WHO WE ARE

We are a leading software-focused L2-L2+ and L4 driving solutions provider in China, with a track record of commercialization at each of these automation levels.

For L2-L2+ solutions, we offer driving and parking solutions as well as intelligent cockpit solutions with active safety features such as Driver Monitoring Systems ("**DMS**"). We are the second largest software-focused L2-L2+ solutions provider in China that provides both driving and parking solutions in 2024, according to CIC. As of the Latest Practicable Date, we had obtained design wins for 198 vehicle models of 23 vehicle brands, and achieved mass-production for 105 vehicle models of six vehicle brands. In addition, 87 out of the 198 vehicle models for which we have obtained design wins cover overseas markets, and 59 of them have achieved mass-production. We have completed deliveries for mass-production in both domestic and overseas markets. We were the first Chinese provider that delivered L2-L2+ solutions in the overseas market, according to CIC.

We are also a leading L4 solutions provider in China. We offer safe and reliable L4 solutions to help fleet operators accelerate commercialization across a variety of application scenarios. In 2025, we generated revenue of RMB374.5 million from our L4 solutions, which contributed to 68.4% of our total revenue, with the majority of such revenue from L4 software solutions. As of the Latest Practicable Date, we had obtained indicative orders for L4 solutions covering over 2,500 Robobuses, Robotaxis and Robotrucks with aggregate contract value of over RMB1 billion to be delivered in the next three to five years, which demonstrated customer recognition of our ability to commercialize L4 solutions in scale.

We have successfully commercialized both L2-L2+ and L4 solutions and adopt a dual-track approach to develop our L2-L2+ and L4 solutions. We accumulate experience in research and development, engineering, verification and validation through L2-L2+ solutions, which lays the foundation for our L4 solutions developed on the same system architecture. At the same time, our L4 solutions generate high-quality data that are free from human bias and collected under real-world operating scenarios, which in turn facilitate the iteration and optimization of our L2-L2+ solutions.

We commercialized our L2-L2+ solutions through both the software development and engineering model and the royalty model. Under the software development and engineering model, we develop and customize our L2-L2+ driving solutions to meet the specific requirements of OEMs, for which we charge an upfront development fee on a project basis. Following completion of the software development, we enter the mass-production and delivery phase and switch to the royalty model, under which we charge royalty for each unit of vehicle produced with our software installed. We may also charge additional software development fee or royalty if OEMs subsequently request additional software upgrades after mass-production and delivery. We act either as a Tier-1 Supplier or Tier-2 Supplier, and targets mass-market vehicles. We have seen a deepening collaboration with OEMs that we serve directly, such as VinFast, as well as OEMs that we serve indirectly through their Tier-1 Suppliers, such as Zeekr, with our solutions being adopted across a growing number of vehicle models. Our revenue generated under the royalty model substantially increased since 2021, which demonstrated customer recognition of our capabilities to serve OEMs across the full project lifecycle.

Our Approach to Technology Development

We have adopted a mass-production-oriented and prudent strategy underpinned by a forward-looking approach to technology development that is responsive to evolving regulatory frameworks, supply chain dynamics and market demand. Since our founding in 2016, we have been devoted to technologies in the field of L2-L2+ and L4 solutions and built a comprehensive technology portfolio, which includes multi-sensor fusion perception that combines data from cameras, radars and other vehicle-mounted sensors to form an accurate picture of the road

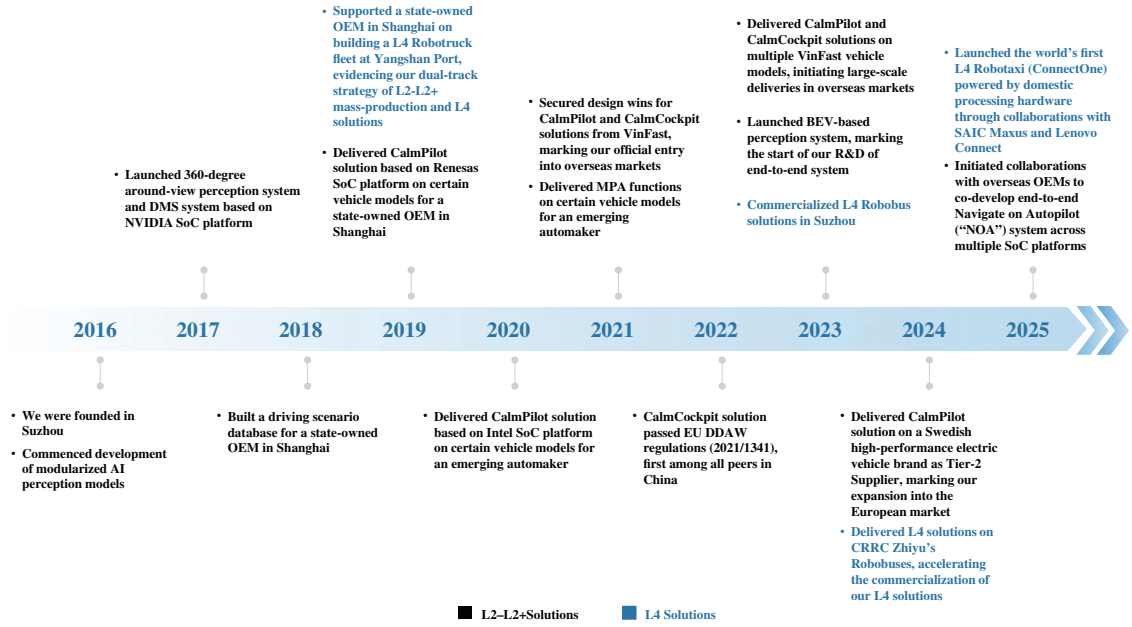
environment, end-to-end systems that directly convert environmental input into driving decisions, and Vision-Language-Model/Vision-Language-Action (VLM/VLA) models that enable vehicles to interpret visual road scenes and language instructions before executing relevant driving actions.

Our technology development is based on CalmVolution, our proprietary, data-driven AI development platform, which includes three core subsystems: (1) the data closed-loop subsystem DataTurbo, (2) the model training and development platform CalmForge, and (3) the automated system integration platform CalmVergence, which together create a closed-loop workflow that spans the entire R&D cycle from data collection, data cleansing and data labelling to model training, system deployment, verification and validation, and data upload.

We adopt a modular approach to develop our AI models and software modules in our L2-L2+ and L4 driving solutions. This framework breaks down system functions into independent, reusable components, which effectively shortens the adaptation cycle of our L2-L2+ and L4 driving solutions to different SoC platforms and the associated marginal R&D costs. In addition, our vehicle-to-cloud collaborative architecture supports two-way data interaction between vehicles and cloud servers. Through this architecture, data generated during the operation of authorized vehicles are automatically transmitted back to our DataTurbo system, creating a cycle that links data, models and application scenarios. We also apply multimodal AI large models across our workflows to further enhance R&D efficiency. For engineering and deliveries, we have established an engineering process and verification and validation standards that are in compliance with the requirements across major markets globally, including China, Southeast Asia, the Middle East, Central Asia, the European Union and North America. Our proprietary solutions have passed multiple international regulatory and industry requirements.

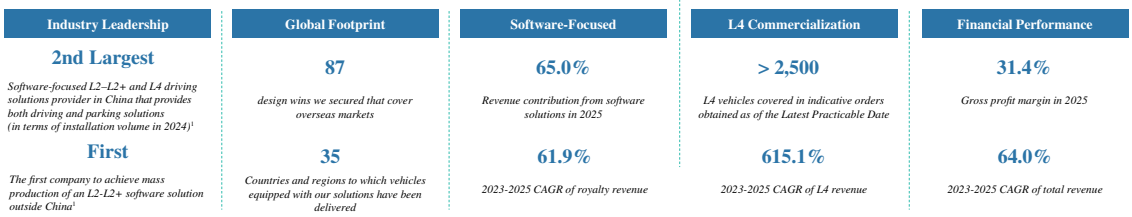
Our Key Milestones

Set forth below are our key milestones, which illustrated our evolvement into a leading software-focused L2-L2+ and L4 driving solutions provider in China by advancing from L2-L2+ to L4 solutions, from modularized system to end-to-end architecture, which enables direct conversion of raw environmental data into vehicle control commands, and from domestic to global market.



Our Operational Highlights

With a mass-production-oriented strategy, we have established a leading market position in China's vehicle automation industry and achieved solid operational performance during the Track Record Period, as illustrated in the chart below.



Note:
1. According to CIC.

Our Financial Performance and Path to Profitability

We have achieved rapid revenue growth, and recorded gross profit margins that were above industry average according to CIC, during the Track Record Period. Our revenue grew from RMB203.6 million in 2023 to RMB547.9 million in 2025 at a CAGR of 64.0%. In 2023, 2024 and 2025, we had loss and total comprehensive expense of RMB231.2 million, RMB462.8 million and RMB207.9 million, respectively. Our adjusted loss for the year (non-IFRS measure) decreased significantly from RMB88.1 million in 2023 to RMB10.9 million in 2025, reflecting the continued improvement in our underlying operating performance.

We believe we have established a clear path toward sustained profitability for the following reasons:

- *Asset-light, Software-focused Strategy*: For L2-L2+ solutions, we generated most of our revenues through software development and engineering services and software royalty. For L4 solutions, we primarily empower fleet operators as a third-party technology provider; and while we also provide hardware components, we conduct R&D and production activities based on the actual needs of fleet operators and avoid engagement in the capital-intensive activities such as fleet building and operations.

- *Software Royalty Model with Higher Gross Profit Margin*: We were able to monetize under both the software development and engineering model and the royalty model. We started to generate revenue under the software royalty model in 2021, which provided us with a stable revenue stream with higher gross profit margin after our customers commenced mass-production. Our revenue under the royalty model increased rapidly by 74.3% from RMB12.1 million in 2023 to RMB21.1 million in 2024 and further increased by 50.4% to RMB31.7 million in 2025. Our ability to monetize through the royalty model evidences customer recognition of our technology capabilities and the value of intellectual property inherent in our solutions.

- *Customer Base and Pipeline*: While we continuously scaled our business, we strategically developed and retained long-term relationships with reputable and credible customers. With a superior customer base and robust project pipeline, we have been prudent and selective when bidding for new projects. We focused our resources on projects with better prospects in terms of revenue and delivery volume.

- *R&D Activities*: Relying on our strong engineering capabilities, we have continuously improved R&D efficiency through our proprietary toolchain, a customized R&D toolset for algorithm design, training and validation, and modularized development model. In addition, we have further improved R&D efficiency and saved cost by applying AI technology in our work streams and digitalizing our work processes.

  We apply the same system architecture and development process that we designed for L2-L2+ solutions to the development and engineering workflow of L4 solutions. This allows us to smoothly apply the R&D outputs and engineering experience gained in L2-L2+ projects to L4 projects. As a result, we are able to accelerate the deployment of L4 solutions and maintain both efficiency and cost advantages in the process of dual-track development.

  Our R&D expenses as a percentage of our revenue continuously decreased during the Track Record Period. In 2023, 2024 and 2025, our R&D expenses accounted for 51.8%, 24.3% and 16.8% of our revenue, respectively.

OUR MARKET OPPORTUNITIES

Vehicle automation has become one of the core trends re-shaping the global automotive industry. In 2024, the global market for mass-produced L2-L2+ and L4 driving solutions reached RMB80.5 billion, and is projected to increase to RMB279.5 billion by 2030. With the declining cost of and increasing demand for basic hardware such as domain controllers and chips, L2-L2+ solutions are expected to emerge as the most important market segment. The global market for L2-L2+ solutions is expected to reach approximately RMB245.2 billion by 2030 at a CAGR of 13.0% from 2025 to 2030. At the same time, as hardware technologies continue to mature, the importance of software solutions will further increase in the future. According to the CIC Report, the global and China's mass-produced vehicle automation software solutions markets are expected to grow from RMB23.1 billion and RMB9.1 billion in 2024 to RMB81.1 billion and RMB31.5 billion by 2030, representing CAGRs of 17.1% and 18.9%, respectively. As a cost-competitive player with accumulated mass-production experience, we are able to capture these emerging opportunities both domestically and globally.

China leads the global industry development of L4 driving solutions. The global market size of L4 driving solutions reached RMB8.6 billion in 2024, with China accounting for RMB4.8 billion, making it the world's largest L4 market. The global and China's L4 markets are expected to grow to RMB505.6 billion and RMB324.0 billion by 2030, respectively. We believe that, as market demand continues to grow and regulatory framework becomes clearer, we — as an L4 driving solutions provider with proven commercialization experience — will be able to secure a meaningful position in the future global market competition.

OUR STRENGTHS

We believe the following competitive strengths contributed to our historical success and will drive our future growth.

We are a leading software-focused L2-L2+ and L4 driving solutions provider in China

As a leading solutions provider in China, we have established a competitive position and reputation in the vehicle automation solutions industry.

We are the second largest software-focused L2-L2+ solutions provider in China that provides both driving and parking solutions in terms of installation volume in 2024. We are also a leading L4 solutions provider, as measured by revenue generated from L4 solutions in 2024. As of the Latest Practicable Date, we had obtained indicative orders for L4 solutions covering over 2,500 Robobuses, Robotaxis and Robotrucks with aggregate contract value of over RMB1 billion to be delivered in the next three to five years.

We are also playing an active role in supporting the global expansion of Chinese OEMs and advancing the adoption of L2-L2+ and L4 driving solutions in overseas markets. As of the Latest Practicable Date, we delivered factory-installed L2-L2+ and L4 driving solutions for 87 vehicle models overseas. We are among the few Chinese L2-L2+ and L4 driving solutions providers that have conducted large-scale road testing in Europe and satisfied safety certification standards of overseas markets, according to CIC. Building upon our successful commercialization overseas, we continue to help establish the global presence and competitiveness of Chinese OEMs with our cost-effective L2-L2+ and L4 driving solutions.

We have advanced AI large model capabilities to deliver high-performance solutions

We have built up a VLA/VLM architecture through deep integration of end-to-end methodologies and large language models that enables advanced object recognition, accurate prediction of traffic participants' behavioral intentions and comprehensive environment understanding.

We adopt the idea of developing light-weight AI models with enhanced reasoning efficiency. We compress model parameters by applying model pruning, quantization and distillation technologies. Based on our deep understanding of various SoC platforms, we have also implemented a multi-core parallel scheduling mechanism that maximizes the utilization of heterogeneous computing power under a CPU-NPU collaborative SoC architecture.

Leveraging our advanced AI technology, we deliver industry-leading performance across three core driving scenarios: driving, parking and intelligent cockpit.

- ***Driving***: Our CalmPilot driving system fully complies with applicable regulatory requirements, such as CNCAP, ENCAP, GSR and i-VISTA. It ensures effective protection for vehicles, pedestrians and cyclists in both urban and highway scenarios. The false alarm rate for collision alerts and Autonomous Emergency Braking (AEB) is less than once per 300,000 kilometers. Our highway NOA system delivers outstanding performance, with less than one takeover per 100 kilometers, over 95% success rate of automatic lane change, over 95% on-ramp and tunnel pass-through rates, and less than five seconds of regular lane change time.

- ***Parking***: Our CalmPilot parking system complies with applicable regulatory requirements, such as UNECE R158 and FMVSS 111, and has passed various tests including NCAP PEB and i-VISTA. It ensures safety and visibility in reversing and low-speed parking. We can achieve the lowest distance detection error of 3cm for parking space detection function and obstacle detection accuracy of less than 10cm. The system can also detect up to 26 types of objects and build large-scale environmental modeling. The initial mapping success rate exceeds 95%, creating a real-time map with dynamic obstacles, which enables complex scenarios such as long-distance U-turns and pedestrian/vehicle interactions. The success rates for parking space search and parking both exceed 95%. The success rate for memory parking exceeds 95%, with parking cruise speed reaching 15 km/h.

- ***Intelligent Cockpit***: Our CalmCockpit system effectively enhances driving safety by accurately detecting drivers' risky behaviors caused by fatigue or distraction, such as eye closure, yawning and phone usage, with a detection accuracy rate of over 98%. CalmCockpit's gaze-tracking algorithm monitors the driver's line of sight, blink frequency and other indicators in real time. We were also the first among all domestic peers to obtain EU DDAW and ADDW certifications, according to CIC.

Our proprietary one-stop AI development platform enables high R&D efficiency and superior adaptability to SoC platforms

We have developed a proprietary one-stop AI development platform, CalmVolution, which has significantly improved our R&D efficiency of L2-L2+ and L4 driving solutions and enhanced our system adaptability across various SoC platforms.

CalmVolution comprises three core subsystems: DataTurbo, CalmForge and CalmVergence.

- ***DataTurbo***: Our data closed-loop subsystem, DataTurbo, was built on the philosophy of "full chain data closed-loop." It has established a complete chain from data generation to value realization through deep coordination among three modules — data collection, data management and data upload. It supports efficient processing of data — a core element of algorithm iteration and functional optimization.

- ***CalmForge***: Our model training and development platform, CalmForge, enables us to manage AI algorithm models at different stages throughout their lifecycle, including training, fine-tuning, evaluation and monitoring. CalmForge enables independent training and rapid iteration of multiple models in parallel, which improves utilization of our AI training servers and reduces model training period by more than 30% compared to conventional approaches. In addition, the model conversion tool embedded in CalmForge automatically converts our AI models to adapt to various SoC platforms, which enhances our cross-platform compatibility while reducing R&D expenses.

- ***CalmVergence***: Our automated system integration platform, CalmVergence, provides essential support to the rapid deployment of our L2-L2+ and L4 driving solutions by seamlessly connecting algorithms, software and hardware. Our R&D team can easily integrate our AI algorithm models and software from our software library with various vehicle interfaces simply by ticking checkboxes, which enables us to maximize reuse of our R&D outputs across projects. The reuse rate of our software and AI algorithm models in different projects exceeds 70%. We are able to complete deployment of a full set of systems on a new SoC platform within one month for verification and validation purpose, while it takes less than six months to complete the full cycle from deployment, verification and validation, to the final delivery of a mass-production project for a new vehicle model on a previously-deployed SoC platform.

- ***Integration of Multimodal AI Large Models***: We have integrated multimodal AI large models into CalmVolution, which helps us to conduct analysis, breakdown and review of customer requirements during the R&D and delivery process, and to accelerate code generation and make code quality assessment. This approach also helps us sort out the traceability among requirements, development, and verification and validation, which further improves our systematic error-correction capability.

CalmVolution streamlines our workflows at different R&D stages, and multimodal AI models are broadly applied to different sectors of the platform. It significantly enhances our efficiency in R&D, verification and validation, delivery and after-sales service, enabling us to win customer recognition, while lowering our R&D costs.

Our engineering capabilities ensure successful delivery and system reliability and flexibility

Engineering capabilities form our core competitiveness in the vehicle automation industry. We have gradually built up a systematic methodology based on our extensive mass-production experience that spans the entire process from development to delivery. This methodology encompasses a standardized and modularized development process tailored for mass-production, cross-SoC platform deployment capabilities under a unified architecture, a cost control mechanism for co-optimization of hardware and software, and a customer-centric, highly flexible delivery model.

- ***Highly Standardized and Modularized Development Process for Mass-Production***

We strictly adhere to the V-model and ASPICE process framework, which are industry-standard methodologies for automotive software development, with clearly defined process interfaces and quality metrics set at each stage of requirement, design, implementation, verification and validation. Core functional modules, such as perception, planning and control, and middleware are fully decoupled at the architectural level, enabling different R&D teams to conduct independent and parallel development on a unified code base, thereby significantly improving efficiency and flexibility. After each module is developed, it will undergo version management and consistency checks through our automated system integration platform, CalmVergence. A centralized software library records all iterated versions, allowing rapid rollback and deployment of any version based on project needs and enabling us to satisfy the multi-vehicle model, multi-configuration delivery requirements of mass-production projects. Leveraging our accumulated experience from numerous mass-production projects, we are able to support large-scale delivery with minimal manpower. For example, in Zeekr project, we released nearly 1,000 test and official software versions across multiple vehicle models within one year, which fully demonstrates the efficiency and reliability of our standardized process.

- ***Rapid Deployment Across Multiple SoC Platforms Empowered by a Unified Architecture***

Leveraging our strong software-and-hardware co-development capabilities, we have developed a unified heterogeneous computing architecture adaptable to multiple SoC platforms to enable deep integration of AI algorithm models with various hardware (such as computing chips and sensors). We also unify and standardize external interfaces through a layered and decoupled system architecture. This allows us to effectively break the barriers between different hardware to ensure consistent, high performance of our systems across SoC platforms.

- ***Mass-Production Cost Control Enabled by System Design Capability for Hardware and Software Adaptability***

With a deep understanding of hardware such as sensors and SoC platforms and robust software development capabilities, we leverage our system design capabilities to help customers control costs in mass-production projects. We take into account the co-optimization possibility of hardware and software at system architecture design stage and recommend a suitable system design plan after assessing other software suppliers' scheduling demand for chip computing power and sensor resources and balancing various performance requirements and mass-production feasibility. We enable customers to minimize hardware cost per vehicle to the extent possible while maintaining reliability and continuous iteration of the system.

