China International Capital Corporation
Hong Kong Securities Limited
29th Floor, One International Finance Centre
1 Harbour View Street, Central
Hong Kong

To: The Board of Directors
Hesai Group
PO Box 309
Ugland House
Grand Cayman, KY1-1104
Cayman Islands

8 September, 2025

Dear Sirs,

Re: Hesai Group (the "Company") – Global Offering and Listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange")

We refer to the prospectus of the Company dated 8 September, 2025 (the "**Prospectus**") in connection with the Company's proposed global offering and proposed listing of its Class B ordinary shares on the Main Board of the Stock Exchange.

Unless otherwise stated, capitalized terms used in this letter shall have the same meaning as terms defined in the Prospectus.

We hereby give, and confirm that we have not withdrawn:

(i) our written consent to the issue of the Prospectus by the Company, with the inclusion therein of all references to our name, our qualifications and the opinions given by us as set out in the Prospectus, in the form and context in which they respectively appear in the Prospectus; and

(ii) our written consent to a statement of the aforesaid in the Prospectus.

We hereby further consent to (i) this letter being released to the Registrar of Companies in Hong Kong and the Stock Exchange and referring to it in the Prospectus, and (ii) a copy of this letter being made available on display as described in the section headed "Documents Delivered to the Registrar of Companies in Hong Kong and On Display" in Appendix V to the Prospectus.

[Signature page to follow]

For and on behalf of
China International Capital Corporation Hong Kong Securities Limited

Name: Charles Sin
Title: Executive Director

Guotai Junan Capital Limited
27F, Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

To: The Board of Directors
Hesai Group
PO Box 309
Ugland House
Grand Cayman, KY1-1104
Cayman Islands

8 September 2025

Dear Sirs,

Re: Hesai Group (the "Company") – Global Offering and Listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange")

We refer to the prospectus of the Company dated 8 September 2025 (the "**Prospectus**") in connection with the Company's proposed global offering and proposed listing of its Class B ordinary shares on the Main Board of the Stock Exchange.

Unless otherwise stated, capitalized terms used in this letter shall have the same meaning as terms defined in the Prospectus.

We hereby give, and confirm that we have not withdrawn:

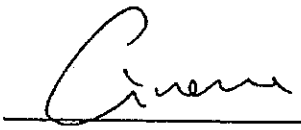
(i) our written consent to the issue of the Prospectus by the Company, with the inclusion therein of all references to our name, our qualifications and the opinions given by us as set out in the Prospectus, in the form and context in which they respectively appear in the Prospectus; and

(ii) our written consent to a statement of the aforesaid in the Prospectus.

We hereby further consent to (i) this letter being released to the Registrar of Companies in Hong Kong and the Stock Exchange and referring to it in the Prospectus, and (ii) a copy of this letter being made available on display as described in the section headed "Documents Delivered to the Registrar of Companies in Hong Kong and On Display" in Appendix V to the Prospectus.

[Signature page to follow]

For and on behalf of
Guotai Junan Capital Limited



Name: Cinema Shi
Title: Executive Director

CMB International Capital Limited
45th Floor, Champion Tower
3 Garden Road, Central
Hong Kong

To: The Board of Directors
Hesai Group
PO Box 309
Ugland House
Grand Cayman, KY1-1104
Cayman Islands

8 September, 2025

Dear Sirs,

Re: Hesai Group (the "Company") – Global Offering and Listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange")

We refer to the prospectus of the Company dated 8 September 2025 (the "**Prospectus**") in connection with the Company's proposed global offering and proposed listing of its Class B ordinary shares on the Main Board of the Stock Exchange.

Unless otherwise stated, capitalized terms used in this letter shall have the same meaning as terms defined in the Prospectus.

We hereby give, and confirm that we have not withdrawn:

(i) our written consent to the issue of the Prospectus by the Company, with the inclusion therein of all references to our name, our qualifications and the opinions given by us as set out in the Prospectus, in the form and context in which they respectively appear in the Prospectus; and

(ii) our written consent to a statement of the aforesaid in the Prospectus.

We hereby further consent to (i) this letter being released to the Registrar of Companies in Hong Kong and the Stock Exchange and referring to it in the Prospectus, and (ii) a copy of this letter being made available on display as described in the section headed "Documents Delivered to the Registrar of Companies in Hong Kong and On Display" in Appendix V to the Prospectus.

[Signature page to follow]

For and on behalf of
CMB International Capital Limited

Name: Elaine Cheung
Title: Managing Director

Name: Ma Siwei
Title: Managing Director

Name: Sally Cho
Title: Vice President

方達律師事務所
FANGDA PARTNERS

http://www.fangdalaw.com

中国上海市石门一路 288 号
兴业太古汇香港兴业中心二座 24 楼

电子邮件 E-mail: email@fangdalaw.com
电 话 Tel.: +86-21-2208 1166
传 真 Fax.: +86-21-5298 5599

24/F, HKRI Centre Two
HKRI Taikoo Hui
288 Shi Men Yi Road
Shanghai, PRC

To: The Board of Directors
Hesai Group
PO Box 309
Ugland House
Grand Cayman, KY1-1104
Cayman Islands

8 September 2025

Dear Sirs,

Re: Hesai Group (the "Company") – Global Offering and Listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange")

We refer to the prospectus of the Company dated 8 September 2025 (the "**Prospectus**") in connection with the Company's proposed global offering and proposed listing of its Class B ordinary shares on the Main Board of the Stock Exchange.

Unless otherwise stated, capitalized terms used in this letter shall have the same meaning as terms defined in the Prospectus.

We hereby give, and confirm that we have not withdrawn:

(i) our written consent to the issue of the Prospectus by the Company, with the inclusion therein of all references to our name, our qualifications and the opinions given by us in respect of, among other things, certain general corporate matters and property interests of its PRC subsidiaries as set out in the Prospectus, in the form and context in which they respectively appear in the Prospectus; and

(ii) our written consent to a statement of the aforesaid in the Prospectus

We hereby further consent to (i) this letter being released to the Registrar of Companies in Hong Kong and the Stock Exchange and referring to it in the Prospectus, and (ii) a copy of this letter being made available on display as described in the section headed "Documents Delivered to the Registrar of Companies in Hong Kong and On Display" in Appendix V to the Prospectus.

[Signature page to follow]

Yours faithfully,

For and on behalf of
Fangda Partners

MAPLES GROUP

Our ref SQG/790004-000003/33067068v2
Email Sarena.Gong@maples.com

The Board of Directors
Hesai Group
PO Box 309
Ugland House
Grand Cayman, KY1-1104
Cayman Islands

8 September 2025

Consent to the Issue of the Prospectus of Hesai Group

We refer to the prospectus of Hesai Group (the "**Company**") dated 8 September 2025 (the "**Prospectus**") in connection with the global offering and listing of the Class B ordinary shares in the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

We hereby give our written consent, and confirm we have not withdrawn our written consent, (i) to the issue of the Prospectus, with the inclusion therein of our summaries of the constitution of the Company and Cayman Islands company law, the texts of which are set out in Appendix III to the Prospectus, and all references thereto and to our names, in the form and context in which they respectively appear in the Prospectus, and (ii) to a statement of the aforesaid in the Prospectus.

We also consent to (a) the above documents, our letter of advice in respect of certain aspects of Cayman Islands company law referred to in Appendix III of the Prospectus and this letter being put on display as described in Appendix V to the Prospectus, and (b) this letter being released to the Registrar of Companies in Hong Kong and the Stock Exchange for the purpose of referring to it in the Prospectus and the registration of the Prospectus.

Yours faithfully

Maples and Calder (Hong Kong) LLP

Maples and Calder (Hong Kong) LLP

Maples and Calder (Hong Kong) LLP
26th Floor Central Plaza 18 Harbour Road Wanchai Hong Kong
Tel +852 2522 9333 Fax +852 2537 2955 **maples.com**

Resident Hong Kong Partners: Ann Ng (Victoria (Australia)), Aisling Dwyer (British Virgin Islands)
John Trehey (New Zealand), Matthew Roberts (Western Australia (Australia)), Terence Ho (New South Wales (Australia)), L K Kan (England and Wales),
W C. Pao (England and Wales), Sharon Yap (New Zealand), Nick Stern (England and Wales)
Juno Huang (Queensland (Australia)), Karen Pallaras (Victoria (Australia)), Joscelyne Ainley (England and Wales), Andrew Wood (England and Wales)

Non-Resident Partner: Jonathan Green (Cayman Islands)

Cayman Islands Attorneys at Law | British Virgin Islands Solicitors

Deloitte.

德勤

Deloitte Touche Tohmatsu
35/F One Pacific Place
88 Queensway
Hong Kong

September 8, 2025

The Directors
Hesai Group
PO Box 309
Ugland House
Grand Cayman, KY1-1104
Cayman Islands

Dear Sirs,

We refer to the prospectus dated September 8, 2025 (the "Prospectus") issued in connection with the proposed initial listing of shares of Hesai Group (the "Company") on the Main Board of The Stock Exchange of Hong Kong Limited, a final proof of which is attached and initialed by us on its front cover for the purpose of identification.

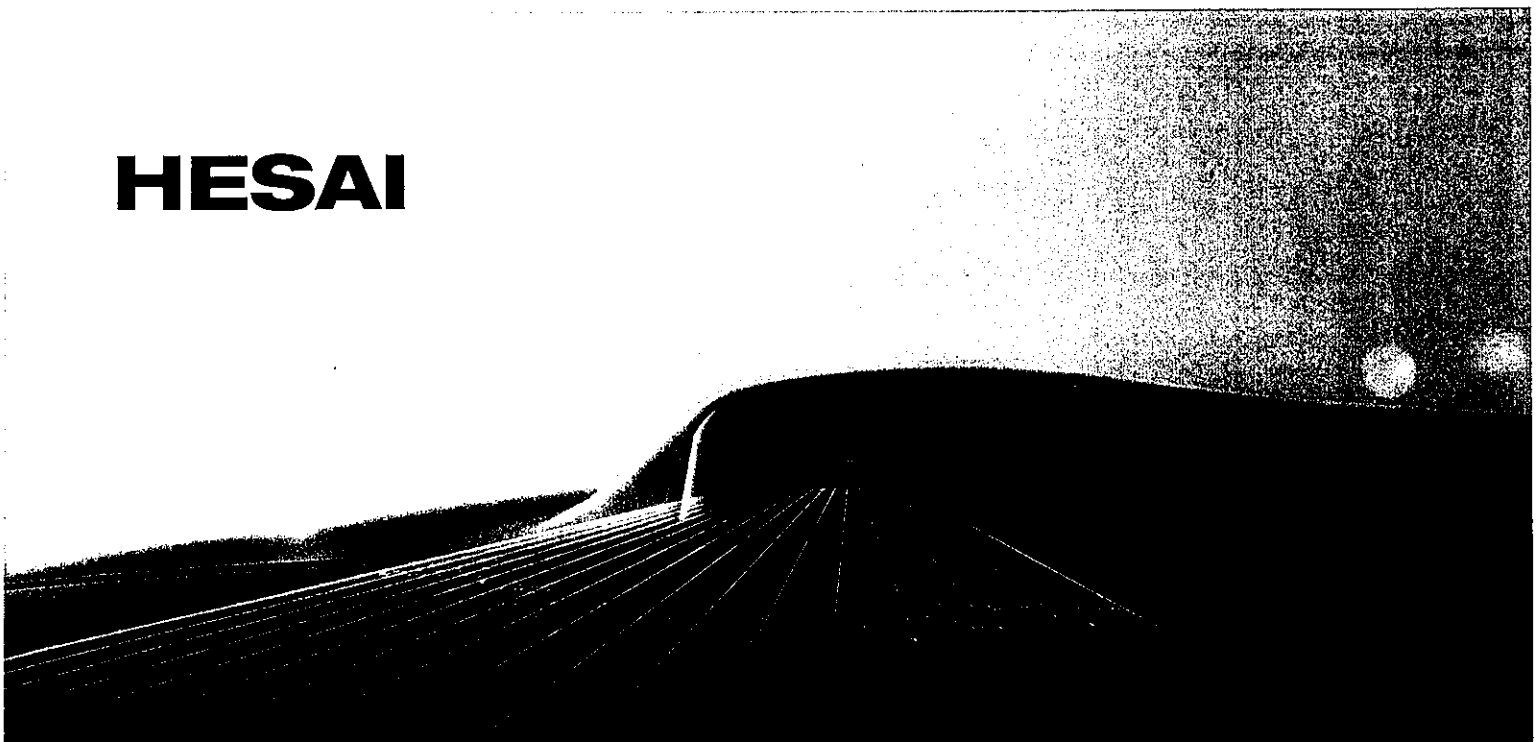
We hereby consent to the inclusion of our accountants' report on historical financial information of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for each of the three years ended December 31, 2024 and three months ended March 31, 2025, our independent reporting accountants' assurance report on the compilation of unaudited pro forma financial information of the Group and our report on review of condensed consolidated financial statements of the Group for the six months ended June 30, 2025, all dated September 8, 2025 in the Prospectus, and the references to our name in the form and context in which they are included.

Yours faithfully,

Deloitte Touche Tohmatsu

INspire HK
躍動香港

HESAI



Hesai Group
禾賽科技*

(A company controlled through weighted voting rights and incorporated in the Cayman Islands with limited liability)

Stock Code : 2525

GLOBAL OFFERING

Joint Sponsors, Sponsor-OCs, Overall Coordinators, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

CICC中金公司　國泰君安國際 GUOTAI JUNAN INTERNATIONAL　CMBI 招銀国际

Overall Coordinators, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

海通國際 HAITONG　中銀國際 BOCI

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

富途證券　DBS　ICBC 工銀国际

Joint Bookrunners and Joint Lead Managers

ABCI 農銀國際　建银国际

For identification purpose only

IMPORTANT

Important: If you have doubt about any of the contents in this document you should obtain independent professional advice.

HESAI

Hesai Group
禾賽科技*

(A company controlled through weighted voting rights and incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	:	**17,000,000 Offer Shares (subject to the Offer Size Adjustment Option and the Over-allotment Option)**
Number of Hong Kong Offer Shares	:	**1,700,000 Offer Shares (subject to adjustment and the Offer Size Adjustment Option)**
Number of International Offer Shares	:	**15,300,000 Offer Shares (subject to adjustment, the Offer Size Adjustment Option and the Over-allotment Option)**
Maximum Public Offer Price	:	**HK$228.00 per Offer Share plus brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and the Stock Exchange trading fee of 0.00565% (payable in full on application in Hong Kong dollars, subject to refund)**
Nominal value	:	**US$0.0001 per Offer Share**
Stock code	:	**2525**

Joint Sponsors, Sponsor-OCs, Overall Coordinators, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

CICC中金公司　國泰君安國際 GUOTAI JUNAN INTERNATIONAL　CMBI招銀国际

Overall Coordinators, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

海通國際 HAITONG　中銀國際 BOCI

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Joint Bookrunners and Joint Lead Managers

ABCI 農銀國際　建銀国际

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this document, make no representation as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

A copy of this document, having attached thereto the documents specified in the section headed "Documents Delivered to the Registrar of Companies in Hong Kong and on Display — Documents Delivered to the Registrar of Companies" in Appendix V to this document, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility for the contents of this document or any other document referred to above.

We expect to determine the pricing of the Offer Shares by agreement between the Sponsor-OCs (for themselves and on behalf of the Underwriters) and the Company on the Price Determination Date. The Price Determination Date is expected to be on or before Friday, September 12, 2025 and, in any event, not later than 12:00 noon on Friday, September 12, 2025. The Public Offer Price will be not more than HK$228.00 unless otherwise announced. If, for any reason, the Public Offer Price is not agreed by 12:00 noon on Friday, September 12, 2025 between the Sponsor-OCs (for themselves and on behalf of the Underwriters) and the Company, the Global Offering will not proceed and will lapse.

We may set the International Offer Price at a level higher than the maximum Public Offer Price if (a) the Hong Kong dollar equivalent of the closing trading price of the ADSs on the Nasdaq on the last trading day on or before the Price Determination Date (on a per-Share converted basis) were to exceed the maximum Public Offer Price as stated in this document and/or (b) we believe that it is in the best interest of the Company as a listed company to set the International Offer Price at a level higher than the maximum Public Offer Price based on the level of interest expressed by professional and institutional investors during the bookbuilding process. The International Offer Price will be determined with reference to, among other things, the closing trading price of the ADSs on the Nasdaq on the last trading day on or before the Price Determination Date and the prevailing market condition. If the International Offer Price is set at or lower than the maximum Public Offer Price, the Public Offer Price must be set at such price which is equal to the International Offer Price. In no circumstances will the Public Offer Price be set above the maximum Public Offer Price as stated in this document or the International Offer Price.

The Sponsor-OCs (for themselves and on behalf of the Underwriters) may, with the Company's consent, reduce the number of Offer Shares being offered under the Global Offering at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. Further details are set out in "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this document.

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement to subscribe for, and to procure subscribers for, the Hong Kong Offer Shares, are subject to termination by the Sponsor-OCs (on behalf of the Hong Kong Underwriters) if certain events shall occur prior to 8:00 a.m. on the Listing Date. Such grounds are set out in the section headed "Underwriting" in this document.

The Company is controlled through weighted voting rights. Prospective investors should be aware of the potential risks of investing in a company with a WVR Structure, in particular that the WVR Beneficiaries, whose interests may not necessarily be aligned with those of our Shareholders as a whole, will be in a position to exert significant influence over the outcome of Shareholders' resolution. For further information about the risks associated with our WVR Structure, please refer to the section headed "Risk Factors — Risks Related to the Global Offering and the Dual Listing." Prospective investors should make the decision to invest in the Company only after due and careful consideration.

The ADSs of the Company, each representing one Class B Ordinary Share, are listed for trading on the Nasdaq under the symbol "HSAI." The last reported sale price of the ADSs on the Nasdaq on September 3, 2025 (U.S. Eastern Time) was US$25.84 per ADS. In connection with the Global Offering, we plan to file a registration statement on Form F-3 and accompanying prospectus supplements with the SEC to register the sale of Shares under the U.S. Securities Act.

NEITHER THE SEC NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS DOCUMENT IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

* *For identification purpose only*

September 8, 2025

Your application through the **HK eIPO White Form** service or the **HKSCC EIPO** channel must be for a minimum of 20 Hong Kong Offer Shares and in one of the numbers set out in the table.

If you are applying through the **HK eIPO White Form** service, you may refer to the table below for the amount payable for the number of Hong Kong Offer Shares you have selected. You must pay the respective maximum amount payable on application in full upon application for Hong Kong Offer Shares.

If you are applying through the **HKSCC EIPO** channel, you are required to pre-fund your application based on the amount specified by your broker or custodian, as determined based on the applicable laws and regulations in Hong Kong.

No. of Hong Kong Offer Shares applied for	Maximum amount payable[2] on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum amount payable[2] on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum amount payable[2] on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum amount payable[2] on application/ successful allotment
	HK$		*HK$*		*HK$*		*HK$*
20	4,605.99	500	115,149.69	8,000	1,842,395.05	200,000	46,059,876.00
40	9,211.98	600	138,179.63	9,000	2,072,694.42	300,000	69,089,814.00
60	13,817.96	700	161,209.57	10,000	2,302,993.80	400,000	92,119,752.00
80	18,423.95	800	184,239.50	20,000	4,605,987.60	500,000	115,149,690.00
100	23,029.94	900	207,269.44	30,000	6,908,981.40	600,000	138,179,628.00
120	27,635.93	1,000	230,299.38	40,000	9,211,975.20	700,000	161,209,566.00
140	32,241.91	2,000	460,598.75	50,000	11,514,969.00	850,000[1]	195,754,473.00
160	36,847.89	3,000	690,898.15	60,000	13,817,962.80		
180	41,453.89	4,000	921,197.52	70,000	16,120,956.60		
200	46,059.88	5,000	1,151,496.90	80,000	18,423,950.40		
300	69,089.81	6,000	1,381,796.28	90,000	20,726,944.20		
400	92,119.75	7,000	1,612,095.65	100,000	23,029,938.00		

(1) Maximum number of Hong Kong Offer Shares you may apply for and this is 50% of the Hong Kong Offer Shares initially offered.

(2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) or to the **HK eIPO White Form** Service Provider (for applications made through the application channel of the **HK eIPO White Form** service) while the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy will be paid to the SFC, the Stock Exchange and the AFRC, respectively.

If there is any change in the following expected timetable of the Hong Kong Public Offering, we will issue an announcement in Hong Kong to be published on the Company's website at ***www.hesaitech.com*** *and the website of the Stock Exchange at* ***www.hkexnews.hk****.*

Hong Kong Public Offering commences . . . . . 9:00 a.m. on
Monday, September 8, 2025

Latest time to complete electronic applications under the **HK eIPO White Form** service through the designated website at **www.hkeipo.hk**[2] . . . . . 11:30 a.m. on
Thursday, September 11, 2025

Application lists open[3] . . . . . 11:45 a.m. on
Thursday, September 11, 2025

Latest time to (a) lodge completing payment of **HK eIPO White Form** applications by effecting internet banking transfers(s) or PPS payment transfer(s) and (b) giving **electronic application instructions** to HKSCC[4] . . . . . 12:00 noon on
Thursday, September 11, 2025

If you are instructing your **broker** or **custodian** who is a HKSCC Participant to give **electronic application instructions** via HKSCC's FINI system to apply for the Hong Kong Offer Shares on your behalf, you are advised to contact your **broker** or **custodian** for the latest time for giving such instructions which may be different from the latest time as stated above.

Application lists close[3] . . . . . 12:00 noon on
Thursday, September 11, 2025

Expected Price Determination Date[5] . . . . . on or before 12:00 noon on
Friday, September 12, 2025

Announcement of the final Public Offer Price, the final International Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares to be published on the website of the Stock Exchange at **www.hkexnews.hk** and the Company's website at **www.hesaitech.com**[6] . . . . . no later than 11:00 p.m. on
Monday, September 15, 2025

The results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels, including:

- in the announcement to be posted on our website and the website of the Stock Exchange at **www.hesaitech.com** and **www.hkexnews.hk,** respectively . . . . . Monday, September 15, 2025

- from the "Allotment Results" page at **www.hkeipo.hk/IPOResult** (or **www.tricor.com.hk/ipo/result**) with a "search by ID" function from . . . . . 11:00 p.m. on Monday, September 15, 2025 to 12:00 midnight on Sunday, September 21, 2025

- from the allocation results telephone enquiry line by calling +852 3691 8488 between 9:00 a.m. and 6:00 p.m. from . . . . . Tuesday, September 16, 2025 to Friday, September 19, 2025 (excluding Saturday, Sunday and public holiday in Hong Kong)

Share certificates in respect of wholly or partially successful applications to be dispatched or deposited into CCASS on or before[7] . . . . . Monday, September 15, 2025

HK eIPO White Form e-Auto Refund payment instructions/refund checks in respect of wholly or partially successful applications (if applicable) or wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering to be dispatched on or before[8][9] . . . . . Tuesday, September 16, 2025

Dealings in the Class B Ordinary Shares on the Stock Exchange expected to commence at 9:00 a.m. on . . . . . Tuesday, September 16, 2025

Notes:

(1) Unless otherwise stated, all times and dates refer to Hong Kong local times and dates.

(2) You will not be permitted to submit your application under the **HK eIPO White Form** service through the designated website at **www.hkeipo.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

(3) If there is/are a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above and/or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, September 11, 2025, the application lists will not open or close on that day. For further details, please see the section headed "How to Apply for Hong Kong Offer Shares — E. Severe Weather Arrangements" in this prospectus.

(4) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC via FINI should refer to the section headed "How to Apply for Hong Kong Offer Shares — A. Applications for Hong Kong Offer Shares — 2. Application Channels" in this prospectus.

(5) The Price Determination Date is expected to be on or before Friday, September 12, 2025 and, in any event, not later than 12:00 noon on Friday, September 12, 2025. If, for any reason, the pricing of the Offer Shares is not agreed between the Sponsor-OCs (for themselves and on behalf of the Underwriters) and us by 12:00 noon on Friday, September 12, 2025, the Global Offering will not proceed and will lapse.

(6) None of the websites or any of the information contained on the websites forms part of this prospectus.

(7) Share certificates will only become valid evidence of title at 8:00 a.m. on the Listing Date provided that the Global Offering has become unconditional and the right of termination described in "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for Termination" has not been exercised. Investors who trade Class B Ordinary Shares on the basis of publicly available allocation details prior to the receipt of Share certificates or prior to the Share certificates becoming valid evidence of title do so entirely at their own risk.

(8) e-Auto Refund payment instructions/refund checks will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering. Part of the applicant's identification document number, or, if the application is made by joint applicants, part of the identification document number of the first-named applicant, provided by the applicant(s) may be printed on the refund check, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant's identification document number before encashment of the refund check. Inaccurate completion of an applicant's identification document number may invalidate or delay encashment of the refund check.

(9) Applicants who have applied through the **HK eIPO White Form** service for 500,000 or more Hong Kong Offer Shares may collect any Share certificates in person from the Hong Kong Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong from 9:00 a.m. to 1:00 p.m. on Tuesday, September 16, 2025 or any other places or date as notified by us as the date of dispatch of Share certificates/e-Auto Refund payment instructions/refund checks. Applicants being individuals who are eligible for personal collection may not authorize any other person to collect on their behalf. If you are a corporate applicant which is eligible for personal collection, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives must produce evidence of identity acceptable to our Hong Kong Share Registrar at the time of collection.

Applicants who have applied for Hong Kong Offer Shares through the **HKSCC EIPO** channel should refer to the section headed "How to Apply for Hong Kong Offer Shares — D. Despatch/Collection of Share Certificates and Refund of Application Monies" in this prospectus for details.

Applicants who have applied through the **HK eIPO White Form** service and paid their applications monies through single bank accounts may have refund monies (if any) dispatched to the bank account in the form of e-Auto Refund payment instructions. Applicants who have applied through the **HK eIPO White Form** service and paid their application monies through multiple bank accounts may have refund monies (if any) dispatched to the address as specified in their application instructions in the form of refund checks in favor of the applicant (or, in the case of joint applications, the first-named applicant) by ordinary post at their own risk.

Share certificates and/or refund checks (if applicable) for applicants who have applied for less than 500,000 Hong Kong Offer Shares and any uncollected Share certificates will be dispatched by ordinary post, at the applicants' risk, to the addresses specified in the relevant applications.

Further information is set out in the section headed "How to Apply for Hong Kong Offer Shares — D. Despatch/Collection of Share Certificates and Refund of Application Monies" in this prospectus.

The above expected timetable is a summary only. For further details of the structure of the Global Offering, including its conditions, and the procedures for applications for Hong Kong Offer Shares, please see the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus, respectively.

