
RISK FACTORS

An [REDACTED] in our H Shares involves significant risks. You should carefully consider all of the information in this Document, including the risks and uncertainties described below, as well as our financial statements and the related notes, and the “Financial Information” section, before deciding to [REDACTED] in our H Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, financial condition, results of operations and growth prospects. In any such an event, the [REDACTED] of our H Shares could decline, and you may lose all or part of your [REDACTED]. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in the section headed “Forward-Looking Statements” in this Document.

RISKS RELATED TO OUR BUSINESS AND OUR INDUSTRY

Our historical performance may not be indicative of future growth.

We are still at a relatively early stage of commercialization. Our ability to achieve future growth largely depends on our ability to continue to develop and successfully commercialize our products and/or services. We have limited experience to date in developing our capabilities as described above, and our past operational performance with regards to these capabilities may not accurately predict future performance in any of the areas above. If we are not able to continue to improve any of these capabilities, we may not be able to achieve future sustainable growth. There can be no assurance that the market will accept our technology, in which case our future business, results of operations and financial condition could be adversely affected.

The market of new energy heavy-duty trucks and intelligent road freight technologies is highly competitive. We compete against a large number of both established competitors and new market entrants.

The market in which we operate is highly competitive. Many companies are seeking to develop new energy heavy-duty trucks and intelligent road freight technologies. Competition in these markets is based primarily on technology, innovation, quality, safety, reputation, and price. Our future success will depend on our ability to further develop and protect our technology in a timely manner and to stay ahead of existing and new competitors. Our competitors in this market are working towards commercializing new energy heavy-duty trucks and/or assisted driving technology and may have substantial financial, marketing, research and development, and other resources. For a detailed discussion, see “Industry Overview.” In addition, as we plan to expand our global presence, we expect to compete with existing and future market players. Our current and potential competitors may have more financial, technical, manufacturing, marketing, and other resources than we do, and may be able to devote significant resources to the design, development, manufacturing, distribution, promotion, sale and support of their products. The market leaders in the automotive industry may start, or have already started, the scale deployment of new energy heavy-duty trucks and intelligent road freight technologies on their own. These companies may have more operational and financial resources than us. We cannot guarantee that we will be able to effectively compete with them. We may also face competition from our suppliers and other technology and automotive supply companies if they decide to expand vertically and develop their own new energy or autonomous trucks, some of whom have significantly greater resources than we do. We do not know how close these competitors are to commercializing such strategies.

RISK FACTORS

We expect competition in our industry to intensify in the future in light of increased demand and regulatory push for electrification, continuing globalization and consolidation in the industry, according to CIC. Intense competition may lead to lower vehicle unit sales and increased inventory, which may result in lower prices and an adverse impact on our business, financial condition, operating results, and prospects. There can be no assurance that we will be able to compete successfully. Our competitors may introduce new vehicles or services that surpass the quality or performance of our products, which would adversely affect our competitive position in the market. They may also offer value-added services that better satisfy customers’ operating needs and more significantly improve their operating and cost efficiency. They may also offer vehicles or services at more competitive prices, which would have an adverse impact on our sales and profitability.

Our reliance on key strategic partners, including JAC Motors, Shandong Reach and major suppliers, may materially adversely affect our business, financial condition and results of operations.

We depend on a limited number of suppliers for certain essential materials, equipment, and services. In each year during the Track Record Period, our purchases from the top five suppliers amounted to RMB839.1 million, RMB3,372.1 million and RMB6,903.4 million, accounting for 88.1%, 92.3% and 79.4% of our total purchases for each year. In each year during the Track Record Period, our purchases from the largest supplier amounted to RMB607.6 million, RMB2,229.7 million and RMB2,336.0 million, accounting for 63.8%, 61.0% and 26.9% of our total purchases for each year. For details on the background and transaction amount of our suppliers, see “Business — Supply Chain and Customization Model — Top Five Suppliers.”

In addition, we relied on JAC Motors and Shandong Reach, our vehicle customization partners, to perform vehicle customization during the Track Record Period. Although we participate in the customization process and quality assurance, we cannot guarantee that all trucks customized by our partners will consistently meet our standards. Any perceived or actual quality issue could harm our brand image and customer trust. If we are unable to maintain our cooperative relationships with JAC Motors or Shandong Reach at reasonable terms, we may need to identify alternative partners, and we can not guarantee that we can identify such partner in a timely manner, or at all, which could have a material adverse impact on our business, financial condition, and results of operations.

Any delays, suspensions, quality issues, or failure to comply with contractual obligations from our key strategic partners, including JAC Motors, Shandong Reach and major suppliers, could adversely affect timely production and delivery. We also rely on their technological know-how, production capabilities, and market experience, and there can be no assurance that our oversight on such production will always be effective. In addition, our business may be negatively affected if our collaboration with our key strategic partners is curtailed, terminated, or subject to material adverse changes in commercial terms, or if they compete directly with us. If either of them experiences financial distress, capacity constraints, regulatory sanctions, or significant adverse publicity, our business and reputation may also be indirectly affected, regardless of whether such events are related to our collaboration. Furthermore, changes in applicable laws and regulations relating to our collaborations with key strategic partners may adversely affect our operations. In particular, regulatory changes regarding vehicle production qualifications, license requirements, environmental or safety standards, or partnership models between vehicle manufacturers and technology companies could impose additional compliance burdens or operational restrictions on us or our key strategic partners. In the future, it may be necessary to renegotiate agreements relating to various aspects of these

RISK FACTORS

collaborations or partnerships. The uncertainty of these relationships and the possibility of adverse outcomes under competitive conditions may materially and adversely affect our business operations, results of operations, and financial condition.

We generate revenue from the sales of a limited number of new energy heavy-duty truck models.

During the Track Record Period, we generated revenue of RMB425.2 million, RMB1,961.2 million and RMB3,927.5 million, accounting for 99.9%, 99.6% and 99.2% of our total revenue in the respective years, from two mass-delivered new energy heavy-duty truck models, namely DeepWay Xingchen and DeepWay Xingtu. Our business remains substantially dependent on the sales of these limited models. Any material adverse changes in the market acceptance of such models, whether due to competitive, quality, regulatory, or other factors, may result in significant pricing pressure and/or decline in delivery volume, which could materially and adversely affect our revenue and results of operations.

We are subject to the risk of customer concentration.

In each year during the Track Record Period, the total revenue generated from our top five customers amounted to RMB351.1 million, RMB998.5 million and RMB1,564.4 million, accounting for 82.5%, 50.7% and 39.5% of our total revenue for each year, respectively. In each year during the Track Record Period, the revenue generated from our largest customer amounted to RMB147.9 million, RMB504.9 million and RMB501.4 million, accounting for 34.8%, 25.7% and 12.7% of our total revenue for each year, respectively. See “Business — Our Customers and Suppliers.” Our customers’ demand for our products may fluctuate due to factors beyond our control. We could experience fluctuations in our customer base as markets and strategies evolve. A disruption in our relationship with any of our key customers could adversely affect our business.

In the future, these customers may decide to purchase fewer solutions than they did in the past, or to alter their purchasing patterns in some other way, which could adversely affect our business, results of operations, financial performance and prospects.

We have incurred net losses and may continue to incur net losses in the foreseeable future.

We incurred net losses of RMB389.0 million, RMB675.2 million, and RMB649.1 million in 2023, 2024 and 2025, respectively. We expect to continue to incur net losses in 2026. See “Financial Information — Path to Profitability”. Our ability to achieve profitability depends on many factors, including the acceptance of our products and services, our ability to control costs, the pricing level of our products, and the successful execution of our business strategies. There can be no assurance that we will achieve or sustain profitability, and continued losses could adversely affect our business, results of operations, and financial condition.

The distributorship model may expose us to risks of distributor misconduct, which may result in reputational damage and material adverse effects on our business.

Although we had limited collaboration with distributors during the Track Record Period, a distributorship model is inherently risky. We may have limited control over the business operations of our distributors. There can be no assurance as to the financial interest of our distributors and their efforts to sell our products. As independent companies, distributors make their own business decisions that may not always align with our interests. Any wrongdoings (such as corruption, bribery or other

RISK FACTORS

illegal acts generally considered detrimental to our brand value) committed by them while selling or promoting our products will subject us to reputation risks. During the Track Record Period, our distributors did not engage sub-distributors, and we did not work with any sub-distributors either.

Historical third-party payment arrangements may subject us to regulatory scrutiny and potential liabilities, which may adversely affect our business and reputation.

During the Track Record Period, certain customers of our Group (the “**Relevant Customers**”) settled part of their payments to our Group through third parties designated by such customers (the “**Third-party Payment Arrangement**”). The aggregate amount of payments settled through such arrangements during the Track Record Period were RMB2.3 million, RMB8.2 million and RMB2.8 million, respectively, accounting for 0.6%, 0.4% and 0.1% of our total revenue in the respective years. We cannot assure you that such historical arrangements will not be subject to regulatory scrutiny or disputes in the future. We had fully ceased all Third-party Payment Arrangements by July 31, 2025. See “Business — Third-party Payment Arrangement.”

