
BUSINESS

OVERVIEW

Our mission

To become a personal assistant that perceives the physical world.

Our vision

To build a vibrant, fulfilling, fair and equitable platform for strivers that can be sustained for the long term.

Our values

To witness and share together.

Who we are

We are a PRC-based technology company specializing in vehicle smart imaging devices and the hardware, software and algorithm technologies that support these products. We apply our AIoT and visual algorithm capabilities to develop smart imaging solutions that broaden the functional scope of traditional imaging devices. Supported by our continued R&D investments, these technologies enhance imaging quality, safety-related functions and user experience, and contribute to the technical framework underlying our broader “mobile third space” ecosystem. These enhancements enable our devices to evolve beyond basic recording functions and provide ongoing functional improvements across different automotive, travel and lifestyle scenarios. According to Frost & Sullivan, in 2025 we ranked first in the global screenless vehicle smart imaging device market in terms of shipments with a market share of 7.0%, and we ranked second in the global vehicle smart imaging device market in terms of shipments with a market share of 4.9%, reflecting our established market presence and the scale of our global operations.

Our business model

We are primarily engaged in the R&D, manufacturing, and sales of vehicle smart imaging devices for automotive and travel scenarios, with dash cameras, which constitute our core type of vehicle smart imaging devices and are offered in a wide range of models under our DDPAI brand across different product series, being our major product category and the primary contributor to our revenue during the Track Record Period. In addition to dash cameras, our product portfolio also includes complementary in-vehicle products, such as 4G cloud boxes, smart car screens, and vehicle-mounted peripherals, which extend or enhance the usage of our core products. Besides, we offer customized dash cameras, rearview mirrors and smart car screens, and their printed circuit board assemblies (“PCBAs”) primarily to automobile manufacturers, and such products are offered under third-party brands (“**Third-Party Brand Products**”).

Our dash cameras enhance driving safety, record driving footage and travel moments, and support smart connectivity features that extend beyond traditional recording to form part of a broader “mobile third space” ecosystem. As components of this ecosystem, certain series of our dash cameras also incorporate AI-driven enhancements such as night-time image optimization and forward-collision warning and locking mechanism, and allow users to view, download and manage footage through our DDPAI App, and to access editing functions and share recorded content via cloud services.

We define product specifications based on user needs and market trends, and develop hardware, software and algorithm capabilities through our in-house R&D team. We maintain long-term relationships with suppliers of key components such as chips, sensors and lenses,

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and operate our own production facility in Dongguan, Guangdong Province (the “**Dongguan Facility**”), where we conduct major manufacturing processes including IQC, SMT, camera module focusing, DIP, assembly, aging and testing, as well as packaging.

We adopt a multi-channel sales model comprising (i) direct online sales through our self-operated stores on major e-commerce platforms and our direct-to-consumer (“**DTC**”) channels; (ii) online and offline distributors; and (iii) others, which mainly involve B2B sales of Third-Party Brand Products to automobile manufacturers.

Our market opportunities

The growth of our business is supported by the expansion of overseas markets, primarily in Asia (excluding Chinese mainland) and Europe, our R&D and innovation capabilities, our manufacturing capabilities of our Dongguan Facility, and our global sales network. According to Frost & Sullivan, the vehicle smart imaging device industry is expected to experience significant growth in our key overseas markets. Specifically, the market size in Asia (excluding Chinese mainland) is expected to expand from RMB6.1 billion in 2025 to RMB15.3 billion in 2030, representing a CAGR of 20.2%. Concurrently, the market size in Europe is projected to grow from RMB5.7 billion in 2025 to RMB8.9 billion in 2030, reflecting a CAGR of 9.3%. To capture these vast overseas market opportunities, our advanced Dongguan Facility provides a solid manufacturing foundation. Leveraging Dongguan Facility’s comprehensive supply chain ecosystem, we not only possess scalable manufacturing capabilities but also ensure that our products meet stringent international quality standards through rigorous measures, enabling us to swiftly respond to the growing order volume in overseas markets.

To facilitate the conversion of our production advantages into global market share, we have established a global sales network comprising online and offline channels which covers a wide range of overseas markets. We are advancing our global expansion strategy by developing a distribution and delivery framework and working with distributors and other overseas partners across multiple regions. This global sales network supports our ability to serve users in different countries and regions and to supply products in a timely manner.

With the growth of overseas markets, the advanced R&D and innovation capabilities, the production capabilities of our Dongguan Facility, and the geographical reach of our global sales network, we expect to continue expanding our presence in overseas markets.

Our financial performance

Our business achieved sound financial performance during the Track Record Period. For the years ended December 31, 2023 and 2024, our revenue was RMB394.5 million and RMB352.4 million, respectively. Such a slight decrease was primarily due to our strategic reduction in sales of low-margin Third-Party Brand Products in domestic markets. Our revenue subsequently experienced a significant increase of 35.0% to RMB475.6 million for the year ended December 31, 2025. This robust rebound was largely driven by the rapid expansion of our overseas sales. Specifically, our revenue generated from overseas markets increased significantly by 98.9% from RMB132.4 million for the year ended December 31, 2024 to RMB263.3 million for the year ended December 31, 2025. Commensurate with our continuous optimization of product mix and global expansion, our profitability improved steadily. For the years ended December 31, 2023, 2024, and 2025, our profit for the year was RMB18.6 million, RMB23.0 million, and RMB36.6 million, respectively, representing a strong CAGR of 40.2% from 2023 to 2025.

OUR STRENGTHS

We believe that the following are our competitive strengths which contribute to our success and position us for continued growth.

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Deep product innovation driving our leadership in the vehicle smart imaging device industry, underpinned by our insights into industry and technological evolution and global user feedback

The vehicle smart imaging device market in which we operate is in a phase of continuous and steady growth. According to Frost & Sullivan, the global market size for vehicle smart imaging devices is expected to expand rapidly from RMB31.6 billion in 2025 to RMB64.2 billion in 2030, representing a CAGR of 15.2%. According to Frost & Sullivan, in 2025 we ranked first in the global screenless vehicle smart imaging device market in terms of shipments with a market share of 7.0%, and we ranked second in the global vehicle smart imaging device market in terms of shipments with a market share of 4.9%, reflecting our established market presence and the scale of our global operations. Our leadership is attributable to our comprehensive full-stack system capabilities, as we provide vehicle smart imaging products and solutions covering chip-level hardware, edge-side software and algorithms, cloud connectivity and storage, as well as DDPAI App management and user experience. We also excel in user experience and services, understanding and analysis of user needs, product and technology design, component and whole-machine production, as well as component-level supply chain management and end-to-end quality control. This market position provides us with a stable business foundation. Based on user feedback from global channels and technological development trends, we continuously focus on the innovation and iteration of our products and technologies to better meet and surpass global consumer expectations, thereby reinforcing our industry-leading position.

Starting with our DDPAI brand, we pioneered the industry by upgrading a traditional vehicle safety video camera into a smart device with AIoT attributes which achieved video editing and sharing functions through our DDPAI App. We enhanced the video quality across various scenarios to facilitate user-generated content sharing, and provided system solutions on the user’s DDPAI Apps and camera devices, leading industry trends. To further enhance the in-cabin experience, we launched an Android-based in-vehicle version of our DDPAI App, allowing users to conveniently control our dash cameras via the vehicle’s large screen. Meanwhile, we introduced 4G-enabled accessories to realize functions such as remote vehicle access and real-time transmission of front-and-rear video footage to the user’s DDPAI App. We achieve full-link integration through the continuous development of device-side hardware, software, algorithms, cloud-based software, and the DDPAI App. This supports product development and iteration to meet the needs of global users. As of the Latest Practicable Date, our products had been sold to over 60 countries and regions globally, serving a cumulative total of over nine million end-users.

Leveraging our forward-looking product definition capabilities, technological advantages from vertical hardware-software integration, a replicable global operational model, and our continued focus on enhancing user experience, we have built significant differentiated advantages in the rapidly growing vehicle smart imaging device industry. These advantages not only grant us stronger product pricing power and brand recognition, but also allow us to accumulate robust financial strength, providing a solid foundation for our continuous investment in new technologies and the iteration of existing products. This, in turn, continuously consolidates our long-term sustainable development capabilities, core competitiveness, and resilience.

Deep dive into the underlying technologies of system-on-chip image processing pipelines and software systems to support scenario-based product demands through systematic platform innovation

We delve into underlying technology design to build the π Chips hardware platform, the π OS software platform, and the π Lens imaging platform. Our R&D process combines an integrated product development framework with agile development, through which we have formed a dual-engine strategy: technology-based platform development and iteration,

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alongside consumer demand-driven product innovation. This enables us to rapidly develop products that meet consumer needs while continuously enhancing user experience through underlying technological innovations.

The π Chips hardware platform integrates high-precision gyroscope and GPS positioning technologies, IPS power management technology, and π Link multi-camera connection technology. The π Lens imaging platform encompasses core technologies such as NightVIS night vision and AI ISP technologies. The π OS software platform includes fast discovery and access technology, simulated reality (“SR”) driving experience technology, edge-cloud combined algorithm deployment, and remote access notification technology. Through these underlying technological systems, we have transformed dash cameras into smart terminals integrating visual perception, intelligent analysis, high-definition recording, and data transmission. We have transformed the traditional dash cameras from “post-event evidence collection” to vehicle smart imaging products and solutions featuring a combination of “pre-event prevention, efficient recording and convenient usage.” Furthermore, through HD recording and smart editing and interactive functions, we have significantly enhanced the entertainment value and user experience of driving scenarios.

In terms of product design, our internal D2TOP (DDPAI Design Think of Philosophy) industrial design team creates differentiated products based on the installation environment, product philosophy, user-centric considerations, and user experience. A number of our products have won the iF Design Award and the Red Dot Award, including the DDPAI MINI 3 and DDPAI X3 Pro (Red Dot Award, 2018), DDPAI MINI 5 (iF Design Award, 2021), and DDPAI RANGER M1 (iF Design Award, 2025).

Supported by our solid technological accumulation and innovation achievements, we have been recognized as a High-Tech Enterprise (高新技術企業) and a National-Level Specialized, Sophisticated, Distinctive and Innovative “Little Giant” Enterprise (國家級專精特新“小巨人”企業). As of the Latest Practicable Date, we had obtained 104 authorized and valid patents in China, including 28 invention patents, and had 12 pending invention patent applications.

Building an “edge-cloud integrated” system architecture to support global user and device connectivity services

We deeply integrate edge computing, cloud computing and storage, data management, and DDPAI App interaction and editing functions to form a cross-platform π OS system covering various devices, cloud computing and storage services, and mobile operating systems (“OS”). This satisfies the user’s needs for device management, data management, and privacy protection, and supports the flexible deployment of different functional requirements on the edge, cloud, and DDPAI Apps across various regions and countries.

The edge side primarily achieves the fusion of multiple sensors (such as visual sensors, acceleration sensors, radar sensors, and audio sensors), as well as local real-time computational processing, encoding, storage, and transmission of sensor data. The cloud side handles the processing, categorized storage, and refinement of device data, user data, and video streams. The DDPAI App side mainly facilitates customer-side function settings and display, as well as local video editing on the phone. Through the framework of these systems, we provide services such as video event push notifications, remote device video preview and playback, one-click generation of travel albums, and Vlog templates and editing for video content.

As cloud-based AI capabilities continue to strengthen, the upgrading of the cloud functions of the aforementioned systems will enable continuous iteration and upgrading of the user experience through the empowerment of edge devices by local video data, cloud AI video editing tools, and large AI models. This lays a solid foundation for the future development of AI Agents.

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Globalized branding driving value growth and omni-channel marketing building competitive barriers

Adhering to our corporate value of “to witness and share together”, we closely align with the user preferences across different regions and countries. Through continuous enhancement of product competitiveness, establishment of sales channels and retail networks, and the construction of user marketing platforms together with direct user feedback and service channels, we constantly deepen our direct connection and communication with users, with the aim of building a globally trusted brand.

In terms of sales channels, as of the Latest Practicable Date, our products had been sold in over 60 countries and regions, with broad online and offline channel coverage. Regarding sales channel construction, we utilize our DTC channels as a bridge for direct communication with users and a corporate window for sales and user services. Concurrently, we establish sales channel partnerships on a country or region basis, build integrated online and offline distribution and retail networks, and directly operate local e-commerce channels in certain key markets. We also build a user marketing and after-sales service system. We maintain a strong market share in regions including Chinese mainland and Asia (excluding Chinese mainland). During the Track Record Period, the revenue from our overseas markets achieved a CAGR of 74.9% from 2023 to 2025, and the revenue contribution from overseas markets continuously increased, exceeding 50% of our total revenue in 2025.

Visionary and pragmatic core management team and a strong talent engine driving innovation

We highly value talent and adhere to a people-oriented philosophy. Through years of development and accumulation, we have built a core management team with top-tier industry backgrounds, full-link practical experience, high stability, and strategic alignment. We have also established a comprehensive backbone system and knowledge base spanning technology, marketing, supply chain, finance, and operations.

In terms of talent deployment, we have gathered product, management, R&D, and marketing professionals in Shenzhen; supply chain, engineering, and production line professionals in Dongguan; and established a global user service organization in Guilin. Our core team members all hold bachelor’s degrees or above, with approximately 10 years of experience in relevant fields at well-known enterprises. The core technical team covers areas including upper-layer chip application development, underlying chip driver development, algorithm development, as well as software and hardware architecture design.

We have established an employee development path featuring parallel professional and management tracks. Through training programs, share incentive schemes and a talent pipeline model, we support employee growth and help ensure business continuity. This design not only guarantees the stability and continuity of critical operations in the event of personnel changes but also fosters a highly efficient collaborative ecosystem of orderly internal competition, laying a solid talent foundation for our sustainable development.

OUR STRATEGIES

We plan to further strengthen our leading position by implementing the following business strategies.

Continuously penetrate the vehicle-centric “mobile third space” mobility market, build a global brand and growth flywheel, and accelerate global market expansion

We will continue to invest in AI technologies, particularly in areas such as system self-learning and scenario comprehension. Our product and market strategies have always been rooted in deep insights into the evolution of the “human-vehicle relationship”. We

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recognize that vehicles are evolving from mere transportation tools into a “mobile third space”, which has driven a fundamental shift in user demands for mobility imaging from single-purpose safety recording to broader scenario-based recording and enhanced creative expression. Based on this, we have pioneered and focused on the category of “AI mobility cameras” and built a clear product iteration roadmap and ecosystem expansion strategy around it.

By focusing on the vehicle-related “mobile third space” mobility market of nearly 1.7 billion vehicles and implementing a strategy centered on evolving customer needs, we aim to become a leading player in the global vehicle smart imaging market.

We are committed to establishing a global market presence to systematically develop strategic international markets and deepen our penetration in key overseas regions such as Europe and North America, driving sustainable growth in brand value and market share. Our strategy clearly focuses on the consumption upgrade opportunities in the existing automotive market, achieving replicable and scalable global growth through mature localized operations and a clear sales channel strategy.

On the logistics front, we are committed to building a highly resilient and integrated global fulfillment network. By strategically optimizing our cross-border logistics infrastructure and expanding our multi-regional warehousing footprint, we aim to achieve seamless localized inventory management, minimize transit time, and improve the delivery experience and satisfaction for our global users.

Pioneer AI mobility cameras and define mobility smart agents

Regarding AI mobility cameras, we will continue to deepen our AI-based smart imaging capabilities, focusing on the R&D of edge-based lightweight large models and multi-modal perception technologies. These developments aim to achieve more accurate understanding of complex and dynamic pan-mobility scenarios. Furthermore, we will continue to develop smart fusion and synchronization technologies for multiple cameras. By temporally and spatially aligning and deeply integrating the data streams from dash cameras and other devices, we can generate a more immersive and informative multi-view complete narrative for users. The breakthrough in this technology will revolutionize the user’s “post-event editing” capabilities, laying a solid foundation for generating high-quality short travel videos through cloud-based AI tools.

Building upon these technological capabilities and synergies realized through our underlying protocols and AI capability layer, we intend to further deepen our overall product ecosystem strategy. We plan to build a broader smart mobility ecosystem platform encompassing in-vehicle recording, pan-mobility scenarios, intelligent interactions, and lifestyle extensions. Furthermore, we will explore brand-new product categories, such as proactive AI Agents that integrate robotic form factors with large models. Leveraging the prevailing trends of vehicle intelligence, connectivity, and the diversification of mobility consumption, we are committed to transforming from pure hardware sales to the development of a smart mobility ecosystem, an expansion from in-vehicle scenarios to pan-mobility coverage, and an evolution towards AI-driven interactive services.

