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OVERVIEW

Our Company at a Glance

We are a leading supplier of millimeter-wave radar, a core component for smart driving that is rapidly emerging in the changing automotive industry in China according to CIC. In 2024, we were the largest domestic supplier of China’s automotive front millimeter-wave radar market in terms of shipment volume, and the third largest supplier of China’s automotive millimeter-wave radar market in terms of shipment volume, according to CIC, with market shares of 9.3% and 4.5%, respectively.

We have been involved in the design, research and development, manufacturing and commercialization of millimeter-wave radar products. We possess self-development capabilities, along with hardware and software technologies tailored specifically for millimeter-wave radar applications. As of the Latest Practicable Date, we had engaged over 20 customers in the automotive industry, including multiple leading OEMs based in China. Additionally, we have entered into negotiations with several leading European automobile brands.

Our Market Opportunities

According to CIC, against the backdrop of growth in the smart driving industry, the automotive millimeter-wave radar sector is experiencing a period of accelerated expansion. The market size of global millimeter-wave radar expanded at a CAGR of 13.1% from RMB17.8 billion in 2020 to RMB29.1 billion in 2024, and is expected to grow at a CAGR of 16.7% and reach RMB63.0 billion by 2029. In China, the market expanded at a CAGR of 16.7% from RMB5.4 billion in 2020 to RMB9.8 billion in 2024, and is projected to grow further to RMB27.5 billion by 2029 at a CAGR of 22.9%.

We have capitalized on the market’s rapid growth and effectively expanded our business. Our revenue grew from RMB156.5 million in 2023 to RMB348.1 million in 2024, and further to RMB1,122.5 million in 2025, representing a CAGR of 167.8% which is significantly faster than the growth of China’s automotive millimeter-wave radar industry in the same period. Leveraging our strong R&D capabilities and extensive industry experience, we believe we are well-positioned to capture future growth opportunities, sustain our competitive advantage, and continue driving innovation in the millimeter-wave radar sector.

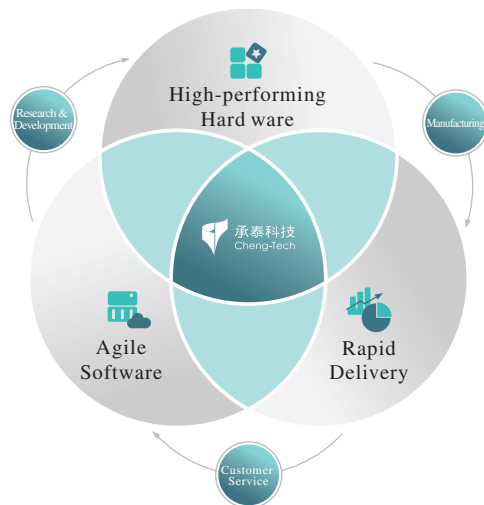
Our Offerings

Since our inception, we have focused extensively on the research and development of millimeter-wave radar – investing extensively into building a deep technical foundation. We believe our product innovation has consistently evolved around the shifting needs of end users, enhancing our position in the smart driving industry.

Advances in intelligent vehicle technology are changing global mobility patterns and affecting the automobile value chain. The global shipment volume of automated vehicles is expected to grow from 37.9 million units in 2024 to 65.7 million units in 2029, with a CAGR of 11.6%. We believe smart driving technologies offer the most effective solutions to the longstanding challenges of road convenience and safety. Among key sensing technologies such as LiDAR, ultrasonic radar, and camera systems, millimeter-wave radar is the only solution that combines all-weather performance, high precision and cost-effectiveness – making it an essential component of the smart driving ecosystem. Millimeter-wave radar’s ability to simultaneously meet automotive industry demands for reliability, accuracy, and affordability positions it as an indispensable sensor modality for scalable smart-driving solutions. Millimeter-wave radar operates effectively in adverse conditions, including rain, fog, snow and darkness, where optical sensors such as LiDAR and cameras suffer degraded performance, ensuring consistent functionality that are critical for safety systems. Further, it provides accurate measurement of distance, velocity, and direction with real-time object detection and spatial localization capabilities, essential for advanced driver-assistance systems and autonomous driving. Moreover, compared to LiDAR, which offers high resolution but at significantly higher costs,

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millimeter-wave radar achieves mass-production scalability and lower per-unit pricing while maintaining robust performance, making it economically viable for broad OEM adoption across vehicle segments. See “Industry Overview – Overview of the Automotive Millimeter-wave radar industry – Adoption of Millimeter-Wave Radar in the Automotive Market.”



We provide integrated radar hardware and software solutions tailored to the evolving needs of smart driving. Our business model is built around the Cheng-Tech “Three Rings” framework: (i) high-performing hardware – competitive and reliable radar products; (ii) agile software – continuously updated algorithms and system software; and (iii) rapid delivery – a delivery-focused support system ensuring efficient project execution. We believe this framework underpins our long-term growth and differentiation in the market. Guided by this framework, we are committed to delivering high-quality, and quickly deployable products and services that help our OEMs advance their smart driving capabilities.

High-performing hardware – competitive and reliable radar products

Over nearly a decade of continuous investment in technology and product development, we have built a product matrix that stands out as competitive products in terms of various performance indicators. See “Business – Our Competitive Strengths – Our Efficient Innovation-to-Commercialization Pipeline Driven by Scalable Radar Technologies – Products are distinguished by high performance, compact design, low power consumption, strong anti-interference capabilities and high reliability.”

Agile software – continuously updated algorithms and system software

Built on our library of core radar algorithms, our product supports a wide range of smart driving functions. These algorithms are designed for cross-platform and cross-product compatibility.

Rapid delivery – a delivery-focused support system ensuring efficient project execution

We value delivery performance. Generally, our product delivery cycle for customized software built to customers’ specifications, from the signing of the agreement to delivery of the product, is six to nine months, significantly shorter than the industry norm of 12 to 24 months according to CIC. Leveraging our platform-based technology foundation and agile organizational collaboration, we have even achieved project delivery timelines within one month to certain established customers with existing product designs.

Our Product Principles

We believe we lead product design and development to stay ahead of market trends. Our products are characterized by the following features:

Meeting the needs of smart driving across diverse scenarios and development stages

Our millimeter-wave radar products are designed to support smart driving functions across different levels, from L0 to L2+. As the automotive electrical/electronic architecture undergoes major

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upgrades, centralized computing domain controllers are increasingly adopted across a broader range of vehicle models. Meanwhile, the rapid maturation of end-to-end AI models, which is made possible by said automotive electrical upgrades, creates new customer demand for sensing systems, specifically the need for radar solutions with broader coverage, denser point cloud, and higher refresh rate.

In response to these industry trends and emerging needs, we are developing the architecture of our next generation centralized computing radar products – CTMRR-610 and CTLRR-620 – which were successfully launched and delivered in the fourth quarter of 2025. These next-generation radars are designed to meet the demands of NOA.

Recognized by leading industry players

As of the Latest Practicable Date, we had engaged over 20 customers in the automotive industry including multiple leading OEMs based in China. Additionally, we have entered into negotiations with several leading European automobile brands.

Our 5.5th-generation 4D high-resolution front radar and corner radar products have been adopted by Customer A and another leading OEM in China in 2024, for integration into their advanced smart driving systems. Starting in 2025, our 5.5th-generation 4D high-resolution corner radar has also been featured in the smart driving systems of a leading OEM based in Hangzhou. We believe these large-scale commercial deployments reflect the market recognition.

Our R&D Principles

We believe results-oriented approach encourages our teams to shorten development cycles, accelerate project delivery, and continuously enhance customer satisfaction through practical innovation.

Our R&D System

We possess full-stack, independently developed R&D capabilities for our millimeter-wave radar products. We believe that it allows us a degree of flexibility in response to changes in the market and clients’ needs while minimizing our technological dependency on third-parties. Our R&D system comprises three core divisions: the R&D Center, the Product Center, and the Test Center. The R&D Center is responsible for core technical tasks such as hardware design, structure design, core algorithm, and engineering implementation for manufacturability. The Product Center formulates solutions based on customer requirements and continuously iterates on software and algorithm. The Test Center manages testing throughout the product development lifecycle and ensuring product reliability.

Our R&D Process

To keep pace with the rapid evolution of automotive electronics, we have independently developed the Cheng-Tech Product Development (“CPD”) process. This framework integrates the standardization of traditional automotive electronics development with the flexibility required to address the fast-changing needs of smart driving.

We have developed a suite of core technologies covering RF antenna designs, radar signal processing algorithms and automotive-grade development system. Our RF antenna design database supports a wide range of frequency bands and application scenarios, allowing us to customize hardware solutions to address diverse OEM needs. On the algorithm side, we maintain an extensive library of core radar algorithms and operate a simulation platform capable of automatically analyzing test data, identifying issues, and accelerating R&D iteration. Furthermore, our automotive-grade

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development system, which exceeds industry standards according to CIC, enables us to deliver high-quality products on compressed timelines.

Our R&D Capabilities

We operate three R&D centers in Shenzhen, Suzhou and Wuhan. We have R&D team with 129 members as of the Latest Practicable Date. We recorded R&D expenses of RMB64.4 million, RMB61.9 million and RMB60.8 million in 2023, 2024 and 2025, accounting for 52.7%, 59.6% and 39.8% of our total operating expenses in the same periods, respectively.

As of the Latest Practicable Date, we had obtained 88 patents. We have participated in the revision of the national standard *General Specification for Electromagnetic Compatibility Testing of Vehicle Integrated Circuits*, as well as in the drafting of an industry standards concerning unmanned vehicle logistics and unmanned aerial vehicles.

OUR COMPETITIVE STRENGTHS

We believe that the following competitive strengths allow us to achieve success and stand out from our competitors.

Our Efficient Innovation-to-Commercialization Pipeline Driven by Scalable Radar Technologies

Our R&D expenses amounted to over RMB60.0 million in each year during the Track Record Period. This sustained commitment has allowed us to establish full-chain technological advantages across RF antenna design, signal processing algorithm development, and to accumulate over 88 issued patents.

Through collaboration with OEMs, we enhance customer stickiness. For example, one of our front radar products, CTLRR-220 Plus, launched in 2022 and reached mass production in five months after signing of the agreement. This model was deployed in over 460,000 vehicles within one year of launch and was one of top-selling models in its L2 smart driving market segments in 2023 according to CIC.

Parallel R&D Approach of “Mass Production, Development, and Pre-Research,” Enabling Us to Establish A Sustainable and Efficient Product Pipeline

Our parallel R&D approach of “mass production, development, and pre-research” ensures that while mature products are being commercialized at scale, next-generation products are already in development, and future technologies are under early-stage exploration. We believe this approach not only accelerates product iteration and commercialization, but also allows revenue from mass-produced products to support ongoing R&D, achieving a virtuous cycle of innovation and growth.

Mass Production – Scaled commercialization of mature products

Our mass-produced products primarily serve mainstream market demand. We have achieved large-scale production of our 5th-generation 4D radar models as well as our 5.5th-generation high-resolution 4D radar models. These radars are widely deployed in passenger vehicles and support smart driving functions ranging from L0 to L2+. See “Business – Our Products – Our Millimeter-wave Radar Product Portfolio.”

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Development – Upgrading technologies and expanding functions

While producing mainstream models at scale, we concurrently develop next-generation radar products to align with market trends and technological evolution. In particular, we are advancing the development of our centralized computing radar products, CTMRR-610 and CTLRR-620, which were successfully launched and delivered in the fourth quarter of 2025. These models incorporate waveguide antenna architecture, offering dense point cloud, high performance and cost-effectiveness. We expect these products will fulfill the growing needs of advanced smart driving functions in centralized vehicle electronic architectures.

Pre-Research – Preparing for Full-Scope Applications

We conduct ongoing internal reviews of industry research and customer feedback to identify emerging technical opportunities and allocate resources to R&D. One example is our early research into CTLRR-700, which explores the integration of AI models into radar to support higher level smart driving functions. In future, we plan to apply our expertise beyond smart driving to areas such as robotics, transportation safety, industrial measurement, and the low-altitude economy.

Products are distinguished by high performance, compact design, low power consumption, strong anti-interference capabilities and high reliability

High Performance

Delivering high-performance radar products has been a core priority since our inception. Our products deliver competitive performance across key radar performance metrics – including detection range, accuracy, resolution, and refresh rate – positioning us among the industry leaders. See “Business – Our Products – Our Millimeter-wave Radar Product Portfolio.”

Compact design

Our radar models feature single-PCB layouts and modular hardware design and enjoy size advantages compared with other products in the market. For example, our CTMRR-410 radar measures 55 mm × 53 mm × 16 mm – roughly two-thirds the size of peer products launched in the same period.



CTMRR-410 radar – body size of only 55 mm × 53 mm × 16 mm

Low Power Consumption

By leveraging our software-hardware design, we integrate hardware components with algorithmic function modules that minimizes energy draw. As a result, the power consumption of our 4D radar products is lower than the industry average of peer product.

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Strong Anti-interference Capabilities

As the number of millimeter-wave radars installed per vehicle increases, signal interference has become a growing challenge. Our anti-interference technology allows our radars to perform reliably in harsh electromagnetic environments. According to CIC, our products maintain a detection rate exceeding 90%, ranking among the highest in the industry.

High Reliability

We maintain stringent control across both R&D testing and manufacturing processes to ensure reliability. During our product development, we validate over 250 checkpoints to ensure hardware and software reliability. To meet customer requirements for safety and compliance, several of our radar models have also passed the C-NCAP standards by the China Automotive Technology and Research Center (CATARC).

Comprehensive In-House Development and Platform-Based Architecture Enabling Efficient Product Iteration

We have built a platform-based technology framework. This includes hardware architecture, software architecture, and development toolchains. We believe these platforms can efficiently customize and iterate products across different application scenarios.

Platformization is a core principle that underpins our commercialization efforts. On the R&D process level, we have implemented the CPD framework, which enables our engineers to utilize shared platform resources to accelerate product development and ensure timely delivery. On the technical implementation level, we modularize independent functional units within our hardware and software architecture, allowing for scalable and upgradable platforms. This approach supports product adaptation across a wide range of vehicle models and enhances the efficiency and flexibility of solution delivery.

We are extending the application of our technologies beyond smart driving. Our fast iteration capabilities, platformized development architecture, and deep understanding of perception systems enable us to deliver high-performance, adaptable solutions across various scenarios and development stages.

We have established stable relationships with leading OEMs in China, supporting sustained growth.

We are committed to developing and maintaining relationship with both leading OEMs in China and emerging automakers that demonstrate strong technological capabilities and growth potential.

As of the Latest Practicable Date, we had engaged over 20 customers in the automotive industry including multiple leading OEMs based in China, including Customer A and Customer K, a leading Chinese OEM based in Hangzhou. We have also been selected as a potential supplier by a German OEM.

We have established framework agreements with certain leading OEMs in China. We have established cooperative relationship with Customer A, a globally leading manufacturer of NEVs and batteries for passenger EVs, which was our largest customer during the Track Record Period. We provided millimeter-wave radar products to Customer A for its smart driving system. Our revenue generated from Customer A was RMB142.9 million, RMB325.8 million and RMB1,082.2 million in 2023, 2024 and 2025, accounting for approximately 91.3%, 93.6%, and 96.4% of our total revenue in 2023, 2024 and 2025, respectively. Our relationship with Customer A has been stable and mutually beneficial, which we expect to continue in the future. Sales revenue from customers other than

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Customer A accounted for RMB13.6 million, RMB22.3 million and RMB40.2 million in 2023, 2024 and 2025, respectively, which has experienced consistent revenue growth with a CAGR of 72.0% from 2023 to 2025.

Our products are installed in numerous models from leading Chinese OEMs that are increasingly being exported to international markets such as Southeast Asia, Europe, the Middle East, and South America. As these OEMs accelerate their overseas expansion, we are positioned to grow our international presence as a key supplier of these OEMs by providing technical support to them.

Our strong manufacturing and delivery capabilities enable efficient mass production.

According to CIC, leading OEMs typically place a premium on their suppliers’ responsiveness and production reliability. We believe that our delivery capacity enables us to meet urgent and customized customer requirements.

To enable efficient production, we utilize a digital supply chain system that integrates procurement and manufacturing. By introducing automated production equipment, such as robotic arms and IoT sensors, we have significantly improved efficiency in key processes such as millimeter-wave radar assembly and calibration. Our automated production lines, coupled with a digital manufacturing management system, enable real-time monitoring of operational status and precise data traceability across the entire manufacturing process. In addition, our optimized logistics help reduce costs and enhance overall production efficiency.

Our manufacturing infrastructure includes two production bases located in Shenzhen and Suzhou, strategically positioned to serve customers across Southern and Eastern China. Our combined annual designed production capacity is approximately 15.0 million units. Together, we believe these sites provide scalable production capabilities aligned with customer demand.

We also maintain a continuous focus on process engineering innovation to maximize resource utilization and production efficiency. During product development, we validate over 250 checkpoints to ensure hardware and software reliability. As a result, our mass production yield rates exceed 99.8%, compared to the industry average of 4D millimeter-wave radar of 95%, according to CIC. With these standardized process in place, we maintain strong control over critical process parameters, ensuring consistency and reliability in mass production.

Our Forward-looking and Experienced Management Team

We are led by a forward-thinking, experienced, and highly effective management team that shares a unified vision for the future of the automotive industry – one defined by electrification and intelligence. Our management believes that China, as the world’s largest and most dynamic automotive market, presents enormous opportunities for innovation and value creation. With over 15 years of experience on average, they are dedicated to advancing smart driving in China and expanding our global presence in partnership with leading OEMs in China.

Mr. Chen, our founder, who also serves as our executive Director, chairman of our Board and general manager, has over two decades of experience in wireless communications and signal processing. He has led the development of pioneering RF testing products. Since founding our company in 2016, he has been instrumental in shaping our strategic direction, leading the development and commercialization of key product lines, and building relationships with our customers and potential partners. His visionary leadership and commitment to innovation continue to guide the company through phases of rapid growth and technological advancement.

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Mr. Zhou, our co-founder, who also serves as our executive Director, deputy general manager and chief technology officer, brings over 20 years of experience in RF, baseband, and automotive electronics development, as well as in product certification, supply chain management, and R&D operations. Before joining us, he served as the vice president of the research and development department of a technology company. At our Company, he has led the development of multiple radar product generations, oversaw the construction of our key production bases in Shenzhen and Suzhou, and played a pivotal role in forging strategic partnerships. He continues to drive our long-term planning efforts, including the enhancement of our automotive-grade development system and the recruitment of top-tier talent to ensure our sustained leadership in radar technologies.

Our core R&D and senior management teams bring together technical expertise and long-standing organizational stability. They have overseen the delivery of large-scale projects, accelerated the commercialization of our 4D radar products, and secured numerous proprietary patents that enhance our competitive position. At the same time, our senior leadership has remained stable over the past decade, fostering long-term trust, close collaboration, and complementary skill sets. This cohesive structure allows us to efficiently translate strategic plans into execution and remain agile in a fast-evolving industry landscape.

OUR DEVELOPMENT STRATEGIES

We aim to become a global supplier of core components for smart driving and artificial intelligence industries. To achieve this long-term vision and further strengthen our core competitiveness, we have formulated development strategies across key business areas. See “Future Plans and Use of [REDACTED].”

Continue to Strengthen Core R&D Capabilities and Enrich Product Portfolio

We plan to continue making substantial investments in research and development to maintain our technological leadership in the millimeter-wave radar industry. In particular, we intend to accelerate the development and commercialization of our new-paradigm radar architecture, while increasing our investment in “radar + AI”.

Radar + AI: As automotive intelligence continues to advance, millimeter-wave radar is being challenged by increasingly complex traffic scenarios. To fully unlock its core value in smart driving, we plan to deeply integrate AI into radar systems by adopting advanced methods such as convolutional neural network (CNN), Transformer model, and end-to-end model. These approaches aim to significantly enhance radar’s perception accuracy and decision-making efficiency in dynamic environments. In parallel, we are accelerating R&D on next-generation centralized computing radar, multi-modal radar, and integrated sensing-communication radar. Through the deep integration of millimeter-wave radar and AI algorithms, we aim to pioneer a new direction in radar innovation and build differentiated competitive advantages in smart driving perception.

New-paradigm Radar Architecture: We plan to further invest in core enabling technologies in the millimeter-wave radar domain, including new substrate materials, phased-array technology, and waveguide antennas. Building on our existing technological strengths, we will continue to optimize our product portfolio and upgrade existing products to improve competitiveness in terms of performance, cost-effectiveness, and reliability.

AI Capability Development: We are also prioritizing the development of AI capabilities. On one hand, we will invest in expanding our AI training infrastructure to train radar-specific models. On the other hand, we aim to leverage these models to develop a general-purpose perception software and hardware platform that enables multi-scenario sensing solutions for our customers, thereby continuously expanding the application scope of radar technologies.

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Deepen Relationships with Leading OEMs in China and Expand into New Application Scenarios

We seek to broaden the scope and deepen the depth of collaboration with both leading and high-potential OEMs to continuously expand our market share. As competition in the automotive sector intensifies, we anticipate that a small number of leading and high-growth OEMs will further consolidate their market advantages, with smart driving capabilities becoming standard features across mainstream models. As a key strategic partner to these core customers, we plan to strengthen our R&D efforts to align more closely with their technology roadmaps and product requirements. In parallel, we aim to establish dedicated service teams for major OEM programs to enhance responsiveness and service quality, thereby reinforcing long-term strategic partnerships and capturing a greater share of the smart driving value chain.

We also aim to increase our global brand recognition by selling our radar products to international OEMs. At the same time, we are developing new customer relationships with foreign OEMs to establish a long-term global presence and build an internationally recognized brand.

Strengthen Organizational Efficiency and Attract Top Talent

We will continue to refine our CPD system and optimize internal structures to maintain agile product development. By adopting advanced digital collaboration tools, we aim to improve the efficiency of R&D, project delivery, and customer service.

We are also committed to attracting top talent in core technology fields. Through an expanded recruitment network, we will bring in leading engineers to reinforce our R&D strength. Our long-term goal is to build a technically sophisticated, experienced, and internationally minded development team. In new business sectors, we will add global-facing product managers and market strategists. Additionally, we provide internal and external training programs to upskill our teams and support long-term career development.

Upgrade Supply Chain and Manufacturing Capabilities

We plan to further enhance our supply chain management capabilities by investing in digital operating systems to improve efficiency. We aim to establish strategic partnerships with industry-leading suppliers, particularly those providing key components, to gain advantages in technical support, lead times, and procurement costs. This will allow us to continue delivering high-performance products at competitive prices while maintaining healthy gross margins.