If the Global Offering does not become unconditional or is terminated in accordance with its terms, the Global Offering will not proceed. In such case, the Company will make an announcement as soon as practicable thereafter.

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IMPORTANT NOTICE TO PROSPECTIVE INVESTORS

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This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you. You should read the entire document before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk Factors." You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are a global leader in three-dimensional light detection and ranging (LiDAR) solutions. We design, develop, manufacture, and sell advanced LiDAR products. Our LiDAR products enable a broad spectrum of applications across (i) passenger or commercial vehicles with advanced driver assistance systems, and (ii) autonomous vehicle fleets providing passenger and freight mobility services, robotics and other non-automotive industries, such as automated guided vehicles/autonomous mobile robots, delivery robots, agricultural vehicles, wide industrial applications such as port and yard automation, and stationary applications. Leveraging advanced ASIC and other LiDAR technologies, proprietary in-house design and manufacturing capacities and platform level-shared architecture, we deliver LiDAR products balancing Performance, Quality and Cost to the expanding ADAS and Robotics markets.

We are a leading LiDAR company globally in terms of commercialization and financial performance, according to CIC. We have paved the way for LiDARs from technology innovation to mass production and widespread application, driving the evolution of intelligent vehicles.

- Our revenue scale and shipment volume demonstrate our industry position. We were the No. 1 LiDAR supplier globally in each of 2022, 2023 and 2024 in terms of revenue, according to CIC. By September 2022, we became the first LiDAR company globally to achieve 10,000 units shipment volume in a single month; by December 2024, we became the first LiDAR company globally to achieve 100,000 units shipment in a single month, according to CIC.

- We have achieved solid financial performance in the global LiDAR industry. We achieved the highest gross margin and gross profit among LiDAR companies worldwide in 2022, 2023, and 2024, according to CIC. Notably, we were the first LiDAR company in the world to achieve a full-year non-GAAP net profit (non-GAAP measure) in 2024. Additionally, we recorded full-year positive operating cash flow in both 2023 and 2024, making us the first publicly-listed LiDAR company to generate positive operating cash flow, according to CIC.

For each of our sub-markets:

- We ranked third in terms of revenue scale in the global ADAS market in 2024, according to CIC. We secured the highest number of design wins in the ADAS market as of March 31, 2025, from 22 OEMs globally across 120 vehicle models. We are the LiDAR provider for leading OEMs such as Li Auto (HKSE: 2015; NASDAQ: LI), Zeekr (NYSE: ZK), and Leapmotor (HKSE: 9863). Notably, we secured an exclusive design win with a top European OEM, launching a multi-year program that will extend into the next decade across both ICE and EV platforms, making us the first Chinese LiDAR provider for global vehicle platforms, according to CIC. From July 2022, when we began volume shipment, to December 31, 2024, we ranked the second in terms of accumulated shipment volume in the global ADAS market, according to CIC.

- We ranked No. 1 in terms of revenue scale in the global Robotics market in each of 2022, 2023 and 2024, according to CIC. We built our leadership in the Robotics market early on with a wide range of mechanical LiDAR products. By December 2024, we became the first LiDAR company globally to achieve 20,000 units shipment in a single month for Robotics applications, according to CIC. We were also a global leader in the global Robotaxi sector, a sub-sector of Robotics market, with a market share of over 55% in each of 2022, 2023 and 2024 in terms of revenue, according to CIC. During the Track Record Period, we were the primary LiDAR solution provider for nine out of the top ten autonomous driving companies in the world, according to CIC.

We believe there are three attributes critical to the further improvement of penetration rate of LiDARs: Performance, Quality, and Cost. Our current market position reflects our ability to address these key factors effectively. Depending on the scenario or the application, our customers have varying needs. Our ADAS customers generally have strict requirements on all three aspects, especially on Cost. For the Robotics market, our customers demonstrate varying levels of cost sensitivity depending on the application, including Robotaxi, lawn mowing robots, delivery robots, autonomous mobile robots, and humanoid robots. For example, our Robotaxi customers are less Cost-sensitive as they prioritize higher Performance and Quality, which are critical to the successful development and safe operation of full autonomous driving solutions. We design and manufacture LiDARs to enhance each of the three elements, while striking what we believe is the optimal balance for different applications and industries, which has led to our continued success in each of our submarkets.

Industry Trends and Opportunities

We believe our growth trajectory will continue as we offer highly competitive products and pricing to capture the fast-growing LiDAR market opportunity. The global LiDAR industry, in terms of revenues, increased from US$0.3 billion in 2020 to US$1.6 billion in

2024, with a CAGR of 57.6%, and is expected to increase to US$17.1 billion in 2029, representing a CAGR of 61.2%, according to CIC. In particular, the market size and growth rate of the LiDAR industry in China has significantly surpassed other regions.

ADAS Market

According to CIC, revenues of LiDAR for the ADAS market increased from US$0.1 billion in 2020 to US$1.0 billion in 2024, at a CAGR of 104.1%, and are expected to reach US$12.0 billion in 2029, representing a CAGR of 63.6%.

Robotics Market

As the Robotics market flourishes, it is poised to significantly drive the demand for LiDAR solutions, further propelling the growth of the overall industry. According to CIC, revenues of LiDAR for the Robotics market increased from US$0.2 billion in 2020 to US$0.6 billion in 2024, at a CAGR of 29.4%, and are expected to reach US$5.1 billion in 2029, representing a CAGR of 56.3%.

Our Innovative and Industry-leading Technological Prowess

Our ASIC Approach

We design and manufacture LiDARs to enhance each of the three elements, Performance, Quality, and Cost, and set benchmarks for optimal balance for different applications and industries, by leveraging our ASIC approach, which consolidates and integrates hundreds or even thousands of discrete components into a single or a few chips.

Since early stages of our development, we have been committed to the in-house research and development of key components for LiDAR. According to CIC, we were the first in the LiDAR industry to establish a dedicated R&D team for ASICs as early as in 2017. We have achieved the highest integration rate of ASICs in the industry since 2023, according to CIC. Our fourth-generation ASICs consolidate all seven key components that determine LiDAR's functions and performance, including lasers, detectors, laser drivers, analog front-end, analog-to-digital converters, digital signal processors, and controllers. We remain the only LiDAR company in the industry that have in-house developed all seven key components, according to CIC. Our extensive knowledge paved the way for a remarkable industry milestone: we were the first to successfully implement an ASIC approach for both the TX module and the RX module, the heart of a LiDAR product, according to CIC. Our ASIC approach simplifies product architecture, optimizes design, which boosts each of the three elements, Performance, Quality, and Cost.

Since the launch of our first-generation ASIC in October 2020, we have always been committed to advancing LiDAR technology and have successfully released four generations of ASICs, each with higher level of integration and more advanced proprietary technologies, enabling the development of LiDAR products with better performance, enhanced quality and reduced production costs, which resulted in our commercial success.

Our Trend-setting ASIC-Based Architecture

By adopting the ASIC approach, we have developed an innovative and distinctive ASIC-based architecture, which features advanced technologies including highly integrated TX/RX architecture, industry first VCSEL used in long-range automotive LiDARs, and industry first ASIC-based one-dimensional electronic scanning. For detailed information on our ASIC-based architecture, please see "Business — Overview — Our Innovative and Industry-leading Technological Prowess — Our Trend-setting ASIC-Based Architecture."

Empowered by our ASIC approach, we have developed a series of industry-leading products. We launched our flagship AT128 in July 2021, with SOP in July 2022. AT128, according to CIC, was the first LiDAR product to leverage ASIC-based technology to integrate 128 VCSEL laser arrays, enabling genuine 128-channel scanning. Prior to AT128, similar technological architecture was only capable of achieving a modest 16-line scanning. In addition, while most industry peers apply ASIC approach only to their ADAS LiDAR products, we have achieved a breakthrough by successfully migrating our ASIC-based architecture to our mechanical LiDAR product, OT128, making it highly scalable for Robotaxi commercialization while delivering promising performance.

Leveraging our ASIC approach, we have developed a strong product pipeline, including AT1440 family, ET series and JT series. These products quickly gained traction, achieving design wins both domestically and internationally shortly after or even before product launch, thereby fueling our continued growth. We will continue to upgrade our technologies to deliver products with better price-to-performance.

Our Innovative Platform-Level Shared Architecture

We introduced platform thinking early on, starting in 2017. Our platformization enabled architecture sharing not only within each series, but also across different product series. For example, 70% of the components and parts can be shared across the AT and ET product series, significantly shortening product development cycle, reducing supply chain costs and research and development costs, and promoting customer satisfaction and loyalty due to consistency in design. We have accumulated a broad spectrum of know-how in LiDAR technology, which can be effectively leveraged on the system level to support the development of a diverse range of product offerings and foster continuous innovation of our next-generation LiDARs.

Our Pioneering In-House Manufacturing

Amid the rising trends in intelligent electric vehicles sales and increasing ADAS penetration rates, the demand for LiDAR products from OEM customers has been steadily growing. This has heightened the requirements for LiDAR suppliers in terms of delivery timeliness, cost efficiency, and product quality. In this context, our pioneering in-house manufacturing capability constitutes another of our major advantages and has helped us gain substantial competitive edge in the long-term — enhancing cost efficiency, quality control, innovation speed, and supply chain resilience. We were the first to adopt in-house manufacturing from day one and remain the only LiDAR company in the market to consistently follow this approach, according to CIC. We have integrated our LiDAR design and manufacturing into an indivisible and seamless process, enabling us to deliver automotive grade products with high quality. As the LiDAR industry continues to evolve quickly, our in-house highly automated and integrated manufacturing capabilities provide instant trial feedback for us to iterate our LiDAR design and manufacturing process, thereby enabling rapid product development and fast iteration cycles. Moreover, in-house manufacturing allows us to better control product quality, ensure product consistency, improve manufacturing efficiency, and safeguard manufacturing process know-how at an affordable cost. The know-how further strengthens our in-house manufacturing capabilities and helps establish a virtuous cycle to solidify our advantages.

We currently operate two manufacturing facilities, Hertz Center in Hangzhou and Maxwell Center in Shanghai, to produce and assemble our LiDAR products. Hertz Center, our main mass production facility, commenced operations in September 2023. Maxwell Center, which commenced trial operation in December 2023, serves as our advanced research and development and intelligent manufacturing center, and is primarily focused on new product design, testing and calibration. We have achieved 100% automation rate in our core production processes, which significantly improves our production efficiency and reduces our production costs. For more information on our manufacturing facilities, see "Business — Manufacturing Process and Supply Chain."

Our Financial Performance

We have already started commercializing our technology. During the Track Record Period, we witnessed rapid growth in our shipment volume and revenues. We recognized revenues from approximately 80,400, 222,100, 501,900, 59,100 and 195,800 shipped LiDAR units in 2022, 2023, 2024 and the three months ended March 31, 2024 and 2025, respectively. Our net revenues increased by 56.1% from RMB1,202.7 million in 2022 to RMB1,877.0 million in 2023, and further increased by 10.7% to RMB2,077.2 million in 2024. In the three months ended March 31, 2025, our net revenues increased by 46.3% to RMB525.3 million (US$72.4 million), compared to RMB359.1 million in the same period of 2024. In addition, our net loss narrowed during our Track Record Period. We incurred net losses of RMB300.8 million, RMB476.0 million, RMB102.4 million, RMB106.9 million and RMB17.5 million (US$2.4 million) in 2022, 2023, 2024 and the three months ended March 31, 2024 and 2025, respectively. Our adjusted net loss, a non-GAAP financial measure, was RMB195.5 million,

RMB241.3 million and RMB69.1 million in 2022, 2023 and the three months ended March 31, 2024, respectively. We realized adjusted net income (non-GAAP measure) of RMB13.7 million and RMB8.6 million (US$1.2 million) in 2024 and the three months ended March 31, 2025, respectively. For more information on our non-GAAP financial measures, see "— Non-GAAP Measures."

OUR STRENGTHS

We believe the following strengths position us well to capitalize on the opportunities in providing LiDAR solutions for the ADAS and Robotics markets:

- Recognized leadership in the LiDAR industry;
- Strong global partnerships with industry-leading players;
- Commercially validated solutions backed by innovative LiDAR technologies;
- Strong automated in-house manufacturing enabling rapid development and high quality; and
- Visionary management team with a proven track record of innovation and commercialization.

GROWTH STRATEGIES

Our business objective is to solidify the current dominant position in providing LiDAR solutions to the surging automotive markets and extend our leadership to the emerging Robotics market. Key elements of our strategies include:

- Leveraging technological and manufacturing expertise to reinforce our leadership;
- Further expanding footprint in the Robotics market to serve more industries and application scenarios;
- Strengthening and expanding partnerships with industry leaders; and
- Continue investing in in-house manufacturing to deliver high-performance, reliability products at competitive prices.

OUR PRODUCTS

Based on our proprietary technology, we have developed and produced a full range of LiDAR products to enable a broad spectrum of applications. Our LiDAR products cater to short-, medium-, and long-range applications, with industry-leading detection range, resolution, interference rejection technology, and reliability. The following table presents our selected key product series:

	AT Series	ET Series[1]	FT Series[1]	Pandar Series	OT Series	XT Series	QT Series	JT Series
Application	ADAS – long range detection	ADAS – long range detection	ADAS – blind spot detection	Robotics – long-range detection	Robotics – long-range detection	Robotics – mid-range detection	Robotics – blind-spot detection	Robotics – short-range 3D detection
Release date	July 2021	April 2023	November 2022	April 2017	September 2024	October 2020	January 2020	January 2025
Operating principle	ToF[4]	ToF	ToF	ToF	ToF	ToF	ToF	ToF
Type	Hybrid Solid State	Hybrid Solid State	Solid State	Mechanical	Mechanical	Mechanical	Mechanical	Mechanical
Channel	up to 1440	up to 512	–	up to 128	128	up to 32	up to 128	up to 256
Range[2]	up to 300 m	up to 400 m	up to 30 m	up to 200 m	up to 200 m	up to 80 m	up to 20 m	up to 60 m
Point cloud frequency	up to 12.29 million points/ second	up to 5.60 million points/ second	up to 0.49 million points/ second	up to 3.46 million points/ second	3.46 million points/ second	up to 0.64 million points/ second	up to 0.86 million points/ second	up to 1.15 million points/ second
FOV[5] (vertical)	up to 25.4°	up to 25°	up to 140°	40°	40°	up to 40.3°	up to 105.2°	up to 189°
FOV (horizontal)	up to 140° finest	120°	up to 180°	360°	360°	360°	360°	360°
Resolution (vertical)	up to 0.0125°	0.05° finest	up to 0.6°	up to 0.125° finest	0.125° finest	up to 1°	up to 0.4° finest	–
Resolution (horizontal)[3]	up to 0.02°	0.05° finest	up to 0.6°	up to 0.1° finest (10 Hz frame rate)	0.1° finest	0.18° (10 Hz frame rate)	up to 0.4° finest (10 Hz frame rate)	–
Interference rejection technology	√	√	√	√	√	√	√	√
Intelligent point cloud engine	√	√	√	√	√	√	√	√

	AT Series	ET Series[1]	FT Series[1]	Pandar Series	OT Series	XT Series	QT Series	JT Series
ASIC-based one dimensional electronic scanning	√	√	√	X	√	√	√	√
VCSEL technology	√	√	√	X	√	X	√	√
ASIC approach	√	√	√	X	√	√	√	√
Minimum Power consumption	8 W	11 W	<6 W	18 W	29 W	10 W	10 W	<8W

Notes:

(1) Specifications are customizable per customers' needs.

(2) Range data is at 10% reflectivity circumstance. Reflectivity refers to the ratio of the energy of the light reflected from a surface to the energy possessed by the light striking the surface.

(3) Resolution data is at 10 Hertz frame rate circumstance.

(4) ToF refers to a method for measuring the distance between a sensor and an object, based on the time difference between the emission of the laser pulse and its return to the sensor, after being reflected by an object.

(5) FOV refers to field of view.

WVR STRUCTURE AND OUR CONTROLLING SHAREHOLDER GROUP

Our Company has a Weighted Voting Rights (WVR) Structure, under which our Company's share capital comprises Class B Ordinary Shares and Class A Ordinary Shares. Each Class B Ordinary Share entitles the holder thereof to exercise one vote, and each Class A Ordinary Share entitles the holder thereof to exercise ten votes, on any resolution tabled at the Company's general meetings, except for resolutions with respect to a limited number of Reserved Matters, in relation to which each Share is entitled to one vote.

The table below sets out the ownership and voting rights to be held by each of the WVR Beneficiaries upon the completion of the Global Offering:

	Number of Class A Ordinary Shares	Number of Class B Ordinary Shares	Approximate percentage of issued share capital[1]	Approximate percentage of voting rights[2]
Dr. Yifan Li	8,879,636	0	5.89%	22.59%
Dr. Kai Sun	9,228,622	0	6.13%	23.48%
Mr. Shaoqing Xiang	8,890,603	165,031	6.01%	22.66%

Notes:

(1) Assuming that the Offer Size Adjustment Option and the Over-allotment Option are not exercised and no further Shares are issued under the 2021 Plan between the Latest Practicable Date and the completion of the Global Offering.

(2) Assuming that (i) the Offer Size Adjustment Option and the Over-allotment Option are not exercised, (ii) no further Shares are issued under the 2021 Plan between the Latest Practicable Date and the completion of the Global Offering and (iii) no Class A Ordinary Shares are converted into Class B Ordinary Shares, and excluding the 558,814 Class B Ordinary Shares (as of the Latest Practicable Date) issued to the Depositary for bulk issuance of ADSs reserved for future issuances upon the exercise or vesting of awards granted under the 2021 Plan. This is calculated on the basis that Class A Ordinary Shares entitle the Shareholder to ten votes per share (except for resolutions with respect to the Reserved Matters, in relation to which each Share is entitled to one vote) and Class B Ordinary Shares entitle the Shareholder to one vote per share.

Immediately upon the completion of the Global Offering, the Company's WVR Beneficiaries will be our Co-Founders, Dr. Yifan Li, Dr. Kai Sun, and Mr. Shaoqing Xiang, who will control an aggregate of 26,998,861 Class A Ordinary Shares and 165,031 Class B Ordinary Shares. Assuming (i) the Offer Size Adjustment Option and the Over-allotment Option are not exercised, (ii) no further Shares are issued under the 2021 Plan between the Latest Practicable Date and the completion of the Global Offering and (iii) no Class A Ordinary Shares are converted into Class B Ordinary Shares, and excluding the 558,814 Class B Ordinary Shares (as of the Latest Practicable Date) issued to the Depositary for bulk issuance of ADSs reserved for future issuances upon the exercise or vesting of awards granted under the 2021 Plan, the WVR Beneficiaries' shareholding represents (a) approximately 18.03% of our issued and outstanding Shares; (b) approximately 68.73% of the voting rights in our Company with respect to shareholder resolutions relating to matters other than the Reserved Matters and (c) approximately 18.03% with respect to shareholder resolutions relating to Reserved Matters. For further details, please see "Share Capital — WVR Structure."

Since co-founding the Company in 2014, our Co-Founders have been acting in concert with respect to the operation and material decisions of the Company. Our Co-Founders entered into a deed of concert party arrangement dated April 24, 2025, whereby they have, among other things, acknowledged their historical relationship of acting in concert and confirmed and agreed that they shall act in concert to cooperate to consolidate control of the Company. Dr. Li holds his interest in the Company through ALBJ Limited, which is wholly owned by his wholly owned entity Asian LBJ Limited. Dr. Sun holds his interest in the Company through Fermat Star Limited, which is wholly owned by his wholly owned entity Rock Ocean Limited. Mr. Xiang holds his Class B Ordinary Shares directly and holds his Class A Ordinary Shares in the Company through Galbadia Limited, which is wholly owned by his wholly owned entity Balamb Limited. Therefore, Dr. Li, Dr. Sun, Mr. Xiang, ALBJ Limited, Asian LBJ Limited, Fermat Star Limited, Rock Ocean Limited, Galbadia Limited and Balamb Limited constitute a group of Controlling Shareholders of our Company. Our group of Controlling Shareholders confirmed that as of the Latest Practicable Date, they did not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business that would require disclosure under Rule 8.10 of the Listing Rules.

Our Directors believe that we are capable of carrying out our business independently of our group of Controlling Shareholders and their close associates. For further details about our Controlling Shareholders, please refer to the section headed "Relationship with Our Controlling Shareholders."

Our Co-Founders possess deep expertise in the fields of robotics, photonics, and physics. They have successfully commercialized their expertise through building products and solutions that have received validations from customers with some of the highest requirements in the world. They are responsible for steering the technological development, long-term strategies and continued growth of the Company's business. They have been deeply involved in the management of the Company's business operations and multiple departments. Their leadership, combined with their deep expertise in their respective fields, has enabled the Company to proactively address industry-wide pain points, grow organically through dedication to innovation and self-transformation. Through their visionary guidance and exceptional contributions, they have propelled the Company to new heights, establishing its position as a global leader in the market.

Our Company's WVR Structure enables the WVR Beneficiaries to exercise voting control over our Company notwithstanding that the WVR Beneficiaries do not hold a majority economic interest in the share capital of our Company. This allows our Company to benefit from the continuing vision and leadership of the WVR Beneficiaries who control our Company with a view to its long-term prospects and strategy.

Prospective investors are advised to be aware of the potential risks of investing in companies with a WVR Structure, in particular that the interests of the WVR Beneficiaries may not necessarily always be aligned with those of our Shareholders as a whole, and that the WVR Beneficiaries will be in a position to exert significant influence over the affairs of our Company and the outcome of shareholders' resolutions. Prospective investors should make the decision to invest in our Company only after due and careful consideration. For further information about the risks associated with the WVR Structure adopted by our Company, please see "Risk Factors — Risk Related to the WVR Structure — Our dual-class voting structure may render the ADSs representing our Class B Ordinary Shares ineligible for inclusion in certain stock market indices, and thus adversely affect the trading price and liquidity of the Class B Ordinary Shares and/or ADSs."

As we are seeking a dual primary listing as an issuer with a WVR Structure, we are subject to: (a) certain shareholder protection measures and governance safeguards under Chapter 8A of the Listing Rules, including Rule 8A.44 of the Listing Rules, which requires our WVR Structure to give force to the requirements of certain rules under Chapter 8A of the Listing Rules by incorporating them into our Articles; and (b) the articles requirements set out in Appendix A1 to the Listing Rules. Our Articles do not currently comply with some of the said Listing Rules requirements, and we undertake to put forth resolutions to amend our Articles to comply with these requirements at the Post-Listing GM.

Dr. Yifan Li, Dr. Kai Sun and Mr. Shaoqing Xiang, as the Undertaking Shareholders will, prior to the Listing, irrevocably undertake to the Company to be present at the Post-Listing GM (whether in person or by proxy) and at any general meeting that may be convened after the Listing and until all the Proposed Resolutions are approved by the Shareholders, and to vote in favor of the Proposed Resolutions. Furthermore, we undertake to, at the Post-Listing GM, seek Shareholders' approval to amend our Articles to incorporate the Quorum Requirement, the GM Postponement Requirement, the Amendment of Directors' Class Right Related Powers and the Forum Selection Clarification into the Articles. Details of these proposed amendments are set out in the section headed "Waivers and Exemption — Requirements relating to the Articles of Association of the Company" of this document.

In addition, we undertake to fully comply with the Unmet Listing Rules Articles Requirements, the GM Postponement Requirement, the Amendment of Directors' Class Right Related Powers and the Forum Selection Clarification before our Articles are formally amended such that immediately upon the Listing, we will be subject to, and will fully comply with, such requirements as if they have already been incorporated into our existing Articles upon the Listing, subject to the following exceptions:

- paragraph 15 of Appendix A1 to the Listing Rules, such that, prior to the Company's Articles being amended, the threshold for passing a resolution in a separate class meeting will be the approval by a simple majority of the votes cast by the issued shares of that class pursuant to article 18 of the Company's existing Articles;

- paragraph 16 of Appendix A1 to the Listing Rules, such that, prior to the Company's Articles being amended, the threshold for passing a special resolution for amendments to the Company's existing Articles will be the approval by members holding not less than two-thirds of the voting rights of those present and voting in person or by proxy at the general meeting in accordance with article 160 of the Company's existing Articles; and

- Rules 8A.24(1) and (2) of the Listing Rules, such that, prior to the Company's Articles being amended, weighted voting rights will apply in connection with passing the Proposed Resolutions.

For the avoidance of doubt, the above exceptions are only applicable to the passing of the Proposed Resolutions, and the Company shall irrevocably undertake to the Stock Exchange to comply with paragraphs 15 and 16 of Appendix A1 and Rules 8A.24(1) and (2) of the Listing Rules for passing any resolution at a separate class meeting and any special resolution after the Listing (other than the Proposed Resolutions) under the Undertaking for Interim Compliance, and if any of the Class-based Resolution is not passed at the Post-Listing GM, the Undertaking for Interim Compliance will remain valid until the Class-based Resolution is passed.

Each of the Undertaking Shareholders will, prior to the Listing, irrevocably undertake to procure the Company to give effect to the Undertaking for Interim Compliance upon the Listing and before our existing Articles are formally amended, subject to the above exceptions.

Accordingly, after the Listing and before the existing Articles are formally amended, the threshold for passing a resolution in a separate class meeting will be the approval by three-fourths of the votes cast by the issued shares of that class, except for passing the Proposed Resolutions, in which case the threshold will be the approval by a simple majority of the votes cast by the issued shares of that class pursuant to article 18 of the Company's existing Articles. Further, subject to the foregoing, the threshold for passing a resolution for amendments to the Company's existing Articles will be the approval by members holding not less than three-fourths of the voting rights (on non-weighted voting rights basis) of those present and voting in person or by proxy at the general meeting, except for passing the Proposed Resolutions, in which case the threshold will be the approval by members holding not less than two-thirds of the voting rights (on weighted voting rights basis) of those present and voting in person or by proxy at the general meeting in accordance with article 160 of the Company's existing Articles. We will announce the results in favor of these resolutions only if the above thresholds are met. Further, the Company confirms that the application of weighted voting rights to passing the Proposed Resolutions at the full Shareholders' meeting where all Shareholders may vote as a single class complies with the Articles, applicable laws and regulations, and is in the interest of the Shareholder protection and for the compliance with the Listing Rules.

For further details, please see sections headed "Waivers and Exemption — Requirements relating to the Articles of Association of the Company" and "Share Capital — WVR Structure".