We will continue to strengthen brand awareness and user mindshare in the incremental vehicle smart imaging device market, providing users with richer moment-capture capabilities documentation and flexible creation experiences that cannot be achieved by factory-installed systems. We will systematically build a “smart vehicle life” imaging ecosystem covering hardware, software, and services through our flagship product platform. The next-generation flagship product we plan to launch will not only represent the culmination of the aforementioned technologies, but will also serve as the core hub for ecosystem construction. It is designed to intelligently understand the user’s intentions across a wide range of mobility scenarios, from static to dynamic, providing a seamless and

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uninterrupted smart imaging experience throughout the user’s entire journey and enabling smooth access to professional imaging capabilities. Starting with this product, we will systematically introduce synergistic scenario-based accessories and cloud-based value-added services covering a broader mobility lifecycle.

Build a closed-loop growth model integrating hardware ecosystems and digital services

To break through the traditional hardware growth model, we will systematically construct a “smart vehicle life” imaging ecosystem commercialization closed loop centered on AI mobility cameras. Driven by the dual engines of high value-added hardware and digital services, we aim to achieve the transition from a product manufacturer to a platform-based ecological enterprise.

We intend to strengthen our hardware ecosystem and expand the lifetime value we deliver to users. We will center on our flagship products and vertically extend experience in different application scenarios. By meticulously designing highly synergistic official accessories, we provide users with complete scenario-based solutions. This model aims to meet nuanced demands across all scenarios, enhance the total lifetime value of users, and strengthen ecosystem stickiness.

We plan to develop digital services and generate recurring revenue. Based on massive imaging data and AI capabilities, we will build a diversified digital service subscription system, transitioning from selling “functions” to providing “continuous services,” such as (i) smart content services: providing AI-auto-generated travel albums, Vlog templates, and digital footprint maps; (ii) data and security services: developing driving behavior analysis reports, fleet management platforms, and remote detection and early warning of vehicle status; and (iii) exclusive member experiences: establishing a tiered membership system to provide cloud storage upgrades, advanced tools, and insurance benefits.

These services will create stable, recurring revenue, reducing the sales fluctuations due to hardware sales and delivering more resilient financial performance. We will foster mutual promotion between hardware and digital services. Hardware serves as the user traffic attraction point for digital services, while digital services enhance hardware value and user stickiness. This forms a reinforcing growth model, which in turn iterates AI and drives our Company to achieve sustainable, high-value growth.

Build a global customer service and management system

We are committed to building a global market layout centered on customer service and management. By directly engaging with global users through our online platforms and offline channels, we establish deep user connections and brand loyalty. We will continue to invest in the technological upgrades and localized operations of these user platforms. Specifically, we aim to establish a customer-centric operational cycle by collecting and responding to user feedback, rapidly iterating and modifying our offerings based on such insights, and continuously improving our overall product and service quality across all dimensions, complemented by AI-powered personalized recommendation systems to provide tailored support.

Concurrently, we will rapidly replicate the customer service and user operation model that has proven successful in the PRC market, characterized by highly responsive customer care, profound user insight accumulation, and ecosystem service bundling, to other regions globally, achieving efficient, scalable, and high-quality global growth. Through this comprehensive customer management system, we can directly capture real-time user needs and experiential feedback, which feeds back into the optimization of our edge-based AI algorithms and cloud-based creation services, continuously reinforcing the brand mindshare that “smart vehicle life” imaging equals DDPAI.

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Through our comprehensive customer service and management system, we will further strengthen our brand competitiveness, deepen user loyalty, and establish DDPAI’s leadership position as the preferred brand for AI mobility cameras in the global competition for the “mobile third space” in the smart vehicle era. Specifically, by enhancing our full-lifecycle user support and intelligent service operations, we aim to transform user satisfaction into long-term brand value, thereby driving sustainable business growth and strengthening our market resilience.

OUR PRODUCTS

Our products primarily consist of vehicle smart imaging devices designed for automotive and travel scenarios. We apply our AIoT and visual algorithm capabilities to develop smart imaging solutions that broaden the functional scope of traditional imaging devices. Supported by our continued R&D investments, these technologies enhance imaging quality, safety-related functions and user convenience, and contribute to the technical framework underlying our broader “mobile third space” ecosystem. Within this framework, our products are designed to support software-enabled enhancements and connected functions, allowing certain models to incorporate AI-driven features such as night-time image optimization, forward-collision warning and locking mechanism, which proactively alerts drivers and secures footage prior to an anticipated impact. These capabilities enable our devices to evolve beyond basic recording functions and provide ongoing functional improvements across different automotive, travel and lifestyle scenarios.

We have two primary product segments: (i) dash cameras, and (ii) others which comprise complementary in-vehicle products that extend or enhance the usage of our core products and Third-Party Brand Products.

Dash cameras are our core product category and are offered across seven main series, namely, the MINI, Z, N, X, A, K and E series, of which the MINI, Z, and N series are our key product series. These main product series share a suite of core smart imaging and recording features (“**Core Smart Imaging and Recording Features**”), including:

- high-definition recording, supporting resolutions up to 4K to capture precise on-road details, with such capability extending to the front cameras in dual-lens models;
- NightVIS night-time image enhancement, our low-light processing technology based on AI image signal processing technology (“**AI ISP**”) that improves image clarity in dark or high-contrast environments;
- built-in dual storage, comprising an embedded multi-media card (“**eMMC**”) and a microSD card, providing a more secure and stable storage path and enhancing storage safety in the collision locking mechanism;
- optional 4G cloud connectivity, enabling remote real-time preview, event trigger notifications, remote in-car intercom, remote assisted vehicle positioning and searching, and cloud video access;
- SR driving experience function, a feature that we first brought to the dash-camera segment in 2018 according to Frost & Sullivan, utilizing built-in sensors to capture real-time dynamic vehicle data, which is graphically rendered and synchronized as a virtual dashboard overlaid onto the recorded footage through our algorithms, providing users with an immersive, race-game-like visual experience;

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- high dynamic range (“**HDR**”) and wide dynamic range (“**WDR**”) imaging technologies, enhancing dynamic range performance to reduce glare, preserve highlight and shadow details, and improve image clarity in high-contrast environments such as tunnels, night driving, or backlighting;
- one-click snapshot function implemented through our Bluetooth accessories; and
- G-sensor collision locking, an automatic event-recording mechanism triggered by sudden impacts or rapid vehicle acceleration.

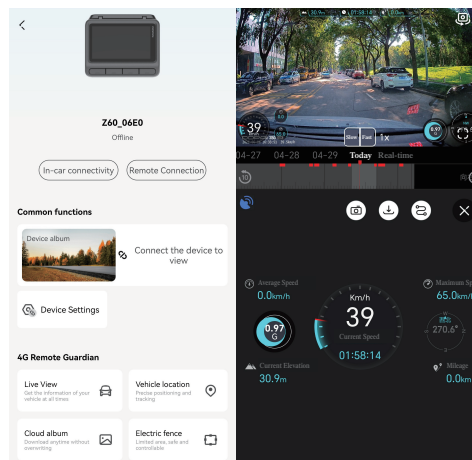
While sharing these core features, each series is distinguished by its industrial design, hardware specifications, and target market positioning. Beyond product-level features, our dash cameras function as key devices within the “mobile third space” ecosystem. They comply with global regulatory standards and integrate with in-vehicle systems or IoT-enabled devices to support real-time recording, event-based detection, and cloud-connected video services.

The others product segment mainly includes:

- 4G cloud boxes, for enabling cellular connectivity and cloud-based video services;
- smart car screens, for infotainment and driving-related visual interfaces;
- vehicle-mounted peripherals, for extending device installation and functional integration; and
- Third-Party Brand Products.

During the Track Record Period, our others product portfolio also included a small number of outdoor, action and home-use smart imaging devices.

We integrate our products with our DDPAI App, enabling users to access, view, download, and share real-time and recorded video footage on their smartphones. The DDPAI App provides cloud connectivity, remote live streaming, playback management, and user-friendly interfaces across iOS and Android devices.



The following table sets forth the revenue, sales volumes and average selling price of our products by product segment for the periods indicated:

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	Year ended December 31,								
	2023			2024			2025		
		Sales	Average		Sales	Average		Sales	Average
	Revenue	volume	selling	Revenue	volume	selling	Revenue	volume	selling
	<i>RMB'000</i>	<i>Unit'000</i>	<i>RMB/Unit</i>	<i>RMB'000</i>	<i>Unit'000</i>	<i>RMB/Unit</i>	<i>RMB'000</i>	<i>Unit'000</i>	<i>RMB/Unit</i>
Dash cameras	273,300	1,084	252.2	260,085	995	261.4	376,547	1,239	303.9
Others	121,163	1,566	77.4	92,308	1,338	69.0	99,057	1,760	56.3
Total	394,463	2,650	148.9	352,393	2,333	151.0	475,604	2,999	158.6

For further details, see “Financial Information – Description of major components in our consolidated statements of comprehensive income – Revenue – Revenue by product category.”

Dash cameras

Our dash cameras under our DDPAI brand are organized into seven main series designed to address different user preferences and scenarios in driving safety, daily commuting and in-vehicle video recording and content creation.

MINI series

The MINI series is our compact flagship line, with prices ranging from RMB110 to RMB840. It is designed for fashionable appearance, everyday urban use, featuring a minimalist, screenless and ultra-small form factor that reduces obstruction to the driver’s view while delivering stable recording performance. This series is particularly suitable for users who prioritize concealed installation and frequent DDPAI App interaction, and reliable performance in various urban environments. As one of our best-selling products, this series occupies a significant market share in the screenless category.

As one of our best-selling products on major e-commerce platforms, the series appeals to cost-conscious consumers seeking reliable and easy-to-use protection, with an established market presence in the screenless segment and consistently positive user feedback on stability, night-time performance, and ease of use.



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MINI 7

Z series

The Z series is our versatile mid-to-high-end dash camera line, with prices ranging from RMB250 to RMB2,500. It is designed for users who require on-device playback, multi-angle coverage and enhanced driving-assistance capabilities, featuring built-in two- to three-inch screens and flexible multi-channel configurations.

In addition to the Core Smart Imaging and Recording Features, the Z series incorporates a set of advanced imaging, safety and connectivity functions designed for family, long-distance and professional driving scenarios. These include:

- three-channel and four-channel recording, supporting front and rear cameras and optional interior or side-view camera modules to enable synchronized multi-angle recording, providing broader visual coverage for complex road conditions and vehicles with multiple users;
- π Link wireless connectivity, which enables patented direct synchronization and data transfer among the devices through our low-latency wireless communication protocol;
- full-function ADAS alerts, offering forward-collision warnings, lane-departure alerts and other driving-assistance notifications to support safer long-distance travel;
- AI-enhanced imaging and interaction, leveraging dedicated processing chips and large-model algorithms to support real-time scene recognition, improved exposure and dynamic-range control, and more accurate ADAS alerts, while also enabling voice interaction for recording, capturing and switching views; and
- efficient encoding with support for up to 512GB storage, enabling extended recording duration and reduced file size without compromising image quality, particularly suitable for long-distance driving and high-resolution footage.

These advanced features make the Z series suitable for family users, long-distance drivers and professional fleets that require comprehensive coverage, on-device playback and enhanced driving-assistance capabilities.

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N series

The N series is our global-oriented dual-channel dash camera line, with prices ranging from RMB170 to RMB1,150. In addition to the Core Smart Imaging and Recording Features, the N series supports bidirectional radar assisted parking monitoring that detects nearby movement when the vehicle is parked, together with AI-based anomaly detection that identifies unusual activity to trigger event recording in both daytime and night-time conditions. The series also utilizes our NightVIS enhancement to improve brightness and detail in low-light environments such as underground garages or nighttime street parking. The N series also supports three-channel and four-channel recording configurations, featuring front and rear cameras with optional cabin or side-view camera modules to achieve synchronized multi-angle recording, providing broader visual coverage for complex road conditions and multi-user vehicles.

Designed for international markets, the series includes a rich portfolio of models and a comprehensive sub-product matrix catered to the localized needs of different consumer segments across different countries, featuring specialized features such as multi-language support and adaptability to extreme environments.



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N5

X series

The X series is our performance-oriented dual-lens dash camera line, with prices ranging from RMB1,050 to RMB2,599. It is designed for high-speed, high-vibration and rugged driving conditions, featuring reinforced structural design to improve vibration and impact resistance, fast-response imaging systems, SR functionality across the entire series and enhanced durability for demanding environments.

In addition to the Core Smart Imaging and Recording Features, the X series provides the full-function ADAS alerts and optional 4G connectivity and incorporates a set of performance-driven imaging, durability and safety functions tailored for enthusiasts and professional drivers.

These performance-enhanced features make the X series particularly suitable for automotive enthusiasts and professional users who require stable recording, rapid response and durable operation under high-speed or rugged driving conditions.



X5

A series

The A series is our Chinese mainland market focused front-facing dash camera line, with prices ranging from RMB359 to RMB899. In addition to the Core Smart Imaging and Recording Features, the A series incorporates parking monitoring that records activity when the vehicle is stationary, together with emergent hard-brake recording that captures sudden braking events. Designed for urban and budget-conscious users, the A series provides essential driving and parking coverage in a compact and cost-efficient configuration.

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K series

The K series is our front-facing dash camera line focused on enhanced night-time visibility, ADAS and bidirectional radar assisted parking monitoring, with prices ranging from RMB420 to RMB770. In addition to the Core Smart Imaging and Recording Features, the K series satisfies specific seamless design-alignment and integration requirements by offering various form factors tailored to specific vehicle models. We have launched products with specific form factors, achieving compatibility with over 500 different vehicle models.

E series

The E series is our dash cameras in the format of rearview mirrors, with prices ranging from RMB250 to RMB500, featuring a 9.35-inch high-resolution digital display and integrated front and rear cameras. This design provides a wider field of view, reduces glare and blind spots, and delivers clearer real-time rear visibility for safer driving and easier reversing.

The E series supports touch controls and dual recording, enabling simultaneous front 1600P and rear 1080P video capture.

It also provides low-latency streaming for smooth and sharp images, AI-based ISP enhancement to improve image quality in low-light conditions, vehicle reversing assistance lines and 24-hour parking monitoring.



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Others

The products under this segment primarily serve as complementary hardware to our dash camera portfolio. Some of them are designed to extend the application of our AI-enabled recording and monitoring capabilities by supporting connectivity, display, installation and scenario-specific usage across different vehicle types, riding environments and in-vehicle interfaces.

4G cloud boxes

Our 4G cloud box is a 4G LTE connectivity device, with prices ranging from RMB190 to RMB580. It provides network access for compatible dash cameras, including the MINI, N, Z, and X series, enabling these devices to operate with continuous network access.

With 4G interconnection, our dash cameras support advanced functions including parking-mode sentry monitoring, remote two-way voice communication, and remote configuration, as well as specific capabilities that remain active even in the sleep mode—such as user-initiated remote vehicle viewing, remote collision warnings, cloud-based content storage, and real-time notifications when the vehicle is entered, moved, or leaves its parking location—thereby overcoming the limitations of traditional offline-only devices. The 4G cloud box also connects with our π Link multi-device networking system to support seamless data transmission and multi-view monitoring across connected devices, aligning with our long-term vision of building a “mobile third space” ecosystem.



4G cloud box

Smart car screens

Our smart car screens, with prices ranging from RMB1,699 to RMB2,599, integrate high-resolution IPS touchscreens equipped with wireless screen mirroring technology, enabling seamless navigation, media playback, voice assistant, and real-time synchronization with dash cameras for viewing footage directly on the device. This product strengthens the linkage between dash camera recording and in-vehicle infotainment, positioning it as a complementary upgrade for users seeking a more connected and fluent cockpit experience.

These screens support multiple features including Bluetooth connection, WiFi wireless display, 4G LTE, and GPS. They also feature durable anti-glare coatings, energy-efficient processors, and plug-and-play installation.

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Smart car screens

Vehicle-mounted peripherals

Our vehicle-mounted peripherals, with prices ranging from RMB25 to RMB500 depending on type and specifications, include essential add-ons such as step-down cables, car chargers, rear cameras and high-endurance microSD cards, all designed to support stable dash camera operation, enable 24/7 parking-mode recording, and provide safe and seamless power and data integration without affecting vehicle installation or appearance.