In preparation for the production of next-generation radar products, we are also upgrading our manufacturing equipment and processes. By integrating AIoT technologies into our production lines, we can achieve monitoring and management of the manufacturing cycle to ensure product quality.

Drive Expansion through Strategic Mergers and Acquisitions

We plan to pursue strategic merger and acquisition opportunities across the radar and AI value chains to complement our core capabilities, accelerate market entry, and enhance our overall competitiveness. We focus on high-potential targets with strong technology foundations, solid R&D teams, and a high degree of strategic alignment. For our selection criteria, see “Future Plans and Use of [REDACTED] – Use of [REDACTED].” Non-exhaustive examples of desired targets include (i) upstream targets as we will prioritize acquisitions of suppliers of MMIC chips, radar antenna arrays, and waveguide antennas to strengthen control over key components and secure proprietary technologies; and (ii) downstream targets, as we are targeting companies engaged in robotics, transportation safety, industrial measurement, and low altitude economy to accelerate commercialization and expand customer coverage in emerging non-automotive markets. These acquisitions will enable us to integrate critical patents, supply chain resources, and mature sales

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channels, thereby shortening product development cycles, expanding application scope, and gaining early-mover advantages in new segments. Ultimately, we aim to build a synergy-driven growth model that combines internal strengths with ecosystem collaboration to achieve scalable growth in technology, market share, and operational capabilities. As of the Latest Practicable Date, we had not identified any investment or acquisition target or enter into any definitive investment or acquisition agreement.

These acquisitions will enable us to integrate critical patents, supply chain resources, and mature sales channels, thereby shortening product development cycles, expanding application scope, and gaining early-mover advantages in new segments. Ultimately, we aim to build a synergy-driven growth model that combines internal strengths with ecosystem collaboration to achieve scalable growth in technology, market share, and operational capabilities. As of the Latest Practicable Date, we were in the process of identifying suitable targets that match our strategic priorities.

OUR BUSINESS MODEL

We develop, manufacture, and sell radar products, with standardized hardware and customized software tailored to meet the specific integration, performance, and compatibility requirements of OEMs. Our software and algorithm capabilities are embedded into our radar hardware to enhance adaptability across different vehicle platforms, while also streamlining the R&D, testing, and mass production processes for OEMs. We operate production bases in Shenzhen and Suzhou to manufacture radar products based on customers’ needs, product positioning, and delivery arrangements, allowing us to reduce supply chain risks, ensure consistency in product quality, and enhance operational efficiency.

We do not enter into design-win contracts, and do not indicate coverage of the entire lifecycle of a vehicle model in the purchase agreements with customers. According to CIC, design-win contracts are typically used for highly customized components bound to a specific vehicle model. For hardware standardized millimeter-wave radars with broad adaptability across multiple models and smart driving platforms, it is common industry practice not to have contractual commitments covering the entire life-cycle of a vehicle model, according to CIC. We have passed our major customer’s verification process and, more specifically, been selected as Customer A’s designated supplier for its smart driving platforms for Categories A, B and C vehicle models. Instead of traditional design-win contracts, we receive designated supplier confirmations from Customer A. A qualified supplier like us, once selected as its designated supplier, has a reasonable anticipation of purchase orders from Customer A. Our R&D capabilities allow us to conduct and complete product iteration rapidly at a pace compatible with our customers’ products. Our customers may iterate their vehicle models from time to time, and raise iteration requirements on our products accordingly. For example, Customer A requires us to iterate our software within one month to be compatible with new functions developed by it, which we are able to meet. During the Track Record Period, we remained the millimeter-wave radar supplier of Customer A’s vehicle models, except for such vehicle models that were reclassified to other categories, renamed, or discontinued to produce. See “– Our Relationship with Customer A – Background of Our Cooperation with Customer A.”

During the Track Record Period, we generated revenue primarily from the sale of our commercialized millimeter-wave radar products to OEMs, and to a lesser extent, from other products and services, including technology development services and consultancy services.

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The following table sets forth our revenue by business line for the years indicated:

	Year ended December 31,					
	2023	2024		2025		
	RMB'000	% of revenue	RMB'000	% of revenue	RMB'000	% of revenue
Sales of millimeter-wave radar products						
Front millimeter-wave radars	104,213	66.6	222,530	63.9	251,044	22.3
Corner millimeter-wave radars	49,926	31.9	123,040	35.3	870,688	77.6
Subtotal	154,139	98.5	345,570	99.3	1,121,732	99.9
Other products and services	2,385	1.5	2,524	0.7	763	0.1
Total	156,524	100.0	348,094	100.0	1,122,495	100.0

The following table sets forth the number of ongoing vehicle model projects and new OEM customers during the years, and the number of total customers as of the dates, indicated:

	Year ended/As of December 31,		
	2023	2024	2025
Number of ongoing vehicle model projects	74	138	177
Number of new OEM customers	10	4	5
Number of total OEM customers	14	18	23

OUR PRODUCTS

Overview

At the beginning of our establishment, we engaged in the R&D and manufacturing of CTLRR-100, a 77GHz millimeter-wave front radar, as our first R&D product, based on our industry insight. After over nearly a decade of efforts, we have created a millimeter-wave radar product matrix, including 5th generation 4D radar, 5.5th generation 4D high-resolution radar, centralized computing radar, among others that encompasses front radars, corner radars, and other types of product. In particular, the 5th generation 4D radar and 5.5th generation 4D high-resolution radar products have become one of the most competitive millimeter-wave radars in the industry, according to CIC. Our mass-produced millimeter-wave radar products cover smart driving needs from L0 to L2+.

Millimeter-wave Radar at A Glance

Millimeter-wave radar refers to a radar operating in the millimeter-wave band. Generally, the millimeter wave refers to an electromagnetic wave in the frequency domain of 30–300 GHz (wavelength of one to 10 millimeters). The wavelength of the millimeter wave is between the centimeter wave and the light wave, so that the millimeter-wave radar has the advantages of microwave navigation and photoelectric navigation. Millimeter waves have a wide range of applications, including those in smart driving, navigation, 5G communication, among others.

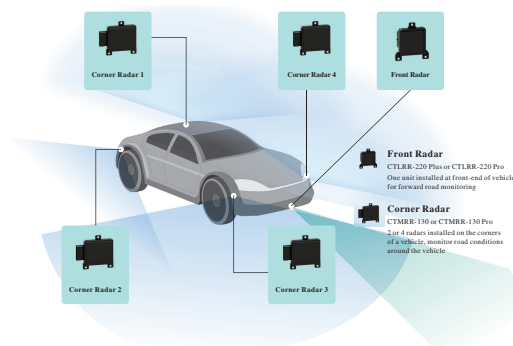
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Compared with optical sensors such as cameras and LiDAR, millimeter-wave radar offers distinct advantages in adverse weather and lighting conditions. It is less affected by environmental factors such as fog, rain, snow and glare making it particularly suitable for achieving perception in the said weather scenarios. While cameras is sensitive to lighting conditions and LiDAR is sensitive to extreme white-out weather conditions like heavy rain, snow and fog, millimeter-wave radar complements these sensors under these challenging conditions. With improvements in resolution and cost, millimeter-wave radar is increasingly capable of supporting functions traditionally handled by short-range sensors such as ultrasonic radar in low-speed environments, enabling more streamlined and integrated sensor suites across a wide range of vehicle applications.

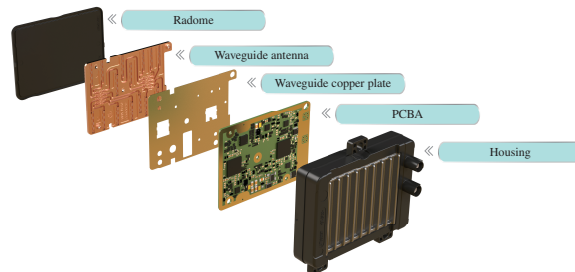
Our Millimeter-wave Radar Product Portfolio

We have developed a multi-generational millimeter-wave radar product matrix to meet diverse smart driving needs from L0 to L2+ levels, which are widely applied in smart driving for both passenger vehicles and commercial vehicles. As of the Latest Practicable Date, we had launched seven major radar models, which are primarily categorized into (i) front radar and (ii) rear- and side-facing radar (also referred to as corner radar). In our product naming convention, models with the prefix “CTLRR” refer to long-range front radars, while those with “CTMRR” refer to mid-range corner radars.

A Typical Deployment of Our Radars on Vehicles



Exploded View of One of Our Radar Products



Driven by the growing adoption of end-to-end AI models in the smart driving industry, there is rising demand for high-performance millimeter-wave radar solutions that offer, high point cloud density, and high refresh rate. In response to this trend, we are developing our centralized computing radar products – CTLRR-620 for front applications and CTMRR-610 for corner applications – which were successfully launched and delivered in the fourth quarter of 2025. See “– Our Products – Our Millimeter-wave Radar Product Portfolio – Centralized Computing Radar”.

Our radar product portfolio is designed to support smart driving functions, from basic L0-level safety alerts to advanced L2+ capabilities. Our millimeter-wave radar products demonstrate distinct technological differentiation between front and corner radars. Front radars, such as CTLRR-220 Pro, optimize for long-range detection range of 260m and azimuth accuracy of 0.1°, using next-generation RFCMOS SoCs to support L2+ highway functions such as NOA and ACC, while corner radars, such as CTMRR-180 Pro, support wide 150° field-of-view near-field perception, enabling urban maneuvers such as BSW and FCTB functions. Compared to LiDAR, which exhibits limitations in fog and snow conditions, cameras that cannot directly measure speed, and ultrasonic sensors constrained by short detection ranges, our radar products provide enhanced all-weather reliability, direct velocity measurement, and cost-efficiency. Our millimeter-wave radar products are engineered for multi-sensor fusion, outputting raw data and point clouds. Specialized AI algorithms integrate radar data, LiDAR spatial mapping and camera semantic interpretation to achieve unified environmental modeling.

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Front Millimeter-Wave Radar

In connection with passenger vehicle applications, our major products are the CTLRR-220 series, which includes two front radar models, namely the standard CTLRR-220 Plus and the upgraded CTLRR-220 Pro. These two models share the same form factor and interface definitions, but differ in performance levels.

CTLRR-220 Plus



CTLRR-220 Plus is a 5th-generation 4D radar that adopts a high-performance radio-frequency complementary metal-oxide-semiconductor (RFCMOS)-based SoC solution. Its antenna array uses wide and narrow beam scanning to enhance angular resolution while preserving a detection range of up to 220 meters. It can measure the distance, velocity, and angle of frontal targets, including high-altitude targets. Through interactions with other vehicle components such as domain controllers it supports L2 smart driving functions such as AEB, ACC, LCC. CTLRR-220 Plus is commercialized.

CTLRR-220 Pro



CTLRR-220 Pro is a 5.5th-generation 4D high-resolution front radar featuring a next-generation RFCMOS-based SoC. It offers a maximum detection range of 260 meters, with angle resolution of 2.5° and accuracy of 0.1°. It supports dual controller area network with flexible data-rate (CAN-FD) interfaces and information security features, and complies with Automotive Safety Integrity Level B (ASIL-B) under ISO 26262. It supports L0 to L2+ smart driving functions including AEB, ACC, LCC and NOA. Through interactions with other vehicle components such as domain controllers, it serves as a component of L2+ smart driving functionalities. CTLRR-220 Pro is commercialized.

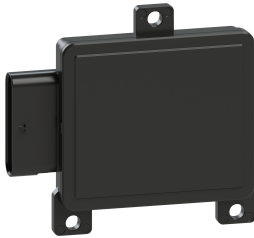
In connection with commercial vehicle applications, our major product is a front radar model, namely CTLRR-320. This model is positioned differently to meet varying smart driving needs of customers, and has a maximum detection range of 200 meters for vehicles. Designed for L0 to L1 levels of smart driving, and through interactions with other vehicle components such as domain controllers, it enables functions such as forward collision warning (FCW) and automatic emergency braking (AEB). CTLRR-320 is commercialized.

Corner Millimeter-Wave Radar

With respect to corner millimeter-wave radar products, our major products are the CTMRR-130 series, which includes the standard CTMRR-130 and the upgraded CTMRR-130 Pro. These two models share the same housing and interface configurations, but differ in performance specifications. In addition, we offer CTMRR-180 Pro, a high-resolution corner radar designed for advanced smart driving applications, and CTMRR-410, a 5th-generation model supporting multiple vehicle-platforms.

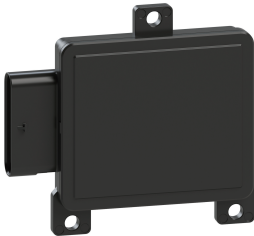
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CTMRR-130



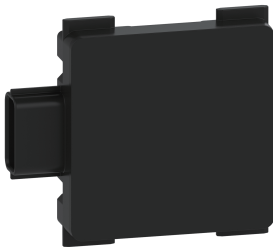
CTMRR-130 is a 5th-generation corner radar featuring a cost-effective RFCMOS-based SoC. It offers a 150° field of view with a maximum detection range of 100 meters for vehicles. It supports L0 to L2 smart driving and enables BSW, DOW, and FCTB functions. Through interactions with other vehicle components such as domain controllers, it also supports LCC. CTMRR-130 is commercialized.

CTMRR-130 Pro



CTMRR-130 Pro is a 5.5th-generation 4D high-resolution corner radar equipped with a next-generation RFCMOS-based SoC. It supports a 150° field of view and detection ranges of 120 meters for vehicles and with angle resolution of 4° and accuracy of 0.3°, and can detect high-altitude targets. It complies with ASIL-B under ISO 26262 and supports all the features of CTMRR-130, in addition to enabling L2+ NOA functions when integrated with domain controller platforms. CTMRR-130 Pro is commercialized.

CTMRR-180 Pro



CTMRR-180 Pro is a 5.5th-generation 4D high-resolution corner radar. It adopts the same next-generation RFCMOS-based SoC and antenna configuration as CTMRR-130 Pro, supporting detection of 120 meters for vehicles. It offers angle resolution of 4° and accuracy of 0.3°, and includes high-altitude target detection. The product is designed as a point cloud radar, supporting ASIL-B certification under ISO 26262. When fused with other sensors via a centralized domain controller, it enables L2+ NOA functions. CTMRR-180 Pro is commercialized.

CTMRR-410



CTMRR-410 is a 5th-generation corner radar utilizing a cost-effective RFCMOS-based SoC. It shares the core architecture and performance specifications of CTMRR-130, with a 150° field of view and detection ranges of 100 meters for vehicles. It supports BSW, DOW, and FCTB under L0 to L2 smart driving scenarios. CTMRR-410 is commercialized.

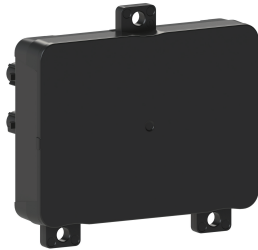
Centralized Computing Radar

We have developed our next-generation centralized computing radar products, the front CTLRR-620 and the corner CTMRR-610, which are designed to support centralized domain controller architecture and have been successfully launched and delivered in the fourth quarter of 2025. Upon

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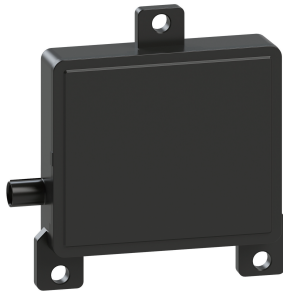
successful development, our centralized computing radars adopt a decoupled architecture that separates the RF antenna module from algorithmic processing, enabling deployment of radar software on domain controller platforms. This architecture facilitates algorithm training, continuous iteration, and OTA upgrades. These products will support a variety of data output formats, including raw data and point cloud, while enabling multi-radar synchronization and fusion. Such flexibility supports both traditional post-fusion and emerging pre-fusion architecture. With further cost reduction and power-over-coaxial (POC) design, these radars reduce wiring complexity and vehicle weight. Designed for both driving and parking integration, they support smart driving levels from L0 to L2+.

CTLRR-620



CTLRR-620 is expected to feature a new waveguide antenna design that significantly enhances radar perception performance. The product has been launched and delivered on a small-scale basis. It offers a detection range of up to 420 meters and is capable of generating approximately 6,000 point cloud per frame, totaling 180,000 point cloud per second, enhance detection quality. CTLRR-620 adopts high-speed SerDes data interfaces and is designed to comply with ASIL-B requirements under ISO 26262.

CTMRR-610



CTMRR-610 adopts the same waveguide antenna technology and has also been launched and delivered on a small-scale basis. It is designed to achieve a detection range of up to 210 meters and is capable of outputting approximately 1,000 point clouds per frame, or 30,000 point clouds per second. CTMRR-610 similarly adopts high-speed SerDes interfaces and is designed to comply with ASIL-B requirements under ISO 26262.

Applications of Our Products

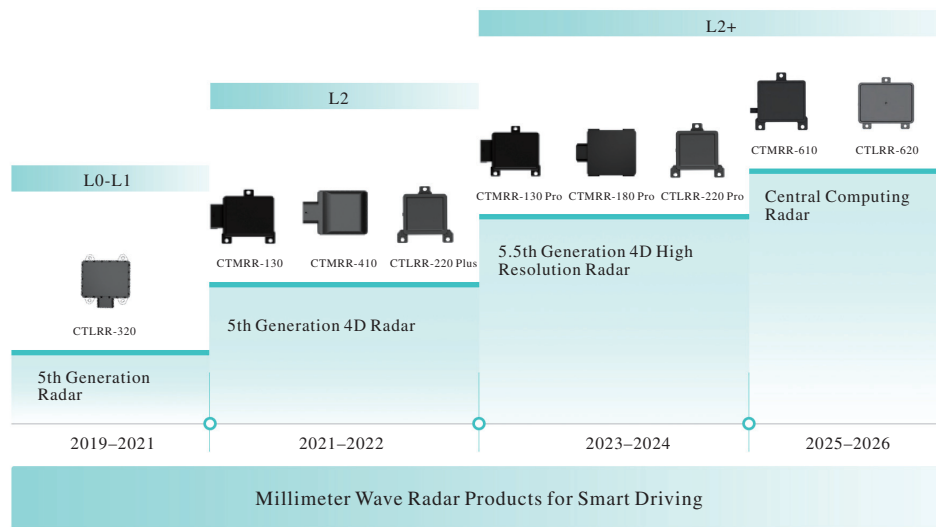
Our millimeter-wave radar products are deployed across smart driving functions.

- *Navigate-on-Autopilot (NOA)*: Designed for highway and urban scenarios, NOA enables vehicles to perform driving maneuvers such as lane changes, overtaking, ramp entry and exit.
- *Lane Centering Control (LCC)*: Enables continuous automatic adjustment of the vehicle's lateral movement to maintain its position within the center of the lane.
- *Adaptive Cruise Control (ACC)*: adjusts a vehicle's speed when there are slow-moving vehicles ahead, aiming to maintain a safe following distance.
- *Forward Collision Warning (FCW) and Automatic Emergency Braking (AEB)*: FCW warns drivers when approaching an impending collision with an obstruction or car in its forward path. AEB detects a potential car crash and automatically brakes to avoid a collision or lessen the severity of impact.

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- *Blind Spot Warning (BSW)*: Detects vehicles in adjacent lanes within blind zones and warns driver due to lane changes.
- *Door Open Warning (DOW)*: Alerts driver or passengers when a vehicle door is not securely closed.
- *Forward Cross-Traffic Braking (FCTB)*: At low speeds, the radar monitors lateral movement of road users from the front sides. Upon high collision risk, the system may alert the driver or trigger braking to prevent an accident.

The following chart shows our various millimeter-wave radar products for different levels of smart driving:



The table below sets forth the detection range, supported smart driving functionalities, and corresponding smart driving levels of our major millimeter-wave radar models.

Products	Mass Production Time	Detection Range for Vehicles	Smart Driving Levels	Key Features
<i>Front Radars</i>				
CTLRR-220 Plus	August 2022	220 m	L2	5th-generation 4D radar
CTLRR-220 Pro	December 2023	260 m	L2+	5.5th-generation, high-resolution 4D radar with 16% higher distance definition and 16% higher corner resolution compared to the previous generation CTLRR-220 Plus; cybersecurity functions
CTLRR-320	April 2019	200 m	L0	radar for commercial vehicles
<i>Corner Radars</i>				
CTMRR-130	February 2023	100 m	L2	5th-generation 4D radar
CTMRR-130 Pro	November 2023	120 m	L2+	5.5th-generation high-resolution 4D radar with 40% higher corner resolution compared to the previous generation CTMRR-130; supports ASIL-B and cybersecurity functions

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Products	Mass Production Time	Detection Range for Vehicles	Smart Driving Levels	Key Features
CTMRR-180 Pro	December 2024	120 m	L2+	5.5th-generation high-resolution 4D radar supporting point cloud and target outputs; supports ASIL-B and cybersecurity functions
CTMRR-410	April 2023	100 m	L2	5th-generation 4D radar with compact size
<i>Centralized Computing Radar</i>				
CTMRR-610	December 2025	210 m	L2+	next-generation 4D imaging radar, with algorithms running on the domain controller, supports early fusion of multi-source radar data
CTLRR-620	December 2025	420 m	L2+	next-generation 4D imaging radar, with algorithms running on the domain controller, supports early fusion of multi-source radar data

Regulatory Framework of Our Products

Industry Standards

According to CIC, no unified, authoritative industry standard system exists specifically for millimetre-wave radar products. This lack of standardization stems from significant variations in technical requirements across different applications and customers. While some fragmented group standards or guidance documents exist, they generally carry low authority, are non-mandatory, non-universal, and do not form cohesive industry norms. Crucially, no national or regional unified mandatory technical standards govern key millimetre-wave radar sensor-level performance parameters, such as detection range and accuracy. Therefore, standardized requirements specifically for the radar sensor itself are absent. In addition, standards do exist for specific vehicle functions enabled by sensors, such as AEB or BSW. However, these standards focus on overall system performance and can be met using various sensor types; they do not specify detailed technical standards for the millimetre-wave radar unit as a standalone component.

Relevant Regulations

According to our PRC Legal Advisors, as radio transmitting equipment, the manufacturing and sale of millimetre-wave radar products are regulated by rules such as the Regulations on Radio Management of the People’s Republic of China. Current laws and regulations mandate that such products comply with compulsory electromagnetic radiation safety standards to ensure they pose no harm to human health. Relevant filing or certification procedures must also be completed as stipulated. This compliance concerning electromagnetic safety and radiation control is a prerequisite for the legal sale and deployment of radar products in customer vehicles. According to our PRC Legal Advisors, we are required to obtain the radio transmitting equipment approvals for our radar products. Apart from this, there are no other specific regulatory approvals required for the sale of our millimetre-wave radar products.

