writing within fifteen (15) working days (the "**Capital Increase Feedback Period**") after the receipt of the aforesaid Capital Increase Notice whether it elects to exercise the pre-emptive right and the amount of the registered capital to be subscribed for by it. If any Shareholder fails to reply within the Capital Increase Feedback Period, it shall be deemed to have waived the pre-emptive right.

9.1.3 If any Shareholder waives the pre-emptive right in writing during the Capital Increase Feedback Period set forth in Clause 9.1.2 or fails to make response during the Capital Increase Feedback Period, the Proposed Capital Increase shall be completed within thirty (30) working days after the earlier of the occurrence of the foregoing circumstances (the completion date shall be the date on which the re-registration with competent administration for market

regulation is completed); if the Proposed Capital Increase is not completed within such period, the Target Company shall re-issue a Capital Increase Notice in accordance with Clause 9.1.1 hereof and such Shareholder shall obtain the pre-emptive right with respect to such capital increase.

9.1.4 This Clause 9.1 shall not apply to the newly increased registered capital resulting from the equity incentive plan duly approved in accordance with Clause 6.1.2, the conversion of profits into registered capital on a pro rata basis to all Shareholders, the conversion of capital reserves into registered capital on a pro rata basis to all Shareholders, and the issuance of shares in connection with the restructuring of a joint stock company and the Qualified IPO.

9.2 Infringement on the Pre-emptive Right and the Remedies

If the Proposed Capital Increase infringes the Shareholders' pre-emptive right:

9.2.1 The Proposed Capital Increase shall be invalid, and none of the Parties shall cooperate in any manner on the registration or filing with the competent administration for market regulation and commerce bureau in respect of the Proposed Capital Increase;

9.2.2 The subscriber to the registered capital of the Target Company in respect of the Proposed Capital Increase is not entitled to any right and interest as a shareholder of the Target Company; and

9.2.3 For the purpose of this Agreement, if the Target Company fails to give the Capital Increase Notice in accordance with Clause 9.1.1 hereof, or if there is material difference or material omission in the conditions of the Proposed Capital Increase from those given in the Capital Increase Notice, it shall constitute an infringement of the Shareholders' pre-emptive right.

10 VALUE ASSURANCE AND ANTI-DILUTION RIGHTS

10.1 Value Assurance

10.1.1 Prior to the Qualified IPO of the Target Company, upon prior written consent of the Investors, the Target Company may issue new shares or increase its registered capital that may result in dilution of the percentage of the Investors' shareholding or equity interest in any form.

10.1.2 After the closing of the Previous Transaction and prior to the date on which

the Target Company obtains the guidance filing notice in connection with the Qualified IPO from the provincial securities regulatory bureau at the place where the Target Company is located, if the Investors consent in writing to the issuance of new shares or increase in the registered capital of the Target Company, the NIO Parties shall guarantee that the price of the subsequent financing shall not be lower than the the price at the time when the Investors invested in the Target Company (specifically, as of the Execution Date hereof, the subscription price paid by the Investors for their acquisition of equity interests is RMB5.72 for one (1) Yuan registered capital, hereinafter referred to as the "**Investors Subscription Price**").

10.2 Anti-dilution Compensation

If the final price or cost paid by any Investor (including the existing Shareholders and any newly joined shareholders) in any new round of investment of the Target Company in the future (either by means of equity interest transfer or capital increase) is lower than the Investors Subscription Price in accordance with certain agreement or arrangement entered into by and among the Target Company, the NIO Parties and the persons acting in concert with the Target Company and the NIO Parties, the Investors Subscription Price shall be re-calculated based on the following formula: P2 = P1 × (A + B) ÷ (A + C), of which, P2 = the Investors Subscription Price after the adjustment; P1 = the initial Investors Subscription Price; A = the registered capital of the Target Company prior to the above mentioned capital increase on a fully diluted basis (i.e., assuming that each Shareholder or any other party has exercised its subscription right, convertible loan or other rights convertible into any equity interest in the Target Company); B = the registered capital of the Target Company that can be acquired at P1 price with the above mentioned capital increase; C = the registered capital of the Target Company actually increased in the above mentioned capital increase. The Investors shall have the right to re-calculate the amount of the registered capital of the Target Company that they are entitled to, based on the adjusted Investors Subscription Price. To the extent permitted by Laws, the difference between such amount and the registered capital of the Target Company that the Investors subscribe for in accordance with the Investment Agreement shall be made up by the Target Company and the NIO Parties as follows: (i) the additional issuance of equity interests by the Target Company to the Investors at the lowest price permitted by applicable Laws; and (ii) the transfer by the NIO Parties of their equity interests in the Target Company to the Investors at the lowest price permitted by applicable Laws. If such compensation is made by means of subclause (i) above, the subscription price for the equity interests that the Investors shall pay to the Target Company shall be borne by the NIO Parties. Other expenses and costs incurred in the process of compensation (if any) shall be borne by the NIO Parties.

10.3 Implementation of the Anti-dilution Compensation

The implementation of anti-dilution compensation shall be fully completed within one hundred and twenty (120) days after the date on which the Investors exercise the anti-dilution right in accordance with Clause 10.2 hereof and notify the NIO Parties in writing (if additional time is required due to the performance of any public procedure such as appraisal and/or bidding, auction or listing in respect of the transfer of state-owned assets, such time shall not be included in one hundred and twenty (120) days). The completion date shall be the date on which the registration with competent administration for market regulation is completed.

10.4 Anti-dilution Compensation Overdue Penalty

If the NIO Parties fail to fully implement the anti-dilution compensation within the period specified in Clause 10.3 hereof, the NIO Parties shall pay the overdue penalty to the Investors from the first day of such delay. The overdue penalty shall be calculated at the rate of 0.02% of the outstanding amount of cash compensation payable for each day of such delay.

10.5 The Parties agree that, if the Target Company incurs changes in the share capital of the Target Company due to conversion of capital reserves to the registered capital, equity split or consolidation, issuance of equity dividends and other similar events, the price per share for the equity interests of the Target Company obtained by the corresponding Investors shall be adjusted accordingly.

10.6 This Clause 10 shall not apply to the newly increased registered capital resulting from the equity incentive plan duly approved in accordance with Clause 6.1.2, the conversion of profits into registered capital on a pro rata basis to all Shareholders, the conversion of capital reserves into registered capital on a pro rata basis to all Shareholders, and the issuance of shares in connection with the restructuring of a joint stock company and the Qualified IPO.

11 REDEMPTION RIGHT

11.1 Triggering Events of Investor Redemption Right

Upon the occurrence of any of the following events, the Investors shall obtain a redemption right, i.e., the right to request NIO Inc. or the NIO HK Holding Platforms to redeem all or part of the equity interest then held by the Investors in the Target Company. The Target Company shall assume an unlimited joint and several liabilities for the performance of the redemption obligations of NIO Inc. and the NIO HK Holding Platforms, and shall cause the Actual Controller to give a written undertaking of using his reasonable efforts to cause NIO Inc. and the NIO HK Holding Platforms to perform the redemption obligations hereunder:

11.1.1 The Target Company fails to complete the listing application or to issue the material assets restructuring plan related to the Qualified IPO before December 31, 2027, or fails to complete the Qualified IPO before December 31, 2028;

11.1.2 With respect to any Mature Investor (as defined below), the Target Company fails to complete the Qualified IPO prior to the maturity date of the fund corresponding to such Investor (the "**Fund Maturity Date**", i.e., the expiration date of the fund duration of such Investor as determined by the registration with competent administration for market regulation /filing with the Asset Management Association of China; if the fund duration of such Investor is extended after the Execution Date hereof, the extended fund duration of such Investor as determined by the registration with competent administration for market regulation/filing with the Asset Management Association of China shall apply; such Investor is hereinafter referred to as the "**Mature Investor**"), and the Mature Investor shall notify the NIO Parties and the Target Company of the Fund Maturity Date in writing in advance;

11.1.3 The NIO Parties or the Target Company has significant concealment, misleading, false statement or suspected fraud in the process of information disclosure for the transactions conducted in accordance with the Investment Agreement;

11.1.4 The NIO Parties' capital contribution in the Target Company and the Group Members is false, fraudulent or has been withdrawn, or there is a Material breach in any provision in the formally executed Transaction Documents or any representations, warranties or undertakings thereunder by the NIO Parties and/or the Target Company;

11.1.5 The Actual Controller of the Target Company and the core management team of the Target Company as listed in Exhibit II (the "**Core Management Team**") encounter Material integrity problems, which lead to the Material internal control loopholes in the Target Company, including without limitation, the off-balance-sheet sales income in cash which is unknown to the Investors, misappropriation of funds and unfair related-party transactions; or the Target Company has Material internal control loopholes, which cause Material adverse impact on the Target Company, even though such loopholes are not caused by the Actual Controller or the Core Management Team of the Target Company intentionally;

11.1.6 There are major changes in the current Main Business of the Target Company as agreed in the Transaction Documents, or any license and permit of the Target Company necessary for operating such current Main Business is rescinded or the Target Company is not able to obtain and maintain such license or permit;

11.1.7 The Target Company breaches the provisions with respect to the use of the Capital Increase Price as agreed in the Investment Agreement;

11.1.8 There is a change of the Actual Controller of the Target Company or the actual controller of NIO Inc. due to any circumstance;

11.1.9 More than half of the Core Management Team resigns within two (2) years prior to the date of submission of the application for the Qualified IPO by the Target Company;

11.1.10 Any event for redemption of the equity interests agreed between any Investor or other Shareholders of the Target Company (other than the Investors) and the Target Company or the NIO Parties is triggered, and such Investor or other Shareholders of the Target Company request the Target Company or the NIO Parties to redeem their equity interests in the Target Company;

11.1.11 Any event for redemption of the equity interests agreed between the shareholders of NIO Inc. and NIO Inc. is triggered, or the shareholders of NIO Inc. request NIO Inc. or the actual controller of NIO Inc. to redeem the shares held by them, provided that the performance of such redemption obligations may result in change of the actual controller of NIO Inc. or the Actual Controller of the Target Company;

11.1.12 The Target Company or any of its creditors applies to a PRC court for bankruptcy and reorganization of the Target Company; or NIO Inc. or any of its creditors applies to a competent judicial authority for bankruptcy and reorganization of NIO Inc., which may result in change of the actual controller of NIO Inc. or the Actual Controller of the Target Company; and

11.1.13 The Target Company fails to complete the overall change from a limited liability company to a joint stock limited company (the "**Share Reform**") by December 31, 2026 (or other date agreed upon by the Parties), and the completion date of the Share Reform shall be the date on which the Target Company obtains the business license of a joint stock limited company

issued by the competent administration for market regulation.

11.2 Price of Redemption

If the Investors obtain the redemption right pursuant to Clause 11.1 hereof, and they request NIO Inc. and/or the NIO HK Holding Platforms to redeem all or part of the equity interest in the Target Company then they held, the price of redemption (the "**Redemption Price**") shall be: with respect to each Investor, the sum of the total amount of the investment price paid by the Investors to the Target Company for the purpose of acquiring the equity interest in the Target Company plus an investment income calculated at a compound interest rate of 8.5% per annum on basis of the total amount of the investment price (for purpose of calculation, one year shall be calculated as 360 days, and if the time period is less than one year, it shall be calculated based on actual days); in particular, with respect to each Investor, if the investment prices paid by such Investor are paid to the Target Company in installment, the amount of the forging investment income of each installment of the investment price shall be calculated from the actual capital injection date of such batch of investment price. The Redemption Price shall be paid in cash.

The Investors shall have pari-passu redemption right. The Investors shall be entitled to the aforesaid Redemption Price by requesting NIO Inc. and/or the NIO HK Holding Platforms to purchase the equity interest held by the Investors in the Target Company.

11.2.1 NIO Inc. or the NIO HK Holding Platforms shall complete the payment of the Redemption Price within one hundred and twenty (120) days from the date of receipt of the Investor's notice requesting to exercise the redemption right, the Party obliged to pay the Redemption Price shall pay additional overdue penalty to the Investors, until the later of (i) the NIO Parties has fulfilled the redemption obligation; (ii) the Investor expressly states that it elects to transfer its equity to a third party in accordance with Clause 11.2.2; and (iii) the date on which the Investor enters into an equity transfer agreement with a third party. In particular, in the circumstances set forth in items (ii) and (iii) above, the calculation of the overdue penalty shall cease to be made only for the portion of the consideration corresponding to the transfer by the Investor to a third party. The overdue penalty shall be calculated at the rate of 0.02% of the outstanding amount of cash compensation payable for each day of delay. The relevant parties shall otherwise agree on the time of redemption through consultation, if additional time is required due to the performance of any public procedure such as appraisal and/or bidding, auction or listing in respect of the transfer of state-owned assets, or the performance of any mandatory procedures of announcement in respect of the reduction in registered

capital in the Target Company.

11.2.2 If NIO Inc. or the NIO HK Holding Platforms fail to pay the Redemption Price and the overdue penalty in full within one hundred and twenty (120) days from the receipt of the notice of the Investors requesting to exercise the redemption right, the Investors shall have the right to transfer all or part of the equity interest in the Target Company held by it to any third party at any time, and all the then-current Shareholders, the Target Company and the Actual Controller of the Target Company shall cooperate with such transfer. Notwithstanding the foregoing, if NIO Inc. or the NIO HK Holding Platforms fail to comply with the provision in respect of the redemption right, and if the Investors intend to transfer the equity interest in / shares of the Target Company to any NIO Parties Competitor, the Investors shall give a prior notice to the NIO Parties and consult with the NIO Parties in respect of the same, and the NIO Parties shall have the right of first refusal under the same conditions.

Under the circumstance that the NIO Parties elect not to exercise the right of first refusal or fail to notify the Investors in writing of its exercise of the right of first refusal within ten (10) days after the receipt of the notice, the Investors may transfer their equity interest in /shares of the Target Company to such NIO Parties Competitor under conditions no less than those for notifying the NIO Parties to exercise the right of first refusal. For the avoidance of doubt, unless expressly indicated by the Investors in writing, no negotiation or execution of any legal document by the Investors in respect of the transfer of equity interests / shares to any third party shall be deemed as a waiver of their rights of claiming obligations of the redemption in accordance with the provision of redemption right hereof against any entity who has the redemption obligations. If the price received by the Investors for the transfer of equity interest/shares in the Target Company to a third party under this clause is less than the Redemption Price and overdue penalty entitled to the Investors in accordance with Clause 11.2, NIO Inc. or the NIO HK Holding Platforms shall make up the shortfall in cash to the Investors within thirty (30) days from the date on which the Investors and the third party enter into relevant equity transfer agreement.