Third-Party Brand Products

While continuing to develop our DDPAI brand, we also provide dash cameras, smart car screens, and their PCBAs to primarily automobile manufacturers under their third-party brands. We collaborate with them on product development or manufacture products based on their specifications and design requirements.

RESEARCH AND DEVELOPMENT

We have established a talent structure combining industry experts and technical specialists, fostering an innovative and collaborative R&D environment. We allocate R&D resources with a long-term growth orientation, focusing on technologies and application scenarios with significant growth potential.

Our R&D department comprises four primary divisions: two product development teams, a platform development team, and a project management team. The platform development team specifically encompass the development teams for π Chips hardware platform, π OS software platform, and π Lens imaging platform, alongside support personnel responsible for product structure and packaging design. These divisions collectively drive the integration of core technologies with the end-user applications. As of December 31, 2025, our R&D department comprised 102 employees, with over 80% holding a bachelor’s degree or above. We have made, and will continue to make substantial R&D investments to support our long-term development. For the years ended December 31, 2023, 2024 and 2025, our R&D expenses were RMB31.6 million, RMB26.9 million, and RMB32.1 million respectively, accounting for 8.0%, 7.6%, and 6.8% of our total revenue for the respective years.

Our core R&D platforms

Our three core technology platforms, namely π Chips hardware platform, π OS software platform, and π Lens imaging platform, collectively constitute the technological foundation of our products, establishing a tripartite complementary infrastructure that integrates hardware driving, software intelligence, and image optimization. Driven by market insights

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and evolving product roadmaps, our individual product lines act as the demand-driven initiators to propose specific product requirements, to which our three technology platforms respond in a highly coordinated manner. By leveraging the cross-platform reusability and standardized capabilities of these technology platforms, we expect to accelerate our next-generation product development cycles, thereby achieving efficient commercialization and scalable deployment of our technological advancements.

π Chips hardware platform

Our π Chips hardware platform is our edge side hardware driver platform encompassing both the chip hardware layer and the board support package (“BSP”) software layer, providing the underlying hardware support and driver capabilities for our entire series of smart dashcameras, complementary in-vehicle products and Third-Party Brand Products. Driven by our core strategies of component normalization, hardware platformization, and BSP standardization, the π Chips hardware platform integrates multiple generations of chip architectures to enhance compatibility and supply chain flexibility, serving as the end-to-end technical foundation spanning from initial chip selection to final PCBA delivery to optimize our PCBA development efficiency and product quality. The architectural design of our π Chips hardware platform is to deliver significant operational and technological efficiencies, enabling us to: (i) reduce R&D resource allocation and accelerate development cycles for new product PCBAs through platformization and component normalization; (ii) ensure driver stability and consistency under a standardized BSP framework, thereby minimizing underlying firmware and driver-level defects; (iii) lower raw material costs and inventory management risks through component normalization, thereby strengthening our economies of scale in procurement; and (iv) facilitate continuous technical accumulation and implementation of next-generation chip technologies.

π OS software platform

Our π OS software platform is our edge-cloud cross-platform software platform encompassing three distinct functional layers across the DDPAI App side, the cloud side, and the edge side, establishing an integrated edge-cloud software technology middleware that serves as the core software engine driving the intelligence of our products. The core architectural design of our π OS software platform is intended to utilize AI Agents as the central runtime environment across all three modalities, which are designed to invoke underlying hardware and software capabilities through standardized command-line interfaces (“CLI”) and to facilitate direct cross-modality communication and collaborative computing among the respective agents via our proprietary agent-to-agent protocol.

Our π OS software platform is designed to help us to achieve end-to-end multi-modal data processing and digital service delivery across our entire product ecosystem, where: (i) the edge side primarily achieves the fusion of multiple sensors (such as visual, acceleration, radar, and audio sensors), as well as local real-time processing, encoding, storage, and transmission of multi-modal sensor data under low-power and hard real-time operating conditions; (ii) the cloud side runs multiple service agents designated to handle dedicated business functions including user operations, consumer services, data analytics, and over-the-air (“OTA”) firmware distribution, systematically processing, categorically storing, and refining device data, user data, and video streams while leveraging AI models for efficient resource allocation and task coordination; (iii) the DDPAI App side mainly facilitates customer-side function settings and display, remote hardware control, high-speed video previews, as well as local video editing on the mobile phone; and (iv) through the cross-layer orchestration and system-level collaboration of these edge, cloud, and application frameworks, we provide terminal users with stable and low-latency digital services, including real-time video event push notifications, remote device video preview and playback, one-click automated generation of travel albums, and customized Vlog templates and advanced editing workflows for high-volume video content.

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π Lens imaging platform

Our π Lens imaging platform is our image processing platform responsible for the end-to-end development and delivery of camera modules, encompassing full-stack capabilities such as optical design, camera module development, ISP tuning, and image quality optimization. Driven by our core strategies of lens normalization, development platformization, and process standardization, the platform serves as the core technical safeguard for the imaging competitiveness of our automotive vision products. Supported by this foundational framework, we have successfully developed several core technologies, including our NightVIS night-time image enhancement and AI-enhanced imaging and interactive features.

Our π Lens imaging platform is designed to deliver significant operational and technological efficiencies, enabling us to: (i) significantly shorten the development cycles for new lens solutions through lens normalization and development platformization; (ii) ensure the stable and controllable delivery quality of camera modules by leveraging standardized development workflows and platform-based tools; (iii) lower procurement and inventory management costs through component normalization while minimizing redundant development investments via platformization; and (iv) drive continuous technical breakthroughs in advanced imaging domains, such as ultra-high-definition and low-light imaging, thereby accelerating the commercialization of our technological advantages across our product pipelines.

Our R&D process

We have established a systematic R&D process to align product development with market demand, technological trends and our strategic objectives. Our R&D process covers the entire lifecycle of R&D projects from initial concept to mass production, with rigorous quality control and efficient resource allocation at each stage. The key stages of our R&D projects are as follows:

- **Market analysis and initial concept.** We conduct comprehensive market research and technology trend analysis to form initial product concepts, and assess technical feasibility, commercial value and resource requirements to ensure R&D direction aligns with market demand.
- **R&D planning.** Based on the initial concept, we refine product specifications, including functional and performance targets, and formulate detailed development plans, covering timelines, milestones, resource allocation, risk management as well as business and marketing strategies to guide subsequent stages.
- **Design and development.** We conduct detailed product design, considering testability, manufacturability, maintainability and reliability to ensure robust product architecture.
- **Product testing and validation.** We conduct small-batch pilot production for massive manufacturability verification, followed by system verification, certification and benchmark testing and beta testing. Final product specifications are confirmed upon successful completion of testing.
- **Product launch.** We coordinate cross-functional teams, including marketing, manufacturing, supply chain and sales, to support the market introduction of new products.

We have achieved a series of technological advancements in vehicle smart imaging devices, including AIoT, visual algorithms, chip design and product engineering, enabling us to deliver high-performance and reliable products to global customers. Leveraging our

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in-depth secondary development capabilities at the chip level, we have built a product platform integrating chip-level, module-level and algorithm-level development, with core strengths in signal processing and underlying algorithms based on high-performance system-on-chip chips. Our independently developed AI technologies, including machine learning and edge computing, have been successfully applied in scenarios such as ADAS alerts, DMS and AI ISP night-time image enhancement. These technological achievements not only underpin our current product offerings but also position us to capture emerging opportunities in the intelligent travel and next-generation in-vehicle electronic applications, in line with our strategic direction of “mobile third space” ecosystem.

PRODUCTION

Planning and execution process

Our commercial department provides sales forecasts, and our planning department conducts raw material analysis based on the forecasts to form a production scheduling plan, under which our annual designed production capacity is determined by the required labor inputs. Our procurement department then verifies raw materials with suppliers. Based on supplier feedback, weekly and daily plans are formulated and implemented. Our production department monitors real-time data related to quality control and production efficiency. Upon completion of production, shipping data is compiled by the production department and provided to the commercial department for logistics arrangements with the support of our manufacturing execution system (“MES”).

Production flow

Our intelligent manufacturing process is carried out through an automated and integrated production flow covering incoming quality control (“IQC”), SMT, camera module focusing, DIP, assembly, aging and testing, as well as packaging. The process is supported by our MES for production flow tracking and traceability, together with enterprise resource planning (“ERP”) and other internal systems for coordination. The following table sets forth our main process of production:

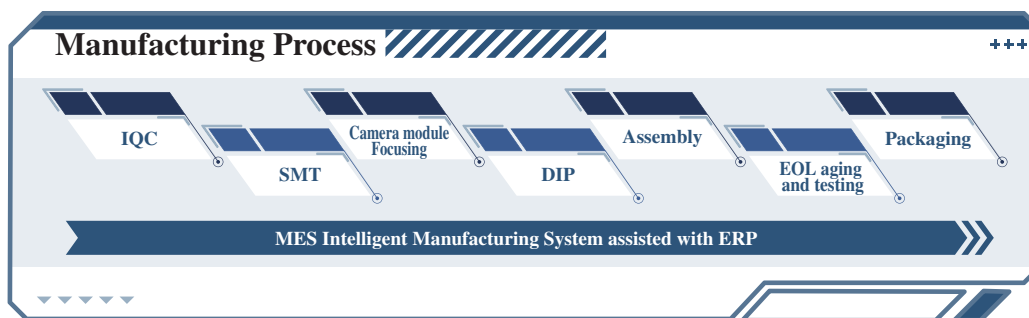
Step	Production Flow	Description
1.	Incoming quality control (“IQC”)	We conduct rigorous inspections and testing on raw materials, components, and parts delivered by our suppliers before they are accepted into the production line to ensure they meet our specified quality standards.
2.	Surface mount technology (“SMT”)	<i>Printed circuit boards (“PCB”) preparation and solder paste application.</i> PCBs are first loaded into the SMT production line. Solder paste is applied by a printer onto the pads of the circuit board, and the solder paste is inspected to check its coverage and thickness. The boards are then stored temporarily in buffers before components are placed. <i>Component placement and soldering.</i> Components are placed by SMT machines according to programmed layouts. Boards undergo 2D automated optical inspection, reflow soldering, and 3D automated optical inspection to verify solder joints. Supplementary component placement or adjustments are performed where required.

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Step	Production Flow	Description
3.	Camera module focusing	Following the SMT process, the camera modules undergo precise optical calibration to achieve optimal clarity and focus.
4.	DIP	Specific electronic components are inserted into pre-drilled holes on the circuit board and securely soldered, which is followed by the preparation of structural components and auxiliary materials, and the separation of main boards from sub-boards to enable subsequent single-board testing and assembly.
5.	Assembly	Single boards processed from the preceding stages are integrated with structural components in strict accordance with the requirements of our product manufacturing instruction manuals to form semi-finished units, followed by software upgrades to ensure the required firmware versions are properly installed.
6.	End-of-line (“EOL”) aging and testing	Whole-unit assembly and EOL aging are performed. The units then undergo product functional testing, followed by image testing. The process concludes with final inspection of the completed product.
7.	Packaging	Completed products that have passed final inspection proceed to packaging.

All these steps are conducted in controlled production environments, and our MES system provides process monitoring and traceability throughout the workflow.

The following diagram sets forth our main process of production:



Following the production process, finished goods are transferred to our warehousing and logistics system for storage and distribution. For further details of our warehousing, logistics and inventory management, see “– Warehouse, logistics and inventory management” in this section.

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Production outsourcing

We outsource a portion of our production, specifically the manufacturing of a small amount of our E series of dash cameras and smart car screen products. We select these specific products for outsourced production primarily because they involve relatively lower production complexity, which allows us to optimize our cost efficiency. Meanwhile, we utilize such outsourced production arrangements to maintain and enhance our production flexibility and to effectively coordinate our overall production capacity, particularly when addressing fluctuating market demands or optimizing our internal resource allocation.

We select qualified outsourcing manufacturers primarily engaged in the assembly and manufacturing of smart hardware and consumer electronics. Prospective manufacturers are subject to an initial trial period, during which their production capabilities, yield rates, and quality control standards are thoroughly evaluated. They may become our approved outsourced manufacturers upon successful completion of this assessment. We set strict standards for production procedures and engage eligible manufacturers to complete the outsourced production services. We generally enter into outsourced production agreements with relevant manufacturers on an as-needed basis. The agreements typically specify the service scope, quality requirements, and payment terms. Under our standard outsourced production arrangements, we are generally granted a credit period of 30 days upon our acceptance of the products and receipt of the relevant invoices, and payments are typically settled via bank transfers. Based on our actual business needs, we place purchase orders specifying the product categories, specifications, quantities, and delivery schedules.

To the best of our knowledge, during the Track Record Period, all of our outsourced manufacturers were Independent Third Parties. Furthermore, to avoid potential conflicts of interest and ensure clear supply chain management, none of our outsourced manufacturers overlapped with our raw material or component suppliers during the Track Record Period. For the years ended December 31, 2023, 2024 and 2025, our purchase amount from outsourcing manufacturers was RMB0.9 million, RMB2.4 million and RMB3.7 million, respectively, and the sales of such products accounted for 0.2%, 0.7% and 0.8%, respectively, of our total revenue, in the same periods.

Production facility

As of the Latest Practicable Date, we operated the Dongguan Facility, with a gross floor area of approximately 9,174.4 square meters, which commenced commercial production in 2017. It primarily produces DDP AI brand vehicle smart imaging devices as well as Third-Party Brand Products. The facility owns three SMT production lines with a monthly capacity of 95 million points, two camera module assembly lines with a monthly capacity of 280,000 units, three final assembly and packaging lines with a monthly capacity of 250,000 sets. It features 100% PC-based functional testing and high-temperature EOL aging processes. The Dongguan Facility has held IATF 16949 certification since 2018, and is supported by integrated MES, ERP and OA.

We previously operated a production facility in Pinghu, Zhejiang Province (the “**Pinghu Facility**”) from March 2021 until its closure in February 2024. During the Track Record Period, the Pinghu Facility operated alongside our Dongguan Facility and was primarily engaged in the assembly and packaging of the MINI series models of dash cameras. In January 2024, to further consolidate production resources, enhance production efficiency and strengthen synergies with the core electronic supply chain in the Greater Bay Area, we closed the Pinghu Facility and centralized our production facilities at the Dongguan Facility.

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Production capacity, volume and utilization rates

We manufacture or assemble smart imaging mainframes for dash cameras, smart car screens, and Third-Party Brand Products, as well as ancillary camera modules and peripherals, which refer to supplementary components designed to enhance the functionality and operational ecosystem of the finished devices, such as 4G cloud boxes and vehicle-mounted peripherals.

The following table sets forth our designed production capacity, actual production volume and utilization rates of our production facilities for the smart imaging mainframes and ancillary camera modules and peripherals we manufactured or assembled for the periods indicated:

	Year ended December 31,								
	2023			2024			2025		
	Designed production capacity ⁽²⁾	Actual production volume	Utilization rate	Designed production capacity ⁽²⁾	Actual production volume	Utilization rate	Designed production capacity ⁽²⁾	Actual production volume	Utilization rate
	Unit	Unit	%	Unit	Unit	%	Unit	Unit	%
Smart imaging mainframes ⁽¹⁾	1,600,000	1,484,790	92.8	1,675,000 ⁽³⁾	1,397,858	83.5	1,675,000 ⁽³⁾	1,655,886	98.9
Ancillary camera modules and peripherals ⁽¹⁾	420,000	395,182	94.1	450,000 ⁽³⁾	417,788	92.8	700,000 ⁽⁴⁾	676,757	96.7

Notes:

- (1) We adopt different product categorization for marketing and production purposes due to differing operational focuses. The marketing product classification (i.e., dash cameras and others) centers on product functions and consumer habits to optimize sales strategies, whereas the production product classification (i.e., smart imaging mainframes, and ancillary camera modules and peripherals) is based on assembly line complexity. The production product classification illustrates a more meaningful calculation of actual production capacity and utilization rates.
- (2) Designed production capacity is calculated based on production processes and facilities, operating six days per week and 10 hours per shift every working day for 30 days per month, and the manufacturing workforce we allocated in accordance with our annual sales estimates.
- (3) The increase in designed production capacity in 2024 and/or 2025 compared to 2023 was primarily attributable to the expanded manufacturing workforce we allocated in light of higher annual sales estimates.
- (4) The further increase in designed production capacity in 2025 compared to 2024 was primarily driven by the robust overseas market demand for our N series models and our Z series models of dash cameras featuring multi-channel configurations. As these product lines require a higher volume of ancillary camera modules, we expanded our production capacity for these ancillary modules to better support the increased demand for such products.