- ***High Delivery Flexibility and Robust Collaborative Development Capability***

Supported by our extensive engineering expertise and systematic design methodology, we are able to address diverse customer needs in a highly flexible manner. We can serve either as a Tier-1 Supplier to deliver both software systems and hardware parts, or as a Tier-2 or other indirect supplier to provide specific software modules or software-and-hardware integrated modules. In the

vehicle automation solutions industry, where the requirements and supply chain structures vary across different OEMs, flexibility in both delivery mode and supplier role is a critical differentiator, which enables us to acquire more customers and rapidly scale our commercial footprint.

The table below illustrates our flexibility in delivery mode and supplier role:

			CalmCar's Role		
OEM/Brand	Type of Solutions	Functions	Hardware Tier-1 Supplier	Software Tier-1 Supplier	Software Tier-2 Supplier
Zeekr	L2-L2+	Parking System Perception Module			√
A leading electric vehicle manufacturer based in Shenzhen	L2-L2+	Driving System Night Vision Perception Module DMS			√
VinFast	L2-L2+	Parking-and-Driving Integrated System DMS		√	
Longsheng	L2-L2+	Parking-and-Driving Integrated System Domain Controller Body Control Module (BCM)	√	√	
CRRC Zhiyu	L4 Robobus	L4 Full-Set Software System L4 Driving Kits	√	√	
Lenovo Connect	L4 Robotaxi	L4 Turnkey Solution	√	√	

Synergistic reinforcement between our L2-L2+ mass-production experience and L4 commercialization drives efficient iteration of our technologies

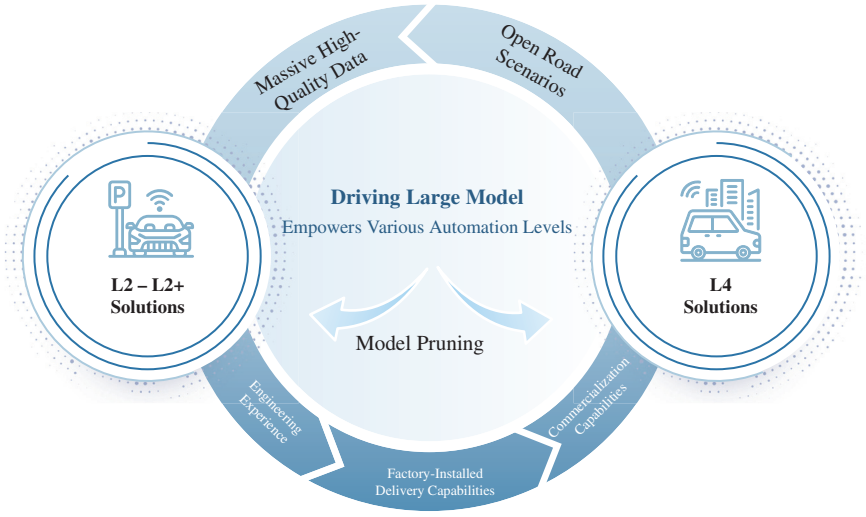
In software development, we leverage the technology stack, development platform and toolchains built for our L2-L2+ solutions to significantly enhance R&D efficiency of L4 solutions while reducing development costs. AI models for both L2-L2+ and L4 solutions are built upon a unified foundational model, which is optimized and customized based on application scenarios and performance requirements through technologies such as model pruning, quantization and distillation to ensure consistency and efficiency across technology development.

We have accumulated AI technology and engineering experiences through extensive deliveries for L2-L2+ mass-production projects. The reliability and stability of our L2-L2+ solutions have been validated through mass-production, which provides a replicable engineering foundation for the development and deployment of our L4 systems.

On the hardware side, by reusing sensors and domain controllers adopted in our L2-L2+ solutions, we not only ensure the reliability of hardware, but also reduce costs of our L4 solutions leveraging cost advantages of mass-production supply chain. In addition, our experience in algorithm optimization at the L2-L2+ level enables us to optimize sensor layout and chip selection for our L4 solutions.

As we scale up the deployment of our L4 solutions, we can also accumulate a massive amount of high-quality data in real-world operating scenarios. Such high-quality data from L4 vehicles can be fed back to optimize our models for L2-L2+ solutions. After anonymization and cleansing, the ground-truth data eliminate biases inherent in human driving behaviors, which can accelerate our product iteration cycle and reduce data collection costs compared with traditional methods — data collection by human drivers.

The dual-track approach fosters a virtuous data closed-loop, strengthens our competitive advantages in L2-L2+ and L4 driving solutions, and establishes a synergistic, mutually reinforcing development mode for our L2-L2+ and L4 solutions.



We have established strategic collaborations with key players that offer complementary capabilities

We established open collaborations with both upstream and downstream players across the value chain, while focusing on our core perception technology. Our collaborations with strategic partners and their complementary expertise contribute to our delivery efficiency and customer servicing capabilities.

During the Track Record Period, our collaboration with ZF ADAS BU created synergies by combining our visual and multi-sensor fusion perception technologies with its brand recognition in overseas markets, access to global OEMs, hardware capabilities, quality control system and professional project management, which contributed to our success in overseas commercialization.

We maintain extensive collaborations with a few mainstream chip suppliers to ensure the flexibility of our solutions and the stability of our chip supply chain. Leveraging such collaborations, we work closely with chip suppliers to provide services tailored to customer requirements and improve our R&D and delivery efficiencies on their SoC platforms. Meanwhile, we have developed IFCs and domain controllers based on multiple SoC platforms to meet the functional requirements of different automation levels of L2-L2+ and L4 in the market. We are the first L4 robotaxi company worldwide that has successfully developed a complete L4 Robotaxi system based on Horizon Robotics' Journey 6 processing hardware with medium-range computing power, according to CIC. This demonstrates our leading capabilities in the application of cutting-edge technologies, optimization of chip performance and commercialization, and advantages brought by our deep collaboration with strategic partners.

In the field of L4 solutions, we have established strategic alliances with multiple business partners, including OEMs and core auto parts suppliers. For example, our strategic collaboration with Lenovo Connect and SAIC Maxus has created a new paradigm for L4 Robotaxis. In particular, we proposed customized retrofitting requirements to SAIC Maxus, deployed L4 driving kits and the

software system that we co-developed with Lenovo Connect on the customized vehicles, and then delivered them to Lenovo Connect for operation. Such collaboration allows each party to leverage its own expertise. It also enables us to engage in L4 business under an asset-light model.

Our strong core technology expertise in both L2-L2+ and L4 sectors and robust engineering capabilities and flexible collaboration models position us as a preferred strategic partner within the vehicle automation solutions value chain. We will continue to broaden our partner network and accelerate the large-scale commercialization of both our L2-L2+ and L4 solutions.

Our management team possesses industry insights and extensive mass-production experience

Our management team possesses industry insights and extensive mass-production experience, with solid expertise spanning the entire automotive value chain. The team combines strong technical capabilities in AI-powered solutions with comprehensive understanding of automotive parts R&D, manufacturing, and engineering. Their backgrounds span the entire value chain, from global Tier-1 Suppliers to leading OEMs, forming a leadership group with comprehensive technical knowledge and strategic vision.

Our founder and chairman, Mr. WANG Xi, brings more than 18 years of experience in automotive R&D, manufacturing, and corporate management. He previously held a key position at TRW Automotive, a world-leading automotive parts supplier renowned for chassis systems, where he established an outstanding track record and accumulated substantial technical management expertise. Our other management team members collectively contribute decades of specialized experience from leading global suppliers and research institutions in Germany, United Kingdom and China. Their backgrounds include successful delivery of L2-L2+ and L4 driving solutions for mass-production projects in China and other countries, leadership in automotive electronics software and validation systems, and comprehensive management of full product lifecycles across ADAS, steering, and braking electronics.

The collective strength of our management team forms a corporate culture that emphasizes practical mass-production solutions aligned with value chain requirements. Supported by robust engineering capabilities, mass-production experience, and prudent cost management, we are well positioned to respond to industry complexities and maintain a strong market position in the vehicle automation industry.

OUR STRATEGIES

Our development strategy will focus on four key dimensions — technology, products, market and ecosystem. Specifically, we will continue to (i) enhance the performance of our proprietary AI algorithms and strengthen our systematic R&D capabilities; (ii) accelerate the expansion of our diversified product portfolio and broaden the application scenarios of our L4 solutions; (iii) maintain long-term, stable competitiveness in the domestic market while extending our global presence; and (iv) develop diversified business models and build a more diverse and differentiated intelligent mobility service ecosystem to enhance our brand influence and industry synergies.

Continuously enhancing the performance of our proprietary AI algorithms and systematic R&D capabilities

AI algorithms and systematic R&D capabilities are the cornerstone of the reliability and high performance of our solutions. Further strengthening our proprietary capabilities in these areas will provide a solid foundation for us to maintain our industry leadership. We have established clear strategic directions in algorithm iteration, toolchain development, simulation system optimization and the application of AI large models.

Continuously advancing research and development of frontier algorithms

We have applied end-to-end architecture in our NOA systems and our L4 solutions. To address limitations of such architecture, such as constrained cross-regional generalization and insufficient coverage of long-tail scenarios, we have introduced the VLM/VLA architecture to enhance environmental understanding and robustness of our system. At the next phase, we endeavor to devote more R&D resources on the frontier research and development areas. We believe this technological direction will be a key pathway to advancing large-scale deployment and commercialization of L2-L2+ and L4 driving solutions in the future.

Continuously optimizing our AI development platform CalmVolution and deepening the integrated application of AI large models in our R&D process

We have established CalmVolution, our proprietary AI development platform. We seek to continuously iterate and optimize CalmVolution by embedding additional auxiliary toolchains to further increase the efficiency of data closed-loop, shorten model training and optimization periods, and accelerate system integration and delivery. In addition, we plan to further integrate AI large models with CalmVolution to build an AI Agent that supports internal R&D by applying AI large models to data processing, code optimization, model generation, system deployment, risk detection, and verification and validation. By enhancing automation across the development process and deepening the application of AI large models, we aim to further reduce marginal costs for project development and the cost of technology deployment.

Expanding the innovative application of vehicle dynamics in Virtual Simulation system

We have devoted our efforts to building simulation environments that closely simulate the real world to reduce the overall cost of algorithm optimization. Through this process, we have gradually established a clear pathway for optimization of our virtual simulation system and identified key parameters, such as vehicle dynamics and physics-related parameters. By incorporating more precise parameters, we will further upgrade and refine our virtual simulation environment, developing more precise vehicle models and calibration methods, and integrating them into the simulation process. This will enable our L2-L2+ and L4 driving solutions simulation outcomes to closely mirror real-vehicle performance with high fidelity, overcome the limitations of traditional simulation systems, and reduce the time and cost associated with real-vehicle control debugging. In addition, we plan to integrate our innovative tire-road sensing system in real-world vehicles, which provides real-time insights into diverse road surfaces and driving conditions to optimize the performance of decision-making, planning and control of our solutions.

We plan to allocate approximately [**REDACTED**]% of the [**REDACTED**] from the [**REDACTED**] to enhance R&D capabilities for our solutions and products.

Accelerating the expansion of our diversified product portfolio and further expanding L4 application scenarios

We will remain closely aligned with the evolving trend of market demands, continue to iterate our solutions, accelerate the expansion of our diversified product portfolio and continuously expand the application scenarios of our L4 business. In particular, we plan to implement the following strategies:

Enriching the form of L4 driving solutions

The vehicle automation solutions industry is in the process of gradually evolving from L2-L2+ assisted driving systems to higher automation levels. We will continue to refine and improve AI algorithm, system architecture optimization and computing power platform adaption, thereby expanding the coverage of L4 applications. Meanwhile, we are taking a forward-looking approach

to cockpit-driving integrated solution. We aim to deeply integrate intelligent cockpit system with driving to enable strong coordination among human-machine interaction, perception and decision-making, infotainment and driving assistance.

Expanding the scope of CalmAssistant, our software-and-hardware integrated solutions, and enhancing our R&D capabilities for core sensors

By working closely with manufacturing partners in a complementary manner, we aim to develop competitive and cost-effective software-and-hardware integrated products to enrich our CalmAssistant solutions. We will also cultivate in-house manufacturing capabilities for selected hardware products in the L2-L2+ and L4 driving solutions domain. This will enable us to strengthen the autonomy and controllability of our integrated offerings while enhancing profitability. This strategy has already achieved initial success in our L4 business.

Extending the application of our systems in additional scenarios

Building on our technical expertise in L2-L2+ sector for passenger vehicles, we are actively expanding into the commercial vehicle sector. In addition, we will also consider expanding our L4 solutions beyond Robotaxi, Robobus, Robotruck and Robosweeper into related verticals such as mining vehicles, low-speed logistics vehicles and low-speed delivery robots.

We plan to allocate approximately (i) [**REDACTED**]% of the [**REDACTED**] from the [**REDACTED**] to expand and enhance our production capabilities, and (ii) [**REDACTED**]% of such [**REDACTED**] to further optimize our L4 driving solutions.

Deepening domestic and overseas market presence to build up one-stop services and diversified business models

We aim to solidify our market leadership in China while accelerating our global footprint to capture growth opportunities of the global vehicle automation solutions market. We will also pilot test additional innovative business models to strengthen long-term customer relationships, diversify revenue streams and enhance sustainability. In particular, we plan to implement the following strategies:

Solidifying our position in the domestic market

We will continue to deepen our market presence in China, with a strategic focus on the iteration and commercialization of L2-L2+ solutions over the next five years. We will also continue to strengthen long-term collaborations with leading domestic OEMs and increase our market share,

Expanding business opportunities in the global market

We are taking actions to expand our business opportunities in the global market. For example, we plan to establish local business and R&D centers overseas for data collection. We will expand our global market by regions, focusing initially on our established market (i.e., Southeast Asia), followed by Japan and Korea, the Middle East and Europe.

We also intend to deepen collaborations with multiple leading global Tier-1 Suppliers and OEMs, expanding the scope of strategic partnerships and thereby increasing our global market share.

Innovating service models and increasing monetization methods

We are actively working with our customers and business partners to explore innovative services and collaboration models that can drive more sustainable commercial performance.

In the L2-L2+ driving solutions market, we plan to extend royalty model to our software-and-hardware integrated products. We aim to create competitive driving kits through joint development and profit sharing with our business partners.

For the L4 driving solutions business, we intend to extend the chain of our services, transitioning from a pure product supplier to an integrated service provider of "product + operations + data services." Specifically, we will expand the scale of our deployed fleets in various cities, unify the intercity technology standard, and explore cross-regional data interconnection model and scheduling system. We also plan to provide fleet operation service to established mobility platforms to expand end user reach and improve fleet efficiency.

We plan to allocate approximately [**REDACTED**]% of the [**REDACTED**] from the [**REDACTED**] to expand our global sales network.

Establishing a mobility service ecosystem to enhance brand influence and industry synergies

We aim to establish an intelligent mobility service ecosystem that brings together academic institutions, industry partners and service operators. By building trusted strategic alliances, we seek to enhance our brand recognition, create unified and reliable standards and norms, and expand our role from a pure technology provider to a trusted leader in mobility services.

Strengthening Industry-University-Research ecosystem collaborations to collectively empower the vehicle automation solutions industry

We plan to deepen cooperation with leading domestic and international research institutions to co-establish a vehicle automation solutions industry alliance and a broader collaborative ecosystem. We aim to attract world-class universities, algorithm developers, mapping service providers and cloud service partners through open-source software platform and toolchains to jointly build up L2-L2+ and L4 driving solutions. This approach will enable us to become an "active endpoint" within the ecosystem, while also enhancing our own technological capabilities and industry influence.

Facilitating future mobility global strategy through a differentiated approach

We will pursue a differentiated approach to global L4 future mobility services, with a focus on overseas markets. We intend to form strategic collaborations with industry partners and leading mobility operators through investment, joint ventures and equity contribution to jointly localize operations and establish an ecosystem that supports a wide range of use cases, including urban commuting, logistics, and specialized operations.

OUR SOLUTIONS

We are a software-focused L2-L2+ and L4 driving solutions provider. We offer L2-L2+ and L4 driving solutions and services that cover both software-only and software-and-hardware integrated customizable solutions. Through extensive real-world testing and continuous system validation and iteration, we make our solutions safe and robust across complex and unpredictable environments and compatible with a wide range of mainstream SoC platforms. With our strong AI algorithms, engineering capabilities and solid mass-production experience, we improve the utilization of chip computing power through heterogeneous computing power scheduling mechanism, enabling robust and reliable functions even on chipsets with lower-to-medium computing power and delivering cost-effective solutions to our customers.

We endeavor to provide solutions and services with high performance, high reliability, high adaptability and high cost-effectiveness to OEMs, Tier-1 Suppliers and fleet operators to help them address evolving and diversified market demand. Our solutions and services can be divided into three categories — L2-L2+ solutions, L4 solutions and related engineering services.

The following table sets forth a summary of key operating metrics by solution type during the Track Record Period:

	For the year ended December 31,		
	2023	2024	2025
Number of customers[1]	**48**	**73**	**80**
L2-L2+ solutions	42	48	47
L4 solutions	5	17	27
Engineering services	4	12	13
Number of new customers[1]	**21**	**54**	**46**
L2-L2+ solutions	18	30	23
L4 solutions	2	16	20
Engineering services	1	10	7
Average revenue per customer (RMB in thousands)	**4,242**	**6,610**	**6,842**
L2-L2+ solutions	4,373	3,902	2,961
L4 solutions	1,465	14,280	13,872
Engineering services	3,152	4,376	2,592
Number of completed projects[2]	**215**	**129**	**171**
L2-L2+ solutions	195	100	121
L4 solutions	17	21	36
Engineering services	10	11	16
Average revenue per project (RMB in thousands)	**947**	**3,741**	**3,201**
L2-L2+ solutions	942	1,873	1,150
L4 solutions	431	11,560	10,404
Engineering services	1,261	4,774	2,106
Number of design wins[3]	**8**	**26**	**46**
L2-L2+ solutions	8	26	45
L4 solutions	–	–	1
Number of mass-production projects converted from design wins[4]	**22**	**35**	**28**
L2-L2+ solutions	22	35	28
L4 solutions	–	–	–
Installation volume[5]	**149,304**	**233,326**	**985,731**
L2-L2+ solutions	149,304	233,326	985,731
L4 solutions	–	–	–

Notes:

1 The number of customers by solution type is not additive, as certain customers purchased our solutions across more than one solution type during the same period and are therefore counted under each applicable category.

2 Project number stated herein represents the number of projects completed and delivered during the respective period.

3 The number stated here represents the number of projects completed and delivered during the respective period. After the Track Record Period and up to the Latest Practicable Date, we have secured 50 L2-L2+ solutions design wins, with no additional L4 design wins.

4 After the Track Record Period and up to the Latest Practicable Date, 17 of our L2-L2+ design wins were converted into mass-production projects.

5 Installation volumes stated herein represent L2-L2+ solutions only as L4 solutions are measured on project basis. Installation volume or sales volume refers to the number of solutions activated by our customers, which typically occurs once the relevant vehicles are manufactured. Shipment volume refers to the number of vehicles equipped with our solutions that have been sold, delivered to end customers. OEMs may hold inventory after manufacturing vehicles equipped with our solutions, and therefore our installation volumes may not immediately translate into vehicle sales to end customers, giving rise to a timing gap between the two measures. After the Track Record Period and up to the Latest Practicable Date, our installation volume was 266,111.

The number of our customers increased on a year-over-year basis in 2024 while the number of projects decreased, primarily because we sold L2-L2+ aftermarket integrated solutions prior to 2024 under which the same customer would place multiple orders that were counted as multiple projects. As we shifted from aftermarket integrated solutions to factory-installed solutions, such scenarios decreased, leading to a decline in the number of projects notwithstanding the increase in customers.

The significant increase in average revenue per project in 2024 was primarily attributable to the increase of L4 projects, which carry higher revenue per project than L2-L2+ solutions. Our average revenue per project decreased in 2025 as compared with 2024, primarily due to the decrease in average revenue per L2-L2+ project, in particular the decrease in average software development and engineering income per project. This was mainly because, as our software development processes became increasingly standardized and delivery efficiency improved, customers tended to allocate more project economics to the subsequent mass-production stage, to be shared with us through royalty income and/or sales of integrated software and hardware products, thereby further supporting our continuous and stable delivery capabilities. As a result, the average software development and engineering project size in 2025 decreased by 29.1% as compared with 2024.