11.2.3 If NIO Inc. or the NIO HK Holding Platforms fail to pay the Redemption Price in full within one hundred and twenty (120) days from the receipt of the notice of the Investors requesting to exercise the redemption right, the Investors shall have the right to give a notice to the Target Company requesting the Target Company to assume joint and several liability with

NIO Inc. or the NIO HK Holding Platforms in respect of the payment of the Redemption Price and overdue penalty under Clause 11 hereof, and the Target Company shall complete the payment within thirty (30) days after receipt of the notice as required.

11.3 If, after the completion of the Previous Transaction, the Investors intend to acquire more equity interests in/ shares of the Target Company by means of capital increase or transfer of equity interests/ shares, the Redemption Price of such further increased equity interests/ shares shall be agreed by the relevant parties through negotiations.

12 LIQUIDATION PREFERENCE

12.1 Guaranteed Minimum Return on Investment

If the Target Company is to be liquidated due to bankruptcy, reorganization, dissolution, merger, split-off, acquisition or any other reasons, after the Target Company has paid up expenses and costs in all kinds, all debts and taxes in accordance with Laws, the Target Company shall first distribute such Remaining Property to the Investors in cash (the "**Remaining Property**"), and the amount of the Remaining Property which shall be distributed first to the Investors shall be the higher of (the "**Allocation Priority Amount**"): (1) the amount of Remaining Property to be distributed to the Investors in proportion to their respective paid-in capital contribution to the Target Company; or (2) the sum of the total amount of the investment price paid by the Investors to the Target Company for the purpose of acquiring the equity interest in the Target Company plus an investment income calculated at a compound interest rate of 8.5% per annum on basis of the total amount of the investment price (the "**Guaranteed Minimum Investment Return**"). If the Remaining Property of the Target Company is not sufficient to be distributed among the Investors according to the Allocation Priority Amount of the Investors, the Target Company shall distribute the Remaining Property among the Investors in proportion to the Investors' respective Allocation Priority Amounts.

12.2 Audit of Remaining Property

The Parties unanimously agree that, in the event of the liquidation of the Target Company, an accounting firm recognized by the Parties shall be engaged to audit the balance sheet and property list prepared by the Target Company, and the book value of the Remaining Property shall be subject to the audit results of the auditor so appointed.

12.3 Distribution of Remaining Property

If the Investors have received the Allocation Priority Amount in full, the remaining

property of the Target Company distributable to its Shareholders in accordance with the Laws shall be distributed to the other Shareholders of the Target Company in proportion to their respective shareholding percentages.

12.4 Compensation of Insufficient Distribution

If the Allocation Priority Amount received by the Investors in accordance with Clause 12.1 is less than the Guaranteed Minimum Investment Return, NIO Inc. and the NIO HK Holding Platforms shall compensate the Investors in cash with the amount they obtained in the liquidation. The amount of such compensation equals to the Guaranteed Minimum Investment Return minus the amount the Investors obtained in the liquidation. If the aggregate amounts obtained by NIO Inc. and the NIO HK Holding Platforms in the liquidation are not sufficient to make up the difference between the Guaranteed Minimum Investment Return and the amount the Investors obtained in the liquidation, the Investors shall be entitled to the amount which NIO Inc. and the NIO HK Holding Platforms should have obtained in the liquidation in proportion to the Investors' respective Allocation Priority Amount and in accordance with the order agreed in Clause 12.1.

12.5 Deemed Liquidation Event

Any of the following events shall be deemed as the liquidation of the Target Company (the "**Deemed Liquidation Event**"):

12.5.1 Any merger, split-off, acquisition, reorganization, equity transfer, share swap, capital and share increase or other similar one or a series of transactions of the Target Company, which may result in change of control of the Target Company (subject to a legal opinion issued by a law firm recognized by the NIO Parties and the Investors and affixed with the official seal of such firm);

12.5.2 Any sale, transfer, lease or disposal of all or substantially all of the business or assets of the Target Company (or a series of transactions that may result in sale, transfer, lease or disposal of all or substantially all of the business or assets of the Target Company); and

12.5.3 Exclusive and irrevocable license to a third Party all or substantially all of the intellectual property of the Target Company.

12.6 Distributions in a Deemed Liquidation Event

In case of a Deemed Liquidation Event, the Investors shall have the right to require the

Target Company and/or all Shareholders of the Target Company to realize in substance the policies of distribution set forth in Clause 12.1 and Clause 12.3 hereof in a reasonable manner in accordance with Laws and Regulations, so as to ensure the priority liquidation right of the Investors or the distribution of the Guaranteed Minimum Investment Return. In the event that the total consideration received by the Investors in such Deemed Liquidation Events is not sufficient to realize the Guaranteed Minimum Investment Return of the Investors, NIO Inc. and the NIO HK Holding Platforms undertake to compensate separately the shortfall to the Investors in cash, and to assume joint and several liabilities for such compensation.

12.7 Application of Conflicts of Agreement

Notwithstanding the provisions of this Clause 12, upon occurrence of the events set forth in Clause 13, the Parties agree and acknowledge that the relevant transaction consideration shall be allocated in the manner described in Clause 13.

13 DRAG-ALONG RIGHT

13.1 Exercise of Drag-along Right

If the Investors fail to exit through exercising the redemption right set forth in Clause 11 hereof due to any breach or other fault or negligence of the NIO Parties, and if the third party intends to purchase more than fifty percent (50%) of equity interest in the Target Company or all or substantially all/most of the assets or business of the Target Company (collectively, the "**Co-Sale**"), then the Investors that individually or in the aggregate hold more than two-thirds (2/3) of the then total equity interests held by all Investors (the "**Drag-along Party**") shall have the right to give a written notice (the "**Drag-along Notice**") to the NIO Parties, which shall specify the basic information of such third party, the number of equity interest or description of assets that they intend to purchase, the proposed purchase price and other material terms and conditions, and request the NIO Parties, together with the Drag-along Party, to sell to such third party the assets of the Target Company or equity interests in the Target Company respectively held by them at the same price and under the same conditions:

13.1.1 If a third party intends to purchase the equity interest in the Target Company, the NIO Parties shall have the right to decide and notify the Drag-along Party in writing within thirty (30) days after the receipt of the Drag-along Notice whether they elect to purchase all of the Target Company's equity interests held by the Drag-along Party at the proposed purchase price and on other equivalent terms and conditions, and to deliver a written decision to the Drag-along Party. Such written decision shall constitute a contract between the NIO Parties and the Drag-along

Party for the acquisition of all of the Drag-along Party's equity interest in the Target Company. If, upon the expiration of the forgoing thirty (30)-day period, or if the NIO Parties reply in writing not to exercise their first refusal right, the Drag-along Party shall have the right to request the NIO Parties to sell, together with the Drag-along Party, their respective equity interest in the Target Company that such third party intends to purchase at the same price and under the same conditions (the "**Drag-along Equity Interest Transaction**"). If the consideration obtained by each Drag-along Party through the Drag-Along Equity Interest Transaction is less than the Redemption Price receivable by such Drag-along Party, all transaction consideration obtained by the NIO Parties through the Drag-along Equity Interest Transaction shall be distributed to each Drag-along Party in proportion to the Redemption Price receivable by such Drag-along Party in order to make up the shortfall.

13.1.2 If a third party intends to purchase the assets of the Target Company, the Drag-along Party shall have the right to request the Target Company to sell to such third party the assets of the Target Company that such third party intends to purchase at the proposed purchase price and on other terms and conditions (the "**Drag-along Assets Transaction**", together with the Drag-along Equity Transaction, the "**Drag-along Transaction**"). After such third party has paid up the consideration for the Drag-along Assets Transaction in full to the Target Company, the Target Company shall redeem all equity interests held by each Drag-along Party in the Target Company. In consideration of such payment, the Target Company shall pay to each Drag-along Party with transaction consideration for the Drag-along Assets in proportion to the shareholding percentage on the basis of Redemption Price that each Drag-along Party shall receive. If the consideration received by each Drag-along Party through the Drag-along Asset Transaction is less than the Redemption Price receivable by such Drag-along Party, all transaction consideration obtained by the NIO Parties through the Drag-along Asset Transaction shall be distributed to each Drag-along Party in proportion to the Redemption Price receivable by such Drag-along Party so as to make up the shortfall.

13.2 The NIO Parties shall use their best efforts to cooperate with the Drag-along Party to consummate the Drag-along Transaction, including without limitation, to vote in favor of such Drag-along Transaction at the Shareholders' (general) meeting and the Board meeting, to execute all necessary resolutions and documents at the request of the Drag-along Party or take all reasonable actions as the Drag-along Party considers necessary, and to make representations and warranties customary for transactions to the third party in the relevant transaction documents in connection with the Drag-along Transaction.

If the consideration obtained by the Investors through the above Drag-along Transaction is less than the Redemption Price, all transfer prices obtained through the Drag-along Transaction shall be distributed to the Investors in proportion to the respective Redemption Price to which the Investors shall be entitled.

14 RESTRICTION ON EQUITY TRANSFER

14.1 Consent Right to Equity Transfer

Prior to the completion of the Qualified IPO of the Target Company, without prior written consent of the Investors or unless otherwise agreed in the Transaction Documents, the NIO Parties shall not, directly or indirectly, transfer, pledge or otherwise dispose the equity interests in / shares of the Target Company if such act may cause the total (direct and indirect) shareholding percentage of NIO Inc. in the Target Company to be decreased to less than sixty percent (60%). For the avoidance of doubt, provided that without prejudice to the foregoing, the NIO Parties have the right to transfer all or part of its equity interests in the Target Company to any of its affiliates without prior written consent of the Investors, and the Investors agree to waive their respective right of first refusal, co-sale right and other pre-emptive rights hereunder with respect to such transfer.

Prior to the completion of the Qualified IPO of the Target Company, unless otherwise approved by the Board of Directors of the Target Company, the NIO Parties shall use their best efforts to cause the equity interests in the Target Company or shares of the management / employee shareholding platform directly or indirectly held by the Core Management Team, and the equity interests in the Target Company directly or indirectly held by the NIO HK Holding Platforms, not to be transferred or disposed of during such period prior to the completion of the Qualified IPO of the Target Company.

14.2 Consent to Transaction Documents

Unless otherwise provided in this Agreement or other Transaction Documents, on the date on which any new shareholder of the Target Company acquires the equity interests held by the Parties and becomes a shareholder of the Target Company in the future in accordance with the PRC Laws, such new shareholder shall execute a binding joinder agreement in the form set forth in the Exhibit I hereto (the "**Joinder Agreement**") to become a party hereto, and shall acknowledge the arrangements under this Agreement and other Transaction Documents and consent to the restrictions imposed by this Agreement and other Transaction Documents.

15 EQUITY INCENTIVE

15.1 Principles of Equity Incentive

The Investors encourage the Target Company to maintain the stability of its management team by adopting equity incentives, provided that unless with prior written consent of the Investors, the equity incentives carried out by the Target Company at any time shall satisfy the following requirements:

15.1.1 The equity incentive plan shall not cause any material adverse effect on the Qualified IPO of the Target Company, including without limitation, that adoption of equity incentive plan shall not cause the number of direct or indirect shareholders of the Target Company (excluding the shareholders of NIO Inc.) to exceed 200, and shall not cause any instability in the shareholding structure of the Target Company.

15.1.2 The equity incentive plan shall be subject to review and approval by the Board of Directors of the Target Company in accordance with Clause 6.1.2 hereof. The equity incentive plan shall include, without limitation, the equity incentive prices, shares for the equity incentive scheme, the scope of the eligible participants, and restrictions on transfer of the equity interests acquired by the participants through the equity incentive plan. Without the consent of the Investors, the equity of the Target Company obtained by the participants of the equity incentive scheme shall not be transferred prior to the completion of the Qualified IPO of the Target Company. For the avoidance of doubt, the NIO Parties warrant that the aforesaid equity incentive plan will not cause the shareholding ratio of NIO Inc. in the Target Company (in the aggregate directly and indirectly) to be decreased to less than sixty percent (60%).

15.2 Method of Equity Incentive

Subject to Clause 15.1 hereof, if equity incentives are realized through transfer of equity interests from one or more existing Shareholder(s) of the Target company to the equity incentive participants or the employee stock ownership platform, the transfer price shall be not lower than the audited net asset value per share of the Target Company as of the end of the then most recent period and shall satisfy the relevant provisions of the CSRC and the applicable stock exchange. If the Target Company intends to realize the equity incentives by issuing new shares to the equity incentive participant or on the employee shareholding platform, the new shares to be issued by the Target Company for the purpose of equity incentives shall not exceed ten percent (10%) of the audited registered capital / share capital of the Target Company after the Execution Date hereof, and the capital increase price shall be not lower than the net asset value per share of the Target Company as of the end of the then most recent period and shall satisfy the relevant

regulations of the CSRC.

16 INFORMATION RIGHTS AND INSECTION RIGHTS

16.1 Information Provision

16.1.1 As long as the Investors hold equity interests in the Target Company, the Target Company shall, and the NIO Parties shall cause the Target Company to, deliver the following documents in connection with the Target Company in accordance with the requirements of the Investors:

(1) Within one hundred and twenty (120) days after the end of each fiscal year, submit to the Investors an annual consolidated audit report which has been prepared by a PRC accounting firm recognized by the Investors in accordance with the PRC accounting standards;

(2) Within ninety (90) days after the end of each quarter, submit to the Investors an unaudited quarterly financial statement of the Company prepared in accordance with the PRC accounting standards;

(3) Other information, statistical data, transaction, business operation and financial data as may be required to which the Shareholders are entitled in accordance with the Laws and Regulations of the PRC, subject to a reasonable request in advance in a manner without any interference to the normal operation of the Target Company.

Notwithstanding the foregoing, the provision of the above information by the Target Company and the receipt by the Investors of the above information shall not cause the Target Company and other Group Members to violate any applicable Laws, Regulations or regulatory rules.

16.2 Authenticity, Accuracy and Completeness of Information

The legal representative of the Target Company shall verify and confirm that all the information provided to the Shareholders is true and correct and does not have any misleading effect. The financial statements provided by the Target Company to the Investors shall cover the consolidated financial statements of the Target Company and its subsidiaries, and shall have at least the current profit and loss statement, cash flow statement and balance sheet.

16.3 Provision of Equity Financing Information

Upon request of the Investors, the Target Company shall promptly provide the Investors with the latest version of the Investment Agreement, documents relevant to the Subsequent Financing, management of the Target Company and other matters, including the Articles of Association signed and sealed by the Parties and filed with competent Governmental Authority.

16.4 Collection of Accounting Information

During the working hours, the Investors may inspect, in a reasonable way, the properties, real properties, financial books and operation records of the Target Company and discuss the business, finance and conditions of the Target Company with its officers, provided that the Investors give a prior notice and do not interfere the normal business of the Target Company. The Investors shall have the right to make proposals to the Senior Officers of the Company through the directors nominated by them.