Production machinery and equipment

Our production facility is generally equipped with advanced production machinery and equipment, supporting high-precision, automated manufacturing of products. We adopt a straight-line depreciation method for our production machinery and equipment.

The following table sets forth details of our major production machinery and equipment as of December 31, 2025.

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Name	Key features or functions	Age
<i>Machinery and equipment for SMT</i>		
Chip mounter (Surface-mount technology machine)	The function is to rapidly and accurately pick up surface mount components from the feeder and precisely place them onto the designated solder pads of the PCB that have been coated with solder paste.	3 years
3D automated optical inspection 3D automated optical inspection (“AOI”)	The function is to utilize 3D imaging technology to automatically and with high precision detect the assembly quality (such as position, height, polarity) of components on the circuit board on the production line of electronic products.	3 years
X-ray inspection machine	The function is to utilize the penetrating property of X-rays to conduct non-destructive testing on the already welded circuit boards.	4.5 years
<i>Machinery and equipment for camera module focusing, DIP and assembly</i>		
PCB depaneling machine	The function is to cut connected PCBs into single boards in a safe, efficient and low-stress way.	4.6 years
Desktop vision-guided dispensing machine	The function is to position camera automatically with high-precision automatic glue dispensing.	6.3 years
Passive auto-focusing machine	The function is to automatically find clear focus points for cameras, with glue dispensing and curing function.	1.4 years

We own all our production machinery and equipment, most of which is sourced from reputable manufacturers. Our repair and maintenance team works closely with equipment suppliers and their after-sales personnel to perform regular maintenance, ensuring that all machinery remains in optimal working condition. Our in-house technical and engineering staff periodically upgrade and reconfigure the equipment to meet our specific production requirements and adapt to evolving technological needs. As more advanced technologies become available, we proactively replace or upgrade machinery and equipment to support our production expansion and continuous technological advancement.

During the Track Record Period, we did not experience any material production disruption due to the unexpected failure of production flows or equipment. We typically engage multiple suppliers for our production machinery and equipment and do not rely on any single supplier. We have established stable long-term business relationships with these suppliers to ensure uninterrupted business operations.

Production expansion plans

In order to meet the fast-growing market demand for our products, we plan to further expand our production capacity of our Dongguan Facility. We are procuring production equipment in phases (such as X-ray counter, pre-reflow AOI, automated camera module cleaning and assembly machine) to increase our annual production capacity for smart imaging mainframes from 1,675,000 units to 2,000,000 units, which is expected to be completed by December 2026. These production expansion plans will be financed entirely by our internal capital and will not involve the [REDACTED] from the [REDACTED].

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We believe that our production expansion plans will further strengthen our production capacity, maintain our market position and realize our market potential.

SALES AND MARKETING

Our sales and marketing efforts are led by a dedicated and experienced team that plays a key role in driving brand awareness, engaging consumers, identifying emerging opportunities, and promoting our innovative AI-enabled vehicle smart imaging devices. As of December 31, 2025, our sales and marketing team consisted of 163 members, including direct online sales operating personnel, account managers, marketing specialists, digital content creators, and key opinion leaders partnership coordinators. The majority are based in our headquarters in Shenzhen.

We have established a coordinated marketing structure integrating brand marketing, product marketing, sales marketing, and user management functions. Our brand marketing focuses on the centralized management of global social media channels and the organization of international exhibitions and product launches. Our product marketing team develops digital promotional materials based on product features and user scenarios, while regional sales marketing teams operate localized media networks and collaborate with local content creators to address regional market demand. These functions are supported by an internal creative design team responsible for visual assets across all channels and a global user management team that facilitates direct consumer engagement and feedback collection.

We have established a global multi-channel sales and distribution network, including (i) direct online sales, including our self-operated stores on major e-commerce platforms and our DTC channels; (ii) online and offline distributors; and (iii) others, which mainly involve B2B sales of Third-Party Brand Products to automobile manufacturers.

The following table sets forth a breakdown of our revenue by sales channel in absolute amounts and as a percentage of our total revenue for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Chinese mainland						
Direct online sales	94,594	24.0	71,922	20.4	89,715	18.9
Distributors						
– Online distributors	82,402	20.9	64,739	18.4	52,467	11.0
– Offline distributors	43,743	11.1	21,699	6.2	19,619	4.1
Others	87,657	22.2	61,664	17.5	50,486	10.6
Sub-total	308,396	78.2	220,024	62.5	212,287	44.6
Overseas						
Direct online sales	11,991	3.0	23,065	6.5	67,598	14.2
Distributors						
– Online distributors	–	–	2,878	0.8	1,579	0.3
– Offline distributors	73,680	18.7	106,196	30.2	192,365	40.5
Others	396	0.1	230	0.0	1,775	0.4
Sub-total	86,067	21.8	132,369	37.5	263,317	55.4
Total	394,463	100.0	352,393	100.0	475,604	100.0

For further details, see “Financial Information – Description of major components in our consolidated statements of comprehensive income – Revenue – Revenue by sales channel.”

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The following table sets forth a breakdown of our revenue by customer location in absolute amounts and as a percentage of our total revenue for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Chinese mainland	308,396	78.2	220,024	62.5	212,287	44.6
Asia (excluding Chinese mainland)	59,741	15.1	94,142	26.7	205,733	43.3
America	6,787	1.7	7,830	2.2	18,894	4.0
Europe	17,562	4.5	24,043	6.8	24,783	5.2
Others	1,977	0.5	6,354	1.8	13,907	2.9
Total	<u>394,463</u>	<u>100.0</u>	<u>352,393</u>	<u>100.0</u>	<u>475,604</u>	<u>100.0</u>

For further details, see “Financial Information – Description of major components in our consolidated statements of comprehensive income – Revenue – Revenue by customer location.”

Direct online sales

Our direct online sales channel includes our self-operated stores on major domestic and overseas e-commerce platforms, as well as our DTC channels through our official website and DDPAI App. This channel allows us to sell our DDPAI brand products directly to end consumers, maintain full control over product presentation, pricing, promotions and customer service, and collect real-time consumer feedback for product optimization.

Distributors

Our distributors channel encompasses a multi-tiered network, including primarily (i) e-commerce platforms, (ii) car repair shops in China and (iii) overseas regional agents. For the years ended December 31, 2023, 2024, and 2025, revenue from distributors amounted to RMB199.8 million, RMB195.5 million, and RMB266.0 million, respectively, accounting for 50.7%, 55.6% and 55.9%, respectively, of our total revenue, in the same periods.

During the Track Record Period, we entered into non-exclusive framework agreements only with a portion of our distributors. To maintain operational flexibility and accommodate varying local business practices, we conducted sales through purchase orders (“POs”) without entering into distributorship agreements with some of our PRC distributors and all of our overseas distributors.

Our standard distributorship agreements typically cover comprehensive terms, including designated distribution areas, pricing guidelines, quality standards, and strict intellectual property policies. In contrast, the POs placed by our distributors generally only specify the essential transaction details, including product type, specifications, quantity, unit price, delivery location, and payment terms. POs do not impose explicit geographical restrictions or minimum purchase commitments on the buyers.

According to Frost & Sullivan, it is an industry norm for smart imaging device manufacturers to conduct business with certain distributors, particularly overseas entities or smaller-scale regional players, solely through POs without framework contracts. This is primarily because: (i) considering the rapid product iteration and fluctuating market demand in the vehicle smart imaging device industry, the PO-based model provides these customers with greater operational agility to make ad-hoc procurements based on changing end-market demand and their real-time inventory levels, thereby significantly mitigating inventory overstock risks; and (ii) some overseas regional agents often have limited financial resources. They prefer the flexibility of the PO-based model to synchronize their

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procurement plans with their liquidity and working capital, without undertaking any minimum purchase commitments, rigorous performance targets, and financial burdens typically associated with long-term framework agreements. In this regard, as advised by our legal advisers as to the laws of the relevant key jurisdictions where our material overseas distributors are located, comprising Malaysia, Saudi Arabia and Philippines, the POs between such distributors and us constitute legal, valid and binding agreements under the respective applicable local laws.

Consequently, these customers often prefer the flexibility of the PO-based model, which allows them to synchronize procurement with their liquidity and settlement capabilities. Under the PO-based model, each individual PO constitutes a legally binding contract, specifying essential terms such as pricing, product specifications, and delivery schedules, thereby ensuring the legal validity of each transaction.

We apply differentiated workflows and management methodologies based on whether a distributor has an agreement with us:

- Distributors with framework agreements: We adopt a rigorous, structured process to select these distributors, evaluating their market coverage capability, industry expertise, financial stability, and operational capacity. We monitor their sales performance in real-time via our ERP system, conducting yearly reviews for underperforming or non-compliant partners.
- Distributors without framework agreements (PO-based): The workflow is streamlined to maximize transaction efficiency. Upon receiving a PO, our sales team verifies the distributor's background, confirms internal production capacity, and finalizes the pricing. While we do not bind them with long-term covenants, we exercise control by closely monitoring their order frequency, volume trends, and geographical delivery points through our internal systems. Furthermore, we mitigate credit risks by strictly enforcing a payment-before-delivery policy for these distributors.

We do not adopt a cannibalization strategy to artificially inflate our sales. To mitigate the risks of channel stuffing and cannibalization among our distributors, we have implemented robust risk management mechanisms. We geographically diversify our distributor base and carefully review the sales regions to minimize direct competition. Furthermore, we do not assume repurchase obligations for distributors' unsold inventory, with returns permitted solely for defective products in accordance with applicable laws. By tracking the historical purchase volumes and frequency of our non-contracted distributors, we ensure that their procurement aligns with reasonable market demand.

In line with market practice, we primarily enter into standard distribution agreements with our distributors, which are sales and purchase agreements in nature. We also entered into consignment agreements with certain online distributors during the Track Record Period, who resold our products to end-customers through their online platforms. Under sales and purchase agreements, we have a buyer-seller relationship with distributors and recognize revenue when they accept our products upon delivery. Under consignment agreements, we recognize revenue when end-consumers confirm acceptance of our products on the relevant online platform. Our distributors are not allowed to sub-distribute our products to other parties. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any sub-distributors of our products.

To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, all of our distributors were Independent Third Parties, and none of our distributors were controlled by our former or current employees. To the best of our knowledge, except for the business relationship with us pursuant to the distribution arrangements, there is no other relationship between the distributors and each of our Company, our subsidiaries, our Shareholders who own 5% or more of our total issued Shares, Directors or senior management or any of their respective associates.

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Movements of distributors

The following table sets forth the movements in the number of our Chinese mainland distributors for the periods indicated:

	Year ended December 31		
	2023	2024	2025
As of the beginning of the period	54	88	71
Addition of new distributors	51	19	17
Number of distributors terminated during the period	(17)	(36)	(22)
Net increase/(decrease) in distributors	34	(17)	(5)
As of the end of the period	88	71	66

The following table sets forth the movements in the number of our overseas distributors for the periods indicated:

	Year ended December 31		
	2023	2024	2025
As of the beginning of the period	35	53	109
Addition of new distributors	40	82	70
Number of distributors terminated during the period	(22)	(26)	(56)
Net increase in distributors	18	56	14
As of the end of the period	53	109	123

During the Track Record Period, the movements in the number of our distributors in the Chinese mainland were primarily driven by the performance-based adjustments to our distribution network structure. To maintain channel efficiency, we terminated collaborations with distributors whose performance did not meet our requirements and engaged new partners with suitable capabilities. Specifically, we implemented internal consolidation of our distributors, which involved mergers or channel integration within the same regions and resulted in the termination of duplicative distributor relationships with us. Notwithstanding these adjustments, in line with the intensified competition and the resulting contraction of our market share in the Chinese mainland market during the Track Record Period, the total number of our Chinese mainland distributors exhibited a general downward trend.

Regarding our overseas markets, the movements in the number of distributors reflect our ongoing global expansion strategy coupled with a performance-based selection mechanism. To support our entry into and development of overseas markets, we initially engaged a substantial number of new distributors across various regions. As the expansion progressed, we subsequently terminated relationships with distributors who failed to meet our performance requirements. Our adjustment of distributors during the Track Record Period was intended to retain partners with suitable capabilities, thereby enhancing the long-term robustness and efficiency of our global distribution network.

Below is a summary of the salient terms of our standard distribution agreements (including consignment agreements) with third-party distributors:

Term	Generally one year, with an option to renew upon mutual agreement prior to the expiration of the term.
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Designated distribution area	Distributors are authorized to sell our products only within their specific designated geographic regions or specified online/offline channels. Cross-regional selling (channel conflict) is strictly prohibited.
Sales targets and rebates	In some cases, we set quarterly and annual sales targets for our distributors. We offer tiered rebates based on the fulfillment rate of these targets. Rebates can only be used to offset a specified percentage of the purchase amount in subsequent orders and cannot be redeemed for cash.
Pricing policy	In some cases, distributors must strictly adhere to our unified pricing system and recommended retail prices. Unauthorized price dumping or disguised price reductions are strictly prohibited.
Payment and credit terms	Distributors are generally required to make full payment before the delivery of products, unless specific settlement terms are otherwise agreed upon. In addition, distributors are required to pay a market order deposit to secure their compliance with our pricing and territorial policies. For consignment agreements, our online distributors would submit the record to us upon completion of sales, and upon our confirmation, remit payment to us.
Product returns	We do not accept any product returns or exchanges, except for defective products that fall under our standard warranty policy (typically a two-year electronic warranty for the main device).
Transfer of risk	For standard distribution agreements, the distributor generally bears the risk of loss or damage of the product after acceptance. For consignment agreements, we generally retain ownership of the products and bear the risks until products are sold to end-customers.
Termination	We are entitled to unilaterally terminate the agreement, deduct the deposit, and revoke the authorization if the distributor fails to meet the minimum quarterly sales target, sells competing products, severely violates our pricing or market order policies, or commits other material breaches.

Others

Our others channel primarily features strategic cooperation with automobile manufacturers, under which we provide customized Third-Party Brand Products, including dash cameras, smart car screen and their PCBA tailored to the technical specifications and configuration requirements of their vehicle models. This channel follows a professional B2B cooperation model, with product development, production and delivery all carried out in strict accordance with the customized demands and quality standards of automobile manufacturer partners, and the cooperation process adheres to the industry's standardized supply and certification norms for supporting products.

BUSINESS

PRICING

We determine product pricing through a market- and competition-oriented approach, considering prevailing consumer demand, competitive landscape, brand positioning, product features and perceived value in the target market segments. While cost structures, including raw material costs, manufacturing overheads and R&D expenses, form an important reference point, our final pricing decisions are primarily driven by market conditions rather than a strict cost-plus methodology.

New product launches or premium models incorporating advanced technologies, such as end-side large AI models, enhanced ADAS or DMS functions or multi-device π Link wireless networking, may be positioned at or slightly above the upper end of this range to reflect added value and innovation.

CUSTOMERS

Overview

We sell our products primarily to (i) end users who purchase our products in our self-operated stores on major domestic and overseas e-commerce platforms and our DTC channels, (ii) online and offline distributors who resell our products through their sales network or directly to end customers, and (iii) automobile manufacturers to whom we supply Third-Party Brand Products on a B2B basis.

Major customers

Revenue generated from our five largest customers for each year during the Track Record Period accounted for 38.3%, 34.9% and 34.5% of our total revenue for the years ended December 31, 2023, 2024 and 2025, respectively. Sales to our largest customer for each year during the Track Record Period represented 13.7%, 11.9% and 9.2% of our total revenue for the years ended December 31, 2023, 2024 and 2025, respectively.