L2-L2+ Solutions

We have accumulated nearly a decade of experience in L2-L2+ driving solutions. By developing customized driving solutions for Tier-1 Suppliers and OEMs, we continuously validate and iterate our AI algorithm models and software. Leveraging our strong engineering capabilities, we have accomplished large-scale deliveries for mass-production projects and established a solid reputation among our customers.

Our industry-leading, highly competitive L2-L2+ solutions are mainly comprised of three categories — CalmPilot, CalmCockpit and CalmAssistant.

CalmPilot

Our CalmPilot solutions are primarily comprised of high-speed driving solutions and low-speed parking solutions. We also provide an integrated driving-and-parking system that supports highway and urban NOA, which is designed to address the complexities of various traffic scenarios and achieve spot-to-spot intelligent mobility experience through collaboration between driving and parking.

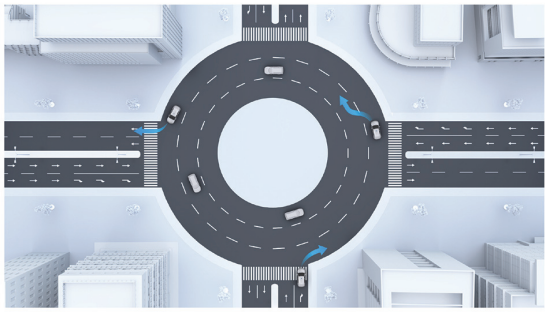
Solution Description

CalmPilot Highway and Urban NOA System

Our proprietary CalmPilot highway and urban NOA system is designed for diverse mobility scenarios, including highways, urban expressways and complex urban environments. It delivers an advanced driving experience featuring hands-free driving on highways and minimal intervention in urban settings. The system incorporates multi-layered safety redundancy and constructs a comprehensive understanding of driving environments, which can effectively reduce collision risks, while complying with multiple major global regulatory standards, including GB, ISO, E-NCAP, C-NCAP, i-VISTA, and EU GSR.

Highway NOA

Urban NOA



Core Functions

- **Highway NOA System** focuses on highway scenarios. It enables spot-to-spot driving, supporting various functions such as automatic following, automatic lane changes, and ramp entering and exiting. It maintains stable performance even under challenging conditions such as multi-tunnel or long downhill. The success rate of automatic lane change exceeds 95%, with ability to determine the best timing for lane change; the lateral control error during ramp navigation is less than 0.3 meters, ensuring precise cornering; and the response time to vehicles in front is less than 150 milliseconds at a speed of 120 km/h, effectively preventing rear-end collisions. Real-world tests show an exceptionally low takeover rate of less than one per 100 kilometers.

- **Urban NOA System** targets complex urban environments with numerous pedestrians, non-motor vehicles and intersections. This system has successfully overcome three core challenges — unprotected turns, mixed traffic with passengers and vehicles, and traffic light recognition. It delivers exceptional performance with a target positioning error rate of less than 5%, providing precise data for decision-making; a traffic light recognition accuracy rate of over 99%; and an unprotected left-turn success rate of over 95%. The system can predict the trajectories of nearby objects (such as vehicles and pedestrians) several seconds in advance.

Solution Description

Night Vision Recognition System

The system is deeply integrated with our proprietary AI Planner, which fuses multi-source data, such as perception outputs, map information, and vehicle trajectory and status. It performs analysis of dynamic scenarios through a spatiotemporal attention mechanism, assesses risks in real time, and makes optimal driving decisions. CalmPilot mimics the behavior of experienced human drivers leveraging reinforcement learning (RL) and contrastive imitation learning (CIL), delivering driving behaviors that are safe, smooth and efficient.

The CalmPilot highway and urban NOA system has high performance and strong scalability. It supports multiple levels of driving functionalities across a wide range of vehicle models and application scenarios.

Core Functions

- **Night Vision Recognition System** is specifically designed to enhance nighttime driving safety. This system employs far-infrared thermal imaging cameras to accurately detect pedestrians and vehicles in extremely low-light conditions, achieving over 95% recognition accuracy with zero false detections. Integrated with collision avoidance and AR-HUD display functions, the system provides real-time visual alerts to drivers. The system satisfies all verification scenarios of C-NCAP and can effectively prevent over 80% of nighttime collision incidents.

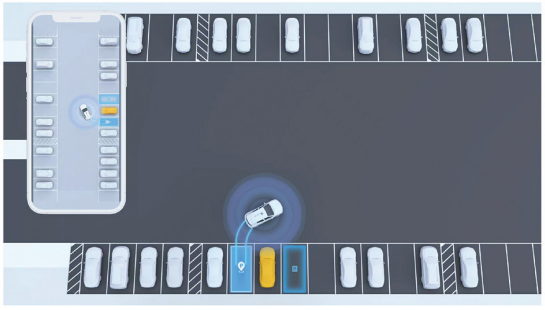
- **Other Navigation Assistance Functions**: The CalmPilot system also integrates various types of regular ADAS functions, including Adaptive Cruise Control (ACC); Lane Support Systems (LSS), such as Lane Departure Warning (LDW), Lane Keeping Assist (LKA), Lane Centering Control (LCC), Emergency Lane Keeping (ELK), and Intelligent Collision Avoidance (IC); Traffic Sign Recognition (TSR); and Automatic Emergency Braking (AEB). Such functions combine with other functional modules to form a complete NOA solution.

Solution Description

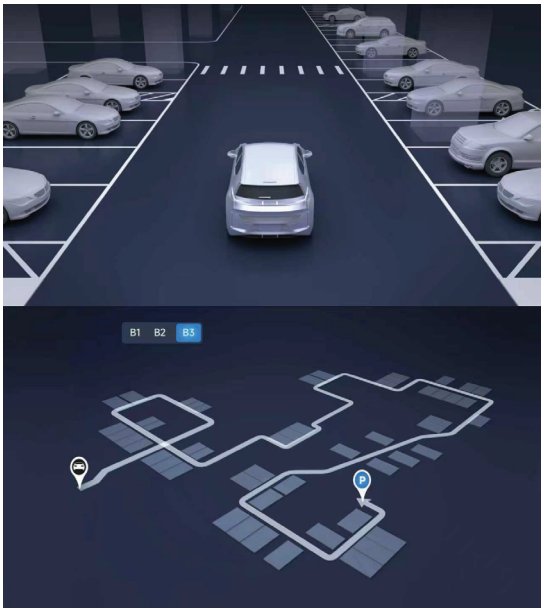
CalmPilot Parking System

The CalmPilot parking system is designed to handle a wide range of parking scenarios. The system can be seamlessly integrated with our highway and urban NOA functions to collectively deliver a smooth spot-to-spot driving experience from driving to parking, which significantly enhances parking convenience and effectively addresses urban parking challenges. Vehicle models equipped with this system have achieved a "Good" rating in the authoritative i-VISTA evaluation.

APA/RPA



MPA/AVP/CFPA



Core Functions

- **Automated Parking Assist (APA)**: The system automatically detects available parking spaces and generates optimal parking trajectory, guiding the vehicle into parallel, perpendicular or angled parking spots. The driver only needs to monitor the process while the vehicle autonomously completes the parking maneuver.

- **Remote Parking Assist (RPA)**: The system allows drivers to remotely control the vehicle's park-in, park-out and straight-line movements via a mobile app while outside of the vehicle. It is particularly useful in tight parking spaces. It also has obstacle detection and avoidance capabilities to ensure safety.

- **Memory Parking Assist (MPA)**: Powered by advanced visual SLAM technology, the vehicle can learn and memorize the environment and driving paths within a specific parking lot. This enables fully automated parking from any point on the recorded path to a designated parking space without manual intervention.

- **Automated Valet Parking (AVP)**: The vehicle can autonomously drive from the drop-off point to a designated or non-designated parking spot and complete the entire parking process without driver intervention. It is designed for structured parking facilities such as shopping malls and office buildings. It supports a crowdsourced mapping mechanism, where users' maps are updated and integrated on the cloud, enabling users who enter an unfamiliar parking facility for the first time to access shared map data on the cloud.

- **Cross-Floor Autonomous Parking (CFAP)**: As an advanced version of MPA and AVP, CFAP enables both functionalities in multi-level parking facilities.

Solution Description	Core Functions
By fusing data from around-view cameras, ultrasonic sensors and radars, CalmPilot detects nearby obstacles in real time through precise environmental modeling capabilities. Its robust perception capabilities enable reliable performance even in highly constrained environments such as narrow mechanical parking spaces, ensuring precise automated parking and vehicle summoning functions.	• **Other Parking Assistance Features**: These include the Around View Monitoring (AVM) system, Parking Distance Control (PDC), Rear Automatic Emergency Braking (RAEB) and Tracking Back Assist (TBA). Such functions combine with other functional modules to form a complete parking solution.

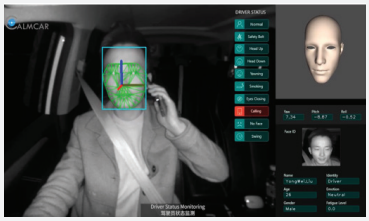
CalmCockpit

Our intelligent cockpit system, CalmCockpit, enables a broad array of real-time monitoring and safety enhancement functions that assure multiple layers of safety protections by integrating in-cabin cameras, sensors and AI-powered perception algorithms. CalmCockpit features the following two major functions:

- **Driver Monitoring System (DMS):** Our DMS employs interior infrared cameras and sensors to continuously monitor the driver's facial features, pupil and iris characteristics, gaze direction and head posture in real time. The system accurately identifies risky behaviors such as drowsiness, distraction, eye closure and yawning, ensuring safe vehicle operation by drivers. The facial recognition function of the system can automatically identify the driver's identity and adjust vehicle settings based on driver information. It also supports multimodal interactions with in-cabin devices such as the HUD, rearview mirror and central display based on gaze tracking, offering a personalized and intuitive experience. The system incorporates our proprietary Dual-Stream Gaze Pyramid Transformer (GazeDPTR) model and an enhanced bionic facial landmark localization algorithm. The related research was presented at Conference on Computer Vision and Pattern Recognition (CVPR), a top-tier conference on computer vision. Our DMS complies with EU DDAW and ADDW certifications and ENCAP 2024/2026 rating requirements. We were the first among all domestic peers to obtain EU DDAW and ADDW certifications, according to CIC.

- **Occupant Monitoring System (OMS):** Our OMS system supports deep integration with the HMI, voice assistant and in-vehicle interaction systems, and delivers personalized experiences by intelligently identifying the identity, gender, age and emotion of the passenger. For instance, if the system detects a child crying, it can automatically play nursery rhymes to calm the child. The OMS also features gesture recognition, allowing drivers and passengers to control vehicle systems with simple hand movements. In addition, the OMS can detect left-behind items such as bags, phones, laptops and pets, and promptly alert the driver to prevent loss.

CalmCockpit



Driver Monitoring System

Occupant Monitoring System

Through these innovative functions, the CalmCockpit system not only enhances driving safety and comfort, but also delivers a smarter, more personalized in-cabin experience for both drivers and passengers.

CalmAssistant

Leveraging our proprietary technologies and industry-leading SoC platform adaptability, our CalmAssistant software-and-hardware integrated solutions have delivered substantial value to a number of clients in the L2-L2+ domain. The CalmAssistant product series encompasses three main categories, domain controllers, IFCs, and other premium ADAS solutions (such as AI collision avoidance devices and active safety monitoring systems), which are tailored for applications across both passenger and commercial vehicles, driving the commercial deployment of our technologies.

- **Domain Controllers:** Based on our deep understanding of software systems R&D and hardware performance, we have developed multiple software-and-hardware integrated domain controllers based on requirements for different scenarios. Our domain controllers support a variety of SoC platforms based on different functional and cost requirements, with computing power ranging from 8 TOPS to 500 TOPS.

- **IFCs:** Our IFCs integrate camera modules and SoC platforms, and are installed with our proprietary L2-L2+ solutions. This solution supports essential ADAS functions and certain L2 high-speed driving functions. We have developed our IFCs on multiple domestic and international mainstream SoC platforms. It has become a cost-effective solution favored by some OEMs (particularly overseas OEMs).

- **Other Premium ADAS Solutions:** Our premium ADAS solutions are active safety products targeting differentiated markets, covering AI collision avoidance devices and active safety monitoring systems. The AI collision avoidance device targets passenger vehicles. It integrates driving recording and ADAS functions, characterized by lightweight hardware and cost-effective algorithms that provide consumers with practical and reliable safety assurance through early warning assistance. The active safety monitoring system targets ride-hailing vehicles, taxis and logistics fleets. It integrates front-view ADAS functions and in-cabin DMS system with relevant hardware to detect and monitor in real time behaviors such as driver fatigue and traffic rule violations.

Customization

We also provide customization services for L2-L2+ solutions based on the needs of specific projects.

- **VinFast:** We provided customized development services for L2 driving-assistance and automated parking systems to four vehicle models of VinFast. Based on VinFast's specific functional and regulatory requirements, we designed and optimized the driving-assistance and parking features to ensure compliance with European and U.S. regulatory standards. In addition to basic system development, we also provided system maintenance and change-request development based on VinFast's specific requirements,

including function customization and calibration arising from vehicle model variations and market-specific compliance requirements. This demonstrates our ability to deliver comprehensive, tailor-made solutions for mass-production vehicles.

- **ZF ADAS BU:** We collaborated with ZF ADAS BU to develop customized parking functions for various vehicle models of a domestic OEM and a Swedish OEM. For each model, we developed customized parking modules based on the vehicle model's specific technical and market requirements and ensured seamless integration of the system with each vehicle model.

L4 Solutions

Leveraging our software library as well as engineering capabilities accumulated through deliveries of L2-L2+ solutions in mass-production projects, we have developed our L4 solutions on a unified system architecture and optimized our L4 solutions based on different operating scenarios.

Through a combination of "system solutions" and "supporting solutions," our L4 solutions enable large-scale deployment and commercialized operation of various L4 vehicles, such as Robobuses, Robotruck, Robotaxis and Robsweepers. The "system solutions" primarily include L4 kits and turnkey solutions, and vehicle-road-cloud integrated solutions, while the "supporting solutions" comprise our remote driving platform and L4 fleet operation platform.

- ***Our Kits and Turnkey Solutions***

We offer kits deeply integrated with our L4 software, including domain controllers, cameras, millimeter-wave radars, ultrasonic radars, LiDAR and other core sensors, and positioning and communication devices to our customers. We can make customized development of L4 functions for different vehicle models to meet customer requirements for specific application scenarios. We also offer turnkey solutions — ready-to-deploy L4 vehicles — to facilitate deployment and commercialization by our customers. Customers may select the most suitable solution for efficient deployment and operation based on their own needs, such as budget, fleet size and operational complexity.

- ***Vehicle-Road-Cloud Integrated Solutions***

We assist our customers in building V2X vehicle-road-cloud infrastructure for L4 driving systems and cloud-based collaborative solutions. For hardware, we offer lightweight in-vehicle communication devices, roadside units and sensors that ensure real-time data exchange between vehicles and roads through upgrading existing infrastructure. For software,

our proprietary vehicle-road-cloud integrated platform leverages digital twin technology to create virtual road environments, synchronize real-time dynamic information such as traffic lights and pedestrians, and enhance the vehicle's perception capabilities. Powered by cloud computing, the platform optimizes fleet scheduling and route planning to improve transit safety and efficiency in complex traffic scenarios.

- ***Remote Driving Platform***

  Our remote driving platform provides reliable emergency support for L4 driving solutions. The remote driving platform is comprised of an integrated cockpit, displays, driving simulation kits and a monitoring system. The platform leverages advanced dynamic compression technologies to provide video transmissions of low latency and high reliability through vehicle-end 5G high-bandwidth communication and real-time video streaming. Remote safety operators can clearly monitor the vehicle's surroundings with 100 millisecond-level latency and automatically intervene or take over in complex scenarios. This system acts as the "last line of defense" providing an additional layer of safeguard for L4 vehicles to ensure their safe operations. Our customers may acquire all components of the platform from us or only the software component.

Remote Driving Platform

- ***L4 Fleet Operation Platform***

  Leveraging a cloud-based operation center and in-vehicle devices, our fleet operation platform helps our customers and us to achieve efficient operations through strong information collection, processing and scheduling capabilities. The workflow of the platform includes order management and settlement, route planning, vehicle scheduling, driving status monitoring, data synchronization and fault handling.

Customization

In L4 projects, we provide highly customized software, hardware and system-level services based on customer-specific operating scenarios.

- **L4 driving kits and turnkey solutions:** We provide hardware kits that are deeply integrated with L4 software for different customers, vehicle models and operating scenarios. The core components include domain controllers, key sensor combinations, and high-precision positioning and communication equipment. Leveraging the engineering experience accumulated from L2-L2+ mass-production, we are able to

complete differentiated hardware selection, sensor layout design, and vehicle-level system adaptation based on customers' vehicle platforms, sensor installation space, compute-budget constraints, safety-redundancy requirements, and target operating scenarios, thereby achieving rapid customized deployment of software-and-hardware integrated solutions. We further provide turnkey solutions covering the entire process — from solution design, software-and-hardware integration and deployment, scenario calibration and debugging, to testing, validation and trial-operation support — which helps customers shorten the L4 development and implementation cycle and accelerate deployment and commercialization. Specifically, we can deliver turnkey solutions in various formats such as Robotaxi, Robobus and Robotruck according to customer needs, which cover typical scenarios including mobility, logistics and industrial parks, and support project-based functional and operational-strategy customization.

- **V2X solutions:** We provide hardware and software solutions and retrofitting services for V2X infrastructure required in L4 deployment. Based on the specific features of parks or road conditions, communication conditions, roadside resources and cloud-dispatching requirements, we customize roadside perception configuration, edge-computing deployment, communication channel design and cloud-control adaptation based on specific scenarios. For example, we collaborated with an edge computing company to co-develop a driving computing platform. In such collaboration, we contributed vehicle-end algorithms and V2X collaboration algorithms to enable deployment of customized V2X solutions in multiple cities such as Suzhou and Shenzhen.

- **L4 fleet operation platform:** We offer L4 fleet operation platform that can be customized based on each customer's operating model to support order management, route generation, vehicle dispatching, real-time operation monitoring, data synchronization, remote diagnostics and fault handling. For instance, we developed a customized cloud-control platform for Suzhou Taihu New Town, which supports the safe and efficient operation of the local L4 fleet.

Case Study: Launch of the World's First L4 Robotaxi Powered by Domestic Processing Hardware — ConnectOne

In 2025, we partnered with Lenovo Connect and SAIC Maxus to launch ConnectOne, the world's first L4 robotaxi powered by domestic processing hardware, based on the MIFA 7 and set for near-term commercial deployment. ConnectOne is equipped with Horizon Robotics' Journey 6 automotive-grade processing hardware. It enables 360-degree high-precision environmental modeling and dynamic trajectory planning. ConnectOne possesses efficient decision-making capability in complex traffic scenarios, such as unprotected intersections and lane changes in congested traffic, while ensuring robust system performance in challenging conditions, such as sudden vehicle cut-ins and GNSS signal loss inside tunnels.

Engineering Services

As a supplement to our L2-L2+ and L4 driving solutions, we also provide various types of engineering services to better serve our customers and increase customer stickiness. Our engineering services mainly include road testing, data collection support and data labelling services, which are necessary verification and validation procedures prior to our customers' mass-production. Notably, our road testing services comprehensively validate the adaptability of mechanical parts, operating condition of various electronic systems and thermal stability under various domestic and overseas scenarios, including different regions, road types, climate conditions and network environments. The tests not only evaluate objective performance, but also take into account subjective assessment factors, such as integration with local cultural and social environment and driving habits. The aim is to thoroughly validate overall vehicle performance and ensure smooth

operation and optimal user experience under overseas road conditions, and to provide our proprietary toolchain — either in whole or in part — as a product to meet customers' broader needs in areas such as data labelling, data analysis, system development, verification and validation.

OUR BUSINESS AND REVENUE MODEL

We have adopted an asset-light, software-focused business model to provide L2-L2+ and L4 driving solutions to our customers. A majority of our revenue during the Track Record Period was generated from our software solutions. This allowed us to maintain low capital intensity and achieve a high gross margin. We also derive revenue from our software-and-hardware integrated solutions as well as engineering services under specific scenarios and business models in order to cater to our customers' diversified needs and as part of our L2-L2+ and L4 driving solutions.

L2-L2+ Solutions

For our L2-L2+ solutions, we generate revenue from both software development and engineering model and royalty model. The combination of these two business models allows us to balance upfront development costs with long-term continuous revenue, enables us to cover the full lifetime cycle of our customers' vehicle models, and ensures our financial stability and sustainable growth. In addition, we address customers' requests by providing software-and-hardware integrated solutions while ensuring that our overall business is operated under an asset-light model.