In January 2025, the MIIT issued the Radar Radio Management Regulations for Trial Implementation (《中華人民共和國無線電管理條例》) (the “**Regulations**”), which will become effective in January 2026. See “Regulatory Overview – Regulations and Industry Standards Related to the Autonomous Driving and Intelligent Connected Vehicles Industry.” As advised by our PRC Legal Advisors, our products are in compliance with the applicable PRC laws and regulations currently in force, namely the Regulations and the Interim Provisions on Radio Management of Automobile Radar (《汽車雷達無線電管理暫行規定》) issued by the MIIT in November 2021 and implemented in March 2022 (the “**Interim Provisions**”), as we have obtained all applicable radio transmitting equipment approvals pursuant to such regulations. With respect to requirements

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applicable to radars used in vehicles, the Radar Radio Regulation provides that the Interim Provisions shall continue to apply. As such, the applicable laws and regulations are expected to remain unchanged upon the implementation of the Radar Radio Regulation, based on which we are expected to be in compliance with the Radar Radio Regulation upon its implementation. Hence, the implementation of the Radar Radio Regulation will not have any material adverse impact on our business operations and financial performance.

In February 2025, the MIIT and the State Administration for Market Regulation issued a notice on further strengthening the administration of access, recall and over-the-air (“OTA”) upgrading of intelligent connected vehicle products (the “Notice”). See “Regulatory Overview – Regulations and Industry Standards Related to the Autonomous Driving and Intelligent Connected Vehicles Industry.” According to our PRC Legal Advisors, the Notice seeks to further regulate the access and recall management of intelligent connected vehicle products equipped with combined driver assistance systems and OTA software upgrade capabilities, to strengthen the primary responsibility of OEMs for product quality and safety, and to standardize OTA upgrade activities conducted by OEMs. It imposes no additional obligation on the upstream suppliers of the OEMs, including us, compared with the laws, regulations and policies currently in effect. Furthermore, according to CIC, the Notice is mainly directed at OEMs as the responsible entities, and in practice it reduces the burden on upstream suppliers. The new regulation is a refinement of the previous rules, aiming to regulate the prior irregular use of OTA upgrades in the industry. Based on the above, we are of the view that the Notice is not expected to cause significant disruptions in the market demand for components of smart driving vehicles including our millimeter-wave radars. In any event, leveraging on our R&D capabilities and industry knowledge in manufacturing of smart driving vehicle components, we have consistently improved and launched new products to meet the evolving needs of the market, and expect to be able to continue adapting our products to our customers’ needs. As such, we do not expect our business operations and financial performance to be subject to any material adverse impact as a result of the Notice.

OUR TECHNOLOGY

We have full-stack, self-developed capabilities and proprietary software and hardware technologies for millimeter-wave radar systems.

Our Core Technologies

Our industry-leading technological foundation is based on: (i) RF antenna design and (ii) radar signal processing algorithms.

RF Antenna Design

We have developed technical expertise in both microstrip and waveguide antenna technologies. In microstrip design, we utilize comb-line array structures, tightly coupled planar arrays, and flat-shoulder beam shaping techniques to optimize current distribution, minimize non-radiating areas, and enhance radiation efficiency.

Waveguide antennas, which is a different technological avenue, offer further performance and integration advantages. We apply beam-forming techniques to expand both vertical and horizontal beam width while maintaining high gain in the forward direction. Our antennas achieve an ultra-thin form factor of only 2mm, which helps reduce the overall radar thickness and facilitates compact vehicle integration. We believe that these innovations ensure our radar products combine performance with cost competitiveness.

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Radar Signal Processing Algorithms

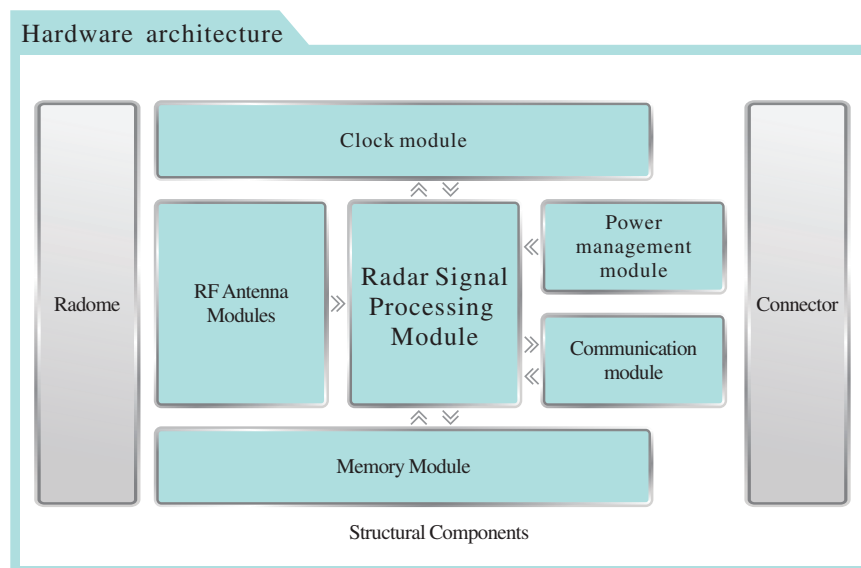
Our radar signal processing algorithms are a key driver of system performance and reliability, especially in complex and interference-prone environments. They are engineered to extract target information under challenging conditions, such as occlusion or multipath effects. In scenarios like tunnels, intersections, and flyovers, our algorithms dynamically adjust beam direction and algorithm parameters to suppress over 90% of false alarms caused by multipath reflection, enabling continuous and accurate tracking of moving targets. Through interactions with other vehicle components such as domain controllers, our algorithms also achieve sensor fusion, enhancing adaptability across weather, lighting, and road conditions.

At the architecture level, we adopt a modular design focused on core radar functions, with algorithms optimized for high efficiency and low computational overhead.

Leveraging these core competencies, we have developed integrated solutions that combine hardware platforms with software systems, enabling broad applicability across diverse smart driving scenarios.

Our Hardware Architecture

The diagram below illustrates the hardware architecture of our millimeter-wave radar system, which adopts a modular and layered design to support high performance, reliability, and scalability across a variety of scenarios.



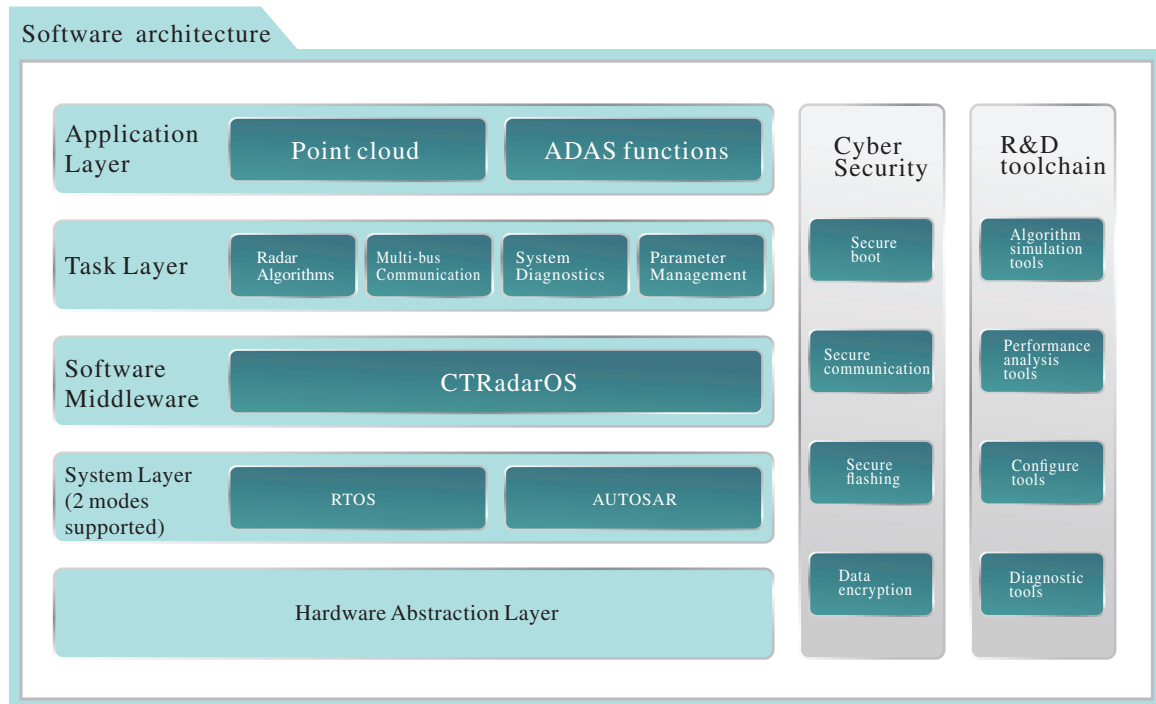
- *Radar Signal Processing Module:* Serves as the core computing unit of the radar system, responsible for signal processing, task scheduling, and data communication. It runs the embedded operating system and coordinates interactions across all functional modules.
- *RF Antenna Module:* These modules handle the transmission and reception of electromagnetic signals through multiple transmit and receive channels. They form the foundation of radar perception by detecting and tracing objects in a vehicle environment.
- *Power Management Module:* Provides stable power supply to all hardware components.

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- *Communication Module:* Interfaces with the vehicle bus system to receive external instructions and transmit processed radar data or control signals.
- *Memory Module:* Handles data storage and retrieval tasks, supporting real-time signal processing and system operations.
- *Clock Module:* Supplies precise clock signals required for synchronized data acquisition and signal processing within the chip.
- *Radome:* Protects the antenna elements while maintaining optimal electromagnetic characteristics aligned with the antenna’s design parameters.
- *Connector Interface:* Facilitates electrical and data connectivity between the radar module and external vehicle systems.
- *Structural Components:* Include printed circuit boards (PCB) substrates, thermal management elements (e.g., heat sinks or thermal frames), and external housing made of automotive-grade materials to ensure durability and electromagnetic shielding.

Our Software Architecture

The diagram below illustrates the software architecture of our millimeter-wave radar system, which adopts a modular and layered design to support high performance, compatibility and adaptability across automotive applications.

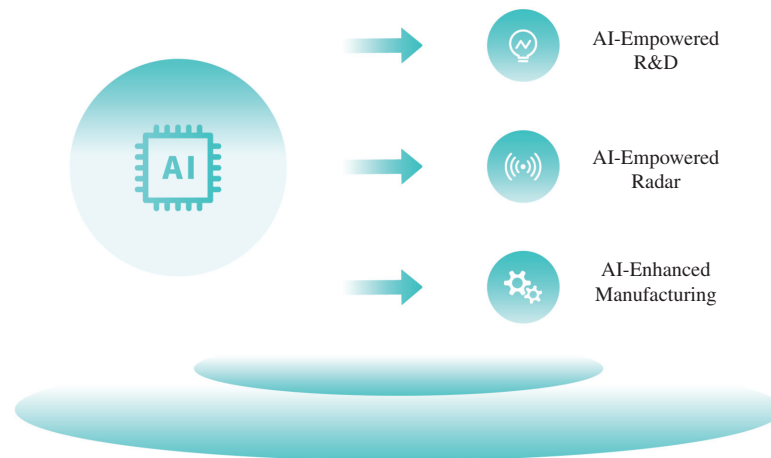


- *Hardware Abstraction Layer:* Interfaces directly with the chip to configure and manage underlying hardware modules. This layer ensures that hardware-specific operations are effectively abstracted for upper-layer components. Our software supports multiple mainstream millimeter-wave chip solutions.

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- *System Layer*: Supports both real-time operating system (RTOS) and AUTomotive Open System ARchitecture (AUTOSAR) architecture. These two modes allow flexible deployment based on application needs.
- *Software Middleware Layer (CTRadarOS)*: A middleware developed by Cheng-Tech to decouple hardware and software.
- *Task Layer*: Implements core radar functions, including radar core algorithm, multi-bus communication, system diagnostics, and parameter management.
- *Application Layer*: Aggregates outputs from the task layer to support scenario-based features such as object detection and smart driving functionalities.
- *Cybersecurity*: The software framework incorporates key automotive security features, including secure boot, secure communication, firmware protection and data encryption, in alignment with automotive safety requirements.
- *R&D Toolchain*: provides data interfaces for simulation, performance analysis configuration, and diagnostics, supporting iterative software development.

AI-Empowered R&D, Radar Products, and Manufacturing



We have adopted a “Radar + AI” strategy to guide our transition from a radar hardware supplier to a sensing solution provider. We believe that this strategic shift supports our long-term competitiveness by expanding our technical capabilities, deepening customer value, and enabling broader application of our products in the smart driving ecosystem and beyond.

AI-Empowered R&D

We apply AI across the lifecycle of product development to enhance the sensing performance and adaptability of our millimeter-wave radar systems. With techniques such as deep learning and machine learning, our radar solutions demonstrate improvements in detecting and classifying targets in different driving scenarios.

In radar hardware development, we use AI at the design stage of antennas. Leveraging adaptive surrogate modeling, our R&D teams can automatically optimize key antenna parameters such as array

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geometry and spacing. Since 2022, AI-accelerated antenna design has been adopted across our front and corner radar products.

In the phase of algorithm design, we replace traditional rule-based radar algorithms with AI-powered models. For example, in the development of our 5th-generation front and corner radars, we applied AI-based classifiers such as support vector machines (SVMs) and density-based spatial clustering (DBSCAN) to improve object detection and multi-target tracking under low signal-to-noise conditions.

Looking ahead, we are actively developing more advanced models such as diffusion models to reconstruct high-resolution point cloud. By transforming radar data into bird’s-eye-view formats and integrating multi-modal or multi-frame conditions, diffusion models significantly reduce noise and fill in missing structural information. Compared with traditional 4D imaging radars, our point cloud density is expected to increase by approximately 2x, further supporting smart driving applications in more complex scenarios.

AI-Empowered Radar Products

Our next-generation centralized computing radar products, CTMRR-610 and CTLRR-620, transition radar signal processing from SoC to general-purpose computing platforms such as GPUs and NPUs. These systems are designed to run on open platforms, enabling support for lightweight AI models. This platform-based architecture ensures high performance, scalability, and cost-efficiency. CTMRR-610 and CTLRR-620 commenced small-scale shipments in December 2025.

We are also conducting pre-research on the “AI radar” CTLRR-700, which adopts advanced hardware technologies including phased-array antennas and processing-in-memory chips. On the software side, we are developing an intelligent software platform, which integrates signal processing, object recognition, and decision-making capabilities.

AI-Enhanced Manufacturing

AI is integrated into our production process to ensure high manufacturing efficiency and product quality. By combining AI with IoT technologies and big data, we have built a smart manufacturing system within our two intelligent production bases. Environmental data such as temperature and humidity, as well as equipment operating status and testing parameters, are continuously monitored through sensors.

Key production stations are equipped with AI-enabled analytics for real-time quality control, and the entire manufacturing process is traceable to each unit and station. This minimizes downtime, enhances production stability, improves yields, and reduces cost and energy consumption. Through these AI-driven advancements, we have improved our operational efficiency while ensuring the reliability of our radar products.

COMMERCIALIZATION OF OUR PRODUCTS

Since 2022, we have successfully commenced the sales of multiple generations of our millimeter-wave radar products through mass production with leading OEMs in China. Our commercialization began in 2022 with the launch of our front radar and corner radar, both of which were widely adopted by Customer A. In 2023, we expanded our product lineup by commencing mass production of the enhanced corner radar for application in multiple models under a leading Chinese OEM based in Beijing, namely customer H. Most recently, in 2025, we launched a high-resolution corner radar product, which has been adopted by Customer K. These milestones reflect our ability to quickly bring advanced radar technologies to market and deliver customized products that align with

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the evolving needs of leading OEMs. In 2025, we sold over 10.1 million units of our millimeter-wave radar products in total.

As of the Latest Practicable Date, we engaged over 20 customers in the automotive industry including leading OEMs based in China, and began mass production of radar products for them. We have also already been selected as a potential supplier by a German OEM. We believe these partnerships demonstrate our proven capability to fulfill large-scale orders, meet high technical standards, and support OEMs through stable delivery and reliable product performance.

The following table sets out our sales volume and average selling price (“ASP”) of our millimeter-wave radar products for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Sales volume Units	ASP RMB/Unit	Sales volume Units	ASP RMB/Unit	Sales volume Units	ASP RMB/Unit
Front millimeter-wave radars	420,791	248	999,470	223	2,125,449	118
Corner millimeter-wave radars	<u>333,004</u>	150	<u>875,676</u>	141	<u>8,031,541</u>	108
Total/Overall	<u><u>753,795</u></u>	204	<u><u>1,875,146</u></u>	184	<u><u>10,156,990</u></u>	111

According to CIC, millimeter-wave radars have not been implemented on the entire vehicle in the past few years. CIC has also advised that the procurement model of OEMs is switched alongside the development of the millimeter-wave radar industry. At the start-phase of this industry, OEMs typically only purchase one front radar to be implemented at the front of a vehicle. With the growth of the industry, OEMs implement one front radar at the front of a vehicle and two corner radars at the rear of a vehicle. Following the maturity of the industry, leading OEMs start to implement one front radar and four corner radars on the entire vehicle. In particular, our largest customer in each year comprising the Track Record Period, Customer A, deployed its smart driving program on a large scale in 2024, and started to purchase one front radar and four corner radars from us from 2025 onwards. Therefore, the sales volume ratio of our front radars and corner radars during the Track Record Period was in line with the industry development trend.

The declining trend of average selling prices during the Track Record Period was primarily due to our adoption of a more competitive pricing strategy to promote the standard installation of our full millimeter-wave radar products in smart driving vehicles, as well as economies of scale from increased shipment volumes, supply chain maturation and improved production efficiency. We benefited from bulk purchasing of raw materials, which led to a decrease in costs of raw materials and consumables per unit. The wide adoption from OEMs of our millimeter-wave radar products led to economies of scale, which allowed OEMs, through the use of our products, to reduce their production cost. According to CIC, the average selling prices of our products during the Track Record Period are in line with the market.

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PATH TO PROFITABILITY

Analysis on Historical Financial Performance

We experienced a strong growth in sales volume and revenue during the Track Record Period. In 2023, 2024 and 2025, we sold 753,795, 1,875,146 and 10,156,990 units of millimeter-wave radar products. For the same periods, we generated revenue of RMB156.5 million, RMB348.1 million and RMB1,122.5 million, from which RMB154.1 million, RMB345.6 million and RMB1,121.7 million was attributable to the sales of millimeter-wave radar products. Despite such growth, the ASP of our millimeter-wave radar products experienced a continuous decrease from RMB204 in 2023 to RMB111 in 2025. Such decrease was primarily due to the following reasons:

- ***Adjustments in our pricing policies.*** The decrease of ASP of our products during the Track Record Period was primarily due to adjustments in our pricing policies to secure more market share in the rapidly growing market as well as our plan to penetrate into mid-to low-end vehicle model markets. In line with the overall cost reduction trend in the automotive industry, we have strategically adopted a more competitive adjustment in pricing of products to improve sales volume and seize opportunities to increase our market share under competitive market conditions, to ensure that the unit price of our millimeter-wave radar products, as well as the total system procurement cost, remain within an acceptable range for OEM customers targeting such vehicle segments. This strategic initiative aims to facilitate broader adoption of advanced smart driving functions across a wider range of vehicle models.
- ***Decrease of market prices.*** As predicted by CIC, the market price of our major raw materials, such as automotive MCUs, has been on a decreasing trend from 2023 to 2025, and is expected to show a steady decline while remaining generally stable from 2026 onwards. Mature automotive radars generally experience gradual price decline, reflecting scale effects and improvements in design and manufacturing processes, while next-generation models often enjoy a temporary premium at launch. This dynamic helps stabilize overall industry pricing, which is expected to remain broadly stable with only modest movements in the coming years, according to CIC. Accordingly, the market price of millimeter-wave radars is expected to show a similar trend as the major raw materials. Therefore, we anticipate the ASP of our products will remain at a relatively stable level as the market prices become stabilized.

In response to this, we have observed, and plan to implement, the following strategies to cope with the price drop challenges, and to maintain and improve our gross margin level and profitability:

Clear Trajectory Toward Scalability

We have achieved rapid business expansion during the Track Record Period, supported by strong customer demand and growing market acceptance of our radar products. In 2023, 2024 and 2025, our revenue was RMB156.5 million, RMB348.1 million and RMB1,122.5 million, respectively, representing a CAGR of 167.8% from 2023 to 2025. This significant growth was primarily driven by volume ramp-up in our radar product lines, particularly to Customer A, and increasing traction from other major OEMs.

We benefit from high revenue visibility anchored by sustained growth in radar demand from Customer A, who continues to expand its smart driving offerings. In parallel, we are accelerating customer diversification by securing new engagements with multiple leading OEMs in China. Our current and projected order volumes indicate continued revenue expansion in 2026 and beyond. Our production bases at Shenzhen and Suzhou have been scaled to support mass deployment.

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We plan to continuously putting in efforts to increase our revenue through the following approaches:

Expanding customer base and increasing sales volume

A growing number of customers is expected to drive our business growth, and diversification of revenue generation helps us maintain a sustainable growth. We intend to expand our customer base, further increase sales volume and diversify our revenue generation by (i) expanding our customer base within the automotive industry; (ii) increasing the absolute amount of revenue contribution by OEMs other than Customer A; and (iii) targeting to customers from different industries and sectors.

- *Expanding our customer base within the automotive industry.* As one of Customer A’s qualified supplies, we plan to continue supplying to, and securing more revenue from, Customer A. In addition to deepening our relationships with existing customers including Customer A, we are actively exploring opportunities with other suitable OEM customers within the automotive industry, especially with top-tier domestic and international OEMs. Leveraging the expanding smart driving vehicle market, our increasing marketing efforts, well rounded capabilities and proven track record, our initial efforts in expanding customer base within the automotive industry have yielded in positive results. In the second half of 2025 and following the Track Record Period, we have received multiple purchase orders from various major OEMs in the industry, including several China-based leading OEMs possessing multiple automobile brands and vehicle models. See “– Path to Profitability – Positive Outcome in Customer Expansion” and “– Our Relationship with Customer A – Diversification of Customer Base and Revenue Stream.” As of the Latest Practicable Date, we had received purchase orders containing requests of over 2.4 million units of our products. We have been considered as a key supplier in these leading OEMs’ deployment of smart driving programs.
- *Increasing the absolute amount of revenue contribution from the existing OEM customers other than Customer A.* Along with the continuous increase in our revenue and business expansion, we plan to increase the absolute amount of revenue contribution from the existing OEM customers other than Customer A. Despite the increased portion of revenue contribution from Customer A, the absolute amount of OEM customers other than Customer A has demonstrated an increasing trend during the Track Record Period, starting from RMB13.6 million in 2023 to RMB22.3 million in 2024 and further to RMB40.2 million in 2025.
- *Targeting different industries and sectors.* While our main focus remains automotive industry, we intend to set our footprint in other industries and sectors, including high-precision industrial measurement and low-altitude economy. These industries have demonstrated strong growth potential. As projected by CIC, the combined global market size of high-precision industrial measurement and low-altitude economy will reach RMB9.4 billion by 2029. We also plan to use a portion of the net [REDACTED] from this [REDACTED] in extending our outreach to these two industries. See “Future Plans and Use of [REDACTED] – Use of [REDACTED].” As of the Latest Practicable Date, we had completed assessment of technological barriers and thresholds of our products in these two industries, and passed the technical testing of, and signed NDAs with, two potential low-altitude sector customers, respectively, and were in communications on technical ideas with one industrial measurement sector customer. We believe a more diverse product portfolio will add up to our overall competitiveness.