17 RIGHT TO PARTICIPATE IN RESTRUCTURING

After the Investors become the Shareholders of the Target Company, if the Target Company and its directly or indirectly controlled enterprises undertakes any restructuring (the "**Restructuring**") and the NIO Parties intend to change the listing company from the Target Company to another platform company (the "**Platform**") after the completion of the Restructuring, the plan of the aforesaid Restructuring shall be subject to the written consent of the Investors (for the avoidance of doubt, this provision shall not apply to any Restructuring carried out for the purpose of the separate listing of the enterprises directly or indirectly controlled by the Target Company after the Qualified IPO of the Target Company). The Investors shall have the right to participate in such Restructuring, and to replace their directly or indirectly held equity interests in the Target Company with the equity interests in such Platform to ensure that the Investors will continue to hold the same interests as those in the Target Company and its directly or indirectly controlled enterprises prior to the Restructuring.

18 UNDERTAKINGS AND CONVANTS

The NIO Parties and the Target Company hereby respectively covenant and warrant to the Investors as follows:

18.1 Non-mandatory Commitment

The Target Company and the NIO Parties covenant that the Investors shall not make any covenant in relation to the listing of the Target Company that is not expressly required by the Laws and Regulations, and neither shall they take any obligation in relation to the listing of the Target Company that is not expressly required by the Laws

and Regulations; in particular, the Investors shall not make any covenant in respect of the performance or profits of the Target Company due to the listing of the Target Company.

18.2 Cooperation Obligation

In the event that the Investment Agreement and/or this Agreement does not specify any party or parties of the Target Company or the NIO Parties as the subject of obligations in respect of a certain act, right or obligation of the Investors, the Target Company or the NIO Parties undertake to make the best reasonable efforts to cooperate.

18.3 Indemnification Commitment

Each of the Target Company or the NIO Parties shall perform this Agreement and other Transaction Documents in good faith, and if any party or parties of the Target Company or the NIO Parties violate any provision of this Agreement or other Transaction Documents, such Party or Parties shall be held liable for any damages that may be caused to the Investors, and the other Parties except for the Investors shall assume the joint and several liabilities with respect to such damages.

18.4 Non-Competition

The Controlling Shareholders undertake that unless otherwise agreed by the Investors in writing in advance, the Controlling Shareholders shall, and shall cause the Actual Controller to, devote sufficient working time and energy to the operation of the Target Company, and use best efforts to promote the development of the Target Company and seek profits for the Target Company, and not to take any part-time job or invest in any other company with the same or similar business type as the Main Business of Target Company, and to strictly comply with the relevant provisions of the Company Law of the PRC on non-competition of directors and senior management; from the closing date until the expiration of two (2) years from the date on which the Actual Controller ceases to hold neither any direct or indirect interest in the Target Company nor any position in the Target Company, without the prior written consent of the Investors, the Controlling Shareholders shall not, and shall cause the Actual Controller not to, directly or indirectly engage in any business similar to or competing with the Main Business of the Target Company (the "**Competing Business**"), or directly or indirectly hold any interest in any entity that engages in a Competing Business with the Target Company or its subsidiaries (the "**Competing Entity**"), or engage in any activity detrimental to the interests of the Target Company, including without limitation:

18.4.1 To have a controlling stake in, or indirectly control, any Competing Entity, or hold more than 5% of the equity interests in any Competing Entity (for

the avoidance of doubt, the following circumstances are not in violation of the non-competition provisions in this Clause 18.4: (i) to hold less than 5% of the equity interests in any Competing Entity; (ii) without affecting the Qualified IPO of the Target Company, to hold interests in any overseas Competing Entity, provided the products of such overseas Competing Entity are not sold to the mainland of China; and (iii) as set forth in Exhibit III, the Actual Controller has directly or indirectly held interests in the Competing Entity as of the execution date of the Shareholders Agreement; for the avoidance of doubt, Exhibit III may be updated from time to time by the Controlling Shareholders with the consent of the Investors);

18.4.2 To provide any loan, customer information, advice or any other form of assistance to any Competing Entity;

18.4.3 To directly or indirectly obtain benefits from any Competing Business or any Competing Entity;

18.4.4 To solicit, in any manner, customers relating to any business of the Target Company or its subsidiaries, or to deal with or attempt to deal with customers relating to the Main Business of the Target Company or its subsidiaries, regardless of whether such customers are customers of the Target Company or its subsidiaries prior to or after the closing date;

18.4.5 To employ any member of the Core Management Team who resigns from the Target Company or its subsidiaries as of the closing date in any manner through any individual or organization which is directly or indirectly controlled by them or in which they have an interest; and

18.4.6 To solicit, in any manner, the employment of any employee then employed by the Target Company or its subsidiaries.

18.5 Qualified IPO

18.5.1 The Target Company shall complete the direct or indirect listing on the Shanghai Stock Exchange, the Shenzhen Stock Exchange or other overseas securities issuance approval authorities approved by the Parties by means of initial public offering or material assets restructuring with a listed company prior to December 31, 2028.

18.5.2 All the Shareholders shall proactively take reasonable efforts, cooperate with the Target Company to take all necessary actions (including but not limited to cooperate with the Target Company in clearing any material

obstacle to the Qualified IPO) and cooperate with the application for the Qualified IPO in accordance with the then effective Laws and regulatory policies of listing.

19 CORPORATE GOVERNANCE

19.1 Shareholders' Meeting

19.1.1 The Shareholders' meeting of the Target Company shall be attended by all Shareholders and shall be the highest authority of the Target Company.

19.1.2 Shareholders' meetings are composed of regular meetings and extraordinary meetings. The regular Shareholders' meetings shall be convened at least once a year. An extraordinary Shareholders' Meeting shall be convened if so proposed by the Shareholders representing more than one-tenth (1/10) of the voting rights, or more than one-third (1/3) of the directors, or the supervisors.

19.1.3 The Shareholders' meeting shall be convened by the Board of Directors and chaired by the chairman; where the chairman is unable or fails to perform his/her duties, the Shareholders' meeting shall be chaired by a director appointed by more than half of the Board of Directors. If the Board of Directors is unable or fails to convene the Shareholders' meeting, the meeting shall be convened and presided over by the supervisors. If the supervisors fail to convene and preside over the Shareholders' meeting, the Shareholders representing more than one-tenth (1/10) of the voting rights may convene and preside over such meeting. A notice of the Shareholders' meeting shall be given to all Shareholders at least fifteen (15) days before the convening of such meeting, unless all Shareholders agree to waive such noticing period.

19.1.4 The Shareholders' meeting shall maintain complete and correct minutes of its meetings including copies of all meeting notices. The minutes of the Shareholders' meeting and the resolutions adopted by the Shareholders' meeting shall be recorded by a secretary for a meeting designated by the Shareholders' meeting and shall be circulated among all of the shareholders within ten (10) days after the close of each meeting. All resolutions of the Shareholders' meeting shall be signed by all voting Shareholders, and minutes of the Shareholders' meeting shall be filed by the secretary and kept in the Shareholders' meeting minutes book of the Target Company.

19.1.5 Resolutions of the Shareholders' meeting may be adopted by written resolution by the Shareholders, provided that such a resolution is sent to each Shareholder.

19.2 Board of Directors

19.2.1 The Parties unanimously agree that the board of directors (the "**Board of Directors**" or "**Board**") of the Target Company shall consist of seven (7) directors; the Investors shall be entitled to jointly nominate two (2) directors (the "**Investor Directors**"), of which Advanced Manufacturing Industry Fund shall be entitled to nominate one (1) Investor Director, and Jianheng New Energy Fund shall be entitled to nominate one (1) Investor Director; and the NIO Parties shall be entitled to nominate five (5) directors. If the aggregate percentage of equity interests in the Target Company held by the Investors in the Target Company is lower than five percent (5%), the Investors shall not be entitled to nominate any director.

19.2.2 The remuneration to the directors in such capacity and their proxies shall be paid by their nominating Parties. The costs incurred by the directors or their proxies in connection with attending Board meetings and performing their obligations as the directors of the Target Company shall be reimbursed by the Target Company in Renminbi or US Dollar based on vouchers permissible under the PRC accounting standards. All directors, including the chairman, shall perform their duties and responsibilities in accordance with the relevant provisions contained in this Agreement and the articles of association. Each director shall faithfully fulfil his or her duties in accordance with the provisions of this Agreement and the Articles of Association, and refrain from any action that would conflict with the interests of the Target Company.

19.2.3 Each of the directors shall serve a term of office of three (3) years, and may serve consecutive terms if re-selected. The Parties agree and undertake that if a director nominated by the Investors or the NIO Parties resigns or is dismissed, or if the seat of the Board becomes vacant due to other reasons, the Investors or the NIO Parties shall have the right to nominate another successor and the Parties undertake to in favor of the election of the above nomination as the director of the Target Company at the Shareholders' Meeting. The replacement shall serve on the Board for the remaining term of the replaced director. The Target Company shall file such change with the registration authority if such filing is so required under the then applicable PRC Law.

19.2.4 The Board of Directors shall have one (1) chairman. The chairman shall be appointed by the NIO Parties from the directors nominated by the NIO Parties. The chairman of the Board of Directors shall be the legal representative of the Target Company and shall have the following powers and authorities: convening and presiding over meetings of the Board of Directors; and other powers and authorities granted by the Board of Directors, this Agreement or the articles of association.

19.2.5 If a matter requires approval of the Board of Directors in accordance with this Agreement or the articles of association, the chairman shall not be authorized to take any action or sign any document on behalf of the Target Company in respect of such matter unless and until it has been duly approved by the Board of Directors.

19.2.6 When the chairman is unable to perform his or her duties (including convening and presiding over Board meetings) for any reason, he or she shall designate another director to act on his or her behalf.

19.2.7 The Board of Directors shall convene at least one (1) regular meeting each quarter. Any one (1) director of the Target Company shall have the right to propose an extraordinary Board meeting in writing, and the chairman of the Board shall convene an extraordinary Board meeting within twenty (20) days after the receipt of such proposal.

19.2.8 The Board of Directors shall maintain complete and correct minutes of its meetings in Chinese, including copies of all meeting notices. The minutes of the Board meeting and the resolutions adopted by the Board meeting shall be recorded by a secretary for the meeting designated by the Board and shall be circulated among all of the directors within twenty (20) days after the close of each meeting. All resolutions of the Board meeting shall be signed by all voting directors, and minutes of the Board meeting shall be filed by the secretary and kept in the Board meeting minutes book of the Target Company. The nomination, election and replacement of directors shall be recorded in the Board meeting minutes.

19.2.9 The management of the Target Company shall submit quarterly work reports to the Board of Directors on regular basis. The contents of a quarterly work report shall include but not be limited to information pertaining to any related-party transactions and any provision of guarantee of the Target Company, any bank credit and borrowings, any external investment or Major expenditure, any disposal of Major assets, execution of any Material contracts that is not related to Main Business, execution

of any contract in relation to intellectual property rights and etc.

19.2.10 When casting votes on board resolutions, each director shall have one (1) vote.

19.2.11 The quorum for a duly convened board meeting shall be at least one-half (1/2) of all the directors present in person (including attending via videoconference or other electronic means) or by proxy. In the absence of a quorum, any resolutions passed at a Board meeting shall be invalid and have no effect.

19.2.12 Notwithstanding any other provision to the contrary, resolutions may be passed without a Board meeting if in writing and executed by all directors or a majority of the directors on the Board (as the case may be) as provided for in Clause 6.1.2, provided that the proposed resolution is delivered to each of the directors.

19.2.13 Resolutions of the Board shall require the affirmative votes of more than half of Directors (the term "**more than**" referred to herein shall be inclusive of the number immediately following thereto) (provided that, for the matters as provided in Clauses 6.1.1 and 6.1.2, such matters shall only be adopted or submitted for the review by the Shareholders' meeting upon affirmative votes of more than three-fourths (3/4) of the directors; for the matters as provided in Clause 6.1.3, such matters shall only be adopted or submitted for the review by the Shareholders' meeting upon affirmative votes of more than two-third (2/3) of the directors; for the matters as provided in Clause 6.1.4, such matters shall only be adopted or submitted for the review by the Shareholders' meeting upon affirmative votes of more than one-half (1/2) of the directors). If any independent director will serve on the board of Target Company or if the number of directors of the Target Company increases in the future, the Parties agree to renegotiate the special voting mechanism. If required by any of the constitutional documents of NIO Inc., or any Law or regulatory rules applicable to NIO Inc. (including but not limited to the securities regulation Laws of the place where NIO Inc. is listed or the corresponding regulatory rules of the Securities and Exchange Commission/Exchange), the above matters submitted to the Board of Directors of the Target Company for decision shall be otherwise submitted to the Board meeting or the general meeting of NIO Inc. for consideration and resolution.

19.2.14 All Board meetings shall be convened and presided over by the chairman or a director, as the case may be. The chairman shall give a written notice

of a Board meeting to each director ten (10) working days (or such other period as agreed to by the Investors in writing) in advance, which shall specify the time, venue and agenda of the meeting. The chairman shall deliver documents relevant to a Board meeting, if any, to each of the directors at least ten (10) days prior to the meeting. Meetings of the Board may be conducted in person or in the form of telephone conference or video conference as long as each participant is able to hear the other participants clearly and each director so participating shall be deemed to be present at such meeting. Each director shall have the right to appoint a proxy in writing to attend the meeting, who may be another director of the Board, and the proxy so appointed shall have the right to attend the meeting of the Board and vote on the matters under consideration on behalf of the director who appointed him or her. Any proxy so appointed shall have the same rights as the director who appointed him or her, and one proxy may represent more than one director. Such proxy shall have one vote for each director he or she represents and an additional vote if he or she is also a director in his or her own right. The chairman shall have the same right of one vote as accorded to each of the other directors. If a Board meeting fails to achieve the quorum set forth in Clause 19.2.11, such Board meeting shall be adjourned to the fifth (5th) working day after the originally scheduled meeting date. If each director or the proxy appointed by such director still fails to attend the adjourned Board meeting, more than one-half of the directors attending the adjourned Board meeting shall be deemed to constitute the quorum.

19.2.15 All reasonable costs incurred by the directors in connection with attending Board meetings shall be borne by the Target Company. The Investor Directors shall be protected and indemnified by the Target Company to the fullest extent possible under applicable Laws, including without limitation from any liability to any third party resulting from their respective performance of duties.

19.3 Supervisors

19.3.1 The Target Company shall have two (2) supervisors, of which Anhui Sanzhong Yichuang shall be entitled to nominate one (1) supervisor, and the NIO Parties shall be entitled to nominate one (1) supervisor. The directors and the Senior Officers of the Target Company shall not act as the supervisors of the Target Company. The supervisors shall serve a term of office of three (3) years, and may serve consecutive terms if re-nominated by such original nominating Party and re-approved by the Shareholders' meeting.