OUR CUSTOMERS AND SUPPLIERS

We served customers in the ADAS and Robotics markets, covering approximately 50 countries and regions as of March 31, 2025. Revenues generated from our top five customers for each of the years ended December 31, 2022, 2023 and 2024 and the three months ended March 31, 2025 accounted for 53.1%, 67.5%, 59.9% and 68.3%, respectively, of our total revenues during the same year/period. Revenue generated from our largest customer for each of the years ended December 31, 2022, 2023 and 2024 and the three months ended March 31, 2025 accounted for 24.3%, 28.4%, 33.7% and 24.0%, respectively, of our total revenues during the same year/period. For details, see "Business — Our Customers." The fluctuations in revenues generated from our largest and top five customers in each year/period during the Track Record Period were primarily due to changes in our customer composition. In the early stage of our development, our sales were mainly to customers in the robotics and autonomous driving sectors. Since the second half of 2022, with the mass production of our first automotive-grade ADAS LiDAR product, sales to automotive OEMs have increased significantly. As a result, our top customers gradually shifted from autonomous driving companies to automotive customers. Additionally, as different OEM projects entered mass production at different times and scales, our top customer composition and their respective revenue contributions varied across the Track Record Period, resulting in fluctuations in revenues generated from our largest and top five customers in each year/period during the Track Record Period.

Our suppliers primarily consist of raw materials and key components of our LiDAR products suppliers. Charges from our top five suppliers for each of the years ended December 31, 2022, 2023 and 2024 and the three months ended March 31, 2025 accounted for 34.5%, 26.6%, 27.4% and 23.3%, respectively, of our total purchases during the same year/period. Charges from our largest supplier for each of the years ended December 31, 2022, 2023 and 2024 and the three months ended March 31, 2025 accounted for 12.3%, 8.5%, 9.3% and 6.3%, respectively, of our total purchases during the same year/period. For details, see "Business — Manufacturing Process and Supply Chain — Our Suppliers." The decrease in the percentage of purchases attributable to our largest and top five suppliers in each year/period during the Track Record Period was mainly driven by the evolution of our product portfolio during the Track Record Period. As we continued to introduce new LiDAR models, the required components and suppliers changed. We also constantly adjusted our supplier base based on quality, cost and delivery performance, which further contributed to the fluctuation in the purchases attributable to our largest and top five suppliers in each year/period during the Track Record Period.

COMPETITION

The major downstream markets for LiDAR applications, including ADAS and Robotics markets, are rapidly evolving and competitive, with many potential applications under development. As a result, although we believe that we have the market-leading LiDAR technology, we face competition from a range of companies developing LiDAR products for these applications, some of which may have similar offerings. Our primary competitors include Tier 1 suppliers who also provide LiDAR products and existing LiDAR companies. See "Industry Overview — LiDAR Applications in the ADAS Market — Competitive Landscape of the Global LiDAR Applications in the ADAS Market" and "Industry Overview — LiDAR Applications in the Robotics Market — Competitive Landscape of the Global LiDAR Applications in the Robotics Market."

We believe that we are strategically well-positioned in our market, and we compete with others favorably based on our advanced LiDAR technology that delivers strong results in Performance, Quality, and Cost, automotive grade manufacturing process, and strong research and development capabilities. Additionally, we expect our product costs per unit to continue to decrease over time as production volume expands and our technologies develop.

RISK FACTORS

Our operations and the Global Offering involve certain risks and uncertainties, some of which are beyond our control and may affect your decision to invest in us or the value of your investment. See "Risk Factors" for details of our risk factors, which we strongly urge you to read in full before making an investment in our Shares. Some of the major risks we face include:

- We have a history of losses, which may continue in the future.
- Our limited operating history makes it difficult to evaluate our future prospects and the risks and challenges we may encounter.

- Our LiDAR products used on vehicles are highly complex and may contain defects or otherwise fail to perform in line with expectations. Such defects or failures could reduce the market adoption of our new products, damage our reputation, expose us to product liability and other claims and adversely affect our operating results.

- If our LiDAR products are not selected by automotive customers or their suppliers, our business will be materially and adversely affected.

- We currently have and target many customers that are large corporations with substantial negotiating power, stringent product standards and potentially competitive internal solutions. If we fail to engage effectively with these customers, our prospects and results of operations will be adversely affected.

- Our ability to develop, manufacture, and deliver LiDAR products of high quality and appeal to customers on schedule and at scale is still evolving.

- Our efforts to continue developing and commercializing our in-house ASICs may not succeed.

- U.S. persons purchasing our Shares in this Global Offering will be required to file notifications with the U.S. Department of the Treasury under the U.S. government's new China-focused Outbound Investment Program, and failure to comply with these notification requirements is punishable by civil and criminal penalties; the Outbound Investment Program may adversely affect our access to capital and our business, financial condition, and results of operations.

- The current tensions in international trade and investment and rising political tensions, particularly between the United States and China, may adversely impact our business, financial condition, and results of operations, as well as our access to international capital markets.

- We operate in highly competitive markets and some market participants have substantially greater resources than us. We may not successfully compete against them.

- If market adoption of LiDAR does not continue to develop, or develops more slowly than we expect, our business will be adversely affected.

- Our dual-class share structure with different voting rights limits your ability to influence corporate matters and could discourage others from pursuing any change of control transactions that holders of our Class B Ordinary Shares or ADSs may view as beneficial.

Please see "Risk Factors" in this document for further details.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set forth summary consolidated financial information for the Track Record Period and as of the applicable period ends, extracted from the Accountants' Report set out in Appendix I to this document. The summary consolidated financial information set forth below should be read together with, and is qualified in its entirety by reference to, the consolidated financial statements in this document, including the related notes, as well as the section headed "Financial Information." Our consolidated financial information was prepared in accordance with U.S. GAAP.

Summary Consolidated Statements of Operation

	For the Year Ended December 31,						For the Three Months Ended March 31,				
	2022		2023		2024		2024		2025		
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*US$*	*%*
							(unaudited)				
	(in thousands, except for percentages)										
Net revenues	1,202,670	100.0	1,876,989	100.0	2,077,157	100.0	359,120	100.0	525,302	72,389	100.0
Cost of revenues[(1)]	(730,683)	(60.8)	(1,215,611)	(64.8)	(1,192,572)	(57.4)	(219,898)	(61.2)	(306,067)	(42,177)	(58.3)
Gross profit	471,987	39.2	661,378	35.2	884,585	42.6	139,222	38.8	219,235	30,212	41.7
Sales and marketing expenses[(1)]	(104,835)	(8.7)	(148,798)	(7.9)	(193,032)	(9.3)	(41,964)	(11.7)	(50,546)	(6,965)	(9.6)
General and administrative expenses[(1)]	(201,007)	(16.7)	(320,144)	(17.1)	(316,913)	(15.3)	(68,767)	(19.1)	(54,087)	(7,453)	(10.3)
Research and development expenses[(1)]	(555,179)	(46.2)	(790,547)	(42.1)	(855,641)	(41.2)	(194,402)	(54.1)	(183,306)	(25,260)	(34.9)
Other operating income, net	10,817	0.9	26,520	1.4	276,093	13.3	27,456	7.6	35,256	4,858	6.7
Total operating expenses	(850,204)	(70.7)	(1,232,969)	(65.7)	(1,089,493)	(52.5)	(277,677)	(77.3)	(252,683)	(34,820)	(48.1)
Loss from operations	(378,217)	(31.4)	(571,591)	(30.5)	(204,908)	(9.9)	(138,455)	(38.6)	(33,448)	(4,608)	(6.4)
Interest income	58,734	4.9	99,813	5.3	104,401	5.0	32,795	9.1	20,521	2,828	3.9
Interest expenses	–	–	(3,069)	(0.2)	(12,827)	(0.6)	(2,286)	(0.6)	(5,007)	(690)	(1.0)
Foreign exchange gain/(loss), net	20,858	1.7	(452)	0.0	14,577	0.7	1,493	0.4	1,024	141	0.2
Other (loss)/income, net	(2,161)	(0.2)	34	0.0	(2,476)	(0.1)	(212)	(0.1)	(694)	(96)	(0.1)
Net loss before income tax and share of loss in equity method investments	(300,786)	(25.0)	(475,265)	(25.3)	(101,233)	(4.9)	(106,665)	(29.7)	(17,604)	(2,425)	(3.4)
Income tax benefit/(expense)	66	0.0	(658)	0.0	(1,130)	(0.1)	(248)	(0.1)	67	9	0.0
Share of loss in equity method investment	(45)	(0.0)	(45)	0.0	(13)	0.0	(12)	0.0	(12)	(2)	0.0
Net loss	(300,765)	(25.0)	(475,968)	(25.4)	(102,376)	(4.9)	(106,925)	(29.8)	(17,549)	(2,418)	(3.3)

Note:

(1) Share-based compensation expenses were allocated as follows:

	For the Year Ended December 31,			For the Three Months Ended March 31,		
	2022	2023	2024	2024	2025	
	RMB	*RMB*	*RMB*	*RMB*	*RMB*	*US$*
				(unaudited)		
				(in thousands)		
Share-based compensation expenses:						
Cost of revenues	8,037	16,245	6,932	2,249	1,935	267
Sales and marketing expenses	6,291	20,682	12,972	2,782	4,158	573
General and administrative expenses	48,998	63,326	27,776	14,948	4,193	578
Research and development expenses	41,893	134,371	68,384	17,821	15,900	2,191
Total	**105,219**	**234,624**	**116,064**	**37,800**	**26,186**	**3,609**

Non-GAAP Measures

In evaluating our business, we consider and use adjusted loss from operations (non-GAAP measure) and adjusted net income/(loss) (non-GAAP measure) to supplement the review and assessment of our operating performance. We believe that these non-GAAP measures facilitate comparisons of operating performance from period to period and with peer companies. Accordingly, we believe that these measures provide useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. Our presentation of adjusted loss from operations (non-GAAP measure) and adjusted net income/(loss) (non-GAAP measure) may not be comparable to similarly titled measures presented by other companies. The use of these non-GAAP measures has limitations as an analytical tool, and you should not consider them in isolation from, or as substitutes for analysis of, our results of operations as reported under U.S. GAAP.

We define adjusted loss from operations (non-GAAP measure) and adjusted net income/(loss) (non-GAAP measure) as loss from operations and net loss adjusted for the impact of share-based compensation expenses, which are non-cash in nature.

The following table sets forth the reconciliation of adjusted loss from operations (non-GAAP measure) and adjusted net income/(loss) (non-GAAP measure) for the periods indicated to loss from operations and net loss, respectively.

	For the Year Ended December 31,			For the Three Months Ended March 31,		
	2022	2023	2024	2024	2025	
	RMB	*RMB*	*RMB*	*RMB*	*RMB*	*US$*
				(unaudited)		
			(in thousands)			
Loss from operations	(378,217)	(571,591)	(204,908)	(138,455)	(33,448)	(4,609)
Add: Share-based compensation expenses, net of tax	105,219	234,624	116,064	37,800	26,186	3,609
Adjusted loss from operations (non-GAAP measure)	**(272,998)**	**(336,967)**	**(88,844)**	**(100,655)**	**(7,262)**	**(1,001)**
Net loss	(300,765)	(475,968)	(102,376)	(106,925)	(17,549)	(2,418)
Add: Share-based compensation expenses, net of tax	105,219	234,624	116,064	37,800	26,186	3,609
Adjusted net income/(loss) (non-GAAP measure)	**(195,546)**	**(241,344)**	**13,688**	**(69,125)**	**8,637**	**1,190**

Net Revenues

We generate net revenues from (i) the sales of LiDAR products and other products, and (ii) the provision of engineering design, development and validation services, and other services. Our net revenues increased from RMB1,202.7 million in 2022 to RMB1,877.0 million in 2023, and further increased to RMB2,077.2 million in 2024. Net revenues also increased from RMB359.1 million in the three months ended March 31, 2024 to RMB525.3 million (US$72.4 million) in the same period of 2025. These increases were driven by growth in product revenues, attributable to increased LiDAR units sold as a result of increased shipment volume for ADAS and Robotics LiDAR products.

Gross Profit and Gross Profit Margin

Our gross profit increased from RMB472.0 million in 2022 to RMB661.4 million in 2023 and further to RMB884.6 million in 2024. Gross profit also increased from RMB139.2 million in the three months ended March 31, 2024 to RMB219.2 million (US$30.2 million) in the same period of 2025. These increases were primarily due to consistent revenue growth during the Track Record Period, which was driven by increased demand for our LiDAR products. Our gross profit margin decreased from 39.2% in 2022 to 35.2% in 2023, primarily due to (i) a change in product mix following the mass production of LiDAR products targeting the ADAS market in 2023 and (ii) relatively higher costs in our ADAS business as it was still in a ramp-up phase. Our gross profit margin increased from 35.2% in 2023 to 42.6% in 2024, and from 38.8% in the three months ended March 31, 2024 to 41.7% in the same period of 2025, primarily attributable to effective cost optimization due to product iteration and economies of scale for both ADAS and Robotics LiDAR products.

Net Losses

Our net losses narrowed during our Track Record Period. We incurred net losses of RMB300.8 million, RMB476.0 million, RMB102.4 million, RMB106.9 million and RMB17.5 million (US$2.4 million) in 2022, 2023, 2024 and the three months ended March 31, 2024 and 2025, respectively, primarily due to substantial operating expenses, particularly continued investments in research and development and sales and marketing activities to support our long-term growth. Our total operating expenses increased from RMB850.2 million in 2022 to RMB1,233.0 million in 2023, and remained substantial at RMB1,089.5 million in 2024, before decreasing modestly from RMB277.7 million in the three months ended March 31, 2024 to RMB252.7 million (US$34.8 million) in the same period of 2025. In particular, research and development expenses continued to rise from 2022 to 2024, increasing from RMB555.2 million in 2022 to RMB790.5 million in 2023, and further to RMB855.6 million in 2024. This increase was primarily attributable to increased employee benefit expenses (including share-based compensation expenses recognized in connection with our initial public offering) and an increase in the headcount of our research and development personnel, as we continued to invest in improving our technology and developing new LiDAR products. Our research and development expenses decreased slightly from RMB194.4 million in the three months ended March 31, 2024 to RMB183.3 million (US$25.3 million) in the same period of 2025, but remained the largest component of operating expenses. In addition, sales and marketing expenses increased significantly from RMB104.8 million in 2022 to RMB148.8 million in 2023, and further to RMB193.0 million in 2024, and from RMB42.0 million in the three months ended March 31, 2024 to RMB50.5 million (US$7.0 million) in the same period of 2025, primarily due to the expansion of our sales and marketing team and increased investment in branding and marketing activities. For details, see "Financial Information — Description of Key Components of Results of Operations."

Summary Consolidated Balance Sheets

	As of December 31,				
	2022	2023	2024	As of March 31, 2025	
	RMB	*RMB*	*RMB*	*RMB*	*US$*
			(in thousands)		
Total current assets	3,135,111	4,397,609	4,682,656	4,555,906	627,822
Total non-current assets	704,285	1,264,934	1,306,955	1,271,476	175,214
Total assets	**3,839,396**	**5,662,543**	**5,989,611**	**5,827,382**	**803,036**
Total current liabilities	955,538	1,335,101	1,628,940	1,122,351	154,665
Total non-current liabilities	42,125	465,124	428,940	427,897	58,966
Total liabilities	**997,663**	**1,800,225**	**2,057,880**	**1,550,248**	**213,631**
Net current assets	**2,179,573**	**3,062,508**	**3,053,716**	**3,433,555**	**473,157**
Net assets	**2,841,733**	**3,862,318**	**3,931,731**	**4,277,134**	**589,405**
Total mezzanine equity	5,986,910	–	–	–	–
Total shareholders' (deficit)/equity	(3,145,177)	3,862,318	3,931,731	4,277,134	589,405
Total liabilities, mezzanine equity and shareholders' (deficit)/equity	**3,839,396**	**5,662,543**	**5,989,611**	**5,827,382**	**803,036**

Net Current Assets

Our net current assets increased from RMB2,179.6 million as of December 31, 2022 to RMB3,062.5 million as of December 31, 2023, primarily due to (i) an increase of RMB640.1 million in short-term investments and (ii) an increase of RMB641.3 million in cash and cash equivalents, mainly attributable to proceeds from our initial public offering on the Nasdaq completed in the first quarter of 2023, partially offset by (i) a decrease of RMB151.0 million in inventories, (ii) an increase of RMB141.8 million in accrued expenses and other current liabilities, and (iii) an increase of RMB111.7 million in short-term borrowings.

Our net current assets remained relatively stable at RMB3,062.5 million as of December 31, 2023 and RMB3,053.7 million as of December 31, 2024.

Our net current assets increased from RMB3,053.7 million as of December 31, 2024 to RMB3,433.6 million (US$473.2 million) as of March 31, 2025, primary attributable to (i) a decrease of RMB330.0 million in amounts due to related parties and (ii) a decrease of RMB156.0 million in accrued expenses and other current liabilities, partially offset by a decrease of RMB331.7 million in short-term investments.

Our net current assets decreased slightly from RMB3,433.6 million (US$473.2 million) as of March 31, 2025 to RMB3,345.7 million (US$461.0 million) as of July 31, 2025, primarily attributable to (i) a decrease of RMB400.9 million in cash and cash equivalents, (ii) an increase of RMB168.0 million in short-term borrowings, and (iii) an increase of RMB144.2 million in accounts payable, partially offset by (i) an increase of RMB299.9 million in short-term investments, (ii) an increase of RMB195.6 million in inventories, and (iii) an increase of RMB175.7 million in prepayments and other current assets.

Net Assets

We recorded net assets of RMB2,841.7 million, RMB3,862.3 million, RMB3,931.7 million and RMB4,277.1 million (US$589.4 million) as of December 31, 2022, 2023 and 2024 and March 31, 2025, respectively. Our net assets are equal to our total shareholders' (deficit)/equity as of these respective dates, except that, as of December 31, 2022, net assets equaled the sum of total mezzanine equity of RMB5,986.9 million and total shareholders' deficit of RMB3,145.2 million. For a discussion on the fluctuations of net assets with reference to our consolidated statements of changes in shareholders' (deficit)/equity, see "— Total Shareholders' (Deficit)/Equity" below.

Total Shareholders' (Deficit)/Equity

We recorded a total shareholders' deficit of RMB3,145.2 million as of December 31, 2022, primarily due to our net losses for the year of 2022. We had total shareholders' equity of RMB3,862.3 million as of December 31, 2023, primarily as a result of (i) additional paid-in capital from the issuance of ordinary shares in connection with our initial public offering and (ii) the reclassification of redeemable shares to ordinary shares upon our initial public offering. Our total shareholders' equity increased to RMB3,931.7 million as of December 31, 2024, primarily due to additional paid-in capital recognized in connection with share-based compensation and the issuance of ordinary shares upon the exercise of share options and vesting of restricted share units. Our total shareholders' equity further increased to RMB4,277.1 million (US$589.4 million) as of March 31, 2025, primarily due to the settlement of subscription receivables in connection with our reorganization in 2021.

For a detailed discussion on our key balance sheet items and material changes in the various working capital items, see "Financial Information — Discussion of Certain Key Balance Sheet Items" and "Financial Information — Liquidity and Capital Resources."

Summary Consolidated Statements of Cash Flows

	For the Year Ended December 31,			For the Three Months Ended March 31,		
	2022	2023	2024	2024	2025	
	RMB	*RMB*	*RMB*	*RMB*	*RMB*	*US$*
				(unaudited)		
			(in thousands)			
Net cash (used in)/ provided by operating activities	(696,015)	57,261	63,503	(328,622)	(256,990)	(35,411)
Net cash provided by/(used in) investing activities	1,119,646	(1,060,393)	955,876	244,859	267,227	36,825
Net cash provided by/(used in) financing activities	15,176	1,590,356	250,675	90,996	(22,242)	(3,065)
Net increase/(decrease) in cash and cash equivalents	438,807	587,224	1,270,054	7,233	(12,005)	(1,651)
Effect of foreign currency exchange rate changes on cash and cash equivalents, and restricted cash	25,118	57,623	14,382	1,686	(361)	(52)
Cash and cash equivalents, and restricted cash at the beginning of the year/period	449,352	913,277	1,558,124	1,558,124	2,842,560	391,715
Cash and cash equivalents, and restricted cash at the end of the year/period	913,277	1,558,124	2,842,560	1,567,043	2,830,194	390,012

We had net operating cash outflow of RMB696.0 million in 2022, primarily due to our net losses. Our net operating cash outflow amounted to RMB328.6 million and RMB257.0 million (US$35.4 million) in the three months ended March 31, 2024 and 2025, respectively, primarily due to seasonal factors, as we typically pay annual bonuses and settle more payments with suppliers in the first quarter of each year. We had net operating cash inflows of RMB57.3 million and RMB63.5 million in 2023 and 2024, respectively. For more details, see "Financial Information — Liquidity and Capital Resources."

RECONCILIATION BETWEEN U.S. GAAP AND IFRS

It should be noted that the consolidated financial statements are prepared in accordance with U.S. GAAP, which differ in certain respects from IFRS. Classification and measurement of redeemable shares, share-based compensation, listing expense, and receivables from shareholders are the four material reconciling items.

Please see "Financial Information — Reconciliation between U.S. GAAP and IFRS" for a more detailed discussion of the major differences between U.S. GAAP and IFRS in the main reconciling items.

BUSINESS SUSTAINABILITY

We are a global leader in LiDAR solutions. Our products enable a broad spectrum of applications across the ADAS and Robotics markets. Driven by the increased demand for our LiDAR solutions, we experienced rapid financial growth, with our net loss having been narrowed during the Track Record Period as a result of effective cost and scale optimization leveraging our ASIC approach, leading to positive adjusted net income (non-GAAP measure) in 2024 and the three months ended March 31, 2025, as shown in the table below. Additionally, we recorded net operating cash inflows in 2023 and 2024.

	For the Year Ended December 31,			For the Three Months Ended March 31,		
	2022	2023	2024	2024	2025	
	RMB	*RMB*	*RMB*	*RMB*	*RMB*	*US$*
				(unaudited)		
			(in thousands)			
Net revenues	1,202,670	1,876,989	2,077,157	359,120	525,302	72,389
Gross profit	471,987	661,378	884,585	139,222	219,235	30,212
Net loss	(300,765)	(475,968)	(102,376)	(106,925)	(17,549)	(2,418)
Share-based compensation expenses, net of tax	105,219	234,624	116,064	37,800	26,186	3,609
Adjusted net income/(loss) (non-GAAP measure)	(195,546)	(241,344)	13,688	(69,125)	8,637	1,190
Net cash (used in) provided by operating activities	(696,015)	57,261	63,503	(328,622)	(256,990)	(35,411)

We believe our industry-leading technological innovation supported by our ASIC approach, robust in-house manufacturing capabilities, and diverse blue-chip customer base, have laid a solid foundation for our business growth and sustainability. We have improved, and will continue to improve, our profitability by:

- **Driving Revenue Growth.** With the continuing booming in global LiDAR industry and diversification of LiDAR application in Robotics sector, we plan to capitalize on this market growth to drive our revenue through the following measures:
  - *Accelerating Shipment Growth.* We expect to continue to expand our customer base, mass produce the design-win vehicle models in our pipeline, and scale up our shipments in the coming years.

- *Strengthening and Expanding Partnership with Industry Leaders.* We plan to strengthen and expand partnerships with our industry-leading customers by collaborating closely with them on the next generation of LiDAR products for the ADAS and Robotics markets. We also plan to deepen our partnerships by expanding cooperations with our existing customers, especially top customers.

- *Continuing to Upgrade and Expand LiDAR Product Portfolio.* We will upgrade our existing models and introduce new products to meet the growing and evolving demands cost-effectively by leveraging our platform-level shared architecture. Our platform-level sharing also facilitates seamless transition for customers, which fosters customer loyalty.

• **Enhancing Cost Efficiency.** We plan to enhance cost efficiency through the following measures:

- *Continuing to Leverage ASIC Approach.* We have designed our proprietary ASICs to integrate the functionality of hundreds of discrete components and greatly simplify the traditional TX/RX architecture. Through ASICs, we can optimize cost by replacing hundreds of discrete off-the-shelf components for manufacturing efficiency and leverage the supply chain to enhance price-to-performance. ASIC approach simplifies product architecture, optimizes design and is positioned for scalability production.

- *Reducing Costs with Platform-Level Shared Architecture.* Our platform design enables us to maximize the sharing of technological achievements, material supply chains, and manufacturing production lines. Our platform thinking is used not only in the architecture design within the same series as well as cross series and cross categories. Through platform approach, we plan to continue to leverage on the broad spectrum of know-how we have accumulated in LiDAR technology to support the development of a diverse range of product offerings cost effectively.

- *Achieving Economies of Scale with Robust In-house Manufacturing Capabilities.* We have made significant investment in our in-house manufacturing capabilities, achieving 100% automation rate in our core production processes. We will continue to increase in-house plant capacity utilization rate by securing more design wins to obtain economies of scale. Additionally, we will enhance the level of automation in the assembly, calibration, and testing processes, while streamlining manufacturing.

- **Improving Operating Efficiency.** We will leverage our accumulated know-how to enhance research and development efficiency. In addition to economies of scale, we plan to optimize our sales and marketing expenses by continually evaluating the effectiveness of our marketing strategies. We also aim to improve our administrative expense structure by enhancing business travel efficiency and maintaining a sustainable team size. Overall, while our absolute operating expenses are expected to increase as our commercialization strategy drives business growth, we anticipate benefiting from enhanced cost efficiency and operating leverage. This is expected to lead to a consistent decline in operating expenses as a percentage of net revenues, supporting our long-term sustainability.

For more details, see "Business — Business Sustainability."

IMPACT OF COVID-19

The COVID-19 pandemic, which emerged in late 2019, resulted in widespread public health and economic disruptions across the globe. At its height, the pandemic had a significant impact both in China and globally. In response, countries implemented various measures to contain the spread of the virus.

In 2022, we experienced temporary disruptions to our production due to restrictive measures in force at the time. Our production facility in Shanghai suspended operations for approximately two months. During this period, we continued to bear certain fixed costs, including employee salaries, depreciation of production equipment, and rental payments for our factory, which increased our operating costs. See "Financial Information — Description of Key Components of Results of Operations — Operating Expenses — General and Administrative Expenses." On the supply side, repeated outbreaks during the peak of the pandemic caused disruptions to supply chains and logistics worldwide. To mitigate the potential impact of supply shortages, we actively identified and established alternative suppliers, and increased our safety stock levels. As a result of these proactive measures, our supply chain did not experience any material disruption during the COVID-19 pandemic. The pandemic also prompted temporary adjustments in work arrangements, such as remote work and travel restrictions, across many companies, including us, our suppliers, and our customers. To mitigate such challenges, we implemented responsive measures across procurement, manufacturing, and sales to minimize operational disruption.