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Expanding production capacity to secure market share

In 2023, 2024 and 2025, our production utilization rate of our current Suzhou production base was 104.7%, 118.8% and 111.9%, respectively. The over 100% production capacity indicates the necessity to scale up, which we believe will maintain our competitiveness and helps us secure future market share. In addition to our Suzhou production base, we have established a new production base in Shenzhen, which commenced operations in January 2025. Our Shenzhen production base has a larger gross floor area than Suzhou production base, and houses more SMT lines and assembly lines. See “– Manufacturing.” As a dedicated millimeter-wave radar supplier, we are well positioned to benefit from rising demand across the downstream sectors and industries, and with our expanded production capacity, to fulfill customers’ needs.

Favorable Market Outlook

According to CIC, the global automotive millimeter-wave radar market grew from RMB15.6 billion in 2020 to RMB24.8 billion in 2024, representing a CAGR of 12.3%, and is expected to grow at a CAGR of 15.1% to reach RMB50.1 billion by 2029. In China, the market expanded from RMB4.4 billion in 2020 to RMB8.2 billion in 2024, representing a CAGR of 16.6%, and is projected to reach RMB21.6 billion by 2029 at a CAGR of 21.5%. We believe that we are well positioned to benefit from this growth as millimeter-wave radar becomes increasingly standard in smart driving systems. With a track record of stable delivery to major OEMs in China, broad coverage of mainstream smart driving use cases, and continuous product iteration – from corner radar and front radar to next-generation centralized computing – we are equipped to meet evolving customer needs. Our strong execution in mass production further enhances our ability to capture emerging opportunities as radar penetration deepens across vehicle segments.

Effective Operational Efficiency Improvement

In addition to business expansion, we have adopted, and will adopt the following operational efficiency improvement measures:

- ***Leveraging shared technology platform and materials to develop multiple products.*** We design our products at the platform-level, utilizing one technology platform and shared materials to develop multiple products. Our corner radars, CTMRR-130 Pro and CTMRR-180, for example, share 90% of the hardware materials and manufacturing processes among various of their respectively applicable vehicle models. This way, we are able to lower our R&D costs, improve our manufacturing efficiency, and achieving a greater economies of scale.
- ***Optimizing logistics and managing third-party logistics service providers.*** We intend to optimize logistics procedures through setting standards for different types of documents and materials. We also plan to introduce competition and bidding process for selection of third-party logistics service providers, and set KPIs and reward and punishment measures for selected logistics service providers, to ensure more effective management of them.
- ***Refining inventory management.*** We aim to improve our inventory control by refining inventory management, such as submitting reports to make data-informed decisions, and enhancing the accuracy of demand forecast to prepare for a more precise inventory level. As a result of our initial efforts in refining inventory management, our inventory turnover days decreased from 133 days in 2023 to 75 days in 2024. Our inventory turnover days decreased from 75 days in 2024 to 37 days in 2025, primarily attributable to higher product sales and an expanded sales scale, which, together with accelerated shipment

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cycles and enhanced inventory management, helped to reduce inventory backlog. We will monitor the customers’ demand and expected shipment volume to continuously optimize our inventory level.

- ***Improving manufacturing efficiency.*** We plan to improve manufacturing efficiency by 13% to 27% through transforming to fully automated production lines, carrying out refined production processes and implementing standardized operations.

Strategic Cost Management

While we remain committed to long-term investment in technology and product development, we are simultaneously strengthening cost discipline. We intend to implement the following cost management measures:

- ***Centralized procurement to realize economies of scale.*** By implementing a centralized procurement model, we require each R&D project team to submit their procurement requests to our procurement team, who conducts regular centralized procurement activities after collecting all requests. This enhances procurement efficiency and effectiveness. We also request all suppliers to break down the fee quotes to include costs of raw materials, processing, and margin level to create a more transparent environment for negotiation. Through economies of scale, our procurement cost is lowered by 10% to 15% of total cost.
- ***Optimizing product designs and simplifying functions.*** We also intend to optimize product designs by simplifying designs and only focusing on core needs from customers. With certain functions removed while maintaining similar product performance, we will save more costs while meeting customers’ requirements. For example, we have optimized the design of our corner radars, thereby saving 30% costs of certain of our products, and 6% of our total costs.
- ***Choosing cost-effective materials while meeting customers’ requirements.*** Upon the confirmation from customers and ensuring the satisfaction of alternative materials, we intend to choose more cost-effective materials for design and manufacturing of products while maintaining the same level of performance of our products.
- ***Supply chain automation.*** We target to replace semi-automated product lines with fully automated production lines. During the production process, one semi-automated line requires five operators, while two automated production lines only require one operator. In this way, our unit labor costs can be lowered.

Our R&D investment continues to focus on high-impact programs such as centralized computing radar, multi-modal sensor fusion, radar-AI integration, and phased array antenna and ISAC radar. These high-impact programs can be applied, in aggregate, to multiple sectors including low-altitude economy, industrial measurement and robotics, and are hence expected to generate higher-margin offerings with broader application scope.

On the other hand, our integrated R&D and manufacturing model enables us to control our cost structure. Our R&D and manufacturing activities are deeply integrated as we continuously improve the specifications of our products and upgrade technologies and processes during manufacturing, and manufacturing and production processes are in turn embedded with daily R&D practices. Costs are thus controlled and operational efficiency is hence improved.

Our operating expenses increased during the Track Record Period, primarily attributable to higher salary and bonus expenses in connection with the expansion of our business and the recruitment of additional sales personnel, as well as increases in share-based payment expenses and

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[REDACTED] expenses. Such increases were broadly in line with the growth of our business. While these factors led to higher operating expenses, they were necessary to support our business expansion, enhance customer engagement and strengthen our organizational capabilities, thereby supporting our long-term development. The increase in research and development expenses was partially offset by a decrease in material costs, which was mainly attributable to strengthened cost control over our research and development processes and reduced material consumption and wastage. We intend to continue implementing rigorous budget controls and process optimization to support scalable and profitable growth. Additionally, we strive to continuously promote the following measures to continuously optimize our selling expenses and general and administrative expenses:

- ***Optimize business development expenses.*** We have established strict standards for travel and entertainment activities for business development purposes, including reimbursement caps for accommodation and meals. We will continue to prioritize online meetings over onsite meetings for a more efficient, cost-effective communication manner.
- ***Promote paperless office.*** We have promoted the concept of ESG among our employees and strive for a paperless, green office. For example, we have required our employees and counterparties to use electronic versions of agreements and only use hard copies when necessary, to save paper, consumables, and equipment maintenance costs.
- ***Manage fixed assets properly.*** We have established a strict asset procurement approval process with the aim to extend the lifespan of assets such as computers and furniture. For idle assets, we encourage internal transfer, or arrange for leasing or a sale to collect its residual value.

Through the above measures, we believe we can effectively reduce our selling expenses and general and administrative expenses, and invest the saved resources in our critical business operations, achieving sustainable development.

Sufficient Working Capital Securing

Sufficient working capital is essential to maintain our sustainable operation and we have placed importance on sourcing working capital through different means. In addition to the working capital generated from our operating activities, as of the Latest Practicable Date, we had obtained unutilized banking facilities of RMB390.0 million. Additionally, as of the same date, we had cash and cash equivalent of RMB19.4 million. Besides, we expect to obtain net [REDACTED] of HK\$[REDACTED] million from the [REDACTED].

Our measures taken and efforts invested in business expansion, operational efficiency improvement and cost structure management have demonstrated positive results. We have made substantial progress in communicating and securing customers in the automotive and non-automotive sectors, and achieved robust improvement in our revenue, gross profit, gross profit margin and net profit in 2025 and beyond.

Positive Outcome in Customer Expansion

Starting from the second half of 2025, following the Track Record Period and up to the Latest Practicable Date, we had deepened our collaboration with our existing OEM customers other than Customer A, and been in negotiation with several potential OEM customers, all of which are global or PRC leading OEMs, according to CIC. We have entered into non-disclosure agreements (“NDAs”) with these potential OEM customers, which include the technological aspects the potential customers would like to learn about and the technological parameters of their vehicle models, showing initial intentions of these OEMs to conduct business with us. Once selected as a qualified radar supplier, we compete for the specific vehicle models, and if successful, will be officially awarded as the supplier

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of vehicle models, followed by development of radar products and adaptation to the OEM customers’ smart driving platforms, and purchase order acceptance and product delivery.

Our efforts in customer expansion have yielded positive results. As a strategy to serve large-scale, leading OEMs, as of the Latest Practicable Date, we had business engagement, including technological exchanges, NDA execution, product testing or supplier qualification, with nine out of the top ten OEMs in China, according to CIC, and were a qualified supplier to six of them.

Vehicle Type	OEM	Progress
Passenger vehicles	OEM A, a Hangzhou-based group company specializing in the R&D, manufacturing and sales of complete vehicles, automotive components and accessories. OEM A is one of the top ten domestic OEMs in China, according to CIC.	We have been confirmed as a designated supplier of 24 vehicle models. These include OEM A’s mainstream vehicle models, and each vehicle will be equipped with one front radar and two corner radars. We have completed the R&D of radar products tailored to OEM A’s requirements, and expect to equip more than 50% of OEM A’s shipment volume of these 19 awarded vehicle models in 2026 with our products. As of the Latest Practicable Date, we also had existing orders for over 0.4 million units.
Passenger vehicles	OEM B, a Beijing-based, state-owned leading OEM in China. OEM B is one of the top ten domestic OEMs in China, according to CIC.	In 2025, 100% of the standard version of OEM B’s major off-road vehicle model are expected to be equipped with two of our corner radars, and 30% of the premium version of OEM B’s major off-road vehicle model are expected to be equipped with four of our corner radars. As of the Latest Practicable Date, we had existing orders for over 18,000 units on hand. Looking ahead in 2026, we reasonably expect a larger proportion of our product’s coverage in the premium version of OEM B’s major off-road vehicle model along with the growing market demand. We anticipate a steady increase in our supply to OEM B’s major off-road vehicle model as well as other mainstream vehicle models.
Passenger vehicles	Potential OEM A, a Hangzhou-based OEM specializing in developing EVs.	We are competing for Potential OEM A’s key smart driving platform, which covers mid- to large-scale luxury SUVs that will be 100% equipped with our front radars. As of the Latest Practicable Date, Potential OEM A had completed technical review on us, confirming our manufacturing base’s passing of the initial quality qualification review.

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Vehicle Type	OEM	Progress
Passenger vehicles	Potential OEM B, a Beijing-based EV manufacturer. It is a subsidiary to a group company specializing in consumer electronics and intelligent manufacturing, focusing on smartphones, smart hardware and IoT.	We have participated in the bidding process of radar products for Potential OEM B’s new vehicle model to be launched in 2026. As of the Latest Practicable Date, we were in the process of exchanging technological ideas and providing fee quotes.
Passenger vehicles	Potential OEM C, an Anhui-based OEM. Potential OEM C is one of the top ten domestic OEMs in China, according to CIC.	As of the Latest Practicable Date, OEM C has completed their preliminary on-site audits and have issued product SORs and volume demand projections to us, indicating further progress in our collaboration.
Passenger vehicles	Potential OEM D, a Chongqing-based, state-owned OEM with multiple automobile brands and vehicle models. Potential OEM D is one of the top ten domestic OEMs in China, according to CIC.	As of the Latest Practicable Date, Potential OEM D had completed technical review on us, and we had been selected as Potential OEM D’s qualified supplier.
Passenger vehicles	Potential OEM E, a world’s leading, Germany-based OEM with multiple automobile brands and vehicle models.	As of the Latest Practicable Date, we were selected as Potential OEM E’s qualified radar supplier, and received certain project requirements from Potential OEM E. We were in the process of making preliminary development preparations.
Passenger vehicles	Potential OEM F, a world’s leading, Germany-based OEM with multiple automobile brands and vehicle models.	We have completed the technical solution report and target to complete the development of customized radar prototype in 2026.
Passenger vehicles	Potential OEM G, a Beijing-based OEM specializing in developing EVs.	We had signed NDA with Potential OEM G, who had completed the review on our production base in Shenzhen as of the Latest Practicable Date.
Commercial vehicles	Five existing OEM customers.	We are working to expand to new vehicle models of the existing commercial vehicle OEM customers. We entered into framework agreements with our OEM customers for an aggregate contracted volume exceeding 1.0 million units, and in 2026 and up to the Latest Practicable Date, we delivered orders of more than 63,000 units.

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Vehicle Type	OEM	Progress
Commercial vehicles	Four potential OEM customers.	With the anticipation that the front radar equipment rate will be substantially increased along with the new regulation of mandatory autonomous emergency braking systems on commercial vehicles to be released in 2026, we expect a closer collaboration and more purchase orders from potential commercial vehicle OEM customers.
Two-wheeled vehicles	OEM C, a Chongqing-based OEM engaging in the manufacturing of motorcycles, engine and general power machinery products.	We further deepened our collaboration with OEM C. In 2025, we achieved sales volume of over 23,000 units.
Two-wheeled vehicles	Potential OEM H, a Hangzhou-based leading OEM specializing in high-end motorcycles and all-terrain vehicles.	As of the Latest Practicable Date, we had participated in the bidding of Potential OEM H's vehicle model to be launched in 2026.
Unmanned vehicles	Potential OEM I, a company focusing on the development of autonomous driving delivery vehicles.	We had signed NDA with Potential OEM I, who had completed the supplier qualification review on us as of the Latest Practicable Date.
Unmanned vehicles	Potential OEM J, a company focusing on the development of autonomous driving delivery vehicles.	We had signed NDA with Potential OEM J as of the Latest Practicable Date.
Unmanned vehicles	Potential OEM K, a company focusing on the development and manufacturing of autonomous driving vehicles.	We had signed NDA with Potential OEM K as of the Latest Practicable Date.

Near-Term Profitability Outlook

We incurred net losses RMB96.6 million in 2023, which narrowed significantly to RMB21.8 million in 2024 and further to RMB5.8 million in 2025. From an operating perspective, we recorded a loss from operations of RMB72.0 million in 2023, but reversed the trend by achieving profits from operations of RMB15.1 million and RMB12.2 million in 2024 and 2025, respectively. The net loss in 2025 was primarily attributable to changes in carrying amounts of redemption liabilities, arising from the redemption rights granted to certain Pre-[REDACTED] investors. These redemption rights were terminated in April 2025, and we expect no further impact from such non-recurring items going forward. In addition, the net loss was also attributable to share-based payments of RMB9.8 million and [REDACTED] expenses of RMB[REDACTED] million incurred during the year. Due to our initial efforts in increasing revenue generation, improving operational efficiency and implementing cost management, we have demonstrated a strong improvement in our financial performance and showing positive results. We recorded significant increases in revenue and gross profit in 2025 from 2024, respectively. Specifically, our revenue increased significantly by 222.5% from RMB348.1 million in 2024 to RMB1,122.5 million in 2025. Our gross profit increased significantly by 43.2%

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from RMB118.5 million in 2024 to RMB169.7 million in 2025. Moreover, we achieved an increase in adjusted net profit (a non-IFRS measure) of RMB31.1 million in 2025 from RMB14.0 million in 2024. Our operational efficiency improvement and cost management measures have proven effective, as evidenced by sequential increases in our revenue, gross profit and gross profit margin quarterly results. As our revenue continues to grow and operating leverage improves, we expect to achieve net profit attributable to equity shareholders of the Company.

Our expectation to achieve and sustain profitability is based on reasonable assumptions, including: (i) continued increase in orders from customers, (ii) no material disruption to our production or delivery schedules, (iii) further improvement in unit economics driven by scale and product optimization, and (iv) no material adverse change in the macroeconomic, regulatory, or competitive environment.

We believe our proven business model, expanding customer base, R&D capabilities and execution provide a clear and credible path to long-term profitability.

RESEARCH AND DEVELOPMENT

Innovation is core to our corporate culture. We have invested significant resources into the R&D of our millimeter-wave radar technologies. We have established three R&D centers in the PRC, located in Shenzhen, Suzhou, and Wuhan. We strategically place our R&D teams in locations that are close to OEMs and hubs for smart driving technologies. The R&D team also collaborates with our operations and supply chain teams in order to continually optimize and improve manufacturing processes and assist with supply chain planning.

Our Research Capabilities

We possess independent R&D capabilities for our millimeter-wave radar products.

The Cheng-Tech Production Development process

We take pride in our Cheng-Tech Production Development (CPD) process, which retains the foundational structure of the Advanced Product Quality Planning (APQP) framework widely adopted in the automotive industry, while integrating the stage-gate decision-making mechanism of the Integrated Product Development (IPD) model commonly used in the consumer electronics sector. By enhancing stage reviews and strengthening quality control at each development milestone, the CPD process improves execution quality throughout the product lifecycle. Compared to the traditional APQP approach, CPD provides clearer definitions of inputs and outputs at each project stage. Compared to the IPD model, CPD features more structured and delineated subprocesses across functions, facilitating more effective project management. Tailored to align with our organizational structure and product development priorities, the CPD process enables us to meet stringent automotive-grade standards while maintaining the agility required for rapid iteration in smart driving applications. The CPD process also fosters a culture of innovation: we provide monetary incentives to encourage technical personnel to contribute to proprietary technologies. We believe these development framework has become a cornerstone of our ability to deliver high-performance radar products at scale, supporting our continued leadership in an increasingly competitive industry.

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Our Hardware and Software Development Capabilities

Our R&D capabilities include RF antenna design, RF simulation, hardware design and verification, and software algorithm adaptation, allowing us to independently develop millimeter-wave radar products for various application scenarios. Our capability to develop hardware ensure that we can freely select the competitive hardware combinations. At the same time, we have developed our own radar software platform, the CTRadarOS. We are not reliant on any specific hardware platform, as our modular CTRadarOS and task layer design decouples software from hardware, allowing us to flexibly adapt our products to different platforms and better meet customer needs.

We have developed a radar core algorithm covering key functions such as signal processing, object detection, and self-learning calibration. During the algorithm development process, our radar algorithm simulated tool chain can also automatically analyze errors and support algorithm parameter evaluation, helping engineers identify the cause of problems and optimize algorithm parameters.

Our Automotive-Grade Product Development Capabilities

We have established a design and development process for automotive-grade products that is in line with the industry standard, according to CIC. During product development, we validate over 250 checkpoints to ensure hardware and software reliability. Our products support OTA updates, enabling us to collaborate with customers to continuously enhance smart driving functionality and user experience. As a proof of our development capabilities, in December 2022, we obtained the ISO 26262:2018 Functional Safety Development Process Certification from TÜV NORD, a renowned international third-party testing, inspection, and certification body. In October 2024, we obtained the ISO/SAE 21434 Road Vehicles – Cybersecurity Engineering Process Certification from TÜV NORD. Additionally, in April 2024, we obtained Automotive SPICE CL2 certification, further demonstrating our professional capabilities in embedded software development for the automotive industry.

Our R&D Team

Organizational-wise, our R&D team consists of an R&D center, a product center, and a testing center. Our R&D system comprises three core divisions: the R&D Center, the Product Center, and the Test Center. The R&D Center is responsible for core technical tasks such as hardware design, structure design, core algorithm, and engineering implementation for manufacturability. The Product Center formulates solutions based on customer requirements and continuously iterates on software and algorithm. The Test Center manages testing throughout the product development lifecycle and ensuring product reliability.

We have a R&D team comprising 129 members as of the Latest Practicable Date. Led by Mr. Zhou, our co-founder, executive Director, deputy general manager and chief technology officer, our R&D team has extensive experience with a wide variety of engineering and automotive organizations. The table below sets forth the profiles of our core R&D members.

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Core R&D Member

Profile

Mr. Zhou Ke

Mr. Zhou is our co-founder, executive Director, deputy general manager and chief technology officer. With over 20 years of experience in R&D and management across RF, communications, baseband systems, and automotive electronics, Mr. Zhou previously served as the vice president of the research and development department of a technology company. He is a seasoned expert in R&D management, product testing and certification, and supply chain systems, and holds over 10 core patents related to radar calibration and process technologies. Mr. Zhou played a pivotal role in establishing both our R&D and supply chain frameworks, and has led the development of several of our core products and testing systems. He has overseen the setup of our production bases in Suzhou and Shenzhen, and continues to spearhead product strategy evolution and execution, external technical collaborations, strategic planning, and the introduction of advanced technologies and industry talent, ensuring our long-term competitiveness in the smart driving sector.

Mr. Fang Yongjun

Mr. Fang Yongjun is our Chief Software Architect and Radar Algorithm Expert. With more than 16 years of experience in the relevant sector, Mr. Fang is currently responsible for the architecture of our software systems, the design of core algorithmic modules, and the management of our software department within the Product Center. He has made significant contributions to our software and algorithm innovation, and continues to lead the development of high-performance and scalable platforms that support our diverse radar product portfolio.

Mr. Qian Lei

Mr. Qian Lei is our Senior Hardware Design Expert. With more than 10 years of experience in the relevant sector, Mr. Qian currently oversees the hardware development of our products as well as the operations of our R&D center. Mr. Qian holds nearly 20 core patents related to radar calibration and process technologies, which have delivered substantial economic value to us. His multidisciplinary technical expertise has played a critical role in enabling us to continuously advance product performance and production efficiency.

In the event of the departure of any key management or technical staff, we have formulated protective measures and arranged practices in place. We enter into standard labor contracts with our full-time employees with confidentiality, intellectual property, and non-compete provisions, with the exception that we do not enter into non-compete provision with our manufacturing employees. We also request our employees to sign IP ownership agreements, which set forth that all intellectual property created by the employee in the course of their employment, including patents, trademarks, copyrights, and trade secrets, belongs to us. The employment contracts also include a standard non-compete covenant that prohibits the employee from competing with us, directly or indirectly, during their employment and for a period not more than two years after termination of their employment. See “– Employees.”