Software Development and Engineering

For L2-L2+ projects, we conduct customized system development based on the SoC platform and sensor layouts pursuant to customers' functional requirements. This process encompasses a series of work, such as software adaptation, validation and seamless integration with the customer's hardware, to ensure optimal performance and compliance with stipulated standards. We charge our customers a one-time software development fee at this stage for our reliable, robust and high-performance software solutions. The fee is set at a premium over the cost of our upfront R&D investment. When determining the pricing of our software development and engineering solutions, we take into account the R&D personnel required for the project, third-party service cost and the potential scale of the project. When setting the price, we also take into account the projected production volume after the projects enter into mass-production.

Software Royalty

After our software solution has been developed and validated, the project moves into the Start of Production (SoP) stage. Given that our system architecture is already deeply integrated with the SoC platform and sensor layout of the designated vehicle model during the early R&D stage, switching to a new supplier for subsequent software services would require a complete redevelopment and revalidation cycle, resulting in substantial switching costs for the customer. As a result, customers at the SoP stage typically prefer to continue using our software and make large-scale deployment in future production with our solutions incorporated into their standard delivery packages. Under this arrangement, we are able to charge royalty for each unit of the designated vehicle model produced, which generates sustainable royalty revenue throughout the full lifecycle of the designated vehicle model. When determining the pricing of our software royalty solutions, we take into account the number of vehicle models during the project lifecycle, potential future needs for model iteration and anticipated personnel required throughout the project lifecycle. We are also able to charge additional software development fee or royalty if customers subsequently request additional software upgrades after mass-production and delivery. The royalty model ensures strong customer retention and a stable, continuously increasing revenue.

It is worth noting that by reusing the existing software architecture developed for prior mass-production projects, we are able to help our customers rapidly deploy L2-L2+ functionalities on new vehicle models. For example, once we complete deliveries of a mass-production project and

begin charging royalty for one vehicle model of a particular brand, we can swiftly deploy the same functionalities across other vehicle models of the same brand with similar configurations and SoC platforms. This approach significantly shortens customers' development cycles of vehicle models and reduces overall development costs. Likewise, as our customers expand their strategic footprint globally, the royalty model allows our software services to expand into additional countries and regions, which contributes to the strong growth of our software royalty revenues in recent years.

Software-and-Hardware Integrated Solutions

We also offer L2-L2+ software-and-hardware integrated solutions in order to meet diverse customer needs. We only participate in the product design and verification, while outsourcing the manufacturing process to external suppliers. Revenue is primarily generated through the sale of these integrated solutions to customers. When determining the pricing of our software-and-hardware integrated solutions, we take into account the personnel required for the project, outsourced manufacturing cost and raw material cost.

L4 Solutions

We have taken a prudent approach for our L4 solutions and refrained from making heavy capital commitment to investing in and running fleets ourselves. Instead, we primarily provide L4 software solutions to fleet operators to help them set up local fleets in a fast, highly efficient and cost-effective manner. We generate revenue from sale of our L4 software-only solutions and software-and-hardware integrated solutions (including L4 driving kits and turnkey solutions, vehicle-road-cloud integrated solutions, remote driving platform and L4 fleet operation platform) to fleet operators. When determining the pricing of our L4 solutions, we take into account our R&D cost, primarily cost of our R&D personnel, as well as cost for raw materials, assembly and testing.

Engineering Services

Engineering services serve as another effective complement to our other solutions to improve the functionality of our L2-L2+ and L4 driving solutions and enhance overall customer satisfaction in the form of value-added services. Engineering services are typically offered as a bundle with our mass-production projects to provide verification, validation and other supports to our software solutions. In addition, we also offer engineering services on a standalone basis, such as on-site engineer assistance and tool chain products. We charge project-based service fees to our customers for providing engineering services. The pricing of our engineering services takes into account upfront investments, including labor costs, equipment rental, customs clearance, insurance and vehicle registration-related expenses.

The following table sets forth a breakdown of our revenue and gross profit margin by solution during the Track Record Period:

	For the year ended December 31,					
	2023		2024		2025	
	Revenue	Gross Profit Margin	Revenue	Gross Profit Margin	Revenue	Gross Profit Margin
		%		%		%
	(in thousands, except for percentages)					
L2-L2+ Solutions	183,672	36.4	187,280	32.4	139,167	43.8
CalmPilot	161,905	39.4	161,108	33.6	96,989	43.4
CalmCockpit	2,513	58.0	12,662	34.1	29,822	58.8
CalmAssistant	19,254	8.4	13,510	16.3	12,356	11.3
L4 Solutions	7,325	35.4	242,758	26.0	374,532	27.0

	For the year ended December 31,					
	2023		2024		2025	
	Revenue	Gross Profit Margin	Revenue	Gross Profit Margin	Revenue	Gross Profit Margin
		%		%		%
	(in thousands, except for percentages)					
Engineering Services	12,607	22.4	52,511	39.4	33,693	29.8
Others	–	–	400	100.0	518	100.0
Total	**203,604**	35.3	**482,949**	30.0	**547,910**	31.4

OUR STRATEGIC COLLABORATIONS

Strategic Collaboration with ZF ADAS BU

We have established a long-term strategic collaboration with ZF ADAS BU. Our collaboration began in 2016, with an initial focus on jointly developing a multi-camera around perception system. In April 2022, we started to collaborate with ZF ADAS BU on various projects, including L2-L2+ solutions with Around View Monitoring (AVM), Parking Distance Control (PDC) and Automated Parking Assist (APA) functions for a domestic OEM and L2-L2+ solutions with AVM and PDC functions for a Swedish OEM. Over the years, the collaborations between ZF ADAS BU and us have produced substantial synergies across both market and technology domains and we expect such collaboration to continue notwithstanding potential changes to the owners of ZF ADAS BU as announced by ZF. As of the Latest Practicable Date, we had obtained 40 design wins for OEMs based on the collaboration with ZF ADAS BU.

Both ZF ADAS BU and us may assume either a Tier-1 or Tier-2 Supplier role, and we jointly bid, develop and deliver for mass-production projects to serve a broader market. ZF ADAS BU's access to global OEMs, rigorous quality control system and professional project management have contributed to our success in overseas commercialization. We provide key software deliverables and related development services under our cooperation arrangements. In particular, ZF ADAS BU has engaged us to develop and deliver parking and around view software, including automated parking and related functionalities, for customer vehicle programs. We also provide services supporting its delivery activities, including data management and system verification and validation testing services.

We have entered into a number of contracts with ZF ADAS BU, covering the development of L2-L2+ solutions and data management and validation services. The milestones for development projects generally include the completion of software architecture development, delivery of software products, and satisfaction of quality standards through testing. It makes payment to us at the point of the achievement of each such milestone. Upon completion of the development work, the intellectual property rights arising from the development projects will be owned by ZF ADAS BU.

Strategic Collaboration with Horizon Robotics

Amid the broader trend of localization of automotive processing hardware in China, we, as an L2-L2+ and L4 driving solutions provider, have continuously strengthened our collaborations with domestic vehicle automation processing hardware providers in recent years, especially with Horizon Robotics. Our collaboration with Horizon Robotics follows a "capital + technology" cooperation model. Horizon Robotics became our strategic shareholder in 2025, and the two of us have since established multi-dimensional collaborations in joint technology development and commercial deployment to jointly advance the large-scale application and global expansion of China's vehicle automation technologies.

Leveraging Horizon Robotics' domestic processing hardware, we have jointly developed a series of vehicle automation products, including driving, parking and fully driverless solutions, as well as IFCs and domain controllers, to meet the diverse software and hardware requirements across different automation levels in domestic and overseas markets. Through model compression and computing power optimization technologies, we have deeply adapted our systems to Horizon Robotics' Journey 5 and Journey 6 series processing hardware, achieving performance on mid-range computing power platforms comparable to that on higher computing power platforms. For example, our ConnectOne Robotaxi launched in 2025 is the world's first complete L4 Robotaxi system developed on Horizon Robotics' Journey 6 processing hardware with mid-range computing power. The same solution has also been adopted in our L4 Robobus project delivered to CRRC Zhiyu in Chengdu. These achievements benefited not only from our own strength in model performance optimization, but also from toolchains and certain technology modules provided by Horizon Robotics. Such solution results in more than 30% reduction in domain controller costs compared with equivalent solutions based on processing hardware of Horizon Robotics' global peers or Horizon Robotics' higher-tier processing hardware. In addition to maintaining performance and robustness, the solution enables us to deliver superior cost-effectiveness to our global customers, thereby accelerating the commercialization of L2-L2+ and L4 driving solutions.

Our contracts with Horizon Robotics primarily relate to our procurement of algorithms from Horizon Robotics. Horizon Robotics grants us white-box licenses, under which it will disclose the source codes of the relevant programs or scripts to us. We may then develop our own products based on these, including making improvements thereto and creating derivative codes. Pursuant to the collaboration terms, we pay the corresponding licensing fees to Horizon Robotics.

Strategic Collaboration with Lenovo Connect

We have been continuously deepening our strategic collaboration with Lenovo Connect in the field of L4 driving solutions. Our collaboration primarily focuses on L4 driving solutions, with application scenarios such as Robotaxi and Robobus and product categories covering vehicles, roads and cloud. Collaboration with Lenovo Connect not only significantly accelerated the commercialization of our L4 solutions, but also provided us with a reliable supply chain partner.

In 2025, we established strategic collaborations with Lenovo Connect and SAIC Maxus on L4 Robotaxi solutions. In the first half of 2025, we had completed delivery of algorithms and 30 Robotaxis to Lenovo Connect. We also plan to deliver 1,000 Robotaxis to Lenovo Connect over a two-year period for operation across approximately 15 cities, including but not limited to Guangzhou, Shenzhen, Zhuhai, Foshan, Dongguan, Zhongshan, Jiangmen, Huizhou and Qingyuan. This collaboration model allows us to engage in L4 business under an asset-light model.

We are also advancing our collaboration with Lenovo Connect on L4 Robobus. We seek to jointly promote L4 Robobus globally through a collaboration model of "hardware + algorithm optimization." Under such collaboration model, the IoV platform of Lenovo Connect's affiliate, which covers over 160 countries, has been integrated with our cloud-based data management system. It enables real-time vehicle status upload, remote OTA updates, multi-vehicle coordinated scheduling and remote control, thereby forming a vehicle-road-cloud integrated solution.

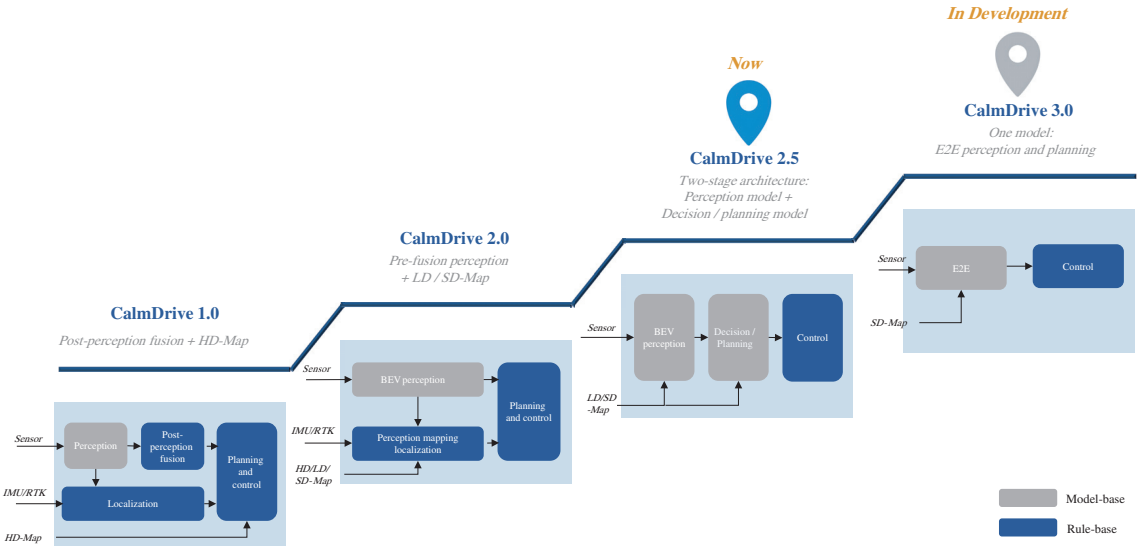
Pursuant to the cooperation agreement with Lenovo Connect, we provide L4 solution development services to Lenovo Connect and Lenovo Connect shall pay service fees to us. The R&D milestones for the development include finalization of L4 solution architecture design, completion of core function development, satisfaction of system integration and stability test criteria, and support for road test permit applications. Upon completion, we need to deliver all source codes to Lenovo Connect, with intellectual property rights generated to be jointly owned by Lenovo Connect and us. The agreement also contains an exclusivity clause restricting us from engaging in similar business with any third party within the Guangdong-Hong Kong-Macao Greater Bay Area during our cooperation term.

OUR TECHNOLOGY

Our Continuously Advanced Technology Roadmap

We have consistently focused on the research and development of the core functional modules of our systems — perception, prediction and planning. Over the past decade, we have been closely following industry trends of technology development and customer requirements in shaping our R&D roadmap, evolving from multi-module collaboration toward end-to-end large models for development and iterations.

The chart below sets forth the evolvement of our technology architecture. We have gone through four key stages of our technology development — CalmDrive 1.0, CalmDrive 2.0, CalmDrive 2.5 and CalmDrive 3.0.



- **CalmDrive 1.0** forms a series of stable and reliable L2-L2+ and L4 driving solutions by integrating multiple AI perception algorithm models, post-perception fusion models, and rule-based planning modules and control modules. This was the mainstream technical approach at the early stage of the vehicle automation industry.

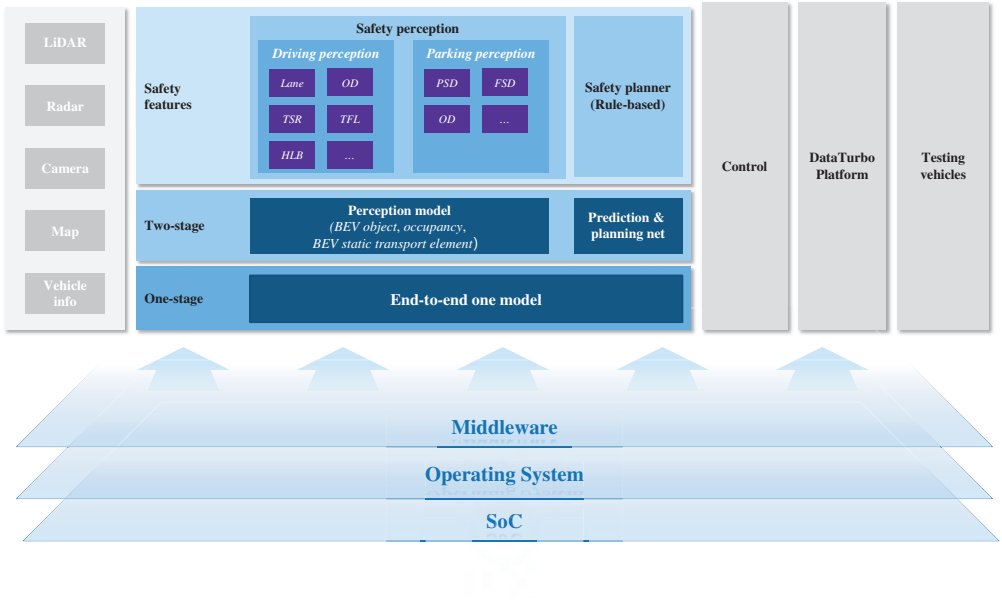
- **CalmDrive 2.0** adopts a BEV-based pre-fusion perception algorithm to integrate visual and point-cloud data from different sensors, and combines rule-based planning strategy and model-based planner into one planning module to address cross-modal spatial matching challenges. The system enhances temporal modeling capability, reduces missed and false detections. It has become a mainstream technology architecture for mass-production projects in recent years.

- **CalmDrive 2.5** adopts a two-stage end-to-end architecture composed of a perception module and a decision/planning module. The system leverages large models to power the perception module for precise environmental understanding, outputs the perception results to model-based planning module, and outputs control commands.

- **CalmDrive 3.0** is a one-stage end-to-end system integrating perception and planning. Leveraging a large model, the system starts from processing inputs of sensor data, and outputs control commands. This architecture further simplifies system structure, enhances efficiency of model execution and generalization capability, and improves system integration and operationality. In addition, we have further enhanced the system's explainability through VLM/VLA architecture.

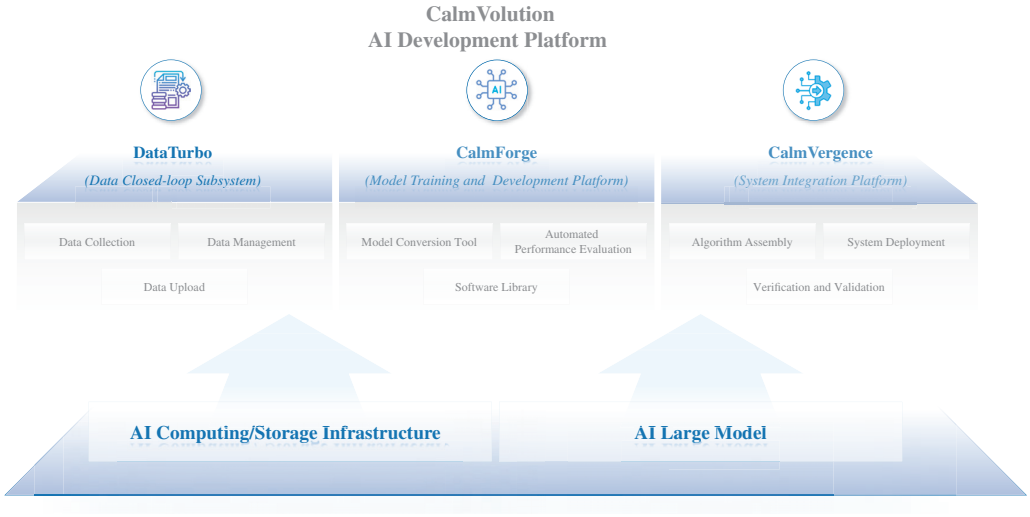
Highly Flexible and Adaptable System

Leveraging by the robust collaborative development capabilities for software and hardware and accumulated AI expertise in fields including in visual perception and multi-sensor fusion, we had built a unified and highly flexible heterogeneous computing development architecture. which could be adaptable to various chip platforms, sensor architectures, computing resource availabilities and requirements for multi-level automation function, thereby achieving fast deployment and flexible adaption to L2-L2+ and L4 system, and maximizing the reuse of our existing R&D accumulations. In terms of hardware platform adaptation, we have adopted a system architecture featuring unified platform interfaces, data protocols and layered decoupling to achieve the standardization of our systems' external interfaces. Thus, the barriers among different hardware architectures have been broken down. Through automated model conversion tools, we support the in-depth adaptation of AI algorithm models to computing chips, sensors and other hardware, ensuring that the L2-L2+ and L4 system can be rapidly deployed and verified across different chip platforms while maintaining consistent and stable performance. In terms of functional level adaptation, whether for L2-L2+ and L4 driving solutions, we have built them based on a unified foundation model. Taking into account different application scenarios, performance requirements and computing resource availabilities, we have achieved model optimization and customization through technologies such as model pruning, quantization and distillation, thereby striking a balance between lightweight deployment and high performance.



Distinctive and Efficient AI Development Platform

We have built a data-driven, one-stop AI development platform — CalmVolution, which enables us to establish full-chain closed-loop capabilities from data collection, data cleansing and data labelling to model training, system deployment, verification and validation, and data upload. The CalmVolution platform consists of three core subsystems.



Subsystems of CalmVolution

DataTurbo — the data closed-loop subsystem

It has established a complete chain from data generation to value realization through deep coordination among three modules — data collection, data management and data upload. With a focus on comprehensiveness, high fidelity and high reliability, DataTurbo supports the synchronized collection and management of heterogeneous data from multiple sources and vehicle models, both offline and via the cloud. It also facilitates collaboration between internal and external data labelling teams and data management throughout the entire R&D process. We have established a positive "data-model-application" loop that continuously enhances our algorithms. DataTurbo has established a functional system with "full-chain closed-loop + multi-scenario coverage".