There can be no assurance that any historical third-party payment arrangement will not give rise to retrospective scrutiny or potential liabilities, which could adversely affect our business, financial condition, results of operations, and reputation.

Our new energy heavy-duty trucks and related technologies may have undetected defects, errors, or bugs, which could result in safety issues, product recalls, liability claims, or reputational damage.

Our new energy heavy-duty trucks and related technologies are complex and incorporate numerous technological innovations. They may contain undetected defects, errors, or bugs at various stages of development, testing, commercialization, and deployment. Such issues could create safety risks, reduce customer acceptance, or delay market adoption. Defects in design, manufacturing, or integration with third-party components may only emerge after products have been commercialized, leading to additional development costs, recalls, repairs or replacements, and liability for personal injury or property damage. Any such issues could also give rise to product liability, breach of contract, or warranty claims, which may be costly to defend and could divert management’s attention. In addition, our insurance coverage may be insufficient to cover potential losses. These risks could materially and adversely affect our reputation, business, results of operations, and financial condition.

We may fail to keep pace with the rapid evolution of technologies in our industry, which could diminish demand for our products.

The road freight industry is characterized by fast-paced technological advancements and evolving customer expectations. We cannot assure you that our technologies will achieve the necessary reliability and performance for wide-scale commercial adoption, or that we will be able to anticipate and successfully develop next-generation technologies in advance of market demand. If we fail to upgrade our products in a timely manner, or if competing technologies prove more advanced, the market for our current offerings could shrink, leading to reduced competitiveness, market share, and revenues. Any failure to plan strategically for future technology development could adversely affect our business, results of operations, and financial condition.

RISK FACTORS

Changes in government incentives and policies relating to new energy heavy-duty trucks may adversely affect our business.

Our business has benefited from government subsidies, tax exemptions, and other supportive policies for new energy heavy-duty trucks. These policies have included, among others, exemptions from vehicle purchase tax and subsidies to support new energy heavy-duty trucks adoption and charging infrastructure. Such incentives, however, are subject to periodic adjustment, reduction, or termination by the relevant government authorities and are beyond our control. We cannot assure you that future policies will continue to be favorable to our industry or our products. Any reduction, phase-out, or elimination of these incentives could make our new energy heavy-duty truck less competitive in the market, which may in turn adversely affect our business, financial condition, and results of operations.

In addition, changes in government policies may increase competition in our market. For example, restrictions on foreign ownership of automakers in China have been lifted, which may allow foreign new energy heavy-duty truck manufacturers to establish wholly owned operations in China. Increased competition as a result of such policy changes could adversely affect our business and results of operations.

We have recorded negative cash flows in the past and may experience cash outflows in the future.

We have experienced significant cash outflow from operating activities historically. We recorded net cash used in operating activities of RMB714.6 million and RMB429.6 million in 2023 and 2024, as compared to net cash from operating activities of RMB835.2 million in 2025. We cannot guarantee that we will achieve positive cash flow in the future. The cost of continuing operations could further reduce our cash position, and an increase in our net cash outflow from operating activities could adversely affect our operations by reducing the amount of cash available for our operations and business expansion. Failure to generate positive cash flow from operations may adversely affect our ability to raise capital for our business on reasonable terms, if at all.

Our business will require a significant amount of working capital to support our growth. Our future liquidity and ability to make additional capital investments will depend primarily on our ability to maintain sufficient cash generated from operating activities and to obtain adequate external financing. There can be no assurance that we will be able to obtain equity or other sources of financing.

We recorded net liabilities and net current liabilities during the Track Record Period.

As of December 31, 2023, 2024 and 2025, we recorded net liabilities of RMB572.4 million, RMB1,247.6 million and RMB1,896.7 million, respectively. As of December 31, 2023, 2024, and 2025, we recorded net current liabilities of RMB993.6 million, RMB1,716.6 million, and RMB2,424.5 million, respectively. For further details, see “Financial Information — Discussion of Selected Items from the Consolidated Statements of Financial Position”. Having net liabilities and net current liabilities may limit our financial flexibility, constrain our ability to execute business plans, and expose us to liquidity risks. We cannot assure you that we will not record net liabilities and net current liabilities in the future. Having significant net liabilities and net current liabilities could constrain our operational flexibility and adversely affect our ability to expand our business. If we do not generate sufficient cash flow from our operations to meet our present and future liquidity needs, we may need to rely on additional external borrowings for funding. If adequate funds are not available, whether on satisfactory terms or at all, we may be forced to delay or abandon our growth plans, and our business, financial condition and results of operations may be materially and adversely affected.

RISK FACTORS

We may not maintain sufficient cash or financing resources to support our operations and growth.

As of December 31, 2025, we had cash and cash equivalents of RMB1,612.3 million. We have historically funded our operations primarily through equity financing and customer deposits, and we expect to require substantial additional capital in the future to support our R&D activities, vehicle customization capability expansion, sales and marketing efforts, and working capital needs. If we are unable to generate adequate cash flow from operations or to obtain additional financing on acceptable terms or at all, we may not be able to meet our capital requirements, which could adversely affect our liquidity, business, financial condition, and prospects.

The market demand for new energy heavy-duty truck may be volatile.

Volatility in the new energy heavy-duty truck industry may materially and adversely affect our business, prospects, operating results, and financial condition. Demand for our new energy heavy-duty truck depends, to a large extent, on general, economic, political and social conditions in a given market and the introduction of new vehicles and technologies. Demand for our new energy heavy-duty truck may also be affected by factors directly impacting the price of commercial vehicles, such as sales and financing incentives, electricity and component prices, cost of fuel-powered vehicles, availability and quality of value-added services, and governmental regulations, including tariffs, import regulation and sales taxes. Volatility in demand may lead to lower vehicle unit sales and increased inventory, which may result in further downward price pressure and adversely affect our business, prospects, financial condition, and operating results. These effects may have a more pronounced impact on our business given our relatively smaller scale and less financial resources as compared to many traditional commercial vehicle companies.

We are exposed to the risk of inventory obsolescence.

Our inventories were RMB148.9 million, RMB157.7 million, and RMB578.7 million as of December 31, 2023, 2024 and 2025. For the same years, our inventory turnover days were 66 days, 29 days and 36 days, respectively. As our business expands, our inventory obsolescence risk may also increase with the increase in our inventories and our inventory turnover days. We cannot guarantee that we will be able to maintain proper inventory levels. If our forecast demand is higher than actual demand, we may be exposed to increased inventory risk due to the accumulation of excess inventory. We may also, from time to time, make inventory purchases of certain end-of-life products, which would increase the risk of inventory obsolescence. For these reasons, we may not be able to avoid losses related to obsolete inventory, which could negatively impact our business.

Our future growth is dependent upon market acceptance of new energy heavy-duty truck.

The market for new energy heavy-duty truck is still rapidly evolving, characterized by rapidly changing technologies, prices and the competitive landscape, evolving government regulation and industry standards and changing customer demands and behaviors. The market opportunities we are pursuing are at an early stage of development, and it is difficult to predict user demand or adoption rates for our products, or the future growth of the markets in which we operate. Traditional fleets and other carriers operating with human drivers are still the predominant operators in the market. Because of the long history of such traditional road freight transport companies serving the road freight market, there may be many constituencies in the market that would resist a shift towards new energy heavy-duty trucks or road freight. Further, even if we succeed in operating at commercial scale, because of the disruptive nature of our business to the road freight industry, key industry participants may not accept our new energy heavy-duty truck, may develop competing services, or may otherwise seek to subvert our efforts.

RISK FACTORS

Additionally, regulatory, safety, and reliability issues, or the perception thereof, many of which are outside of our control, could also cause the public or our potential partners and users to lose confidence in assisted driving solutions in general. The safety of such technology depends in part on user interaction, as well as other drivers, pedestrians, other obstacles on the roadways or other unforeseen events. For example, there have been several crashes involving automobiles of other vehicle manufacturers resulting in death or personal injury where autopilot features are engaged. Even though these incidents were unrelated to our new energy heavy-duty truck and our technology, such cases resulted in significant negative publicity and, in the future, might result in suspension or prohibition of assisted driving technologies.

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

Changes in PRC regulations, regulatory policies or approval practices relating to intelligent connected vehicles and autonomous-driving technologies may affect the development and commercialization of our intelligent road freight technologies.

The regulatory framework for intelligent connected vehicles, autonomous-driving technologies, road testing, demonstration application and commercial pilot operations in the PRC is evolving. Our higher-level intelligent road freight technologies, including our intelligent platooning transport system and single-vehicle autonomous-driving technologies, may be subject to various regulatory requirements, including testing permits, route approvals, demonstration application approvals, commercial pilot approvals, vehicle safety requirements, data and cybersecurity requirements, and other conditions imposed by competent authorities.