Since late 2022, pandemic-related restrictions in China have been significantly eased and business conditions have gradually returned to normal. Notably, our business remained resilient during the COVID-19 pandemic, with net revenues growing by 66.9% from 2021 to 2022. Save as stated above, the COVID-19 pandemic did not have a material adverse effect on our business, financial condition and results of operations during the Track Record Period.

RECENT DEVELOPMENTS

After performing sufficient due diligence work that our Directors consider appropriate and after due and careful consideration, the Directors have confirmed that, up to the date of this document, there has been no material adverse change in our financial or trading position or prospects since March 31, 2025, being the end date of our latest consolidated financial statements, and there has been no event since March 31, 2025 that would materially affect the information shown in the Accountants' Report set out in Appendix I to this document.

China-U.S. Trade Tensions

The U.S. government has implemented a series of executive actions in 2025 that significantly escalated trade restrictions on Chinese-origin goods, including LiDAR products. On February 1, 2025, a broad 10% tariff was imposed on all imports from China, effective on February 4, 2025, pursuant to an Executive Order 14195 titled "Imposing Duties to Address the Synthetic Opioid Supply Chain in the People's Republic of China". On March 3, 2025, this so-called fentanyl-related tariff was further raised to 20%. This was followed by Executive Order 14257 on April 2, 2025, entitled "Regulating Imports with a Reciprocal Tariff to Rectify Trade Practices that Contribute to Large and Persistent Annual United States Goods Trade Deficits", which introduced minimum tariff rates of 10% applicable to imports from all countries and established a country-specific tariff regime of additional tariffs targeting nations with substantial trade imbalances, including China. Within days, the country-specific tariffs on many Chinese products, were increased to 84%, and then to 125% which, in combination with the 20% so-called fentanyl tariffs, brought the tariff rate on most imports from China to 145%. On May 12, 2025, the United States and China announced a 90-day tariff rollback agreement following bilateral negotiations in Geneva, which rolled back the country-specific tariff to a baseline of 10% for 90 days. This temporarily reduced the combined tariff burden on LiDAR products. On August 11, 2025, amidst continued negotiations, the two sides announced an additional 90-day extension until November 10, 2025. It remains unclear what additional actions, if any, will be taken by the U.S. or other governments. For detail, please see "Regulatory Overview — U.S. Laws and Regulations — Regulations on Tariffs."

Although some U.S. customers have recently agreed to pay the applicable tariffs due to the recent volatility in tariffs on our LiDAR products, we are generally responsible for paying the import duties and tariffs on most of our LiDAR sales in the United States. During the Track Record Period and prior to February 2025, our LiDAR sales to the United States were subject to tariffs of 25%. On April 1, 2025, the date we submitted our annual report on Form 20-F with the SEC, our LiDAR sales to the U.S. were subject to tariffs of 45%. The tariffs continued to increase since then. As of the Latest Practicable Date, sales of our LiDAR products to the U.S. were subject to a tariff of 70%; see "Regulatory Overview — U.S. Laws and Regulations — Regulations on Tariffs". However, this tariff rate remains subject to further changes by the U.S. government.

During the Track Record Period, our sales to the United States as a percentage of total net revenues declined as the shipment volume of our ADAS LiDAR products in China continued to grow. In 2022, 2023, 2024 and the three months ended March 31, 2025, revenues generated from our sales to the United States amounted to RMB358.5 million, RMB748.1 million, RMB280.9 million and RMB67.4 million (US$9.3 million), respectively, accounting for 29.8%, 39.9%, 13.5% and 12.8% of our total revenue in the respective periods.

Considering that (i) the most recent round of tariff escalation between China and the United States commenced only in February 2025, and (ii) declining proportion of our sales to the U.S. throughout the Track Record Period, our Directors believe that the tariff escalation did not have a material adverse impact on our operations, financial performance and supply chain during this period.

Our Directors are of the view that, to the best of our knowledge and based on currently available information, the tariff escalation by the United States (including, in a worst-case scenario, a reinstatement of the historically high tariff rate reached in April 2025 imposed on our products) will not have a material adverse impact on our business or results of operations in the foreseeable future. This conclusion is reached based on the following reasons:

(i) during the Track Record Period, our sales to the United States as a percentage of total net revenues declined as the shipment volume of our ADAS LiDAR products in China continued to grow. We expect this trend to continue, driven by the anticipated growth and rapid development of the China ADAS market. We believe that the rising adoption of LiDAR technology by domestic OEMs, coupled with our strong market position in China, will enable our domestic business to outpace the growth of our U.S. business, thereby reducing our reliance on the U.S. market and exposure to U.S.-specific trade risks. In addition, we expect our revenues from other overseas markets, such as Europe, to increase, supported by growing customer interest and market development in these regions, which we believe will further enhance the resilience of our overall revenue structure;

(ii) we have commenced the establishment of an overseas production facility in Southeast Asia, which is intended to support the production of selected LiDAR products for overseas customers. We believe this overseas production capacity will enable us to mitigate the long-term impact of U.S. tariffs on exports from China by diversifying our manufacturing footprint; and

(iii) we have implemented a series of proactive measures to mitigate the risks from the evolving tariff and international trade landscape, as further detailed under "Business — Impact of the Elevation in Tariffs", including, among others, maintaining regular communication with our customers in the United States to explore mutually acceptable solutions, such as modifying the trade terms to reduce the tariff burden borne by us.

Based on the due diligence conducted by the Joint Sponsors, nothing has come to the Joint Sponsors' attention that would reasonably cause them to disagree with the Directors' view that the tariff escalation by the United States will not have a material adverse impact on the Company's business or results of operations in the foreseeable future.

As of the Latest Practicable Date, the recent U.S.-China tariff escalation remains highly volatile and difficult to predict, with shifting rates and unclear timelines fueling deep uncertainty. To mitigate the potential impact of escalating tariffs, we have taken a variety of measures. For details, please see "Business — Impact of the Elevation in Tariffs." Nevertheless, as our business is subject to changes in overseas markets, tariff measures taken by China, U.S. or any other governments, as well as other trade tensions or unfavorable trade policies, may directly affect the costs and/or marketability of our products and the general state of the global economy. The ongoing international trade and political tensions between the United States and China, and any escalation of such tensions, may have a material negative impact on our business and operations. See "Risk Factors — Risks Related to Our Business and Industry — The current tensions in international trade and investment and rising political tensions, particularly between the United States and China, may adversely impact our business, financial condition, and results of operations, as well as our access to international capital markets."

Summary of Unaudited Financial Statements for the Six Months Ended June 30, 2025

We are a public company listed on the Nasdaq and we have furnished a Form 6-K including our unaudited financial information prepared under U.S. GAAP as of and for the six months ended June 30, 2025 to the SEC. We have included our unaudited condensed consolidated financial statements as of and for the six months ended June 30, 2025 in Appendix IA to this document. Our unaudited condensed consolidated financial statements as of and for the six months ended June 30, 2025 have been prepared in accordance with U.S. GAAP and reviewed by the Reporting Accountants in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

The members of the Board, including those of the audit committee, have received and reviewed the unaudited condensed consolidated financial statements of the Group as of and for the six months ended June 30, 2025, as set out in Appendix IA to this document. We have complied with the code provisions in Part 2 of Appendix C1 to the Listing Rules. We are not in breach of our Articles of Association or laws and regulations of the Cayman Islands or other regulatory requirements regarding our obligation to distribute interim reports in accordance with the requirements under Rule 13.48(1) of the Listing Rules. Pursuant to the Note to Rule 13.48(1) of the Listing Rules, we do not intend to distribute a separate interim report in respect of the six months ended June 30, 2025 under the aforementioned Rule.

The financial data of the Group as of and for the six months ended June 30, 2025 set forth below are derived from our unaudited condensed consolidated financial statements for the six months ended June 30, 2025 included in Appendix IA to this document. Solely for your convenience, all translations of financial data in Renminbi to U.S. dollars in this section were made at a rate of US$1.00 to RMB7.1636, the noon buying rate on June 30, 2025 as set forth in the H.10 statistical release of the Federal Reserve Board.

Our net revenues increased by 50.6% from RMB818.0 million for the six months ended June 30, 2024 to RMB1,231.7 million (US$171.9 million) for the six months ended June 30, 2025. In particular, revenue from LiDAR products increased by 58.7% from RMB759.9 million for the six months ended June 30, 2024 to RMB1,205.6 million (US$168.3 million) for the six months ended June 30, 2025. This increase was primarily due to increased shipments of ADAS LiDAR products, particularly driven by robust demand in China, and increased sales of our Robotics LiDARs. We generated revenue from approximately 547,900 units of LiDARs sold in the six months ended June 30, 2025, compared with approximately 145,600 units in the same period of 2024.

Our gross profit increased by 50.2% from RMB346.0 million for the six months ended June 30, 2024 to RMB519.7 million (US$72.5 million) for the six months ended June 30, 2025, primarily driven by our revenue growth. Our gross profit margins remained stable at 42.3% and 42.2% for the six months ended June 30, 2024 and 2025, respectively.

Loss from operations narrowed by 95.5% from RMB234.2 million for the six months ended June 30, 2024 to RMB10.6 million (US$1.5 million) for the six months ended June 30, 2025, benefiting from higher gross profit and lower operating expenses in sales and marketing, general and administrative, and research and development.

We recorded a net income of RMB26.5 million (US$3.7 million) for the six months ended June 30, 2025, representing a significant improvement from a net loss of RMB179.0 million for the six months ended June 30, 2024.

See "Appendix IA — Unaudited Condensed Consolidated Financial Statements" for details and "Financial Information — Recent Developments and No Material Adverse Change — Summary of Unaudited Financial Statements for the Six Months Ended June 30, 2025" for a discussion of fluctuations of selected line items.

DIVIDEND POLICY

Our Board has discretion on whether to distribute dividends, subject to certain requirements of Cayman Islands law. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our Board. In either case, all dividends are subject to certain restrictions under Cayman Islands law, namely that our Company may only pay dividends out of profits or share premium account, and provided always that in no circumstances may a dividend be paid if this would result in our company being unable to pay its debts as they fall due in the ordinary course of business. Even

if we decide to pay dividends, the form, frequency and amount will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the Board may deem relevant. Since inception, we have not declared or paid any dividends on our ordinary shares or ADSs. We do not have any present plan to pay any cash dividends on our ordinary shares or ADSs in the foreseeable future. We currently intend to retain most, if not all, of our available funds and any future earnings to operate and expand our business. We have not established any formal dividend policy or pre-determined dividend pay-out ratio.

We are a holding company incorporated in the Cayman Islands. We may rely on dividends from our subsidiary in mainland China for our cash requirements, including any payment of dividends to our shareholders. Mainland China regulations may restrict the ability of our mainland China subsidiary to pay dividends to us. See "Regulatory Overview — Regulations Relating to Dividend Distribution." If we pay any dividends on our ordinary shares, we will pay those dividends which are payable in respect of the ordinary shares underlying the ADSs to the Depositary, as the registered holder of such ordinary shares, and the Depositary then will pay such amounts to the ADS holders in proportion to the ordinary shares underlying the ADSs held by such ADS holders, subject to the terms of the deposit agreement, including the fees and expenses payable thereunder. Cash dividends on our ordinary shares, if any, will be paid in U.S. dollars.

GLOBAL OFFERING STATISTICS

	Based on the indicative offer price of HK$228.00 for both the Hong Kong Public Offering and the International Offering
Market capitalization of our Shares[1]	HK$34,350.4 million
Unaudited pro forma adjusted net tangible asset per Share[2][3]	HK$55.61 (RMB50.87)

Notes:

(1) The calculation of market capitalization is based on the assumptions that (i) the Global Offering has been completed and 17,000,000 new Class B Ordinary Shares are issued pursuant to the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised); and (ii) 150,659,711 Shares expected to be in issue immediately upon completion of the Global Offering.

(2) The unaudited pro forma adjusted net tangible asset per Share is calculated after making the adjustments referred to in Appendix II and on the basis that 149,154,604 Shares were in issue assuming that the Global Offering had been completed on March 31, 2025 but does not take into account 946,293 Class B Ordinary Shares issued upon the vesting of restricted share units and the exercise of options under the 2021 Plan between April 1, 2025 and the Latest Practicable Date, and 558,814 Class B Ordinary Shares (as of the Latest

Practicable Date) issued to Depositary for bulk issuance of ADSs reserved for future issuances upon the exercise or vesting of awards granted under the 2021 Plan, any allotment and issuance of Shares upon the exercise of the Over-allotment Option and/or the Offer Size Adjustment Option or any Shares to be granted under the 2021 Plan.

(3) No adjustment has been made to the unaudited pro forma adjusted net tangible asset per Share to reflect any trading result or other transactions of the Group entered into subsequent to March 31, 2025. In particular, the unaudited pro forma adjusted net tangible asset per Share as shown here has not been adjusted to illustrate the effect of the indirect disposal of equity interest as disclosed in the Note 20 "Subsequent Events" to Appendix IA in this prospectus.

After taking into account the net gain on the indirect disposal of equity interest of approximately RMB148.4 million as disclosed in the Note 20 "Subsequent Events" to Appendix IA in this prospectus, assuming that the indirect disposal had been completed as of March 31, 2025, the unaudited pro forma adjusted net tangible asset per Share would have been HK$56.70 or RMB51.87 respectively.

For the calculation of the unaudited pro forma adjusted net tangible asset value per Share attributed to our Shareholders, please see "Unaudited Pro Forma Financial Information" in Appendix II.

LISTING EXPENSES

Based on an indicative offer price of HK$228.00 per Offer Share, the estimated total listing expenses in relation to the Global Offering (assuming that the Offer Size Adjustment Option and the Over-allotment Option are not exercised) are approximately HK$169.9 million, representing 4.4% of the gross proceeds of the Global Offering. The estimated total listing expenses will consist of (i) underwriting-related expenses of approximately HK$135.7 million, and (ii) non-underwriting-related expenses of approximately HK$34.2 million, comprising (a) fees and expenses of legal advisors and Reporting Accountants of approximately HK$19.8 million and (b) other fees and expenses of approximately HK$14.4 million. We did not incur any listing expenses during the Track Record Period. We expect to incur listing expenses of approximately HK$169.9 million after the Track Record Period, of which approximately HK$7.6 million will be charged to our consolidated statements of operations and comprehensive loss and approximately HK$162.3 million will be deducted from equity upon the Listing.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK$3,706.1 million based on an indicative offer price of HK$228.00 per Offer Share and assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised, after deducting estimated underwriting fees and estimated offering expenses payable by us.

In line with our strategies, we plan to use the net proceeds from the Global Offering for the purposes set forth below:

- approximately 50% of the net proceeds, or approximately HK$1,853.0 million, is expected to be allocated to investment in research and development;

- approximately 35% of the net proceeds, or approximately HK$1,297.1 million, is expected to be allocated to investment in our manufacturing capabilities to enable continued delivery of products with high performance and reliability to meet customers' evolving demands;

- approximately 5% of the net proceeds, or approximately HK$185.3 million, is expected to be allocated to business development to accelerate our business expansion; and

- approximately 10% of the net proceeds, or approximately HK$370.6 million, is expected to be allocated for working capital and general corporate purposes to support our business operation and growth.

To the extent that the net proceeds of the Global Offering are not immediately applied to the above purposes or if we are unable to put into effect any part of our plan as intended, we will hold such funds in short-term interest-bearing deposits at licensed banks and/or other authorized financial institutions as defined under the Securities and Futures Ordinance or applicable laws in the relevant jurisdictions. In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

See "Future Plans and Use of Proceeds" for further details.

In this document, unless the context otherwise requires, the following terms shall have the following meanings. Certain technical terms are explained in the section headed "Glossary of Technical Terms."

"**2021 Plan**" or "**Share Incentive Plan**"	the share incentive plan adopted by our Company on June 2021, as amended from time to time, the principal terms of which are set out in "Statutory and General Information — Share Incentive Plan" in Appendix IV
"**Accountants' Report**"	the audited consolidated financial statements of our Company for the Track Record Period, as included in Appendix I
"**ADS(s)**"	American Depositary Shares, each representing one Class B Ordinary Share
"**affiliate(s)**"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"**AFRC**"	the Accounting and Financial Reporting Council of Hong Kong
"**Articles**" or "**Articles of Association**"	the second amended and restated memorandum and articles of association of the Company adopted by a special resolutions of the shareholders of the Company passed on January 28, 2023 and effective on February 13, 2023, a summary of which is set out in "Summary of the constitution of the Company and Cayman Company Law" in Appendix III
"**associate(s)**"	has the meaning ascribed to it under the Listing Rules
"**Board**"	the board of Directors
"**business day**"	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business
"**CAC**"	the Cyberspace Administration of China (中華人民共和國國家互聯網信息辦公室)

"**CAGR**"	compound annual growth rate
"**Capital Market Intermediary(ies)**" or "**CMI(s)**"	the capital market intermediaries participating in the Global Offering and has the meaning ascribed thereto under the Listing Rules
"**Cayman Companies Act**" or "**Companies Act**"	the Companies Act (As Revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
"**CCASS**"	the Central Clearing and Settlement System established and operated by HKSCC
"**CES**"	Consumer Electronics Show
"**CHF**"	Confoederatio Helvetica Franc, the lawful currency of Confoederatio Helvetica (Swiss Confederation)
"**China**" or "**the PRC**"	the People's Republic of China, and for the purposes of this document only, except where the context requires otherwise, excluding Hong Kong, the Macao Special Administrative Region of the People's Republic of China and Taiwan
"**CIC**" or "**Industry Consultant**"	China Insights Industry Consultancy Limited, our industry consultant
"**Class A Ordinary Share(s)**"	class A ordinary shares in the share capital of the Company with a par value of US$0.0001 each, conferring weighted voting rights in the Company such that a holder of a Class A Ordinary Share is entitled to ten votes per Share on any resolution tabled at the Company's general meeting, save for resolutions with respect to any Reserved Matters, in which case they shall be entitled to one vote per Share
"**Class B Ordinary Share(s)**"	class B ordinary shares of the share capital of the Company with a par value of US$0.0001 each, conferring a holder of a Class B Ordinary Share one vote per share on any resolution tabled at the Company's general meetings
"**Co-Founder(s)**"	Dr. Yifan Li, Dr. Kai Sun and Mr. Shaoqing Xiang

"Companies Ordinance"	Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company," "our Company," or "the Company"	Hesai Group, an exempted company with limited liability incorporated in the Cayman Islands on April 21, 2021
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"core connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Corporate Governance Code"	the provisions set out under "Corporate Governance Code and Corporate Governance Report" in Appendix C1 to the Listing Rules
"CSRC"	the China Securities Regulatory Commission (中國證券監督管理委員會)
"Depositary"	Deutsche Bank Trust Company Americas
"Designated Bank"	HKSCC Participant's Designated Bank under FINI
"Director(s)"	the director(s) of our Company
"electronic application instruction(s)"	instruction(s) given by a HKSCC Participant electronically via HKSCC's FINI system to HKSCC, being one of the methods to apply for the Offer Shares
"E.U."	the European Union
"Exchange Participant(s)"	a person: (a) who, in accordance with the Listing Rules, may trade on or through the Stock Exchange; and (b) whose name is entered in a list, register or roll kept by the Stock Exchange as a person who may trade on or through the Stock Exchange

"Extreme Conditions"	the occurrence of "extreme conditions" as announced by the government of Hong Kong in the case of occurrence of a super typhoon or other natural disasters of a substantial scale that seriously affects the working public's ability to resume work or bring safety concern for a prolonged period
"FINI"	"Fast Interface for New Issuance," an online platform operated by HKSCC that is mandatory for admission to trading and, where applicable, the collection and processing of specified information on subscription in and settlement for all new listings
"GAAP"	generally accepted accounting principles
"General Rules of HKSCC"	General Rules of HKSCC published by the Stock Exchange and as amended from time to time
"Global Offering"	the Hong Kong Public Offering and the International Offering
"Governmental Authority"	any governmental, regulatory, or administrative commission, board, body, authority, or agency, or any stock exchange, self-regulatory organization, or other non-governmental regulatory authority, or any court, judicial body, tribunal, or arbitrator, in each case whether national, central, federal, provincial, state, regional, municipal, local, domestic, foreign, or supranational
"Group," "our Group," "the Group," "we," "us," or "our"	the Company and its subsidiaries from time to time, and where the context requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
"Guide for New Listing Applicants"	the Guide for New Listing Applicants issued by the Stock Exchange in December 2023
"HK" or "Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"HK eIPO White Form"	the application for Hong Kong Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website at **www.hkeipo.hk**

"HK eIPO White Form Service Provider"	the **HK eIPO White Form** service provider designated by our Company as specified on the designated website at **www.hkeipo.hk**
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"HKSCC EIPO channel"	the arrangement in HKSCC Operational Procedures for instructions to be given electronically to HKSCC by participants via FINI for applications to be made on their behalf for new issue shares and for the payment of application moneys, and for those instructions to be acted upon
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"HKSCC Operational Procedures"	the operational procedures of the HKSCC, containing the practices, procedures and administrative or other requirements relating to HKSCC's services and the operations and functions of the systems established, operated and/or otherwise provided by or through HKSCC (including FINI and CCASS) as from time to time in force
"HKSCC Participant(s)"	a participant admitted to participate in CCASS as a direct clearing participant, a general clearing participant, a custodian participant or an investor participant who may be an individual or joint individuals or a corporation
"Hong Kong dollars" or **"HK$"**	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong Offer Share(s)"	the 1,700,000 Class B Ordinary Shares being initially offered for subscription in the Hong Kong Public Offering (subject to reallocation and the Offer Size Adjustment Option as described in the section headed "Structure of the Global Offering")

"Hong Kong Public Offering"	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong at the Public Offer Price (plus brokerage of 1%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565%) on the terms and subject to the conditions described in this document, as further described in the section headed "Structure of the Global Offering — The Hong Kong Public Offering"
"Hong Kong Share Register"	the register of members of our Shares maintained by the Hong Kong Share Registrar
"Hong Kong Share Registrar"	Tricor Investor Services Limited
"Takeovers Code"	Code on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering as listed in the section headed "Underwriting — Hong Kong Underwriters"
"Hong Kong Underwriting Agreement"	the underwriting agreement dated September 5, 2025, relating to the Hong Kong Public Offering, entered into among, inter alia, the Joint Sponsors, the Sponsor-OCs, the Hong Kong Underwriters and our Company, as further described in the section headed "Underwriting — Underwriting arrangements and expenses — Hong Kong Public Offering — Hong Kong Underwriting Agreement"
"IFRS"	IFRS Accounting Standards, as issued from time to time by the International Accounting Standards Board
"Independent Third Parties", each an **"Independent Third Party"**	any entity or person who is not a connected person of our Company or an associate of such person within the meaning ascribed to it under the Listing Rules
"International Offer Price"	the final offer price per International Offer Share in Hong Kong dollars (exclusive of brokerage of 1%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015%)

"International Offer Shares"	the 15,300,000 Class B Ordinary Shares being initially offered for subscription under the International Offering together, where relevant, with any additional Shares that may be issued pursuant to any exercise of the Offer Size Adjustment Option and/or the Over-allotment Option, subject to reallocation as described in the section headed "Structure of the Global Offering"
"International Offering"	the offer of the International Offer Shares at the International Offer Price comprising (i) the Class B Ordinary Shares to be offered pursuant to the registration statement on Form F-3, as amended, that was filed with the SEC on September 5, 2025, including the preliminary prospectus dated September 5, 2025, and the final prospectus to be filed with the SEC on or about September 12, 2025; and (ii) the Class B Ordinary Shares to be offered to the cornerstone investors who are non-U.S. persons outside the United States in reliance on Regulation S under the Securities Act
"International Underwriters"	the underwriters of the International Offering
"International Underwriting Agreement"	the international underwriting agreement relating to the International Offering, which is expected to be entered into by, among others, the International Underwriters and us on or about the Price Determination Date
"JOBS Act"	the Jumpstart Our Business Startups Act of the United States
"Joint Bookrunners," "Joint Global Coordinators," "Joint Lead Managers"	the joint bookrunners, the joint global coordinators and the joint lead managers as named in the section headed "Directors and Parties Involved in the Global Offering" of this prospectus
"Joint Sponsors"	China International Capital Corporation Hong Kong Securities Limited, Guotai Junan Capital Limited and CMB International Capital Limited

"Latest Practicable Date"	August 29, 2025, being the latest practicable date for ascertaining certain information in this document before its publication
"Laws"	all laws, statutes, legislation, ordinances, rules, regulations, guidelines, opinions, notices, circulars, orders, judgments, decrees, or rulings of any Governmental Authority (including, without limitation, the Stock Exchange and the SFC) of all relevant jurisdictions
"Listing"	the listing of the Class B Ordinary Shares on the Main Board of the Stock Exchange
"Listing Date"	the date, expected to be on or about September 16, 2025, on which the Class B Ordinary Shares are to be listed and on which dealings in the Class B Ordinary Shares are to be first permitted to take place on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange
"Maxwell Center"	Hesai's advanced research and development and intelligent manufacturing center in Jiading, Shanghai
"Memorandum" or **"Memorandum of Association"**	the second amended and restated memorandum of association of the Company adopted by a special resolutions of the shareholders of the Company passed on January 28, 2023 and effective on February 13, 2023, a summary of which is set out in "Summary of the Constitution of the Company and Cayman Company Law" in Appendix III

"MIIT"	the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部) (formerly known as the Ministry of Information Industry)
"MOF"	the Ministry of Finance of the PRC (中華人民共和國財政部)
"MOFCOM"	the Ministry of Commerce of the PRC (中華人民共和國商務部)
"Nasdaq" or "NASDAQ"	the Nasdaq Global Select Market
"NDRC"	National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"NPC"	National People's Congress of the PRC (中華人民共和國全國人民代表大會)
"Offer Share(s)"	the Hong Kong Offer Shares and the International Offer Shares together, where relevant, with any additional Class B Ordinary Shares to be offered by our Company pursuant to the exercise of the Offer Size Adjustment Option and/or the Over-allotment Option
"Offer Size Adjustment Option"	the option under the Hong Kong Underwriting Agreement, exercisable by the Company with the prior written agreement between the Company and the Sponsor-OCs (for themselves and on behalf of the Underwriters) on or before the execution of the Price Determination Agreement, pursuant to which the Company may allot and issue up to an aggregate of 2,550,000 additional Class B Ordinary Shares, representing 15.0% of the initial number of Offer Shares offered under the Global Offering, at the Public Offer Price or the International Offer Price (as the case may be) to, among other things, cover any excess demand, as described in the section headed "Structure of the Global Offering"