Core Functions

- Supports centralized access and unified management of multi-source data from offline and cloud, enabling structured storage of multidimensional information;
- Enables synchronized collection of heterogeneous data across multiple vehicle models and sensors, which is compatible with various types of sensors and vehicle signals;
- Incorporates a proprietary time synchronization algorithm that effectively resolves timestamp deviations of multi-source data, ensuring spatiotemporal consistency between collected data and real-world scenarios;
- Supports management of data labelling tasks and seamless integration with third-party platforms, allowing management personnel to monitor progress and quality of labelling in real time via a visualized dashboard, which improves the efficiency of cross-platform collaboration;

Subsystems of CalmVolution	Core Functions
CalmForge — the model training and development platform Our model training and development platform, CalmForge, enables us to manage AI algorithm models at different stages throughout their lifecycle, including training, fine-tuning, evaluation and monitoring, thereby enhancing the traceability of the model development process. CalmForge allows for the independent training and efficient iteration of multiple types of AI models in parallel, which improves utilization of our AI training servers. In addition, the model conversion tool embedded in CalmForge automatically converts our AI models to adapt to various SoC platforms, which enhances our cross-platform compatibility while reducing R&D expenses. Moreover, the automated performance evaluation module of CalmForge facilitates rapid performance analysis and verification of AI models and improves our model iteration and optimization efficiency.	• Supports customized and optimized model training frameworks and helps to increase the utilization of GPU through measures, which enables us to reduce AI model training cycles by over 30% compared with conventional approaches; • Supports the integration with World Model modules it provides automated evaluation of key performance metrics for the AI models generated, compares the performance of different versions, and generates comprehensive evaluation reports. This ensures that no version rollback occurs; and • Enables automated cross-format conversion of trained AI models for adaptation across different SoC platforms. The functions include deployment parameter generation, version control and consistency check to ensure consistency between the expected results of models and real in-vehicle performance.
CalmVergence — the automated system integration platform CalmVergence allows our team to efficiently deploy and migrate the same set of core algorithms and software architecture across different SoC platforms and operating systems simply by ticking checkboxes. With CalmVergence, the reuse rate of our software and AI algorithm models in different projects exceeds 70%. We are able to complete deployment of a full set of systems on a new SoC platform within one month for verification and validation purpose, while it takes less than six months to complete the full cycle from deployment, verification and validation, to the final delivery of a mass-production project for a new vehicle model on a previously-deployed SoC platform.	• Algorithm integration, system deployment, and verification and validation; • Supports connections with the Virtual Simulation system. • Enables seamless migration and integration of our AI algorithms with various vehicle interfaces through unified internal software interfaces and independent external interfaces to maximize the reuse of R&D outputs; • Supports selection of AI algorithms and software modules from a centralized software library using a visualized interface, enables plug-and-play of each modules; • Supports connections with the Virtual Simulation system.

Through our proprietary AI development platform CalmVolution, we have deeply integrated the workflows of various R&D stages. This not only significantly improves development of our software, but also helps us to meet customers' demands for rapid iteration, high-quality delivery and traceable issue resolution, thereby strengthening our competitive advantages in cost efficiency and large-scale delivery.

Extensive Application of Multimodal Large Models in Our Development Workflow

We have integrated multimodal AI large models into multiple sectors of CalmVolution and deeply integrated them with our existing automated toolchains to form an open development workflow. The multimodal AI large models helps us to conduct analysis, breakdown and review of customer requirements during the R&D and delivery process, and to accelerate code generation and make code quality assessment. This approach also helps us sort out the traceability among requirements, development, and verification and validation, which further improves our problem-solving capability and enables us to shorten development cycles while ensuring high software quality.

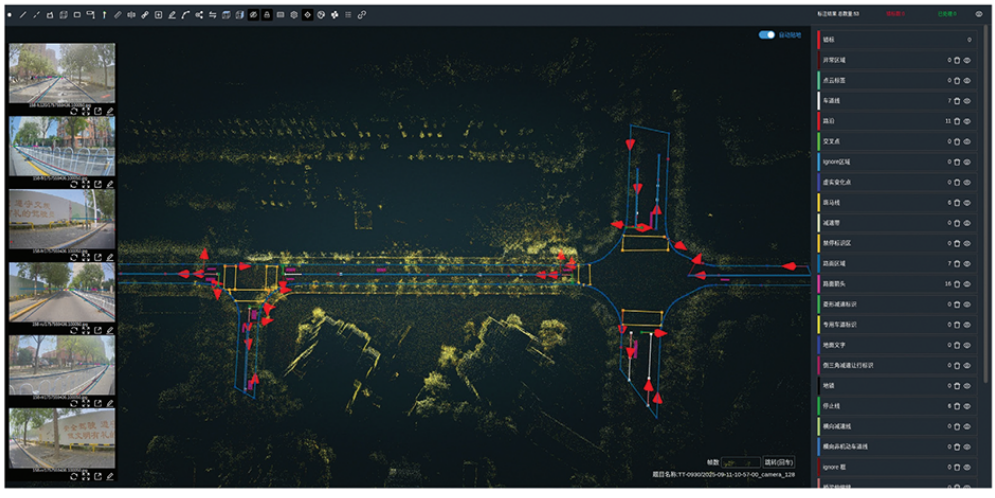
Other Utility Toolchain Products Integrated into the AI Development Platform

To maximize the efficiency and performance of our AI development platform, we have developed a series of specialized toolchain products. These tools further enhance the platform's advantages in data processing, model training, and post-delivery support. Set forth below are selected examples of the toolchain products.

- ***Fast4D Automatic Data Labelling Tool***

  To better conduct end-to-end model training, we independently developed Fast4D, a proprietary 4D automatic data labelling tool. Building upon traditional 3D labelling, Fast4D introduces a temporal dimension to continuously and coherently track dynamic objects' motion trajectories, status changes and interactions with their surroundings, ensuring spatiotemporal consistency in the dataset. Fast4D employs an enhanced 3D Gaussian Splatting technique, improving reconstruction efficiency by 16 times compared with traditional NeRF-based methods. The tool generates pre-annotated 4D data by fusing and processing multi-sensor data, and manually refine such data to produce high-quality datasets that can be used in AI model training. Fast4D increases our data labelling efficiency by approximately 120 times compared with traditional 2D/3D labelling methods.

Fast4D Automatic Data Labelling Tool



- ***SuperPangoo Issue Data Management Platform***

  To better track the entire process of development and delivery and to provide customers with high-quality and timely support, we developed SuperPangoo, a closed-loop issue data management platform. The platform supports rapid logging, assignment, processing and

archiving of issues, and can interface seamlessly with various mainstream workflow management systems used by our customers to ensure trackability and traceability of all customer issues both internally and externally. Through SuperPangoo, we synchronize issue resolution progress and plans in real time, automatically transmits key information back to customers' internal management systems, and enables customers to stay informed of issue handling status. SuperPangoo significantly improves customer experience and satisfaction.

DATA PRIVACY AND SECURITY

Protection of data privacy and security is one of our highest priorities. During the Track Record Period, we did not store personal information from our business entity customers or end users, as we did not interact directly with individual end users; however, we stored limited personal information of R&D employees (such as faces captured by in-vehicle cameras during testing) with their prior written consent for specific R&D purposes. Our perception system may also inadvertently capture personal information during road testing, such as license plates and faces. We have desensitized and anonymized such data to ensure data privacy. During the Track Record Period and up to the Latest Practicable Date, to the best of our knowledge, we had not encountered any material data or personal information leakage.

We strictly follow the requirements of applicable laws and regulations on data privacy and security. We have established our internal control system and internal policies on protecting data security, including Data Security Emergency Management Policy, Cybersecurity Management Policy, Data Security Management Policy and Data Medium Management Policy.

Set forth below are the details of the measures we have taken to protect data security.

ISMS-14-A/0 Data Security Emergency Management Policy: This policy sets out our procedures for identifying, responding to, investigating and mitigating data security incidents;

ISMS-17-A/0 Cybersecurity Management Policy: This policy establishes the requirements for the construction, operation and maintenance of our cybersecurity management system;

ISMS-18-A/0 Data Security Management Policy: This policy provides internal procedures governing the collection, backup and encryption of operational data; and

ISMS-26-A/0 Data Medium Management Policy: This policy regulates the classification, use, reuse, storage and secure disposal of removable storage media.

According to our legal advisor as to PRC cybersecurity and data protection law, during the Track Record Period and up to the Latest Practicable Date, we had been in compliance in all material respects with all applicable cybersecurity and data protection laws and regulations, for the following reasons: (i) we have adopted comprehensive internal policies and measures on protection of cybersecurity, data and privacy to ensure continuous regulatory compliance; (ii) we have not received any investigation, enquiry, warning, penalty or sanction from governmental authorities (including the Cyberspace Administration of China and its local branches) with regard to our practices in relation to cybersecurity, data and privacy; (iii) we have not been involved in any legal proceedings initiated by governmental authorities or third parties in relation to cybersecurity, data and privacy; and (iv) there has not been any cybersecurity incident or unauthorized misappropriation, leakage or loss of data that had any material adverse impacts on our business operations. During the Track Record Period and up to the Latest Practicable Date, our current business operations in PRC and business expansion plans did not involve any cross-border transmission of personal information from PRC to overseas jurisdictions (and vice versa). In case any cross-border transmission of data is involved in our business operations in PRC or expansion plans in the future, we will take measures accordingly to ensure compliant transmission.

OUR CUSTOMERS

We have a track record of successfully commercializing our L2-L2+ and L4 driving solutions. Our end-customers are predominantly OEMs. We serve a diverse customer base that includes OEMs, Tier-1 Suppliers, technology companies engaged in vehicle automation, and fleet operators. Our end customers are predominantly OEMs and fleet operators, to whom we supply our driving solutions either directly or indirectly through Tier-1 Suppliers and other channel partners, supporting a broad range of use cases from passenger vehicles to L4 applications.

Revenue from our five largest customers in each year of the Track Record Period amounted to RMB186.1 million, RMB215.4 million and RMB193.5 million, representing 91.4%, 44.6% and 35.3% of our total revenue for the years ended December 31, 2023, 2024 and 2025, respectively. Revenue from our largest customer in each year of the Track Record Period amounted to RMB126.5 million, RMB73.5 million and RMB57.1 million, representing 62.1%, 15.2% and 10.4% of our total revenue for the years ended December 31, 2023, 2024 and 2025, respectively. The credit terms that we grant to our five largest customers typically range from 30 days to 210 days for each year of the Track Record Period. The high revenue concentration from our major customers aligns with industry norms, as confirmed by CIC. The composition of our major customers changes over time due to several key factors, including market demand, regulatory policies and the execution timeline of specific projects.

The following tables set forth certain information of our five largest customers for each year during the Track Record Period.

For the fiscal year ended December 31, 2023

Customer	Transaction amount	% of total revenue	Major products/services provided	Commencement of business relationship	Background
	(RMB in thousands)				
Customer A . .	126,531	62.1	L2-L2+ driving solutions	2021	A Vietnamese public company founded in 2017 that engages in the R&D and production of electric vehicles.
ZF ADAS BU .	22,308	11.0	L2-L2+ driving solutions	2016	A subsidiary of a private company in Germany founded in 1915 that engages in automotive systems, industrial technology and mobility solutions.
Customer C . .	16,133	7.9	L4 driving solutions and engineering services	2017	A public company in Shanghai founded in 1984 that engages in passenger car manufacturing.
Customer D . .	14,994	7.4	L2-L2+ driving solutions	2019	A private company in Zhejiang Province founded in 2014 that engages in manufacturing new energy vehicles.

Customer	Transaction amount	% of total revenue	Major products/services provided	Commencement of business relationship	Background
	(RMB in thousands)				
Customer E . .	6,139	3.0	L2-L2+ driving solutions	2020	A private company in Guangdong Province founded in 2011 that engages in manufacturing in-vehicle devices.
Total	**186,105**	**91.4**			

For the fiscal year ended December 31, 2024

Customer	Transaction amount	% of total revenue	Major products/services provided	Commencement of business relationship	Background
	(RMB in thousands)				
Customer F[1] . .	73,496	15.2	L4 driving solutions	2023	A private company in Guangdong Province founded in 1992 that provides mobility services and NEV charging facilities, and its affiliate.
Customer G[2]. .	60,085	12.4	L4 driving solutions	2023	A private company in Jiangsu Province founded in 2012 that engages in supply chain services.
Customer A . .	33,607	7.0	L2-L2+ driving solutions	2021	A Vietnamese public company founded in 2017 that engages in the R&D and production of electric vehicles.
Customer H[3]. .	27,434	5.7	L4 driving solutions	2021	A public company in Beijing founded in 2014 that engages in the provision of artificial intelligence platforms.
Customer I[4] . .	20,774	4.3	L4 driving solutions	2023	A private company in Shandong Province founded in 2011 that engages in technology services.
Total	**215,396**	**44.6**			

Notes:

1. A traditional fleet operator that owns and operates vehicles in its ordinary course of business. Our solutions were applied to its vehicle fleet through retrofitting and system integration to enhance vehicle automation, operational efficiency and fleet management capabilities.

2. A logistics group with demand for unmanned logistics solutions in closed or semi-closed operating scenarios. Our solutions were incorporated into its logistics vehicles through autonomous-driving retrofitting and system integration to support unmanned transportation within logistics parks or similar controlled environments and improve operational efficiency.

3. An AI model development and commercialization company with capabilities to integrate third-party technology modules into its own solutions. We provided L4 driving model capabilities and related technical components to the customer, which were integrated into its broader AI solution offerings for onward delivery to Tier-1 customers or autonomous-driving technology companies.

4. An industrial park operation and management entity responsible for closed or semi-closed park scenarios with demand for autonomous shuttle services. Our unmanned shuttle L4 solution was applied in its park operations to support intra-park transportation, last-mile mobility and intelligent park management.

For the fiscal year ended December 31, 2025

Customer	Transaction amount	% of total revenue	Major products/services provided	Commencement of business relationship	Background
	(RMB in thousands)				
Customer J[1] . .	57,052	10.4	L4 driving solutions	2025	A private company in Hubei Province founded in 2005 that engages in information system integration and the sale of computer hardware and software and related equipment.
Customer K[2]. .	48,193	8.8	L4 driving solutions	2025	A private company in Jiangsu Province founded in 2002 that engages in the manufacturing and sale of precision electromechanical equipment and metal components.
Customer L[3]. .	34,814	6.4	L4 driving solutions	2024	A private company in Guangdong Province founded in 2011 that engages in the development and sale of communication products and computer system integration.
Lenovo Connect[4] . .	27,449	5.0	L4 driving solutions	2024	A private company in Guangdong Province founded in 2016 that engages in Internet of Things technology services and 5G communication technology services.

Customer	Transaction amount	% of total revenue	Major products/services provided	Commencement of business relationship	Background
	(RMB in thousands)				
Customer N . .	25,986	4.7	L4 driving solutions	2025	A private company in Shanghai founded in 2015 that engages in automotive technology services and the manufacture and sale of auto parts and related products.
Total	**193,494**	**35.3**			

Notes:

1. A system integrator with access to end markets and complementary non-driving software development capabilities. We delivered software-and-hardware integrated solutions for unmanned vehicles in specific scenarios, such as golf course shuttles and transportation hub shuttles, which the customer packaged with its own complementary capabilities into integrated solutions for onward delivery to downstream customers.

2. A customer engaged in the production and sales of robosweepers. We provided algorithms and key components for robosweepers, while the customer undertook production and manufacturing and further sold the completed robosweeper products to downstream markets.

3. An AI system integrator with capabilities to integrate algorithms and hardware devices into vehicle automation solutions. We delivered algorithms and hardware devices to the customer, which integrated them into solution offerings for onward delivery to Tier-1 customers or autonomous-driving technology companies.

4. A dedicated robotaxi operation platform established within its group for the provision of robotaxi operation services. The customer procured our L4 robotaxis and applied them in its robotaxi operation services for end users.

Salient Terms of Customary Agreements with Our Customers

Customary Agreements for L2-L2+ Solutions

- ***Solution specifications.*** When we act as a Tier-1 Supplier, we contract directly with OEM customers. When we act as a Tier-2 Supplier, we contract with the relevant Tier-1 Supplier to provide solutions to its downstream OEM customer. In both cases, development plans and technical requirements are set forth in the contract or its appendices.

- ***Payment.*** Customers generally make payments in accordance with development milestones. For procurement of software-and-hardware integrated solutions, payment terms are made in accordance with delivery and acceptance specified in the framework agreement or separately issued purchase orders.

- ***Product warranty, liability and after-sales services.*** We warrant compliance with contractual technical requirements and the absence of design defects that may endanger persons or property, and we indemnify our customers for losses arising from quality or safety issues. As our solutions are fully tested and verified prior to delivery, we incurred virtually no warranty expenses during the Track Record Period. We do not have a uniform after-sales policy; relevant terms are negotiated on a case-by-case basis and may include complimentary post-acceptance technical support, OTA upgrade support, training materials and/or continued supply of conforming spare parts. We generally charge separately agreed fees for services beyond the expressly contracted scope. We also remain subject to statutory product quality obligations under PRC law.

- ***Outsourcing.*** We shall not outsource any obligations to third-party service providers without our customer's prior consent.

- ***Delivery.*** Software is delivered in the form accepted by both parties on a case-by-case basis. For software-and-hardware integrated solutions, ownership and risk transfer to customers upon acceptance at the agreed delivery location.

- ***Intellectual property ownership.*** Each party retains its pre-existing intellectual property. The ownership of new intellectual property arising from the project is determined through mutual agreement on a case-by-case basis.

- ***Termination.*** Where we act as a Tier-1 Supplier, the customer is generally entitled to terminate only upon our material breach. Where we act as a Tier-2 Supplier, the customer may terminate at any time, in which case we are entitled to payment for services rendered and compensation for losses incurred.

Customary Agreements for L4 Solutions

- ***Solution specifications***. Our customers engage us to offer L4 solutions, with the development plans and technical requirements set forth in the appendices to the contracts.

- ***Payment***. For the development services of L4 solutions, the customer shall make payments in accordance with the respective project development milestones and the final delivery.

- ***Product liability and safety and after-sales services***. We generally warrant that our solution fits the technical requirements under the contracts and is free from any design defect or other errors which may impair the safety of human bodies and/or other properties. Given that our solutions are fully tested and verified prior to delivery, we incurred virtually no warranty expenses during the Track Record Period. Our after-sales arrangements are negotiated on a case-by-case basis having regard to customer requirements. The after-sales support we typically provide includes: (i) in respect of software and related deliverables, complimentary technical support, training, deployment assistance, performance optimization and version upgrades for a specified period following acceptance; and (ii) in respect of hardware deliverables such as retrofitted vehicles, complimentary inspection and repair services within a specified period or up to a specified cumulative mileage (whichever is earlier), with maintenance services available at agreed preferential rates thereafter. We generally charge fees for services beyond the scope expressly provided for in the contract, with the fees to be separately agreed between the parties. We also remain subject to statutory product quality obligations under PRC law.

- ***Indemnification***. We shall, in general, indemnify our customers for any loss or damage resulted from us with the upper limit of such indemnification obligation generally capped at 20% of the total contract price.

- ***Outsourcing***. We generally shall not outsource any obligations under our contracts to third party service providers without our customer's prior consent.

- ***Delivery***. The software developed under the contracts shall be delivered in the form accepted by both parties on a case-by-case basis. For software and hardware integrated solutions, the ownership and the risk is transferred to our customers upon the customers' acceptance of the hardware at the agreed delivery location.

- ***Intellectual property ownership***. The ownership of new intellectual property arising from the project is determined through mutual agreement on a case-by-case basis. The intellectual property rights originally owned by us that are directly related to the contract shall be jointly owned by both parties.

- ***Termination***. The customers shall only be entitled to unilaterally terminate the contracts if we commit a material breach of the contracts.

To the best of our knowledge, other than ZF ADAS BU, affiliated to our shareholder ZF Holdings B.V., and Customer C, one of our shareholders, all of our five largest customers in each year during the Track Record Period are independent third parties and none of our Directors, their respective associates or any shareholder who, to the knowledge of such Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date, has any interest in any of our top five customers in each year during the Track Record Period. Purchases by ZF ADAS BU and Customer C from us aligned with industry practice and were commercially necessary to our business. All transactions with ZF ADAS BU and Customer C were conducted on an arm's length basis and on normal commercial terms.

OUR SUPPLIERS

During the Track Record Period, our major suppliers are primarily suppliers of ancillary technology services, chips and sensors. While we self-develop all core components of our L2-L2+ and L4 driving solutions based on our CalmVolution platform, we outsource the development of ancillary components of our solutions to third party software service providers to increase efficiency and reduce overall development costs. In particular, we engage service providers in the development and delivery of our solutions primarily to support model training through data collection, cleaning and annotation and to undertake development tasks beyond our core competencies, such as cloud platforms, visualization, road testing, or customer-designated functions in specific projects, and the related outsourced technical services expenses mainly represent fees paid for such services.