19.3.2 The supervisors shall exercise their corresponding power in accordance with the relevant provisions of the PRC Laws and the articles of association of the Target Company.

19.4 Operation and Management Organization

19.4.1 The Target Company shall have one (1) chief executive officer ("**CEO**"). The day-to-day management and operation of the Target Company shall be carried out by the CEO in accordance with the policies adopted by the Board of Directors from time to time. The CEO shall be directly responsible to the Board of Directors.

19.4.2 The CEO of the Target Company shall be nominated by the NIO Parties and appointed by the Board of Directors. The CEO shall serve a term of office of three (3) years, and may serve consecutive terms upon re-nomination and re-appointment. The CEO may be dismissed and replaced by the Board of Directors.

19.4.3 The Target Company shall have one (1) chief financial officer who shall be responsible for internal control and tax matters in respect of finance, accounting and finance ("**CFO**"). The CFO of the Target Company shall be nominated by the NIO Parties and appointed by the Board of Directors. In case the CFO is unable to perform his or her duties properly, the Board of Directors may dismiss him or her in accordance with the relevant PRC Laws and the labor contract between the Target Company and the CFO.

19.4.4 The powers and responsibilities of the CEO and the CFO of the Target Company and all management personnel (collectively, the "**Senior Officers**") and the organizational table indicating the reporting relationship of each Senior Officers are determined by the articles of association and other internal management documents of the Target Company.

19.4.5 In order to enable the CEO to manage the Target Company duly and effectively, the chairman or the Board of Directors, as the case may be, shall issue appropriate written authorizations to the CEO to take actions or sign contracts, agreements or other documents on behalf of the Target Company within the scope of power conferred upon him under this Agreement, the articles of association or any Board resolutions.

19.4.6 The CEO, CFO and other Senior Officers of the Target Company shall be exempted from personal liabilities and indemnified by the Target

Company for acts performed in a normal manner within their respective capacity and authorization, except for claims or charges resulting from any intentional or grossly negligent acts or omissions, or any fraud, graft or serious dereliction of duties.

20 TAXES, FINANCE, AUDIT AND DISTRIBUTION OF PROFIT

20.1 Taxes

The Target Company shall pay taxes in accordance with the relevant PRC Laws applicable to the Target Company.

20.2 Individual Income Tax

All employees of the Target Company shall pay individual income tax in accordance with the Individual Income Tax Law of the PRC and other applicable PRC Laws.

20.3 Financial Accounting System

20.3.1 The Target Company shall establish its financial and accounting systems in accordance with the PRC accounting standards and other relevant PRC Laws, which shall be submitted to the Board of Directors for approval.

20.3.2 The Target Company shall adopt the accrual basis and debit and credit method for bookkeeping and shall prepare complete and accurate monthly, quarterly and annual financial statements in accordance with the PRC accounting standards.

20.3.3 The Target Company shall adopt calendar year as its fiscal year, commencing on January 1 and ending on December 31 of each year.

20.3.4 Renminbi shall be adopted as the currency of accounts of the Target Company. The Target Company shall also record accounts in currencies actually used in payments and receipts where such payments and receipts in cash, bank deposits, other funds, credits and debts, and gains and expenses are not in Renminbi.

20.3.5 All accounting vouchers, books and statements prepared by the Target Company shall be written in Chinese.

20.4 Auditing

The Target Company shall engage its external auditor in accordance with Clause 6.1.4(1). The external auditor shall audit the Target Company's accounts and prepare an audit report in accordance with the PRC accounting standards, which report shall be submitted by the CEO and the CFO to the Board of Directors for approval. All necessary documents and account books of the Target Company shall be provided to the external auditor. The external auditor shall agree to keep all information obtained during the course of such auditing confidential.

20.5 Banking and Foreign Exchange

The Target Company shall open Renminbi and foreign exchange bank accounts (if necessary) after receipt of its business license. All foreign exchange matters of the Target Company shall be handled in accordance with relevant PRC Laws in respect of foreign exchange.

20.6 Reserve Funds and Loss Recovery

The Target Company shall pay taxes and retain reserve funds in accordance with relevant PRC Laws. If the Target Company incurs any loss in any previous year, the profit of the current year shall first be used to make up such loss. No profits shall be distributed or reinvested unless and until (a) the losses of any previous year have been fully made up and (b) all reserve funds have been retained in accordance with relevant PRC Law. Any remaining distributable profit of the Target Company of the previous year that has been retained by the Target Company and not been used for reinvestment can be distributed together with the distributable profits of the current year.

21 DURATION AND TERMINATION OF THE TARGET COMPANY

21.1 Duration of the Target Company and Term of this Agreement

The duration of the Target Company shall be fifty (50) years from its incorporation date (the "**Duration of the Target Company**").

The term of this Agreement shall be from the effective date hereof to the expiration or early termination date of the Duration of the Target Company (the "**Term**"), which may be renewable upon mutual agreement of the Parties.

21.2 Extension of the Term

The Parties shall hold consultations to discuss the extension of the Term at least one (1) year prior to the expiration of the Term. If the Parties agree to extend the Term, an application for relevant procedures shall be submitted to the registration authority in

accordance with applicable Laws.

21.3 Events of Early Termination

This Agreement may be terminated and the Target Company dissolved prior to the expiration of the Term upon the occurrence of any of the following events and in accordance with the following provisions:

21.3.1 by either Party, if the Target Company is unable to continue operation during any fiscal year due to an event of Force Majeure and such situation has existed for a period of one hundred and eighty (180) days or more;

21.3.2 by either Party, upon approval by the Shareholders' Meeting, if the Target Company becomes bankrupt or insolvent, or any of its Major assets (including, without limitation, working capital, any operation license, permit or Governmental Approval) necessary for the conduct of its operation activities is not obtained, or is withdrawn, forfeited, revoked or expropriated by any Governmental Authority, or becomes invalid or has expired and is not renewed, as a result of which the Target Company is unable to conduct normal operation activities or is unable to attain its business objectives;

21.3.3 by the Investors in any event of any Deemed Liquidation Event set forth in Clause 12.5; and

21.3.4 if the Parties unanimously agree that, the termination of the Target Company is in the best interests of the Parties, and approved by the Shareholders' meeting.

21.4 Shareholders' Meeting to Discuss Early Termination or Dissolution

21.4.1 Upon the occurrence of any of the events of early termination set forth in Clause 21.3 above, either Party may request that a Shareholders' Meeting be convened to discuss the early termination of this Agreement. The Board shall convene a Shareholders' Meeting within twenty (20) days of the receipt of such a request in accordance with the provisions regarding the Shareholders' Meetings.

21.4.2 At the Shareholders' meeting, the Shareholders shall use their best efforts to reach a solution acceptable to all the Parties. If the Shareholders are unable to reach a solution acceptable to all Shareholders at the Shareholders' Meeting, the Shareholders shall vote unanimously to

dissolve and liquidate the Target Company.

21.5 Effect of the Termination

If the Target Company fails to renew upon expiration or this Agreement is early terminated in accordance with Clauses 21.3 and 21.4 above, this Agreement shall become void with no further force and effect (for the avoidance of doubt, if the termination of the Target Company is due to the fact that the NIO Parties intend to take a platform company other than the Target Company as the listing company after the completion of the Restructuring in accordance with Clause 17 hereof, the Investors shall be ensured to have the same rights under the Transaction Documents in the new platform company), and the Target Company shall be liquidated and dissolved, and the Shareholders' Meeting shall establish a liquidation committee to carry out the liquidation of the Target Company in accordance with relevant PRC Laws and this Agreement. However, no termination of this Agreement pursuant to Clauses 21.3 and 21.4 above shall have an effect on any right of a Party to claim compensation for losses or receive indemnification due to any breach of any representations, warranties, covenants or obligations hereunder prior to the termination of this Agreement. Furthermore, Clause 12 (*Liquidation Preference*), this Clause 21.5 (*Effect of Termination*), Clause 24 (*Confidentiality*) and Clause 29 (*Miscellaneous*) shall survive the termination of this Agreement.

22 FORCE MAJEURE

22.1 Events of Force Majeure

An event of force majeure ("**Force Majeure**") shall mean any act or event which is reasonably unforeseeable and unavoidable and which is beyond the control of the affected Party, including, without limitation, earthquake, typhoon, flood, or other acts of nature, fire, war, riots, terrorist acts or any other unforeseeable or unavoidable act or event which is generally accepted as Force Majeure in international commercial practice.

22.2 Occurrence of Force Majeure Events

If either Party has been prevented from performing its obligations or responsibilities under this Agreement because of an event of Force Majeure, it shall notify the other Parties in writing within thirty (30) days after the occurrence of such event, provide the other Parties with detailed information concerning the event of Force Majeure and documents evidencing such event, including documentary evidence issued by government authorities or judicial authorities or any other competent authorities, explaining the reason for its inability to perform, and act to mitigate damages, if

possible.

22.3 Disclaimer of Liability

If an event of Force Majeure occurs, none of the Parties shall be liable for any damage, increased costs, or losses that the other Parties may sustain because of the failure or delay of performance of any of its obligations under this Agreement, and such failure or delay shall not be deemed a breach of this Agreement. The Party encountering the Force Majeure event shall take appropriate means to minimize or mitigate the effects of Force Majeure and, as soon as practicably possible, attempt to resume performance of the obligation affected by Force Majeure.

23 REPRESENTATIONS AND WARRANTIES OF THE PARTIES

Each of the Parties hereby represents and warrants to the other Parties that, as of the effective date hereof:

23.1 Existence, Authority and Enforceability

It has the power and authority to execute this Agreement and to perform its obligations hereunder. It is an entity duly organized and validly existing under the Law of the jurisdiction of incorporation, or an individual with full capacity for civil conduct. Unless otherwise agreed in this Agreement, this Agreement has been duly executed by it, and constitutes its lawful, valid and binding obligations, enforceable against it in accordance with its terms upon the execution of this Agreement.

23.2 No Conflict

Its execution and delivery of this Agreement, and the performance of the obligations hereunder will not (a) conflict with, or result in a breach of any provision of its constitutional documents; (b) result in any breach, contradiction, default or event of default of, or trigger any acceleration or termination of rights or any additional payment obligations under, the terms of any contract, agreement or license to which it is a party or by which its assets or operations are bound or affected; or (c) violate any Law applicable to it.

24 CONFIDENTIALITY

24.1 General Obligations

Unless with the prior written consent of the other Parties or as otherwise provided by

this Agreement and Laws, none of the Parties shall, whether directly or indirectly, disclose, use, or permit its directors, employees, representatives, agents, advisors and counsel to disclose or use, the following confidential information:

24.1.1 existence of the Transaction Documents and information in connection with the Previous Transaction;

24.1.2 any discussions between the Parties regarding the execution and performance of this Agreement, the terms and conditions of this Agreement or any other information in connection with the Previous Transaction; and

24.1.3 any non-public information relating to the other Parties or any of their affiliates obtained by either Party in the negotiation of the Previous Transaction with the other Parties or the performance of this Agreement.

24.2 Special Exemptions

The Parties shall be exempted from the above confidentiality obligations under the following circumstances:

24.2.1 any confidential information may be disclosed to the officers, representatives, agents, consultants, counsel and other persons of any Party during the Previous Transaction on the need-to-know basis, provided that such officers, representatives, agents, consultants, counsel and other persons have assumed the confidentiality obligations with respect to such confidential information;

24.2.2 if any confidential information has been disclosed by any third party and becomes available to the public which is not attributable to or arises out of any Party, the confidentiality obligations with respect to such confidential information do not apply to such Party; and

24.2.3 any information has been publicly disclosed or any information has been disclosed in accordance with any Laws, regulations and/or the requirements of any security regulatory authority, any stock exchanges and any administrative authority that is responsible for filing, examination and approval.

24.3 Remedies

The Parties agree that if either Party breaches the confidentiality obligation hereunder,

such Party shall be in breach of this Agreement, and the other Parties shall have the right to make claim against the defaulting Party for liability for breach of contract and initiate legal proceedings to prevent such infringement or take other remedies to prevent further infringement.

24.4 Survival

The confidentiality obligation under this clause shall survive the termination of this Agreement.

25 GOVERNING LAW AND DISPUTE RESOLUTION

25.1 Governing Law

The formation, validity, interpretation, execution of this Agreement and resolution of any disputes arising hereunder shall be governed by and construed in accordance with the Laws of the PRC.

25.2 Arbitration

25.2.1 Any dispute, controversy, difference or claim arising out of or relating to this Agreement shall be resolved by the Parties in dispute through amicable consultation. If the Parties fail to resolve such dispute within thirty (30) days of the date of the written notice given by a Party to the relevant other Parties indicating the existence of the dispute or requesting the commencement of negotiation, any Party may refer the dispute to arbitral institution.

25.2.2 Any dispute arising out of performance of this Agreement or relating to this Agreement shall be submitted to the China International Economic and Trade Arbitration Commission for arbitration in Beijing in accordance with the arbitration rules of arbitration institution effective at the time of application for arbitration. The arbitration proceedings shall be conducted in Chinese.

25.2.3 The arbitration tribunal shall consist of three (3) arbitrators to be appointed in accordance with the arbitration rules. The applicant and the respondent shall each appoint one (1) arbitrator, and the two (2) arbitrators so appointed by the parties shall agree upon the third arbitrator or the China International Economic and Trade Arbitration Commission shall appoint the third arbitrator.

25.2.4 The arbitration award shall be final and binding on the parties to the arbitration.

25.2.5 The losing Party shall be liable for the costs of the arbitration, all costs and expenses of the arbitration proceedings and all costs and expenses in relation to the enforcement of any arbitral award. The arbitral tribunal shall rule upon the costs of the parties not expressly provided for in this section.

25.3 Continued Performance

The Parties shall continue to perform the rights and obligations under this Agreement during the negotiation and arbitration period, other than the disputed matter.

26 EFFECTIVENESS, MODIFICATION AND VALIDITY

26.1 Effectiveness

This Agreement shall come into force and become binding on the Parties upon the execution by the individuals and the respective authorized representatives of foreign entities among the Parties and the execution by the legal representatives or the respective authorized representatives of the Chinese entities and the affixation of their respective company chops, unless otherwise agreed in this Agreement.

26.2 Amendments in Writing

This Agreement may be amended or modified by the Parties through mutual consultation. Any amendment or modification shall be made in writing and become effective upon execution by the Parties hereto.

26.3 Supplemental Agreement

If Jianheng New Energy Fund, New Energy Automobile Fund or Anhui Sanzhong Yichuang intend to amend the provisions of this Agreement during the implementation of the state-owned assets examination and approval process, the Parties agree to enter into a separate supplemental agreement to reach an agreement. In case of any inconsistency, such supplemental agreement shall prevail.