"Over-allotment Option"	the option expected to be granted by our Company to the International Underwriters, exercisable by the Sponsor-OCs on behalf of the International Underwriters for up to 30 days from the day following the last day for the lodging of applications under the Hong Kong Public Offering, to require our Company to allot and issue up to 2,550,000 additional Class B Ordinary Shares (representing in aggregate 15.0% of the Offer Shares initially available under the Global Offering assuming the Offer Size Adjustment Option is not exercised at all) or up to 2,932,500 additional Class B Ordinary Shares (representing in aggregate 15.0% of the Offer Shares initially available under the Global Offering assuming the Offer Size Adjustment Option is exercised in full) to the International Underwriters to, among other things, cover over-allocations in the International Offering, if any, details of which are described in the section headed "Structure of the Global Offering — Over-allotment Option"
"Overall Coordinators"	the overall coordinators as named in the section headed "Directors and Parties Involved in the Global Offering"
"PBOC"	People's Bank of China (中國人民銀行)
"PRC Legal Advisor"	Fangda Partners, our legal advisor on PRC law
"Price Determination Agreement"	the agreement to be entered into between our Company and the Sponsor-OCs (for themselves and on behalf of the Underwriters) on or about the Price Determination Date to record and fix the Public Offer Price and the International Offer Price
"Price Determination Date"	the date, expected to be on or before September 12, 2025 and in any event no later than 12:00 noon on September 12, 2025, on which the Public Offer Price and the International Offer Price will be fixed for the purpose of the Global Offering
"Public Offer Price"	the final offer price per Hong Kong Offer Share in Hong Kong dollars (exclusive of brokerage of 1%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015%)

"R&D"	research and development
"Reserved Matters"	those matters resolutions with respect to which each Share is entitled to one vote at general meetings of the Company pursuant to the Articles of Association, being: (i) any amendment to the Memorandum or the Articles, including the variation of the rights attached to any class of shares, (ii) the appointment, election or removal of any independent non-executive Director, (iii) the appointment or removal of the Company's auditors, and (iv) the voluntary liquidation or winding-up of the Company
"RMB" or **"Renminbi"**	Renminbi, the lawful currency of China
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SAFE Circular 13"	the Circular of the SAFE on Further Simplification and Improvement in Foreign Exchange Administration on Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》) promulgated by SAFE and which became effective on June 1, 2015
"SAFE Circular 37"	the "Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Offshore Investment and Financing and Roundtrip Investment through Special Purpose Vehicles" (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) issued by SAFE with effect from July 4, 2014
"SAIC"	the State Administration of Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局), now known as SAMR
"SAMR"	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
"SCNPC"	Standing Committee of National People's Congress of the PRC (中華人民共和國全國人民代表大會常務委員會)
"SFC"	Securities and Futures Commission of Hong Kong

"**SFO**" or "**Securities and Futures Ordinance**"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"**Shanghai Hesai**"	Hesai Technology Co., Ltd.* (上海禾賽科技有限公司), a limited liability company established under the laws of the PRC on October 22, 2014
"**Share(s)**"	the Class A Ordinary Shares and the Class B Ordinary Shares in the share capital of the Company, as the context so requires
"**Shareholder(s)**"	holder(s) of our Share(s)
"**Sponsor-OCs**"	the sponsor-overall coordinators as named in the section headed "Directors and Parties Involved in the Global Offering"
"**STA**"	State Taxation Administration of the PRC (中華人民共和國國家税務總局)
"**Stabilizing Manager**"	China International Capital Corporation Hong Kong Securities Limited
"**State Council**"	State Council of the PRC (中華人民共和國國務院)
"**Stock Exchange**" or "**Hong Kong Stock Exchange**"	The Stock Exchange of Hong Kong Limited
"**subsidiary**" or "**subsidiaries**"	has the meaning ascribed to it in section 15 of the Companies Ordinance
"**substantial shareholder(s)**"	has the meaning ascribed to it in the Listing Rules
"**Track Record Period**"	the years ended December 31, 2022, 2023 and 2024 and the three months ended March 31, 2025
"**U.S. GAAP**"	accounting principles generally accepted in the United States of America
"**U.S. SEC**" or "**SEC**"	the Securities and Exchange Commission of the United States

"**U.S. Securities Act**" or "**Securities Act**"	United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
"**Underwriters**"	the Hong Kong Underwriters and the International Underwriters
"**Underwriting Agreements**"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"**United States**," "**U.S.**" or "**US**"	United States of America, its territories, its possessions and all areas subject to its jurisdiction
"**US dollars**," "**U.S. dollars**," "**US$**" or "**USD**"	United States dollars, the lawful currency of the United States
"**VAT**"	value-added tax
"**weighted voting rights**"	has the meaning ascribed to it in the Listing Rules
"**WVR Beneficiaries**", **each a** "**WVR Beneficiary**"	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Dr. Yifan Li, Dr. Kai Sun, and Mr. Shaoqing Xiang, being the holders of the Class A Ordinary Shares, entitling to weighted voting rights, details of which are set out in the section headed "Share Capital"
"**WVR Structure**"	has the meaning ascribed to it in the Listing Rules
"%"	per cent

* *For identification purposes only.*

This glossary of technical terms contains definitions of certain terms used in this document in connection with our Company and our business. These terms and their definitions may not correspond to standard industry definitions, and may not be directly comparable to similarly titled terms adopted by other companies operating in the same industries as our Company.

"3D"	three-dimensional
"ADAS"	advanced driver-assistance systems
"Analog front-end"	the circuitry or subsystem in an electronic system that processes analog signals from the environment before they are converted to digital form for further processing by a digital system
"Analog-to-digital converter"	an electronic component that convert continuous analog signals into discrete digital values
"ASIC"	application-specific integrated circuit, an integrated circuit designed for specific purposes and manufactured for specific user requirements and electronic systems
"automotive-grade"	standards that a component or product must satisfy to be incorporated into vehicles
"beam steering"	scanning of the laser beam, which changes the emission directions of the laser beam in a LiDAR system
"BOM"	bill of materials
"channel"	the ranging channel in the context of LiDAR, implicitly referring to a pair of transceiver modules, including one laser and one detector
"Cost"	the per unit price for each LiDAR unit. Customers of LiDAR units for different applications and industries have varying levels of cost sensitivity, which is usually influenced by factors such as timeline for mass adoption, volume of units needed and business models of the target application, among others

"design win"	the selection of a LiDAR product by a customer for integration into a specific model or platform following a competitive evaluation and validation process
"EEL"	edge-emitting lasers, where the laser light propagates parallel to the wafer surface of the semiconductor chip and is reflected or coupled out at a cleaved edge
"FGPA"	field-programmable gate array, a type of configurable integrated circuit that can be repeatedly programmed after manufacturing
"FOV"	field of view, the angular size of the scene captured by a sensor, as measured in vertical and horizontal angular extent. A larger FOV can effectively reduce blind spots, thereby enhancing comprehensive environmental perception
"frame rate"	the frequency at which consecutive images are captured or displayed
"full-stack"	the capability to develop and design LiDAR hardware and its manufacturing process, and the capability to develop LiDAR perception software
"fully solid-state LiDAR"	LiDAR without moving parts, including flash and electronic scanning
"High-level ADAS"	advanced driver-assistance systems typically at L2+ and above, offering partial automation for both steering and acceleration/deceleration. These systems support functions like NOA and automated lane changes, and require high-resolution, real-time perception data, often relying on LiDARs to operate reliably in complex and dynamic environments
"hybrid solid-state LiDAR"	LiDAR with static TX/RX, but is complemented by one or more moving scanners in the LiDAR, including two-dimensional scanning MEMS mirror, one-dimensional scanning polygon mirror and one-dimensional scanning galvo mirror

"IATF 16949"	a standard implemented as an extension and in combination with ISO 9001, including specific requirements from the automotive sector for the design, development, production, installation and servicing of all automotive-related products
"IATF"	the International Automotive Task Force
"ICE vehicle"	internal combustion engine vehicle, a vehicle powered by traditional internal combustion engines using gasoline or diesel
"integration rate"	the percentage of components that have been self-developed and vertically integrated
"IPE"	Intelligent Point Cloud Engine
"IQC"	incoming quality control
"ISO"	the International Organization for Standardization
"ISO 26262 ASIL B"	an international standard that specifies requirements for functional safety of electrical and electronic systems in road vehicles
"ISO/SAE 21434"	an international standard that specifies requirements for cybersecurity risk management for electric and electronic systems in road vehicles
"ISO 21448 (SOTIF)"	an international standard that specifies requirements for the safety of the intended functionality of road vehicle systems
"L2"	level 2 of driving automation, or partial automation. Level 2 capabilities can assist drivers in controlling speed and steering, such as help with stop-and-go traffic by maintaining the distance between the driver's vehicle and the vehicle in front, and providing steering assist by centering the vehicle within the lane, while still requiring drivers to have hands on the wheel and be ready to take control at any given moment

"L2+"	level 2+ of driving automation, Level 2+ refers to partial automation that provides combined driver assistance function which exceeds functions of Level 2 solutions but not fully reaching Level 3 solutions
"L3"	level 3 of driving automation, or conditional automation, which allows vehicles to drive themselves, but only under ideal conditions and with limitations, such as limited-access divided highways at a certain speed and parking lots. Drivers are still required behind the wheel whereas their hands are off the wheel
"L4"	level 4 of driving automation, or high automation, which allows vehicles to drive themselves without human interactions but will be restricted to known use cases, or in most environments and road conditions
"laser driver"	an electronic device or circuit that controls and provides the necessary electrical power to drive a laser diode
"LiDAR"	light detection and ranging, a remote sensing method that uses light to measure the distance or range of objects
"mass production"	a large-scale production phase that adopts automated intelligent manufacturing and engineering facilities to ensure product consistency, reduce labor costs, enhance utilization, and achieve cost-efficiency
"MCU"	microcontroller units, small computers on a single integrated circuit containing a processor core, memory and programmable input and output
"MEMS"	the micro-electromechanical system, a semiconductor product that has both mechanical and electronic components, typically on a chip
"NEV"	new energy vehicle
"OEM"	original equipment manufacturer, which assembles and installs automotive parts during the construction of a new vehicle

"Performance"	the explicit specifications of a LiDAR unit that directly reflect its performance, including detection range (for example, 200 meters or longer at 10% reflectivity), point density (number of points generated per second, which is horizontal resolution times vertical resolution, multiplied by frame rate), distance accuracy and precision, and reflectivity accuracy, among others
"PMIC"	power management integrated circuit, a class of integrated circuits that perform various functions related to power requirements
"point clouds"	the outputs of the scanning process, which contain a large number of points that together represent the site scanned
"point cloud frequency"	refers to the density of data points generated within a point cloud. The higher the point cloud frequency, the more points can be gathered within the same amount of time, and thus better ability to identify objects
"Quality"	the implicit aspects of a LiDAR unit that represent its ability to perform consistently under a variety of circumstances over time, including robustness under extreme operating temperatures, different levels of humidity, waterproof levels, and mechanical shocks and stresses. Quality also represents a product's manufacturing consistency, functional safety (typically ASIL-B), and viability as an automotive-grade component
"resolution"	the minimum interval between scanning beams and is usually indicated by the angular resolution. The smaller the angular resolution, the better the ability to identify details of the objects
"Robotaxi"	a self-driving taxi that does not require a driver at the steering wheel
"Robotics"	autonomous vehicle fleets providing passenger and freight mobility services, robotics and other non-automotive industries, such as automated guided vehicles/autonomous mobile robots, delivery robots, agricultural vehicles, wide industrial applications such as port and yard automation, and stationary applications

"RX"	laser receiver
"SiPM"	silicon photomultipliers, solid-state single-photon-sensitive devices based on SPAD implemented on common silicon substrate
"SOP"	start of production
"SPAD"	the single-photon avalanche diode, a photodetector within the same family as photodiodes and avalanche photodiodes, while also being fundamentally linked with basic diode behaviors
"spatial perception"	the ability of a system to detect and understand the three-dimensional arrangement and movement of objects in its surrounding environment
"Tier 1 supplier"	a company that supplies parts or systems directly to automotive OEMs
"ToF"	Time of Flight, which is a method for measuring the distance between a sensor and an object, based on the time difference between the emission of the laser pulse and its return to the sensor, after being reflected by an object
"TX"	laser transmitter
"TX/RX system"	a system that encompasses both the transmission (TX) and reception (RX) of signals in electronic communication
"VCSEL"	the vertical cavity surface emitting laser, a type of semiconductor laser diode with laser beam emission perpendicular from the top surface

Certain statements in this document are forward looking statements that are, by their nature, subject to significant risks and uncertainties. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "will," "expect," "anticipate," "estimate," "believe," "going forward," "ought to," "may," "seek," "should," "intend," "plan," "projection," "could," "vision," "goals," "aim," "aspire," "objective," "target," "schedules" and "outlook") are not historical facts, are forward-looking and may involve estimates and assumptions and are subject to risks (including but not limited to the risk factors detailed in this document), uncertainties and other factors some of which are beyond our Company's control and which are difficult to predict. Accordingly, these factors could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements.

Our forward-looking statements have been based on assumptions and factors concerning future events that may prove to be inaccurate. Those assumptions and factors are based on information currently available to us about the businesses that we operate. The risks, uncertainties and other factors, many of which are beyond our control, that could influence actual results include, but are not limited to:

- our operations and business prospects;
- our business and operating strategies and our ability to implement such strategies;
- our ability to develop and manage our operations and business;
- future developments, trends and conditions in the LiDAR industry and markets in which we operate or into which we intend to expand;
- our future general and administrative expenses;
- competition for, among other things, capital, technology and skilled personnel;
- our ability to control costs;
- our dividend policy;
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices, including those pertaining to the PRC and the LiDAR industry and markets in which we operate;
- changes to regulatory and operating conditions in the industry and geographical markets in which we operate; and
- all other risks and uncertainties described in the section headed "Risk Factors."

Since actual results or outcomes could differ materially from those expressed in any forward-looking statements, we strongly caution investors against placing undue reliance on any such forward-looking statements. Any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by the Listing Rules, we undertake no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. Statements of or references to our intentions or those of any of our Directors are made as of the date of this document. Any such intentions may change in light of future developments.

All forward-looking statements in this document are expressly qualified by reference to this cautionary statement.

An investment in our Class B Ordinary Share and/or ADSs involves significant risks. You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an investment in our Class B Ordinary Share and/or ADSs. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, financial condition and results of operations. In any such case, the market price of our Class B Ordinary Share and/or ADSs could decline, and you may lose all or part of your investment.

These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in the section headed "Forward-looking Statements."

RISKS RELATED TO OUR BUSINESS AND INDUSTRY

We have a history of losses, which may continue in the future.

We have a history of net losses. We incurred net losses of RMB300.8 million, RMB476.0 million, RMB102.4 million, RMB106.9 million and RMB17.5 million (US$2.4 million) in 2022, 2023, 2024 and the three months ended March 31, 2024 and 2025, respectively. We may continue to incur net losses in the foreseeable future. Our potential profitability is dependent upon continued increase in customer demand for our LiDAR products and our success in competing against other participants in the markets in which we operate, which may not occur. Our profitability also depends on external factors such as our customers' commercial success, the market's perception of autonomous driving and adoption of LiDAR products and the regulatory environment, all of which are out of our control.

We intend to continue to expend significant funds to support our growth and further develop our business. Our revenues may not grow sufficiently to offset the increase in our expenses as we:

- continue to invest in the design and upgrading of our LiDAR products;
- expand our production capabilities to produce our LiDAR products, including constructing new manufacturing facilities;
- enhance our efforts to develop and commercialize LiDAR products for Robotics and other emerging markets;
- expand our design, development, installation and servicing capabilities;

- continue to build up inventories of parts and components for our LiDAR products;
- hire additional engineers and other personnel as we expand our business; and
- increase our sales and marketing activities.

Because we will incur the costs and expenses from these efforts before we receive incremental revenues with respect thereto, we may continue to experience net losses in the near future. In addition, we may find that these efforts are more expensive than we currently anticipate or that these efforts may not result in revenues, which would further increase our losses.

Our limited operating history makes it difficult to evaluate our future prospects and the risks and challenges we may encounter.

We have been focused on developing our LiDAR products since 2016. This relatively limited operating history makes it difficult to evaluate our future prospects and the risks and challenges we may encounter. Risks and challenges we have faced or expect to face include our ability to:

- produce and deliver LiDAR products of acceptable performance;
- develop and commercialize our in-house ASICs;
- forecast our revenues and budget for and manage our expenses;
- attract new customers and retain existing customers;
- comply with existing and new or modified laws and regulations applicable to our business;
- plan for and manage capital expenditures for our current and future products, and manage our supply chain and supplier relationships related to our current and future products;
- anticipate and respond to macroeconomic changes and changes in the markets in which we operate;
- maintain and enhance the value of our reputation and brand;
- effectively manage our growth and business operations;
- develop and protect intellectual property;
- hire, integrate and retain talented people at all levels of our organization; and

- successfully develop new products to enhance the experience of customers.

If we fail to address any of these risks and difficulties that we may face, our business, financial condition and results of operations could be adversely affected. Further, because we have limited historical financial data and operate in a rapidly evolving market, any predictions about our future revenues and expenses may not be as accurate as they would be if we had a longer operating history or operated in a more predictable market. We have encountered in the past, and will encounter in the future, risks and uncertainties frequently experienced by growing companies with limited operating histories in rapidly changing industries. If our assumptions regarding these risks and uncertainties, which we use to plan and operate our business, are incorrect or change, or if we do not address these risks and uncertainties successfully, our results of operations could differ materially from our expectations and our business, financial condition and results of operations could be adversely affected.

Our LiDAR products used on vehicles are highly complex and may contain defects or otherwise fail to perform in line with expectations. Such defects or failures could reduce the market adoption of our new products, damage our reputation, expose us to product liability and other claims and adversely affect our operating results.

Our LiDAR products used on vehicles are highly technical and complex and require high standards to manufacture and have in the past and will likely in the future experience defects, errors or reliability issues at various stages of development. We may be unable to timely release new products, manufacture existing products, correct problems that have arisen or correct such problems to our customers' satisfaction. Additionally, undetected errors, defects or security vulnerabilities, especially as new products are introduced or as new versions are released, could result in serious injury or even death to the end users of technology incorporating our products, or those in the surrounding area, litigation against us, negative publicity and other consequences. These risks are particularly prevalent in the highly competitive ADAS and Robotics markets where we operate. Some errors or defects in our products may only be discovered after they have been tested, commercialized and deployed by customers, in which case we may incur significant additional development costs and product recall, repair or replacement costs. These problems may also result in claims, including class actions, against us by our customers or others. Our reputation or brand may be damaged as a result of these problems and customers may be reluctant to buy our products, which could adversely affect our ability to retain existing customers and attract new customers and could adversely affect our financial results.

In addition, we could face material legal claims for breach of contract, product liability, fraud, tort or breach of warranty as a result of these problems. Defending a lawsuit, regardless of its merit, could be costly and may divert management's attention and adversely affect the market's perception of us and our products. Furthermore, any defects in or significant malfunctioning of our LiDAR products may weaken customer confidence in LiDAR products. As the markets for LiDAR products are emerging and evolving, loss of customer confidence in LiDAR products could have a material adverse impact on the future of such markets in general and our business prospects in particular.

If our LiDAR products are not selected by automotive customers or their suppliers, our business will be materially and adversely affected.

Automotive customers and their suppliers typically design and develop ADAS, Robotics and other key technologies over several years. These customers and their suppliers undertake extensive testing or qualification processes prior to placing orders for large quantities of our LiDAR products, because such products will function as part of a larger system or platform and must meet certain other specifications. We spend significant time and resources to have our products selected by automotive customers and their suppliers. If our LiDAR products are not selected for a particular vehicle model, we may not have an opportunity to supply our products for that model for a period of many years. In addition, if our LiDAR products are not selected by an automotive customer or its suppliers for a particular vehicle model or if our LiDAR products are not successful in that model, the automotive customer or its suppliers may select another supplier for LiDAR products, and it is unlikely that our products will be deployed in other models from the same automotive customer. If we fail to secure design wins for a significant number of vehicle models from one or more automotive customers or their suppliers, or if the vehicle models that incorporate our LiDARs cannot gain market popularity, our business, results of operations and financial condition will be materially and adversely affected.

Furthermore, even if our products are selected and we enter into framework agreements with automotive customers or their suppliers, as we have with many of our customers, we cannot assure you such framework agreements will always materialize into actual purchase orders, as in such agreements, our counterparties often retain the discretion as to whether and when to place orders for our products, and our supply of products may be subject to other conditions such as meeting certain development milestones. As a result, there is no guarantee that the design wins obtained by us would eventually lead to mass production nor any guarantee on the respective selling prices of our products generated from such design wins.

We currently have and target many customers that are large corporations with substantial negotiating power, stringent product standards and potentially competitive internal solutions. If we fail to engage effectively with these customers, our prospects and results of operations will be adversely affected.

Many of our customers and potential customers are large, multinational corporations with substantial negotiating power relative to us and, in some instances, may have internal solutions that are competitive to our products. These large, multinational corporations also have significant development resources, which may allow them to acquire or develop independently, or in partnership with others, competitive technologies. Meeting the technical requirements of any of these companies and securing design wins from them for supplying LiDAR products will require a substantial investment of our time and resources. Even after we secure a design win, there can be a significant lead time before mass production commences, and there is no assurance that such design wins will ultimately result in commercial production or generate meaningful revenue. Following a design win, we are typically required to continue working closely with our customers to support their ongoing product development, testing, validation,

and system integration efforts. We cannot assure you that our LiDAR products will be selected by these or other companies or that we will generate meaningful revenue or profit from the sales of our products to these key potential customers. Any delays, changes in customer product roadmaps, technical challenges, or shifts in market conditions could adversely affect the timing or realization of expected revenue associated with such design wins. Furthermore, if our products are not selected by these large corporations or if these corporations develop or acquire competitive in-house technology, our business and prospects will be adversely affected.

Our ability to develop, manufacture, and deliver LiDAR products of high quality and appeal to customers on schedule and at scale is still evolving.

The sustainability of our business depends, in large part, on our ability to timely execute our plan to develop, manufacture, and deliver on a large scale LiDAR products of high quality and appeal to customers. We have limited LiDAR manufacturing experience to balance production volume and product quality and appeal, and therefore cannot assure you that we will be able to achieve our targeted production volume of commercially viable LiDAR products on a timely basis, or at all.

Our continued development, manufacturing, and delivery of LiDAR products of high quality to achieve our targeted production volume are and will be subject to risks, including with respect to:

- lack of necessary funding;
- delays or disruptions in our supply chain;
- quality control deficiencies;
- compliance with environmental, workplace safety, and relevant regulations; and
- cost overruns.

As we operate in highly competitive and rapidly evolving markets, to remain competitive, we may be required to introduce new LiDAR models earlier or more frequently than originally planned. We cannot assure you that any future models we launch will appeal to the customers as we expect or that any introduction of new models will not affect the sales of existing models.

Furthermore, we rely on third-party suppliers for the provision and development of many of the key components and materials used in our LiDAR products. If our suppliers experience difficulties in providing us with or developing necessary components, we could experience delays in delivering products. Any delay in the development, manufacturing, and delivery of LiDAR products could subject us to customer complaints and materially and adversely affect our reputation, demand for our products, and our growth prospects.

We operate in highly competitive markets and some market participants have substantially greater resources than us. We may not successfully compete against them.

The markets for sensing technology in autonomous solutions for automobile and Robotics markets are highly competitive. Our future success will depend on our ability to remain a leader in our targeted markets by continuing to develop and protect from infringement advanced LiDAR technology in a timely manner and to stay ahead of existing and new competitors. Our competitors are numerous and they compete with us directly by offering LiDAR products and indirectly by attempting to solve some of the same challenges with alternative technologies. We face competition from camera and radar companies, other developers of LiDAR products, and other technology and automotive and Robotics supply companies, some of which have significantly greater resources than we do. In the automotive market, our competitors have commercialized both LiDAR- and non-LiDAR-incorporated ADAS technology that has achieved market adoption, strong brand recognition and they may continue to improve their offerings. Other competitors that are working towards commercializing autonomous driving technology, either independently or through partnerships, often have substantial financial, marketing, distribution, R&D and other resources. In markets outside of the automotive industry, such as the robotic industry, both we and our competitors seek to develop new sensing applications. Even in these emerging markets, we face substantial competition from numerous competitors seeking to prove the value of their technologies. Additionally, some of our customers in the ADAS market and Robotics market have announced development efforts or made acquisitions aimed at creating their own LiDAR-incorporated or alternative sensing technologies, which would compete with our solutions.

Increased competition may result in pricing pressure and reduced margins and may impede our ability to increase the sales of our products or cause us to lose market share, all of which may adversely affect our business, results of operations and financial condition.

If market adoption of LiDAR does not continue to develop, or develops more slowly than we expect, our business will be adversely affected.

While our LiDAR products can be applied to different uses across end markets, a substantial part of our revenues is generated from automotive applications. Despite considerable efforts by the automotive industry to research and test LiDAR products for ADAS and autonomous vehicle applications, there is no assurance that LiDAR products will be widely deployed in commercially available vehicles on a large scale.

Although we currently believe we are a leader in LiDAR-incorporated systems for the autonomous vehicle market, as LiDAR products remain relatively new, it is possible that other sensing technologies, including cameras, radar, and new or enhanced modalities, or new disruptive technologies, including combinations of technologies, may gain acceptance or emerge as the industry standard for ADAS and autonomous driving applications. Even if LiDAR products are used in the initial generations of certain ADAS systems and autonomous driving technologies, there is no guarantee that LiDAR products will be designed into or included in subsequent generations of such technologies. Furthermore, the initial adoption

scenarios for autonomous vehicles, such as Robotaxis, are limited, and the timing for widespread mass-market adoption of autonomous vehicles remains difficult, if not impossible, to predict. If the commercialization of LiDAR products is not as successful as we or the market expects, or if alternative technologies gain broader acceptance among developers of ADAS and autonomous driving systems, automotive OEMs, regulators, or other market participants, our business, results of operations, and financial condition will be materially and adversely affected.

We continually monitor emerging and competing sensing technologies and invest in research and development to enhance our product offerings. However, any failure by us to develop new or enhanced technologies or to respond effectively to technological advancements could materially delay the development and introduction of new products, particularly in the rapidly evolving autonomous vehicle industry. There is no guarantee that our research and development efforts will be sufficient to keep pace with technological change. If we are unable to source and integrate the latest technology into our products, our LiDAR products may lose competitiveness, leading to decreased revenues and a loss of market share.