Purchases from our five largest suppliers in each year of the Track Record Period amounted to RMB114.9 million, RMB116.0 million and RMB140.4 million, representing 72.6%, 34.9% and 23.6% of our total purchases for the years ended December 31, 2023, 2024 and 2025, respectively. Purchases from our largest supplier in each year of the Track Record Period amounted to RMB60.7 million, RMB35.6 million and RMB41.6 million, representing 38.4%, 10.7% and 7.0% of our total purchases for the years ended December 31, 2023, 2024 and 2025, respectively. The credit terms granted to us by our five largest suppliers typically range from 0 to 180 days for each year of the Track Record Period. We generally become acquainted with our suppliers through prior working relationships with members of their core teams, referrals from industry partners, investors or existing business contacts, or introductions arising from project-specific requirements. For each category of services or products procured, there are typically multiple qualified suppliers in the market, and we select suppliers based on pricing, quality and technical capabilities through price comparisons. As the relative pricing competitiveness and project suitability of different qualified suppliers may change from time to time, our selection of suppliers based on cost-effectiveness, quality and technical capabilities resulted in changes in the composition of our five largest suppliers during the Track Record Period. Such changes were also attributable to the evolution of our business and technological focus, including our increasing focus on factory-installed software algorithm development and the deployment of L4 solutions since 2024. As our procurement needs evolved, we engaged a more diversified supplier base, including suppliers of specialized data annotation, software engineering and algorithm R&D services, as well as hardware and edge computing-related products and services required for L4 driving kits, turnkey solutions and vehicle-road-cloud integrated solutions. We believe the transaction amounts with each of our five largest suppliers during the Track Record Period were reasonable having regard to their respective scale of operations and prevailing market rates.

The following tables set forth certain information of our five largest suppliers by purchase amount for each year during the Track Record Period.

For the fiscal year ended December 31, 2023

Supplier	Purchase amount	% of total purchase	Major services/ products purchased	Commencement of business relationship	Background
	(RMB in thousands)				
Supplier A . .	60,652	38.4	Data Labelling Services	2021	A private company in Tianjin founded in 2021 that engages in big data and technology services.
ZF ADAS BU	24,538	15.5	L2-L2+ Solutions Related Technology Services	2016	A subsidiary of a private company in Germany founded in 1915 that engages in automotive systems, industrial technology and mobility solutions.
Supplier C . .	14,140	8.9	Data Labelling Services	2021	A private company in Tianjin founded in 2021 that engages in technology services.
Supplier D . .	9,323	5.9	Monitors	2019	A private company in Guangdong Province founded in 2016 that engages in semi-conductor equipment sales.
Supplier E . .	6,235	3.9	Data Labelling Services	2021	A private company in Tianjin founded in 2021 that engages in software development.
	114,888	**72.6**			

For the fiscal year ended December 31, 2024

Supplier	Purchase amount	% of total purchase	Major services/ products purchased	Commencement of business relationship	Background
	(RMB in thousands)				
Supplier F . .	35,558	10.7	Hardware and Edge Computing Solutions	2024	A private company in Guangdong Province founded in 2013 that engages in AI software development, security monitoring systems and information system integration.
Supplier A . .	23,458	7.1	Data Labelling Services	2021	A private company in Tianjin founded in 2021 that engages in big data and technology services.
Supplier G . .	19,019	5.7	V2X Technology services	2024	A private company in Beijing founded in 2001 that engages in IT services.
Supplier H . .	19,019	5.7	Computing Power Services	2024	A public company in Fujian Province founded in 2006 that engages in IT services.

Supplier	Purchase amount	% of total purchase	Major services/ products purchased	Commencement of business relationship	Background
	(RMB in thousands)				
Supplier I. . .	18,925	5.7	Data Labelling Services, IoT and Edge Computing Platforms, and Parking and Traffic Management Systems	2024	A public company in Guangdong Province founded in 2007 that engages in IT services.
	115,979	**34.9**			

For the fiscal year ended December 31, 2025

Supplier	Purchase amount	% of total purchase	Major services/ products purchased	Commencement of business relationship	Background
	(RMB in thousands)				
Supplier F . .	41,606	7.0	Hardware and Edge Computing Solutions	2024	A private company in Guangdong Province founded in 2013 that engages in AI software development, security monitoring systems and information system integration.
Supplier J . .	39,115	6.6	Hardware and Edge Computing Solutions	2024	A private company in Guangdong Province founded in 2018 that engages in database services, software development and IT consulting.
Supplier K . .	24,425	4.1	L4 Vehicle Drive-by-wire Platform and Operation System Development	2024	A private company in Guangdong Province founded in 2001 that engages in specialized printing equipment and information system integration services.
Supplier G . .	21,491	3.6	L4 Vehicle Planning and Control Function Development	2024	A private company in Beijing founded in 2001 that engages in software development, cloud/internet data services and information system integration.
Supplier L . .	13,717	2.3	Hardware and Edge Computing Solutions	2024	A public company in Guangdong Province founded in 2016 that engages in real-time data infrastructure and analytics solutions.
Total	**140,354**	**23.6**			

We believe we have sufficient alternative suppliers for our business that can provide us with substitutes of comparable quality and prices. During the Track Record Period, we did not experience any significant fluctuation in prices set by our suppliers, material breach of contract on the part of our suppliers, or disruption to our business as a result of any significant shortages or delays in providing related products or services.

Salient Terms with Suppliers

Contracts with Technology Service Suppliers

- ***Service Specifications***. We enter into contracts with suppliers pursuant to which such suppliers provide software development services to us.

- ***Payment***. We shall make the corresponding payments when the development work reaches the respective milestones and upon final delivery.

- ***Product liability and safety***. The supplier warrants that the software developed by it shall comply with the technical requirements and specifications as stipulated in the contracts. If the software fails to pass our acceptance inspection, our suppliers shall rectify the defects at its own cost.

- ***Outsourcing***. The outsourcing provisions shall generally not apply to the technical service contracts entered into between us and the suppliers.

- ***Intellectual property ownership***. The intellectual property shall remain the property of the respective owner of such rights. Any new intellectual property, know-how and technical information arising from the development of our project shall be the property of us.

Contracts with Hardware Suppliers

- ***Service Specifications.*** We enter into contracts with suppliers for the procurement of specific hardware.

- ***Payment.*** Payment is generally made on a cash-on-delivery (COD) basis.

- ***Product liability and safety.*** The supplier shall warrant the quality of the subject hardware, and shall repair, replace or provide a refund for any products found to be defective.

- ***Outsourcing.*** Outsourcing is generally not applicable to hardware procurement contracts.

- ***Intellectual property ownership.*** Intellectual property rights are usually not applicable to hardware procurement contracts.

To the best of our knowledge, other than ZF ADAS BU, affiliated to our shareholder ZF Holdings B.V., all of our five largest suppliers in each year during the Track Record Period are independent third parties and none of our Directors, their respective associates or any shareholder who, to the knowledge of such Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date, has any interest in any of our top five suppliers in each year during the Track Record Period. Procurement through ZF ADAS BU aligned with industry practice and was commercially necessary to our business. All transactions with ZF ADAS BU were conducted on an arm's length basis and on normal commercial terms.

OVERLAPPING OF MAJOR CUSTOMERS AND SUPPLIERS

During the Track Record Period, to the best knowledge of our Directors:

(i) ZF ADAS BU, one of our five largest suppliers in 2023, was also one of our five largest customers in 2023. For the years ended December 31, 2023, 2024 and 2025, our revenue generated from ZF ADAS BU amounted to RMB22.3 million, RMB18.9 million and RMB19.2 million, accounting for 11.0%, 3.9% and 3.5% of our total revenue, respectively;

(ii) Customer C, one of our five largest customers in 2023, was also a supplier. For the years ended December 31, 2023, 2024 and 2025, our purchases from Customer C amounted to nil, nil and RMB13.6 million, accounting for nil, nil and 2.3% of our total purchases, respectively.

(iii) Customer D, one of our five largest customers in 2023, was also a supplier. For the years ended December 31, 2023, 2024 and 2025, our purchases from Customer D amounted to RMB228.1 thousand, nil and RMB130.0 thousand, accounting for 0.1%, nil and 0.0% of our total purchases, respectively.

Our purchase amount attributable to these customer-suppliers accounted for 15.7%, 2.4% and 3.7% of our total purchase amount in 2023, 2024 and 2025, respectively. Our revenue attributable to these customer-suppliers accounted for 26.2%, 6.6% and 5.7% of our total revenue in 2023, 2024 and 2025, respectively. Gross profit for the sales to these customer-suppliers for each of 2023, 2024 and 2025 was approximately RMB18.6 million, RMB17.7 million and RMB13.7 million, respectively. The relevant gross profit margin for each of 2023, 2024 and 2025 was approximately 34.8%, 55.5% and 43.8%, respectively, whereas our overall gross profit margin for the corresponding periods was approximately 35.3%, 30.0% and 31.4%, respectively.

Except for ZF ADAS BU, Customer C and Customer D, for the years ended December 31, 2023, 2024 and 2025, none of our five largest suppliers/customers in any year was also our customer/supplier in the same year.

The gross profit margins for sales to overlapping customer-suppliers during the Track Record Period were generally in line with the Group's overall gross profit margins and comparable to those for sales to other customers of similar nature. The terms of purchases from overlapping customer-suppliers were also comparable to those from other independent suppliers. Our Directors confirmed that all aforementioned transactions were conducted in the ordinary course of business under normal commercial terms and on arm's length basis.

BUSINESS SUSTAINABILITY

We achieved rapid revenue growth during the Track Record Period. Our revenue increased significantly by 137.2% from RMB203.6 million in 2023 to RMB482.9 million in 2024, and further increased by 13.5% to RMB547.9 million in 2025. We recorded gross profit margins that were above industry average during the Track Record Period, according to CIC. In 2023, 2024 and 2025, our gross profit margin was 35.3%, 30.0% and 31.4%, respectively. However, our growth in revenue had yet been able to fully cover the various costs and expenses incurred during the Track Record Period. In 2023, 2024 and 2025, we had loss and total comprehensive expense of RMB231.2 million, RMB462.8 million and RMB207.9 million, respectively. Our loss and total comprehensive expense decreased significantly by 55.1% from RMB462.8 million in 2024 to RMB207.9 million in 2025, reflecting the continued improvement in our underlying operating performance.

The following table sets forth certain financial data for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	(in RMB thousands, except for percentages)		
Revenue	203,604	482,949	547,910
Gross profit	71,881	144,682	172,226
Gross profit margin	35.3%	30.0%	31.4%
Loss and total comprehensive expense	(231,179)	(462,776)	(207,887)

Our loss-making position was primarily due to the following reasons:

- ***In the early stages of expansion and scaling up operations.*** We are still at a ramp-up stage and aim at long-term business success and financial return in the L2-L2+ and L4 driving solutions market, rather than seeking near-term profitability at the expense of long-term market potential. To scale up our business, we have made significant investments in product development, talent recruitment and market expansion. Such expenses related to our growth initiatives outweighed immediate revenues, which affected our profitability in the short term. But in the long run, we believe these are investments critical for us to secure a competitive position in the evolving L2-L2+ and L4 driving solutions market and establish a solid foundation for future profitability.

- ***Nature of software development business.*** Given the inherent complexity of L2-L2+ and L4 driving solutions, the development and validation cycle for a new software development project can be lengthy. We are deemed to have obtained a design win at the time of signing the contract. After entering into the contract, we will start software development and engineering. After completing the development of the solution, the OEM or Tier-1 Supplier will conduct validation on the solution. Upon satisfaction of the validation, the solution will be delivered and accepted, and revenue will be recognized. The timeline for the end-to-end process varies for different projects. For example, the development cycle of L2-L2+ solutions is around 14 months on average following a design win. Consequently, we typically incur significant upfront investment in a software development project well before we begin to recognize revenue, resulting in a temporary period of losses. However, as an increasing number of projects transition from the software development phase to the software royalty phase, we expect to generate recurring revenue with minimal incremental cost, which will improve our profitability.

- ***Investment in R&D.*** We made significant investment in R&D during the Track Record Period. Our research and development expenses in 2023, 2024 and 2025 were RMB105.5 million, RMB117.2 million and RMB92.3 million, respectively, representing 51.8%, 24.3% and 16.8% of our total revenue in the same periods, respectively. We've made significant investment in R&D during the Track Record Period. Although our R&D expenses as a percentage of revenue decreased during the Track Record Period as a result of our improved R&D efficiency, the absolute amount of R&D expenses was still very high. We are committed to further advancing our technologies and developing enhanced solutions through our investment in R&D activities, which we believe will further drive our future revenue growth and profitability.

- ***Impact of one-off loss on the fair value of financial liabilities at FVTPL.*** We recorded large amount of loss on the fair value of financial liabilities at FVTPL of RMB143.1 million, RMB458.4 million and RMB176.9 million in 2023, 2024 and 2025, respectively, which accounted for 70.3%, 94.9% and 32.3% of our revenue in the same

years, respectively. The loss on fair value changes of financial liabilities at FVTPL mainly represents equity value change of financial liabilities including preferred shares and convertible bonds, which were one-off, non-cash expenses not directly related to our operating performance.

Despite our net losses during the Track Record Period, we believe that we have established a clear path toward sustained profitability. We plan to narrow our net losses and achieve profitability by focusing on the following strategies: (i) driving revenue growth; (ii) improving gross profit margin; and (iii) enhancing R&D efficiency.

Driving Revenue Growth

We experienced strong revenue growth during the Track Record Period. We expect our revenue to continually grow, driven by the following factors:

- ***High-Quality Customer Base and Pipeline***

  While we continuously scaled our business, we strategically developed and retained long-term relationships with reputable and credible customers. As of the Latest Practicable Date, we had collaborated with over 30 OEMs, including 9 of the top ten OEMs in China by sales volume in 2024. We also maintained long-term collaborations with a number of experienced and renowned Tier-1 Suppliers. Through the superior customer base, we were able to secure a robust project pipeline. We have been prudent and selective when bidding for new projects. We focused our resources on high-quality projects with better prospects in terms of revenue and delivery volume.

  We also endeavor to engage with additional new customers and expand our customer base. We have established strong industry reputation by completing a number of large-scale mass-production projects both in China and abroad and collaborating with renowned industry players such as ZF ADAS BU, Horizon Robotics and Lenovo Connect. Such successful track record helps us to attract new customers and further grow our business. The number of our customers increased from 222 as of December 31, 2023 to 330 as of the Latest Practicable Date, which contributed to our continued business growth.

- ***Diversified Solutions Portfolio***

  We have a diversified solutions portfolio that covers both software-only and software-and-hardware integrated solutions and spans the automation levels of L2-L2+ and L4. We also offer engineering services as a supplement to increase customer stickiness. We believe our comprehensive offerings can satisfy various customer demand and bring in sustainable revenue. We seek to further expand and diversify our solutions portfolio to closely align with the evolving market trend. For instance, we plan to develop and introduce innovative solutions, such as cockpit-driving integrated solution, and to extend the application scenarios of our solutions, such as L2-L2+ solutions for commercial vehicles and L4 mining and logistics vehicles.

- ***Global Market Expansion***

  We have established a leading market position in software-focused L2-L2+ and L4 driving solutions in China, according to CIC. We are also the largest software-focused L2-L2+ driving solutions provider in terms of the overseas shipment volume of factory-installed solutions in 2024. We will continue to solidify our market leadership in China and further grow our market share with our continuously iterated L2-L2+ and L4

driving solutions. We also seek to expand our global market presence leveraging both China's supply chain advantages and our strong technological capabilities. We believe our expanding market share both domestically and globally will further boost our revenue growth.

Improving Gross Profit Margin

We recorded gross profit margins that were above industry average during the Track Record Period, according to CIC. We endeavor to further improve our gross profit margin through the following measures:

- ***Asset-light, Software-focused Strategy***

  We were able to record high gross profit margins during the Track Record Period due to our asset-light, software-focused strategy as we avoided incurring excessive cost for hardware. For L2-L2+ solutions, we generated most of our revenues through software development and engineering services and software royalty. For L4 solutions, we primarily empower fleet operators as a third-party technology provider; and while we also provide hardware components, we conduct R&D and production activities based on the actual needs of fleet operators and avoid engagement in the capital-intensive activities such as fleet building and operations.

- ***Software Royalty Model with Higher Gross Profit Margin***

  We started to generate revenue under the software royalty model in 2021. The software royalty model provides us with a stable revenue stream after our customers commence mass-production. As we can leverage existing platform and technologies at the software royalty phase, we are able to generate recurring revenue during the project lifecycle with minimal marginal cost, leading to a high gross profit margin. Our revenue under the royalty model increased rapidly by 74.3% from RMB12.1 million in 2023 to RMB21.1 million in 2024 and further increased by 50.4% to RMB31.7 million in 2025. During the Track Record Period, gross profit from royalty income represented 7.8% to 15.0% of our total gross profit. As we enhance our mass-production and delivery capabilities to accelerate the transition of more projects from the software development and engineering phase to the royalty phase, we expect that the percentage of software royalty income will continue to increase and it will have greater positive impact on our total gross profit. Our ability to monetize through the royalty model evidences customer recognition of our technology capabilities and the value of intellectual property inherent in our solutions. We seek to offer additional solutions under the software royalty model in order to further drive the growth of our gross profit margin.

Enhancing R&D Efficiency

We believe we will be able to generate net profitability through enhanced R&D efficiency.

- ***Rapid application of L2-L2+ know-how to L4 hardware selection and system development, thereby shortening development cycles***

  a. Optimization of hardware selection

  In developing L4 solutions, we can effectively migrate the experience on optimization of hardware selection gained from L2-L2+ projects to achieve a balanced configuration of sensor resolution, detection range and installation layout without over-reliance on high-precision LiDAR or overly complex sensor architectures typically seen in early-stage L4 systems. For example, in high-safety-redundancy applications such as Robotaxi, our ConnectOne solution adopts a computing platform similar to our

L2-L2+ mass-production system to maintain a unified technology stack and reduce repetitive work in the development process, thereby significantly improving the delivery efficiency and accelerating the L4 development process.

b. Reuse of system architecture and AI models in software development

We have built all AI models, whether for L2-L2+ or L4 models, on a unified foundational model. Such approach enhances system development efficiency while ensuring effectiveness and consistency of algorithms, which lays a solid foundation for rapid iteration and high performance of L4 solutions. For example, our ConnectOne solution adopts a lightweight algorithm architecture similar to that used in our L2-L2+ mass-production systems, with over 90% code reuse rate for certain perception modules, thereby materially improving delivery efficiency and accelerating the L4 development process. It took approximately five months from the start of the project to final acceptance, representing a reduction of nearly 60% compared to the average delivery cycle for L2-L2+ mass-production projects.

- ***Accelerating R&D efficiency through data closed-loop and automated management to drive profitability***

a. Early issue spotting through data closed loops to reduce late-stage rework and improve overall R&D efficiency

Leveraging the CalmVolution platform, we have established a standardized scenario labeling system and scenario library, which enables us to effectively shift issue spotting from the system integration and testing phase to an earlier phase to significantly reduce late-stage rework and repetitive validation. At the same time, the platform automates the work flows of data filtering, data labeling, model training and version release, minimizing manual handoffs and idle time. Such data closed-loop and automated process enabled us to improve our overall R&D efficiency by deploying approximately 20% fewer R&D personnel to deliver the same or larger scale of data closed-loop operations.

b. Unified data management system to shorten the time for data preparation and issue localization

Through the CalmVolution platform, we have established a unified data management system that enables centralized ingestion and standardized storage of multi-source data (including sensor data, protocol data and business data). With sensor snapshot visualization and multi-dimensional combined search capabilities, the platform significantly enhances the efficiency of engineers and testing personnel in searching target data and reconstructing scenarios.

c. Deployment of multimodal AI large models to enhance efficiency in requirement analysis, code review and test preparation

We have deeply integrated multimodal AI large models into the CalmVolution platform to intelligentize core R&D processes, including requirement analysis, code review and test case generation. This has increased per-capita productivity of R&D personnel and thus allows us to save R&D personnel cost.

d. Closed-loop issue management to shorten the issue analysis and resolution cycle

Through the SuperPangoo issue data management platform, we implement unified closed-loop management of customer issues, internal R&D issues and testing issues, and integrates the platform with the customers' internal systems and mainstream R&D

management tools. This ensures full traceability throughout the entire process from issue identification and analysis to resolution and verification. By automating and standardizing the issue handling process, we reduced the average time required for single-issue analysis preparation by approximately one-third, effectively lowering the time cost associated with issue resolution during system deployment.

e. Automated integration and version deployment to improve system integration and model iteration efficiency

Leveraging CalmForge and CalmVergence platforms, we have built an integrated automated toolchain covering model integration, system deployment and operation monitoring to achieve coordinated management of model versions and system software versions. The platform supports independent modularized updates of models and software, allowing R&D teams to determine whether to update the whole system or just specific modules as needed. We shortened the iteration cycle from completion of training to deployment verification for a single new model version from approximately 14 days to around four days for mass-production projects during the Track Record Period.

Driven by the collaborative application of the multiple R&D efficiency initiatives described above in mass-production projects, the full system deployment cycle was reduced by over 60% after the CalmVolution platform has been developed and fully utilized. For example, the development cycle of a parking mass-production project for a domestic OEM was over 12 months prior to the adoption of CalmVolution. After we adopted CalmVolution, combined with data management, testing management, closed-loop issue resolution, automated integration and other modules, the development cycle of a similar system was shortened by two-thirds to approximately four months.