We cannot assure you that we will be able to obtain, renew or maintain all relevant permits, approvals or regulatory clearances in a timely manner or at all. The competent authorities may adjust applicable regulatory requirements, impose more stringent safety review standards, suspend or delay the issuance of new permits or approvals, restrict the scope of permitted routes, vehicles or operating conditions, or require additional testing, rectification, reporting or compliance measures. In addition, incidents, service disruptions, safety concerns or other adverse developments involving other companies in the intelligent connected vehicle or autonomous-driving industry may result in heightened regulatory scrutiny, stricter approval practices or increased public concern over the industry as a whole, even if such companies operate in different markets, use cases or application scenarios from ours. Any such development may increase our compliance costs, prolong our testing and validation process, limit our ability to expand into additional routes or regions, or delay the demonstration application, commercial pilot operations or broader commercialization of our higher-level intelligent road freight technologies.

In particular, although our current business and near-term revenue profile are primarily driven by the sale of new energy heavy-duty trucks, our intelligent platooning transport system and other higher-level intelligent road freight technologies are important to our long-term technology roadmap and product differentiation. If regulatory approval delays, heightened regulatory scrutiny or changes in approval practices continue for an extended period, we may need to adjust the timing, sequence or geographic scope of new route applications, pilot expansion, fleet deployment and commercialization rollout for these technologies. As a result, the commercialization timetable of such technologies may be delayed, the expected revenue contribution from such technologies may not materialize as planned, and our business, results of operations, financial condition and prospects could be adversely affected.

RISK FACTORS

Any cyberattacks, unauthorized access or control of our products, and failure of our information systems, could result in loss of confidence in us and our new energy heavy-duty truck and harm our business.

Our new energy heavy-duty truck contain complex information technological systems to support smart technological functions and to accept and install periodic updates. We have designed, implemented and tested security measures intended to prevent unauthorized access to our information technology networks and our new energy heavy-duty truck technological systems. However, hackers may attempt to gain unauthorized access to modify, alter and use such networks and systems. We encourage reporting of potential vulnerabilities in the security of our new energy heavy-duty truck, and we aim to remedy any reported and verified vulnerability. However, there can be no assurance that vulnerabilities will not be exploited in the future before they can be identified, or that our remediation efforts are or will be successful. Any cyberattacks, unauthorized access, disruption, damage, or control of our information technology networks or our new energy heavy-duty truck systems or any loss or leakage of data or information stored in our systems could result in legal claims or proceedings. In addition, regardless of their veracity, reports of cyberattacks to our information technology networks or our new energy heavy-duty truck systems or data, as well as other factors that may result in the perception that our information technology networks or our new energy heavy-duty truck systems or data are vulnerable to “hacking,” could negatively affect our brand and harm our business, prospects, financial condition, and results of operation.

Certain features of our new energy heavy-duty truck models depend to a certain extent on connectivity to our information technology systems. As such, the availability and effectiveness of our services depend on the continued operation of our information technology and communications systems. Our systems are vulnerable to damage or interruption from, among others, fire, terrorist attacks, natural disasters, power loss, telecommunications failures, computer viruses or other attempts to harm our systems. Data centers we use are also subject to break-ins, sabotage, and intentional acts of vandalism, and to potential disruptions. Some of our systems are not fully redundant, and our disaster recovery planning cannot account for all eventualities. Any problems at our data centers could result in lengthy interruptions in our service. In addition, our products and services are highly technical and complex and may contain errors or vulnerabilities, which could result in interruptions in our services or the failure of our systems.

We invest significantly in research and development, and to the extent our research and development efforts are unsuccessful, our competitive position would be negatively impacted and our business, results of operations, and financial condition would be adversely affected.

To compete successfully, we must maintain successful research and development efforts, develop new solutions, and improve our existing solutions, to stay ahead of competitors. We cannot guarantee that all of these efforts will deliver the benefits we anticipate. We must make research and development investments based on our views of the most promising approaches to address future customer needs in rapidly evolving markets, and we cannot be certain that we will target our research and development investments appropriately, or correctly anticipate the manner in which these markets will evolve. To the extent our research and development efforts do not produce timely improvements in utility, accuracy, safety, cost and operational efficiency, our competitive position will be harmed. We do not expect all of our research and development investments to be successful. Some of our efforts to develop and market new solutions may fail, and the solutions we invest in and develop may be rejected by regulators or may not be well received by customers, who may adopt competing technologies. We make significant investments in research and development, and our investments at times may not contribute to our future

RISK FACTORS

operating results for several years, if at all, and such contributions at times may not meet our expectations or even cover the costs of such investments, which would adversely affect our business, results of operations, and financial condition.

Increases in costs of the materials and other components that we use in our products would adversely affect our business, results of operations, and financial condition.

Increases in costs of the materials and other components that we use in our products would adversely affect our business, results of operations, and financial condition. Significant changes in the markets where we procure materials, components, and supplies for the production of our new energy heavy-duty truck could reduce our profitability. For example, the global semiconductor shortage and inflationary pressures have led, and may continue to lead, to rising costs of key materials and components, particularly those used in systems. Competitive and market dynamics may limit our ability to fully offset cost increases, or may cause a time lag before such adjustments take effect. Furthermore, broader disruptions in the new energy vehicle industry could reduce customer demand for both vehicles and value-added services, compounding the impact of higher costs. Any of these factors could materially and adversely affect our business, financial condition, and results of operations.

Product delivery delay may materially and adversely affect our business operations and customer satisfaction.

Our new energy heavy-duty truck are currently customized at the factories of our vehicle customization partners, and any delay, disruption or suspension at these factories could negatively impact the customization and delivery schedules. In addition, we rely on third-party suppliers for the provision and development of many key components used in our new energy heavy-duty truck. If our suppliers experience production delays, capacity shortages or quality issues, we may face interruptions in the production and delivery timelines. Any such delay in delivery could result in customer dissatisfaction, order cancellations and harm to our brand reputation, which could materially and adversely affect our business and growth prospects.

Any delay in the launch of our new products may adversely affect our business growth and market competitiveness.

The launch of our new truck models and other products or services may be delayed due to factors beyond our control. For example, before launching new models or related services, our vehicle customization partners may be required to obtain approvals or certifications from relevant authorities, which may not be obtained on time or at all. Such delays in obtaining approvals could postpone or even prevent new product launches. Furthermore, the coordination of design, supply chain, production and marketing processes for new products may introduce additional uncertainties to the launch timeline. Any such delay could reduce our competitiveness, limit our ability to expand market share, and have a material adverse effect on our results of operations and prospects.

Order cancellations or adjustments due to factors beyond our control may materially adversely affect our business.

Customers may cancel their orders for many reasons beyond our control, even after payment of deposits. Many factors may affect and ultimately change customers’ decision to purchase our new energy heavy-duty truck, many of which are beyond our control, including but not limited to the fluctuations of our pricing, the availability of comparable solutions with equal or more competitive performance and changes in specific customers’ needs. A significant number of orders may be canceled if we encounter delays in the deliveries of our new energy heavy-duty truck. As we expand into

RISK FACTORS

international markets, cross-border deliveries involve longer logistics cycles, country-specific regulatory approvals, and additional compliance requirements, all of which may increase the risk of order cancellations or adjustments. Such cancellations could harm our business, brand, financial condition, results of operations, and prospects.

We are subject to credit risks associated with accounts receivable and may experience delays or defaults in collecting payments from customers.

During the Track Record Period, our trade and other receivables increased from RMB321.2 million as of December 31, 2023 to RMB1,583.1 million as of December 31, 2025, primarily due to the rapid growth in sales of our new energy heavy-duty trucks. As our customer base expands, we may be exposed to heightened credit risks. Any failure to collect outstanding receivables on a timely basis could adversely affect our cash flow, working capital, and results of operations.

Our sales may be adversely affected if our customers are unable to obtain sufficient financing for vehicle purchases.

Our sales depend in part on the ability of our customers to obtain financing. A significant portion of our customers rely on financing solutions or leasing arrangements to purchase our new energy heavy-duty trucks and/or the related battery packs. Consequently, our sales performance is subject to the availability of suitable financing solutions or leasing arrangements to customers, the overall credit environment, and the lending policies of relevant financial institutions and battery operating leasing companies. If any of these financial institutions or battery operating leasing companies experience liquidity constraints, deteriorating credit profiles, or difficulties in raising funds, customers may reduce or delay their purchases from us, which would in turn negatively impact our sales volume. If macroeconomic conditions, regulatory tightening, or rising interest rates reduce the availability of financing to our customers, they may delay or cancel vehicle purchases, which could in turn adversely affect our sales volume, revenue growth, and profitability.

We may need increased capital outlay to build or expand facilities, or we may need to raise additional capital in the future, which may not be available on terms acceptable to us, or at all.

We are constructing the Changxing Three-Electric Smart Factory to expand our production capacity. In the future, we may consider building additional assembly lines, manufacturing factories, or component facilities, or acquiring such facilities from third parties, to support in-house production. In such a scenario, we would need to significantly increase our capital outlay, and our business model would transition to an asset-heavy model. In addition, we do not currently have experience operating such facilities independently.

Our future capital requirements may deviate from our current plan, and we may need additional capital sooner than anticipated. If additional funds are raised through the issuance of equity or convertible debt securities, our stockholders may be diluted. Additional financing may not be available on favorable terms, on a timely basis, or at all. If adequate funds are not available or are not available on acceptable terms, we may be unable to continue our operations as planned, develop, or enhance our solutions, expand our sales and marketing programs, take advantage of future opportunities, or respond to competitive pressures.