We believe that our future revenue growth will depend in part on our ability to expand within new markets such as Robotics and to enter new markets as they develop. Each of these markets presents distinct risks and, in many cases, requires us to address the particular requirements of that market, which can be time-consuming and costly. In addition, the market for LiDAR technology outside of automotive applications is relatively new, rapidly developing and unproven in many industries. Some of our customers outside of the automotive industry are still in testing and development phases, and we cannot be certain that they will commercialize products or systems incorporating our LiDAR products. Adoption of LiDAR products outside of the automotive industry will depend on numerous factors, including whether the technological capabilities of LiDAR and LiDAR-incorporated products meet users' needs; whether the benefits of deploying or integrating LiDAR technology outweigh the associated costs and complexity to replace or adapt solutions that may have used other sensing modalities; and whether users in non-automotive applications can progress from the testing and development phases to commercialization. If LiDAR technology does not achieve commercial success outside of the automotive industry, or if these market develops at a pace slower than we expect, our business, results of operation and financial condition may be materially and adversely affected.

Our efforts to continue developing and commercializing our in-house ASICs may not succeed.

We established a dedicated team within our organization to develop our in-house ASICs at the end of 2017. Since then, we have made significant progress in the development, production and application of our ASICs. Our current ASICs are sophisticated and technologically advanced in many aspects, but remain subject to significant technological and functional limitations. We cannot assure you that we will be able to continue to refine and upgrade our ASICs to achieve market-leading quality and functionality. In addition, we are relatively early in our efforts to apply our ASICs to LiDAR products. We may fail in our efforts

to commercialize our ASICs despite the significant research and development and sales and marketing costs we have incurred and expect to incur, in which case our financial performance and business prospects will suffer.

U.S. persons purchasing our Shares in this Global Offering will be required to file notifications with the U.S. Department of the Treasury under the U.S. government's new China-focused Outbound Investment Program, and failure to comply with these notification requirements is punishable by civil and criminal penalties; the Outbound Investment Program may adversely affect our access to capital and our business, financial condition, and results of operations.

On October 28, 2024, the U.S. Department of the Treasury ("**Treasury**") issued a final rule, 31 CFR Part 850 (the "**Final Rule**") to implement an August 2023 executive order that provided for the establishment of a new national security regulatory framework (the "**Outbound Investment Program**") to control outbound investment from the United States in certain sensitive industry sectors in the People's Republic of China, including Hong Kong and Macau. The Final Rule became effective on January 2, 2025.

The Final Rule imposes investment prohibitions and notification requirements on specified investments by U.S. persons (broadly defined to include any United States citizen, lawful permanent resident, entity organized under the laws of the United States or any jurisdiction within the United States (including any foreign branch of such entity), or any person in the United States) in certain entities engaged in specified "Covered Activities" relating to three sectors: (i) advanced microchips and microelectronics, (ii) quantum computing, and (iii) AI systems. The Covered Activities in the advanced microchips and microelectronics sector that are included under the prohibited transaction include (i) developing or producing design automation software for integrated circuit design or advanced packaging, (ii) developing or producing equipment for semiconductor fabrication, volume advanced packaging, or extreme ultraviolet lithography, (iii) designing or fabricating integrated circuits exceeding specified performance characteristics, (iv) using advanced integrated circuit packaging techniques, and (v) developing, installing, selling, or producing supercomputers exceeding specified performance and density criteria. Covered Activities in the advanced microchips and microelectronics sector that are included as notifiable transactions include designing, fabricating or packaging any integrated circuit, other than those specific in the prohibited transaction definition. "Persons of a Country of Concern" (which are defined in the Final Rule to include entities with their principal place of business in China or that are controlled by Chinese citizens (including through ownership of 50% or more of the entity's voting power, equity interests, voting power of the board, or otherwise)) that are engaged in specified activities within these three technology sectors are defined as "Covered Foreign Persons." In addition, any person that derives more than 50% of its revenue or net income or incurs more than 50% of its operating expenses or capital expenditure from Persons of a Country of Concern in which it has specified interests (including equity interests) that are engaged in Covered Activities is also a Covered Foreign Person. The types of investments by U.S. persons that are subject to the Final Rule are defined as "Covered Transactions" and are subject to the applicable prohibitions or notification requirements include acquisitions of

equity interests and contingent equity interests, certain debt financing, and joint ventures involving Covered Foreign Persons. The Final Rule excludes some investments from the scope of covered transactions, including those in publicly traded securities listed on a stock exchange (such as the trading of our Shares on the Exchange after the completion of the Global Offering) and those trading on the over-the-counter markets (the "**Publicly Traded Securities Exception**"). The Final Rule is aimed at exerting greater U.S. government oversight over U.S. direct and indirect investments involving China, and it introduces new hurdles and uncertainties for cross-border collaborations, investments, and funding opportunities of China-based issuers, including us.

We are likely to be deemed a Covered Foreign Person under the Final Rule because our principal subsidiaries are engaged in the design of integrated circuits and we derive and incur, as applicable, more than 50% of our revenue and net income, operating expenses and capital expenditure from these subsidiaries. Therefore, we have determined that the Global Offering is a Covered Transaction and that U.S. persons as defined in the Final Rule, including U.S. underwriters and U.S. investors procured by the underwriters, that purchase our Shares in this Global Offering will be required to file notifications regarding their purchases with Treasury no later than 30 days after their purchase of the Shares. In addition, a U.S. parent of a non-U.S. person that purchases our Shares in this Global Offering will also be required to make a similar filing, subject to the same deadline. The notifications required by the Final Rule will need to include specified information about the investor (including personal information and address), the issuer, the transaction (including the commercial rationale for the transaction, nature and details of the transaction, and why the U.S. person determined the transaction is a Covered Transaction), and the nature of the Covered Activities that we engage in. For additional information about the Outbound Investment Program and the applicable filing procedures, see **https://home.treasury.gov/policy-issues/international/outbound-investment-program**. Failing to comply with the notification requirements or failing to provide accurate and complete information in the filing under the Final Rule may subject the relevant U.S. persons to severe civil penalties of fines, and — for willful violations — criminal penalties of fines and imprisonment of up to 20 years.

While purchases of our Shares in this Global Offering by U.S. persons will be subject to the notification filing requirements, ordinary secondary trading in our Shares and ADSs will be able to rely on the Publicly Traded Securities Exception, and these notification filing requirements will not be applicable to those trades. Neither we nor the underwriters for this Global Offering are advising investors on compliance with the Final Rules, and any investor that is uncertain about the Final Rule's application to its purchase of Shares in this Global Offering or the need to file a notification with Treasury, should consult its own counsel.

The Outbound Investment Program, including possible future modifications to it, could impose additional burdens on U.S. persons who invest, or plan to invest, in us. It could also limit our ability to raise capital or contingent equity capital (such as convertible bonds) from U.S. investors, including in this Global Offering or any future offerings. Additionally, the Final Rule could be changed by executive actions of the U.S. government, including changes to the scope of activities and technologies applicable to prohibited transactions, the types of

transactions to which it applies, and the availability of any exceptions or exemptions, including the Publicly Traded Securities Exception. Specifically, on January 20, 2025, President Trump issued a national security presidential memorandum, entitled "America First Trade Policy," which, among other things, directs the Secretary of the Treasury and several other executive departments and offices of the U.S. government to review the Outbound Investment Program to determine if it includes "sufficient controls to address national security threats" and to determine whether the executive order implementing the Outbound Investment Program "should be modified or rescinded and replaced," with the Secretary of the Treasury directed to provide the President a report on these subject by April 1, 2025. In addition, on February 21, 2025, President Trump issued a national security presidential memorandum entitled "America First Investment Policy," which, among other things, states that the Trump Administration will consider possible application of the Outbound Investment Program to a wider range of technology sectors, including biotechnology, hypersonics, aerospace, advanced manufacturing, directed energy, and other areas "implicated by the PRC's national Military-Civil Fusion strategy" and applying restrictions to a wider range of investments, including publicly traded securities. Possible changes to the Final Rule could limit or even eliminate our ability to raise capital or contingent equity capital from U.S. investors, which could be detrimental to our capital raising capacity and our business, financial condition and prospects. In addition, changes to the Publicly Traded Securities Exception or other aspects of the Final Rule could prohibit the holding or trading of our securities by U.S. persons or make our securities less attractive to such investors. In such cases, the value of the securities may significantly decline, or in extreme cases, become worthless.

The current tensions in international trade and investment and rising political tensions, particularly between the United States and China, may adversely impact our business, financial condition, and results of operations, as well as our access to international capital markets.

Some of our business partners are located outside of China. Furthermore, many of our customers in China may incorporate our products into goods that they sell outside China. In addition to our reliance on customers and suppliers outside China, certain of our technologies, such as those relating to autonomous driving applications, could be subject to restrictions by the U.S. or other foreign governments. As a result, government policies that restrict international trade and investment, such as capital controls, economic or trade sanctions, export controls, tariffs or foreign investment filings and approvals, may affect the demand for our products and services, impact the competitive position of our products, prevent us from being able to sell products in certain countries, or limit our ability to operate internationally, including our ability to raise capital. If any new tariffs, legislation, or regulations are implemented (including those imposing economic or trade sanctions, export control restrictions, or cross-border investment restrictions), or if existing trade agreements are renegotiated, these types of changes could adversely affect our business, financial condition, and results of operations. There have been heightened tensions in international economic relations, in particular between the United States and China. For example, the United States has tightened controls on the export to China of certain advanced items such as semiconductors and equipment to manufacture semiconductors. In addition, the ongoing conflict in Ukraine and the

related sanctions on Russia have further escalated international tensions and resulted in the expanded use of economic sanctions and export controls. These types of regulatory developments could adversely affect us, our supply chain, business partners, or customers and the general state of the global economy.

The United States and China have recently taken steps in their economic relations that may substantially impact the economies of both nations, as well as the global economy. Higher tariffs rates have been applied by both countries in a series of bilateral moves, especially since April 2, 2025, and as of April 9, 2025, the United States had implemented tariffs of 145% on most goods from China, while China had imposed tariffs of 125% on most goods from the United States. These tariff rates reflected various rounds of escalation by the United States since 2018, as well as China's implementation of retaliatory tariff increases. The U.S. government has described these higher tariffs as its response to what it characterizes as unfair trade practices, failure to adequately control exports of fentanyl precursor chemicals, and retaliatory tariffs in response to China's tariffs implemented in response to higher U.S. tariffs. On May 12, 2025, the United States and China announced that each country would temporarily reduce tariffs on goods of the other country by 115% for a period of 90 days, effective May 14, 2025. On August 11, 2025, amidst continued negotiations, the two sides announced an additional 90-day extension until November 10, 2025. As of the Latest Practicable Date, following the recent increase in U.S. tariffs on Chinese imports, certain exports of our lidar products to the U.S. are subject to 70% tariffs; see "Regulatory Overview — U.S. Laws and Regulations — Regulations on Tariffs". As of the date hereof, it remains unclear what additional actions, if any, will be taken by the U.S. or other governments. In addition to tariffs, the U.S. government has implemented other measures, including the expansion of export controls in respect of China, including controls on items manufactured outside the United States that are the direct product of certain controlled U.S.-origin technology or software, to specific destinations and end-users (such as certain companies on the export control Entity List), and the end-use restrictions on U.S.-origin semiconductor manufacturing and advanced computing items. In recent years, the U.S. has also placed certain entities, including an increasing number of entities in China, on the Entity List under U.S. export control regulations, which imposes licensing requirement for exports, reexport, or transfers of items on lists of controlled items maintained by the U.S. government, which in most cases prevents these named entities from receiving essentially any item subject to U.S. export controls, including in some cases those produced wholly outside the United States that rely on U.S. technology for their production.

In addition, on January 14, 2025, the U.S. Department of Commerce published a final rule, effective March 17, 2025, to address perceived U.S. national security risks associated with connected vehicle technologies. This rule establishes comprehensive prohibitions targeting specific hardware and software integral to vehicle connectivity systems and automated driving systems, although LiDAR is explicitly excluded from the scope of this new rule. These prohibitions are designed to mitigate the perceived national security risks associated with entities owned by, controlled by, or subject to the jurisdiction or direction of

China or Russia. Any future regulatory changes in this regard could affect our ability to sell into the U.S. market and may also affect the ability of our customers outside of China to integrate our products into vehicles or related systems that they plan to export to the United States.

In early 2025, the President Trump issued the "America First Investment Policy" memorandum and the "America First Trade Policy" memorandum, which outlined his administration's plans to broaden the jurisdiction and significantly revise the operations of Committee on Foreign Investment in the United States ("**CFIUS**"), the organization that regulates foreign investments in the United States, and highlighted what it characterized as the "new and evolving threats" associated with foreign investment, with a particular focus on China. The two memorandums set forth several initiatives to incentivize investment from U.S. allies and partners while restricting investments involving "foreign adversaries" including China. Among other things, the policy outlined in the memorandums include the possible expansion of the industry sectors covered by the Outbound Investment Program, limiting the types of transactions that may be excepted from the Program's restrictions, and through the imposition of additional sanctions. The proposed restrictions may further restrict and deepen uncertainties for cross-border collaboration, investment, and funding opportunities of China-based issuers including us.

Against this backdrop, China has, in addition to the retaliatory tariff increases noted above, implemented, and may further implement, measures in response to changing trade policies, treaties, tariffs, export controls, and sanctions and restrictions against Chinese companies initiated by the U.S. government. For example, on April 4, 2025, in response to the United States substantially raising tariffs on products from China, China expanded its export restrictions on a wide range of critical minerals and magnets, which are essential for certain technologies and defense-related industries. Under these new restrictions, the controlled items, many of which are largely or only produced in China, will only be exportable subject to licenses, and the conditions and availability of such licenses is not yet clear. In addition, in June, 2021, China enacted the Countering Foreign Sanctions Law (《中華人民共和國反外國制裁法》), under which foreign persons (including both individuals and companies) may be subject to countermeasures for directly or indirectly participating in a foreign country's "discriminatory restrictive measures" against Chinese entities, which could include adherence to U.S. or other foreign sanctions or even export controls. The countermeasures authorized under this law include the seizure of property, barring transactions with Chinese persons, denial of visas, and deportation. This law builds on the Ministry of Commerce's Regulations on the List of Unreliable Entities (《不可靠實體清單規定》) issued in September 2020 and the Rules on Counteracting Unjustified Extra-Territorial Application of Foreign Legislation (《阻斷外國法律與措施不當域外適用辦法》) issued in January 2021. The latter created a private right of action under which Chinese entities may sue for damages allegedly caused by a company's adhering to "discriminatory foreign measures". On March 23, 2025, the State Council issued the Provisions on Implementing the Countering Foreign Sanctions Law (實施《中華人民共和國反外國制裁法》的規定), which became effective immediately. These provisions further clarify the implementation procedures, enforcement mechanisms and scope of countermeasures under the Countering Foreign Sanctions Law.

There is uncertainty with respect to how the Countering Foreign Sanctions Law, the List of Unreliable Entities, the Rules on Counteracting Unjustified Extra-Territorial Application of Foreign Legislation and the Provisions on Implementing the Countering Foreign Sanctions Law will be interpreted and implemented.

Because our business depends on markets and supplies located overseas, tariffs and investment and export control measures taken by the PRC, U.S. or any other government, as well as other trade tensions or unfavorable trade policies, may directly affect the costs and/or marketability of our products. For example, certain exports of our LiDAR products to the United States are subject to the recently increased U.S. tariffs on Chinese imports described above. These elevated tariff rates may adversely affect our sales in the U.S. market. The ongoing international trade and political tensions between the United States and China, and any escalation of such tensions, may have a material negative impact on our business and operations. For example, if the Entity List and other U.S. export control laws and regulations continue to expand and evolve, future U.S. export controls may materially affect or target some of our significant suppliers or customers, in which event our business may be affected if we fail to promptly secure alternative sources of supply or demand on terms acceptable to us. Rising political tensions could also reduce levels of trade, investment, technological exchange, and other economic activities between the two major economies, which would have a material adverse effect on global economic conditions and the stability of global financial markets. In particular, the heightened geopolitical uncertainty and potential for further escalation may discourage investments in securities issued by China-based issuers (including us) and affect the global macroeconomic environment. For example, during a recent television interview, in response to a journalist's question on whether the U.S. government could include possible delistings of Chinese companies from U.S. exchanges as a possible step the United States could take in its ongoing trade disputes with China, U.S. Secretary of Treasury, Scott Bessent, declined to exclude this possibility. If the U.S. government were to take such steps, it is not known how or when the U.S. government might implement such delistings or whether there would be any transition period or exceptions. If the U.S. government were to issue any order or otherwise require or cause the delisting of equity securities issued by China-based issuers, it could have a material adverse effect on the price of our Nasdaq-listed ADSs. If our ADSs were to be delisted from the Nasdaq, holders of our securities may suffer losses or be unable to trade our securities on Nasdaq as a result. Any of these factors could have a material adverse effect on our business, prospects, financial condition, and the results of operations, our ability to raise capital, and the value of our securities. These types of measures could also have similar effects on our suppliers and our customers.

We have been included in a list of Chinese companies with alleged ties to the Chinese military issued by the U.S. Department of Defense, which has had and may continue to have an adverse effect on our reputation, the market prices of our Shares and/or ADSs and our business opportunities.

On January 31, 2024, we were placed on the list of Entities Identified as Chinese Military Companies Operating in the United States under Section 1260H of the William M. Thornberry National Defense Authorization Act for Fiscal Year 2021 (the "Section 1260H List"), also

known as the "Chinese Military Companies List," by the United States Department of Defense ("DoD"). We were subsequently removed from that list and then relisted on October 15, 2024. According to the relevant law, the Chinese Military List is to identify companies operating in the United States that are either owned or controlled by the People's Liberation Army or the Central Military Commission of the Chinese Communist Party or that have been identified as a military-civil fusion contributor to the Chinese military industrial base. On July 11, 2025, the U.S. District Court for the District of Columbia ("District Court") issued a decision upholding the DoD's designation of us as a "Chinese Military Company." We believe that the DoD's designation lacks both factual and legal bases. On July 13, 2025, we filed Notice of Appeal to the U.S. Court of Appeals, challenging the District Court's decision. As of the Latest Practicable Date, we remain on the Section 1260H List and we are unable to predict the outcome of the appeal. See "Business — Compliance and Legal Proceedings" for details. Effective June 30, 2026, entities on this list and their controlled affiliates will be prohibited from entering into contracts with DoD for the procurement of goods, services, or technology, and effective June 30, 2027, the DoD will be prohibited from purchasing goods or services produced or developed by entities on the list indirectly through third parties. In addition, entities on the list and their subsidiaries are prohibited from receiving contracts or other funding from the U.S. Department of Homeland Security. Our inclusion on the list has had and may continue to have an adverse effect on our reputation, the market prices of our Shares and/or ADSs and our business opportunities. Particularly, the continued inclusion on the Section 1260H List has led to a false perception that we are associated with the Chinese military, which has had a negative impact on our ongoing contract negotiations and disrupted our existing and potential customer relationships globally, in particular those in the United States. Additionally, the inclusion has also had a material adverse impact on our capital market performance. Our stock price fell over 30% in a single day following our inclusion on the Section 1260H List. While the Section 1260H List is maintained by a separate part of the U.S. government with narrow implication, other sanction lists maintained by the U.S. government have broader implications. If we were to be included on a more restrictive sanctions list imposed by the U.S. government or if the U.S. government were to apply further sanctions to companies included on the Section 1260H List, our ability to conduct business with U.S. companies and the ability of U.S. investors to invest in or hold our securities could be further affected, which could have a material adverse effect on our business and results of operations and the value of our securities.

We continue to implement strategic initiatives designed to grow our business, including developing new technologies and products, but our choices of technologies and products to focus on may prove incorrect, and our initiatives may not succeed.

We continue to make investments and implement initiatives designed to grow our business. In particular, we have formulated plans to focus our R&D efforts on certain new technologies and products which we believe will be critical to our future growth. For example, for the ADAS market, we are seeking to pack more laser/detector channels in the AT series at a lower cost. Similar upgrades may happen to other product lines to enhance performance while lowering the cost. However, as the LiDAR markets are new and rapidly evolving and we have a short operating history with limited experience, we cannot assure you that our choices of

technologies and products to focus on will prove correct. In the event that our new technologies and products fail to be adopted by the market, our business prospects and financial condition could be materially and adversely affected.

In addition, our strategic initiatives may prove more expensive than we currently anticipate, and we may not succeed in increasing our revenues, if at all, in an amount sufficient to offset these higher expenses and to achieve and maintain profitability. The market opportunities we are pursuing are at an early stage of development, making it difficult to predict the size and growth rate of our target markets, customer demand for our products, commercialization timelines, developments in autonomous sensing and related technologies, the emergence of competing products, or the success of existing competitors. If our revenues do not grow over the long term, our ability to achieve and maintain profitability may be adversely affected, and the value of our business may significantly decrease.

We are susceptible to supply shortages, long lead times, and increased costs of raw materials and key components, any of which could disrupt our supply chain and could delay deliveries of our products to customers.

Some of the components used in the manufacture of our LiDAR products are sourced from third-party suppliers. Purchases from our top five suppliers for each of 2022, 2023, 2024 and the three months ended March 31, 2025 accounted for 34.5%, 26.6%, 27.4% and 23.3%, respectively, of our total purchases during the same year/period. Our future success will depend, in part, on our ability to efficiently manage our supply chain to manufacture and deliver our products at scale. We rely on certain major suppliers of raw materials and key components used in our LiDAR products, which may expose us to risks such as supply shortages, long lead times, increased costs, and potential disruptions from time to time, especially for raw materials and key components that come from single or limited sources of supply. For example, our products depend on lasers and we currently consume a substantial portion of the available market supply. Any shortage of these lasers could materially and adversely affect our ability to manufacture our LiDAR products and disrupt our business operations. In addition, long lead times for certain components may restrict our ability to make rapid changes in production volumes and delivery schedules in response to demand fluctuations.

Furthermore, we procure raw materials and components from suppliers outside of China. Purchases from suppliers outside of China for each of 2022, 2023, 2024 and the three months ended March 31, 2025 accounted for 20.4%, 17.6%, 17.5% and 15.3%, respectively, of our total purchases during the same periods. As such, we are subject to risks associated with geopolitical and trade tensions worldwide, particularly the ongoing heightened trade and political tensions between China and the United States. These tensions, and any further escalation, could result in supply chain disruptions, shortages and delays, adversely affecting our production and sales. See "— The current tensions in international trade and investment and rising political tensions, particularly between the United States and China, may adversely impact our business, financial condition, and results of operations, as well as our access to international capital markets."

We have in the past experienced, and may in the future experience, shortages and price fluctuations in certain key components and materials, while the predictability regarding their availability and pricing may be limited. In particular, any shortages or delay in the supply of semiconductor chips, a key component of our LiDAR products, whether by specific vendors or by the chip industry generally, could result in cost increases or delays in our production and delivery to customers. Efforts to increase the use of in-house ASICs may not fully eliminate our usage of third-party chips for our LiDAR products. However, if we are unable to mitigate the impact of any future chip shortage or if we cannot obtain adequate supplies of chips on commercially acceptable terms, or at all, we may fail to fulfill our customer orders, which could result in lower sales and customer loss.

Shortages and pricing fluctuations in raw materials and key components could also be material in the future. In the event of a supply shortage, interruption or material price fluctuations, we may not be able to develop alternative sources in a timely manner, or at all, particularly for sole or limited-source components. Developing alternative sources of supply for raw materials and key components may be time-consuming, difficult, and costly, and we may not be able to secure them on acceptable terms, or at all, which may undermine our ability to meet our production requirements and fill customer orders on time. Furthermore, rising costs of raw materials and key components could result in lower gross margins. Even if we are able to pass the increased costs along to our customers, there may be a lag before we are able to do so such that we must absorb the increased cost in the short term. If we are unable to procure raw materials and components in quantities sufficient to meet our production requirements on a timely basis, we will not be able to deliver products to our customers, which may increase the risk of customer switching to competitive products and result in revenue losses.

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

We have invested significant capital in developing and growing our business, including developing and manufacturing our LiDAR products, advancing our in-house ASICs, purchasing equipment, constructing our manufacturing facilities, procuring required raw materials, and building our sales and servicing infrastructure. As we continue to scale our business, we expect to further incur significant costs that will impact our profitability, including R&D expenses related to the rollout of new LiDAR and vertically integrated models and improvement of existing models, expenditures in the expansion of our manufacturing capacities, additional operating costs and expenses for production ramp-up, procurement costs for raw material and key component, and selling and distribution expenses to build our brand and market our products. In particular, the prices for raw materials and components fluctuate due to factors beyond our control, and could adversely affect our business and results of operations. Substantial increases in the prices of key raw materials or components, such as automotive-grade chips, would increase our cost of revenues and operating expenses, and could reduce our margins. Furthermore, currency fluctuations, tariffs and other economic or political conditions may result in significant increases in freight charges and raw material costs. In addition, we may lose control over the increase of costs in connection with our services, including after-sale services. Our ability to become profitable in the future will not only depend on our ability to successfully market and sell our products and services but also our ability to

control our costs. If we are unable to design, develop, manufacture, market, and service our products and provide services in a cost-efficient manner, our results of operations, profitability, and business prospects would be materially and adversely affected.

We expect to incur substantial R&D costs and devote significant resources to identifying and commercializing new products, which could significantly reduce our profitability and may never result in revenues to us.

Our future growth depends on penetrating new markets, adapting existing products to new applications and customer requirements, and introducing new products that achieve market acceptance. We have incurred, and expect continue to incur, substantial R&D costs as part of our efforts to design, develop, manufacture and commercialize new products and enhance existing products. Our R&D expenses were RMB555.2 million, RMB790.5 million, RMB855.6 million, RMB194.4 million and RMB183.3 million (US$25.3 million) in 2022, 2023, 2024 and the three months ended March 31, 2024 and 2025, respectively, and are likely to grow in the future. Because we account for R&D costs as an operating expense, these expenditures will adversely affect our results of operations in the future.

Further, our R&D program may not produce successful results, and our new products may not achieve market acceptance, create additional revenues or become profitable.

The markets in which we compete are characterized by rapid technological change, which requires us to continue to develop new products and product innovations and could adversely affect market adoption of our products.

The LiDAR and related markets, including the ADAS and Robotics markets, are still evolving, and uncertainties in these markets could hinder the adoption of LiDAR and/or our products, either generally or for particular applications. Our future success will depend upon our ability to develop and introduce new capabilities and innovations into our existing product offerings, as well as develop and introduce new products to expand our offerings, to address the changing needs of the markets in which we offer our products. For example, we cannot guarantee that new products will be released on time, or at all, or that they will achieve market acceptance. Delays in delivering new products that meet customer requirements could damage our relationships with customers and cause them to seek alternative sources of supply. In addition, our success to date has been based on the delivery of our products to customers' R&D programs, where the customers invest substantial capital to develop their new systems. Our continued success thus relies on the success of their transition from the R&D phase to commercialization. As autonomous technology reaches the stage of large-scale commercialization, we must develop and deliver solutions at price points that enable broader and, ultimately, mass-market adoption. Any delays in product innovations, misjudgment in choosing among technological alternatives, or failures in offering innovative products or configurations at competitive prices may cause existing and potential customers turn to our competitors' products or alternative sensing technologies.