26.4 Validity

If any provisions of this Agreement shall be held, declared or deemed to be illegal, invalid or incapable of being enforced by any arbitral tribunal, judicial or administrative

authority, the legality, validity and enforceability of all the other provisions of this Agreement shall not be affected or impaired. The Parties agrees to modify this Agreement or to enter into a supplemental agreement as appropriate through consultation in good faith so as to restore the original intent of this Agreement and the rights or obligations that shall be enjoyed or performed by the Parties as initially agreed in this Agreement.

If any provisions of this Agreement shall be amended due to changes of relevant Laws, regulations or policies or as required by any Governmental Authority, the Parties shall use their best efforts to reach an agreement on such amendment and enter into relevant agreements so as to restore and confirm the rights or obligations that shall be enjoyed or performed by the Parties as agreed in this Agreement under the requirements of relevant Laws, regulations or policies.

27 BREACH

27.1 Events of Breach

The Parties hereto shall strictly comply with the provisions of this Agreement. Each of the following events shall constitute an event of breach:

27.1.1 either Party hereto fails to perform or duly and fully perform any of its obligations or covenants hereunder; or

27.1.2 any of the representations, covenants, undertakings or warranties given by either Party hereto under this Agreement is materially untrue, inaccurate or incomplete.

27.2 Damages for Breach

The Parties agree that, unless otherwise agreed in this Agreement, in the event of a breach of this Agreement, the defaulting Party shall indemnify the non-defaulting Party from and against any losses that may be incurred by non-defaulting Party arising out of the defaulting Party's breach.

27.3 Other Remedies

The damages for breach shall not affect the right of the non-defaulting Party to require the breaching party to continue to perform this Agreement or terminate this Agreement.

28 NOTICES AND DELIVERY

28.1 Notices

The Parties agree that any notices relating to this Agreement shall only be effective if it is given in writing. Delivery in written form includes without limitation to delivery by way of facsimile, courier, registered mail and email. All such notices shall be deemed to have been given or received (a) on the date when the recipient receives the notice if delivered by courier or personal delivery; (b) on the seventh (7th) working day after it is sent if delivered by registered mail; and (c) upon successfully delivery if sent by email. All notices shall be deemed effectively given if delivered or sent to the following addresses or email addresses:

Jianheng New Energy Fund

Attention: [***]

Address: [***]

Telephone: [***]

Email: [***]

Advanced Manufacturing Industry Fund

Attention: [***]

Address: [***]

Telephone: [***]

Email: [***]

Anhui Sanzhong Yichuang

Attention: [***]

Address: [***]

Telephone: [***]

Email: [***]

New Energy Automobile Fund

Attention: [***]

Address: [***]

Telephone: [***]

Email: [***]

NIO Parties

Attention: [***]

Address: [***]

Telephone: [***]

Email: [***]

Target Company

Attention: [***]

Address: [***]

Telephone: [***]

Email: [***]

28.2 Change of Information

If either Party changes its above mailing address or contact information (the "**Changing Party**"), it shall notify the other Parties within seven (7) days after the occurrence of such change. If the Changing Party fails to notify the other Parties of the same in a timely manner, it shall bear the losses arising from such failure.

29 MISCELLANEOUS

29.1 Entire Agreement

This Agreement, the other Transaction Documents and the exhibits attached hereto shall constitute the entire agreement of the Parties with respect to the Previous Transaction and shall supersede all prior written or oral agreements, letter of intent, memorandum

of understanding, representations or other obligations of the Parties with respect to the Previous Transaction (including all forms of communication), including but not limited to the Shareholders Agreement, Amendment and Supplementary Agreement I, Amendment and Supplementary Agreement II, Amendment and Supplementary Agreement III, Amendment and Supplementary Agreement IV, Amendment and Supplementary Agreement V and Amendment and Supplementary Agreement VI. This Agreement (including any amendments or modifications thereto and the other Transaction Documents) contains the sole and entire agreement of the Parties with respect to the subject matters hereof.

29.2 No Authorization

Nothing in the Investors' implementation of the Previous Transaction shall constitute an authorization of the Investors of the use of any trademark, tradename, service trademark or logo of the Investors or its affiliates (any abbreviated or imitative forms of the foregoing). Without prior written consent of the Investors, none of the Target Company, the NIO Parties or any of their affiliates shall directly or indirectly represent that any goods or services provided by it have been approved or recognized by any Investors or any of their affiliates.

29.3 Further Action

For the purpose of maintaining and protecting the rights, powers and remedies of the Investors hereunder, the other Parties shall take all such further acts and actions or cause all such further acts and actions to be taken and execute or procure the execution of all such further documents, as may be reasonably required by the Investors from time to time.

29.4 Severability

If any provision of this Agreement is illegal, invalid or incapable of being enforced, in whole or in part, the legality, validity and enforceability of all the other provisions of this Agreement shall not be affected. The Parties shall, to the extent reasonable, use their best efforts replace the invalid or unenforceable provision with a valid and enforceable provision that corresponds as far as possible to the spirit and purpose of the invalid or unenforceable provision.

29.5 No Waiver

No failure or delay by either Party hereto to exercise and/or enjoy its rights and/or benefits hereunder shall be deemed as a waiver of such rights and/or benefits, nor shall any partial exercise of such rights and/or benefits preclude any future exercise of such

rights and/or benefits. Any waiver by either Party of any provision of this Agreement shall not be construed as a waiver of any other provisions of this Agreement, nor shall such waiver be construed as a waiver of such provision with respect to any other event or circumstances, whether in the past, at present or in future. Furthermore, the remedies provided in this Agreement be cumulative and not exclusive of any provided by Laws.

29.6 Assignment

Subject to relevant provisions of this Agreement, the Investors shall have the right to assign or transfer its equity interest in the Target Company and the rights, interests and obligations hereunder to any third party except for the competitors of the NIO Parties set forth in Exhibit IV (the "**NIO Parties Competitors**"). In the event that the license or consent of any Party hereto is required for such transfer, such Party shall give its utmost cooperation. In particular, Advanced Manufacturing Industry Fund, New Energy Automobile Fund, Anhui Sanzhong Yichuang and Jianheng New Energy Fund have the right to transfer all or part of their rights, interests and obligations under this Agreement to any of their affiliates or any third party agreed by the NIO Parties, and the relevant transferee shall recognize and consent to all provisions of this Agreement, and together with the original contracting parties, to re-enter into this Agreement or a supplementary agreement or joining agreement to clarify the rights, interests and obligations of the transferee under this Agreement. In respect of such transfer, the other Parties to this Agreement hereby waive their respective pre-emptive rights and any other prior right or right of priority that they may be entitled to in accordance with applicable PRC Laws, this Agreement, the articles of association of the Target Company or any other matters. Unless otherwise agreed in this Agreement, none of the Parties shall assign or transfer any of its rights, benefits or obligations under this Agreement without the prior written consent of the other Parties. No assignment of rights, benefits or obligations in violation of this section shall be valid.

This Agreement shall be binding upon, inure to the benefit of and be effective for the Parties and their respective successors and assigns permitted hereunder. In addition, unless otherwise set forth herein, no third party is intended to be a beneficiary of this Agreement.

29.7 Costs and Expenses

Any costs, expenses or fees of any nature incurred by either Party in connection with the preparation and execution of this Agreement and the articles of association shall be borne by the incurring Party, unless the Parties agree in writing that such costs, expenses or fees shall be borne by the Target Company.

29.8 No Agency

Nothing in this Agreement shall be construed to constitute either Party the agent or partner of the other Parties. On no account may either Party create (or hold itself out to third person as being able to create) any binding obligation on behalf of the other Parties without the prior written consent of the Parties.

29.9 Governmental Format Provisions

In the event that a separate agreement is executed in accordance with the forms of any Governmental Authority is required for the purpose of requesting performance of a specific act by any Governmental Authority with respect to the Transaction contemplated by this Agreement, this Agreement shall have full priority over this Agreement and such agreement may only be used to request performance of such specific act from any Governmental Authority and shall not be used to create and prove the rights and obligations of the relevant parties with respect to the matters stipulated by this Agreement.

29.10 Suspending and Restoring the Effectiveness

The Parties agree and acknowledge that, the effectiveness of provisions in Clause 6, Clause 7, Clause 8, Clause 9, Clause 10, Clause 11, Clause 12, Clause 13 and Clause 14 hereof shall be suspended on the date of acceptance of the application for Qualified IPO of the Target Company, and rights and obligations of all the Shareholders of the Target Company shall be subject to the provisions of the then effective articles of association of the Target Company. If the application for Qualified IPO of the Target Company is revoked, rejected, disapproved or declined, or if the application for the Qualified IPO of the Target Company is approved, registered or filed but the Qualified IPO fails to be completed within the period of relevant approval documents, the effectiveness of such provisions in Clause 6, Clause 7, Clause 8, Clause 9, Clause 10, Clause 11, Clause 12, Clause 13 and Clause 14 hereof shall restore, and the effectiveness of such provisions shall be deemed that they have never become suspended. If a breach of agreement occurs during the suspension period due to the purpose of this Clause, the non-defaulting Party shall have the right to claim against the defaulting Party for breach of contract and for damage.

29.11 Priority

In case of conflict between any provisions of this Agreement and the articles of association or other Transaction Documents, this Agreement shall prevail.

29.12 Counterparts and Languages

This Agreement shall be written in Chinese and be executed in multiple originals, each

of which shall have the same legal effect. Each Party shall hold one (1) original.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized representatives as of the date first written above.

Hefei Jianheng New Energy Automobile Investment Fund Partnership
(Limited Partnership)
(Company Chop)

By:/s/ Authorized Signatory
Name: Authorized Signatory
Title:

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized representatives as of the date first written above.

Advanced Manufacturing Industry Investment Fund II (Limited Partnership)
(Company Chop)

By:/s/ Authorized Signatory
Name: Authorized Signatory
Title:

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized representatives as of the date first written above.

Anhui Provincial Sanzhong Yichuang Industry Development Fund Co., Ltd.
(Company Chop)
By:/s/ Authorized Signatory
Name: Authorized Signatory
Title:

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized representatives as of the date first written above.

Anhui Jintong New Energy Automobile II Fund Partnership (Limited Partnership)
(Company Chop)

By:/s/ Authorized Signatory
Name: Authorized Signatory
Title:

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized representatives as of the date first written above.

Nio Nextev Limited
(Company Chop)
By:/s/ Authorized Signatory
Name: Authorized Signatory
Title:

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized representatives as of the date first written above.

NIO User Enterprise Limited
(Company Chop)
By:/s/ Authorized Signatory
Name: Authorized Signatory
Title:

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized representatives as of the date first written above.

NIO Power Express Limited
(Company Chop)
By:/s/ Authorized Signatory
Name: Authorized Signatory
Title:

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized representatives as of the date first written above.

NIO Inc.
(Company Chop)
By:/s/ Authorized Signatory
Name: Authorized Signatory
Title:

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized representatives as of the date first written above.

NIO Holding Co., Ltd.
(Company Chop)
By:/s/ Authorized Signatory
Name: Authorized Signatory
Title:

Exhibit 8.1

List of Principal Subsidiaries and Consolidated Variable Interest Entities

Subsidiaries:	**Place of incorporation**
Nio Nextev Limited	Hong Kong
XPT Limited	Hong Kong
NEU Battery Asset (Hong Kong) Co., Limited	Hong Kong
NIO Power Express Limited	Hong Kong
NIO User Enterprise Limited	Hong Kong
NIO AI Technology Limited	Hong Kong
NIO USA, Inc.	California, United States
NIO Battery Assets Europe B.V.	Netherlands
New Horizon B.V.	Netherlands
NIO Nextev Europe Holding B.V.	Netherlands
NEU Battery Asset Co., Ltd.	Cayman Islands
NIO AI Technology Limited	Cayman Islands
NIO GmbH	Germany
NIO Holding Co., Ltd.	PRC
NIO Co., Ltd.	PRC
NIO (Anhui) Co., Ltd.	PRC
NIO Technology (Anhui) Co., Ltd.	PRC
NIO Financial Leasing Co., Ltd.	PRC
XPT (Jiangsu) Investment Co., Ltd.	PRC
Shanghai XPT Technology Limited	PRC
XPT (Nanjing) E-Powertrain Technology Co., Ltd.	PRC
XPT (Nanjing) Energy Storage System Co., Ltd.	PRC
NIO Sales and Services Co., Ltd.	PRC
NIO Energy Investment (Hubei) Co., Ltd.	PRC
Wuhan NIO Energy Co., Ltd.	PRC
XTRONICS (Nanjing) Automotive Intelligent Technologies Co., Ltd.	PRC
XPT (Jiangsu) Automotive Technology Co., Ltd.	PRC
Anhui NIO Autonomous Driving Technology Co., Ltd.	PRC

Consolidated variable interest entities and their subsidiary:	**Place of incorporation**
Beijing NIO Network Technology Co., Ltd.	PRC
Anhui NIO AI Technology Co., Ltd.	PRC
Anhui NIO Data Technology Co., Ltd.	PRC
NIO Insurance Broker Co., Ltd	PRC

Exhibit 11.1

NIO INC.

GLOBAL CODE OF BUSINESS CONDUCT & ETHICS

(Adopted by the Board of Directors of NIO Inc. and effective on September 11, 2018, and amended on November 3, 2023)

Contents

1. Applicability of this Code

At NIO Inc. (together with its subsidiaries and consolidated affiliated entities, "NIO" or the "Company"), we are committed to conducting our business legally, ethically and with integrity – and our Global Code of Business Conduct & Ethics (the "Code") assists us in the fulfillment of this commitment. It serves to ensure that each one of us, in whatever position we hold, knows, understands, and performs ethically every day in every aspect of our work.

Though our Code cannot cover every question or issue that may arise, it lays down the main standards of behavior expected from all of us working at and for NIO in different areas of significant importance. It is formulated as positive statements that describe how we act and must keep acting at all times. Our Code also instructs us on how to obtain support in case of doubt, and how to raise concerns about possible illegal or unethical behavior.

This Code applies to all directors, officers and employees of NIO in any of its divisions and subsidiaries, present and future, globally, whether they work for the Company on a full-time, part-time, consultative or temporary basis. All of us at NIO have a duty to apply this Code not only to the letter, but also in its spirit.

In certain areas, the Code is supplemented by policies and processes covering specific matters in more detail.

Some of these policies and processes are expressly referenced in this Code. Additional policies may be introduced locally to deal with legal or regulatory requirements applicable to specific geographic regions in which the Company operates. These complementary processes and processes, in general, aim at promoting the Code's effectiveness and legally compliant behavior in and by the Company. Compliance with them is, to the extent applicable, mandatory to all employees, directors and officers of the Company.

2. Our Core Values

Our values express our corporate culture and the NIO way to do business. Together with our good judgment and expertise, our values serve as internal compass when making decisions in the course of our jobs.