RISK FACTORS

Unauthorized modifications, overloading, or improper usage of our new energy heavy-duty truck may create safety risks and adversely impact our brand and business.

Some customers may attempt to “hack” or modify our new energy heavy-duty truck in ways that compromise vehicle safety systems, or may use after-market parts that reduce reliability. Customers may also engage in improper usage, such as overloading trucks beyond their design capacity or using incorrect charging methods or unsafe charging outlets, which may damage the vehicles or create safety hazards. We do not test or endorse such modifications or improper uses, which could reduce the safety of our new energy heavy-duty truck. Any accidents, injuries, or damages resulting from such actions could generate adverse publicity and harm our brand, business, financial condition, and results of operations.

If we are unable to attract, retain, and motivate key employees, including talented developers, engineers, and technical staff, our business, results of operations, and financial condition would be adversely affected.

Hiring and retaining qualified executives, developers, engineers, technical staff, and sales representatives are critical to our business. As we continue to expand and develop our business portfolio and categories, we may need to increase the variety of our professionals and employees. The competition for highly skilled employees in our industry is increasingly intense. Changes in the interpretation and application of employment-related laws to our workforce practices may also result in increased operating costs and less flexibility in how we meet our changing workforce needs. To help attract, retain, and motivate qualified employees, we intend to use employee incentives such as share-based awards. Our employee hiring and retention also depend on our ability to build and maintain a diverse and inclusive workplace culture and be viewed as an employer of choice. If our share-based or other compensation programs and workplace culture cease to be viewed as competitive, our ability to attract, retain, and motivate employees would be weakened, which would harm our results of operations. If we do not effectively hire, onboard, retain, and motivate key employees, our business, results of operations, and financial condition would be adversely affected.

Changes in our management team may also disrupt our business. Our management and senior leadership team’s knowledge and relationships would be difficult to replace. Leadership changes may occur from time to time, and we cannot predict whether significant resignations will occur or whether we will be able to recruit qualified personnel.

We may have to assist our vehicle customization partners to undertake product recalls or take other similar actions, which could adversely affect our brand image, business, and results of operations.

Our existing and future new energy heavy-duty truck may not perform as expected or may require repair. Their performance depends on various complex components supplied by various suppliers. There is no guarantee that all product specifications of our new energy heavy-duty truck, which reflect our current expectations and development targets, will be actually realized. The software used to operate our new energy heavy-duty truck is complex and may contain defects and errors. Our quality management system may not be effective or sufficient and the number of defective vehicles may be substantially higher than anticipated.

In addition, under the Administrative Regulation on the Recall of Defective Automotive Products (《缺陷汽車產品召回管理條例》), sellers or service providers who become aware of product defects are required to immediately cease the sale, lease, or use of such defective products and to cooperate with the manufacturer in implementing recall procedures. Accordingly, we may have statutory obligations to

RISK FACTORS

assist in recall actions initiated by our vehicle customization partners, which could result in additional operational and financial burdens, and any large-scale recall or negative publicity could materially and adversely affect our brand image, business operations, and results of operations. Our new energy heavy-duty truck may be recalled in the future. As a result, we may be subject to adverse publicity, damage to our brand and liability for costs. In the future, we may at various times, voluntarily or involuntarily, have to assist our vehicle customization partners to undertake a recall if any of our new energy heavy-duty truck, including any systems or parts sourced from our suppliers, prove to be defective or noncompliant with applicable laws and regulations. Such recalls, whether voluntary or involuntary, whether caused by suppliers or us, could involve significant expense and could adversely affect our brand image, business, and results of operations.

A severe or prolonged downturn in the PRC or global economy could materially and adversely affect our business, results of operations and financial condition.

We derived the majority of our revenues from China during the Track Record Period. As a result, our revenues and financial results are impacted to a significant extent by economic conditions in China. There have also been concerns about the relationship among China and other Asian countries, which may result in or intensify potential conflicts in relation to territorial disputes. The ongoing trade tensions between the United States and China may have tremendous negative impact on the economies of not merely the two countries concerned, but the global economy as a whole. It is unclear whether these challenges and uncertainties will be contained or resolved, and what effects they may have on the global political and economic conditions in the long term.

Economic conditions in China are sensitive to global economic conditions, changes in domestic economic and political policies, and the expected or perceived overall economic growth rate in China. While the economy in China has grown significantly over the past decades, growth has been uneven, both geographically and among various sectors of the economy, and the rate of growth has been slowing in recent years. Although growth of China’s economy remained relatively stable, there is a possibility that China’s economic growth may fluctuate or even decline in the near future. Any prolonged slowdown in China’s economic development might lead to tighter credit markets, increased market volatility, sudden drops in business and consumer confidence and dramatic changes in business and consumer behaviors. The potential adverse economic conditions may cause a significant impact on our ability to raise capital, if needed, on a timely basis and on acceptable terms or at all.

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

We offer competitive warranty terms to cover all parts and labor to repair defects in material or workmanship in the body, chassis, suspension, interior, electric systems, battery, powertrain, and brake system. For a detailed discussion, see “Business — Our Customers and Sales — After-sales Service and Warranty.”

We cannot assure you that our warranty reserves will be sufficient to cover future warranty claims. In particular, we started the delivery of DeepWay Xingchen I in June 2023, and we have limited experience with warranty claims regarding our new energy heavy-duty truck or with estimating warranty reserves. We could, in the future, become subject to significant and unexpected warranty claims, resulting in significant expenses, which would in turn materially and adversely affect our financial condition, results of operations, and prospects.

RISK FACTORS

Higher labor costs and inflation may adversely affect our business, results of operations, financial condition, and prospects.

Rising inflation may be reflected in the prices of raw materials from our suppliers. Factors such as changes in minimum wage laws, labor market dynamics, or increased competition for skilled labor in the industry may lead to higher labor expenses. Such increases could exert upward pressure on the fees that we paid to our employees or other third-party service providers. Our ability to manage and mitigate the impact of rising labor costs through operational efficiencies, process improvements, or technological innovations will also significantly influence our competitiveness and financial performance. However, there is no guarantee that we will succeed in effectively managing the impact of rising labor costs. Moreover, higher cost for labor and raw materials might necessitate adjustments in our pricing, potentially making our new energy heavy-duty truck less competitive in the market. Attempts to pass on increased labor costs to customers through higher prices could result in reduced demand or market share loss.

As our intellectual property rights may expire and may not be extended, our applications may not be granted, and our intellectual property rights may be contested, circumvented, invalidated, or limited in scope, our intellectual property rights may not protect us effectively. In particular, we may not be able to prevent others from developing or exploiting competing technologies, which could materially and adversely affect our business, financial condition, and results of operations.

As of December 31, 2025, we and our PRC subsidiaries owned 265 registered trademarks, 195 granted patents, and 108 registered software copyrights in China, as well as 19 registered domain names. We rely on trademark and patent law, trade secret protection and confidentiality and license arrangements or agreements with our affiliates, employees, and others to protect our intellectual property rights. In addition, any unauthorized use of our intellectual property by third parties may adversely affect our current and future revenues and our reputation.

There can be no assurance that our application for the registration with competent government authorities of trademarks and other intellectual property rights related to our current or future business will be approved, or our intellectual property rights will not be challenged by third parties or found by the relevant governmental or judicial authority to be invalid or unenforceable. From time to time, we may encounter difficulties registering our intellectual properties or have disputes with third parties regarding our intellectual properties. If the relevant trademarks or other intellectual properties could not be registered, we may fail to prevent others from using such intellectual properties, and our business, financial condition and results of operations may be materially and adversely affected.

Especially, the rights granted under any issued patents may not provide us with meaningful protection or competitive advantages. The claims under any patents that issue from our patent applications may not be broad enough to prevent others from developing technologies that are similar or that achieve results similar to ours. It is also possible that the intellectual property rights of others could bar us from licensing and exploiting any patents that issue from our pending applications. Numerous patents and pending patent applications owned by others exist in the fields in which we have developed and are developing our technology. These patents and patent applications might have priority over our patent applications and could subject our patent applications to invalidation. Finally, in addition to those who may claim priority, any of our existing or pending patents may also be challenged by others on the basis that they are otherwise invalid or unenforceable.

RISK FACTORS

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

In addition, as our patents may expire and may not be extended and our patent rights may be contested, circumvented, invalidated, or limited in scope, our patent rights may not protect us effectively. In particular, we may not be able to prevent others from developing or exploiting competing technologies, which could have a material and adverse effect on our business operations, financial condition, and results of operations.

Intellectual property infringement claims against us may result in costly litigation, divert management resources and have a material adverse effect on our business, financial condition, results of operations and reputation.

We may receive claims of intellectual property infringement, whether substantiated or not. Any claims that our services infringe third parties' rights, including claims arising from our contracts with our customers, regardless of their merit or resolution, could be costly and may divert the efforts and attention of our management and technical personnel. We may not prevail in such proceedings given the complex technical issues and inherent uncertainties in intellectual property litigation. If such proceedings result in an adverse outcome, we could be required, among other things, to pay substantial damages, discontinue the use of the infringing technology, expend significant resources to develop non-infringing technology, license such technology from the third party claiming infringement (which license may not be available on commercially reasonable terms or at all) and/or cease the infringing processes or offerings, any of which could have a material adverse effect on our business. Any material intellectual property infringement claim, if raised against us, could have a material adverse impact on our reputation, business, financial condition, and results of operations.