If we are unable to devote sufficient resources to product development or cannot successfully deliver products or solutions that meet customer requirements on a timely basis or remain competitive with technological alternatives, our products could lose market share, and our revenues may decline. Consequently, we may experience operating losses, and our business and prospects will be adversely affected.

We may experience difficulties in managing our growth and expanding our operations.

We have expanded our operations, and as we ramp up our development, production and sales, further significant expansion will be required. Our future operating results depend to a large extent on our ability to manage this expansion and our growth successfully. Risks that we face in undertaking this expansion include, among others:

- keeping pace with ongoing technological advancements and evolving industry standards;
- managing our supply chain to support rapid business growth;
- managing a scaled organization with a greater number of employees in different divisions;
- controlling expenses and investments in anticipation of expanded operations;
- expanding or establishing new product development, manufacturing, sales, and service facilities;
- implementing and enhancing administrative infrastructure, systems, and processes;
- improving our operational, financial and management controls, compliance programs and reporting systems; and
- addressing new markets and potentially unforeseen challenges as they arise.

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

Continued pricing pressures may result in lower than anticipated margins, or losses, which may adversely affect our business.

Cost-cutting initiatives adopted by our customers often result in increased downward pressure on pricing. In addition, many of our customers, particularly automotive OEMs, possess significant leverage over their suppliers, including us, because they are large multinational companies with substantial negotiating power and the automotive component

supply industry is inherently highly competitive, serves a limited number of customers and has a high fixed cost base. The growing competition among both established players and new market entrants in our industry further exacerbates the pricing pressures we face.

Accordingly, we expect to be subject to substantial continuing pressure from automotive OEMs and other major customers to reduce the prices of our products. Pricing pressures beyond our expectations could intensify as customers, including automotive OEMs, pursue restructuring, consolidation and cost-cutting initiatives. Changes in our product mix and pricing, including the launch of lower-priced new products, may negatively affect our cost structure and overall margin profile. Our cost structure may be further affected by under-utilization of our manufacturing facilities as we ramp up production, as well as fluctuating demand for and sales of our products, which are beyond our control. If we are unable to generate sufficient production cost savings in the future to offset price reductions, our gross margin and profitability would be adversely affected.

Our international operations require us to comply with trade restrictions, such as economic sanctions and export controls.

We are subject to trade restrictions, including economic sanctions and export controls, such as those administered and enforced by the Ministry of Foreign Affairs of the People's Republic of China (中華人民共和國外交部), the U.S. Department of the Treasury's Office of Foreign Assets Control, the U.S. Department of State, the U.S. Department of Commerce, the United Nations Security Council and other relevant authorities. Our global operations expose us to the risk of violating, or being accused of violating economic and trade sanctions and export control laws and regulations. We have implemented an export control and sanctions compliance policy, through which we conduct screenings of new customers, end-use and end-users and relevant due diligence measures to assess compliances risks, and ensure adherence to regulatory requirements. However, we cannot guarantee that all of our products remain within approved channels. Some of our products have been found on the second-hand market or redistributed for uses that we did not authorize. In addition, the nature of hardware products makes it challenging to fully control their resale or redistribution. There is no assurance that our efforts to ensure compliance will be effective and we cannot assure compliance by our employees or representatives for which we may be held responsible. Our failure to comply with these laws and regulations may expose us to reputational harm as well as significant penalties, including criminal fines, imprisonment, civil fines, disgorgement of profits, injunctions and other remedial measures. Investigations of alleged violations can be expensive and disruptive. Any such violation could materially adversely affect our reputation, business, financial condition and results of operations.

We are subject to credit risk in relation to our accounts receivable.

As of December 31, 2022, 2023 and 2024 and March 31, 2025, we had accounts receivable of RMB485.0 million, RMB524.8 million, RMB765.0 million and RMB957.6 million (US$132.0 million), respectively. We are subject to credit risk in relation to our accounts receivable. There is no assurance that we will be able to collect our accounts

receivable in a timely manner, or at all. We recognized allowance for expected credit losses on accounts receivable of RMB6.2 million, RMB49.1 million, RMB55.0 million and RMB52.2 million (US$7.2 million) as of December 31, 2022, 2023 and 2024 and March 31, 2025, respectively. Our credit risk exposure may increase if any of our customers experience financial difficulties or deterioration in creditworthiness, which could prevent us from collecting all or part of the outstanding accounts receivable. For example, our expected credit losses increased by RMB44.8 million in 2023 compared to 2022, primarily due to credit losses we recognized in relation to accounts receivable from an OEM customer that faced operational difficulties. Such unforeseen circumstances may also render our accounting judgments or estimations on allowance for expected credit losses inaccurate, potentially resulting in higher losses than currently estimated. As a result our profitability, working capital and cash flow may be materially and adversely affected.

Fluctuations in exchange rates may have a material and adverse effect on our results of operations and the value of your investment.

The conversion of Renminbi into foreign currencies, including Hong Kong dollars and U.S. dollars, is based on rates set by the People's Bank of China (中國人民銀行). Renminbi has fluctuated against Hong Kong dollars and the U.S. dollars, at times significantly and unpredictably. The value of Renminbi against Hong Kong dollars and the U.S. dollars and other currencies is affected by changes in global and geographical political and economic conditions, supply and demand in the monetary markets, and economic and political developments domestically and internationally, among other things. We cannot assure you that Renminbi will not appreciate or depreciate significantly in value against Hong Kong dollars and the U.S. dollars in the future. It is difficult to predict how external factors in respect of markets or policies may impact the exchange rate between Renminbi, Hong Kong dollars and the U.S. dollars in the future. Fluctuations in the exchange rate may cause us to incur foreign exchange losses and affect the relative value of any dividend issued by our subsidiaries. We recorded foreign exchange gain of RMB20.9 million, foreign exchange loss of RMB0.5 million, and foreign exchange gain of RMB14.6 million, RMB1.5 million and RMB1.0 million (US$0.1 million) in 2022, 2023, 2024 and the three months ended March 31, 2024 and 2025, respectively.

Any significant appreciation or depreciation of Renminbi may materially and adversely affect our revenues, earnings and financial position, and the value of, and any dividends payable on, our Shares and/or ADSs in foreign currency. As a significant portion of our cash and cash equivalents and short-term investments are denominated in U.S. dollars, fluctuations in exchange rates between Renminbi and U.S. dollars may also result in foreign exchange gains or losses. Furthermore, to the extent that we need to convert Hong Kong dollars or U.S. dollars into Renminbi to pay our operating expenses, appreciation of Renminbi against Hong Kong dollars or the U.S. dollars would reduce the Renminbi amount we receive from such conversion. Conversely, a significant depreciation of Renminbi against Hong Kong dollars or the U.S. dollar may significantly reduce the Hong Kong dollar or the U.S. dollar equivalent of our earnings, which in turn could adversely affect the price of our Share and/or ADSs.

As of the Latest Practicable Date, we have not entered into any hedging transactions to reduce our exposure to foreign currency exchange risk. The availability and effectiveness of such hedges may be limited and we may not be able to adequately hedge our exposure or at all.

Changes in PRC government policies relevant to us or our customers could materially and adversely affect our business, financial condition, results of operations, and prospects.

The growth of our business benefits from PRC government policies at both central and local levels. These policies include those directly relevant to us, such as the preferential tax policy for "high and new technology enterprises," as well as policies supporting the development of NEVs and domestically manufactured vehicles, which benefit many of our domestic automotive customers. Adverse changes in relevant PRC government policies may materially affect our business, financial condition, results of operations, and prospects.

Under the PRC Enterprise Income Tax Law (《中華人民共和國企業所得税法》), or the EIT law, and its implementation rules, the statutory enterprise income tax rate is 25%, but certain "high and new technology enterprises" are qualified for a preferential enterprise income tax rate, subject to certain qualification criteria. A "high and new technology enterprise," whose qualification is reassessed every three years, is entitled to a favorable income tax rate of 15%. Shanghai Hesai obtained the high and new technology enterprise accreditation in 2019, which was renewed in 2022 for another three years. Hertz Technology Co., Ltd. ("**Zhejiang Hertz**"), our another subsidiary, obtained the high and new technology enterprise accreditation in 2024, effective for three years. Both subsidiaries currently enjoy the preferential tax treatment. However, they may fail to renew their status as high and new technology enterprises when such qualifications expire. In addition, the relevant government authorities may decide to cancel or modify such preferential treatment for high and new technology enterprises in the future. Therefore, we cannot assure you of the continued availability of such tax preference we currently enjoy. In the event that either or both of these two entities fail to maintain their qualifications, face any increase in the enterprise income tax rate, or experience any discontinuation, reduction, refund or repayment of any of the preferential tax treatments currently or previously enjoyed, our business, financial condition and results of operations could be materially and adversely affected.

Many of our customers in China focus on the development and production of NEVs and have been entitled to certain government incentives or subsidies. For example, producers of extended-range electric vehicles enjoy certain favorable government incentives and subsidies, including exemption from vehicle purchase tax, one-time government subsidies, exemption from license plate restrictions in certain cities, exemption from driving restrictions in certain cities, and preferential utility rates for charging facilities. Any reduction or elimination of government subsidies and economic incentives or different application of government subsidies and economic incentives on different companies because of policy changes, the reduced need for such subsidies and incentives due to the perceived success of NEVs, fiscal

tightening or other factors may affect government incentives or subsidies and result in diminished competitiveness of the NEV industry generally. The business of our Chinese NEV customers may suffer as a result, which in turn may have a material and negative impact on us as a LiDAR supplier.

If we fail to obtain and maintain the requisite licenses, permits, registrations and filings applicable to our business, or fail to obtain additional licenses, permits, registrations or filings that become necessary as a result of new enactment or promulgation of government policies, laws or regulations or the expansion of our business, our business and results of operations may be materially and adversely affected.

Under PRC laws and regulations, we are required to obtain or complete a number of licenses, approvals, registrations, filings and other permissions for our operations, including, without limitation, the certificate of registration for customs declaration entity, receipt of registration for consignee and consignor of imported and exported goods with customs, receipt of registration for fixed pollution source, permit for discharge of urban sewage into public drainage system, type approval certificate for radio transmission equipment, and sales filing record for radio transmission equipment. As of the Latest Practicable Date, we had obtained all the required permissions that are material to our current operation. As a fast-growing company that is continually exploring new approaches to conduct our business and capture growth opportunities, we may become subject to additional license, approval and other requirements as we develop and expand our business scope and engage in different business activities. We may fail to meet such requirements timely or at all, in which case we may be subject to administrative penalties and our ability to expand our business and sustain our growth may be materially affected.

In addition, certain licenses, permits or registrations we hold are subject to periodic renewal. If we fail to maintain or renew one or more of our licenses and certificates when their current term expires, or obtain such renewals on a timely manner, our operations could be disrupted. Furthermore, PRC laws and regulations are statute-based and, similar to other civil law jurisdictions, the interpretation and enforcement of statutory laws and regulations involve inherent uncertainties, and additional laws and regulations may be adopted from time to time in the future. Therefore, the licenses, permits, registrations or filings we hold may be deemed insufficient by government authorities and, accordingly, government authorities may require us to obtain additional licenses, permits, registrations or filings or partner with a license holder for certain business activities, which may restrain our ability to expand our business scope, increase our costs of operation and compliance, and subject us to fines or other regulatory actions. If any of these risks materializes, our business and results of operations may be materially and adversely affected.

The expansion of our manufacturing facilities may be subject to delays, disruptions, cost overruns, or may not produce expected benefits.

We have continually expanded our manufacturing facilities in recent years. Hertz Center, our main mass production facility located in Hangzhou, commenced productions in September 2023. In addition, Maxwell Center, our new research and development and intelligent manufacturing center in Jiading, Shanghai, had started trial operation in December 2023.

We may continue to expand our manufacturing facilities. Our expansion plans could experience delays or other difficulties, and will require significant capital. Any failure to complete the expansion on schedule and within budget could adversely affect our financial condition, manufacturing capability, and results of operations.

Under PRC laws, construction projects are subject to broad and strict government supervision and approval procedures, including but not limited to project approvals and filings, construction land and project planning approvals, construction permits, occupational disease control approvals, environment protection approvals, pollution discharge permits, drainage licenses, work safety approvals, fire protection approvals, and completion of inspection and acceptance by relevant authorities. As of the Latest Practicable Date, we have received the material regulatory approvals currently required for Hertz Center and Maxwell Center. To the extent additional approvals or permits are needed for our future construction work and we fail to secure such approvals or permits, our expansion plan may be disrupted or discontinued. In addition, any potential violation of laws and regulations related to construction may subject us to fines, suspension of construction, and other administrative penalties. Any of the foregoing could materially and adversely affect our business operations.

If we fail to comply with environmental protection, fire protection, drainage or health and safety laws and regulations, we could become subject to fines or penalties or incur costs that could have a material adverse effect on the success of our business.

We are subject to numerous environmental protection, fire protection, drainage or health and safety laws and regulations, including, but not limited to, those governing the emission of hazardous gas, the use of radioisotopes and radiation-emitting devices, the handling, use, storage, treatment and disposal of hazardous materials, drainage and wastes discharge of fixed pollution sources. The cost of compliance with such laws and regulations is substantial. In addition, as we continue to expand our manufacturing facilities and capabilities, we cannot assure you that there will not be violations or suspected violations in our facilities that result in us becoming subject to governmental investigations or penalties, which may include cessation of operation, fines, and confiscation of illegal gains. Furthermore, precautions taken to comply with regulations with respect to the hazardous gas generated from the welding activities in our manufacturing facilities may not fully eliminate the risk of such hazardous gas having a negative impact on the health of our employees at the facilities. Any potential failure to comply with environmental, fire protection, drainage or health and safety laws and regulations and/or failure to adequately protect the health of our employees could have a material adverse impact on our business operations and financial performance.

Our leased property interests and title to certain land and buildings we own may be defective and our right to lease and use the properties may be challenged, or we may fail to extend or renew our current leases or locate desirable alternatives for our facilities on commercially acceptable terms, which could materially and adversely affect our business.

We presently lease several premises in China. Some of the lessors of these leases have not provided us with sufficient documents to prove their ownership of the premises or their rights to lease the premises to us for our intended use. Therefore, we cannot assure you that such lessors are entitled to lease certain real properties to us. If the lessors are not entitled to lease the real properties to us and the owners of such real properties decline to ratify the lease agreements between us and the respective lessors, we may not be able to enforce our rights to lease such properties under the respective lease agreements against the owners. If our lease agreements are claimed as null and void by third parties who are the real owners of such leased real properties, we could be required to vacate the properties and have limited recourse. Furthermore, under mainland China laws, all lease agreements are required to be registered with the local housing authorities. Currently our lease agreements have not been registered with the authorities. Failure to complete these required registrations may expose us to potential monetary fines. In addition, some of our leased properties were subject to mortgage when we entered into our lease agreements. If the ownership of such properties changes as a result of foreclosure, we may not be able to enforce our rights to the leased properties under the respective lease agreements against the mortgagees.

When our current leases expire, we may fail to extend or renew our leases for reasons such as unavailability of the premises for a new lease term or substantially higher rent demanded by the owners. We cannot assure you that suitable alternative locations will be readily available on commercially reasonable terms, or at all, and if we are unable to relocate our operations in a timely manner, our operations may be adversely affected.

In addition, the use of the land and buildings we lease or own may not be consistent with their approved usage, and some approvals, licenses and permits may not have been obtained for the construction and continuous use of some leased properties. We cannot assure you that we will be able to successfully remedy the defects or obtain all the requisite approvals, licenses or permits for the leased properties. Failure to do so could disrupt our operations and result in significant relocation expenses, which could adversely affect our business, financial condition and results of operations.

We and our suppliers may rely on complex machinery for our production, which involves a significant degree of risk and uncertainty in terms of operational performance and costs.

We, our manufacturing partners and our suppliers may rely on complex machinery for the production, assembly and installation of our LiDAR products, which will involve a significant degree of uncertainty and risk regarding operational performance and costs. Our production facilities and the facilities of our manufacturing partners and suppliers consist of large-scale machinery combining many components. These components may suffer unexpected

malfunctions from time to time and may depend on repairs and spare parts to resume operations, which may not be available when needed. Unexpected malfunctions of these components may significantly affect the intended operational efficiency. Operational performance and costs can be difficult to predict and are often influenced by factors outside of our control, including, but not limited to, scarcity of natural resources, environmental hazards and remediation, costs associated with decommissioning of machines, labor disputes and strikes, difficulty or delays in obtaining governmental permits, damages or defects in electronic systems, industrial accidents, fire, seismic activity and natural disasters. Should operational risks materialize, they may result in the personal injury or death of workers, loss of production equipment, damage to production facilities, monetary losses, delays and unanticipated fluctuations in production, environmental damage, administrative fines, increased insurance costs and potential legal liabilities, all of which could have a material adverse effect on our operating results, financial condition and business prospects.

Our sales and operations in international markets outside of China expose us to operational, financial and regulatory risks.

Sales to international customers accounted for 42.0%, 47.2%, 25.7% and 19.6% of our revenues in 2022, 2023, 2024 and the three months ended March 31, 2025, respectively. We are committed to growing our international sales, and have committed resources and are working closely with OEMs and other collaborators outside China, to expand our international operations and sales channels. However, these efforts may not be successful. International operations are subject to a number of other risks, including:

- exchange rate fluctuations;
- political and economic instability, international terrorism and conflicts;
- global or regional health crises, such as health epidemics and outbreaks;
- potential violations of anti-corruption laws and regulations, such as those related to bribery and fraud;
- preference for locally branded products, and laws and business practices favoring local competition;
- increased difficulty in managing inventory;
- delayed revenue recognition;
- less effective protection of intellectual property;
- stringent regulation of the autonomous or other systems or products using our products and stringent consumer protection and product compliance regulations;

- difficulties and costs of staffing and managing foreign operations;
- import and export laws and the impact of tariffs; and
- changes in local tax and customs duty laws or changes in the enforcement, application or interpretation of such laws.

The occurrence of any of these risks could negatively affect our international operations and consequently our business, operating results and financial condition.

We may be subject to product liability or warranty claims that could result in significant direct or indirect costs, which could adversely affect our business and operating results.

Our customers use our products in ADAS and Robotics applications, which could present the risk of significant injury, including fatalities, as a result of, among other factors, component failures, manufacturing flaws, design defects or inadequate disclosure of product-related risks or information. These could result in product liability or warranty claims against us. For instance, we may be subject to claims if a product incorporating our LiDAR technology is involved in an accident that causes injury or alleged injury. Similarly, our customers could face claims as a result of such accidents and may seek to hold us liable through legal action. Given that the current legal framework for autonomous driving remains largely in its early stages and is yet to be developed, the extent of liability associated with the use of our products is difficult to define or predict. In addition, if lawmakers or governmental agencies were to determine that the use of our products or certain ADAS or Robotics applications increased the risk of injury to all or a subset of users, they may pass laws or adopt regulations that limit or regulate the use of our products, increase our liability associated with the use of our products, or delay the deployment of ADAS and Robotics technologies. Any of these events could cause us to incur significant costs to address product liability claims, adversely affect our brand, relationships with customers, operating results or financial condition.

We offer a standard limited-time warranty on our products. The occurrence of any material defects in our products could make us liable for damages and warranty claims. The coverage of our product liability insurance may not be adequate for potential liabilities, and we may be unable to maintain product liability insurance at reasonable costs in the future. We could incur significant costs to correct any defects, warranty claims or other problems, including costs related to product recalls. In addition, any negative publicity regarding product quality concerns could damage our brand image, weaken partner and customer confidence, reduce demand for our products, and adversely affect our operating results and financial condition. Furthermore, warranty claims, product recalls and product liability claims may result in litigation, which could be costly, lengthy and distracting, and adversely affect our business and operating results.

If we do not maintain sufficient inventory or if we do not adequately manage our inventory, we could lose sales or incur higher inventory-related expenses, which could negatively affect our operating results.

To ensure adequate inventory supply, we must forecast inventory needs and expenses, place orders sufficiently in advance with our suppliers and manufacturing partners and manufacture products based on our estimates of future demand for particular products. Our ability to accurately forecast demand for our products could be affected by many factors, including the rapidly changing nature of the ADAS and Robotics markets in which we operate, the uncertainty surrounding the market acceptance and commercialization of LiDAR technology, the emergence of new markets or competing products and services, shifts in customer needs, health epidemics and outbreaks and any associated work stoppages or interruptions, unanticipated changes in general market conditions, and the weakening of economic conditions or consumer confidence in future economic conditions. As our LiDAR products become or continue to be commercialized in ADAS and Robotics applications, both of which are experiencing rapid growth in demand, we may face challenges in acquiring adequate supplies to manufacture our products. As a result, we and our manufacturing partners may not be able to produce our products at a pace sufficient to meet short-term demand surges, which would negatively affect our revenues. This risk may be further exacerbated by our limited ability to carry, or secure for our manufacturing partners, a significant amount of inventory to satisfy such increases in short-term demand.

If we fail to accurately forecast customer demand, we may experience excess inventory levels or a shortage of products available for sale. Inventory levels in excess of customer demand may result in inventory write-downs or write-offs and the sale of excess inventory at discounted prices, which would adversely affect our financial results, including our gross margin, and have a negative effect on our brand. Conversely, if we underestimate customer demand for our products, we, or our manufacturing partners, may not be able to deliver products to meet our requirements, and this could result in damage to our brand and customer relationships and adversely affect our revenues and operating results.

Our business plans require a significant amount of capital. In addition, our future capital needs may require us to issue additional equity or debt securities that may dilute our shareholders or introduce covenants that may restrict our operations or our ability to pay dividends.

We will need significant capital to, among other things, conduct R&D, expand our manufacturing capability, and increase our sales and marketing efforts. As we ramp up our manufacturing capability and operations, we may also require significant capital to maintain our properties, plants, and equipment and such costs may be greater than what we currently anticipate. We expect that our level of capital expenditures will be significantly affected by customer demand for our products and services. However, due to our limited operating history, we have limited historical data on the demand for our products and services. As a result, our future capital requirements may be uncertain and actual capital requirements may be different from our current expectations. We may seek equity or debt financing to finance a portion of our

capital expenditures. Such financing might not be available to us in a timely manner or on terms that are acceptable to us, or at all. If we cannot obtain sufficient capital on acceptable terms, our business, financial condition, and prospects may be materially and adversely affected.

Our ability to obtain the necessary financing to carry out our business plan is subject to a number of factors, including general market conditions and investor acceptance of our business plan. These factors may affect the timing, amount, terms and availability of such financing. If we are unable to raise sufficient funds, we may need to significantly reduce our spending, delay or cancel our planned activities, or substantially change our corporate structure. We might not be able to obtain any funding or service any of the debts we incurred, and we might not have sufficient resources to conduct our business as projected, either of which could mean that we would be forced to curtail or discontinue our operations.

In addition, our future capital needs may require us to issue additional equity or debt securities or obtain a credit facility. The issuance of additional equity or equity-linked securities could dilute our shareholders' ownership. We may also incur bank borrowings and other debt from time to time to support our business. The incurrence of additional indebtedness would raise our debt service costs and could impose operating and financing covenants that restrict our operations, limit our ability to pay dividends to our shareholders, or, in extreme cases, result in disruptions to our operations if lenders enforce mortgages or other security interests over our properties.

Our future growth depends on the continued expansion of ADAS market and the successful commercialization of Robotics technologies and products, which may not materialize.

Our LiDAR products serve primarily the ADAS and Robotics fields, both of which are new, rapidly evolving and subject to considerable uncertainty. How these fields will continue to develop, particularly whether ADAS adoption will continue to expand and whether Robotics technologies and products can be successfully commercialized on a large scale, remains largely uncertain. Various factors such as technological development, manufacturing costs, market acceptance, regulatory environment, and general economic conditions can affect the future of these fields. If ADAS market fails to expand as expected, or the Robotics technologies or products fail to achieve large-scale commercialization, or if we are unable to identify and penetrate additional commercial applications for our LiDAR products, the potential markets for our products could be significantly reduced and our business and prospects may suffer as a result.

Adverse conditions in the automotive industry or the global economy more generally could have adverse effects on our results of operations.

While we make our strategic planning based on the assumption that the markets we are targeting will grow, our business is dependent, in large part on, and directly influenced by business cycles and other factors affecting the global automobile industry and the global

economy in general. Automotive production and sales are highly cyclical and depend on general economic conditions and other factors, including consumer spending and preferences, changes in interest rates and credit availability, consumer confidence, fuel costs, fuel availability, environmental concerns, governmental incentives and regulatory requirements, and political instability, especially in energy-producing countries and growth markets. For example, the U.S. Federal Reserve and other central banks have raised interest rates, thus affecting credit availability and consumer spending. Furthermore, the Russia-Ukraine conflict and the imposition of broad economic sanctions on Russia, as well as the Hamas-Israel conflict, could raise energy prices and disrupt global markets, which may affect the automotive industry. In addition, automotive production and sales are also affected by our OEM customers' ability to continue operating in response to challenging economic conditions, labor relations issues, regulatory requirements, trade agreements and other external factors. The automotive production in China, the U.S. and the rest of the world has fluctuated, sometimes significantly, from year to year, and we expect such volatility to give rise to fluctuations in the demand for our products. Any significant adverse change in any of these factors may result in a reduction in automotive sales and production by our OEM customers and could have a material adverse effect on our business, results of operations and financial condition.

In addition, COVID-19 had a severe and negative impact on the Chinese and the global economy from 2020 through 2022, and the global macroeconomic environment still faces numerous challenges. The Federal Reserve and other central banks outside of China have raised interest rates. The Russia-Ukraine conflict, the Hamas-Israel conflict, and attacks on shipping in the Red Sea have heightened geopolitical tensions across the world. The impact of the Russia-Ukraine conflict on Ukraine food exports has contributed to increases in food prices and thus to inflation more generally. There have also been concerns about the relationship between China and other countries which may potentially have economic effects. In particular, there is significant uncertainty about the future relationship between the United States and China with respect to a wide range of issues including trade policies, treaties, government regulations and tariffs. Economic conditions in China are sensitive to global economic conditions, as well as changes in domestic economic and political policies and the expected or perceived overall economic growth rate in China. Any severe or prolonged slowdown in the global or Chinese economy may materially and adversely affect our business, results of operations and financial condition.