The following table sets forth our five largest customers by revenue contribution during the Track Record Period:

Five largest customers for the year ended December 31, 2023	Year of commencement of business relationship	Company background	Major products/services provided	Credit terms	Payment method	Transaction amount	Percentage of total revenue
				days		RMB'000	%
Customer A	2016	A Beijing-based cross-border e-commerce and technology service enterprise listed on both NASDAQ and the HKEX, founded in 2007. Primarily engaged in retail, logistics services, and technology development, with key services including e-commerce platform operation, supply chain management, and digital product sales.	Dash camera	45	Bank transfer	54,198	13.7

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Five largest customers for the year ended December 31, 2023	Year of commencement of business relationship	Company background	Major products/services provided	Credit terms <i>days</i>	Payment method	Transaction amount <i>RMB'000</i>	Percentage of total revenue <i>%</i>
Customer B	2016	A Zhejiang-based privately held global mobility and automotive technology group, founded in 1986. Primarily engaged in automotive manufacturing, new energy technologies, and smart mobility ecosystem development, with key services including the strategic management of a diverse portfolio of passenger and commercial vehicle brands, supply chain integration, and advanced technology research.	Dash camera	30	Bank acceptance drafts	40,496	10.3
Customer C	2016	A Shenzhen-based private technology company established in 2016. Primarily engaged in the R&D and sales of IoT devices and intelligent transportation products, with major products including vehicle electronics, smart imaging devices, and related software solutions.	Dash camera	N/A	Bank transfer	28,662	7.3
Customer D	2022	A Shenzhen-based private electronics supplier established in 2022. Primarily engaged in the R&D, sales, and trading of smart hardware and vehicle electronic accessories, focusing on consumer-grade intelligent vehicle terminals and peripheral equipment.	Dash camera	N/A	Bank transfer	14,025	3.6
Customer E	2018	A Hong Kong-based private trading and electronics distribution company established in 2018. Primarily engaged in cross-border trade, wholesale, and distribution of various electronic products, vehicle imaging devices, and related accessories across multiple overseas markets.	Dash camera	N/A	Bank transfer	13,539	3.4
Total						<u>150,920</u>	<u>38.3</u>

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Five largest customers for the year ended December 31, 2024	Year of commencement of business relationship	Company background	Major products/services provided	Credit terms	Payment method	Transaction amount	Percentage of total revenue
				days		RMB'000	%
Customer A	2016	A Beijing-based cross-border e-commerce and technology service enterprise listed on both NASDAQ and the HKEX, founded in 2007. Primarily engaged in retail, logistics services, and technology development, with key services including e-commerce platform operation, supply chain management, and digital product sales.	Dash camera	45	Bank transfer	41,792	11.9
Customer B	2016	A Zhejiang-based privately held global mobility and automotive technology group, founded in 1986. Primarily engaged in automotive manufacturing, new energy technologies, and smart mobility ecosystem development, with key services including the strategic management of a diverse portfolio of passenger and commercial vehicle brands, supply chain integration, and advanced technology research.	Dash camera	30	Bank acceptance drafts	40,753	11.5
Customer F	2024	A Philippines-based private retailer and trader established in 2024. Primarily engaged in the sale and distribution of household appliances, vehicle electronics, and consumer electronics, with major business involving e-commerce retail and offline distribution.	Dash camera	N/A	Bank transfer	14,305	4.1
Customer D	2022	A Shenzhen-based private electronics supplier established in 2022. Primarily engaged in the R&D, sales, and trading of smart hardware and vehicle electronic accessories, focusing on consumer-grade intelligent vehicle terminals and peripheral equipment.	Dash camera	N/A	Bank transfer	13,410	3.8

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Five largest customers for the year ended December 31, 2024	Year of commencement of business relationship	Company background	Major products/services provided	Credit terms	Payment method	Transaction amount	Percentage of total revenue
				<i>days</i>		<i>RMB'000</i>	<i>%</i>
Customer E	2018	A Hong Kong-based private trading and electronics distribution company established in 2018. Primarily engaged in cross-border trade, wholesale, and distribution of various electronic products, vehicle imaging devices, and related accessories across multiple overseas markets.	Dash camera	N/A	Bank transfer	12,742	3.6
Total						123,002	34.9

Five largest customers for the year ended December 31, 2025	Year of commencement of business relationship	Company background	Major products/services provided	Credit terms	Payment method	Transaction amount	Percentage of total revenue
				<i>days</i>		<i>RMB'000</i>	<i>%</i>
Customer A	2016	A Beijing-based cross-border e-commerce and technology service enterprise listed on both NASDAQ and the HKEX, founded in 2007. Primarily engaged in retail, logistics services, and technology development, with key services including e-commerce platform operation, supply chain management, and digital product sales.	Dash camera	45	Bank transfer	43,636	9.2

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Five largest customers for the year ended December 31, 2025	Year of commencement of business relationship	Company background	Major products/services provided	Credit terms	Payment method	Transaction amount	Percentage of total revenue
				days		RMB'000	%
Customer B	2016	A Zhejiang-based privately held global mobility and automotive technology group, founded in 1986. Primarily engaged in automotive manufacturing, new energy technologies, and smart mobility ecosystem development, with key services including the strategic management of a diverse portfolio of passenger and commercial vehicle brands, supply chain integration, and advanced technology research.	Dash camera	30	Bank acceptance drafts	37,136	7.8
Customer G	2023	A Saudi Arabia-based private communications and electronics trading company. Primarily engaged in the wholesale and distribution of telecommunication devices, consumer electronics, and related parts, serving as a key provider of intelligent transportation and communication equipment in the Middle East.	Dash camera	N/A	Bank transfer	34,441	7.2
Customer F	2024	A Philippines-based private retailer and trader established in 2024. Primarily engaged in the sale and distribution of household appliances, vehicle electronics, and consumer electronics, with major business involving e-commerce retail and offline distribution.	Dash camera	N/A	Bank transfer	28,955	6.1

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Five largest customers for the year ended December 31, 2025	Year of commencement of business relationship	Company background	Major products/services provided	Credit terms <i>days</i>	Payment method	Transaction amount <i>RMB'000</i>	Percentage of total revenue <i>%</i>
Customer H	2023	A Malaysia-based private electronics and automotive accessories distribution company. Primarily engaged in the trading and distribution of electronics, vehicle imaging devices, and automotive peripheral products, providing supply chain solutions for the retail markets in Malaysia and Southeast Asia.	Dash camera	N/A	Bank transfer	19,723	4.2
Total						<u>163,891</u>	<u>34.5</u>

During the Track Record Period, none of our Directors, their respective associates, or any shareholders of our Company (who or which to the knowledge of the Directors owned more than 5% of the Company’s issued share capital) had any interest in any of our five largest customers for each year during the Track Record Period. All of our five largest customers for each year during the Track Record Period were Independent Third Parties.

Customer service and technical support

We are committed to delivering high-quality customer service through our dedicated customer service specialists and product support teams. We provide assistance to users across the entire product lifecycle, including pre-sales inquiries, product setup guidance, usage support, software updates and troubleshooting, to ensure a smooth and reliable user experience.

We offer multi-channel customer support via our DDP AI App, official website, email, customer service hotline (where available), and social media platforms. We also maintain localized customer service arrangements in major overseas markets, including cooperation with third-party service centers and platform-based after-sales mechanisms for e-commerce channels. Our internal service system tracks user inquiries and resolutions to ensure timely responses and continuous improvement.

Our customer service representatives receive training on product knowledge on an *ad hoc* basis, user communication and issue-handling procedures to maintain consistent service quality. We regard high-quality after-sales support as an important part of the user experience and a key factor in strengthening our brand reputation.

Warranty and after-sales services

We regard high-quality after-sales support as an important part of the user experience and a key factor in maintaining customer satisfaction. Our after-sales services cover product inquiries, usage support, diagnostics, repair, and the return or replacement of products with manufacturing defects. In the Chinese mainland, we provide after-sales services directly through our customer service system and designated service centers. In our major overseas

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markets, we maintain localized after-sales arrangements, including cooperation with third-party service centers to provide timely repair or replacement services. In certain international markets, our distribution partners are responsible for after-sales services under our distribution agreements and are required to meet our service standards.

Under our standard terms of sale and in line with industry practice for consumer electronics, we typically offer a limited warranty ranging from one to three years, depending on different sales channels. The warranty generally covers repair or replacement of products with manufacturing defects under normal use and in accordance with our specifications.

Product return

We accept returns of our products in accordance with applicable consumer protection laws, e-commerce platform policies and contractual terms with customers. Returned products are processed by our after-sales team and are subject to inspection upon receipt to determine the appropriate handling method.

For products confirmed to have manufacturing defects, we conduct re-inspection and root-cause analysis through our quality and R&D teams. Depending on the nature of the defect, the products may be repaired, reworked or scrapped, and we implement corresponding corrective measures to prevent recurrence.

For products returned without any identified quality issues, we carry out re-inspection based on new product standards. Where necessary, such products are and re-packaged to the same standards as new products before being returned to finished goods inventory for resale.

During the Track Record Period, we did not experience any product returns, recalls or related disputes that had a material and adverse impact on our business, financial condition or results of operations.

Third-party payment arrangements

Background and magnitude

During the Track Record Period, certain of our customers (the “**Relevant Customer(s)**”) settled part of their payments with us through bank transfers made by third-party payors (the “**Third-Party Payor(s)**,” and such arrangement(s), the “**Third-Party Payment Arrangements**”). These arrangements were primarily limited to circumstances where: (i) payments were made by the legal representatives, affiliates, of part of our overseas distributors or corporate customers; and (ii) payments were made by external fund providers or financial institutions on behalf of overseas customers to accommodate established industry practices. We believe these arrangements are consistent with standard business practices in the relevant jurisdictions.

The number of Relevant Customers was seven, 10 and 11 in 2023, 2024 and 2025, respectively. The following table sets forth the aggregate amount of Third Party Payments settlement during the Track Record Period:

	Year ended December 31,		
	2023	2024	2025
Total revenue (<i>RMB'000</i>)	394,463	352,393	475,604
Third Party Payment settlement amount (<i>RMB'000</i>)	31,585	40,823	36,776
Percentage of total revenue (%)	8.0	11.6	7.7

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Commercial rationale

To the best knowledge of our Directors, the Relevant Customers utilized Third-Party Payment Arrangements for the following commercial reasons: (i) overseas customers in certain jurisdictions are subject to specific local foreign exchange administrative procedures or have limited access to USD/RMB, leading them to use Third-Party Payors with offshore accounts to facilitate timely settlement; (ii) corporate groups often utilize a single designated entity or the bank account of an actual controller to manage group-wide funds and settle payables for multiple subsidiaries; and (iii) for certain small-scale distributors or DTC consumers, settling through third-party payment platforms is a standard and preferred industry practice to ensure payment security and speed.

Legal compliance and risk assessment

Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, (i) our transactions underlying Third-Party Payment Arrangements possess genuine commercial substance, supported by valid purchase orders, shipping documents, and invoices; (ii) we have not been subject to any inquiry, investigation or administrative penalties by the competent government authorities in relation to PRC laws or other relevant laws as a result of our acceptance of Third Party Payment Arrangements; and (iii) we had not encountered any disputes or refund requests from Third-Party Payors or Relevant Customers.

As advised by our PRC Legal Adviser, in light of the foregoing, our acceptance of Third Party Payment Arrangements does not contravene any prohibitive provisions under the Civil Code of the PRC.

As advised by our legal advisers in the major overseas jurisdictions involving third-party payment arrangements, comprising Malaysia, Saudi Arabia and Philippine: (i) compliance with laws: our acceptance of Third Party Payment Arrangements does not contravene any prohibitive provisions under the laws of the jurisdictions where the payments originated. We have not been subject to any inquiry, investigation or administrative penalties by the competent government authorities in relation to relevant laws as a result of our acceptance of Third Party Payment Arrangements; (ii) money laundering risks: the risk of these arrangements being deemed as money laundering is remote. Our transactions possess genuine commercial substance, supported by valid purchase orders, shipping documents, and invoices; and (iii) return of payment risks: during the Track Record Period and up to the Latest Practicable Date, we had not encountered any disputes or refund requests from Third-Party Payors or Relevant Customers. The risk of being required to return such payments is considered remote.

Views of industry expert

According to Frost & Sullivan, it is not uncommon in the smart imaging device industry for entities to settle payments through Third-Party Payors. This is primarily because: (i) using the personal bank accounts of a sole proprietor, a local small-to-mid-sized company's operator, his/her spouse, or the legal representative provides greater cash flow and settlement flexibility. This is particularly beneficial for small and mid-sized regional distributors with limited financial resources, especially when full advance payments and market order deposits are generally required prior to product dispatch; (ii) for certain overseas distributors, utilizing third-party financial institutions or affiliated group entities to settle payments facilitates cross-border transactions and mitigates local foreign exchange administrative burdens; and (iii) the administrative process of opening and maintaining multiple corporate bank accounts for cross-region or cross-border settlements could be cumbersome and time-consuming for smaller distributors.

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Independence and internal control measures

Our Directors have confirmed that none of the third-party payors designated by the Relevant Customers during the Track Record Period is a connected person of our Group, and such designated third party payors are independent from any of our Group’s Directors, senior management and Shareholders.

To mitigate potential risks, we have implemented the following internal control measures: (i) we have ceased accepting all Third-Party Payment Arrangements since April 2026; and (ii) we have circulated internal notices to our sales and finance teams prohibiting unauthorized third-party payments for all new orders.

Cessation and business sustainability

We have ceased all Third-Party Payment Arrangements since April 2026, and we do not expect to have such Third-Party Payment Arrangements going forward. Our Directors confirm that the cessation of Third-Party Payment Arrangements has not resulted in, and is not expected to result in any material loss of customers or significant impact on our revenue. Subsequent to the cessation, the majority of Relevant Customers have transitioned to direct payment methods.

SUPPLIERS

Overview

We source raw materials for our products primarily from a diversified group of domestic and international suppliers. Our procurement strategy focuses on ensuring stable supply, competitive pricing, and high quality to support our production needs and maintain product reliability.

The principal raw materials we procure include SoC, CIS, lenses, memory chips such as eMMC, DDR, PCB, Wi-Fi/4G modules, casings, wiring, packaging materials and other supporting electronic and structural components.

We maintain a qualified supplier list and adopt dual-sourcing strategies for critical raw materials, such as SoC, CIS, lenses, eMMC and DDR, to mitigate supply risks and price volatility. During the Track Record Period, we did not experience any material supply disruptions that adversely affected our operations.

Major suppliers

For the years ended December 31, 2023 and 2024 and 2025, our purchases from our largest supplier for each year during the Track Record Period accounted for 8.2%, 10.4% and 10.5%, respectively, of our total purchases during the same periods, and purchases from our five largest suppliers for each year during the Track Record Period in the aggregate accounted for 22.5%, 28.6% and 33.0%, respectively, of our total purchases during the same periods. The following table sets forth our five largest suppliers for each year during the Track Record Period by purchase amount during the Track Record Period:

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Five largest suppliers for the year ended December 31, 2023	Year of commencement of business relationship	Company background	Products/ services principally procured/ rendered	Credit terms <i>days</i>	Payment method	Transaction amount <i>RMB'000</i>	Percentage of total procurement <i>%</i>
Supplier A	2021	A Shenzhen-based private electronics supplier established in 1979. Primarily engaged in the distribution and procurement of electronic components, focusing on integrated supply chain services for the electronic information industry.	Integrated circuit (IC), memory cards	75	Bank transfer	19,516	8.2
Supplier B	2017	A Hong Kong-based private electronics supplier established in 2005. Primarily engaged in the distribution of semiconductor components, focusing on electronic component procurement and technical support for various industrial sectors.	IC	30	Bank transfer	9,605	4.0
Supplier C	2014	A Shenzhen-based private wire and cable manufacturer established in 2006. Primarily engaged in the R&D and production of wires and cables, focusing on electronic wires, power cables, and data transmission lines.	Wires	90	Bank transfer	8,485	3.6
Supplier D	2021	A Shenzhen-based private electronics supplier established in 2000. Primarily engaged in the distribution and solution provision of electronic components, focusing on consumer electronics, the Internet of Things, and automotive electronics.	IC	30	Bank transfer	8,280	3.5

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Five largest suppliers for the year ended December 31, 2023	Year of commencement of business relationship	Company background	Products/ services principally procured/ rendered	Credit terms	Payment method	Transaction amount	Percentage of total procurement
				<i>days</i>		<i>RMB '000</i>	<i>%</i>
Supplier E	2019	A Xiamen-based private electronics supplier established in 2000. Primarily engaged in the distribution of electronic components, focusing on supply chain management services for electronic equipment producers.	IC, resistors, capacitors, and inductors	120	Bank transfer	7,629	3.2
Total						<u>53,515</u>	<u>22.5</u>

Five largest suppliers for the year ended December 31, 2024	Year of commencement of business relationship	Company background	Products/ services principally procured/ rendered	Credit terms	Payment method	Transaction amount	Percentage of total procurement
				<i>days</i>		<i>RMB '000</i>	<i>%</i>
Supplier A	2021	A Shenzhen-based private electronics supplier established in 1979. Primarily engaged in the distribution and procurement of electronic components, focusing on integrated supply chain services for the electronic information industry.	IC, memory cards	75	Bank transfer	19,884	10.4
Supplier E	2019	A Xiamen-based private electronics supplier established in 2000. Primarily engaged in the distribution of electronic components, focusing on supply chain management services for electronic equipment producers.	IC, resistors, capacitors, and inductors	120	Bank transfer	14,172	7.4