INTELLECTUAL PROPERTY

We own a portfolio of intellectual property, including patents, registered trademarks, confidential technical information and expertise in the development of millimeter-wave radar technologies in the PRC.

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As of the Latest Practicable Date, our R&D efforts had accumulated 88 patents. Our patents consisted of 35 invention patents, 29 utility patents and 24 design patents. As of the same date, we had 63 patent applications. In addition, as of the Latest Practicable Date, we had 18 registered trademarks, nine registered computer software copyrights, and two registered domain names.

The following tables sets forth details of our key patents as of the Latest Practicable Date:

Application No.	Entity	Patent Type	Patent name	Patent Number	Year	Grant Date	Expiration Date
1	Shenzhen Cheng-Tech	Invention Patent	A method for improving radar measurement range and accuracy	2016101049122	2016	December 8, 2017	February 24, 2036
2	Shenzhen Cheng-Tech	Invention Patent	A system and method for improving angle measurement accuracy of vehicle millimeter-wave radar	202210924499X	2022	December 31, 2024	August 2, 2042
3	Shenzhen Cheng-Tech	Invention Patent	A method and system for automatically calibrating the installation angle of in-vehicle millimeter-wave radar	2023103197472	2023	August 20, 2024	March 28, 2043
4	Shenzhen Cheng-Tech	Invention Patent	A plastic electroplated waveguide antenna and manufacturing method	2023107191278	2023	July 30, 2024	June 15, 2043
5	Suzhou Cheng-Tech	Invention Patent	An array angle measurement method for vehicle millimeter-wave radar	2023112339256	2023	November 26, 2024	September 22, 2043
6	Shenzhen Cheng-Tech	Invention Patent	A signal processing method using multi-transmission mode for increasing point cloud density	202311406580X	2023	October 22, 2024	October 26, 2043
7	Suzhou Cheng-Tech	Invention Patent	A method and system for radar point cloud prediction	2024107287222	2024	January 28, 2025	June 5, 2044
8	Suzhou Cheng-Tech	Invention Patent	A phase calibration method and system for automotive millimeter-wave radar array antenna	2024108387410	2024	October 1, 2024	June 27, 2044

There can be no assurance that our intellectual property protection efforts will be successful. Even if our efforts are successful, we may incur significant costs in defending our rights. From time to time, third parties may initiate litigation against us alleging infringement of their proprietary rights or declaring their non-infringement of our intellectual property rights.

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SALES AND MARKETING

Sales and Marketing Network

We adopt a direct sales model. As of Latest Practicable Date, we operated a dedicated in-house sales and marketing team of 17 employees. Our sales and marketing team was led by management with more than 12 years of industry experience and works closely with our customers as well as our internal operations teams. We have set up sales offices in major cities throughout mainland the PRC, including Shenzhen and Suzhou.

Marketing

We take a customer-centric marketing approach to build and expand our relationships with customers and partners. We collect feedback directly from them to garner insights that help drive our business and operations forward. We utilize offline and online marketing channels such as our website, advertising campaigns, and word of mouth. We formulate targeted marketing strategies and organize marketing activities such as exhibitions and social media platforms to meet our business promotion needs and enhance our brand awareness. As we continue to expand domestically and globally, we aim to optimize our sales and marketing network to ensure that we have sufficient geographic coverage across both existing and new markets.

Pricing

We price our products based on a combination of factors, including product positioning, competitive dynamics, and procurement and production costs. For our millimeter-wave radar hardware products sold to OEMs, we also take into account the customers’ brands, vehicle models, and estimated procurement volume. We may adjust pricing within a certain range to align with customers’ expected shipment volumes and market scale, which helps increase order quantities and supports long-term collaboration. We believe this approach also enhances our ability to optimize production efficiency and achieve more stable revenue streams.

After-Sale Services

We are committed to providing after-sale services to enhance customer satisfaction. To that end, we have established an after-sales service team, consisting of engineering representatives, quality management managers and project managers. This team is responsible for providing technical support and timely resolution of issues following the delivery of our products. We assist our customers throughout product installation, calibration, and debugging, and provide on-site support when needed. We also maintain communication with our customers to collect feedback, monitor product performance, and promptly respond to any concerns during the entire product life cycle. We believe these efforts enable us to maintain long-term relationships with our customers and uphold our reputation.

CUSTOMERS

Our customers are primarily OEMs that integrate our millimeter-wave radar products into their vehicles to enable target detection and, in combination with other sensors, support the implementation of various smart driving functions.

Major Customers

Customer A has been our largest customer in each year during the Track Record Period. Our revenue from Customer A was RMB142.9 million, RMB325.8 million and RMB1,082.2 million,

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accounting for approximately 91.3%, 93.6% and 96.4% of our total revenue in 2023, 2024 and 2025, respectively. See “– Our Relationship with Customer A.”

Revenue generated from our five largest customers in 2023, 2024 and 2025 accounted for 96.4%, 98.3% and 99.4% of our total revenue in the same years, respectively. The following tables set forth details about our five largest customers in each year during the Track Record Period:

Year Ended December 31, 2023

Customer	Major Products Sold	Customer Background	Revenue (RMB'000)	% of Total Revenue	Year of Commencing Business Relationship	Typical Credit Terms	Payment Method
Customer A	Front and corner radars	A Shenzhen-based, SZSE- and HKEX-listed multinational company engaging in manufacturing and assembly of EVs, electronic components and EV batteries	142,912.7	91.3	2022	30 days after monthly settlement	A Chain
Customer F	Front radars	A Shanghai-based company engaging in R&D of smart driving software and hardware solutions	2,361.7	1.5	2021	30 days after monthly statement	Bank Transfer
Customer E	Front and corner radars	A Shenzhen-based commercial high-performance radar designing and manufacturing company	2,022.9	1.3	2021	30 days after monthly statement	Bank Transfer
Customer B ⁽¹⁾	Technological development services	A Germany-based, Frankfurt Stock Exchange-listed automobile and transportation parts manufacturing company	1,885.3	1.2	2021	90 days from the month after acceptance	Bank Transfer
Customer G	Front and corner radars	A Beijing-based, SZSE-listed company engaging in R&D of high-precision map navigation and positioning for smart mobility sector	1,766.3	1.1	2021	Payment upon acceptance of products	Bank Transfer
Total			<u>150,949</u>	<u>96.4</u>			

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Year Ended December 31, 2024

Customer	Major Products Sold	Customer Background	Revenue (RMB'000)	% of Total Revenue	Year of Commencing Business Relationship	Typical Credit Terms	Payment Method
Customer A	Front and corner radars	A Shenzhen-based, SZSE- and HKEX-listed multinational company engaging in manufacturing and assembly of EVs, electronic components and EV batteries	325,814.3	93.6	2022	30 days after monthly statement	A Chain
Customer H	Corner radars	A Beijing-based, state-owned and HKEX-listed OEM	8,537.7	2.5	2023	60 days from the month following invoice	Bank Transfer
Customer I	Front radars	A Wuhan-based company engaging in R&D of AI-empowered smart driving technologies	4,428.0	1.3	2019	30 days after monthly statement	Bank Transfer
Customer J	Corner radars	A Chongqing-based, SSE-listed company engaging in manufacturing of motorcycles, engine and general power machinery products	1,659.1	0.5	2022	60 days after monthly statement	Bank Transfer
Customer E	Front and corner radars	A Shenzhen-based commercial high-performance radar designing and manufacturing company	1,573.6	0.5	2021	30 days after monthly statement	Bank Transfer
Total			<u>342,012.7</u>	<u>98.3</u>			

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Year Ended December 31, 2025

Customer	Major Products Sold	Customer Background	Revenue (RMB'000)	% of Total Revenue	Year of Commencing Business Relationship	Typical Credit Terms	Payment Method
Customer A	Front and corner radars	A Shenzhen-based, SZSE- and HKEX-listed multinational company engaging in manufacturing and assembly of EVs, electronic components and EV batteries	1,082,245.7	96.4	2022	30 days after monthly settlement	A Chain
Customer H	Corner radars	A Beijing-based, state-owned and HKEX-listed OEM	20,284.6	1.8	2023	60 days from the month following invoice	Bank Transfer
Customer K	Front and corner radars	A Hangzhou-based, HKEX-listed group company specializing in the R&D, manufacturing and sales of complete vehicles, automotive components and accessories	7,484.6	0.7	2025	75 days from the month following invoice	Bank Transfer
Customer J	Front and corner radars	A Chongqing-based, SSE-listed company engaging in manufacturing of motorcycles, engine and general power machinery products	3,560.0	0.3	2022	60 days after monthly statement	Bank Transfer
Customer E	Front and corner radars	A Shenzhen-based commercial high-performance radar designing and manufacturing company	1,712.5	0.2	2021	30 days from the month following invoice	Bank Transfer
Total			1,115,287.4	99.4			

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Note:

- (1) The technological development services we provided to Customer B was primarily relating to customized development of a type of corner millimeter-wave radar adaptable to the PRC market demand of Customer B’s products. We primarily conducted technological upgrade of project lines and tools from an existing project, customization of equipment mold, and testing services.

To the best knowledge of our Directors, each of our five largest customers for each year during the Track Record Period is an Independent Third Party. In addition, to the best knowledge of our Directors, there was no other past or present relationships (including financing, trust or otherwise) between us and each of our five largest customers, their respective substantial shareholders, directors or senior management, or any of their respective associates during the Track Record Period. As of the Latest Practicable Date, none of our Directors, their respective close associates or any of our shareholders (who owned or to the knowledge of Directors had owned more than 5% of our issued share capital) had any interest in any of our five largest customers. During the Track Record Period, Customer-Supplier E acted as both our customer and supplier. See “Business – Suppliers – Overlapping Customers and Suppliers”.

OUR RELATIONSHIP WITH CUSTOMER A

Customer A, a Shenzhen-based, SZSE- and HKEX-listed, globally leading manufacturer of NEVs, electronic parts and assembly, automotive components and batteries for passenger EVs, was our single largest customer in each year of the Track Record Period. During the Track Record Period, we provided millimeter-wave radar products to Customer A for its smart driving system. Our revenue generated from Customer A was RMB142.9 million, RMB325.8 million and RMB1,082.2 million in 2023, 2024 and 2025, respectively, accounting for 91.3%, 93.6% and 96.4% of our total revenue in the same years, respectively. We supplied our radar products on a large scale to 12 and 27 vehicle models of Customer A in 2023 and 2024, respectively. As of the Latest Practicable Date, our products have been deployed across substantially all vehicle models of Customer A. These vehicle models include sedans, MPVs (multi-purpose vehicles) and SUVs (sport utility vehicles). In 2025, we ceased providing products to certain of Customer A’s vehicle models we collaborated in 2024, primarily due to Customer A’s reclassification of vehicle models for its upgraded smart driving program launched in February 2025, as well as the discontinuance in production of several vehicle models. As a globally and domestically leading OEM, Customer A has been in rapid business expansion in recent years, resulting in a larger amount of purchase from its core automotive component suppliers like us.

Background of Our Cooperation with Customer A

In February 2022, we were invited to participate in Customer A’s smart driving program as one of its radar supplier candidates. As our product samples satisfied Customer A’s technological and manufacturing requirements, we were officially selected by Customer A as its radar supplier in August 2022. During 2022 to 2024, we have been a primary millimeter-wave radar supplier to Customer A, deeply involved in Customer A’s three generations of smart driving programs, from basic ADAS functions in the early ages, transiting to integrated driving and parking, and eventually to the all-round smart driving program. In February 2025, Customer A further upgraded its all-round smart driving program, under which Customer A’s smart driving vehicle models are reclassified to three major categories that are equipped with smart driving systems of different configurations, namely Category A, Category B, and Category C. In addition, Customer A maintains several vehicle models with smart driving systems tailored to overseas markets exclusively. To implement a distinguished smart driving experience and a compatible pricing strategy, Customer A has equipped its mid- to high-end vehicle models with its existing smart driving system for a premium, advanced smart driving experience, and its mid- to low-end vehicle models with its newly developed in-house smart driving system for an affordable, basic smart driving experience. These mid-to high-end vehicle models are reclassified to Category A and Category B, and the mid- to low-end vehicle models are reclassified to Category C. Customer A has continued to prioritize collaboration with the suppliers of its existing smart driving system. Prior to the launch of such program, we were the major

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millimeter-wave radar supplier to mid- to low-end vehicle models with basic smart driving functions, most of which were subsequently reclassified to Category C.

The launch of Customer A’s all-round smart driving program provided us with an opportunity to compete for the radar supplier under the new regime. We strategically chose to become the radar supplier of Category C vehicle models, considering such category’s large shipment volume, and our competitiveness such as stable delivery and cost-effectiveness gained from a good track record of supplies to such vehicle models. After we were successfully selected as Category C vehicle models’ radar supplier, we primarily focused our resources on the development and manufacturing of radar products for Category C vehicle models to ensure a timely and qualified delivery, strategically forgoing the opportunity to compete for the radar supplier of vehicle models under Category A and Category B. Consequently, we ceased providing products to the vehicle models that were reclassified as Category A or Category B in 2025. In addition to these non-Category C vehicle models, we ceased providing products to several vehicle models that Customer A discontinued to produce or were renamed as new vehicle models, but typically continued to supply to the new vehicle models after its rename. Although Customer A has the sole discretion of the classification or discontinuance in production of specific vehicle models, and discusses with us on the subsequent arrangements for these vehicle models, we make our own decision on whether we would compete for the radar supplier for certain vehicle models. The millimeter-wave radar products, from the hardware perspective, are essentially similar for all vehicle models of Category A, Category B and Category C; however, from the software perspective, switching between smart driving platforms as well as between vehicles models requires development, testing, and integration.

In 2025, after we had stabilized the supply of products for Category C vehicle models, we began the development and integration of software technologies into the smart driving platform used by Category A and Category B vehicle models. We spent around six months focusing on the R&D, testing and integration of software in preparation for the switching to the smart driving platforms of Category A and Category B vehicle models, while a qualified radar supplier of a large-scale OEM with mature smart driving systems like Customer A usually takes around six months or more to make adjustments within the OEM’s software and hardware system, according to CIC. Our distinctive technological strengths, robust production capacity, and familiarity with Customer A have helped us won the recognition of Customer A, and we successfully commenced supplying to certain Category A and Category B vehicle models in the second half of 2025. This has further increased the number of vehicle models we cover, solidified our position, and proved Customer A’s further reliance on our products. As of the Latest Practicable Date, we had extended our coverage to two Category A vehicle models, 13 Category B vehicle models, and seven vehicle models sold overseas exclusively. We expect our proportion of share in these vehicle models would experience a continuous increase.

Mutual Benefits between Customer A and Us

Our relationship with Customer A has been stable and mutually beneficial, which we expect to continue in the future. Our radar products are crucial to the availability of Customer A’s smart driving program in helping it achieve technological synergy, high operational efficiency and scale of mass production. The following factors demonstrate the limitation of feasibility of short-term supplier replacement, making it both technically and commercially challenging for Customer A to switch to an alternative supplier.

Technological Synergy

OEMs are increasingly demanding key functions of millimeter-wave radars, but due to their limited ability in integrating radar algorithms with vehicle intelligent driving systems, most OEMs still rely on radar suppliers with deep integration capabilities. The value of our millimeter-wave radar lies not only in its hardware performance but, more importantly, in its deep synergy between its perception algorithms and the vehicle’s smart driving system. At the algorithm level, our

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millimeter-wave radar’s perception algorithms require fine-tuning based on Customer A’s vehicle models and their specific application scenarios, such as urban commuting, highway cruising, and parking assistance. Due to differences in motion characteristics, target scene distribution, and sensor fusion architecture among various models, targeted adjustments are required to algorithm modules such as radar point cloud processing, target clustering, and tracking filtering. Any inappropriate adaptation could lead to user experience issues or even safety risks, thereby impacting Customer A’s brand reputation. Through deep understanding of the characteristics of smart vehicle platforms, accurate modeling of target scenarios, and continuous iteration and verification, we can train the optimal algorithm parameters, unleashing the perception potential of millimeter-wave radar in complex traffic environments. Through long-term cooperation with Customer A, both parties have jointly accumulated a large amount of data from extreme or rare scenarios, providing high-quality training materials for Customer A’s self-developed end-to-end large-scale model and accelerating the progress of its independent smart driving system development.

We have achieved all-round technological synergy with Customer A, capitalizing on our rapid product development, deep integration of software and hardware, key radar algorithm development, and timely onsite support.

- *Rapid product development:* Customer A requires the product development cycle, including completion of radar performance acceptance, function debugging and product reliability evaluation test, to be completed within four to eight months, which is much sooner than the industry average of 12 to 24 months according to CIC and is a significant challenge for new suppliers. At the final assembly stage of vehicles, end-of-line calibration of millimeter-wave radar is essential to ensure consistent radar performance in every vehicle. We have developed corresponding calibration software to address the different technical requirements of Customer A’s multiple production bases, resolving various error issues that may arise in actual production and ensuring the consistency in radar functionality across all vehicles. Furthermore, the joint calibration work with the production equipment at each base involved multiple rounds of debugging and modification to ensure it meets the demands of vehicle production schedules.
- *Deep integration of software and hardware:* Our deep integration of software and hardware into Customer A’s various vehicle models and domain control algorithms has demonstrated our ability to pass Customer A’s rigorous testing standards, and Customer A is able to enjoy technological synergy with our products. In particular, the accuracy of Customer A’s domain control algorithm is highly related to our radar performance. As of the Latest Practicable Date, we had collectively worked with Customer A to fix over 100 issues arising out of software integration to enable a smooth functioning of Customer A’s software. When the hardware interface of Customer A’s smart driving domain controller hardware was adjusted, we were able to realize the implementation of our radar hardware interface technology to be adapted to Customer A’s system in a timely manner.
- *Key radar algorithm development:* Our proprietary centralized computing radar algorithm module, which is to be integrated into the automatic driving controller via radar SDK, does not function like traditional radar algorithms where domain controllers and millimeter-wave radars operate independently. Customer A’s next-generation smart driving platforms will require deep integration of smart driving domain controllers and millimeter-wave radars, necessitating comprehensive, joint R&D between Customer A and us. As of the Latest Practicable Date, we were conducting in-depth R&D and testing activities with Customer A. With Customer A’s support in our R&D and testing, we believe our algorithm development progress is substantially faster than other suppliers.

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- Timely onsite support: Our headquarter is adjacent to Customer A’s R&D center, and such advantageous location makes us available for any urgent onsite discussion to tackle the issues during R&D, should Customer A’s need arises.

Due to these technological synergy and the complexity of integration of millimeter-wave radars with the entire vehicle, Customer A faces comprehensive technical constraints in switching to alternative suppliers, covering system integration, compatibility verification and performance risk assessment. Millimeter-wave radar is not a simple “plug-and-play” component, but requires precise matching to the vehicle’s specific mechanical parameters. The impact of vehicle’s structure, paint composition, bumper materials and their curvature on the radar’s electromagnetic characteristics must be considered, especially considering the radar’s position – which is typically installed inside the vehicle’s bumper. Failure to properly assess and resolve these issues can lead to a significant degradation in radar performance which, leveraging our extensive experience and abundant resources, can be avoided. For example, equipped with our R&D expertise and professional RF testing equipment, we completed simulation data analysis for over 50 vehicle models and electrical performance testing for nearly 30 paint formulations, covering Customer A’s mainstream vehicle models. This is the result of nearly four years of collaborative efforts with Customer A, which we believe has established a barrier for alternative suppliers to provide products and solutions comparable to ours.

Operational Efficiency

We are able to accomplish the development goal within the required timeframe and resolve technological issues in a timely manner, primarily due to our in-depth understanding and knowledge of Customer A’s products and its requirements, which was brought by our regular, continuous communication since the commencement of our business collaboration with Customer A. Such long-term, continuous and regular exchange of ideas is a solid foundation of technological and commercial collaboration between an OEM and its supplier. According to CIC, the development and verification process beginning from supplier selection to mass production can take up to two years, which means significant switching cost and time will be incurred for replacing the supplier currently adaptable to the OEM’s software and hardware system with an alternative one which is completely new to the OEM’s system, considering the resources and time the OEM typically spends on R&D, review, selection and introduction of qualified suppliers to its system, and its delivery schedules. Additionally, a qualified radar supplier of a large-scale OEM with mature smart driving systems like Customer A usually takes around six months or more to make adjustments within the OEM’s software and hardware system, including switching from one smart driving system to another, according to CIC.

Production Capacity

We possess a production capacity that is able to meet Customer A’s largest historical purchase volume, placing us among one of Customer A’s limited number of qualified suppliers. According to CIC, our annual designed production capacity is among the highest levels as compared with domestic radar manufacturers in the PRC, positioning us as the few suppliers in the PRC market. Such capacity enables us to concurrently meet the monthly large purchase volume requests, and cost expectations of major OEMs such as Customer A. Therefore, it would be difficult for major OEMs to identify alternative suppliers who are capable of delivering massively produced radar products.

Cost-effective Supply Chain

We maintain a relatively cost-effective supply chain, which is beneficial to our customers, including Customer A. We typically agree with our suppliers of major raw materials in writing that the raw materials they offer to us are on the most favorable commercial terms, ensuring a competitive bill of materials (“BOM”) cost structure. Our mass production yield rates of over 99.8%, compared

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to the industry average of 4D millimeter-wave radar of 95% according to CIC, demonstrates our capability to significantly save material and production costs as 48,000 fewer scrap units are generated for every million radar units produced compared to the industry average. Furthermore, we have improved production efficiency and reduced material waste through production line upgrades and process optimizations, such as improvements to the programming line’s hardware and software to reduce scrap, SMT hardware and software upgrades to improve placement efficiency, and upgrades to automated assembly lines, increasing single-line daily capacity by 27%. In addition, we enjoy economies of scale in logistics and warehousing as the third largest automotive millimeter-wave radar suppliers in China by shipment volume, offering less logistics and warehousing expenses. This is extremely important for such customers as Customer A with large-scale purchase volume and cost-sensitive characteristics. With nearly four years of cooperation in R&D and mass production with Customer A, we believe we are in an appropriate position to assess Customer A’s production plans and optimize inventory management through refined management, thereby reducing logistics cost and achieving cost reduction and efficiency improvement for Customer A.