Companies, organizations, or individuals, including our competitors, may hold or obtain patents, trademarks or other proprietary rights that would prevent, limit, or interfere with our ability to use, develop, sell or market our new energy heavy-duty truck, which could make it more difficult for us to operate our business. From time to time, we may receive communications from holders of patents, copyrights, or trademarks regarding their proprietary rights. Companies holding patents, copyrights, trademarks, or other intellectual property rights may bring suits alleging infringement of such rights by us or our employees or otherwise assert their rights and urge us to take licenses. Any such intellectual property infringement claim could result in costly litigation and divert our management's attention and resources.

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

RISK FACTORS

We may not adequately protect intellectual property that may not be patentable, which may materially adversely affect our business.

We rely on proprietary information (such as trade secrets, know-how and confidential information) to protect intellectual property that may not be patentable, or that we believe is best protected by means that do not require public disclosure. We generally seek to protect this proprietary information by entering into confidentiality agreements, or consulting, services or employment agreements that contain non-disclosure and non-use provisions with our employees, consultants, contractors and third parties. However, we may fail to enter into the necessary agreements, and even if entered into, these agreements may be breached or may otherwise fail to prevent disclosure, third-party infringement or misappropriation of our proprietary information, may be limited as to their term and may not provide an adequate remedy in the event of unauthorized disclosure or use of proprietary information. We have limited control over the protection of trade secrets used by our third-party partners and could lose future trade secret protection if any unauthorized disclosure of such information occurs. In addition, our proprietary information may otherwise become known or be independently developed by our competitors or other third parties. To the extent that our employees, consultants, contractors and other third parties use intellectual property owned by others in their work for us, disputes may arise as to the rights in related or resulting know-how and inventions. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain protection for our proprietary information could adversely affect our competitive business position. Furthermore, laws regarding trade secret rights in certain markets where we operate may afford little or no protection to our trade secrets.

With respect to intellectual property rights in software, we selectively register copyrights in certain circumstances. While international conventions and international treaties may provide meaningful protection against unauthorized copying of software, the laws of some foreign jurisdictions may not protect proprietary rights to the same extent as the international conventions or international treaties. The absence of internationally harmonized intellectual property laws makes it more difficult to ensure consistent protection of our proprietary rights.

We also rely on physical and electronic security measures to protect our proprietary information, but we cannot provide assurance that these security measures will not be breached or provide adequate protection for our property. There is a risk that third parties may obtain and improperly utilize our proprietary information to our competitive disadvantage. We may not be able to detect or prevent the unauthorized use of such information or take appropriate and timely steps to enforce our intellectual property rights.

We are subject to the risks associated with sanctions and export controls laws and regulations and international trade policies.

Our business and operations may be affected by trade and regulatory measures targeting China. Certain jurisdictions, including the United States and the European Union, have imposed tariffs, sanctions, and export control restrictions on specific sectors or entities in China, including technology and new energy vehicle industries. For example, the European Union recently announced additional tariffs on NEVs produced in China. In the future, our operations may rely on cross-border supply chains and international technology collaboration, any expansion or tightening of such measures could affect our ability to source components, cooperate with international partners, or sell products in certain markets, which may in turn adversely affect our business, financial condition, and results of operations.

RISK FACTORS

More broadly, international sanctions and export control regimes are becoming increasingly complex and frequently updated across various jurisdictions. Similar or even more expansive restrictions may be introduced by different countries in the future. As we continue to expand globally, we may be subject to heightened compliance obligations and scrutiny. Any escalation in international trade restrictions could materially and adversely affect our global operations and financial performance.

We may from time to time be subject to claims, disputes, lawsuits, and other legal and administrative proceedings.

We are currently not a party to any material legal or administrative proceedings. We and certain of our directors and management may from time to time in the future be, subject to or involved in various claims, disputes, lawsuits, and other legal and administrative proceedings. Lawsuits and litigations may cause us to incur defense costs, utilize a significant portion of our resources and divert management’s attention from our day-to-day operations, any of which could harm our business. Claims arising out of actual or alleged violations of law, breach of contract or torts could be asserted against us by customers, business partners, suppliers, competitors, employees or governmental entities in investigations and legal proceedings.

To address any ESG risks, we may incur additional costs, which may materially and adversely affect our financial performance.

To identify, manage, and mitigate ESG risks, we may incur additional costs and expenses which could impact our financial performance. We monitor environmental and climate-related risks that may impact on our business, strategy and financial performance and evaluate the magnitude of the resulting impact over the short-, medium- and long-term horizons. We monitor a wide range of indicators such as power consumption, emission of greenhouse gas, water consumption and waste generation to manage our environmental and climate-related risks arising from our operations and are committed to providing adequate support to our employees to nurture a friendly and inspirational corporate culture. This commitment may entail incurring substantial additional costs and would potentially impact our profitability. See “Business — Environmental, Social, and Governance.”

In addition, the increasing ESG-related regulatory requirements may lead to rising compliance costs and cost of sales may rise. Failure to adapt to new regulations or meet evolving industry expectations and standards could result in consumers choosing products from other companies, which may materially and adversely affect our results of operations and financial conditions.

RISKS RELATED TO DOING BUSINESS IN CHINA

Failure to obtain or renew requisite licenses, permits or registrations could adversely affect our business and results of operations.

We may experience difficulties, delays, or failures in obtaining or renewing requisite licenses, permits, or registrations necessary for our business operations in a timely manner or at all. If any of these occur, our ongoing operations may be interrupted, and our business, financial condition, and results of operations could be materially and adversely affected.

According to the Administrative Measures for the Access of Road Motor Vehicle Manufacturers and Products (the “**Measures**”), manufacturers of road motor vehicles must obtain the relevant manufacturing qualifications before conducting production or sales. Since our new energy heavy-duty trucks are customized at the factories of our vehicle customization partners, they are responsible for obtaining and maintaining the requisite vehicle manufacturing qualifications and certifications.

RISK FACTORS

However, if any of our vehicle customization partners fail to obtain, maintain or renew the requisite manufacturing qualifications, or if there are any adverse changes in the applicable regulations governing the access of road motor vehicle manufacturers and products, our production and sales could be materially disrupted. In such circumstances, we may be required to suspend deliveries, identify alternative qualified partners, or apply for the relevant qualifications ourselves, any of which could involve significant time, costs, and regulatory uncertainties.

In accordance with applicable PRC laws and regulations, automobile dealers are required to register with the National Automobile Circulation Information Management System. In practice, the completion of such registration is subject to, among other factors, the acceptance of the registration by the local branch of the Ministry of Commerce and compliance with relevant rules governing motor vehicle sales. From time to time, we may be required to take additional steps to complete or renew such registration. If we fail to complete the registration within the prescribed timeframe, the relevant authorities may impose penalties ranging from a warning to a fine of up to RMB10,000. As of the Latest Practicable Date, we had not been subject to any penalties related to non-registration. However, we cannot assure you that we will not be subject to fines or rectification requirements in the future, which may increase our administrative burden and compliance costs.

Furthermore, the regulatory framework governing new energy heavy-duty trucks and intelligent road freight technologies in China is evolving rapidly. Future changes in applicable laws, regulations, or policies may introduce new qualification, licensing, or certification requirements for vehicle manufacturing, distribution, or operation services. If additional licenses or permits are required for our business or if renewal conditions become more stringent, we may incur additional compliance costs or experience delays in obtaining the necessary approvals. Any failure to obtain, maintain, or renew such licenses or permits could adversely affect our ability to carry out our business and, consequently, our operating results.

The data privacy and data security laws in China are subject to rapid and evolving changes, imposing significant compliance requirements on us, and any failure or perceived failure to comply with such laws, or other concerns about our practices or policies with respect to the processing of data, could materially and adversely affect our business, financial condition, reputation and results of operations.

In recent years, data privacy and data security has become an increasing regulatory focus of government authorities in PRC. The PRC government has enacted a series of laws, regulations and governmental policies for the protection of data privacy and data security in the past few years. For instance, on November 7, 2016, the Standing Committee of the National People’s Congress promulgated the Cybersecurity Law of the People’s Republic of China (《中華人民共和國網絡安全法》), effective since June 1, 2017, created the first national-level data protection framework for “network operators,” which may potentially include all organizations in China that provide services over the internet or through other types of information network. On June 10, 2021, the Standing Committee of the National People’s Congress promulgated the Data Security Law of the People’s Republic of China (《中華人民共和國數據安全法》), effective since September 1, 2021. The Data Security Law sets out a number of obligations on data security and privacy undertaken by entities and individuals engaged in data-related activities. On September 24, 2024, the State Council promulgated the Regulation on Network Data Security Management (《網絡數據安全管理條例》), which came into effect on January 1, 2025 and further provides rules on network data security. See “Regulatory Overview — Regulations Relating to Cybersecurity, Data Protection, Personal Information Protection and Automotive Data Security” for more information.