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Five largest suppliers for the year ended December 31, 2024	Year of commencement of business relationship	Company background	Products/ services principally procured/ rendered	Credit terms <i>days</i>	Payment method	Transaction amount <i>RMB'000</i>	Percentage of total procurement <i>%</i>
Supplier C	2014	A Shenzhen-based private wire and cable manufacturer established in 2006. Primarily engaged in the R&D and production of wires and cables, focusing on electronic wires, power cables, and data transmission lines.	Wires	90	Bank transfer	8,289	4.3
Supplier F	2022	A Shenzhen-based private electronics supplier established in 2009. Primarily engaged in the distribution of electronic components, focusing on wireless communications, security monitoring, and automotive electronics.	IC	60	Bank transfer	6,506	3.4
Supplier G	2022	A Dongguan-based private optical products manufacturer established in 2015. Primarily engaged in the research, development, production, and sales of optical lenses, focusing on automotive and smart home vision solutions.	Lenses	90	Bank transfer	5,928	3.1
Total						<u>54,779</u>	<u>28.6</u>

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Five largest suppliers for the year ended December 31, 2025	Year of commencement of business relationship	Company background	Products/ services principally procured/ rendered	Credit terms <i>days</i>	Payment method	Transaction amount <i>RMB'000</i>	Percentage of total procurement <i>%</i>
Supplier A	2021	A Shenzhen-based private electronics supplier established in 1979. Primarily engaged in the distribution and procurement of electronic components, focusing on integrated supply chain services for the electronic information industry.	IC, memory cards	75	Bank transfer	33,540	10.4
Supplier E	2019	A Xiamen-based private electronics supplier established in 2000. Primarily engaged in the distribution of electronic components, focusing on supply chain management services for electronic equipment producers.	IC, resistors, capacitors, and inductors	120	Bank transfer	23,263	7.2
Supplier H	2017	A Shenzhen-based private electronics accessory manufacturer established in 2021. Primarily engaged in the R&D, design, and production of electronic peripherals, focusing on data transmission cables and wireless communication products.	IC	75	Bank transfer	21,115	6.6
Supplier F	2022	A Shenzhen-based private electronics supplier established in 2009. Primarily engaged in the distribution of electronic components, focusing on wireless communications, security monitoring, and automotive electronics.	IC	60	Bank transfer	15,570	4.9
Supplier C	2014	A Shenzhen-based private wire and cable manufacturer established in 2006. Primarily engaged in the R&D and production of wires and cables, focusing on electronic wires, power cables, and data transmission lines.	Wires	90	Bank transfer	12,470	3.9
Total						<u>105,958</u>	<u>33.0</u>

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During the Track Record Period, none of our Directors, their respective associates, or any shareholders of our Company (who or which to the knowledge of the Directors owned more than 5% of the Company's issued share capital) had any interest in any of our five largest suppliers. All of our five largest suppliers for each year during the Track Record Period were Independent Third Parties.

Salient terms of supply agreements with suppliers

We typically enter into framework agreements with suppliers. Salient terms of the agreement primarily include:

Pricing and minimum purchase commitment	Specific purchase prices are determined in purchase orders through mutual negotiation based on prevailing market rates. The supply agreements usually do not stipulate a minimum purchase requirement.
Quality guarantee and returns	Suppliers must ensure that products meet our technical specifications and relevant national industrial standards. We have the right to request the replacement or return of any non-conforming batches, with all related costs borne by the supplier.
Delivery	In some cases, our suppliers are generally required to deliver the finished products to our designated locations and are responsible for the costs and insurance in associated with and before the delivery.
Termination	Either party is entitled to terminate the agreement in accordance with the terms specified in the agreement, including material breach of contract.
Credit terms and payment methods	We generally settle our purchases with suppliers on a monthly basis. Upon receipt of valid value-added tax invoices from the suppliers, we are typically granted a credit period ranging from 60 to 120 days. Payments are primarily settled through bank transfers or bank acceptance drafts, which provide us with flexibility in managing our working capital.
Term and renewal	The framework supply agreements generally have a fixed initial term of one year. To ensure the continuity and stability of our supply chain, these agreements are typically subject to automatic renewal for successive one-year terms upon expiration, provided that neither party raises any objections. If either party intends not to renew the agreement, a prior written notice is required, allowing us sufficient buffer time to secure alternative sourcing.

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Intellectual property and confidentiality

Our suppliers provide an absolute warranty that the raw materials, components, and services supplied to us do not infringe upon any third-party intellectual property rights. In the event of any actual or alleged infringement, the suppliers are obligated to take remedial actions and fully indemnify our customers and us against all resulting damages, losses, and legal costs. Furthermore, suppliers are bound by strict confidentiality obligations regarding our trade secrets, product designs, and technical data, which shall survive the expiration or termination of the agreements.

Procurement

Our procurement function is centralized and operates closely with our production planning and sales forecasting processes. This ensures efficient alignment between market demand, production schedules and supply chain activities.

The procurement process generally comprises the following key steps:

- Demand forecasting, which is prepared by the sales and production planning teams based on historical sales data, current order pipeline and market trends.
- Supplier selection, for which we utilize a qualified supplier list. For critical raw materials, we perform necessary evaluations of the supplier's production qualifications and quality management systems.
- Purchase orders, which is issued in accordance with approved production and procurement plans.
- Inspections, which our incoming quality control department conducts on each batch upon receipt of materials. Inspections cover appearance, batch information, critical dimensions and key performance parameters. Depending on the extent of the non-conformity, we may opt to reject or return the items, or alternatively, direct the supplier to sort out the usable raw materials.

We hold supplier review meetings on an ad hoc basis depending on supply conditions to evaluate supply quality, delivery reliability and overall performance. Suppliers are subject to dynamic performance assessment, inclusion on a blacklist where warranted, and immediate anomaly handling procedures. Such procedures may include suspension of cooperation in the event of quality or delivery issues.

To manage supply chain risks effectively, we adopt dual-sourcing strategies for critical raw materials, enter into long-term supply contracts where appropriate, maintain strategic inventory buffers for high-risk or volatile items, and closely monitor raw material price trends, particularly for system-on-chip processors, eMMC, and DDR, which are exposed to market fluctuations.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced significant difficulties in maintaining reliable sources of supplies, and we expect to be able to maintain adequate sources of quality supplies in the future.

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REGULATORY REVIEW OF CERTAIN HISTORICAL TRADING ACTIVITIES

Our Company is incorporated in our PRC and our Group has no nexus with the United States, the European Union, the United Kingdom (including its overseas territories), Australia or any other Relevant Jurisdiction that would, in and of itself, subject our Group or any of the Relevant Persons to primary sanctions jurisdiction in respect of our Group’s operations. Our Group’s products are non-U.S.-origin and, on the basis of the analysis performed, are treated as non-controlled items (equivalent to “EAR99” under the U.S. Export Administration Regulations), do not incorporate more than 10% U.S.-origin content by value and are not covered by any U.S.-owned intellectual property rights that would give rise to additional U.S. export control or sanctions nexus. Based on this analysis and the advice of the International Sanctions Legal Adviser (as defined below), none of our Group’s products or services are subject to export controls or other restrictions under U.S., EU, UK (including its overseas territories), UN or Australian sanctions or export control regimes that are material to our Group’s business.

During the Track Record Period, our Group sold its products to customers in more than 60 countries and regions. The only sales involving a comprehensively sanctioned jurisdiction were certain sales of hardware terminals and companion applications that were ultimately delivered to Iran (the “**Iran Transactions**”). Revenue attributable to the Iran Transactions amounted to approximately US\$3,463.4 in 2024, representing approximately 0.001% of our Group’s total consolidated revenue during the Track Record Period, and was nil for each of 2021, 2022, 2023 and 2025. Our Group has permanently ceased all sales, product deliveries and business contacts with Iran prior to January 1, 2025. Our Group has also formalized and implemented internal policies and procedures designed to prevent any of its products from being marketed, sold or delivered to Iran or any other comprehensively sanctioned jurisdiction, or any sanctioned person, organization or entity, in the future.

Our Group has confirmed, and the international sanctions legal adviser to our Company (the “**International Sanctions Legal Adviser**”) has independently verified through due diligence procedures they considered appropriate, that during the Track Record Period and up to the Latest Practicable Date:

- **No SDN Counterparties:** none of our Group’s counterparties in the Relevant Countries was included on the Specially Designated Nationals and Blocked Persons List (“**SDN List**”) maintained by OFAC or otherwise designated or blocked under any International Sanctions regime;
- **No U.S. Person Involvement:** no U.S. persons were involved, directly or indirectly, in any aspect of our Group’s activities involving the Relevant Countries (including the negotiation, approval or performance of any such transactions);
- **No Restricted Financing:** no financing or financial assistance from any U.S., EU, UK (including its overseas territories) or Australian source was received or used in connection with activities relating to the Relevant Countries;
- **No Jurisdictional Presence or Staff Nexus:** our Group has no subsidiaries, branches or affiliates, and, to the best of the Directors’ knowledge after due and careful enquiry, no Directors, senior management or employees, that are U.S. persons or are located in the United States, the EU, the UK (including its overseas territories) or Australia;
- **No Prohibited Sectors or End-Uses:** none of our Group’s activities involved industries, sectors or end-uses that are currently subject to specific prohibitions under applicable U.S. sanctions laws; and

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- **No Sanctionable Activity:** our Group did not engage in any Primary Sanctioned Activity or Secondary Sanctionable Activity (each as defined in the Guide for New Listing Applicants) under U.S., UN, EU, UK (including its overseas territories) or Australian sanctions laws and regulations.

Our Company has engaged Mr. Stephen Peepels, Esq., a U.S. attorney-at-law, as its International Sanctions Legal Adviser to provide independent advice in connection with the [REDACTED]. The International Sanctions Legal Adviser provided our Group with a detailed sanctions due diligence questionnaire, which our Group completed and supplemented with transaction records, contracts and other documentation relating to our Group's international sales (including the Iran Transactions) for the period from January 1, 2021 to December 31, 2025 and up to the Latest Practicable Date. The International Sanctions Legal Adviser has also reviewed the disclosures in this document relating to International Sanctions and participated in discussions with our Group.

The International Sanctions Legal Adviser, having performed the procedures they considered necessary and based on the facts, documents and confirmations provided by our Group, has advised that our Group's historical activities during the Track Record Period, including the de minimis Iran Transactions, did not violate any applicable U.S., UN, EU, UK (including its overseas territories) or Australian International Sanctions laws or regulations that are material to our Group's business and do not otherwise implicate any material restrictions under those regimes;

- There is no apparent or material sanctions risk (whether primary or secondary) to our Group or any Relevant Persons arising out of our Group's business transactions during the Track Record Period for the purposes of the guidance in the Guide for New Listing Applicants;
- Our Group's business dealings do not violate or otherwise implicate restrictive measures adopted by the UN, the EU (including those extended to the UK and its overseas territories) or Australia in a manner that is material to our Group's business; and
- Given the scope of the [REDACTED] and the intended use of [REDACTED] (including for R&D activities to expand our Group's product portfolio and enhance its R&D capacity, to strengthen production efficiency and effectiveness, to expand its sales network and international presence, and for working capital and general corporate purposes), the participation of our Company, its subsidiaries, Directors, employees, [REDACTED], shareholders, the Stock Exchange, [REDACTED], [REDACTED], the SFC and any other Relevant Persons in the [REDACTED] will not, in and of itself, implicate any applicable International Sanctions. The overall sanctions risk exposure to our Group and all such parties is assessed as very low.

Pursuant to the guidance in the Guide for New Listing Applicants issued by the Stock Exchange, as the International Sanctions Legal Adviser has confirmed that there is no apparent or material sanctions risk arising from our Group's historical activities or the [REDACTED], our Group is not required to adopt any specific risk-mitigating measures or give undertakings to the Stock Exchange, nor is it required, solely by reason of such activities, to provide ongoing sanctions-specific disclosures in its annual or interim reports.

Our Group maintains a sanctions compliance policy, continues to monitor developments in International Sanctions laws and regulations on an ongoing basis, and has implemented enhanced internal controls designed to ensure future compliance. These internal controls cover, among others, counterparty due diligence, sanctions screening and internal training. The Directors confirm that our Group is, and will continue to be, in compliance with all

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applicable International Sanctions in all material respects. The Directors further confirm that our Group will not apply the [REDACTED] from the [REDACTED], directly or indirectly, in any manner that would result in a violation of International Sanctions.

For a discussion of the general risks associated with changes in sanctions laws and regulations, see “Risk Factors — Risks relating to our business and industry — We are required to comply with economic sanctions and import and export controls laws and regulations that could subject us to liability and impair our ability to compete in overseas markets.”

WAREHOUSE, LOGISTICS AND INVENTORY MANAGEMENT

Warehouse and logistics

We manage logistics and warehousing through a combination of in-house facilities and third-party arrangements to ensure efficient storage, timely production support and order fulfillment across domestic and overseas markets.

Our primary warehousing is integrated within our Dongguan Facility, which supports incoming raw material storage, production staging, finished goods holding, packaging and outbound shipping. We maintain dedicated finished goods warehouses with sufficient capacity and have implemented systematic, standardized management to optimize inventory allocation, turnover and traceability. For domestic sales fulfillment, we engage multiple third-party logistics providers to provide delivery across China.

For overseas markets, we utilize third-party overseas warehouses in our main markets such as the United States, Poland, France, and Saudi Arabia. As for the delivery of products, we engage third-party logistics providers to handle transportation, customs clearance and last-mile delivery. These include multiple established logistics companies, enabling global delivery to meet the demands of cross-border customers while effectively minimizing cross-border logistics costs and shortening international delivery lead times.

During the Track Record Period, our logistics and warehousing operations remained efficient with no material disruptions, delays or significant cost impacts on production, sales or financial performance. We believe our current standardized warehousing and multi-partner logistics framework is adequate for our business scale and global expansion strategy.

Inventory management

We maintain a structured inventory management system to support efficient production planning, minimize holding costs and ensure timely fulfillment of customer orders. Our inventory primarily consists of finished goods, raw materials and work in progress.

Our finished goods include dash cameras and other products. Our raw materials comprise SoC, CIS, lenses, eMMC, DDR, PCBA, and Wi-Fi/4G modules, casings, wiring, packaging materials, and other supporting electronic and structural components. Our work in progress includes semi-assembled products, in-process test units, customized processing components, prototype samples and R&D trial products.

Our inventory is managed through a dedicated warehouse management system (“WMS”) that enables real-time online collaboration on supplier labels, part numbers and product models. This WMS supports warehouse zoning, allocation and traceability, and integrates seamlessly with our ERP system. It operates in conjunction with the MES system which is used for material requirements planning and production scheduling, and the ERP system provides end-to-end visibility from procurement through to finished goods dispatch. We have adopted a conservative inventory policy with regular monitoring of turnover rates, aging analysis and provision for slow-moving or obsolete items. Inventory levels are aligned

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with sales forecasts, production schedules and lead times for critical raw materials, particularly volatile items such as system-on-chip processors, CIS, lenses, eMMC, and DDR. We maintain strategic safety stock for critical components to mitigate supply chain risks while avoiding excessive build-up.

During the Track Record Period, we had no material write-downs, obsolescence provisions or inventory impairments that had a significant adverse impact on our financial position or results of operations.

QUALITY CONTROL

We have formulated a comprehensive set of quality management policies and detailed implementation procedures to ensure the high quality and safety of our products, and we have obtained the ISO9001 and IATF 16949 international quality management system certifications, two globally recognized quality management standards. In order to meet the safety norms and quality requirements of different countries and regions, we have established a stringent quality management system covering the whole links of product R&D, supply chain management and production process, and strictly implemented a full-lifecycle quality control system. This systematic and standardized quality control approach effectively preempts potential design defects and product quality risks. Thanks to the rigorous implementation of our quality control policies and procedures, we have not incurred any material product sales returns, nor faced any material product liability claims or major legal disputes arising from product safety and quality issues during the Track Record Period up to the Latest Practicable Date. Our specific quality control measures are as follows:

R&D phase quality control

We adopt product quality planning schemes to prevent the occurrence of design defects and quality risks in the product R&D stage and assign dedicated personnel to supervise and inspect the completeness of the R&D process and the quality of deliverables at each stage of the R&D project.