Industry Norm of Reliance on Major OEM Customers

Nevertheless, the high concentration of revenue generated from Customer A exposes us to certain risks. See “Risk Factors – Risks Related to Our Business and Industry – We derive a significant portion of our revenue from Customer A. Any deterioration in our business relationship with Customer A could materially and adversely affect our business, financial condition, results of operations and prospects.” According to CIC, reliance on major OEM customers is common in the automotive millimeter-wave radar industry, which is mainly attributable to the following reasons:

- Most millimeter-wave radar suppliers typically establish deep collaborations with the OEMs. For each vehicle model, OEMs usually qualify only one major millimeter-wave radar supplier per radar type, and mass production is often awarded to one major supplier to ensure cost efficiency and integration consistency. Therefore, based on the industry norm, once a millimeter-wave radar supplier is qualified and selected to supply to a particular vehicle model, an OEM typically does not switch to other radar suppliers, unless the supplier’s ability to continuously provide quality products and services have raised concerns to the OEM;
- Unlike products such as LiDAR products that output a standard point cloud, millimeter-wave radar software needs to be custom-developed and adapted for different vehicle models and domain controllers, making it more difficult and time-consuming for millimeter-wave radar suppliers to deliver qualified products to different vehicle models and OEM customers; and
- LiDAR products are generally applied on mid- to high-end passenger vehicles. These vehicle models have relatively smaller shipment volume than mid- to low-end vehicles considering their pricing strategy and marketing positioning, resulting in a more diversified OEM customer base of LiDAR suppliers than millimeter-wave radar suppliers in order to support their sustainable revenue streams.

Key Terms of the Main Agreement with Customer A

The salient terms of our main agreement with Customer A are summarized as follows:

- **Term:** The agreement is valid for a period of three years and will be automatically renewed for an additional three-year term unless either party provides written notice of termination.

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- **Products and Services:** We are required to supply production materials (including radar products) and related services as specified in Customer A’s individual purchase orders.
- **Pricing:** The prices of our products shall be dependent upon market conditions and specific development requirements, and shall be aligned with those of the same products provided to other customers. We may, at our own discretion, provide Customer A with a discount for large quantity of purchases.
- **Minimum Purchase:** Customer A’s purchase is based on its actual demand. We do not impose minimum purchase requirement on Customer A.
- **R&D:** We are responsible for all the R&D activities of the products to meet Customer A’s demand.
- **Warranty:** We are obligated to provide after-sales service in accordance with the duration designated by Customer A which is typically six years.
- **Exclusivity:** We are not the exclusive radar supplier for any single vehicle model of Customer A. OEMs usually engage one major supplier, followed by several alternative suppliers as backup in case of supply chain interruptions, according to CIC.
- **Logistics:** Unless otherwise agreed, we are responsible for arranging transportation and bearing the associated costs. We must ensure proper packaging and timely delivery to Customer A’s designated warehouse. Each shipment must include complete and accurate documentation, including product certificates, inspection reports, and packing lists.
- **Quality Control:** We are required to comply with Customer A’s technical specifications, quality standards, and applicable regulations. In the event of quality defects, we are responsible for replacement, rectification, or financial compensation.
- **IP Rights:** Each party maintains ownership in the background IP rights, namely, the IP rights that already existed at the commencement of the project. These background IP rights, including core algorithms and software, determine radar performance and are a key factor in meeting OEM customers’ smart driving requirements. Customer A owns the foreground IP rights to be created under the specific agreement during the project’s tenure, which are typically ancillary IP rights such as product exteriors. While these exterior-related IP rights enable alternative products to meet certain delivery requirements, they are not the key factor in determining the success of development and mass production of radar products. Compared with these foreground IP rights, background IP rights play a more crucial role in affecting radar performance. During the Track Record Period, all core IP rights relating to our products used on Customer A’s vehicle models were background IP rights owned by us. Although the foreground IP rights can be leveraged by alternative suppliers, we believe Customer A would not be able to minimize the potential cost and time for replacing us considering the importance of our background IP rights used on our radar products.

In addition, Customer A enjoys a permanent, irrevocable, royalty-free and sub-licensable license to use any products supplied to Customer A that are embedded with our intellectual property. Such arrangement to the ownership of IP rights is consistent with common industry practice in the automotive supply chain, according to CIC.

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- **Termination:** Customer A may unilaterally terminate the agreement in the event of material breach, including late delivery, persistent quality issues, or IP infringement. Either party may terminate the agreement by written notice for other reasons in accordance with the contract.
- **Notice period of termination; renewal:** The agreement will be automatically renewed for another three years if neither party raises any intention to terminate upon the expiry of the current agreement.

Our Settlement with Customer A

Since November 2018, Customer A has adopted an electronic settlement method known as “A Chain,” under which the relevant procurement entity within the Customer A group issues electronic accounts receivable certificates to its suppliers. A Chain certificate is a proprietary credit instrument issued and accepted by Customer A based on its own commercial credit and is supported by a dedicated digital platform. While not a traditional commercial bill, A Chain shares many features with such instruments, including transferability and financing functionality.

The holder of A Chain may choose to:

- **Transfer A Chain Certificates to Upstream Suppliers:** On the A Chain platform, the A Chain certificates held by us can be transferred to other parties, such as our suppliers, as payment for goods or services, facilitating multi-tier credit transfer within the supply chain. Such transfer is documented in the form of an account transfer agreement, setting forth the transferer and transferee, rights and responsibilities of each party, termination and disputes settlement. Upon the signing of the account transfer agreement, the transfer is filed in Customer A’s system. The transferee can then hold the A Chain certificates to maturity, the term of which will subtract the holding period by the transferer. Discount rate is not applicable for settlement using A Chain certificates. Upon maturity, Customer A will make full payment of the face value to the person holding the A Chain certificates. A Chain certificates are accepted by many of our suppliers as a form of payment in lieu of cash settlement. The use of A Chain certificates for settlement is in line with the prevailing practice concerning supply chain settlement in the automotive industry, according to CIC. In 2024, nearly 90% of our suppliers used A Chain certificates for settlement due to its convenience.
- **Finance Through Early Cash Settlement Prior to Maturity:** If the holder of A Chain requires, it may apply to Customer A for early cash settlement of A Chain certificates. Customer A will advance the payment to the holder after deducting the agreed discount fee, which is often based on floating interest rates. During the Track Record Period, such discount rate was at a decreasing trend, ranging from 3.6% to 5.2% as annualized rate, or 0.9% to 1.3% as the 3-month interest rate, or the actual rate, for us. Alternatively, the holder may pledge A Chain certificates to a bank, factoring company, or other financial institution. The lender evaluates the application based on Customer A’s credit profile and, if approved, provides the holder with a loan secured by the A Chain receivable. During the Track Record Period, the amount of A Chain certificates we factored to the banks was RMB11.5 million in aggregate.
- **Hold A Chain Certificates to Maturity:** The holder may also choose to hold A Chain certificates until its maturity date, that is typically three months after issuance date in our case. Customer A will make full payment of the face value to the holder of A Chain certificates upon maturity.

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As of December 31, 2023, 2024 and 2025, the trade receivables of Customer A were RMB46.4 million, RMB106.5 million and RMB347.1 million, respectively, out of which RMB14.3 million, RMB16.3 million and RMB158.9 million were the amount of A Chain certificates, respectively. Subsequent to the Track Record Period, settlement through A Chain certificates was partially replaced by bank acceptance bills. Nonetheless, we expect A Chain certificates to continue to represent a certain proportion of our settlement mix going forward; however, bank acceptance bills are expected to become an important method of settlement, in line with our deepened business collaboration with, and the anticipated increase in revenue contribution from, Customer A. As of the Latest Practicable Date, we did not have any forfeited or expired A Chain with Customer A, or entered any dispute with Customer A with regard to the A Chain. Holding A Chain certificates to maturity is equivalent to a 3-month credit term, which does not affect the overall payment terms we grant to Customer A. However, there are certain risks associated with the possession and the use of A Chain. See “Risk Factors – Risks Related to Our Financials – We may be exposed to credit risk arising from our trade receivables. Failure to collect our trade receivables in a timely manner or at all could have a material and adverse impact on our business, financial condition, liquidity and prospects.” To avoid concentration, we have set up liquidity buffer arrangement by using A Chain certificates to settle the payment of our suppliers so as to utilize the A Chain certificates we receive from Customer A to the most extent and deal with the risk of potential shocks. Furthermore, we plan to gradually decrease the portion of Company A’s revenue contribution by expanding our customer base and increasing the sales from customers other than Customer A. See “Business – Path to Profitability – Clear Trajectory Toward Scalability – Expanding Customer Base and Increasing Sales Volume.” In addition, we will pay close attention to Customer A’s change in payment method and business conditions. Should a potential risk to Customer A’s credit rating occurs, we will consider systemically managing the payment collection of A Chain certificates in a timely manner.

Stable and Cooperative Relationship with Customer A

We have established a stable and strategic cooperative relationship with Customer A, our largest, strategic and one of the longest-standing customers. Since 2022, we have supplied Customer A with multiple generations of our radar products, including CTLRR-220 Plus and CTMRR-130, which have been deployed across certain vehicle models. In 2024, we began mass production of our high-resolution 5.5th generation products, CTLRR-220 Pro and CTMRR-130 Pro, which have been adopted for Customer A’s vehicle models under its all-round smart driving program.

We believe, from a technology standpoint, that Customer A uses our radar products not only for their hardware performance but also for our proprietary radar software performance and agile development cycles. These capabilities, in our view, are embedded in Customer A’s system design and are not easily substitutable. Given the rigorous automotive-grade validation process and system-level integration required, we consider it commercially and technically challenging for Customer A to switch to an alternative supplier in the short to medium term without incurring significant development costs and performance risk.

Since November 2024, Customer A has provided us with warehouse and storage service to ensure efficient delivery in view of our increased sales volume of millimeter-wave radars to Customer A. We believe this depth of integration across R&D, engineering, production and storage has laid a strong foundation for long-term collaboration and provides us with high visibility into future project pipelines. We believe this relationship exemplifies the mutual reliance between leading OEMs and specialized radar suppliers like us, and positions us as a critical partner in Customer A’s smart driving strategy.

We have successfully renewed our main agreements with Customer A on substantially similar key terms and conditions since the commencement of our cooperation. During the Track Record Period and up to the Latest Practicable Date, there had been no material service interruptions or disputes between Customer A and us. As of the Latest Practicable Date, we were not aware of any matters that may adversely affect our relationship or ongoing cooperation with Customer A, whose business has continued to perform well.

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Our Directors are of the view that our ongoing cooperation with Customer A is in the interests of our Shareholders as a whole. First, Customer A is one of the leading OEMs in China with strong market presence and continued growth in the smart driving segment, offering us substantial business scale and development potential. Second, having participated in multiple radar programs of Customer A, we have accumulated deep insight into its technical roadmap and system integration requirements, which evidences our capabilities. Third, due to the complexity of automotive-grade radar integration and validation, we believe it would be inefficient and commercially costly for Customer A to replace us with alternative suppliers in the short to medium term. Lastly, the fact that we have been qualified and successfully mass producing for a leading OEM enhances our reputation and credibility in the industry, which we believe will facilitate future collaborations with other major OEMs. Based on our stable relationship with Customer A, its growing revenue contribution during the Track Record Period, our deep involvement in the R&D and integration of its smart driving program, and technological, operational and production synergies gained through the process of supplying to Customer A's vehicle models, our Directors are of the view that our relationship with Customer A will not materially adversely change or terminate. With our successful cooperation with a leading OEM like Customer A, we believe we are able to quickly replicate our R&D and mass production capabilities to serve other customers.

Diversification of Customer Base and Revenue Stream

In our early stage of development, due to constraints in funding, personnel, production capacity, and organizational scale, we strategically focused our resources on building a deep and stable relationship with a leading OEM – Customer A. We believe this approach enabled us to achieve rapid growth in product deployment, technological validation, and market share thereby our revenue generated from Customer A accounted for a predominant proportion of our total revenue during the Track Record Period.

Additionally, we have invested in expanding our OEM customer base. For example, we commenced cooperation with Customer K in 2024. We have delivered approximately 67.0 thousand radar products to this customer in 2025, and have existing orders of over 0.4 million units that are to be shipped in the coming months. Similarly, we have established relationships with another leading OEM based in Beijing, namely Customer H, and delivered over 34,000 radar products in 2024. We have shipped approximately 131.0 thousand radar products to this customer in 2025. See “– Path to Profitability – Positive Outcome in Customer Expansion” and “– Our Relationship with Customer A – Diversification of Customer Base and Revenue Stream.”

Our revenue generated from customers other than Customer A amounted to RMB13.6 million, RMB22.3 million and RMB40.2 million in 2023, 2024 and 2025, respectively, which has been steadily increasing with a CAGR of 72.0% from 2023 to 2025. We continue to build relationships with additional leading OEMs in China to diversify our customer base and revenue streams. Engagements with these OEMs are currently at different stages of discussion, and we plan to formally commence cooperation once their smart driving product roadmaps are finalized and aligned with our product offerings.

As of the Latest Practicable Date, we secured over 2.4 million units in total purchase orders for 2026. Notably, over 25.0% of this volume, representing approximately RMB70.0 million, was contributed by customers other than Customer A. For the month ended January 31, 2026, sales to customers other than Customer A accounted for over 24.0% of total sales, representing a significant year-on-year increase compared to January 2025, when sales to such customers accounted for 4.0% of total sales.

SUPPLIERS

We procure raw materials and components for radar production, and select suppliers based on their expertise, quality, and project execution capabilities. As for existing suppliers, we review their performance on a regular basis, in which they are required to address any issues discovered.

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Major Suppliers

Our major suppliers are suppliers of raw materials, especially hardware components for radar production. Purchases from our largest supplier for the years ended December 31, 2023, 2024 and 2025 accounted for 26.7%, 48.2% and 44.9%, respectively, of our total purchases during those years. Purchases from our five largest suppliers during each year for the years ended December 31, 2023, 2024 and 2025 accounted for 74.8%, 78.0% and 76.5%, respectively, of our total purchases during those years. We believe that our operation is not dependent on any particular supplier. During the Track Record Period, we maintained multiple suppliers to avoid over-reliance on any of suppliers and we believe there is no significant difficulty to find suitable substitutes for our suppliers.

The following tables set forth details of our top five suppliers in each year during the Track Record Period:

Year Ended December 31, 2023

Supplier	Major Products Procured	Supplier Background	Purchase (RMB'000)	% of Total Purchase	Year of Commencing Business Relationship	Typical Credit Terms	Typical Payment Method
Supplier A	ICs	A New Taipei City-based, Taiwan Stock Exchange-listed company engaging in distribution of semiconductor electronics components	24,633.5	26.7	2018	30 days after monthly statement	A Chain
Supplier E	ICs	A Shenzhen-based semiconductor retail company	17,546.8	19.0	2023	30 days after monthly statement	Bank transfer or A Chain
Supplier B	PCBs	A Shantou-based company engaging in manufacturing of double-sided and multi-layer PCBs	14,905.7	16.2	2017	30 days after monthly statement	A Chain
Supplier D	Plastic and rubber products	A Shenzhen-based company engaging in design and manufacturing of precision mold	6,528.1	7.1	2022	30 days after monthly statement	A Chain
Supplier C	Electronic components	A Shenzhen-based company engaging in design and retail of electronic components	5,354.6	5.8	2018	30 days after monthly statement	A Chain
Total			68,698.7	74.8			

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Year Ended December 31, 2024

Supplier	Major Products Procured	Supplier Background	Purchase (RMB'000)	% of Total Purchase	Year of Commencing Business Relationship	Typical Credit Terms	Typical Payment Method
Supplier E	ICs	A Shenzhen-based semiconductor retail company	114,620.4	48.2	2023	30 days after monthly statement	A Chain
Supplier B	PCBs	A Shantou-based company engaging in manufacturing of double-sided and multi-layer PCBs	28,579.0	12.0	2017	30 days after monthly statement	A Chain
Supplier C	Electronic components	A Shenzhen-based company engaging in design and retail of electronic components	17,554.6	7.4	2018	60 days after monthly statement	A Chain
Supplier D	Plastic and rubber products	A Shenzhen-based company engaging in design and manufacturing of precision mold	14,936.0	6.3	2022	60 days after monthly statement	A Chain
Supplier A	ICs	A New Taipei City-based, Taiwan Stock Exchange-listed company engaging in distribution of semiconductor electronics components	9,820.7	4.1	2018	30 days after monthly statement	A Chain
Total			<u>185,510.7</u>	<u>78.0</u>			

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Year Ended December 31, 2025

Supplier	Major Products Procured	Supplier Background	Purchase (RMB'000)	% of Total Purchase	Year of Commencing Business Relationship	Typical Credit Terms	Typical Payment Method
Supplier F	ICs	A Shenzhen-based company engaging in retail of electronic components	433,701.4	44.9	2024	30 days after monthly statement	A Chain
Supplier B	PCBs	A Shantou-based company engaging in manufacturing of double-sided and multi-layer PCBs	98,231.8	10.2	2017	30 days after monthly statement	A Chain
Supplier G	ICs	A Dallas-headquartered, Beijing-based, NASDAQ-listed company engaging in the design and manufacturing of semiconductor electronic components	83,933.8	8.7	2024	30 days after monthly statement	Bank Transfer
Supplier C	Electronic components	A Shenzhen-based company engaging in design and retail of electronic components	72,073.8	7.5	2018	60 days after monthly statement	A Chain
Supplier D	Plastic and rubber products	A Shenzhen-based company engaging in design and manufacturing of precision mold	49,948.6	5.2	2022	60 days after monthly statement	A Chain
Total			737,889.0	76.5			

Note:

- (1) Our purchase from Supplier A experienced a continuous decrease from 2023 to 2024. Such decrease was mainly due to a shift from a Taiwan-based supplier to a PRC-based supplier for procurement of ICs. As the PRC-based supplier accepts settlement by A Chain certificates within the PRC, this has helped with supply chain flexibility and improved operational efficiency as we accomplished faster customs clearance of products and was able to received more local support. In 2025, our purchase from Supplier A increased due to the increase of a design solution that typically uses Supplier A’s ICs.

To the best knowledge of our Directors, each of our five largest suppliers for each period during the Track Record Period is an Independent Third Party. In addition, to the best knowledge of our Directors, there was no other past or present relationships (including financing, trust or otherwise) between us and each of our five largest suppliers, their respective substantial shareholders, directors or senior management, or any of their respective associates during the Track Record Period. As of the Latest Practicable Date, none of our Directors, their respective close associates or any of our shareholders (who owned or to the knowledge of Directors had owned more than 5% of our issued share capital) had any interest in any of our five largest suppliers. During the Track Record Period, there were no overlaps between our major customers and suppliers.

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Raw Materials and Components

The main raw materials used in the production of our millimeter-wave radar products include ICs, PCBs, and structural components. During the Track Record Period, our PCBs and structural components were primarily sourced from suppliers located within the PRC. Most of our ICs are also sourced from within the Chinese Mainland, with some of them sourced from other regions such as Taiwan, China. We may use logistics agents, who are Independent Third Parties, to handle administrative matters relating to customs clearance and settlement with certain suppliers. According to CIC, this arrangement is in compliance with applicable laws and industry norms.

We generally procure ICs through distributors based on our demand forecast. ICs are tested for functionality and compatibility prior to supplier engagement. Any change to ICs is subject to prior client approval. We also maintain a reviewed register of approved suppliers for ICs, raw materials, and components. During the Track Record Period and as of the Latest Practicable Date, we had not encountered any material disruption to our business as a result of shortage or delay in the supply of key components.

The salient terms of our typical procurement supply agreement are summarized as follows:

- **Term:** Typically valid for a period of three years.
- **Products or Services Provided:** The product types (e.g., radar-related electronic components, PCB boards) are specified in individual purchase order issued under the framework agreement.
- **Credit Period and Payment Method:** We generally enjoy a credit period of 30 to 60 days. We typically may elect to pay either by bank transfer or through A Chain.
- **Warranty and Quality Standards:** Suppliers are typically required to comply with applicable industry standards. A standard warranty obligation is imposed on suppliers for defects in materials or workmanship, with required repair or replacement within a reasonable period. We require the raw materials provided by our suppliers to have a remaining warranty period of no less than 2/3 of the total warranty period of the raw materials, and can support the smart vehicles equipped with the raw materials of a six-year, 150,000-kilometer driving.
- **Logistics and Delivery:** Suppliers are responsible for making delivery arrangements to designated warehouse locations and must comply with packaging and transportation requirements specified by us.
- **Continuous Supply and Production Capacity:** Suppliers typically undertake to ensure continuous and stable supply of the agreed products and to maintain sufficient production capacity. They are required to inform us in advance of any potential capacity issues.
- **Termination:** if a force majeure event prevents delivery for over ten days, we may terminate the agreement or cancel pending orders.
- **Intellectual Property Rights:** Where applicable, suppliers confirm that the products delivered do not infringe any third-party IP rights and indemnify us from any such claims. We are granted the right to incorporate the supplied components into our radar products.

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MANUFACTURING

We currently operate two production bases located in Shenzhen and Suzhou. Our Suzhou production base, with a gross floor area of approximately 3,365 sq.m., commenced operations in September 2022. Our production facility based in Shenzhen, which has a larger gross floor area of approximately 14,933 sq.m., commenced operations in January 2025.

During the Track Record Period and prior to the commencement of operations of our production facility in Shenzhen, we engaged an independent third-party contract manufacturer in Shenzhen (“**Shenzhen Contract Manufacturer**”) to fulfill certain customer orders and test manufacture certain new products, which primarily included radars for commercial vehicles. In 2023, 2024 and 2025, revenue contribution from the products manufactured by the Shenzhen Contract Manufacturer amounted to RMB41.5 million, RMB27.4 million and RMB31.1 million, respectively. We set up and owned two assembly lines in the factory of the Shenzhen Contract Manufacturer. Pursuant to our agreement with the Shenzhen Contract Manufacturer, we are responsible for (i) provision of raw materials for production, (ii) provision of product design, technical information, graphic and software for testing, (iii) determining the quality standard, (iv) approving the production plan and procedure, and (v) provision of training to their staff. Other salient terms of the agreement with the Shenzhen Contract Manufacturer are as follows:

- **Pricing.** The Shenzhen Contract Manufacturer provides a case-by-case negotiated fee quote semiannually, which takes into consideration the quantity of items and time spent on manufacturing.
- **Exclusivity.** The Shenzhen Contract Manufacturer is not our exclusive service provider.
- **IP rights.** We require the Shenzhen Contract Manufacturer to use our IP rights or the IP rights designated by us for manufacturing of the products.
- **Warranty period.** We require the Shenzhen Contract Manufacturer to provide a warranty period of 12 months after shipment of the manufactured products. The Shenzhen Contract Manufacturer shall be responsible for repairment should any quality issues arise. The party causing the quality issue shall bear the relevant costs.
- **Confidentiality.** The Shenzhen Contract Manufacturer is responsible to keep confidential the manufacturing processes related materials and documents.
- **Renewal and termination.** The agreement has a contract term of three years. Any earlier termination shall be raised by either party 45 days ahead of time. Renewal of the agreement is separately negotiated.