HONESTY. We are honest and act with integrity at all times and situations. We comply with all applicable laws, regulations, and company policies and procedures. We follow through on commitments made to others. We speak up and timely communicate thoughts, concerns and feedback. We are accountable for our works, including mistakes in decisions and actions. We resolve conflicts and miscommunications constructively and proactively.

CARE. In our everyday activities, we take care of our Company, our business, our users, our colleagues, our business partners and our community. We respect and accept people from diverse backgrounds and with different personalities. We are willing to invest time into understanding others and lend a helping hand to others in need. We put ourselves in

others' shoes when opinions are divided. We acknowledge the strengths in others, and recognize and appreciate their efforts.

VISION. We are inspired by and share our Company's vision of building an user enterprise towards the mission of shaping a joyful lifestyle. We set challenging goals and strive to be the best in the industry. We look beyond past experiences and prior methods to explore innovative ways with no fear of failure. We adapt to changes and new challenges proactively and swiftly. We take the initiative to increase our efforts and contributions towards achieving our objectives as Company.

ACTION. We work proactively and consistently in the direction of our Company's vision and mission. We secure resources and solve problems by breaking down departmental silos and working collaboratively. We consistently deliver effective and high quality results on time. We identify solutions effectively, communicate accurately, and work with the team efficiently to achieve the shared objectives. We maintain a broad perspective and, when issues arise, we strive to pinpoint the root cause quickly. We pursue perfection at work and always strive to do our best.

3. Our Responsibility for Compliance & Ethics

Compliance means to act in conformity with applicable rules and standards.

Ethical behavior means more than compliance.

Each one of us acknowledges and acts upon the importance of knowing the laws, regulations and our Company's internal policies applicable to our particular jobs – including, but not limited to, this Code. We seek support from the Company's Legal Department or compliance functions in case of doubt.

We understand that conduct that violates the law or this Code can never be justified on the basis that it had been ordered by a supervisor, line manager or anyone in higher management positions. Such conduct is strictly prohibited during our employment at NIO.

Managers and supervisors have a special responsibility for compliance and ethics. Managers and supervisors must ensure that employees reporting to them are fully aware of this Code and complementary policies relevant to their works. Furthermore, they must exemplify compliance and ethical behavior through leadership and appropriate own actions and must support employees who raise concerns or report violations.

Anyone who violates our Code or any applicable laws must expect consequences. Depending on the nature and severity of the violation, these may range from internal disciplinary actions (up to and including termination of employment) to a claim for damages under civil law or even penalties under criminal law.

4. Our Responsibility to Each Other and to Our Society

4.1. Diversity, Respect and Fairness in the Workplace

We take pride in the diversity of our workforce and recognize it a key factor to innovation and to our long-term success.

We are firmly committed to providing equal opportunity in all phases of employment and recognize that it is a responsibility of each of us to promote a workplace free of discrimination and harassment.

We do not tolerate any kind of discrimination or harassment based on age, ancestry, skin color, religious creed, family care or medical leave status, mental disability, physical disability, marital status, medical condition, genetic information, military or veteran status, national origin, race, sex, gender, gender identity, gender expression, sexual orientation or preference, or other legally protected or immutable characteristics.

We treat each other with equal respect, and we do our part to ensure a working atmosphere characterized by respectful cooperation, mutual trust and fairness.

We do not tolerate any kind of workplace harassment, including but not limited to sexual advances, immoral propositions, and humiliation of any kind, such as through abusive or disrespectful jokes, comments or actions.

We ensure compensation and social benefits in compliance with applicable labor laws and international standards on human rights. We reject at any phases of our production or processing any use of child labor, forced labor, human trafficking or any other kind of human rights violation.

We recognize the rights of our workers to associate freely and believe in open communication and direct engagement between workers and management as the most effective way to resolve workplace issues.

4.2. **Workplace Health and Safety**

NIO strives to provide all of us with a safe and healthy work environment. Our Company has effective safety programs in place to ensure the safety of workers, emergency preparedness and precautions in the exposure to potentially hazardous substances and material.

We conduct our work in a safe manner. We follow our Company's safety instructions and guidelines and look after each other. We do not work under the influence of any legal or illegal substances that could impair our ability to perform our jobs.

We report any accidents, injuries and unsafe equipment, practices or conditions.

We do not tolerate any form of violence or threats of violence.

Managers and supervisors ensure employees reporting to them are appropriately equipped and support them in meeting their respective safety responsibilities.

4.3. **Sustainability and Environment**

NIO, which translates to “Blue Sky Coming” in its Chinese name, originated from our vision of a future filled with blue skies.

We strive to meet and exceed all environmental laws, regulations and standards. We aim at continuously contributing to the comprehensive and green transformation of the economy and the society through environmentally responsible manufacturing and other practices for the benefit of consumers, employees and the communities.

We are committed to limiting consumption of natural resources through efficient design of our products and processes, integrating the concept of sustainability to their lifecycles.

Each of us endeavors in our daily activities to use resources and energy economically and efficiently in order to mitigate our impact on the environment and avoid waste.

Our commitments to sustainability and to the environment are made more concrete in our G*lobal Supply Chain Sustainability Policy*. See also NIO’s annual ESG Report on our global website.

4.4. Social Responsibility

At NIO, we are committed to make the world a better place.

We do this mostly by pursuing our mission – to shape a joyful lifestyle – with honesty, care, vision and action. We also do this by innovating to ensure the increasing quality and safety of our products and by proactively taking care of the environment through the electrification of the automotive industry and multiple initiatives. And we do this by pursuing sustainability in everything that we do – from designing, developing and producing our products to how we treat our people, our users, our partners.

In addition, we strive to contribute to the communities where we operate in various ways, including value-driven local cooperations and, when appropriate, charitable donations. When investing in such projects or making donations, we make sure they are chosen transparently and in full compliance with the law and our Company’s internal policies and approval procedures to ensure their legitimacy.

5. Our Responsibility for our Business

5.1. Product Quality, Product Safety and Product Compliance

Our products and services are the very heart of our Company’s business.

Ensuring their quality, safety and compliance with legal or regulatory requirements is, therefore, vital to building and maintaining our Company’s good reputation and long-term success. More importantly, quality, safety and compliance are essential to maintain the safety of our users, their families and others who rely on the quality of our vehicles and products.

We are committed to ensure the quality, safety and compliance with all laws, regulations and standards applicable to all our products and services.

We are committed to developing and implementing design and manufacturing processes with utmost care and in accordance with all quality control standards governing our responsibilities, across all facilities and at all stages of the product life cycle.

We recognize the importance of being attentive to and are committed to raising any concerns regarding product safety, quality or conformity with applicable regulations without delay.

We ensure that concerns raised with regard to the safety or quality of our Company's products are, without exception, duly verified, investigated and timely addressed.

5.2. **Intellectual Property and Confidentiality**

The success of our business relies significantly on our ability to maintain the confidentiality of information regarding our inventions, trade secrets and know-how. They secure us a fair competitive advantage in the markets where we operate.

We abide by our Company's rules and policies concerning intellectual property and confidential information. This includes, among others: all inventions, creative works, computer software, and technical or trade secrets developed in the course of our duties as employees of NIO or primarily through the use of our Company's assets or resources while working at NIO constitute property of our Company.

It is the responsibility of each of us to maintain the confidentiality of information entrusted to us by our Company or its business partners. We remain vigilant to ensure that we do not intentionally or inadvertently disclose such confidential information without prior authorization. Confidential information includes all non-public information that might be of use to competitors, or harmful to the Company or its business partners if disclosed.

We do not use our Company's confidential information outside the course of our works or for our personal benefit or the benefit of third parties.

We protect our Company's intellectual property against unauthorized use by third parties and respect internal rules that restrict access to certain information to specific authorized persons.

We ensure that scraps and drafts are properly disposed or destroyed in order to prevent their misappropriation by third parties.

We acknowledge that our duty of confidentiality with respect to our Company's non-public information survives the termination of our employment until such time as the Company discloses such information publicly, or the information otherwise becomes available in the public sphere through means other than our own fault.

Upon termination of our employment, or at such time as the Company requests, we return to the Company all of its property without exception, including all forms of media containing confidential information, and do not retain copies of them.

5.3. **Protection and Use of Company Assets**

We protect our Company's assets and ensure their efficient use for legitimate business purposes only. We refrain from making use of our Company's property for personal purposes, unless such personal use is expressly authorized.

We recognize that theft, carelessness and waste have a direct impact on our Company's profitability. We exercise reasonable care to prevent theft, damage or misuse of Company property and promptly report any actual or suspected occurrence.

We acknowledge that any use of the Company's funds or assets, whether for personal gain or not, for any unlawful or improper purpose is strictly prohibited.

We safeguard all electronic programs, data, communications and written materials from unauthorized access.

We protect everything of value that our Company owns, benefits from or has right to use, particularly equipment, raw materials, products and production facilities.

5.4. **Company Representation**

Contractual agreements, formal letters and other legally binding actions on behalf of our Company may only be signed by the Company's legal representatives or any persons legally authorized by them to perform such actions (e.g. via powers of attorney and internal authorization rules).

We comply with all representation rules, internal authorization matrixes and approval processes and do not sign any binding documents on behalf of our Company unless duly authorized.

Only designated individuals within our Company may speak on its behalf. We refrain from making public statements or statements to media representatives that may appear to be on behalf of the Company, unless authorized to do so.

When affiliation to our Company is disclosed or otherwise expected to be known, we clarify that the ideas and opinions expressed are personal and may not represent the position of the Company on the issue. This includes communications made verbally or in writing, including online, such as in internet forums and social media. We do not misrepresent our affiliation to the Company and, where legally required, duly disclose such affiliation.

5.5. **IT and Information Security**

Our Company has introduced policies to ensure the safe use of hardware, software and networks in order to mitigate significant risks such as the impairment or loss of important business data as a result of malware (virus) or data misuse (e.g. by action of hackers).

We acknowledge and commit to comply with such internal information and cyber security regulations and standards.

We are vigilant when sharing or receiving data and opening or downloading attachments to verify that the message and its sender appear trustworthy.

We recognize that special caution is required when receiving e-mails from unknown sources or suspicious messages from supposedly known, but not verified, sources (phishing).

5.6. **Data Privacy and Protection**

We comply with all applicable privacy and data protection laws as a minimum standard.

We only collect, store, process or otherwise use personal data of employees, users, customers, suppliers and others to the extent legally permissible.

We recognize that personal data may only be used for defined legitimate purposes to which the Company has a legal basis and shall not be shared with third parties without informing the affected persons or having their consent. In all cases, personal data must be secured against unauthorized access. To prevent unauthorized access, personal data may only be transmitted with adequate safety measures in place.

When processing sensitive data, conducting internal investigations or compliance controls, we adhere to applicable data protection and labor laws as well as to our Company's policies.

5.7. **Accuracy of Company Records**

Accurate and reliable records are crucial to our Company's business and form the basis of its earnings statements, financial reports and other disclosures to the public. Our records are a source of essential data that guides business decision-making and strategic planning. Company records include, but are not limited to, booking information, payroll, timecards, travel and expense reports, e-mails, accounting and financial data, measurement and performance records, electronic data files and all other records maintained in the ordinary course of business.

We ensure that our Company records are complete, accurate and reliable in all material respects.

In particular, we maintain financial integrity by ensuring that our financial records fairly and completely reflect our Company's assets, liabilities, revenues and expenses.

We acknowledge that there is never an acceptable reason to make false or misleading entries. Undisclosed or unrecorded funds, payments or receipts are strictly prohibited. We are responsible for understanding and complying with the Company's recordkeeping policy and seeking internal support when in doubt.

5.8. **Business Reports and Public Communications**

Our users and customers, our investors, auditors, public authorities and other third parties frequently receive and rely on information provided by our Company in different scenarios. This includes, for instance, our financial reports and other public communications as listed company.

We strictly comply with all applicable laws, regulations, standards and listing requirements for accounting, record keeping, financial reporting and disclosure of transactions, estimates and forecasts.

We ensure that information publicly provided by our Company is always honest, accurate, reliable and timely.

We promptly report any potential inaccuracy in or incompleteness of our financial reports and other public communications. We are responsive to potential red flags such as: financial results that seem inconsistent with the performance of the underlying business; transactions that do not seem to have a legitimate business purpose; requests to circumvent ordinary review and approval procedures; and others.

We refrain from directly or indirectly taking any action that could be deemed to coerce, manipulate, mislead or fraudulently influence our Company's independent auditors in order to render the financial statements of our Company materially misleading.

6. Our Responsibility for Business Integrity

6.1. **Conflicts of Interests**

A conflict of interests occurs when an employee's private interest interferes, or appears to interfere, in any way with the interests of the Company as a whole.

Conflicts of interests may arise, for example, from:

(a) *Sideline Work*: working for a competitor, supplier or customer, or otherwise engage in sideline work that could interfere with your ability to work effectively at NIO.

(b) *Business Opportunities*: taking a business opportunity about which you learned through your work at NIO or start a side business that competes with our Company.

(c) *Financial Interests*: having a meaningful financial interest in one of NIO's competitors or business partners.

(d) *Personal Relationships*: being in a position to supervise the work of a family member, romantic partner or close friend.

(e) *Supplier Relationships*: having family ties or close personal ties with someone working at any supplier supervised by you or receiving excessive gifts and invitations from a supplier.

At NIO, we are loyal to our Company and always act in its best interests. We avoid any situations that present – or create the appearance of – a conflict between our personal interests and the business interests of our Company.

We avoid any private interest that may impact our ability to perform our work objectively and effectively.

We acknowledge that personal interests or the interests of third parties close to us, such as relatives, may not be elevated above the interests of the Company when making decisions on behalf of NIO.

We fully disclose any situations that could reasonably be expected to give rise to a conflict of interest before it materializes.

We comply with our Company's *Global Policy on Conflicts of Interests* and obtain any necessary approvals before engaging in certain activities, as described in that policy.

6.2. **Prohibition of Bribery and Corruption**

Honesty is one of our core values at NIO and corruption is absolutely incompatible with it. Therefore, we do not tolerate any kind of corruptive behavior, including any form of fraud or bribery.

We win business ethically and on the merits of our products and services, never by bribing decisionmakers of our customers or public authorities.

We choose our suppliers and other business partners based on their merits and appropriate business reasons, never improperly influenced by bribes.

We never offer, give or promise anything in order to obtain an improper business advantage or improper preferential treatment, or that could appear to have this objective. This applies no matter if the counterparty is someone working at a public agency or institution or at a customer, business partner or potential customer or business partner.

We never give money, directly or indirectly to public officials or any other person in order to expedite or otherwise facilitate the performance of governmental actions – the so-called "facilitation payments." Even if such practice is considered common business practice in certain countries.