Supply chain quality control

We implement mandatory supplier qualification review mechanisms, select a designated panel of qualified and certified suppliers to establish long-term and stable cooperative relations, and conduct continuous performance evaluations of suppliers to ensure compliance of their product quality, pricing and delivery performance. For example, our incoming quality control department conducts random inspections of each batch of incoming materials using one or multiple methods based on the material type, covering aspects including appearance, batch information, critical dimensions and key performance parameters; any batch that fails to meet the requirements will be returned.

Production process quality control

We strictly follow the established process standards in the production process to minimize deviations from the confirmed product specifications, take timely and targeted measures to resolve any quality-related issues that may arise during production, and conduct full-process supervision and inspection over each link of the production process. For example, precision management is applied across all operational procedures, encompassing critical inspection stages such as first article inspection for SMT placement, automated optical inspection, post-soldering inspection, and single-board testing. These controls are designed to detect and address potential defects at the earliest possible point in the manufacturing flow. Upon the completion of assembly, each unit undergoes automated

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functional testing followed by EOL aging testing. These tests are specifically designed to verify and confirm the overall functionality and performance reliability of the finished product under simulated operating conditions.

Quality management system

We have established and implemented a quality management system to institutionalize a zero-tolerance approach toward critical quality risks. This comprehensive framework defines rigorous control measures, explicitly prohibiting acts such as compromising battery safety, illegal malware implantation, falsification of quality records, and the unauthorized changing of production lines or suppliers. To ensure the pervasive integration of this compliance culture, we mandate that all employees strictly comply with the relevant sections of the employee code of conduct.

OUR INFORMATION TECHNOLOGY INFRASTRUCTURE

We have established a stable and scalable information technology infrastructure to support our global user base. Our systems are deployed on leading cloud service platforms, enabling reliable data storage, elastic scalability and efficient processing of imaging and device-related data. We adopt a distributed deployment architecture with redundancy to enhance service availability and support business growth.

We have established a formal information security management system and rolled out targeted network and data security control measures to guard against potential security risks such as system breakdowns and confidential information leakage.

We centrally administer all network access resources and achieve secure segregation between internal and external networks through physical and logical network isolation, deployment of security hardware as well as regular audit on staff internet access logs. We have built intra-city and remote off-site disaster recovery computer rooms to implement tiered data backup policies and set forth differentiated retention terms for various types of business data. Multi-tier access restriction and audit regimes are applied to our databases to rigorously contain backend access rights; meanwhile, we have formulated end-to-end handling rules for graded security incidents and arrange periodic emergency drills.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material service disruptions, ensuring the continuous and stable operation of our core business processes.

INTELLECTUAL PROPERTY

We rely on a combination of patents, trademarks, and copyrights. As of the Latest Practicable Date, we had registered 104 patents in China, comprising 28 invention patents, 36 utility model patents and 40 appearance design patents, and had 12 invention patent applications pending. We also had registered 342 trademarks, 54 software copyrights and 10 copyrights in Chinese mainland. See “Statutory and General Information — Further information about our business — Our intellectual property rights” in Appendix VI to this document.

We rely primarily on a combination of patents, copyrights, trademarks, trade secret and unfair competition laws and contractual rights, such as confidentiality agreements, to protect our intellectual property rights. We clearly state all rights and obligations regarding the ownership and protection of intellectual properties in all employment agreements and commercial agreements we enter into. In addition, we also seek to preserve the integrity and confidentiality of our data and trade secrets by maintaining physical security of our premises and physical and electronic security of our information technology systems. However, despite measures taken to protect our intellectual property rights, third parties may

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nevertheless gain unauthorized access to our confidential information and trade secrets. See “Risk Factors – Risks relating to our business and industry – We may be unable to sufficiently safeguard or enforce our intellectual property rights or to prevent third parties from copying or reverse engineering our products, the measures we take to defend and protect such intellectual property rights may be costly” for further details.

As of the Latest Practicable Date, we were not involved in any legal, arbitral or administrative proceedings or claims of infringement of any intellectual property rights, in which we may be a claimer or a respondent. Our Directors confirmed that they were not aware of any material legal, arbitral or administrative proceedings of infringement of any third parties’ intellectual property rights by us as of the Latest Practicable Date.

AWARDS AND RECOGNITIONS

During the Track Record Period, we received awards and recognitions for the quality of our products, intellectual properties and our R&D and innovation capabilities. Representative awards and recognitions are set forth below:

<u>Award year</u>	<u>Awards/Recognitions</u>	<u>Issuing entities</u>
2025	National-Level Specialized, Sophisticated, Distinctive and Innovative “Little Giant” Enterprise (國家級專精特新“小巨人”企業)	Ministry of Industry and Information Technology (工業和信息化部)
2025	High-Tech Enterprise (高新技術企業)	Bureau of Industry and Information Technology of Shenzhen Municipality; Shenzhen Municipal Bureau of Finance; Shenzhen Tax Service, State Taxation Administration (深圳市工業和信息化局、深圳市財政局、國家稅務總局深圳市稅務局)
2024	Innovative Small and Medium-sized Enterprise (創新型中小企業)	Shenzhen SME Service Bureau (深圳市中小企業服務局)
2024	Specialized, Sophisticated, Distinctive and Innovative Small and Medium-sized Enterprise (專精特新中小企業)	Shenzhen SME Service Bureau (深圳市中小企業服務局)
2024	International Design Excellence Awards	Industrial Designers Society of America
2023	Specialized, Sophisticated, Distinctive and Innovative Small and Medium-sized Enterprise (專精特新中小企業)	Shenzhen SME Service Bureau (深圳市中小企業服務局)

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Award year	Awards/Recognitions	Issuing entities
2022	High-Tech Enterprise (高新技術企業)	Shenzhen Science, Technology and Innovation Commission; Shenzhen Municipal Bureau of Finance; Shenzhen Tax Service, State Taxation Administration (深圳市工業和信息化局、深圳市財政局、國家稅務總局深圳市稅務局)
2021	iF Design Award	iF International Forum Design GmbH
2020	Contemporary Good Design Award	Red Dot Organization
2018	Red Dot Certificate	Design Zentrum Nordrhein Westfalen

COMPETITION

The vehicle smart imaging device industry is highly competitive and fragmented, with numerous global and domestic markets participants competing on product performance, software capabilities, brand strength and sales channel coverage. Although overall industry concentration remains low, leading players benefit from advantages in technology accumulation, product iteration and user scale.

We hold a position among the leading companies in China and are expanding our presence overseas.

We compete with both international and domestic manufacturers, including global brands and Chinese companies. Our competitive advantages include full-chain integration from R&D to manufacturing and sales, a focus on AI-driven features, a robust patent portfolio and rapid global expansion since 2020. These strengths enhance our ability to stand out as the industry increasingly emphasizes intelligent features and device connectivity.

See “Industry Overview” for further information about the competitive landscape of vehicle smart imaging device industry.

LICENSES, APPROVALS AND PERMITS

Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, we had obtained all requisite material licenses, approvals and permits from relevant authorities for our operations in all material respects. We are required to renew some of such licenses, approvals and permits from time to time, and we currently do not expect any material difficulties in or legal impediment to such renewals.

The following table sets forth a list of material licenses, approvals and permits held by us as of the Latest Practicable Date:

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Holder	License/approvals/permit	Issuing authority	Newest grant/ filing Date	Expiration date
DDPAI Dongguan	Registration Receipt for Pollutant Discharge from Stationary Pollution Sources (固定污染源排污登記回執)	Ministry of Ecology and Environment (生態環境部)	May 15, 2026	May 14, 2031
Our Company	Filing of Cross-border E-commerce Enterprise (跨境電子商務企業備案)	Fuzhong customs (福中海關)	December 18, 2025	December 31, 2099
Our Company	Customs Registration for Consignor or Consignee of Import and Export Goods (進出口貨物收發貨人海關備案)	Fuzhong customs (福中海關)	December 18, 2025	December 31, 2099
Our Company	Federal Communications Commission ID: 2AJFX-DZ003	Shenzhen Anbotek Compliance Laboratory Limited (深圳市安博檢測股份有限公司)	November 26, 2025	N/A
Our Company	Conformité Européenne (CE) Radio Equipment Directive Test Report No.: 1812C50533322101	Shenzhen Anbotek Compliance Laboratory Limited (深圳市安博檢測股份有限公司)	October 20, 2025	N/A
Our Company	State Radio Regulatory Commission (無線電型號核准認證)	Ministry of Industry and Information Technology (工業和信息化部)	July 4, 2025	July 4, 2030
Our Company	Network Access License for Telecommunications Equipment (電信設備進網許可證)	Ministry of Industry and Information Technology (工業和信息化部)	November 28, 2024	November 28, 2027
DDPAI Dongguan	Quality Management System Certification (質量管理體系認證)	Shanghai NQA Certification Co., Ltd. (上海恩可埃認證有限公司)	October 6, 2024	October 5, 2027
Our Company	Quality Management System Certification (質量管理體系認證)	Shenzhen Huakai Inspection and Certification Co., Ltd. (深圳華凱檢測認證有限公司)	June 28, 2024	June 27, 2027

EMPLOYEES

As of December 31, 2025, we had 521 full-time employees, all of whom were based in Chinese mainland. The following table sets forth a breakdown of our full-time employees by function as of the date indicated:

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	As of December 31, 2025	
	Number of employees	% of total employees
Production	215	41.2
R&D technical personnel	102	19.6
Administrative	28	5.4
Sales and marketing	163	31.3
Finance	13	2.5
Total	521	100.0

We believe that our employees are valuable assets that contribute to our success. We recruit our employees based on a number of factors such as their working experience, their educational background, and our vacancy needs, using channels such as online platforms, campus hiring, employee referrals and headhunting for key technical roles. We generally pay our employees a fixed salary and other allowances based on their respective positions and responsibilities.

We entered into individual employment contracts with our full-time employees covering matters such as wages, employee benefits, employment scope, and grounds for termination. In addition, we maintain employee handbooks covering conduct, confidentiality, anti-fraud measures and compliance obligations. New employees sign confidentiality agreements upon joining.

We believe that we have maintained good working relationships with our employees. During the Track Record Period and up to the Latest Practicable Date, we did not experience any major labor disputes, work stoppages, or labor strikes or any work safety-related incidents that led to disruptions in our Group’s operations. As of the Latest Practicable Date, our employees did not form any labor union.

Social insurance and housing provident fund contributions

Pursuant to applicable laws and regulations in the PRC, we are required to make contributions to the social insurance and housing provident fund for the benefit of our employees in China. During the Track Record Period, we did not make social insurance and housing provident fund contributions for some of our employees in full, primarily because certain employees were unwilling, or not willing to do so in full, to make social insurance and/or housing provident fund contributions as it requires additional contributions from them.

In respect of the legal consequences and the potential penalties for the failure to make full contributions to social insurance and housing provident fund, as advised by our PRC Legal Adviser, pursuant to applicable PRC laws and regulations, the relevant competent authorities may (i) order us to pay the outstanding social insurance contributions within a certain period of time and impose an overdue fee amounting to 0.05% of the outstanding amount per day, failing to comply with which the relevant competent authorities may further impose a fine amounting to no less than one time but less than three times the outstanding amount; and (ii) order us to pay the outstanding housing provident fund contributions within a certain period of time, failure to comply with which the relevant competent authorities may apply to the people’s court for enforcement. In addition, according to the Supreme People’s Court’s Interpretation (II) on Several Issues Concerning the Application of Law in Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋二》) (the “**New Judicial Interpretation**”), which took effect on September 1, 2025, if an employer and an employee agree or the employee undertakes that no social insurance contributions shall be paid, the people’s court shall determine that such agreement or undertaking is invalid. If an employer fails to pay social insurance contributions in accordance with the applicable laws, and the employee requests to terminate the labor contract and demands economic compensation from the employer in accordance with the Labor Contract Law of the PRC, the people’s court shall support such request.

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Our Directors believe that the incident described above would not have a material adverse effect on our business, financial condition and results of operations, considering that during the Track Record Period and up to the Latest Practicable Date: (i) we have confirmed that we had not received any notification from the relevant competent authorities requiring us to make up the shortfalls in social insurance and housing provident fund contributions, nor did we receive any litigation documents or become subject to any court enforcement in connection with the payment of social insurance and housing provident fund contributions; (ii) based on the credit reports issued by the relevant competent authorities and our own review, we have confirmed that no material administrative penalty was imposed on us with respect to the payment of social insurance and housing provident fund contributions as of the Latest Practicable Date; (iii) based on the consultation with the relevant competent authorities, unless there are employee complaints, they typically do not proactively conduct inspections or require companies to make retroactive contributions to cover the shortfalls in social insurance and housing provident fund contributions; (iv) we were not aware of any material complaint, litigation or arbitration brought by any of our employees regarding our social insurance and housing provident fund policy; (v) pursuant to the Notice on Implementing the Comprehensive Plan for Lowering Social Insurance Premium Rates (《關於貫徹落實〈降低社會保險費率綜合方案〉的通知》) promulgated by the Ministry of Human Resources and Social Security, the Ministry of Finance, the State Taxation Administration and the National Healthcare Security Administration on April 28, 2019, administrative authorities are prohibited from conducting centralized collection of historical outstanding social insurance contributions from enterprises; and (vi) the New Judicial Interpretation does not expand the scope of penalties, nor does it repeal the relevant provisions of the current laws and regulations. We undertake that if we receive a notice from relevant competent authorities requiring us to rectify, pay or make up social insurance and housing provident fund contributions within a specified period, we will promptly comply with the requirements of such notice.

Based on the foregoing, our PRC Legal Adviser is of the view that, provided there are no material changes to the applicable policies, laws, and regulations relating to social insurance and housing provident funds or to their enforcement by the local authorities, and there are no employee complaints, the likelihood that we would be required by the competent authorities to make up the historical shortfalls of social insurance and housing provident fund contributions, or be subject to material administrative penalties for our failure to make full social insurance and housing provident fund contributions during the Track Record Period, is remote.

We intend to make social insurance and housing provident fund contributions in accordance with the applicable laws and regulations progressively going forward. To further ensure our compliance with relevant laws and regulations in respect of social insurance and housing provident fund contributions, we have taken internal control measures, which primarily include: (i) we have formulated and implemented policies specifying that social insurance and housing fund contributions should be made in accordance with relevant regulations; (ii) we will initiate the first-phase adjustments of the contribution bases for social insurance and housing provident fund contributions for senior management and newly hired or transferred employees, and will, in subsequent phases, carry out the corresponding adjustments for mid-level management and all other employees; (iii) we are enhancing our internal approval and review procedures relating to social insurance and housing provident fund contributions to strengthen oversight and ensure compliance; and (iv) we maintain ongoing communication with employees to improve their understanding of and cooperation with statutory contribution requirements. Our internal control consultant noted that no material internal control deficiencies were identified from our enhanced internal control measures since implementation.

INSURANCE

We maintain insurance policies that are required under laws and regulations as well as based on our assessment of our operational needs and industry practice. We are required by relevant laws and regulations in China to maintain employment injury insurance, which covered, among other things, work injuries, accidents or incidents which gave rise to employees' occupational health diseases. We also make contributions to other types of social insurance for our employees in accordance with the relevant laws and regulations of China.

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We have elected not to maintain certain types of insurances such as business interruption insurance, any insurance for our information technology infrastructure and systems, or any insurance for our leased properties, at the current stage. Our Directors consider our existing insurance coverage to be customary for business of our size and type and in line with the standard commercial practice in the jurisdictions where we have operations. During the Track Record Period, we did not submit any material insurance claims, nor did we experience any business interruptions that had a material adverse effect on our business or financial position.

PROPERTIES

As of the Latest Practicable Date, we did not own any properties, and leased 3 properties with an aggregate gross floor area of approximately 11,992.5 square meters in Guilin, Shenzhen and Dongguan, the PRC. These leased properties were mainly used for our operations, including office, R&D, and production activities.

We believe our current leased properties are sufficient to meet our near-term needs, and additional space can be obtained on commercially reasonable terms to meet our future needs. We do not anticipate undue difficulty in renewing our leases upon their expiration. During the Track Record Period and up to the Latest Practicable Date, we did not experience any difficulty in renewing the leases for our leased properties. Our Directors confirm that none of the properties stated above are individually material to our Group in terms of rental expenses.