We have requested the Shenzhen Contract Manufacturer to comply with the relevant laws and regulations in the agreement. Besides, we have included confidentiality clauses in our agreement with the Shenzhen Contract Manufacturer, setting forth, among others, that the proprietary technology and IPs are protected, the ownership of which will not be transferred in the manufacturing process. The agreement also stipulates that the Shenzhen Contract Manufacturer is not permitted to use any of the materials and product design provided to it outside the scope of the agreement.

Following the commencement of operations at our Shenzhen production facility, we progressively phased out the use of the Shenzhen Contract Manufacturer and formally terminated our agreement with the Shenzhen Contract Manufacturer in May 2025. As our millimeter-wave radar products can be produced in either our Suzhou production base or the Shenzhen Contract Manufacturer, to demonstrate our production capabilities during the Track Record Period, we set out

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below the production capacity, production output, and utilization rates of our Suzhou production base and the factory of the Shenzhen Contract Manufacturer, respectively.

Our Shenzhen production base currently houses six SMT lines and 14 assembly lines, including two fully automated and 12 semi-automated assembly lines. Our Suzhou production base is equipped with two SMT lines and six assembly lines, of which two are fully automated and four are semi-automated. Our production lines are not specifically designed for any particular customers and thus can be used to manufacture the products for all of our customers, including Customer A and otherwise.

We have multiple departments overseeing the entire manufacturing process, including supply, engineering, production, quality assurance, and general management. As of the Latest Practicable Date, we had 155 employees dedicated to supply and manufacturing functions. We place strong emphasis on product quality, employee safety, and environmental protection throughout our manufacturing operations. To that end, we have obtained a series of relevant industry certifications, including ISO 26262 for functional safety.

As we scale up our business operation, we may add new manufacturing facilities and expand our existing facilities. According to CIC, major OEMs that have substantial demand for radar products would typically require their suppliers to have sufficient production capacity available, before they establish long-term cooperation with the suppliers. We believe that suitable additional or alternative space will be available in the future on commercially reasonable terms to accommodate our foreseeable future expansion.

Our manufacturing model allows us to produce various millimeter-wave radar products with efficient changeover. As of the Latest Practicable Date, our annual designed production capacity was approximately 15.0 million units.

The following table sets forth the details of the production capacities and utilization rates of our Suzhou production base and Shenzhen production base, respectively, in each year during the Track Record Period:

Production Base	2023			2024			2025		
	Designed Capacity ⁽¹⁾ (units)	Output (units)	Utilization Rate ⁽²⁾ (%)	Designed Capacity ⁽¹⁾ (units)	Output (units)	Utilization Rate ⁽²⁾ (%)	Designed Capacity ⁽¹⁾ (units)	Output (units)	Utilization Rate ⁽²⁾ (%)
Suzhou Production Base	506,483 ⁽⁴⁾	530,282	104.7 ⁽³⁾	1,481,143	1,759,202 ⁽⁴⁾	118.8 ⁽³⁾	3,016,145	3,374,442	111.9 ⁽³⁾
Shenzhen Production Base	-	-	-	-	-	-	11,612,160	6,846,849	59.0 ⁽⁵⁾

Notes:

- (1) Designed capacity is calculated under the assumption that each production line is in operation for 16 hours a day, 24 days a month, and 12 months a year.
- (2) Utilization rate is calculated by dividing the production output of a given year by the designed capacity of the same year.
- (3) There had been extra workers and operation hours had been extended to cater to the production needs as part of our strategic intention to maximize our in-house production efficiency.
- (4) We set up additional assembly lines in our Suzhou production base during 2023, and the assembly lines had been increased from one to five.
- (5) Shenzhen Production Base commenced phased production during the first half of the year. In 2025, the facility achieved an actual production capacity of 9,354,240 units, with an actual capacity utilization rate of 73.20%.

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The following table sets forth the details of the production capacities and utilization rates of the factory of the Shenzhen Contract Manufacturer in each year during the Track Record Period:

	2023			2024			2025		
	Designed Capacity ⁽¹⁾	Output	Utilization Rate ⁽²⁾	Designed Capacity ⁽¹⁾	Output	Utilization Rate ⁽²⁾	Designed Capacity ⁽¹⁾	Output	Utilization Rate ⁽²⁾
	(units)	(units)	(%)	(units)	(units)	(%)	(units)	(units)	(%)
Factory of the Shenzhen Contract Manufacturer ⁽³⁾	473,966	285,400	60.2	473,966	194,953	41.1	333,683	301,756	90.4

Notes:

- (1) Designed capacity is calculated under the assumption that each production line is in operation for 16 hours a day, 24 days a month, and 12 months a year.
- (2) Utilization rate is calculated by dividing the production output of a given year by the designed capacity of the same year.
- (3) We only conducted the manufacturing of sampling products, testing and small-scale trial production at the factory of the Shenzhen Contract Manufacturer, resulting in its low utilization rate from 2023 to 2024. As our Shenzhen and Suzhou Production bases became sufficient to meet order demand, we ceased cooperation with Shenzhen Contract Manufacturer in May 2025.

Our Production Process

We have deployed a mix of fully-automated and semi-automated production lines. We believe that the mix of fully-automated and semi-automated production lines allows us a good degree of flexibility while mitigating the high maintenance costs associated with fully-automated production lines. Each fully-automated and semi-automated production line may be used to produce all of our products.

Production Process

The following chart illustrates our production process for millimeter-wave radar products:

Process Step	Description
SPI Inspection	Check the quality of solder paste after printing.
Component Pick & Place	According to the BOM and the patch program, paste the corresponding components in the specified position.
Reflow Soldering	Provide enough temperature to let the solder paste melt to form an electrical connection.
Post-AOI Inspection	Check the quality of solder joints.
X-ray Inspection	Detect the solder joints on the bottom of the BGA.
PCBA Press Fit	Insert the connecting pin of the part into the metallized hole of the PCB.
Hot Air Cold Riveting	Heat the pin housing to let the locating posts melt and then solidify through the cooling to form a riveting head, fixing the PCBA.

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Process Step	Description
Laser Welding	Heat the pin housing to weld with the back cover, forming an integrated unit.
Leakage Testing	Detect leakage compliance after laser welding.
End of Line Test	Angle, RCS calibration and distance, angle, speed, quiescent current detection.

Quality Control

We have policies in place to ensure the quality of the components and other raw materials we purchase from suppliers, such as screening prior to engaging new suppliers and conducting regular evaluations of their performance and the quality of the goods supplied by them. When selecting and evaluating suppliers, we conduct due diligence and consider a number of factors, including their credentials, experience, service or product availability, price and delivery time.

We require all of our suppliers to comply with our internal supply management policies. We communicate with suppliers regarding quality standard, and inspect products received to ensure that they meet all of our specified requirements. We may conduct on-site inspection of suppliers, and require suppliers to timely remedy quality issues upon notice. Upon receiving materials and products from suppliers, we retain the right to reject or return based on our inspection results.

According to the relevant laws and regulations, our radar products are hardware sensors, and not active safety components that are crucial to an vehicle’s safety. According to the PRC Legal Advisors, if a customer using end products such as NEVs that incorporate our radar products is involved in an accident resulting in injuries or fatalities, the person or legal entity such as the driver, OEM, software supplier or system integrator, would be principally responsible for the accident. If the OEM determines that the accident is caused by the quality of our products, we are typically imposed punitive liquidated damages for breaching the quality guarantee clauses.

We generally provide three to five year warranties for our products sold to customers. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material product returns, product recalls, product liability claims, warranty expenses or customer complaints that adversely affected our business.

LOGISTICS AND INVENTORY MANAGEMENT

We engage third-party logistics service providers for delivering finished goods from our manufacturing facilities to locations specified by our customers. We set out strict standards to assess logistics partners, such as delivery, packaging, service, and compliance. To the best of our knowledge, all of these logistics service providers are Independent Third Parties.

Our inventories primarily consist of (i) raw materials and work-in-progress, and (ii) finished goods and fulfillment costs. We have implemented an inventory management system designed and overseen by our warehouse and logistics department. Our inventory policies cover storage authorization, inbound and outbound procedures, periodic inventory counts, and procedures for scrapping and impairment. We enforce strict safety protocols such as access controls, anti-fire and anti-theft measures, and environmental storage requirements. All inbound materials are verified against delivery documentation and subjected to quality inspection before being accepted into inventory. Outbound shipments, including production line requisitions and customer deliveries, follow MES-logged issuance and multi-point verification procedures. Since November 2024, Customer A has

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provided us with warehouse and storage service to ensure efficient delivery in view of our increased sales volume of millimeter-wave radars to Customer A.

In addition, we conduct inventory audits, and manage impairments and obsolescence in coordination with the finance and quality departments. We believe these internal controls enable us to maintain inventory integrity, minimize loss, and support efficient production planning.

DATA PRIVACY AND INFORMATION SECURITY

In the course of our business, we collect and store corporate data during the transactions with our enterprise customers and suppliers, including their names, addresses, business scopes and other types of transaction details upon the consent of our counterparties. Such information and data is stored within the PRC on cloud infrastructure, including public cloud and private cloud. We do not collect, process or store any personal data or transfer any cross-border data. Although we do not process customer data in the ordinary course of business, we are subject to general PRC laws and regulations relating to data security and cybersecurity. See “Risk Factors – Risks Relating to Our Operations – We may be subject to evolving PRC laws and regulations relating to data security and cybersecurity.”

We have implemented comprehensive internal controls to ensure robust data security and privacy protection. Data residing on public cloud is managed in strict compliance with the respective cloud service providers’ security assurances and privacy policies. For our private cloud infrastructure, we have established an integrated framework of technical, operational and policy-based measures. We enforce stringent access controls based on the principles of minimum needs and role-based permissions, with multi-factor authentication required for sensitive systems. Our network is secured through firewalls, intrusion detection systems, and secure VPNs, and is further strengthened by regular security testing. Additional safeguards include data loss prevention solutions and 24/7 monitoring via a centralized security information and event management system.

We manage the full data life cycle, from collection to secure destruction, supported by ongoing employee training and strict physical security at all facilities. We also enforce rigorous security assessments and contractual obligations for third-party vendors. To ensure operational resilience, we maintain a detailed incident response plan and conduct regular drills. Our internal control system is continually refined through periodic internal audits and response to evolving best practices.

Our PRC Legal Advisors are of the view that we have been in compliance with the relevant PRC laws, rules and regulations relating to cybersecurity and data protection in all material aspects during the Track Record Period and up to the Latest Practicable Date on the basis that (i) we do not collect or process personal data as we do not conduct business directly with individuals, (ii) we have implemented comprehensive cybersecurity and data protection policies, procedures, and measures to ensure secured storage and transmission of data, prevent unauthorized access or use of data and respond to network security incidents, (iii) we have not been subject to any material fines or administrative penalties, mandatory rectifications, or other sanctions by any competent regulatory authorities for violation of cybersecurity and data protection laws, rules and regulations, (iv) there have been no material cybersecurity and data protection incidents or infringement upon the rights of any third parties, or other legal proceedings, administrative or governmental proceedings, pending or, to the best of the knowledge of our Directors, threatened against or relating to us, and (v) we have not experienced any material leakage of data, any breach of confidential business data or violation of cybersecurity and data protection and privacy laws, rules and regulations which will have a material adverse impact on our business operations.

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AWARDS AND RECOGNITIONS

We have built an outstanding business reputation in the industry. The following chart lists selected awards and recognitions we have received:

Award Name	Awarding Organization	Year of Award
Smart Manufacturing Tech 50 (畢馬威中國智能製造科技50企業榜單)	KPMG	2025
High-Quality Development Industrial Enterprise (高質量發展工業企業)	Shenzhen Futian Bureau of Industry and Information Technology (深圳市福田區工業和信息化局)	2025
2024 AIIA Excellence in Application Award (卓越應用獎)	Organizing Committee of the Enmore Automotive Industry Conference and Exposition (易貿汽車產業大會暨展覽會組委會)	2024
Most Valuable Investment Award of the Year (年度最具價值投資獎)	Yanzhi Auto motive (焉知汽車)	2024
“Little Giant” Enterprise Specialising in Niche and Innovative Technologies (專精特新“小巨人”企業)	Ministry of Industry and Information Technology (工業和信息化部)	2024
China Intelligent and Connected Vehicle Innovation Achievement Award (中國智能網聯汽車創新成果獎)	China Intelligent and Connected Vehicle Innovation Achievement Conference (中國智能網聯汽車創新成果大會)	2023
2023 Leading Sci-Tech Company in New Energy Vehicles and Autonomous Driving (2023新能源汽車及自動駕駛科創好公司)	Cls.cn (財聯社) & Chinastarmarket.cn (科創板日報)	2023
“Rising Star” Award 2022 (明日之星2022)	Deloitte (德勤)	2022

COMPETITION

We offer a broad range of millimeter-wave radar products for the automotive industry. According to CIC, market in which we operate is highly competitive and characterized by rapid technological evolvement, fast changes in customer demands and preferences, frequent introduction of new products and services and constant emergence of new industry standards and practices. For more details, see “Industry Overview”.

Despite the competition, we believe our millimeter-wave radar product portfolio and our product delivery capabilities stand out among our competitors. In particular, we believe our algorithm and software development capabilities further differentiate us from mere sensor manufacturers.

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It is our view that these unique capabilities and product portfolio allow us to enjoy a competitive edge over our competitors, whether in the field of automotive applications, or in non-automotive applications into which we seek to explore in the future. While there will always be companies that are developing advanced sensor products, we believe our market position provide us with a compelling advantage over other sensor manufacturers.

EMPLOYEES

As of the Latest Practicable Date, we had a total of 330 employees and substantially all of our employees were based in the PRC.

The following table sets forth the number of our full-time employees by function as of the Latest Practicable Date:

	Number of employees
Research and development	129
Sales and marketing	17
Production and procurement	155
General administration and management	29
Total	330

We use various recruitment methods, including campus recruitment, online recruitment, and internal referrals, among others. In addition to salaries and benefits, we generally provide performance-based bonuses for our full-time employees and commission for our sales and marketing staff. We have established a system for employee training and development, including specific trainings covering corporate culture, workplace safety, data security, and other logistics aspects, as well as specific trainings that improve employee knowledge and expertise in certain important areas related to our business. We are committed to making continued efforts to provide an engaging working environment to our employees.

We enter into standard labor contracts with our full-time employees with confidentiality, intellectual property, and non-compete provisions, with the exception that we do not enter into non-compete provision with our manufacturing employees. As set out in these agreements, employees are required to maintain confidentiality of our trade secrets, proprietary information and other confidential data during and after their employment. All intellectual property created by the employee in the course of their employment, including patents, trademarks, copyrights, and trade secrets, belongs to us. The employment contracts also include a standard non-compete covenant that prohibits the employee from competing with us, directly or indirectly, during their employment and for a period not more than two years after termination of their employment.

We believe we maintain a good working relationship with our employees and we have not experienced any material labor dispute or any difficulty in recruiting staff for our operations during the Track Record Period and up to the Latest Practicable Date.

Social Insurance and Housing Provident Fund Contributions

As advised by our PRC Legal Advisors, under the applicable regulations in the PRC, we are required to participate in various government-sponsored employee benefit plans, including certain social insurance, housing provident funds and other welfare-oriented payment obligations, and contribute to the plans in amounts equal to certain percentages of salaries, including bonuses and

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allowances, of employees up to a maximum amount specified by the local government from time to time at locations where our employees are based. See “Risk Factors – Risks Relating to our Business and Industry – Failure to make adequate contributions to various employee benefit plans as required by PRC regulations may subject us to penalties.” According to the relevant PRC laws and regulations, an employer who fails to make the prescribed social insurance contributions may be ordered to pay the required contributions and late payment fee of up to 0.05% per day. If the employer still fails to rectify the failure to make social insurance contributions within the stipulated deadline, it may be subject to a fine ranging from one to three times of the amount overdue. In addition, an employer that has not made the prescribed housing provident fund contributions may be ordered to pay the required contributions within the stipulated deadline, failing which it may be subject to the court’s compulsory enforcement.

During the Track Record Period and up to the Latest Practicable Date, we did not make full payments in relation to social insurance and housing provident fund contributions for certain of our employees in accordance with relevant laws and regulations and have engaged third-party agencies to make contributions for certain employees of ours. As of the Latest Practicable Date, the shortfall in social insurance and housing provident fund contributions was approximately RMB23.0 million in aggregate. In the event that we are required by the relevant authorities to make extra contributions or terminate the engagement with third-party agencies to make contributions, we will proceed accordingly. As advised by our PRC Legal Advisors, the risk is low that we or our PRC subsidiaries will be required by the social insurance authorities to fully make up the shortfall or be imposed administrative penalties for failure to pay social insurance in full for all employees during the Track Record Period or for entrusting a third party to pay on their behalf, assuming that there are no major changes to the current policies and regulations in China, that the enforcement practices of local governments remain unchanged, and that we are not subject to any complaint made by our employees. Based on the above, our Directors are of the view that the abovementioned issues in relation to the contributions of social insurance and housing provident funds would not have a material adverse effect on our business, results of operations or financial condition. Consequently, we did not make any additional provisions for the underpaid social insurance contributions and housing fund contributions for each of the years comprising the Track Record Period.

We plan to implement, and have made progress in the implementation of, the following internal controls to ensure that we will make contributions to the social insurance plans and housing provident fund in accordance with the relevant policies and regulations:

- our human resources department will closely monitor the latest regulations and policies in relation to social insurance and housing provident funds to prevent any new instances of non-compliance; and
- we will strengthen legal compliance training to our employees and management teams to increase their awareness of the relevant PRC laws and regulations.

The Interpretation II by the Supreme People’s Court of the PRC on Legal Issues in the Trial of Labor Dispute Cases (最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)) (the “**Interpretation II**”) promulgated by the Supreme People’s Court on July 31, 2025 and took effect on September 1, 2025 stipulates that, among others, both employers and employees are obligated to participate in the social insurance. Our PRC Legal Advisors are of the view that the Interpretation II would not have any material adverse impact on our business operations and financial position, considering that (i) the Interpretation II does not expand our penalty exposure; (ii) the Interpretation II does not repeal the social insurance laws and regulations of the PRC currently in force; and (iii) Mr. Chen has undertaken to indemnify us against all of outstanding shortfalls, penalties or damages in the event that we are required to pay any of outstanding contributions, or any overdue charges or penalties imposed by the relevant PRC authorities.

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INSURANCE

Per our PRC Legal Advisors, pursuant to PRC regulations, we provide social insurance including pension insurance, unemployment insurance, work-related injury insurance, maternity insurance and medical insurance for our employees based in the PRC. We do not maintain any product liability insurance, which aligns with industry practice, according to CIC. We consider our insurance coverage to be in line with that of other companies in the same industry of similar size in the PRC.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We understand the importance of sustainable development to our long-term development, and we have therefore put in place a number of ESG-related management measures and integrated the concept of sustainable development into our daily operations and decision-making process.

Corporate Governance

We emphasize the importance of responsible corporate governance and have established the Strategy and Sustainable Development Committee (“SSDC”), forming an ESG governance structure of strategic decision-making by the Board of Directors, supervisory review by the SSDC, comprehensive management by the ESG working group, and coordinated execution by the ESG management department, while forming a comprehensive working mechanism, which provides strong support for our sustainable development.

The Board of Directors is the final authority of ESG-related decisions, being fully responsible for managing and making decisions on major ESG issues. The SSDC is responsible for reviewing the ESG system, ESG strategic planning and objectives, and assessing ESG-related risks, while the ESG working group is responsible for identifying, evaluating and managing ESG issues and communicating with and reporting on ESG matters on a regular basis. Meanwhile, the ESG management department implements specific ESG work according to the division of labor and responsibilities of each department and records the performance of ESG work on a regular basis.

Identification and Assessment of ESG-related Risks

We attach great importance to the identification, assessment and management of ESG-related risks. We have incorporated ESG risks into our overall risk management framework, and we identify ESG-related risks and opportunities in a timely manner and formulate corresponding countermeasures by means of regular assessment and internal reporting.

Climate-related Risk Identification and Response

We actively respond to climate risks. In terms of physical risks, in the face of the frequent occurrence of extreme weather, drastic changes in temperature and humidity, and other challenges that may affect the operational precision of production equipment and the stability of raw material transportation, we have enhanced the resilience of our overall operations by improving the ability to control the production environment, strengthening the environmentally adaptive design of key devices and optimizing the global supply chain and inventory strategy; in terms of transformation risks, as the automotive industry accelerates its transformation to low-carbonization and intelligence, it faces pressure from tightening policies and regulations, increasing customer requirements for green products and rapid iteration of technology routes. We will support the automotive industry in realizing the integration of intelligence and sustainable development by strengthening the design optimization of millimeter-wave radar products in terms of energy efficiency, recyclability and other aspects, promoting the green manufacturing process, and continuing to carry out research and judgment related to low-carbon solutions for smart driving.

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Environment-related Risks

Resource Consumption and Emissions Reduction Targets

We align with China’s “dual carbon” strategy, integrating the national objectives of peaking carbon dioxide emissions before 2030 and achieving carbon neutrality before 2060 into our green development roadmap. We actively embed low-carbon practices across operations to advance toward these national goals.

We place strong emphasis on preventing or minimizing the release of hazardous substances or active components into the environment through spills or fugitive emissions. Hazardous waste is managed and disposed of in full compliance with applicable regulations. We have set a target of achieving a 100% compliance rate for the discharge of wastewater, air emissions, and solid waste. We have implemented a series of measures, including internal policies, such as resource conservation and cost-efficiency guidelines, as well as targeted initiatives addressing air emissions, wastewater, solid waste, greenhouse gases, and energy consumption to encourage sustainable practices and reduce the consumption of water, electricity, and paper.