Bribery is the offering, giving, receiving or soliciting of anything of value in exchange for some kind of influence or action to obtain an improper advantage.

Bribery can take many forms, such as:

(a) Cash payments or cash equivalents, such as virtual currencies, gift cards, vouchers, prepaid cards, or other cards containing credits, points, virtual currencies or anything that can be used to purchase goods or services or that can be liquidated into cash;

(b) Secret or excessive commissions, kickbacks, sweetheart deals, inappropriate or unwarranted discounts or rebates, unjustified reimbursements, unwarranted allowances or expenses;

(c) Lavish or overly frequent gifts, meals and entertainment, unwarranted use of company property or facilities, payment of extravagant travel expenses or travel expenses without an appropriate business purpose;

(d) Job offers, including employment or promise of employment to relatives or friends of someone in position to influence a decision in favor of NIO;

(e) Political contributions, charitable donations or sponsorships.

Our Company has introduced certain approval processes to mitigate the risk of bribery and corruption. Please check our *Global Anti-Corruption Policy* for more details.

6.3. **Gifts, Meals and Entertainment**

Gifts, meals and invitations to events extended to external business partners may under certain circumstances help build trust and promote good business relationships, and they may be an integral part of common business practice in some countries. Nonetheless, they can also create conflicts of interests or suggest improper or undue influence prohibited by anti-corruption laws.

We only offer or accept gifts, meals and invitations which are appropriate to the occasion, infrequent and reasonable in value, never lavish or extravagant.

We never offer or accept gifts and invitations in exchange for an improper advantage or if they are not in line with local business customs and applicable laws.

We are particularly careful with benefits to public officials and always obtain the necessary approvals before offering or granting any benefits.

Employees must observe the Company's internal approval processes applicable to certain expenses such as gifts, meals, entertainment, donations and sponsorships. See NIO's *Global Anti-Corruption Policy* for more information.

6.4. **Donations and Sponsorships**

Donations and sponsorships are legitimate ways through which our Company shows its commitment to society by contributing to worthy causes or strengthens our brand with selected groups. However, improper or excessive donations and sponsoring may be seen

as a form of bribery or corruption and therefore cause serious harm to our Company, the employees involved and the recipient of the contribution.

We only make donations on a voluntary basis without anything being demanded in return. We donate exclusively to recognized non-profit organizations whose goals are compatible with our Company's principles. We ensure that donations are never paid to private accounts.

We use sponsorships to promote the Company's reputation and brand. We ensure that they are commensurate with the consideration being offered in exchange (opportunity to advertise the Company's products or brand), have a legitimate business purpose and are based on written agreement. Our Company does not sponsor events organized by individuals or organizations with goals incompatible with our principles.

We only grant donations and sponsorships in a transparent manner, when the recipient, its purpose and the receipt are documented and verifiable, and after obtaining the necessary internal approvals.

6.5. **Political Participation and Contributions**

Participation in the political decision-making process, whether by individual or corporate citizens, is part of any healthy democracy. Our Company acknowledges and respects the rights of employees to participate in political activities. At the same time, it is important that personal political activities are clearly separated from our work at the Company. Political activities on behalf of our Company may only be carried out by employees specifically authorized to do so.

We only engage in personal political activities in our own time and with our own resources, in compliance with all laws and regulations.

We do not use our Company's equipment, facilities or funds to personally support in any way political candidates or campaigns.

We do not do or say anything to give the impression, or that could be seen as giving the impression, that we are representing our Company or that our Company is endorsing our position, unless duly authorized to do so.

Our Company does not make (directly or through trade associations) political donations to individual candidates or political parties, nor reimburses political contributions made by employees. Any corporate political contribution to be made by our Company requires prior approval by the Company's Chief Executive Officer in consultation with the Company's Legal Department or compliance functions and is subsequently processed by the Company's Government Affairs functions. This includes monetary contributions or contributions in-kind, such as lending or donating equipment or technical services.

Our Company's participation in the political decision-making process through lobbying is always carried out in a compliant and ethical manner, guided by the principles of responsibility and accountability.

We never attempt to unduly influence policymakers and governments through illegal or unethical means.

6.6. Fair Competition and Fair Dealing

Our Company believes and is committed to free and fair competition, which leads businesses to compete on the quality and price of their products, driving innovation and benefiting consumers and the society.

We are committed to complying with all applicable antitrust or competition laws. We never seek to reduce or eliminate competition through agreements or understandings with competitors or any other kind of anti-competitive behavior. In particular:

We never agree on or exchange any kind of competitively sensitive information with competitors, including but not limited to price, costs, discounts, profit, profit margins, inventories, marketing plans, distribution or expansion plans, bidding plans.

We never agree with competitors to divide or assign customers, markets, sales territories, suppliers or distributors.

We never force distributors or resellers to sell our products at a particular price.

We never use illegal or unethical means such as theft, deception or misrepresentation to gather information about our competitors.

We never enter into exclusive dealings without prior consultation with the Company's Legal Department or compliance functions.

We compete, with integrity, based on the merits of our products and services.

We are particularly careful when meeting competitors at trade association meetings and other industry gatherings or social settings. We refrain from discussing, listening to or even joking about any kind of anti-competitive topic. If in doubt whether a certain behavior is or was appropriate, we always consult with or report to the Company's Legal Department or compliance functions.

We strive to deal fairly at all times with everyone, including our users, customers, suppliers and competitors. We never engage in abusive or manipulative behavior. We never seek to obtain any kind of unfair advantage from anyone through concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair-dealing practice.

6.7. Third Party Intellectual Property and Copyrights

Just as the Company protects its own confidential or proprietary information, it is also committed to respecting and maintaining the confidentiality of sensitive or proprietary information of third parties, especially our customers, suppliers, investors or other business partners.

We never accept confidential information from third parties nor use it unless doing so is transparently agreed by contract (such as a non-disclosure agreement – NDA) and documented.

We always obtain appropriate licenses or permissions before making use of proprietary information of any business partner or other third party. We do not utilize trademarks of customers and business partners or publish cooperation with them without their prior written consent.

6.8. Insider Trading

In the course of our works, we may have access to confidential information that, once public, could have a relevant impact on the price of shares and other securities issued by the Company or by its business partners.

We do not, under any circumstances, purchase or sell shares based on such non-public information. Moreover, we never pass on non-public information to someone who could potentially engage in this behavior (i.e., tipping).

Our Company has introduced a detailed mandatory policy concerning the prevention of insider trading. Please check our *Statement of Policies Governing Material Non-Public Information and the Prevention of Insider Trading* for more details.

6.9. Trade Compliance

Our Company is committed to full compliance with all applicable trade regulations, including sanctions, export and import controls, customs law and anti-boycott provisions.

In conducting business across borders, employees must be aware of and follow such laws and relevant internal policies, including the *Company's Global Trade Compliance Policy* and other complementary guidance materials.

Trade compliance provisions are complex, often differing from country to country and being frequently subject to changes. Export controls may also apply to transfers of software, data, and technological know-how via email, cloud, telephone, fax, or shared drives. Even the temporary cross-border transfer of, for example, technical drawings taken on a business trip may fall under export control. When making decisions regarding the import or export of goods and services, employees must carefully consider whether export control laws may apply. In order to ensure compliance, employees must seek advice from the Company's Legal Department or compliance functions when in doubt on how trade laws apply to their jobs and responsibilities.

6.10. Prohibition of Money Laundering and Terrorism Financing

Money laundering is the process through which criminals and terrorists move funds gained from illegal activities through apparently legitimate businesses, in order to make

those funds appear legitimate or to disguise their origin. Laws around the world prohibit any involvement in money laundering activities and even the inadvertent involvement in money laundering may result in severe penalties to the Company and everyone involved.

We do not tolerate or participate in any misuse of our Company for illegal activities.

We are committed to only doing business with reputable business partners who operate within the law and whose funds are derived from legal sources. To ensure this, we are vigilant as to who is behind every transaction and exercise good judgment when checking the identity of our users, customers and other partners.

Even if the Company's business is not in the financial sector, to prevent money laundering, we acknowledge the need to be attentive to suspicious behavior (or, red flags) of users, customers, suppliers and other business partners. Red flags may include, for example:

(a) overpayment to the Company's bank account, followed by reimbursement request in cash or to a different bank account;

(b) payments made in currencies other than those specified in the contract;

(c) payments from multiple accounts or foreign accounts without legitimate reasons;

(d) and other unusual behaviors.

Please check the Company's intranet for further guidance, policies and procedures in place for the prevention of money laundering.

We report any kind of questionable conducts or questionable requests in accordance with internal policies. When in doubt, we seek support by the Company's Legal Department or compliance functions.

6.11. **Working with Suppliers**

When selecting suppliers, we are committed to ensuring open competition, objective selection criteria and the best interests of our Company.

Our Company expects its suppliers and other business partners to share its ethical values, adhere to all applicable laws, generally accepted standards of social responsibility, and basic principles of integrity. We proactively ensure that our suppliers abide by those principles and the *NIO Partner Code of Conduct*, and expect our suppliers to flow down these requirements to their own subcontractors and suppliers.

In particular, suppliers must, at a minimum:

(a) respect the human and labor rights of their employees;

(b) ban child and forced labor;

(c) ensure health and safety at the workplace;

(d) respect environmental laws and standards;

(e) prohibit corruption;

(f) engage in fair competition;

(g) promote compliance among their suppliers.

We are vigilant to any instances of non-compliance in the course of our Company's relationship with the supplier and immediately report any factual or suspected breaches.

7. Living this Code

7.1. Making Ethical Decisions

Our Code aims at assisting us in making ethical decisions in our everyday activities. Nevertheless, it does not cover all possible situations and, sometimes, the right thing to do may not be entirely clear at first.

This is where our commitment to *Honesty* and ethical and compliant behavior matters most and plays a decisive role.

When confronted with a situation for which our Code and other Company policies do not provide guidance, our ethical decision-making model on the next page can further assist you in making the optimal decision.

7.2. Seeking Support

Our line manager or supervisor is always our first point of contact for questions or uncertainties regarding how to live this Code or how to proceed in a certain situation in an ethical manner. If the situation requires, each of us may also contact the manager of our line manager or supervisor.

Moreover, if we prefer, we can always seek support from the following sources:

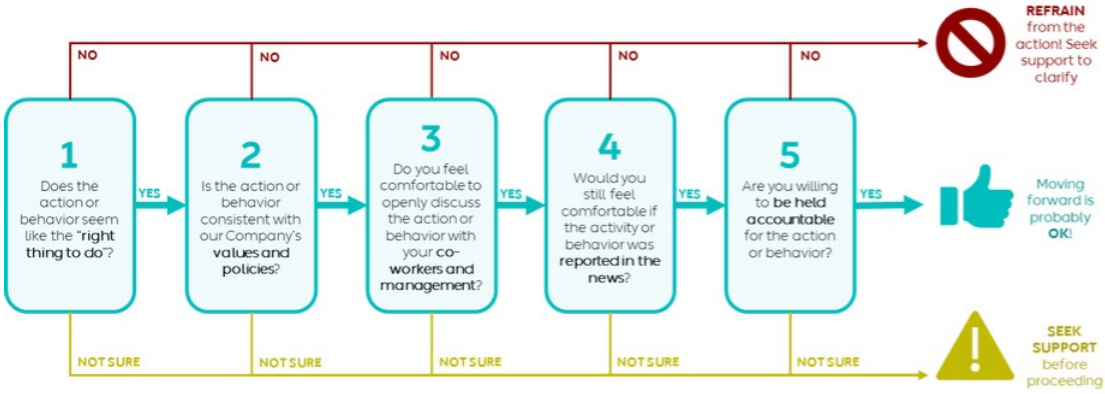
(a) our local Human Resources (HR) department or HR business partner;

(b) the Company's Legal Department or compliance functions.

Please refer to the Compliance page on our Company's intranet site to find additional compliance resources and specific contact information for support and advice.

7.3. Ethical Decision-Making Model

Is this the right decision or course of action? When in doubt, ask yourself the following questions and follow the relevant arrows:



7.4. **Raising Concerns & Reporting Violations**

Our Company's ability to continuously and consistently act with integrity depends on our actions and our ability to speak up when we see or suspect wrongdoing. Employees and third parties are encouraged to report any situations that may violate this Code or applicable laws through one of the channels below:

Open Door Policy. Employees are encouraged to raise any issues directly with their managers, or if an employee has reason to believe that his or her manager is involved or has a conflict of interest, to the next level of management, the local HR, or the Company's Legal Department or compliance functions.

Compliance Email. Employees and third parties may raise concerns or report any issues to the Company's global compliance e-mail compliance@nio.com or to the relevant local compliance e-mail indicated on NIO's website. Anonymous reports are accepted.

Additional resources. Employees and third parties may additionally file any reports via online intake form or through our Company's Ethics Helpline (available in local languages). Please visit NIO's website to find the relevant telephone numbers and web form. These channels also allow anonymous reports, if preferred.

7.5. **No Retaliation**

Our Company is committed to investigate all reported violations and to treat all the persons involved fairly. Submitted reports are handled with appropriate care and sensitivity and treated confidentially to the extent possible in accordance with our Company's *Ethics and Compliance Whistleblower Policies and Procedures* and applicable laws. Employees are encouraged to cooperate openly and truthfully during any investigations.

Anyone who seeks support, raises a compliance concern, reports a factual or suspected violation in good faith or provides information in the course of an investigation must not fear negative consequences for so doing. We do not tolerate any kind of reprisal behavior

against those supporting our compliance efforts. Any form of retaliation is strictly prohibited and may result in disciplinary measures.

See NIO's *Ethics and Compliance Whistleblower Policies and Procedures* for more detailed information on how we handle reports of potential wrongdoing and protect whistleblowers from retaliation.

7.6. Complementary Resources

Employees can find on our Company's intranet additional resources relating to compliance and ethics, including contact information for obtaining support or raising concerns and complementary policies and guidelines.

8. Final Provisions

8.1. Waivers

Waivers of this Code are seldom granted and are reserved for truly exceptional or extraordinary circumstances. All waiver requests shall be analyzed individually and in light of applicable laws and company policies. Requests for waivers must be submitted to the Company's Legal Department or compliance functions. Waivers of this Code for directors or executive officers may only be granted if approved by the Board of Directors the Company or its appropriate committee, and shall be promptly disclosed to the public to the extent required by applicable laws, regulations and listing rules.

8.2. No rights created

Nothing in this Code is intended to or does create any kind of rights in favor of employees, users, customers, vendors, business partners, investors, competitors, governments, public authorities or any other persons or entities. This Code is a compilation of ethical principles which shall guide the conduct of business activities within and by or on behalf of NIO.