RISK FACTORS

The types of data we collect and process in the course of our business operations primarily includes names, addresses, phone numbers, product or after-sales service requests, and other necessary data related to product sales. See “Business — Data Security.” Therefore, the above regulatory developments relevant to data privacy and data security could generally impact the data collection, use, storage and other data processing activities conducted by the enterprises in commercial vehicle industry, including us. We have adopted various measures to ensure legal compliance. See “Business — Data Security” for more information. However, we cannot assure you that our data privacy and data security protection measures are, and will be, always considered sufficient under applicable laws and regulations. Additionally, the effectiveness of our protection measures is also subject to system failure, interruption, inadequacy, security breaches or cyberattacks.

In addition, on December 28, 2021, the CAC, the NDRC, the MIIT, and several other administrations jointly promulgated the Measures for Cybersecurity Review (《網絡安全審查辦法》, the “CAC Measures”), effective on February 15, 2022, which provides that entities meeting certain standards shall be subject to a cybersecurity review. See “Regulatory Overview — Regulations Relating to Cybersecurity, Data Protection, Personal Information Protection and Automotive Data Security” for more information. Although we are not obliged to apply for a cybersecurity review pursuant to the CAC Measures with respect to our proposed [REDACTED], since the interpretation and implementation of these laws and regulations with respect to the cybersecurity review keep evolving, therefore, we cannot assure you that there will not be any additional regulatory requirements regarding the cybersecurity review relating to the new laws and regulations.

Further, the Measures on Security Assessment of Cross-border Data Transfer (《數據出境安全評估辦法》), promulgated on July 7, 2022 and effective since September 1, 2022, the Provisions on Promoting and Regulating Cross-border Data Flows (《促進和規範數據跨境流動規定》), promulgated and effective on March 22, 2024, have provided that the transfer of personal information and important data by data processor meeting certain volume thresholds or other standards as provided therein shall apply for security assessment, file with a standard contract for cross-border data transfer or obtain a personal information protection certification. As of the Latest Practicable Date, we had not conducted any cross-border data transferring activities. As our business continues to grow, there may be circumstances where we engage in such cross-border data transfers. In such case, in order to satisfy the legal and regulatory requirements, we may need to comply with the foregoing requirements as well as any other limitations under PRC laws then applicable. Complying with these laws and requirements could cause us to incur substantial expenses or require us to alter or change our practices in ways that could harm our business.

In addition to government regulation, privacy advocates and industry groups have and may in the future propose self-regulatory standards from time to time. These and other industry standards may legally or contractually apply to us, or we may elect to comply with such standards. We expect that there will continue to be new proposed laws and regulations concerning cybersecurity, data protection and personal information protection, and we cannot yet determine the impact such future laws, regulations and standards may have on our business. New laws, amendments to or re-interpretations of existing laws, regulations, standards and other obligations may require us to incur additional costs and restrict our business operations. If so, in addition to the possibility of fines, lawsuits, regulatory investigations, public censure, other claims and penalties, and significant costs for remediation and damage to our reputation, we could be materially and adversely affected if legislation or regulations are expanded to require changes in our data processing practices and policies or if the applicable legislation or regulations are interpreted or implemented in ways that negatively impact our business, financial condition and results of operations. Any inability to adequately address cybersecurity, data protection or personal information protection concerns, even if unfounded, or to comply with applicable laws,

RISK FACTORS

regulations, standards and other obligations relating to cybersecurity, data protection or personal information protection could require significant resources and efforts, which have a material effect on our business, financial condition and results of operations.

There might be uncertainties in effecting service of legal process, enforcing foreign judgements against us or our directors and senior management personnel in the PRC.

We conduct our operations mainly in China, and our assets are mainly located in China. In addition, most of our directors and executive officers reside within China. As a result, it may be difficult or impossible to effect service of process within jurisdictions outside China upon us, our directors and executive officers. Even if you obtain a judgment against us, our directors, executive officers or the expert named in this document in courts outside China, you may not be able to enforce such judgment against us or them in China unless there are treaties providing for the reciprocal recognition and enforcement of judgments of courts between the two countries. For example, China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts in the United States, the United Kingdom, Japan or most other western countries and regions. Therefore, there is no established mechanism with respect to the recognition and enforcement in China of judgments of a court in any of these non-PRC jurisdictions. In addition, you may not be able to bring original actions in China based on foreign laws against us, our directors, executive officers or the expert named in this document. According to Article 177 of the PRC Securities Law which became effective in March 2020, no overseas securities regulator is allowed to directly conduct investigation or evidence collection activities within the territory of the PRC. Accordingly, without the consent of the competent PRC securities regulators and relevant authorities, no organization or individual may provide the documents and materials relating to securities business activities to overseas parties. While detailed interpretation of or implementation rules under Article 177 of the PRC Securities Law is not yet available, the inability for an overseas securities regulator to directly conduct investigation or evidence collection activities within China may further increase difficulties faced by [REDACTED] in protecting your interests.

We may be subject to the approval, filing or other requirements of the CSRC or other PRC governmental authorities in connection with future capital raising activities, and, if required, we cannot predict whether we will be able to obtain such approval or complete such filing.

On July 6, 2021, the General Office of the State Council, together with another regulatory authority, jointly promulgated the Opinions on Strictly Combating Illegal Securities Activities in Accordance with the Law (《關於依法從嚴打擊證券違法活動的意見》), which calls for, among others, enhanced administration and supervision of overseas-listed China-based companies, proposes to revise the relevant regulation governing the overseas issuance and listing of shares by such companies, and clarifies the responsibilities of competent domestic industry regulators and government authorities.

On February 17, 2023, the CSRC released the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) and five supporting guidelines (together, “**Trial Measures**”), which came into effect on March 31, 2023. Pursuant to the Trial Measures, domestic companies that seek to list overseas, both directly and indirectly, should fulfill the filing procedure and report relevant information to the CSRC. The filing is required to be conducted within three business days after the submission of the application for initial public offering and listing overseas to the overseas regulators. The CSRC will review the filing application and may have queries and may consult with other relevant regulators. Filings granted by the CSRC will have a valid term of one year during which the issuer should complete the offering. Further follow-up offerings after overseas listings also require a filing within three business days after the

RISK FACTORS

completion of the offering, and the listed companies will need to report to the CSRC upon the occurrence and public disclosure of certain significant matters such as a change in control, penalty received from overseas securities regulators or relevant PRC regulators, a switch of listing status and a termination of listing. See “Regulatory Overview” for details. There is uncertainty as to whether we will be able to complete the filing procedures or obtain approval for this [REDACTED] in a timely manner or at all. If a domestic company fails to complete the filing procedure or conceals any material fact or falsifies any major content in its filing documents, such domestic company may be subject to administrative penalties, such as orders to rectify, warnings, fines, and its controlling shareholders, actual controllers, the person directly in charge and other directly liable persons may also be subject to administrative penalties, such as warnings and fines.

Our PRC Legal Advisor is of the view that this [REDACTED] shall be deemed as a direct overseas [REDACTED] and [REDACTED] by PRC domestic enterprise, and we are required to submit filings with the CSRC within three business days after we submit [REDACTED] for this [REDACTED]. Any failure may restrict our ability to complete the [REDACTED] or any future equity capital-raising activities.

Holders of H Shares may be subject to PRC income taxes.

Holders of H Shares that are non-PRC resident individuals or non-PRC resident enterprises, whose names appear on the register of members of H Shares of our Company, are subject to PRC income tax in accordance with the applicable tax laws and regulations, on dividends received from us and gains realized through the sale or transfer by other means of H shares by such shareholders. According to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) and the Implementation Regulations for the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法實施條例》), which both came into effect on January 1, 2019, the tax applicable to non-PRC resident individuals is imposed at a rate of 20% for any dividends obtained from within China or gains on the transfer of shares and shall be withheld and paid by the withholding agent. For non-PRC resident enterprises that do not have establishments or premises in China, and for those that have establishments or premises in China but whose income is not related to such establishments or premises, under the EIT Law and its implementation regulations, dividends paid by us and gains realized by such foreign enterprises upon the sale or other disposition of H Shares are subject to PRC income tax at a 10% rate. We intend to withhold tax at a rate of 10% from dividends paid to non-PRC resident enterprise holders of our H Shares (including [REDACTED]). Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty or arrangement will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the PRC tax authorities’ approval. Pursuant to the Arrangement between the Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income executed on August 21, 2006, the PRC Government may levy taxes on the dividends paid by PRC companies to Hong Kong residents in accordance with the PRC laws, but the levied tax (in the case the beneficial owner of the dividends are not companies directly holding at least 25% of the equity interest in the company paying the dividends) shall not exceed 10% of the total dividends. According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), which was newly revised and implemented on December 29, 2018, and the Implementation Regulations for the Enterprise Income Tax Law of the PRC, which was newly revised and implemented on April 23, 2019, if a non-resident enterprise has no presence or establishment within China, or if it has established a presence or establishment but the income obtained has no actual connection with such presence or establishment, it shall pay an enterprise income tax on its income derived from within China with a reduced rate of 10%. Pursuant to the Arrangement between the Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on

RISK FACTORS

Income, dividends paid by PRC resident enterprises to Hong Kong residents can be taxed either in Hong Kong or in accordance with the PRC laws. However, if the beneficial owner of the dividends is a Hong Kong resident, the tax charged shall not exceed: (i) 5% of the total amount of dividends if the Hong Kong resident is a company that directly owns at least 25% of the capital of the PRC resident enterprise paying dividends; (ii) otherwise, 10% of the total amount of dividends. Considering the above, non-PRC resident holders of our H Shares should be aware that they may be obligated to pay PRC income tax on the dividends and gains realized through sales or transfers by other means of the H Shares.