- To reduce air emissions, we have installed gas collection hoods and pipelines at pollution sources. The collected gases are treated via a nylon mesh filtration and two-stage activated carbon adsorption system before being discharged at height. For instance, our newly constructed project in Pingshan, Shenzhen, has achieved a gas collection rate of 80% and a treatment efficiency of 85%.
- To minimize wastewater discharge, domestic sewage is treated at dedicated plants to ensure compliance with standards. Furthermore, our Suzhou plant has actively supported the expansion of the sewage pipeline network and promoted the use of reclaimed water through recycling projects.
- To reduce solid waste, domestic waste is sorted and collected for disposal by municipal sanitation services. General industrial solid waste is sorted and sent to professional recycling companies for reuse, while hazardous waste is classified and transferred to licensed units for treatment.
- To curb greenhouse gas emissions and lower energy consumption, we have implemented various energy-saving measures, including building insulation for roofs, doors, windows, and floors; energy-efficient electromechanical systems for HVAC, power distribution, and lighting; and adopting of new energy sources, materials, and technologies in production and daily operations. A notable example is the energy-efficient design of the Pingshan, Shenzhen project. In 2025, we installed a photovoltaic system on an existing equipment room structure. With an installed capacity of 90.17 kWp and a designed service life of 25 years, the system is expected to generate approximately 2.08 million kWh of electricity in total, providing an annual average of 83,100 kWh of green power. This will replace about 25.35 tons of standard coal per year, equivalent to reducing annual emissions of sulfur oxides by 0.52 tons, nitrogen oxides by 0.17 tons, and carbon dioxide by 67.64 tons.
- To improve energy efficiency, we combine management measures with technological upgrades. Annual operational performance targets are set and executed to lower energy consumption costs and drive continuous improvements in energy efficiency year over year.

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Resource Management

In response to the “double carbon” goal and to strictly implement applicable laws and regulations, we make references to national standards including the Energy Management System Requirements GB/T 23331-2020, General principles for calculation of total production energy consumption GB/T 2589-2020, and other energy consumption measurement rules in formulating our Energy Management Handbook and our energy management system. We adhere to the goals of saving energy, improving energy efficiency as the main means to reduce production costs, improving business efficiency and fulfilling the social responsibility of enterprises in accordance to applicable laws and regulations. To achieve such goals, we have established our energy conservation task force led by our general manager, and appointed energy management representatives responsible for the system implementation and continuous improvement. At the same time, we ensure the effective operation of the system through regular energy usage reviews, the establishment of energy benchmarks and energy performance parameters, and the comprehensively promotion of energy conservation and emission reduction.

We have also formulated the Implementation Measures for Enterprise Diligence and Frugality and implemented a number of energy-saving measures, including a water equipment maintenance system and promoting the reuse of water to achieve water conservation targets, strictly enforcing air conditioning temperature standards ($\geq 26^{\circ}\text{C}$ in summer, $\leq 20^{\circ}\text{C}$ in winter) and popularizing voice-activated lighting systems to reduce electricity consumption, and promoting double-sided printing and paperless office practices while strengthening the management of office supplies. In terms of vehicle management, we have implemented the fixed-point fuel dispenser system and the 100-kilometer fuel consumption assessment system to effectively control the use of fuel; in our product production process, we have realized the reduction of energy and raw material consumption through the introduction of cleaner production technology and process upgrading.

Non-hazardous Waste Disposal

We strictly follow applicable laws and regulations governing waste disposal, which explicitly require that solid waste treatment units must have met relevant qualifications, and that they meet the standards for personal protection during the operation process, so as to prevent accidents caused by the throwing and spilling of solid waste.

Hazardous Waste Disposal

We strictly comply with applicable laws and regulations and regulatory rules governing the disposal of hazardous waste and have established a sound mechanism for the handling of hazardous waste products and emergency response to leakage.

In treating hazardous waste, we implement a full tracking and management system for waste, record the type, quantity, flow direction and storage method of waste, and transfer hazardous waste to enterprises with treatment qualifications for treatment in strict accordance with the relevant procedures to prevent arbitrary disposal.

Greenhouse Gas Management

We have formulated the Carbon Management Handbook to carry out GHG emissions management through integrated planning at multiple levels, including strategic planning, target setting, monitoring and accounting, compliance and risk management, technology R&D, supply chain management, market participation and trading, corporate culture building, footprint assessment and disclosure, among others. Meanwhile, focusing on the product side, we have formulated the Product Carbon Management Guideline to comprehensively assess the carbon emissions of the product life cycle and identify the potential for emission reduction in each stage of production as we optimize production processes and procedures, improve energy efficiency, and reduce carbon emissions during

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the production process. Furthermore, we partner with our suppliers and manufacturers to jointly promote carbon reduction actions and achieve overall emission reduction in the industrial chain. In 2024, our Scope 3 greenhouse gas emissions from employee business air travel amounted to 85.5 tons of CO₂ equivalent. In 2025, our Scope 3 greenhouse gas emissions from employee business air travel amounted to 89.0 tons of CO₂ equivalent.

Air Pollution

As a head leading company in the millimeter-wave radar field, we strictly follow applicable laws, and regulate the standards and methods of gas emission in our Environmental Manual, our Environmental Factor Identification, our Evaluation Control Procedure and our Pollutant Management Specification, which satisfy the requirements of the Comprehensive Emission Standard for Air Pollutants (GB 16297-1996). According to our internal systematic management system, we have identified the volatile organic compounds (VOCs) generated from laser engraving and SMT process as the core control link, and through the waste gas treatment measures such as activated carbon adsorption as well as RTO incineration. In specific projects, the removal rate of the high concentration VOCs has reached 90%.

Waste Water

We strictly follow applicable laws, regulations and regulatory requirements, regulating the workflow and risk management of water resources use, discharge and treatment in the system documents such as the “Environmental Manual”, “Operational Control Procedures”, “Emergency Preparedness and Response Control Procedures”, among others; we promote the prevention and control of water pollution and the use of resources in a systematic manner and ensure that rain water is collected and discharged into the pipeline network in a standardized manner through rainwater management.

Recycling

We strictly follow applicable laws and regulations and have formulated systems such as the Management System of Sustainable Development and the Environmental Handbook, so as to ensure that recycling and utilization of waste-related work is in compliance with the rules and regulations. We reduce the consumption of various resources, such as raw and auxiliary materials for production, outsourced materials, energy, among others, to minimize the generation of waste at source, and recover and recycle waste as much as possible; actively promote waste classification and recycling to ensure that recyclables, hazardous substances and general garbage are disposed of correctly; and provide sufficient garbage cans and recycling bins and encourage employees to put garbage out correctly in the office and public areas.

Issue	Indicator	Unit	As of December 31,		
			2023	2024	2025
Greenhouse gas	Greenhouse gas scope 1 emissions	Tons of CO ₂ equivalent	0.67	1.41	3.50
	Greenhouse gas scope 2 emissions	Tons of CO ₂ equivalent	552.15	907.24	3,528.28
	Total GHG emissions (Scope 1 + Scope 2)	Tons of CO ₂ equivalent	552.81	908.65	3,531.78
	GHG emission intensity (Scope 1 + Scope 2)	Tons of CO ₂ equivalent per million RMB revenue	3.53	2.61	3.15

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Issue	Indicator	Unit	As of December 31,		
			2023	2024	2025
Resource utilization	Total energy consumption	kWh	1,031,110.67	1,695,248.93	6,586,465.17
	Energy consumption intensity	kWh per million RMB revenue	6,587.56	4,870.09	5,867.70
	Total water consumption	Cubic meter	1,012.27	1,616.20	13,690.00
	Water consumption density	Cubic meters per million RMB revenue	6.47	4.64	12.20
Waste	Total non-hazardous waste emissions	Ton	4.73	12.02	17.33
	Non-hazardous waste emission intensity	Tons per million RMB revenue	0.03	0.03	0.02
	Total hazardous waste emissions	Ton	1.13	1.61	18.62
	Hazardous waste emission intensity	Tons per million RMB revenue	0.0072	0.0046	0.0166

Note:

Compared with industry peers, our ESG-related metrics remains within a normal range.

Social Responsibility

Employment and Labor Standards

We strictly abide by the Labor Law of the People’s Republic of China, the Labor Contract Law of the People’s Republic of China and other laws and regulations, follow the United Nations Guiding Principles on Business and Human Rights and other international rules on the protection of human rights, and formulate the “Recruitment Management System”, “Labor Practices and Human Rights Policies” and other normative documents to clarify the procedures and methods of employee recruitment and hiring and to respect and protect human rights. We adhere to the principle of “equality and openness, internal priority” in recruitment, treats all applicants fairly, selects and employs people with equal opportunities, strictly prohibits discrimination, and does not differentiate between applicants based on their race, ethnicity, nationality, religion, disability, gender, marital status, among others. We also strictly prohibit child labor and forced labor, and explicitly prohibit any form of harassment and insults and other words and actions that undermine the dignity of employees. In addition, we hold our suppliers and business partners to the same standard of respect for the labor and human rights of all our employees, and strive to build a work environment that is mutually tolerant of different ideas and values, free of discrimination and harassment, and robust enough to allow for the development of unique personalities.

We attach importance to and strengthens the construction of talent team, and establishes diversified talent introduction channels through newspaper advertisements, the Internet, talent market, headhunting, internal and external recommendations, and school-enterprise cooperation, among others, so as to provide strong human resources support for the long-term sustainable development, and to help us achieve our strategic goals. As of December 31, 2025, the company had a total of 351 employees, including 239 male employees (68.1%) and 112 female employees (31.9%).

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Remuneration and Benefits

We have formulated the Remuneration and Benefits Management System, which provides market-competitive salaries according to employees’ positions and abilities. We review the salaries of our employees at the end of each year and adjusts the salary level regularly. We have formulated the Performance Management System, in which the results of performance appraisal are linked to the salary, so as to fully stimulate the employees’ work potential and subjective motivation.

We have established a welfare management system covering all regular employees, and have set up diversified Cheng-Tech characteristic benefits in addition to statutory benefits according to regulations. We pay attention to the health of employees, providing free annual on-the-job physical examination and off-the-job physical examination; we purchase commercial insurance for all employees in addition to the insurances required by applicable PRC laws, which is used for the reimbursement of outpatient and hospitalization for employees’ sudden work-related injuries and accidents. We provide various kinds of subsidies such as high temperature, rent, tutor, patent, overtime pay, but also sets up other welfare policies such as group building funds, travel meal subsidies, holiday gifts, merit-based promotion criteria, among others. For female employees, we strictly follow the national policies and regulations to implement the procedures for the protection of women’s legitimate rights and interests, equal pay for equal work for both male and female employees, and guarantee that female employees enjoy the rights and interests such as maternity leave and women’s day.

Health and Safety

We attach great importance to the management of occupational health and safety, adhering to the health and safety management policy of “safety first, prevention first, compliance with laws and regulations, people-oriented”, and aiming at “zero fire accidents, zero serious injuries and zero occupational diseases”, we have integrated safety into the corporate culture and constructed a perfect health and safety management system to create a safe and healthy working environment for our employees. We have established a three-tier organizational structure headed by the general manager, coordinated and guided by the management representative, and promoted the construction of the management system together with the related departments such as the Manufacturing Department, the Quality Department, the Engineering Department, and the Operation Department, to implement, promote, and continuously supervise and improve the health and safety management of ours.

We strictly abide by applicable laws and regulations related to labor, safety, health and hygiene. We have a complete occupational health and safety system, covering the structure and responsibilities of organizational personnel, operation norms, process standards, and emergency plans. We have obtained ISO 45001 Occupational Health and Safety Management System Certification. In recent years, we have not had any production safety accidents.

Development and Training

We attach great importance to employee training and capacity building, and provide systematic and extensive vocational skills training for our employees around the whole cycle of career development, covering a wide range of dimensions, including: basic information about ours, corporate culture, social responsibility, safety and environmental protection, occupational health, job skills, and career development, to ensure that new employees are quickly integrated into the organization, and that existing employees continue to improve their abilities. At the same time, we continue to improve the training mechanism, formulate annual training plans for employees, provide multi-level and multi-form learning platforms and practice opportunities, and encourage employees to demonstrate their abilities and accumulate experience in all kinds of work scenarios, so as to realize the synergistic growth and sustainable development of employees and us as a company.

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In order to standardize and systematize the management of human resources and further improve the mechanism of nurturing and retaining people, we have formulated relevant institutional documents and have established a dual-track parallel competence development system for professional and technical talents and front-line employees, and guaranteed the promotion of open, transparent and fair mechanism for the career advancement of employees at a systematic level, which has fully mobilized the enthusiasm and creativity of employees, and promoted the integration of personal development and long-term corporate value. In addition, we regularly evaluate the comprehensive performance of employees according to the Performance Management System, prioritizes the selection and appointment of employees with overall competence, willingness to work, ability to work, and outstanding performance, and provides them with more training opportunities to motivate employees to devote themselves to their positions and promote the common development of individuals and we as a company.

At the same time, we actively cooperate with scientific research institutes to continuously improve the R&D capability and level of our scientific research team, and continuously improve the scientific and technological innovation ability of the enterprise. In recent years, we have carried out strategic cooperation with Beijing University of Technology, of which the ownership of relevant products belongs to Beijing University of Technology, and North China University of Science and Technology, of which the ownership of IP rights belongs to us.

Supplier Management

In order to select suitable suppliers and establish long-term sustainable partnership, we have formulated and implemented our Supplier Management Procedures, Material Capability Evaluation Management Standards and other institutional documents, and have implemented strict development, evaluation and introduction processes for suppliers of raw materials, spare parts and agency purchasers, as we evaluate their product quality, compliance, environmental and social responsibility performance, among other parameters. At the same time, we have set up a periodic performance evaluation mechanism and other on-site audit mechanisms to require suppliers to meet the requirements of the environment, occupational health and safety and other relevant indicators of our products. We have also implemented an elimination or rectification mechanism for suppliers that do not meet the standards, in order to continuously improve the quality of the supply chain and the level of compliance.

Anti-corruption and Anti-bribery

We have established anti-corruption related systems such as the Corporate Social Responsibility Management Measures, the Code of Business Conduct and Ethics, and the Compliance Management Measures. We are committed to implementing transparent standards for gifts and hospitality, and we require that all gifts and hospitality be strictly and accurately recorded. Employees shall not, directly or indirectly, offer, promise, give or authorize the provision of money or any other high-value item to a third party to obtain business, nor shall they use their work to induce, request, accept, or obtain an undue advantage.

We prohibit all employees from using position of power to seek personal benefits from their relationships with customers and partners, or to seek benefits for their close relatives; we encourage the reporting of irregularities and keep the identity of the whistleblower and the matters reported strictly confidential, and no unit or individual shall retaliate against the whistleblower in any form; and we have set up an email for complaints and suggestions on anti-corruption, anti-fraud behavior and compliance issues. During the Track Record Period, we have not had any litigation cases related to corruption.

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PROPERTIES

As of the Latest Practicable Date, we maintained a number of leased properties in the PRC. Our corporate headquarters is located in Shenzhen, where we lease approximately 14,933 square meters of space primarily for office, R&D and manufacturing, including our Shenzhen production base. In addition, we leased approximately 3,365 square meters for our Suzhou production base.

As of December 31, 2025, none of the properties leased by us had a carrying amount of 15% or more of our consolidated total assets. According to Chapter 5 of the Listing Rules and section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), this document is exempt from the requirements of section 342(1)(b) of the Companies (Winding up and Miscellaneous Provisions) Ordinance to include all interests in land or buildings in a valuation report.

Failure of Registration of Lease Agreements

Pursuant to the applicable PRC laws and regulations, property lease agreements must be registered with the local property administration authority. As of the Latest Practicable Date, we had not obtained the lease registration for two of our lease agreements in China, primarily because the relevant lessor failed to provide necessary documents for us to register the lease agreement with the local government authorities. The leased property is primarily used for office premises.

As advised by our PRC Legal Advisors, failure to register an executed lease agreement will not affect its legality, validity or enforceability. According to the relevant PRC laws and regulations, we may be ordered by the relevant government authorities to register the relevant lease agreements within a prescribed period, failing which we may be subject to a fine ranging from RMB1,000 to RMB10,000 for each non-registered lease. See “Risk Factors – Risks Relating to Our Business and Industry – Failure to renew our current leases or locate desirable alternatives for our leased properties could materially and adversely affect our business.” We estimate that the maximum penalty we may be subject to for this unregistered lease agreement will be RMB10,000, which we believe is immaterial. Therefore, we believe that the failure to register this lease agreement will not have any material adverse effect on our results of operations or financial condition. As of the Latest Practicable Date, we had not received any such request or suffered any such fine from the relevant government authorities.

We will actively liaise with the respective lessor to complete the registration of such lease agreement, if possible. Going forward, we will request the relevant lessors to assist with the registration matters before we officially enter into lease agreements with them.

LICENSES, APPROVALS AND PERMITS

We are required to maintain various licenses, permits and approvals in order to operate our business. We continually monitor our compliance with the requirements related to licenses, permits and approvals in order to ensure that we have all such licenses, permits and approvals which are necessary to operate our business.

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The following table sets out a list of material licenses, permits and approval held by us in connection with our major products.

Approval Certificate	Products and Certification Number	Grant Date	Expiration Date
Radio Transmission Equipment Type Approval Certificate	CTLRR-220 Pro Certification Number: 2024-0527	January 12, 2024	January 12, 2029
Radio Transmission Equipment Type Approval Certificate	CTMRR-130 Pro Certification Number: 2023-21412	December 22, 2023	December 22, 2028
Radio Transmission Equipment Type Approval Certificate	CTMRR-180 Pro Certification Number: 2024-18460	October 14, 2024	October 14, 2029

As of the Latest Practicable Date, we had obtained all material licenses and permits required for our business operations in the PRC, and such licenses had remained in full effect. As of the Latest Practicable Date, we had not encountered any material legal impediment to renewing such licenses.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

From time to time, we may become a party to various legal or administrative proceedings arising in the ordinary course of our business, including actions with respect to intellectual property infringement, violation of third-party licenses or other rights, breach of contracts and labor and employment claims. As of the Latest Practicable Date, we had not been a party to any actual or threatened actions, claims, suits or other legal proceedings, the outcome of which, if determined adversely to us, would individually or in aggregate have a material adverse effect on our business, financial condition, and results of operations.

As of December 31, 2024, we had restricted bank deposits of approximately RMB5.5 million primarily including funds frozen due to litigation. The litigation resulting in the freezing of our bank deposits involved two separate legal proceedings. Both cases have since been fully resolved, with all related judgments finalized as legally binding. Consequently, all freezing restrictions on these deposits have been completely lifted, and the funds are no longer subject to any encumbrance. No provisions were made for these matters. Based on the above, our Directors consider that the litigation which resulted in our bank deposits being frozen does not have any material impact on our financial performance and business operations.

Compliance

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any non-compliance incident which, individually or taken as a whole, in the opinion of our Directors, is likely to have a material and adverse effect on our business, financial condition or results of operations.

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U.S. Export Control and Tariff Implications

We are of the view that the impact of the latest tariffs, export control and other trade restrictions, including those relating to chips and semiconductor products, electronic vehicles and artificial intelligence, imposed by the U.S. and other jurisdictions on our business operations and financial performance is minimal due to the following reasons:

- **Limited direct tariff exposure.** We derived a majority of revenue from a China-based OEM customer during the Track Record Period, and expect to continuously focus on PRC customers going forward. Therefore, we did not, and do not expect to, involve substantial cross-border transactions.
- **No material export control risk.** During the Track Record Period, substantially all of our suppliers are PRC companies. Going forward, we expect that our continuous operation will substantially rely on domestically produced chips. Therefore, our Directors are of the view that our risk of being subject to export control measures is relatively low.

RISK MANAGEMENT AND INTERNAL CONTROL

We are dedicated to the establishment and maintenance of a risk management and internal control system. We have adopted and continually improve our internal control mechanisms to ensure the compliance of our business operations.

We have been committed to promoting a compliance culture and will adopt policies and procedures on various compliance matters, including the Stock Exchange’s requirements on corporate governance and environmental, social and governance matters.

Our Board is collectively responsible for establishing and implementing such risk management mechanisms and overseeing our overall risk management. Our Directors are of the view that our current internal control measures are adequate and effective.

Operational Risk Management

Operational risk refers to the risk of direct or indirect financial loss resulting from incomplete or problematic internal processes, personnel mistakes, IT system failures or external events. We have established a series of internal procedures to manage such risk.

We take a comprehensive approach with regard to operational risk management, and implement a mechanism with clear responsibilities. Our departments are collectively responsible to ensure the compliance of our operations with internal procedures. In the event of a major adverse event, the matter will be escalated to our CEO to take appropriate measures. Through standardized procedures, we expect to control operational risks within a reasonable range by identifying, measuring, monitoring and containing operational risks to reduce potential losses.

Compliance Risk Management

Compliance risk refers to the risk of being subject to legal and regulatory sanctions, and the risk of major financial and reputational losses as a result of our failure to comply with relevant laws, regulations, rules and guidelines.

Compliance risk management refers to the structured and systematic efforts to identify, assess, mitigate, and monitor compliance risks, mechanisms.

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In accordance with such procedures, our legal department carefully reviews contracts and internal rules to ensure compliance with applicable laws and internal regulations.

In addition, we continually monitor changes in relevant laws and regulations as well as the regulatory environment to ensure compliance in our business operations. We have established a compliance committee to coordinate and oversee compliance matters under the leadership of the Board. Such committee is responsible for supervising our compliance management and monitoring the compliance of our Company and business partners in accordance with relevant laws and regulations. We also have an internal audit department that regularly evaluates and supervises our compliance efforts and reports to our CEO and audit committee.

COVID-19 PANDEMIC AND EFFECTS ON OUR BUSINESS

The pandemic created significant operational challenges for the global automotive industry, including workforce disruptions, logistics blockages, and the critical global chip shortage. In particular, it disrupted our supply chain, delaying the delivery of a type of critical chips to over six months. Furthermore, logistics constraints led to prolonged delivery time and increased operating and transportation costs. We incurred an additional procurement cost of RMB2.0 million for a type of critical chips to meet the surge in customers’ demand of our products. We also incurred an additional operating cost of RMB0.6 million as we arranged local hotel accommodations for our employees to prevent the production shut-down of a key project.

Leveraging the maturity and responsiveness of China’s local supply chain, we effectively mitigated these risks by placing advance purchase orders for critical components and rapidly identifying and qualifying domestic alternative suppliers, ensuring continuity in meeting customer demand. Furthermore, the crisis fundamentally transformed industry priorities, elevating supply chain security to a strategic imperative beyond traditional considerations of cost and diversification, thereby highlighting the value of local resilience. While the pandemic inevitably caused intermittent production volatility and incurred incremental supply chain management costs, these adverse effects were substantially contained. Crucially, our ability to rapidly engage qualified local alternative suppliers prevented material revenue loss or significant customer order delays during peak disruption periods. This strategic emphasis on local supply chain resilience proved operationally effective, limiting the pandemic’s adverse financial impact to manageable levels within the context of broader industry challenges.