8.3. Additional Provisions for Senior Officers

Without prejudice to any of the other provisions of this Code, and in addition to them, NIO's Chief Executive Officer, Chief Financial Officer and other senior officers as disclosed in the Company's public filings for listing on applicable stock exchanges (together, the "Senior Officers") have a special responsibility for ensuring that all of the Company's financial disclosures and other relevant public communications are full, fair, accurate, timely and understandable. They are required to report any occurrence that might undermine this objective to the Company's Disclosure Committee and Audit Committee. Moreover, Senior Officers must promptly report to the Company's General Counsel or Chief Compliance Officer and to the Audit Committee any information they might have concerning, among others:

(a) a violation of the Code involving management and employees having a significant role in NIO's financial reporting, disclosures or internal controls, including actual or apparent conflicts of interests between personal and professional relationships or fraudulent behavior;

(b) a material violation of securities or other laws, rules or regulations applicable to NIO and to the operation of its business, whether by NIO or any agent thereof;

(c) significant deficiencies in the design or operation of internal controls which could adversely affect NIO's ability to record, process, summarize and report financial data.

Any instances of violations of this Code, including the Additional Provisions in this section, or of applicable laws, rules and regulations by a Senior Officer will be handled by the Board of Directors of the Company, which shall determine the appropriate procedure and discipline, up to termination of employment, with the objective of promoting accountability for adherence to the Code and legal compliance. In determining the appropriate discipline, the Board of Directors shall consider factors such as the nature and severity of the violation, whether it was a single occurrence or repeated occurrences, whether it appears to have been intentional or inadvertent, recidivism and other factors deemed appropriate.

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Exhibit 12.1

Certification by the Principal Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Bin Li, certify that:

1. I have reviewed this annual report on Form 20-F of NIO Inc. (the "Company");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: April 9, 2024

By: /s/ Bin Li
Name: Bin Li
Title: Chief Executive Officer

Exhibit 12.2

Certification by the Chief Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Wei Feng, certify that:

1. I have reviewed this annual report on Form 20-F of NIO Inc. (the "Company");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: April 9, 2024

By: /s/ Wei Feng
Name: Wei Feng
Title: Chief Financial Officer

Exhibit 13.1

Certification by the Principal Executive Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of NIO Inc. (the "Company") on Form 20-F for the fiscal year ended December 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Bin Li, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 9, 2024

By: /s/ Bin Li
Name: Bin Li
Title: Chief Executive Officer

Exhibit 13.2

Certification by the Chief Financial Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of NIO Inc. (the "Company") on Form 20-F for the fiscal year ended December 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Wei Feng, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 9, 2024

By: /s/ Wei Feng
Name: Wei Feng
Title: Chief Financial Officer

Exhibit 15.1

Consent of Independent Registered Public Accounting Firm

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 333-229952 and No. 333-272537) of NIO Inc. of our report dated April 9, 2024 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 20-F.

/s/ PricewaterhouseCoopers Zhong Tian LLP

Shanghai, the People's Republic of China

April 9, 2024

Exhibit 15.2

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www.hankunlaw.com

HAN KUN
汉坤律师事务所
Han Kun Law Offices

April 9, 2024

Building 19, No. 1355, Caobao Road, Minhang District Shanghai
People's Republic of China

Dear Sir/Madam:

We hereby consent to the reference of our name under the headings "Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure" and "Item 4. Information on the Company—C. Organizational Structure" in NIO Inc.'s Annual Report on Form 20-F for the year ended December 31, 2023 (the "**Annual Report**"), which will be filed with the Securities and Exchange Commission (the "**SEC**") on the date hereof, and further consent to the incorporation by reference, in NIO Inc.'s registration statements on Form S-8 (File No. 333-229952) and Form S-8 (File No. 333-272537), of the summary of our opinion under the headings "Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure" and "Item 4. Information on the Company—C. Organizational Structure" in the Annual Report.

We also consent to the filing of this consent letter with the SEC as an exhibit to the Annual Report.

In giving such consent, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, or under the Securities Exchange Act of 1934, in each case, as amended, or the regulations promulgated thereunder.

Very truly yours,

/s/ Han Kun Law Offices
Han Kun Law Offices

NIO INC.

CLAWBACK POLICY

(Adopted by the Board of Directors of NIO Inc. and effective on November 3, 2023)

The board of directors (the "Board") of NIO Inc. (the "Company") believes that it is appropriate for the Company to adopt this Clawback Policy (the "Policy") to be applied to the Executive Officers (as defined below) of the Company and implemented by the Compensation Committee of the Board (the "Committee"), and adopts this Policy to be effective as of the Effective Date.

1. Definitions

For purposes of this Policy, the following definitions shall apply:

(a) "**Company Group**" means the Company and each of its subsidiaries or consolidated variable interest entities, as applicable.

(b) "**Covered Compensation"** means any Incentive-Based Compensation granted, vested or paid to a person who served as an Executive Officer at any time during the performance period for the Incentive-Based Compensation and that was Received (i) on or after October 2, 2023 (i.e., the effective date of the NYSE listing standards), (ii) after the person became an Executive Officer, and (iii) at a time that the Company had a class of securities listed on a national securities exchange or a national securities association such as the NYSE.

(c) "**Effective Date**" means November 3, 2023.

(d) "**Erroneously Awarded Compensation**" means the amount of Covered Compensation granted, vested or paid to a person during the fiscal period when the applicable Financial Reporting Measure relating to such Covered Compensation was attained that exceeds the amount of Covered Compensation that otherwise would have been granted, vested or paid to the person had such amount been determined based on the applicable Restatement, computed without regard to any taxes paid (i.e., on a pre-tax basis). For Covered Compensation based on stock price or total shareholder return, where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in a Restatement, the Committee will determine the amount of such Covered Compensation that constitutes Erroneously Awarded Compensation, if any, based on a reasonable estimate of the effect of the Restatement on the stock price or total shareholder return upon which the Covered Compensation was granted, vested or paid and the Committee shall maintain documentation of such determination and provide such documentation to the NYSE.

(e) "**Exchange Act**" means the U.S. Securities Exchange Act of 1934.

(f) "**Executive Officer**" means the Company's president, principal financial officer, principal accounting officer (or if there is no such accounting officer, the controller), any vice-president of the Company in charge of a principal business unit, division, or function (such as sales, administration, or finance), any other officer who performs a policy-making function, or any other person (whether or not an officer or employee of the Company) who performs

similar policy-making functions for the Company. "Policy-making function" does not include policy-making functions that are not significant. Both current and former Executive Officers are subject to the Policy in accordance with its terms.

(g) "**Financial Reporting Measure**" means (i) any measure that is determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measures derived wholly or in part from such measures and may consist of IFRS/U.S. GAAP or non-IFRS/non-U.S. GAAP financial measures (as defined under Regulation G of the Exchange Act and Item 10 of Regulation S-K under the Exchange Act),(ii) stock price or (iii) total shareholder return. Financial Reporting Measures need not be presented within the Company's financial statements or included in a filing with the SEC.

(h) "**Home Country**" means the Company's jurisdiction of incorporation, i.e., the Cayman Islands.

(i) "**Incentive-Based Compensation**" means any compensation that is granted, earned or vested based wholly or in part upon the attainment of a Financial Reporting Measure.

(j) "**Lookback Period**" means the three completed fiscal years (plus any transition period of less than nine months that is within or immediately following the three completed fiscal years and that results from a change in the Company's fiscal year) immediately preceding the date on which the Company is required to prepare a Restatement for a given reporting period, with such date being the earlier of: (i) the date the Board, a committee of the Board, or the officer or officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare a Restatement, or (ii) the date a court, regulator or other legally authorized body directs the Company to prepare a Restatement. Recovery of any Erroneously Awarded Compensation under the Policy is not dependent on whether or when the Restatement is actually filed.

(k) "**NYSE**" means the New York Stock Exchange.

(l) "**Received**": Incentive-Based Compensation is deemed "Received" in the Company's fiscal period during which the Financial Reporting Measure specified in or otherwise relating to the Incentive-Based Compensation award is attained, even if the grant, vesting or payment of the Incentive-Based Compensation occurs after the end of that period.

(m)"**Restatement**" means a required accounting restatement of any Company financial statement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including (i) to correct an error in previously issued financial statements that is material to the previously issued financial statements (commonly referred to as a "Big R" restatement) or (ii) to correct an error in previously issued financial statements that is not material to the previously issued financial statements but that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period (commonly referred to as a "little r" restatement). Changes to the Company's financial statements that do not represent error corrections under the then-current relevant accounting standards will not constitute Restatements. Recovery of any

Erroneously Awarded Compensation under the Policy is not dependent on fraud or misconduct by any person in connection with the Restatement.

(n) "**SEC**" means the U.S. Securities and Exchange Commission.

2. Recovery of Erroneously Awarded Compensation

2.1. In the event of a Restatement, any Erroneously Awarded Compensation Received during the Lookback Period prior to the Restatement (a) that is then-outstanding but has not yet been paid shall be automatically and immediately forfeited and (b) that has been paid to any person shall be subject to reasonably prompt repayment to the Company Group in accordance with Section 3 of this Policy. The Committee must pursue (and shall not have the discretion to waive) the forfeiture and/or repayment of such Erroneously Awarded Compensation in accordance with Section 3 of this Policy, except as provided below.

2.2. Notwithstanding the foregoing, the Committee (or, if the Committee is not a committee of the Board responsible for the Company's executive compensation decisions and composed entirely of independent directors, a majority of the independent directors serving on the Board) may determine not to pursue the forfeiture and/or recovery of Erroneously Awarded Compensation from any person if the Committee determines that such forfeiture and/or recovery would be impracticable due to any of the following circumstances: (i) the direct expense paid to a third party (for example, reasonable legal expenses and consulting fees) to assist in enforcing the Policy would exceed the amount to be recovered, including the costs that could be incurred if pursuing such recovery would violate local laws other than the Company's Home Country laws (following reasonable attempts by the Company Group to recover such Erroneously Awarded Compensation, the documentation of such attempts, and the provision of such documentation to the NYSE), (ii) pursuing such recovery would violate the Company's Home Country laws adopted prior to November 28, 2022 (provided that the Company obtains an opinion of Home Country counsel acceptable to the NYSE that recovery would result in such a violation and provides such opinion to the NYSE), or (iii) recovery would likely cause any otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company Group, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder.

3. Means of Repayment

In the event that the Committee determines that any person shall repay any Erroneously Awarded Compensation, the Committee shall provide written notice to such person by email or certified mail to the physical address on file with the Company Group for such person, and the person shall satisfy such repayment in a manner and on such terms as required by the Committee, and the Company Group shall be entitled to set off the repayment amount against any amount owed to the person by the Company Group, to require the forfeiture of any award granted by the Company Group to the person, or to take any and all necessary actions to reasonably promptly recover the repayment amount from the person, in each case, to the fullest extent permitted under applicable law, including without limitation, Section 409A of the U.S. Internal Revenue Code and the regulations and guidance thereunder. If the Committee does not specify a repayment timing in the written notice described above, the applicable person shall be required to repay the

Erroneously Awarded Compensation to the Company Group by wire, cash, cashier's check or other means as agreed by the Committee no later than thirty (30) days after receipt of such notice.

4. No Indemnification

No person shall be indemnified, insured or reimbursed by the Company Group in respect of any loss of compensation by such person in accordance with this Policy, nor shall any person receive any advancement of expenses for disputes related to any loss of compensation by such person in accordance with this Policy, and no person shall be paid or reimbursed by the Company Group for any premiums paid by such person for any third-party insurance policy covering potential recovery obligations under this Policy. For this purpose, "indemnification" includes any modification to current compensation arrangements or other means that would amount to *de facto* indemnification (for example, providing the person a new cash award which would be cancelled to effect the recovery of any Erroneously Awarded Compensation). In no event shall the Company Group be required to award any person an additional payment if any Restatement would result in a higher incentive compensation payment.

5. Miscellaneous

5.1. This Policy generally will be administered and interpreted by the Committee, provided that the Board may, from time to time, exercise discretion to administer and interpret this Policy, in which case, all references herein to "Committee" shall be deemed to refer to the Board. Any determination by the Committee with respect to this Policy shall be final, conclusive and binding on all interested parties. Any discretionary determinations of the Committee under this Policy, if any, need not be uniform with respect to all persons, and may be made selectively among persons, whether or not such persons are similarly situated.

5.2. This Policy is intended to satisfy the requirements of Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, as it may be amended from time to time, and any related rules or regulations promulgated by the SEC or the NYSE, including any additional or new requirements that become effective after the Effective Date which upon effectiveness shall be deemed to automatically amend this Policy to the extent necessary to comply with such additional or new requirements.

5.3. The provisions in this Policy are intended to be applied to the fullest extent of the law. To the extent that any provision of this Policy is found to be unenforceable or invalid under any applicable law, such provision will be applied to the maximum extent permitted and shall automatically be deemed amended in a manner consistent with its objectives to the extent necessary to conform to applicable law. The invalidity or unenforceability of any provision of this Policy shall not affect the validity or enforceability of any other provision of this Policy. Recovery of Erroneously Awarded Compensation under this Policy is not dependent upon the Company Group satisfying any conditions in this Policy, including any requirements to provide applicable documentation to the NYSE.

5.4. The rights of the Company Group under this Policy to seek forfeiture or reimbursement are in addition to, and not in lieu of, any rights of recovery, or remedies or rights other than recovery, that may be available to the Company Group pursuant to the terms of any law,

government regulation or stock exchange listing requirement or any other policy, code of conduct, employee handbook, employment agreement, equity award agreement, or other plan or agreement of the Company Group.

6. Amendment and Termination

To the extent permitted by, and in a manner consistent with applicable law, including SEC and NYSE rules, the Committee may terminate, suspend or amend this Policy at any time in its discretion.

7. Successors

This Policy shall be binding and enforceable against all persons and their respective beneficiaries, heirs, executors, administrators or other legal representatives with respect to any Covered Compensation granted, vested or paid to or administered by such persons or entities.

NIO INC.

CLAWBACK POLICY

ACKNOWLEDGMENT, CONSENT AND AGREEMENT

I acknowledge that I have received and reviewed a copy of the NIO Inc. Clawback Policy (as may be amended from time to time, the "Policy") and I have been given an opportunity to ask questions about the Policy and review it with my counsel. I knowingly, voluntarily and irrevocably consent to and agree to be bound by and subject to the Policy's terms and conditions, including that I will return any Erroneously Awarded Compensation that is required to be repaid in accordance with the Policy. I further acknowledge, understand and agree that (i) the compensation that I receive, have received or may become entitled to receive from the Company Group is subject to the Policy, and the Policy may affect such compensation and (ii) I have no right to indemnification, insurance payments or other reimbursement by or from the Company Group for any compensation that is subject to recovery and / or forfeiture under the Policy. Capitalized terms used but not defined herein have the meanings set forth in the Policy.

Signed: _____

Print Name: _____

Date: _____