Our R&D expenses as a percentage of revenue continuously decreased during the Track Record Period, from 51.8% in 2023 to 24.3% in 2024 and further to 16.8% in 2025. During the same period, our revenue increased from RMB203.6 million in 2023 to RMB482.9 million in 2024 and further to RMB547.9 million in 2025. We also maintained gross profit margins above the industry average during the Track Record Period, with our gross profit margin rebounding from 30.0% in 2024 to 31.4% in 2025. Together with the business initiatives described above, these trends are expected to support the continued improvement of our operating efficiency and profitability.

Based on the foregoing, and given that our loss and total comprehensive expense has been significantly narrowed during Track Record Period, our Directors are of the view, and the Joint Sponsors concur, that the efforts described above have contributed to and are expected to continue to drive and maintain the sustainability of our Group's business.

SALES AND MARKETING

We primarily rely on industry reputation for sales and marketing. We have developed a reputable brand name within the industry with our high-performance L2-L2+ and L4 driving solutions, innovative technologies and strong engineering and delivery capabilities, and our sales team focuses on cultivating relationships with current and prospective customers. We typically acquire new business opportunities through evolving needs of our existing customers and referral from other industry participants. In addition, we participate in industry events and conferences to showcase our technology and connect with potential customers. Our team is proactive in engaging with industry leaders and staying up-to-date on emerging trends and technologies to ensure that our solutions remain competitive.

RESEARCH AND DEVELOPMENT

We aspire to stay abreast of the frontier technologies in the industry. To this end, we have invested, and expect to continue to invest in R&D activities. In 2023, 2024 and 2025, our R&D expenses were RMB105.5 million, RMB117.2 million and RMB92.3 million, respectively, representing 51.8%, 24.3% and 16.8% of our revenue in the corresponding years. As of the Latest Practicable Date, we had a R&D team of 192 employees, representing 69.6% of our total employees. Our R&D team is comprised of highly qualified employees specializing in a large variety of areas including hardware, software, big data, algorithms and system architecture. As of the Latest Practicable Date, 91.2% of our R&D team received bachelor's or higher degree.

COMPETITION

The vehicle automation industry is highly competitive. We face competition from other external providers of L2-L2+ and L4 driving solutions, including Tier-1 and Tier-2 Suppliers that provide software, hardware and software-and-hardware integrated L2-L2+ and L4 driving solutions. Our customers that are Tier-1 Suppliers may be developing or may in the future develop competing solutions. OEMs who have or are pursuing their own in-house solutions are also our indirect competitors. Our indirect competitors could become direct competitors in the future. According to CIC, production-ready L2-L2+ and L4 driving solutions are not easily replaceable in the short term. Developing comparable solutions generally requires sustained software algorithm capabilities, data closed-loop infrastructure, engineering toolchains, mass-production validation experience, OTA iteration capabilities, and functional safety and regulatory compliance systems. Although OEMs and Tier-1, Tier-2 Suppliers may have the motivation and resources to develop similar technologies in-house, achieving comparable maturity, scalability and vehicle-level integration performance may involve meaningful time, cost and execution uncertainties, particularly because such development requires large-scale real-world data, cross-platform deployment experience and a proven mass-production track record. See "Industry Overview" for the details of the competitive landscape.

We believe that we are well-positioned to effectively compete with our existing and potential competitors leveraging our extensive mass-production experience, advanced technological expertise, highly efficient development process and strong engineering and delivery capabilities. However, some of our current or future competitors may have longer operating histories, greater brand recognition, or greater financial, technical or marketing resources than we do. For a discussion of risks relating to competition, see "Risk Factors — Risks Relating to Our Business and Industry — We operate in highly competitive markets. We may not be able to compete effectively against our existing or potential competitors."

INTELLECTUAL PROPERTY

Our trademarks, copyrights, domain names, patents, trade secrets and other intellectual property rights distinguish our products and services from those of our competitors and contribute to our ability to compete in our target markets. As of the Latest Practicable Date, we had registered one domain name relating to our business, which is used for our website, 93 software copyrights, 51 patents (including 35 inventions, three utility models and 13 designs) and 53 trademarks in the PRC. See "Appendix IV — Statutory and General Information — Further Information About The Business — Intellectual Property" for details of our material intellectual property rights.

We rely on a combination of copyright, patents, and trademark law, and confidentiality agreements with our key employees to protect our intellectual property rights. We enter into confidentiality agreements with our key employees that include a confidentiality clause, and a clause acknowledging that all inventions, trade secrets, developments and other processes generated by our employees during their employment with us are our property, and assigning to us any ownership rights that they may claim in those works. We also regularly monitor any infringement or misappropriation of our intellectual property rights.

We did not have any material disputes or any other material pending legal proceedings of intellectual property rights with third parties during the Track Record Period and up to the Latest Practicable Date.

EMPLOYEES

As of the Latest Practicable Date, we had 276 full-time employees. Substantially all of our full-time employees are located in China. The following table sets forth the number of our full-time employees as of the Latest Practicable Date:

Function	Number of Employees	% of Total
Operation, management and administration	48	17.4
Research and development	192	69.6
Sales and marketing	36	13.0
Total	**276**	**100.0**

Our success depends on our ability to attract, motivate, train and retain qualified personnel. We believe we offer our employees competitive compensation packages and an environment that encourages self-development and, as a result, have generally been able to attract and retain qualified personnel.

As required by regulations in China, we participate in various employee social security plans that are organized by municipal and provincial governments for our PRC-based employees, including pension, unemployment insurance, childbirth insurance, work-related injury insurance, medical insurance and provident funds. We are required under PRC law to make contributions to employee benefit plans for our PRC-based employees at specified percentages of the salaries, bonuses and certain allowances of such employees, up to a maximum amount specified by the local governments in China.

We enter into standard employment agreements with our employees. We also enter into standard confidentiality and non-compete agreements with our senior management in accordance with market practice.

We believe that we maintain a good working relationship with our employees. None of our employees are represented by labor unions. During the Track Record Period and up to the Latest Practicable Date, we did not experience any strikes, work stoppages, labor disputes or actions which had a material adverse effect on our business and operations.

INSURANCE

Pursuant to the Civil Code of the People's Republic of China (《中華人民共和國民法典》), the Product Quality Law of the People's Republic of China (《中華人民共和國產品質量法》) and other relevant laws and regulations, if any solution provided by our Group is defective and causes personal injury or property damage to others, we may be subject to corresponding tort liability. According to our PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, the Company has not been subject to any material product liability claims, nor has it been involved in any material litigation, arbitration or administrative penalty arising from product defects.

During the Track Record Period and up to the Latest Practicable Date, we were not subject to any material claim or dispute not covered by our insurance policies. We do not maintain insurance policies covering damages to our network infrastructures or information technology systems. We also do not maintain business interruption insurance or general third-party liability insurance, nor

do we maintain product liability insurance or key personnel insurance. We do not maintain product liability insurance primarily because we consider the likelihood of material product liability claims arising directly from our solutions to be relatively low, in light of our quality control and validation procedures and our historical claim experience. According to CIC, our practice of not maintaining product liability insurance is in line with the industry norm. We consider our insurance coverage to be in line with that of other companies of similar size and business nature in China. Our management will evaluate the adequacy of our insurance coverage from time to time and purchase additional insurance policies as needed.

Our business is, however, susceptible to risks arising from losses we sustain during the course of our business operations and we cannot assure you that the insurance policies we have taken out are always able to cover all losses we sustain. For further details see "Risk Factors — Risks Relating to Our Business and Industry — Our insurance coverage may not be adequate to protect us from all business risks, which could subject us to significant costs and business disruption."

PROPERTIES

Our corporate headquarters office is located in Suzhou, Jiangsu Province, China. As of the Latest Practicable Date, we had land use right with respect to a parcel of land in Tangshan, Hebei Province of approximately 11,000.95 square meters, three self-owned properties in Shanghai, China with an aggregate gross floor area of 1,127.7 square meters and 11 leased properties in the PRC with an aggregate gross floor area of 20,063.57 square meters. Our self-owned and leased properties are primarily used for corporate administration, research and development, and office purposes. We expect to use the parcel of land in Tangshan as our office and testing facility.

As of the Latest Practicable Date, we had not completed lease registration or lease registration modification for certain of the properties we leased in China, primarily due to the difficulty of procuring the relevant landlords' cooperation to register their leases. As the registration of a lease agreement requires the cooperation between the lessor and lessee and lessors are typically unwilling to undertake the administrative burden, we were not able to complete the registration of lease agreements mentioned above.

We have adopted internal policies that (i) request our employees to proactively coordinate with lessors to complete the registration for all of our lease agreements and (ii) require our employees to complete the registration of lease agreements in instances in which lessors are willing to cooperate in such procedures. We have made multiple attempts to seek the cooperation of the lessors and have completed the filing for certain leased properties in Suzhou, Shenzhen and Shanghai.

We have established contract management policy, which requires that after the lease contract is signed, the responsible department shall promptly complete the lease registration filing or housing lease information submission in accordance with the requirements of the local competent authority where the property is located.

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

REGULATORY ENVIRONMENT

Tariffs

Trade and tariff policy with respect to China has remained fluid in the second Trump Administration. Starting in February 2025, the U.S. imposed significant tariffs on imports from China, including two sets of tariffs under the International Economic Emergency Powers Act ("IEEPA"), which prompted reciprocal tariffs from China and other countermeasures. After a brief escalation of tariffs on Chinese goods to a baseline of 145% in April and May 2025, the parties agreed to suspend heightened tariffs as negotiations continued. On November 1, 2025, the U.S. and China announced their agreement to relax certain tariff and other trade controls. The United States has lowered the tariffs on Chinese imports imposed to curb fentanyl flows by removing 10 percentage points of the cumulative rate of 20%, effective November 10, 2025, and continued its suspension of heightened reciprocal tariffs on Chinese imports until November 10, 2026. On February 20, 2026, the U.S. Supreme Court ruled that the President lacked authority to impose tariffs under IEEPA. The reciprocal and fentanyl tariffs imposed on goods imported from China are thus void ab initio. The Trump Administration has already sought to replace the IEEPA tariffs with a 10% tariff under Section 122 of the Trade Act, effective February 24, 2026. Section 122 authorizes the President to impose tariffs up to 15% to address "balance of payments" concerns for a maximum of 150 days. The Trump Administration may likely seek to impose additional tariffs under other statutory authorities, including Section 301, when the Section 122 tariffs lapse.

Separately, effective from October 30, 2024, the European Commission imposed countervailing duties on battery electric vehicles manufactured in China, resulting in total tariff rates ranging from 17.8% to 45.3% across the European Union, depending on the OEM with the lowest 17.8% rate applying for Tesla. During the Track Record Period and up to the Latest Practicable Date, the Group did not directly export any ADAS or ADS products to the European Union and did not record any revenue from the European Union in respect of such products. Accordingly, these countervailing duties did not have any direct impact on the Group's products during such period. In addition, we currently have no plan to directly export ADAS or ADS products to the European Union in the near term. On this basis, the Directors are of the view that the EU countervailing duties have not had, and are not expected to have, any material adverse effect on the Group's business, operations or financial performance during the Track Record Period and up to the Latest Practicable Date, or in the near future.

U.S. Export Control Laws and Regulations

The Export Control Reform Act of 2018 authorizes the U.S. President to implement "dual-use" export controls. Pursuant to this statutory authority, the U.S. Department of Commerce, Bureau of Industry and Security ("BIS") administers the Export Administration Regulations ("EAR"), codified at 15 C.F.R. § 730 et seq. The EAR control the export, reexport, and transfer (in-country) of dual-use commodities, software and technology. The EAR apply to all items "subject to the EAR" as defined at 15 C.F.R. §§ 734.2 — 734.5. Items subject to the EAR include U.S.-made items and items physically in the U.S. as well as certain non-U.S. made items. The EAR applies to goods, software and technology subject to the EAR located anywhere in the world. Depending on the destination country, end-user, end use, and the classification of the item on the Commerce Control List, transferring, exporting, or re-exporting an item subject to the EAR may require a U.S. export license unless a license exception is available.

In October 2022, BIS released broad changes in export control regulations, including new regulations restricting the export to China of advanced semiconductors, supercomputer technology, equipment for the manufacturing of advanced semiconductors, and components and technology for the manufacturing in China of certain semiconductor manufacturing equipment. In October 2023, BIS issued updated and strengthened export controls restricting the export to China of advanced computing semiconductors, semiconductor manufacturing equipment and supercomputing items, that are intended to restrict China's ability to purchase and manufacture advanced chips, enhancing controls under the previous regulations from October 2022. Subsequently in December 2024, BIS introduced additional export controls on advanced computing and semiconductor manufacturing items. On January 20, 2025, President Donald J. Trump issued a memorandum titled "America First Trade Policy" directing the Department of Commerce to review existing measures to enhance export controls and eliminate loopholes.

Under the EAR, the restrictions applicable to Entity List parties include licensing requirements for exports, re-exports or transfers of items subject to the EAR, which in most cases prevents these named entities from receiving essentially any such item, including, in some cases through the application of the EAR's foreign direct product rules, to items produced outside the United States. In addition, on September 29, 2025, the BIS issued an interim final rule extending Entity List restrictions to non-listed foreign entities that are 50% or more owned, directly or indirectly and in the aggregate, by parties on the Entity List or certain other restricted party lists (the "Affiliates Rule"). However, the United States has suspended implementation of the Affiliates Rule for one year beginning November 10, 2025. As a result, this extension of Entity List restrictions is not expected to apply during the suspension period unless BIS issues implementing rules to the contrary or the suspension is modified or revoked.

U.S. Sanctions

The U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") administers regulations imposing economic sanctions on countries and designated individuals and entities. These regulations implement Executive Orders issued by the President primarily under the IEEPA. The United States maintains a set of complex restrictions on transactions involving embargoed countries and regions. As of the date of this Document, Cuba, Iran, North Korea, and the Crimea, Donetsk and Luhansk regions of Ukraine are the subject of comprehensive U.S. embargoes. Other sanctions programs target activities such as terrorism, drug trafficking, human rights, and other matters of importance to U.S. national security and foreign policy. There are also strict, "near-comprehensive" sanctions in place against certain other jurisdictions such as the Russian Federation. OFAC implements "primary" and "secondary" sanctions with specific restrictions unique to each individual sanctions program. Sanctioned persons are identified on OFAC's List of Specially Designated Nationals and Blocked Persons ("SDN"). All assets of SDNs are blocked and U.S. persons are generally prohibited from dealing with them absent an applicable OFAC license or exemption.

U.S. Outbound Investment Rule

The United States has implemented and has proposed additional restrictions, some of which may impact Chinese companies. For example, on October 28, 2024, the U.S. Department of the Treasury released a final rule (the "Outbound Investment Rule") to implement the Executive Order 14105 issued by then President Biden on August 9, 2023. Effective on January 2, 2025, the Outbound Investment Rule represents the first comprehensive U.S. regulatory regime to prohibit or restrict investments by U.S. persons into companies based in or affiliated with China (including Hong Kong and Macau) that are engaged in activities relating to three sectors: (i) advanced microchips and microelectronics, (ii) quantum computing, and (iii) artificial intelligence systems. Investments by U.S. persons subject to the Outbound Investment Rule, which are defined as "covered transactions," include acquisitions of equity interests (including purchases of shares in an initial public offering), certain debt financing, joint ventures, and certain investments as a limited partner in a non-U.S. person pooled investment fund. The Outbound Investment Rule excludes some investments from the scope of covered transactions, including, with certain exceptions, those in publicly traded securities listed on a non-U.S. stock exchange.

In addition, on February 21, 2025, President Donald J. Trump issued a memorandum entitled "America First Investment Policy." Among other things, this memorandum indicates that the Trump Administration may consider extending the application of the Outbound Investment Rule to a broader range of technology sectors — such as biotechnology, hypersonics, aerospace, advanced manufacturing, and directed energy — and to a wider scope of investments, including publicly traded securities.

On December 18, 2025, the U.S. Comprehensive Outbound Investment National Security Act of 2025 (the "COINS Act") became law. The COINS Act largely codifies the core of the current Outbound Investment Rule while making certain modifications. While the COINS Act was legally

enacted and effective on December 18, 2025, it is not self-executing and it does not replace or amend the Outbound Investment Rule immediately. The COINS Act is a U.S. federal statute that provides the statutory basis for further rulemaking. The COINS Act requires the Treasury to, within 450 days from passage, promulgate new or amended regulations (which may then amend or replace the Outbound Investment Rule) to implement the statute. See "Risk Factors — Risks Relating to the Jurisdiction in Which We Operate — Changes in international trade policies, geopolitics and trade protection measures, export control, economic or trade sanctions and tariffs may materially and adversely affect our business, financial condition and results of operations."

LICENSES, APPROVALS AND PERMITS

During the Track Record Period and up to the Latest Practicable Date, as advised by our PRC Legal Advisor, we had obtained all material licenses, approvals and permits from relevant regulatory authorities that are necessary to our business operations in the PRC, and such licenses, approvals and permits had remained in full effect. The table below sets out the details of the valid material licenses and permits held by us as of the Latest Practicable Date.

No.	Name of License	Issuing Authority	Number of License	Grant Date	Validity Period
1 . .	Suzhou Notice of Road Testing for Intelligent Connected Vehicles (蘇州市智能網聯汽車道路測試通知書)	Suzhou Municipal Bureau of Industry and Information Technology Suzhou Public Security Bureau Suzhou Municipal Bureau of Transportation	No. 9 of 2025	October 2025	18 months
2 . .	Suzhou Notice of Demonstration Application for Intelligent Connected Vehicle (蘇州市智能網聯汽車示範應用通知書)	Suzhou Municipal Bureau of Industry and Information Technology Suzhou Public Security Bureau Suzhou Municipal Bureau of Transportation	No. 26 of 2025	December 2025	18 months
3 . .	Suzhou Notice of Road Testing for Intelligent Connected Vehicles (蘇州市智能網聯汽車道路測試通知書)	Suzhou Municipal Bureau of Industry and Information Technology Suzhou Public Security Bureau Suzhou Municipal Bureau of Transportation	No. 1 of 2026	January 2026	18 months
4 . .	Suzhou Notice of Demonstration Application for Intelligent Connected Vehicle (蘇州市智能網聯汽車示範應用通知書)	Suzhou Municipal Bureau of Industry and Information Technology Suzhou Public Security Bureau Suzhou Municipal Bureau of Transportation	No. 4 of 2026	March 2026	18 months
5 . .	Suzhou Notice of Road Testing for Intelligent Connected Vehicles (蘇州市智能網聯汽車道路測試通知書)	Suzhou Municipal Bureau of Industry and Information Technology Suzhou Public Security Bureau Suzhou Municipal Bureau of Transportation	No. 3 of 2026	March 2026	18 months

The above permits are typically issued for defined routes, areas, vehicle types and validity periods, and are subject to periodic renewal. Our ability to obtain new permits or renew or expand the scope of existing permits in a timely manner is subject to the approval process of relevant authorities and changes in applicable regulations and the regulatory environment, which involve uncertainties beyond our control. For further details, see "Risk Factors — Risks Relating to Our Business and Industry —We operate in a highly regulated and evolving industry, and any adverse regulatory changes, non-compliance or failure to obtain or maintain necessary approvals, licenses and permits in a timely manner may adversely affect our business."

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We may from time to time be subject to various legal or administrative claims and proceedings arising in the ordinary course of our business.

Litigation or any other legal or administrative proceeding, regardless of the outcome, is likely to result in substantial costs and diversion of our resources, including our management's time and attention. For potential impact of legal or administrative proceedings on us, see "Risk Factors — Risks Relating to Our Business and Industry — We may be subject to legal proceedings in the ordinary course of our business. If the outcomes of these proceedings are adverse to us, it could have a material adverse effect on our business, results of operations, and financial condition." and "— We may be subject to third-party claims on intellectual property which may incur liabilities including financial penalties or injunctions, resulting in significant cost and materially and adversely impact our business operations."

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not a party to any material legal, arbitral or administrative proceedings, and we were not aware of any pending or threatened legal, arbitral or administrative proceedings against us or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

Compliance

We are subject to various regulatory requirements and guidelines issued by the regulatory authorities in China. During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material noncompliance incidents that have led to fines, enforcement actions or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations. As advised by our PRC legal advisor, during the Track Record Period and up to the Latest Practicable Date, we had complied with the relevant laws and regulations in all material respects.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We strive to integrate social values into our business. We pay close attention to environmental, social and corporate governance ("**ESG**") matters and take actions in our day-to-day operations to maximize our impact. We are committed to utilizing our technologies and solutions to bring greener and safer driving experiences to drivers and passengers. Our commitment to all our stakeholders and the society serves as the foundation for our values. Since the inception of our operations, we have established various ESG initiatives to comprehensively improve our corporate governance and benefit the society.

ESG Governance

Our ESG governance framework consists of three aspects: the Board, the Audit Committee and the ESG Working Group in charge of implementing our ESG policies.