As of the Latest Practicable Date, none of the properties leased by us had a carrying amount of 15% or more of our consolidated total assets. According to Chapter 5 of the Hong Kong Listing Rules and section 6(2) of the Companies Ordinance (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.

DATA SECURITY AND PROTECTION

Our business involves the collection, storage, use, processing, transmission and other handling of personal information through our DDPAI App and related products, such as dash cameras with connectivity features. We collect personal information primarily from end-users who consent to our privacy policy when using the DDPAI App. We process this data to provide core functions such as video cloud storage, sharing of recorded video footage, and customer support.

In recent years, data privacy and cybersecurity have become critical corporate governance priorities for companies globally. In particular, PRC legislative and governmental authorities have promulgated from time to time new laws and regulations concerning cybersecurity, data security, and privacy compliance. Consequently, our practices regarding the collection, processing, and transmission of various types of data may be subject to more stringent regulatory and administrative scrutiny. We have established a comprehensive data compliance system comprising organizational structures and internal policies, including but not limited to the Cybersecurity Management System (《網絡安全管理制度》), the Management Regulations for Data Backup of the Company's Core Systems (《公司核心系統數據備份管理規定》), and the Data Backup and Recovery Management System (《數據備份與恢復管理制度》).

During the Track Record Period, we did not experience any material data breaches, leakages, or cybersecurity incidents that resulted in unauthorized access to personal data. As of the Latest Practicable Date, we were not subject to any ongoing investigations, fines, claims, or material non-compliance with applicable data protection laws and regulations, and we have not been subject to any litigation, arbitration, or material administrative penalties related to any network security, data compliance or personal information protection issues.

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Our PRC Legal Adviser was of the view that, during the Track Record Period and up to the Latest Practicable Date, our operations in network security, data compliance and personal information protection had complied with the currently effective laws and regulations of the PRC relating to cybersecurity, data security and personal information protection in all material aspects.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We are committed to being a responsible corporate citizen by complying with applicable laws, regulations and recognized market practices while fully integrating environmental, social and governance (“ESG”) considerations into our daily operations. We have established an ESG governance framework led by our Board of Directors (the “Board”) with the objective of driving long-term sustainable development.

Governance

We have established a three-tier ESG management structure, comprising the Board, ESG Working Group, and ESG Execution Team. The Board, as the highest decision-making and governance body for ESG-related matters, is responsible for leading and assuming ultimate accountability for our ESG governance. It supervises and reviews our ESG-related development strategies, objectives, plans and other matters that may have a significant impact. The ESG Working Group, consisting of members from our senior management, serves as the executive body responsible for ESG management. Its main duties include identifying and managing ESG-related risks and opportunities that may have a material impact on the business; and evaluating our overall ESG performance, monitoring the progress, organizing training, and proposing corresponding recommendations. The ESG Execution Team operates under the ESG Working Group as the implementation body for ESG initiatives. It is primarily responsible for promoting the execution of ESG topics; and regularly collecting, consolidating and reporting on the performance and case studies managed by respective responsible departments.

Environment

We actively implement the concept of sustainable development, integrating ecological and environmental protection requirements into our development. We ensure that environmental impacts are minimized throughout our entire production and operation process.

Greenhouse Gas (GHG) Emissions During the Track Record Period, our GHG emissions primarily originated from Scope 1 direct emissions generated from the vehicles we own and Scope 2 indirect GHG emissions associated with our consumption of electricity. Our Scope 3 GHG emissions were mainly associated with business trips. The following table sets forth our GHG emissions for the periods indicated:

Greenhouse gas (GHG) Emissions	Unit	Year ended December 31		
		2023	2024	2025
Scope 1: Direct GHG Emissions ¹	tCO ₂ e	3.29	3.29	3.29
Scope 2: Indirect GHG Emissions ²	tCO ₂ e	966.15	642.19	734.58
Scope 3: Other Indirect GHG Emissions ³	tCO ₂ e	32.90	30.02	37.34
Total GHG Emissions	tCO ₂ e	1,002.34	675.50	775.21
Total GHG Emission Intensity	tCO ₂ e /RMB' 000 in revenue	0.0025	0.0019	0.0016

Notes:

- Scope 1 emission factors are sourced from the Technical Guidelines for the Compilation of Integrated Emission Inventories of Air Pollutants and Greenhouse Gases (Trial).
- Scope 2 emission factors are sourced from the National Greenhouse Gas Emission Factor Database.

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- Scope 3 emissions are accounted for under Category 6 (Business Travel), with the relevant calculations derived from Travel Impact Model.

Energy Consumption

To improve our energy utilization efficiency and reduce energy consumption, we have implemented several measures, which primarily include the following: air conditioning operating management: air conditioning is activated and deactivated based on seasonal temperature changes; new energy vehicles: we purchased new energy vehicles in 2024.

The following table sets forth our energy consumption for the periods indicated:

Energy Consumption	Unit	Year ended December 31		
		2023	2024	2025
Gasoline ¹	MWh	8.99	8.99	8.99
Electricity	MWh	1,820.86	1,210.31	1,384.43
Total Energy Consumption	MWh	1,829.86	1,219.30	1,393.42
Total Energy Consumption Intensity	MWh /RMB' 000 in revenue	0.0046	0.0035	0.0029

Notes:

- The total mileage of our vehicle is estimated based on the Vehicle-Kilometers Traveled provided in Technical Guidelines for the Compilation of Air Pollutant Emission Inventories for Road Motor Vehicles (Trial).

Waste Management

Our operations produce non-hazardous waste. We have implemented waste management measures to standardize the collection and disposal of waste generated during our production and business operations to reduce environmental pollution, ensure production safety and comply with national environmental protection regulations. Non-hazardous waste from our Shenzhen Facility is recycled and sold monthly.

The following table sets forth the amount of non-hazardous waste that we generated for the periods indicated:

Non-Hazardous Waste	Unit	Year ended December 31		
		2023	2024	2025
Non-Hazardous Waste ¹	kg	380.79	430.83	442.85
Total Non-Hazardous Waste Intensity	kg/RMB'000 in revenue	0.0010	0.0012	0.0009

Notes:

- The non-hazardous waste only cover the paper usage from Shenzhen office.

Water Consumption

Municipal water supply is the primary source of our water supply. Our water consumption increases during the Track Record Period, mainly due to the growth of our business. However, water consumption intensity (measured as water consumption per unit of revenue) remains relatively stable. The following table sets forth our water consumption for the periods indicated:

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Water Consumption	Unit	Year ended December 31		
		2023	2024	2025
Municipal Water	tonnes	2,430.12	3,757.54	5,042.13
Office Drinking Water	tonnes	1.90	1.58	1.51
Total Water Consumption	tonnes	2,432.02	3,759.12	5,043.64
Total Water Consumption Intensity	tonnes/RMB' 000 in revenue	0.0062	0.0107	0.0106

Environmental Targets

To better control our energy consumption and monitor our emission, we have set the following quantitative targets based on our energy consumption and GHG emission in 2023. We will also establish more comprehensive internal measures after the [REDACTED] with the assistance of external ESG consultants.

- Achieve a 5% reduction in total greenhouse gas GHG emissions intensity by 2030, using 2023 as the baseline year.
- Achieve a 15% reduction in electricity consumption intensity by 2030, using 2023 as the baseline year.

Climate Change Risks and Opportunities

We recognize that climate-related issues pose varying degrees of threats to our operations while simultaneously presenting new opportunities. The climate-related risks that we have identified can be categorized into two primary types: physical risks and transition risks. Physical risk refers to the risks related to the physical impacts of climate change, including acute risks and chronic risks. In terms of acute risks, our operations are confronted with risks brought about by extreme weather events such as typhoons, heavy rain and floods. These accidents have a particularly severe impact on facilities and may lead to power outages and work stoppages. In terms of chronic risks, we are confronted with the long-term risk of climate change. The continuous high temperatures caused by global warming may increase the energy consumption of our cooling equipment, thereby raising operating costs. Transition risk refers to medium and long-term financial risk related to the shift towards a lower-carbon economy, for example, changes in climate-related policies and regulations, technological changes or changes in market sentiment. If we fail to meet the market's demand for high-efficiency and low-carbon products in a timely manner, it may lead to customer loss and a decline in operating performance. For example, if we fail to provide low-carbon markets, it may affect our sales on E-commerce platforms such as Amazon since it offers incentivized traffic for low-carbon products.

We also recognize that climate change may create opportunities for our business operations and financial performance when we endeavor to mitigate and adapt to it. Specifically, these opportunities cover these dimensions: resource efficiency, product and service innovation and market expansion. To seize such opportunities, we develop low-power products that support sustainable applications, while also meeting the low-power requirements of in-vehicle scenarios. Through technological innovation, as an automotive vision company, we can support the transition to a low-carbon economy, strengthen market competitiveness, and create new sources of revenue.

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Social

Employee Rights and Welfare

We consider our high-caliber talent pool to be a primary source of our competitive advantage. We adhere to all applicable labor laws and regulations in China in all material respects, including the Labor Law of the PRC, the Labor Contract Law of the PRC and the Implementing Regulations of the Labor Contract Law. We have established “Recruitment Management Regulations”, “Internship Management Regulations”, and “Labor Dispatch Cooperation Management Regulations.” We strictly prohibit the use of child labor and any form of forced labor, ensure that all employment is voluntary and is committed to safeguarding the lawful rights and interests of our employees.

Training and Development

We place strong emphasis on the continuous training and professional development of our employees. We have established training plans and specified the professional requirements for all positions in Qualification Standards for Each Position.

Occupational Health and Safety

During the Track Record Period and up to the Latest Practicable Date, we have complied in all material respects with all applicable labor, employment and occupational health and safety laws and regulations in China, and no material work-related injuries, safety incidents or corresponding penalties had occurred.

Supply Chain Management

We are fully aware of the importance of supply chain management to our long-term development. As such, we actively establish and optimize our supply chain management system to enhance procurement efficiency and quality, effectively reduce procurement costs, and ensure smooth procurement processes.

We ensure that the procured products comply with our Company’s quality, environmental, occupational health and safety management, and hazardous substance free requirements. We implement environmental control over all procurement of production materials, outsourcing processing, and services provided by contractors. We conduct regular evaluations of qualified suppliers to ensure that they can consistently and stably supply materials of high quality and reasonable prices over the long term. If the quality performance is poor within a certain period, we may require rectification of the supplier within a specified time, suspend its supply, or revoke the qualification of the supplier.

Business Ethics

We strictly prohibit and actively combat all forms of corruption, bribery, extortion, fraud and money laundering. We adhere to relevant laws and regulations, including the Anti-Unfair Competition Law of the PRC and Anti-Money Laundering Law of the PRC and maintain a zero-tolerance policy towards corruption and fraud. During the Track Record Period and up to the Latest Practicable Date, we have not identified any material incidents of, nor have we been involved in any material legal proceedings concerning fraud, bribery or corruption.

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TRANSFER PRICING ANALYSIS

During the Track Record Period, our Group conducted certain intra-group cross-border transactions. Specifically, our Company, sold finished products to DDPAI Global, our Hong Kong-based subsidiary, for onward sales to third-party overseas customers in their respective markets. In 2023, 2024 and 2025, the amount for these intra-group cross-border transactions was approximately nil, RMB1.2 million and RMB12.3 million, respectively.

To ensure compliance with the applicable transfer pricing tax regulations in the jurisdictions where we operate, we have engaged an independent transfer pricing consultant (the “**Transfer Pricing Consultant**”), to conduct a transfer pricing review on the aforementioned intra-group cross-border transactions. The Transfer Pricing Consultant performed a functional and risk analysis on the relevant entities. According to the analysis, our Company acts as the principal entity in the transaction chain, undertaking key functions including R&D, procurement, marketing, and after-sales services, and bears the majority of the associated risks. DDPAI Global operates as a limited-risk distributor focusing on overseas sales, assuming limited market, inventory, and credit risks.

Based on the respective functional and risk profiles, the Transfer Pricing Consultant selected the transactional net margin method as the most appropriate transfer pricing methodology and adopted the operating profit margin as the profit level indicator. The weighted average operating profit margin of DDPAI Global for the years 2024 and 2025 was 2.9%, which fell within the reasonable arm’s length range for routine limited-risk distributors, which ranges approximately from 2% to 5%.

Accordingly, the Transfer Pricing Consultant concluded that the pricing policies of our intra-group cross-border transactions between our Company and DDPAI Global during the Track Record Period were consistent with the arm’s length principle. Based on the advice of the Transfer Pricing Consultant, our Directors are of the view that our transfer pricing arrangements during the Track Record Period complied with applicable transfer pricing laws and regulations, and we do not have any material tax exposure in relation to transfer pricing that would necessitate significant tax provisions. During the Track Record Period and up to the Latest Practicable Date, we were not subject to any inquiry, audit, investigation or challenge by any relevant tax authorities in connection with these intra-group cross-border transactions.

LEGAL PROCEEDINGS AND COMPLIANCE

We may from time to time be involved in legal proceedings in the ordinary course of business. As of the Latest Practicable Date, there were no litigation or arbitration proceedings brought against us, or pending or threatened against us or any of our Directors, that could have a material adverse effect on our financial condition or results of operations.

During the Track Record Period and up to the Latest Practicable Date, we did not have any non-compliance incident which our Directors believe would, individually or in the aggregate, have a material adverse effect on our financial condition or results of operations.

RISK MANAGEMENT AND INTERNAL CONTROL

We have established risk management policies and internal control systems to identify, assess, monitor and mitigate key risks associated with our business operations. These systems are overseen by our Board of Directors and senior management, with regular reviews to ensure their effectiveness.

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Business operational risk management

We identify and manage operational risks through a structured framework that includes supply chain volatility, production disruptions, quality control issues and overseas expansion challenges. To address these risks, we have established a series of internal control measures such as dual sourcing for critical components, long-term supply contracts, strategic safety stock, supplier performance reviews and dynamic blacklist mechanisms. We also maintain integrated IT systems for real-time visibility across procurement, inventory and production. On the occurrence of a major adverse event, the matter will be escalated to our senior management and the Board of Directors may need to take appropriate measures. Through effective business operational risk management, we expect to control operational risks within a reasonable range by identifying, measuring, monitoring and containing operational risks to reduce potential losses.

Financial reporting risk management

We have in place a set of accounting policies in connection with our financial reporting risk management, such as financial report management policies, budget management policies, financial statements preparation policies, and finance department and staff management policies. We have various procedures in place to implement these accounting policies, and our finance department reviews our management accounts based on such procedures. We also provide regular trainings to our finance department staff to ensure that they understand our accounting policies.

Data privacy and security risk management

We have implemented various measures to ensure our compliance with applicable laws and regulations on data privacy and security. We have designated personnel responsible for data protection and for monitoring the operation of our information technology infrastructure, each with extensive experience in the information technology industry.

Our data assets are encrypted and stored on firewall-protected servers deployed in both physical and cloud-based formats. Our physical servers, located in Dongguan, are dedicated to storing ERP data, while our cloud-based servers, located in Hangzhou, host our operational business data, both with daily data backups in place. We conduct regular data restore tests to verify the effectiveness of our backup mechanisms. We strictly restrict employee access to data based on job roles and responsibilities, maintain detailed access logs subject to periodic internal review, provide regular data protection training to employees, and require confidentiality undertakings to prevent improper use or disclosure of data.

For further details regarding our data protection practices and measures to safeguard against system intrusion, please refer to “Data security and protection” in this section.

Regulatory compliance risk management

We have established and implemented strict internal procedures to ensure that our business operations comply with applicable laws and regulations. Our legal and compliance department is responsible for reviewing and updating the contract templates used with our suppliers and customers. The department also works closely with our external legal counsel to confirm that we have obtained and properly maintained all permits and licenses necessary for our operations. We continuously refine our internal policies in response to changes in laws, regulations, and industry standards to maintain ongoing compliance.

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Audit Committee and board oversight

To monitor the ongoing implementation of our risk management policies, we have established an Audit Committee to review and supervise our financial reporting process and internal control system 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 comprises three members, namely Mr. Li Xu, Ms. Li Caiyun and Mr. Kang Yi. Mr. Li Xu is the chairman of the Audit Committee. Please refer to the section headed “Directors and Senior Management – Board of Directors” in this document.

Our internal control department is responsible for reviewing the effectiveness of internal controls and reporting issues identified and improving our internal control system and procedures by identifying internal control failures and weaknesses on an ongoing basis. The internal audit department reports any major issues identified to the Audit Committee and Board of Directors on a timely basis.