Payment of dividends is subject to restrictions under the applicable PRC laws.

Under the applicable PRC laws and the constitutional documents of our Company, dividends may be paid only out of distributable profits, which refer to after-tax profits as determined under PRC GAAP less any recovery of accumulated losses and required allocations to statutory capital reserve funds. As a result of these PRC laws and regulations, each of our PRC subsidiaries is restricted in its ability to transfer its net profit to us in the form of dividends and we may not have sufficient or any distributable profit to make dividend distributions to our Shareholders in the future, including periods for which our financial statements indicate that our operations have been profitable. Limitations on the ability of our operating subsidiaries in China to pay dividends to us could materially and adversely limit our ability to distribute dividends. In addition, the calculation of our distributable profits under PRC GAAP differs in certain aspects from the calculation under IFRS. As a result, we may not be able to pay a dividend in a given year if we do not have distributable profits as determined under PRC GAAP even if we have profits as determined under IFRS.

New energy heavy-duty trucks are subject to motor vehicle standards and failure to satisfy such mandated safety standards would materially and adversely affect our business and results of operations.

In China, vehicles must meet or exceed all mandated safety standards. Rigorous testing and the use of approved materials and equipment are among the requirements for achieving such standards. Vehicles must pass various tests and undergo a certification process and be affixed with China Compulsory Certification, or CCC, before receiving delivery from the factory, being sold, or being used in any commercial activity, and such certification is also subject to periodic renewal. Although vehicles we currently sell have received CCC certifications, we cannot assure you that each of vehicle models we sell in the future will be able to receive such certifications. Furthermore, the government carries out the supervision and scheduled and unscheduled inspection of certified vehicles on a regular basis. In the event that our certification fails to be renewed upon expiry, a certified vehicle has a defect resulting in quality or safety accidents, or consistent failure of certified vehicles to comply with certification requirements is discovered during follow-up inspections, the CCC may be suspended or even revoked. With effect from the date of revocation or during suspension of the CCC, any vehicle that fails to satisfy the requirements for certification may not continue to be delivered, sold, or used in any commercial activity. Failure of any of vehicles we sell to satisfy motor vehicle standards would have a material adverse effect on our business, prospects, financial condition, and results of operations.

RISK FACTORS

Compliance with environmental protection and health and safety laws and regulations can be expensive, and non-compliance with these laws and regulations may result in significant monetary damages, fines, and other penalties.

Our operations are subject to extensive national and local laws with respect to environmental protection, health, and safety, including but not limited to the treatment and discharge of pollutants into the environment and the safety measures employed during our manufacturing. In addition, our construction projects can only be put into operation after the relevant administrative authorities in charge of environmental protection and safety have examined and approved the relevant facilities. As requirements imposed by such laws and regulations may change and more stringent laws or regulations may be adopted, we may not be able to comply with, or accurately predict any potential substantial cost of complying with, these laws and regulations. If we fail to comply with environmental protection and health and safety laws and regulations, we may be subject to rectification orders, substantial fines, potentially significant monetary damages, or production suspensions in our business operations. As a result, any such failure could have a material and adverse impact on our business, financial condition, results of operations and prospects.

We are subject to risks in relation to our social insurance and housing provident fund contributions.

Pursuant to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) and the Regulations on the Administration of Housing Provident Funds (《住房公積金管理條例》), we are required to make contributions to the social insurance plans and the housing provident fund under the relevant PRC laws and regulations for our employees. During the Track Record Period, we engaged third-party human resources agencies to pay social insurance premium and housing provident funds, as requested by the relevant employees. Pursuant to the agreement entered into between such third-party human resources agencies and us, the third-party human resources agencies would pay social insurance premium and housing provident funds for such employees on behalf of us. As of December 31, 2025, the third-party human resources agencies provided such funds for 95 of our employees. As of the Latest Practicable Date, (i) such employees had not raised any disagreement regarding that the third-party human resources agencies pay the social insurance premium and housing provident funds for them on behalf of us, and had raised no objections in relation thereto; (ii) there had been no disputes between us, such employees and the third-party human resources agencies with regard to such arrangement; and (iii) we had not received any notice of rectification from, or been imposed any administrative penalty by, the relevant governmental authorities as a result of such arrangement. As advised by our PRC Legal Advisor, given the above factors, the likelihood of us being subject to material penalties for paying social insurance premiums and housing provident funds through third-party agencies is remote. However, if the relevant governmental authorities are of the view that such arrangement does not satisfy the requirements under the relevant PRC laws and regulations in respect of housing provident funds, we may be ordered to pay the outstanding balance to the relevant local authorities within a prescribed period of time, failing which the relevant governmental authorities could apply to the People’s Court for enforcement, but no penalties are provided under the relevant PRC laws and regulations; and, in respect of social insurance premium, we might be ordered to pay the outstanding balance within a certain period of time and a late fee that equals 0.05% of the total outstanding balance per day from the date of the failure to make payment, failing which we may be subject to a fine, ranging from one to three times the total outstanding balance. In the event that the relevant governmental authorities do not recognize the amount of social insurance premium and housing provident funds that we contributed through third-party agencies, it may be deemed a failure to make full contributions, with the social insurance premium and housing provident funds paid by third-party

RISK FACTORS

human resources agencies on behalf of us for 2023, 2024 and 2025 amounted to RMB2,249 thousand, RMB3,490 thousand and RMB4,531.9 thousand, respectively. This in turn may adversely affect our financial condition and results of operations.

Furthermore, pursuant to the Interpretation II of the Supreme People’s Court on Issues Concerning the Application of Law 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 “**New Judicial Interpretation**”), promulgated on July 31, 2025 and effective since September 1, 2025, any agreement between an employer and an employee or any commitment made by an employee to the employer stating that social insurance contributions need not be paid shall be deemed invalid by the people’s court. See “Regulatory Overview — Regulations Relating to Employment” for more information.

As advised by our PRC Legal Adviser, the New Judicial Interpretation does not expand our penalty exposure or repeal the PRC social insurance laws and regulations currently in force. However, as PRC labor laws and regulatory guidance continue to evolve, we cannot assure how future developments may affect our operations. If we are deemed to have violated the relevant labor laws and regulations, we could be subject to related penalties, fines or legal fees, and our business, financial condition and results of operations could be materially and adversely affected. Furthermore, we cannot assure you that any claims or disputes initiated by employees regarding social insurance or housing provident fund will not arise in the future, and such claims or disputes may have an adverse impact on our business performance and financial condition.

We are subject to certain risks in relation to our leased properties.

We are subject to certain risks in relation to our leased properties, including the landlords’ failure to provide valid ownership or authorization documents, discrepancies between lessors and property owners without sublease consents, inconsistencies between actual and registered property use, pre-existing mortgages, and the absence of lease registration filings. See “Business — Properties.” If the landlords cannot prove valid ownership or authorization, or if the property owners object to the sublease, we may be required to vacate the affected properties and bear relocation costs. In addition, differences between actual and registered property use may lead to administrative orders or fines, and enforcement of mortgages could result in early lease termination. Although failure to register leases does not affect their validity, we may be subject to minor administrative penalties.

In addition, as our leases expire, we may face difficulties renewing them, either on commercially acceptable terms or at all. Our inability to enter into new leases or renew existing leases on terms acceptable to us could materially and adversely affect our business, results of operations or financial condition. See “Business — Properties.”

RISKS RELATED TO THE [REDACTED]

No [REDACTED] currently exists for our H Shares, and an active [REDACTED] for our H Shares may not develop.

Prior to the completion of the [REDACTED], there has been no [REDACTED] for our H Shares. The initial [REDACTED] for our H Shares to the public will be the result of our negotiations with the [REDACTED] (for themselves and on behalf of the [REDACTED]) and the [REDACTED] may differ significantly from the [REDACTED] of the H Shares following the [REDACTED]. We [have applied] to the Stock Exchange for [REDACTED] of, and permission to [REDACTED], our

RISK FACTORS

[REDACTED]. A [REDACTED] on the Stock Exchange, however, does not guarantee that an active and liquid [REDACTED] for our H Shares will develop, or if it does develop, that it will be sustained following the [REDACTED], or that the [REDACTED] of the H Shares will not decline following the [REDACTED].

Pursuant to the applicable PRC law, within the 12 months following the [REDACTED], all existing Shareholders (including the Pre-[REDACTED] Investors) could not dispose of any of the Shares held by them. Due to such lock-up requirement, the liquidity and [REDACTED] of the H Shares in the short term following the [REDACTED] may be significantly affected. These factors may significantly affect the [REDACTED] and volatility of our H Shares, regardless of our actual operating performance.