Our Board of Directors is ultimately responsible for overseeing ESG matters. They set ESG goals, approve policies and disclosures, and supervise ESG matters. The Audit Committee is the core decision-making and execution body of ESG matter. They formulate specific ESG strategic plan and targets, formulate policies and evaluate major ESG issues. To support these efforts, we've formed an ESG Work Group made up of team members from key departments like Capital Markets Department, Human Resources Department, Administration Department, and Software Engineering and Verification & Validation Department. This group helps manage ESG risks and opportunities, tracks performance, and prepares our annual ESG report, among others.

To effectively carry out ESG risk identification and risk monitoring, we have formulated the Comprehensive Risk Management Policy and the ESG Management Policy, which set forth the risk management system, risk assessment procedures, risk response mechanisms and ESG-specific risk evaluations. The Board is responsible for identifying ESG risks and opportunities that may have a significant impact on our operations, assessing their implications for our overall strategy, and supervising the implementation of ESG risk management measures. The Audit Committee is tasked with assessing ESG risks and opportunities, with support from the ESG Working Group, which assists in carrying out the evaluation process. Specifically, the ESG Working Group will collect ESG-related information to assist with identification of ESG risks, assess, monitor and manage ESG risks and opportunities in our day-to-day operations, and provide recommendations for response strategies based on the assessment results.

Compliance with Laws and Regulations

We are committed to complying with all applicable environmental, occupational safety, and employee protection laws and regulations in China, including the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), the Atmospheric Pollution Prevention and Control Law of the PRC (《中華人民共和國大氣污染防治法》),

To ensure compliance, we have established an internal management system and operating procedures to ensure compliance of relevant laws and regulations, such as emergency response plans and employee training programs. Our ESG Working Group conducts regular internal audits and coordinates with functional departments to ensure the proper implementation of these policies.

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any significant accident or claim for personal or property damage made by our employees. In addition, we have not incurred any significant capital expenditures or compliance costs related to ESG. We also do not expect to incur significant climate-related capital expenditures or compliance costs in the foreseeable future.

We may be subject to more stringent compliance requirements and may incur additional costs in the future if there is any change to the existing laws or regulations. See "Regulatory Overview" and "Risk Factors" for more details.

Environmental Protection

We are committed to environmental protection during our business operations, with a goal towards minimizing emissions and controlling resource usage.

Emissions

During our business operations, we strictly abide by the applicable laws and regulations such as the Water Pollution Prevention and Control Law of the PRC (《中華人民共和國水污染防治法》), the Atmospheric Pollution Prevention and Control Law of the PRC (《中華人民共和國大氣污染防治法》) and the Law of the PRC on Prevention and Control of Environmental Pollution by

Solid Waste (《中華人民共和國固體廢物污染環境防治法》). We attach great importance to the management of exhaust gas, waste water and harmless waste. We endeavor to ensure that all of our emission indicators meet national and local emission standards and effectively reduce adverse impacts on the environment.

Air emissions

The primary air pollutants emitted by us include particulate matter, sulfur dioxide and nitrogen oxides, which mainly originate from vehicle exhaust emissions during the product testing phase. We have implemented the following measures to manage air emissions:

- We have organized onboarding training and regular training for employees responsible for product testing to ensure that our employees understand and are familiar with the procedures and safety requirements of product testing, so as to avoid additional emissions caused by improper operation.

- We have selected new energy vehicles for vehicle testing to the extent feasible based on project needs. In support of our 2026 quantitative ESG goals, at the end of 2026, compared to the emission data from the fiscal year 2025, the total amount of air pollutants emission per million yuan of revenue is expected to decrease by 1%.

Waste water

The waste water generated by us is domestic sewage, which is discharged into the municipal sewage network system in accordance with the regulations of the local government.

Waste

The waste generated by us includes office and general living waste as well as food waste, and does not involve hazardous waste. We implement harmless disposal of non-hazardous waste.

We operate our business in a digitalized manner. We aim to integrate environmental protection concepts into corporate culture and take practical actions to reduce the generation of office and daily life waste. For instance, we encourage employees to use online systems for work and meetings as much as possible to reduce the consumption of paper and other office supplies.

We strictly comply with the applicable laws and regulations, such as the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》). The R&D and technical maintenance services of our data recording system and computer vision-assisted driving and parking systems (limited to no experimental exhaust gas, waste water or hazardous waste) and related management activities have been certified under the GB/T24001-2016/ISO14001:2015 Environmental Management System, evidencing that we have capabilities to provide products and services in accordance with established environmental protection standards and regulatory requirements.

Resource Usage

The resources used in our production process include fossil fuels, electricity, water resources and packaging materials. We have taken various measures to improve resource utilization efficiency as part of our business operations and in accordance with the applicable laws and regulations such as the Energy Conservation Law of the PRC (《中華人民共和國節約能源法》) and the Water Law of the PRC (《中華人民共和國水法》).

Fossil fuel consumption

The fossil fuel primarily consumed in our operations is gasoline. We seek to reduce our use of fossil fuel through the following measures:

- We plan to dispose of idle vehicles to reduce the use of gasoline-powered vehicles.
- We have selected new energy vehicles for vehicle testing to the extent feasible based on project needs.

Electricity consumption

We manage electricity consumption in accordance with the Electric Power Law of the PRC (《中華人民共和國電力法》). To further reduce electricity consumption, we have taken the following measures:

- We have prioritized the purchase of office equipment with high energy-saving ratings to minimize energy consumption to the extent possible.
- We regularly inspect office equipment to promptly identify and rectify improper electricity usage to reduce power loss.
- The lighting facilities in our office have been fully upgraded to LED energy-saving lamps, and we have assigned dedicated personnel to patrol and ensure that the lights are turned off after the employees have left the office area, thus avoiding the waste of electrical resources.

Water resource consumption

Our water consumption is mainly for office use and does not involve production water use. We promote water-saving awareness as a crucial part of our water conservation efforts. We post relevant slogans and posters in the office to highlight the importance of water conservation to employees, aiming to enhance the awareness among all staff.

Consumption of packaging materials

The packaging materials used by us include document bags and cardboard boxes. To effectively manage the consumption of packaging materials, we provide only the necessary packaging materials during the distribution of hardware accessories to avoid over-packaging of products. In support of our 2026 quantitative ESG goals, at the end of 2026, compared to the emission data from the fiscal year 2025, the intensity of total greenhouse gas emissions (Scope 1 and Scope 2) per million yuan of revenue is expected to decrease by 1%.

Environmental Indicators

We endeavor to achieve the goals of carbon peak and carbon neutrality. We continuously focus on environmental protection and strive to integrate sustainable concepts into our corporate activities and decision-making. To this end, we have established environmental protection indicators to quantitatively evaluate our efforts and achievements in environmental protection, and continuously monitor the impact of our operations on the environment. The table below sets forth the quantitative data of our environmental performance for 2023, 2024 and 2025.

	Category	unit	2023	2024	2025
Waste gas emission[1]	Nitrogen oxides (NOx)	kilogram	4.51	3.45	2.54
	Sulfur oxides (SOx)	kilogram	0.07	0.05	0.04
	Particulate Matter (PM)	kilogram	0.33	0.25	0.19
Total greenhouse gas (GHG) emissions and intensity[2] . .	Scope One – Direct Emissions	ton	11.31	8.13	6.94
	Scope Two – Indirect Energy Emissions	ton	350[3]	316	349
	Scope Three – Other Indirect Emissions	ton	67.14[3]	58.99	145.58[10]
	Total GHG emissions[4]	ton	428[3]	383	501[10]
	Intensity of total GHG emission	tons/million yuan[9]	1.99[3]	0.80	0.91
Waste	Non-hazardous Waste[5]	ton	1.9	2.7	7.6
	Intensity of Non-hazardous Waste	tons/million yuan[9]	0.01	0.01	0.01
Energy Consumption	Direct energy consumption[6] Gasoline	Liter	4,736.72	3,406.80	2,908.00
	Indirect energy consumption[7] Electricity Purchased	MWh	563.36	508.59	603.30[11]
	Total Direct Energy Consumption	MWh	45.91	33.02	28.18
	Total Indirect Energy Consumption	MWh	563.36	508.59	603.30
	Total energy consumption[8]	MWh	609.27	541.61	631.49
	Intensity of Total Energy Consumption	MWh/ million yuan[9]	2.83	1.14	1.15

Notes:

1. Our exhaust emissions mainly originate from vehicle emissions, with emission factors referenced from the Hong Kong Environmental Protection Department's Vehicle Emission Calculation Model.

2. To provide a more comprehensive overview of our greenhouse gas emissions, we have categorized them into the following three scopes according to the Guidelines for the Implementation of Climate-related Disclosure under the Environmental, Social, and Governance Framework of the Hong Kong Exchanges and Clearing.

   ➢ Scope 1 – direct emissions from sources that are owned or controlled by the issuer

- Scope 2 – "energy indirect" emissions resulting from the generation of purchased or acquired electricity, heating, cooling and steam consumed within the issuer
- Scope 3 – all other indirect emissions which are a consequence of our activities, but occur from sources not owned or controlled by the issuer.

3. The COVID-19 control measures ended in December 2022, and our employees resumed normal office work and business travel in 2023, leading to increased electricity usage in office spaces and more business trips.
4. The data on greenhouse gas emissions is presented in terms of carbon dioxide equivalents and refers to:
   - The Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report (AR6) (2023)
   - Ministry of Ecology and Environment of the People's Republic of China
5. Our non-hazardous waste can be categorized into office and general household waste, kitchen waste, etc.
6. We consume only gasoline as direct energy.
7. The indirect energy consumed by our company mainly takes the form of purchased electricity.
8. The total energy consumption is calculated based on the directly obtained energy consumption, indirect energy consumption, and the units and conversion factors listed in Annex III of the International Energy Agency's Energy Data Manual.
9. The intensity ratio is calculated using the total operating revenue during the reporting period as the indicator.
10. To further expand our sales business and strengthen customer cooperation, our employees made more business trips in 2025.
11. Due to our sales business growth in 2025, our purchased electricity increased in 2025.

Social Responsibility

We actively fulfill our social responsibilities by identifying and focusing on human resources management, occupational health and safety, supply chain management, product quality, business ethics and community activities.

Human Resources Management

We view employees as the most important asset of our company. We have been committed to creating an equal and inclusive work environment. We have also formulated and implemented a series of internal policies, such as the Employee Handbook and the Employee Benefits and Welfare Program, to ensure compliant and sound human resources management.

Employee rights and diversity

We are committed to creating an inclusive and diverse work environment where all employees are treated equally regardless of their race, religious beliefs, age, nationality, gender, sexual orientation, gender identity, marital status, disability, or any other background, and we respect the individual differences of our employees.

Ensuring employees' rights is an indispensable part of a fair and just workplace environment. We prohibit the employment of child labor, forced labor and human trafficking, and eliminate mental or physical coercion, sexual harassment, non-sexual harassment, and gender-based violence or verbal abuse. To enhance transparency and employee engagement, we track and analyze key workforce metrics including age and gender diversity. As of December 31, 2025, we had 174 male employees and 72 female employees. Among them, 82 employees were under 30 years old, 159 employees were aged between 30 and 45, and five employees were over 45 years old.

Employee training

We organize onboarding training for new employees to ensure that they fully understand our culture and policies. We are committed to helping employees to enhance their job skills through a variety of position-related training programs. We also encourage employees to participate in further education and obtain professional qualifications.

Employee care

To enhance employees' well-being and sense of belonging, we offer a variety of non-salary benefits. We actively assist employees from other regions in resolving issues related to children's education and housing allowances, and send gifts and souvenirs on holidays and employment anniversaries. We pay social insurance and housing provident fund for employees according to relevant regulations.

Occupational Health and Safety

We prioritize the health and safety of our employees. We provide them with occupational physical examinations before they start to work and organize health check-ups after they are on board. We strictly adhere to the applicable laws and regulations such as the Work Safety Law of the PRC (《中華人民共和國安全生產法》), the Fire Protection Law of the PRC (《中華人民共和國消防法》), the Data Security Law of the PRC (《中華人民共和國數據安全法》), and the Personal Information Protection Law (《中華人民共和國個人信息保護法》). In addition, the R&D and technical maintenance services of our data recording system and computer vision-assisted driving and parking systems (limited to no experimental exhaust gas, waste water or hazardous waste) and related management activities have been certified under the GB/T45001-2020/ISO 45001:2018 Occupational Health and Safety Management System. This evidences our compliance with occupational health and safety laws and regulations and our achievements in safeguarding the occupational health and safety of our employees.

Supply Chain Management

We recognize that supply chain management plays a critical role in the quality of our products. As such, we proactively establish long-term, stable collaborations with suppliers across various regions to ensure supply chain resilience. Our supply chain security management activities involved in the R&D and technical maintenance services of our data recording system and computer vision-assisted driving and parking systems (limited to no experimental exhaust gas, waste water or hazardous waste) have passed the ISO 28000:2022 Supply Chain Security Management System certification. This evidences that we have implemented adequate supply chain security measures and comply with relevant laws and regulations. To effectively manage our supply chain, we have adopted the Procurement Management Policy to regulate the processes of supplier screening, selection and evaluation.

- **Supplier Screening and Selection**: We have implemented a rigorous supplier screening procedure during the supplier onboarding phase in accordance with the Procurement Management Policy. We require suppliers to submit three certificates (i.e., Business License, Organization Code Certificate and Tax Registration Certificate) as well as environmental protection system certifications. We give priority to suppliers who have obtained environmental protection systems certifications, with an aim to promote environmental responsibility among our partners and jointly fulfill our social responsibilities. In addition, we enforce strict oversight in our supplier selection and management processes, ensuring that ESG factors are a key criterion. For new suppliers, we make specific requirements for ESG assessment, and these requirements aim to enhance overall ESG performance across the supply chain and achieve green, responsible procurement.

- **Supplier Evaluation**: We conduct regular assessments of our suppliers to ensure they consistently provide high-quality products and services.

Product Quality

Products are the cornerstone of our development. We strictly adhere to applicable laws and regulations, such as Product Quality Law of the PRC (《中華人民共和國產品質量法》), Advertising Law of the PRC (《中華人民共和國廣告法》), Trademark Law of the PRC (《中華人民共和國商標法》), and Guarding State Secrets Law of the PRC (《中華人民共和國保守國家秘密法》). We have established an internal management system to provide high-quality products and services and protect customer interest. The R&D and technical maintenance services of our vehicle automation data recording system and computer vision-assisted driving and parking systems have passed the GB/T19001-2016/ISO 9001:2015 quality management system certification, evidencing that the quality of such products and services satisfy the relevant standards.

We have adopted internal policies such as the R&D Project Management Policy and the Quality Management Policy to ensure that we follow the principle of "quality first" at every stage of product design and development. We have clearly defined the delivery standards in our contracts and standardized the internal procedures throughout the design, development and validation process to ensure product quality. We have designated teams that are responsible for software testing and vehicle simulation environment testing. All products will be delivered to the customers only after passing verification. We have also adopted Sales Management Policy, which clearly sets forth the procedures for handling customer complaints. We designate project manager to follow up on customer feedbacks with an aim to address customer requests swiftly and effectively.

Business Ethics

We strictly adhere to all applicable anti-corruption and anti-bribery laws and regulations. We have established a series of internal policies to prevent fraud, bribery and corruption, including the Policy on Reporting and Whistleblower Protection Regarding Fraud, Bribery and Corruption and the Employee Handbook.

We promote a corporate culture of integrity, honesty and transparency. The Board guides and oversees the management in establishing and implementing anti-fraud, anti-bribery and anti-corruption mechanism and maintaining effective internal controls to prevent ethical violations. We provide the management and employees with anti-bribery, anti-corruption and anti-fraud training sessions to raise awareness of business integrity and ensure compliance.

We have also established a whistleblower channel to allow all employees and external stakeholders to report suspected or actual misconduct. The Human Resources Department is in charge of handling and investigating whistleblower reports and forwarding them to the Legal Department. It also reports such investigations to the management, who in turn report findings and propose remediation plans to the Audit Committee.

Community Activities

We hold the belief that corporate development is closely linked to social responsibilities and calls for active fulfillment of such responsibilities. Our social responsibility management activities involved in the R&D and technical maintenance services of our vehicle automation data recording system and computer vision-assisted driving and parking systems (limited to no experimental exhaust gas, waste water or hazardous waste) have been certified under the GB/T39604-2020 Social Responsibility Management System. This demonstrates that we have integrated the concept of social responsibilities into our day-to-day business operations.

RISK MANAGEMENT AND INTERNAL CONTROL

We have devoted ourselves to establishing and maintaining risk management and internal control systems consisting of policies and procedures that we consider to be appropriate for our business operations, and we are dedicated to continuously improving these systems.

Financial Reporting Risk Management

We have in place a set of accounting policies in connection with our financial reporting risk management. We have various procedures in place to implement accounting policies, and our financial department reviews our management accounts based on such procedures. We also provide regular training to our finance department employees to ensure that they understand our financial management and accounting policies and implement them in our daily operations.

Legal Compliance Risk Management

We have established stringent internal procedures to ensure our operations are compliant with relevant laws and regulations. This includes streamlined management of licenses, permits, and renewals. Regular assessments are conducted to ensure that we can efficiently detect risks. Additionally, we stay updated on legal changes and regulatory interpretations, promptly adjusting our internal protocols to maintain compliance.

Internal Control Risk Management

We have designed and adopted strict internal procedures to ensure the compliance of our business operations with the relevant rules and regulations. Our compliance team works closely with our finance and business departments to: (a) perform risk assessments and advise risk management strategies; (b) improve business process efficiency and monitor internal control effectiveness; and (c) promote risk awareness throughout our Company. We maintain internal procedures to ensure that we have obtained all material requisite licenses, permits and approvals for our business operation, and our internal control team will review and monitor the status and effectiveness of those licenses and approvals. Our compliance team works with relevant business departments to obtain requisite governmental approvals or consents for filing with relevant government authorities.

Human Resources Risk Management

We provide regular and specialized training tailored to the needs of our employees in different departments. Through these trainings, we ensure that our staff's skill sets remain up-to-date and enable them to discover and meet our customers' needs. We have in place an employee handbook approved by our management and distributed to all our employees, which contains internal rules and guidelines regarding best commercial practice, work ethics, fraud prevention mechanism, negligence and corruption. We also provide employees with resources for explanation on guidelines contained in the employee handbook.

In addition, we have adopted a code of business conduct and ethics, and an anti-bribery and corruption policy approved by our board of directors, providing to our employees the best commercial practice and work ethics as well as our anti-bribery guidance and measures. We make our internal reporting channel open and available to our staff for any wrongdoing or misconduct. Reported incidents and persons will be investigated and appropriate measures will be taken in response to the findings.

Audit Committee Experience and Qualification and Board Oversight

We have established an audit committee to monitor the implementation of our risk management policies across our Company on an ongoing basis to ensure that our internal control system is effective in identifying, managing, and mitigating risks involved in our business operations. The audit committee consists of three members, namely Mr. Zhang Ning, Mr. Zhang Weidong and Dr. BIAN, NING, all being independent non-executive Directors. For the professional qualifications and experiences of the members of our audit committee, see "Directors and Senior Management — Board Committees."

We also maintain an internal audit department that is responsible for reviewing the effectiveness of internal controls and reporting to the audit committee on any issues identified. Our internal audit department holds regular meetings with the management to discuss any internal control issues we face and the corresponding measures to implement toward resolving such issues.

AWARDS AND RECOGNITIONS

During the Track Record Period, we received awards and recognition in respect of our products, technology and innovation. The following table sets out major awards and recognitions we received during the Track Record Period and up to the Latest Practicable Date:

Year	Award/Recognition	Awarding organization
2025 . .	Hurun Global Unicorn List of 2025 (2025年胡潤全球獨角獸榜)	Hurun Research Institute
2025 . .	"Little Giant" Enterprise Specialized in Niche and Innovative Fields (專精特新"小巨人"企業)	Ministry of Industry and Information Technology of the PRC
2025 . .	Key Enterprise in Artificial Intelligence Application in Suzhou (蘇州市人工智能應用重點企業)	Suzhou Development and Reform Commission, Suzhou Science and Technology Bureau, Suzhou Industry and Information Technology Bureau, and Suzhou Data Bureau
2025 . .	ISO28000:2022 Supply Chain Security Management System	China Federation of Logistics Certification Center
2025 . .	GB/T35770-2022/ISO37301:2021 Compliance Management System	China Federation of Logistics Certification Center
2024 . .	2024 Unicorn Enterprise of the Jiangsu Province (2024年江蘇省獨角獸企業)	The Productivity Promotion Center of Jiangsu Province
2024 . .	GB/T19001-2016/ISO9001:2015 Quality Management Systems	China Federation of Logistics Certification Center
2023 . .	ISO 9001:2015 Quality Management Systems	ACM (CHINA) LIMITED