The [REDACTED] and [REDACTED] of our H Shares may be volatile, which could lead to substantial losses to [REDACTED].

The [REDACTED] and [REDACTED] of our H Shares may be subject to significant volatility in response to various factors beyond our control, including the general market conditions of the securities in Hong Kong and elsewhere in the world. In particular, the business and performance and the [REDACTED] of the shares of other companies engaging in similar business may affect the [REDACTED] and [REDACTED] of our H Shares. In addition to market and industry factors, the [REDACTED] and [REDACTED] of our H Shares may be highly volatile for specific business reasons, such as fluctuations in our revenue, earnings, cash flows, investments, expenditures, changes in analysts’ estimates of our financial performance, unexpected business interruptions resulting from natural disasters or power shortages, regulatory developments, our inability to obtain or maintain regulatory approval for our operations, involvement in material litigation, announcements of competitive developments, acquisitions or strategic alliances in our industry, relationships with our suppliers, movements or activities of key personnel, general market conditions, political, economic, financial and social developments in China and Hong Kong and in the global economy, or other developments affecting us or our industry or actions taken by competitors.

Moreover, shares of other companies listed on the Stock Exchange have experienced price volatility in the past, and it is possible that our H Shares may be subject to changes in price not directly related to our performance.

Future sales or perceived sales of our H Shares in the [REDACTED] by major Shareholders could materially and adversely affect the [REDACTED] of our H Shares.

Prior to the [REDACTED], there has not been a [REDACTED] for our H Shares. Future sales or perceived sales by our existing Shareholders of our H Shares after the [REDACTED] could result in a significant decrease in the prevailing [REDACTED] of our H Shares. Only a limited number of the H Shares currently outstanding will be available for sale or issuance immediately after the [REDACTED] due to contractual and regulatory restrictions on disposal and new issuance. Nevertheless, after these restrictions lapse or if they are waived, future sales of significant amounts of our H Shares in the [REDACTED] or the perception that these sales may occur could significantly decrease the prevailing [REDACTED] of our H Shares and our ability to raise equity capital in the future.

Any possible conversion of Unlisted Shares into H Shares could increase the supply of H Shares in the market and negatively impact the [REDACTED] of our H Shares.

According to the stipulations by the State Council’s securities regulatory authority and the Articles of Association, our Unlisted Shares may be converted into H Shares and such converted H Shares may be [REDACTED] or [REDACTED] on an overseas stock exchange, provided that prior to the conversion and [REDACTED] of such converted shares, the requisite internal approval processes have been duly completed and the filing with the CSRC has been completed. In addition, such conversion, [REDACTED], and [REDACTED] must comply with the regulations prescribed by the State Council’s

RISK FACTORS

securities regulatory authorities and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange. We can apply for the [REDACTED] of all or any portion of our Unlisted Shares on the Stock Exchange as H Shares in advance of any proposed conversion to ensure that the conversion process can be completed promptly upon notice to the Stock Exchange and delivery of shares for entry on the [REDACTED]. This could increase the supply of H Shares in the market, and future sales, or perceived sales, of the converted H Shares may adversely affect the [REDACTED] of H Shares.

You will incur immediate and significant dilution and may experience further dilution if we issue additional Shares in the future.

The [REDACTED] of the [REDACTED] is higher than the net tangible asset value per Share immediately prior to the [REDACTED]. Therefore, purchasers of our [REDACTED] in the [REDACTED] will experience a substantial immediate dilution. There can be no assurances that if we were to immediately liquidate after the [REDACTED], any assets will be distributed to Shareholders after the creditors’ claims. To expand our business, we may consider offering and issuing additional Shares in the future. To the extent that we raise additional capital through the sale of equity or convertible debt securities, your ownership interest will be diluted, and the terms may include liquidation or other preferences that adversely affect your rights as a holder of our H Shares. Issuance of additional Shares, or the possibility of such issuance, may cause dilution to our shareholders if we issue additional Shares at a price which is lower than the net tangible asset value per Share prior to the issuance of such additional Shares, and may cause the [REDACTED] of our H Shares to decline.

Future sale or major divestment of Shares by our Single Largest Group of Shareholders may materially and adversely affect the prevailing [REDACTED] of our H Shares.

Our Shares held by our Single Largest Group of Shareholders are subject to lock-up periods, pursuant to the PRC laws and regulations. However, there is no assurance that after the restrictions of the lock-up periods expire, our Single Largest Group of Shareholders will not dispose of any Shares. Sale of substantial amounts of our Shares in the [REDACTED], or the perception that these sales may occur, may materially and adversely affect the prevailing [REDACTED] of our H Shares.

Our Single Largest Group of Shareholders has significant influence over our Company and its interests may not be aligned with the interest of our other shareholders.

Immediately upon the completion of the [REDACTED] without taking into account any Shares which may be issued pursuant to the exercise of the [REDACTED], our Single Largest Group of Shareholders will collectively be entitled to exercise approximately [REDACTED]% voting power at general meetings of our Company. Our Single Largest Group of Shareholders will, through its voting power at the Shareholders’ meetings and its delegates on the Board, have significant influence over our business and affairs, including decisions in respect of mergers or other business combinations, acquisition or disposition of assets, issuance of additional Shares or other equity securities, timing and amount of dividend payments, and our management. Our Single Largest Group of Shareholders may not act in the best interests of our minority Shareholders. In addition, without the consent of our Single Largest Group of Shareholders, we could be prevented from entering into transactions that could be beneficial to us. This concentration of ownership may also discourage, delay, or prevent a change in control of our Company, which could deprive our Shareholders of an opportunity to receive a premium for the Shares as part of a sale of our Company and may significantly reduce the [REDACTED] of our Shares.

RISK FACTORS

There can be no assurance that we will declare and distribute any amount of dividends in the future.

See “Financial Information — Dividend” for further details of our dividend policy. There can be no assurance that future dividends will be declared or paid. The declaration, payment and amount of any future dividends are subject to the discretion of our directors depending on, among other considerations, our business and financial performance, cash requirements and availability, capital and regulatory requirements and general business conditions. We may not have sufficient or any profits to enable us to make dividend distributions to our shareholders in the future, even if our financial statements indicate that our operations have been profitable.

Forward-looking information contained in this Document is subject to risks and uncertainties.

This Document contains forward-looking statements with respect to our business strategies, operating efficiencies, competitive positions, and growth opportunities for existing operations, plans and objectives of management, certain [REDACTED] information, and other matters.

The words “anticipate,” “believe,” “could,” “potential,” “continue,” “expect,” “intend,” “may,” “plan,” “seek,” “will,” “would,” “should” and the negative of these terms and other similar expressions identify a number of these forward-looking statements. These forward-looking statements, including, among others, those relating to our future business prospects, capital expenditure, cash flows, working capital, liquidity and capital resources are necessary estimates reflecting the best judgment of our directors and management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. As a result, these forward-looking statements should be considered in light of various important factors, including those set out in the section headed “Risk Factors” in this Document. Accordingly, such statements are not a guarantee of future performance, and you should not place undue reliance on any forward-looking information. All forward-looking statements in this Document are qualified by reference to this cautionary statement.

Certain facts, forecasts and statistics contained in this Document are derived from various official or third-party sources and may not be accurate, reliable, complete, or up to date.

We have derived certain information and statistics in this Document, particularly the section headed “Industry Overview,” which was commissioned by us, and from various official government publications and other publicly available publications provided by the PRC government, industry associations, independent research institutes and other third-party sources. We believe that the sources of the information are appropriate sources for such information, and we have taken reasonable care in extracting and reproducing such information. However, information and statistics from official government sources have not been independently verified by us or any other parties involved in the [REDACTED] and no representation is given as to their accuracy. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable with statistics produced for other economies, and you should not place undue reliance on them. Furthermore, we cannot assure you that they are stated or compiled on the same basis, or with the same degree of accuracy, as similar statistics presented elsewhere. In all cases, you should consider carefully how much weight or importance you should attach to or place on such information or statistics.

RISK FACTORS

You should read the entire Document carefully, and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding us or the [REDACTED].

You are strongly advised to read the entire Document carefully and are cautioned against placing any reliance on the information in any press article or any other media coverage which contains information not disclosed or not consistent with the information included in this Document. Subsequent to the date of this Document but prior to the completion of the [REDACTED], there may be press and media coverage regarding us and the [REDACTED], which may contain, among other things, certain financial information, projections, valuations and other forward-looking information about us and the [REDACTED]. We have not authorized the disclosure of any such information in the press or media and do not accept responsibility for the accuracy or completeness of such press articles or other media coverage. We make no representation as to the appropriateness, accuracy, completeness, or reliability of any of the projections, valuations, or other forward-looking information about us. To the extent such statements are inconsistent with, or conflict with, the information contained in this Document, we disclaim responsibility for them. Accordingly, prospective [REDACTED] are cautioned to make their [REDACTED] decisions on the basis of the information contained in this Document only and should not rely on any other information.