The discontinuation, lack of commercial success, or loss of business with respect to a particular vehicle model or technology package for which we are a significant supplier could reduce our sales and adversely affect our profitability.

If we succeed in having our LiDAR products selected, we expect to enter into supply agreements with the relevant customers. Market practice dictates that these supply agreements typically require us to supply LiDAR units for a particular vehicle model or Robotics product. These contracts are often short-term, may be subject to renegotiation, sometimes as frequently as annually, and may be terminated by customers at any time, which could affect product pricing and revenue stability. Therefore, even if our LiDAR products are selected and the systems into which they are integrated are successfully commercialized, the discontinuation of,

the loss of business with respect to, or the lack of commercial success of a particular vehicle model or technology package for which we are a significant supplier could negatively affect the expected sales of our products, which could materially and adversely affect our business.

Since many of the markets in which we compete are new and rapidly evolving, it is difficult to forecast long-term end-customer adoption rates and demand for our products.

We are pursuing opportunities in markets that are undergoing rapid changes, including technological and regulatory changes, and it is difficult to predict the timing and size of the opportunities. For example, LiDAR-incorporated ADAS and Robotics applications require complex technology. Because the development of these systems depend on technology from many companies, the commercialization of LiDAR products could be delayed or hindered if certain technological components are not ready for deployment in vehicles or other non-automotive applications. In addition, the commercial partners with whom we currently have contracts may not be able to commercialize our technology immediately, or at all. Regulatory, safety or reliability developments, many of which are outside of our control, could also cause delays or otherwise hinder the commercial adoption of these new technologies, which will adversely affect our growth.

Our future financial performance will depend on our ability to make timely investments in the right market opportunities. If one or more of these markets experience a shift in customer or prospective customer demand, our products may not compete as effectively, if at all, and they may not be designed into commercialized products. Given the evolving nature of the markets in which we operate, it is difficult to predict customer demand or adoption rates for our products or the future market growth. If demand does not materialize, or if we cannot accurately forecast customer demand, the size of our markets, or inventory requirements, our business, results of operations and financial condition will be adversely affected.

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

Our results of operations may vary significantly from period to period due to many factors, including seasonal factors that may affect the demand for our LiDAR products. The sales volume of our LiDAR products is typically higher in the second half of the year than in the first half. However, our limited operating history makes it difficult for us to judge the exact nature or extent of this seasonality. Our results of operations could also suffer if we do not achieve revenues consistent with our expectations for seasonal demand because many of our expenses are based on anticipated levels of annual revenues.

We also expect our period-to-period results of operations to vary based on our operating costs, which we anticipate will increase significantly in future periods as we, among other things, invest more resources to design, develop, and manufacture our LiDAR products, build new manufacturing facilities, increase our sales and marketing activities, and increase our general and administrative functions to support our growing operations.

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

We generate a substantial portion of our revenues from a limited number of customers and products, and the loss of, or a significant reduction in, revenues from such customers or products could materially and adversely affect our results of operations.

We are dependent on a group of major customers with strong purchasing power. Revenues generated from our top five customers for each of 2022, 2023, 2024 and the three months ended March 31, 2025 accounted for 53.1%, 67.5%, 59.9% and 68.3%, respectively, of our revenues in the respective year/period. In particular, revenue from one customer, a leading global OEM headquartered in the United States, contributed 13.7% and 28.4% of our revenues in 2022 and 2023, respectively. In 2024 and the three months ended March 31, 2025, revenue from this customer accounted for less than 5% of our revenues, and we do not expect to generate substantial revenue from this customer for the year ending December 31, 2025. During the Track Record Period, we primarily generated revenue from provision of LiDAR products for this customer's multiple autonomous driving projects, as well as from provision of development services and the sales of materials to this customer. We directly received purchase orders from this customer. The purchase orders generally provide volumes and prices of the LiDAR products, packaging and delivery arrangements, payment arrangements, inspection requirements and warranty period. In addition, the purchase orders provide that the purchase agreements may be terminated by the customer if we materially breach the agreement or become insolvent, or other events occur that may adversely affect our ability to perform our contractual obligations. In 2024, we received a one-off payment from this customer following the termination by this customer of a contract entered into in March 2023. This payment was intended to compensate us for our investments in research and development, as well as the actual costs of work-in-progress and raw materials incurred in connection with this contract. The contract was terminated by this customer due to the suspension of the relevant project by such customer. We had already delivered a significant number of product units for this project with the customer, though some units have yet to reach the deployment stage. Going forward, due to the varying agreements with different customers, there is no guarantee that we will always receive compensation for our investments and costs incurred resulting from terminated contracts with our major customers. In addition, revenues from a leading NEV manufacturer headquartered in China accounted for 24.3%, 25.6%, 33.7% and 20.5% of our revenues in 2022, 2023, 2024 and the three months ended March 31, 2025, respectively. The loss of business from any of our major customers, whether due to lower overall demand for our products, order cancelation, or failure of us to secure new business from these customers, could have a material adverse effect on our results of operations and business prospects.

Additionally, a few major customers accounted for more than 10% of our balances of accounts receivable and contract assets as of December 31, 2022, 2023, 2024 and the three months ended March 31, 2025, respectively. In particular, a leading NEV manufacturer headquartered in China accounted for 61.0%, 41.3%, 23.5% and 28.8% of our balances of accounts receivable and contract assets as of December 31, 2022, 2023 and 2024 and March 31, 2025, respectively. There is a risk that one or more of our major customers may be unable or unwilling to pay outstanding invoices, particularly if they experience financial difficulties. If a major customer were to enter into bankruptcy proceedings or similar proceedings, where contractual obligations commitments are subject to stay of execution and the possibility of legal or other modification, we could be forced to record a substantial loss.

Furthermore, we have been dependent on a limited number of products to generate a substantial portion of our revenues. For example, AT128, a popular LiDAR product launched in July 2021 and started shipping in July 2022, accounted for 26.3%, 37.8%, 60.9% and 51.4% of our revenues in 2022, 2023, 2024 and the three months ended March 31, 2025, respectively. The markets for LiDAR products and customers' needs and preferences are rapidly evolving. Both we and our competitors are constantly upgrading LiDAR products and rolling out new products with enhanced performance and better quality. If any of our major products loses its appeal to customers and in turn its market share, whether due to competition from our competitors' products or our own alternative products, or an overall decline in demand for LiDAR products, among other things, our business and results of operations could be materially and adversely affected.

If we are unable to establish and maintain confidence in our long-term business prospects among customers and other third parties within our industry or are subject to negative publicity, then our financial condition, operating results, business prospects and access to capital may suffer materially.

Customers may be less likely to purchase our LiDAR products if they lack confidence in our business sustainability or doubt the continuity of our services, support, and operations. Similarly, suppliers, investors and other third parties may be reluctant to develop business relationships with us or invest time, resources and capital in our business if they are not convinced that our business will succeed.

Accordingly, to build and maintain our business, we must build confidence among customers, industry stakeholders, investors, analysts, ratings agencies and other parties in our products, long-term financial viability and business prospects. Establishing and maintaining such confidence may be particularly challenging due to factors beyond our control, including:

- our limited operating history;
- customer unfamiliarity with our LiDAR products;
- any delays in scaled production, delivery and service operations to meet demand;

- competitive pressure and market uncertainty regarding the future of autonomous vehicles or other potential markets; and

- production and sales performance that does not align with market expectations, including any negative publicity, with or without merit.

We may need to defend ourselves against intellectual property right infringement claims, which may be time-consuming and could cause us to incur substantial costs.

Entities or individuals, including our competitors, may hold or obtain patents, copyrights, trademarks, or other proprietary rights that would prevent, limit, or interfere with our ability to make, use, develop, sell or market our LiDAR products or components, which could make it more difficult for us to operate our business. From time to time, we may receive communications from intellectual property right holders regarding their proprietary rights. Companies holding patents or other intellectual property rights may bring suits alleging infringement of such rights or otherwise assert their rights and urge us to take licenses, whether or not such allegations are valid. For example, in April 2023, Ouster Inc. filed complaints against us with the United States District Court for the District of Delaware and the U.S. International Trade Commission for alleged patent infringement relating to the production, use, sale and/or importation of certain LiDAR systems and/or components thereof. See "Business — Compliance and Legal Proceedings." Our applications and uses of trademarks relating to our design or software could also be found to infringe upon existing trademark ownership and rights. In addition, if we are determined to have infringed upon a third party's intellectual property rights, we may be required to do one or more of the following:

- cease selling, incorporating certain components into, or using products or offering services that incorporate or use the challenged intellectual property;

- pay substantial damages;

- seek a license from the holder of the infringed intellectual property right, which may not be available on reasonable terms or at all;

- redesign our products or services; or

- establish and maintain alternative branding for our products and services.

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

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

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

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

PRC legal system relating to intellectual property has been established in recent decades and is still evolving. Accordingly, we have had to adopt measures with the aim of protecting our intellectual property, and may need to adopt many measures to effectively protect our intellectual property rights in mainland China when laws, regulations and rules relating to intellectual property are released in the future. Furthermore, policing unauthorized use of proprietary technology is difficult and expensive. We rely on a combination of patent, copyright, trademark, and trade secret laws and restrictions on disclosure to protect our intellectual property rights. Despite our efforts to protect our proprietary rights, third parties may attempt to copy or otherwise obtain and use our intellectual property or seek court declarations that they do not infringe upon our intellectual property rights. Monitoring unauthorized use of our intellectual property is difficult and costly, and we cannot assure you that the steps we have taken or will take will prevent misappropriation of our intellectual property. From time to time, we may have to resort to litigation to enforce our intellectual property rights, which could result in substantial costs and diversion of our resources.

As our patents may expire and may not be extended, our patent applications may not be granted, and our patent rights may be contested, circumvented, invalidated, or limited in scope, our patent rights may not protect us effectively.

As of March 31, 2025, we had 513 patents granted and 766 pending patent applications in China, and 122 patents granted and 527 pending patent applications in other jurisdictions, such as the United States and Europe. We cannot assure you that all our pending patent applications will result in issued patents. Even after patents are granted, there is possibility that they will be contested, circumvented, or invalidated in the future. In addition, the rights granted under issued patents may not provide adequate defensive protection or competitive advantages, if at all. The claims under our patents may not be broad enough to prevent others from developing technologies that are similar or that achieve results similar to ours. It is also possible that the intellectual property rights held by others could restrict our ability to license and exploit our patents. There are numerous patents and pending patent applications owned by others in the fields where we develop our technologies. Some of these patents and patent applications might have priority over our applications, which could result in invalidation of our

applications. In addition to those who may claim priority, any of our existing patents or pending patent applications may also be challenged by others on the basis that they are otherwise invalid or unenforceable.

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

We and certain of our directors and officers will have to defend against the putative shareholder class action lawsuits described in "Business — Compliance and Legal Proceedings," including any appeals of such lawsuits should our initial defense be unsuccessful. We are currently unable to estimate the timing, possible outcome or loss or possible range of loss, if any, associated with the resolution of these lawsuits. There can be no assurance that we will be able to prevail in our defense or reverse any unfavorable judgment on appeal, and we may decide to settle such lawsuits on unfavorable terms. Any adverse outcome of these cases, including any plaintiff's appeal of a judgment in these lawsuits, could have a material adverse effect on our business, financial condition, results of operation, cash flows and reputation. We and our directors and officers may continue to be subject to lawsuits from time to time in the future, including but not limited to putative class action lawsuits brought by shareholders. The existence of such cases and any potential adverse outcome of these cases, including but not limited to any plaintiff's appeal of a judgment, could have a material adverse effect on our business, reputation, financial condition, results of operations, cash flows as well as the trading price of our Shares and ADSs. The litigation process may utilize a significant portion of our resources and divert management's attention from the day-to-day operations of our company, which could harm our results of operations and require us to incur significant expenses to defend the suit. We and our directors and officers also may be subject to claims for indemnification related to these matters, and we cannot predict the impact that indemnification claims may have on our business or financial results.

We recorded net operating cash outflow in the past, which may continue in the future.

We recorded net operating cash outflow of RMB696.0 million, RMB328.6 million and RMB257.0 million (US$35.4 million) in 2022 and the three months ended March 31, 2024 and 2025, respectively, and may continue to experience negative operating cash flow in the future. Our operations require substantial cash outlays to support advanced LiDAR product development and production. We cannot assure you that we will be able to generate sufficient operating cash flow in the future. Sustained negative operating cash flow could limit our ability to fund operations internally and may require us to obtain additional financing through equity or debt offerings, which cold result in shareholder dilutions, increased leverage or restrictive covenants on us. Our ability to obtain external financing is subject to uncertainties, including our future finance condition, operating results and market liquidity. There can be no assurance that such financing will be available on favorable terms, or at all. If we are unable to generate sufficient operating cash flow and fail to secure necessary external financing, we may face

delays in product launches or be forced to reduce investments in next-generation LiDAR technologies, which could result in loss of key customers and sales opportunities, materially and adversely affecting our results of operations, financial condition and prospects.

We recorded shareholders' deficit during the Track Record Period.

We recorded total shareholders' deficit of RMB3,145.2 million as of December 31, 2022, primarily due to our net losses. We cannot assure you that we will be able to continue to record total shareholders' equity and total net assets in the future. If we fail to do so, our financial condition may deteriorate. A shareholders' deficit may also have an adverse impact on our ability to raise additional financing and could affect market perception of our financial position.

Use of rebates and other incentives may negatively affect our revenue and profitability.

In the fourth quarter of 2024, due to changes in market conditions, we agreed to grant one-time sales rebates to certain customers. Such rebates were recorded as reductions of our revenue. For further details, see "Financial Information — Critical Accounting Policies, Judgements, and Estimates — Revenue Recognition" and note 3.2 to the Accountants' Report in Appendix I to this document. We may enter into sales subject to rebate arrangements with our customers in the future, depending on market conditions and commercial considerations, which is not uncommon for automotive industry. While sales rebate may help drive business in a competitive market, they could also reduce our revenue and profit margins and increase the complexity of revenue recognition under applicable accounting standards.

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

We have entered into and may in the future enter into strategic alliances, including joint ventures or minority equity investments, with various third parties to further our business purpose from time to time.

These alliances could subject us to a number of risks, including risks associated with sharing proprietary information, non-performance by third parties, and increases in expenses in establishing new strategic alliances, any of which may materially and adversely affect our business. We may have limited ability to monitor or control the actions of these third parties and, to the extent any of these third parties suffers negative publicity or harm to their reputation from events relating to their businesses, we may also suffer negative publicity or harm to our reputation by virtue of our association with any such third party.

In addition, if appropriate opportunities arise, we may acquire additional assets, products, technologies, or businesses that are complementary to our existing business. In addition to possible shareholder approval, we may have to obtain approvals and licenses from relevant government authorities such acquisitions and to comply with any applicable laws and regulations of the PRC or other jurisdictions, which could result in increasing delay and costs, and may derail our business strategy if we fail to do so. Moreover, the costs of identifying and

consummating acquisitions may be significant. Furthermore, past and future acquisitions and the subsequent integration of new assets and businesses into our own require significant attention from our management and could result in a diversion of resources from our existing business, which in turn could have an adverse effect on our operations. Acquired assets or businesses may not generate the financial results we expect. Acquisitions could result in the use of substantial amounts of cash, potentially dilutive issuances of equity securities, the occurrence of significant goodwill impairment charges, amortization expenses for other intangible assets, and exposure to potential unknown liabilities of the acquired business. Any acquired business may be involved in legal proceedings originating from historical periods prior to the acquisition, and we may not be fully indemnified, or at all, for any damage to us resulting from such legal proceedings, which could materially and adversely affect our financial position and results of operations.

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

We adopted a share incentive plan, or the 2021 Plan, in June 2021 for the purpose of granting share-based compensation awards to employees, directors, and consultants to incentivize their performance and align their interests with ours. Under the 2021 Plan, we are authorized to grant options and other types of awards. The maximum number of ordinary shares that may be issued pursuant to all awards under the 2021 Plan is initially 16,365,047 shares, subject to annual increases as determined by our Board starting from the first day of 2024, the year immediately following our initial public offering on the Nasdaq. See "Appendix IV — Statutory and General Information — D. Share Incentive Plan." As of March 31, 2025, awards to purchase or receive an aggregate amount of 9,577,245 Class B Ordinary Shares had been granted and were outstanding under the 2021 Plan.

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

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

Our business depends substantially on the efforts of our founders, executive officers and highly skilled personnel, and our operations may be severely disrupted if we lost their services.

We are highly dependent on Dr. Yifan Li, our Co-Founder and chief executive officer, Dr. Kai Sun, our Co-Founder and chief scientist, and Mr. Shaoqing Xiang, our Co-Founder and chief technology officer. Each of our Co-Founders leads different aspects of our business. The loss of any of our Co-Founders would adversely affect our business because such loss could make it more difficult to, among other things, compete with other market participants, manage our R&D activities and retain existing customers or cultivate new ones. Our other executive officers also play key roles in our business operations, and we rely on their efforts to manage and grow our business.

Our business depends on a variety of other highly skilled personnel as well. Competition for highly skilled personnel is often intense, and we may incur significant costs to attract highly skilled personnel. We may not be successful in attracting, integrating, or retaining qualified personnel to fulfill our current or future needs. We have, from time to time, experienced, and we expect to continue to experience, difficulty in hiring and retaining highly skilled employees with appropriate qualifications. In addition, job candidates and existing employees often consider the value of the equity awards they receive in connection with their employment. If the perceived value of our equity or equity awards declines, it may adversely affect our ability to retain highly skilled employees. If we fail to attract new personnel or fail to retain and motivate our existing personnel, our business and future growth prospects could be adversely affected.

If we fail to develop and maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results in a timely manner, which may adversely affect investor confidence in us and materially and adversely affect our business and operating results.

Effective internal control over financial reporting is necessary for us to provide reliable financial reports and, together with adequate disclosure control and procedures, are designed to prevent fraud. In the course of preparing and auditing our consolidated financial statements, we identified one material weakness in our internal control over financial reporting. As defined in the standards established by the PCAOB, a "material weakness" is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our Company's annual or interim financial statements will not be prevented or detected on a timely basis. The material weakness identified relates to lack of sufficient skilled staff with U.S. GAAP knowledge for the purpose of financial reporting to comply with U.S. GAAP and SEC requirements. The material weakness, if not remediated timely, may lead to material misstatements in our consolidated financial statements in the future. Following the identification of the material weakness, we have been taking remedial measures, and we plan to continue to take measures to address the material weakness. See "Business — Risk Management and Internal Control." We cannot

assure you, however, that these measures may fully address this material weakness in our internal control over financial reporting or that we may not identify additional material weaknesses or significant deficiencies in the future.

We are subject to the reporting requirements of the Sarbanes-Oxley Act of 2002. Section 404 of the Sarbanes-Oxley Act of 2002, or Section 404, requires us to include a report from management on the effectiveness of our internal control over financial reporting in our annual report on Form 20-F beginning with the fiscal year ended December 31, 2023. In addition, once we cease to be an "emerging growth company" as such term is defined in the JOBS Act, our independent registered public accounting firm must attest to and report on the effectiveness of our internal control over financial reporting. If we fail to remedy the material weakness that has been identified and continues to exist or other material weaknesses that may be identified in the future, our management may conclude that our internal control over financial reporting is not effective. In addition, our reporting obligations may place a significant strain on our management, operational, and financial resources and systems for the foreseeable future. We may be unable to complete our evaluation testing and any required remediation in a timely manner.

During the course of documenting and testing our internal control procedures, in order to satisfy the requirements of Section 404, we may identify other weaknesses and deficiencies in our internal control over financial reporting. In addition, if we fail to maintain adequate and effective internal control over financial reporting, as these standards are modified, supplemented, or amended from time to time, we may not be able to conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404. If we fail to achieve and maintain an effective internal control environment, we could suffer material misstatements in our financial statements and fail to meet our reporting obligations, which may cause investors to lose confidence in our reported financial information. This could in turn limit our access to capital markets, harm our results of operations, and lead to a decline in the trading price of our Shares and/or ADSs. Additionally, ineffective internal control over financial reporting could expose us to increasing risk of fraud or misuse of corporate assets and subject us to potential delisting from the stock exchange on which we list, regulatory investigations, and civil or criminal sanctions. We may also be required to restate our financial statements from prior periods.

We may be subject to anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions, and similar laws, and noncompliance with such laws can subject us to administrative, civil, and criminal penalties, collateral consequences, remedial measures, and legal expenses, all of which could adversely affect our business, results of operations, financial condition, and reputation.

We may be subject to anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions, and similar laws and regulations in various jurisdictions in which we conduct activities, including the U.S. Foreign Corrupt Practices Act, or the FCPA, and other anti-corruption laws and regulations. The FCPA prohibits us and our officers, directors, employees, and business partners acting on our behalf, including agents, from corruptly

offering, promising, authorizing, or providing anything of value to a "foreign official" for the purposes of influencing official decisions or obtaining or retaining business or otherwise obtaining favorable treatment. The FCPA also requires companies to make and keep books, records, and accounts that accurately reflect transactions and dispositions of assets and to maintain a system of adequate internal accounting controls. A violation of these laws or regulations could adversely affect our business, reputation, financial condition, and results of operations.

We have direct or indirect interactions with officials and employees of government agencies and state-owned affiliated entities in the ordinary course of business. These interactions subject us to an increasing level of compliance-related concerns. We have adopted and implemented certain policies and procedures designed to ensure compliance by us and our directors, officers, employees, and business partners with applicable anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions, and similar laws and regulations. However, our policies and procedures may not be sufficient, and our directors, officers, employees, and business partners could engage in improper conduct for which we may be held responsible.

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

We, our directors, management, employees and shareholders and their affiliates may be subject to legal proceedings in the ordinary course of our business. If the outcomes of these proceedings are adverse to us, it could have a material adverse effect on our business, results of operations, and financial condition.

We may from time to time become a party to litigation, arbitration, administrative proceedings, or disputes in the ordinary course of our business. These may be brought against us by customers, suppliers, business partners, shareholders, employees, competitors, governmental authorities, or other third parties, and may involve a variety of matters, including product liability, intellectual property, labor and employment, securities liability, contract disputes, and property rights. There is no guarantee that we will be successful in defending ourselves in such proceedings or in asserting our rights. Even if we prevail, legal proceedings can be expensive, time-consuming, and disruptive to our operations, and enforcing our rights against other parties involved may prove difficult or ultimately futile. These proceedings could also divert our management's attention, result in negative publicity, and expense us to substantial legal costs, monetary damages, injunctive relief, and criminal, civil, or administrative fines and penalties. Any of these outcomes could materially and adversely affect our business, results of operations, and financial condition. In addition, our directors, management, shareholders and employees and their affiliates may from time to time be subject

to litigation, regulatory investigations, proceedings and/or negative publicity or otherwise face potential liability and expense in relation to commercial, labor, employment, securities or other matters, which could adversely affect our reputation and results of operations.

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

We have limited liability insurance coverage for our products and business operations. For details of our insurance coverage, see "Business — Insurance." We maintain limited product liability insurance, which may not be adequate to cover potential liabilities. A successful product liability claim against us could materially and adversely affect our financial condition, results of operations, and reputation. For more details, see "— We may be subject to product liability or warranty claims that could result in significant direct or indirect costs, which could adversely affect our business and operating results." In addition, we do not have any business disruption insurance. Any business disruptions could result in substantial costs and diversion of our resources. Furthermore, there are certain types of losses, such as losses from war, acts of terrorism, epidemics, public security hazards, earthquakes, typhoons, flooding and other natural disasters, for which we cannot obtain insurance at a reasonable cost or at all. If we suffer uninsured losses or losses in excess of our insurance coverage, we could face significant costs and business disruption. Consequently, our business, financial condition and results of operations may be materially and adversely affected.

Our business is subject to the risks of earthquakes, fire, floods and other natural catastrophic events, global pandemics, and interruptions by man-made problems, such as terrorism. Material disruptions of our business or information systems resulting from these events could adversely affect our operating results.

A significant natural disaster, such as an earthquake, fire, flood, hurricane or significant power outage or other similar events, such as infectious disease outbreaks or pandemic events, including Ebola, Zika or the Covid-19, could have an adverse effect on our business and operating results. In addition, natural disasters, acts of terrorism or war could cause disruptions in our manufacturing operations, our delivery of products and other aspects of our business, our customers' or channel partners' businesses, our suppliers' businesses, or the economy as a whole. We also rely on information technology systems to communicate among our workforce and with third parties. Any disruption to our communications, whether caused by a natural disaster or by man-made problems, such as power disruptions, could adversely affect our business. We do not have a formal disaster recovery plan or policy in place and do not currently require that our suppliers' partners have such plans or policies in place. To the extent that any such disruptions result in delays or cancelations of orders or impede our suppliers' ability to timely deliver product components, or the deployment of our products, our business, operating results and financial condition would be adversely affected.

We are subject to cybersecurity risks with respect to operational systems, security systems, technology infrastructure and any material failure, weakness, interruption, cyber event, incident or breach of security could prevent us from effectively operating our business.

We are at risk for interruptions, outages and breaches of operational systems, including but not limited to, business, financial, accounting, product development, or production processes, owned by us or our third-party vendors or suppliers. Such cyber incidents could materially disrupt operational systems; result in loss of intellectual property, trade secrets or other proprietary or competitively sensitive information; compromise certain information of customers, employees, suppliers, or others; or jeopardize the security of our facilities.

A cyber incident could be caused by disasters, insiders (through inadvertence or with malicious intent) or malicious third parties (including nation-states or nation-state supported actors) using sophisticated, targeted methods to circumvent firewalls, encryption and other security defenses, including hacking, fraud, trickery or other forms of deception. The techniques used by cyber attackers change frequently and may be difficult to detect for long periods of time. Our measures to protect us against intellectual property theft, data breaches and other cyber incidents will require updates and improvements from time to time, and we cannot guarantee that such measures will be adequate to detect, prevent or mitigate cyber incidents. The implementation, maintenance, segregation and improvement of these systems requires significant management time, support and cost.

Moreover, there are inherent risks associated with developing, improving, expanding and updating current systems, including the disruption of our data management, procurement, production execution, finance, supply chain and sales and service processes. These risks may affect our ability to manage our data and inventory, procure parts or supplies or produce, sell, deliver and service our products, adequately protect our intellectual property or achieve and maintain compliance with, or realize available benefits under, applicable laws, regulations and contracts. We cannot be sure that the systems upon which we rely, including those of our third-party vendors or suppliers, will be effectively implemented, maintained or expanded as planned. If we do not successfully implement, maintain or expand these systems as planned, our operations may be disrupted, our ability to accurately and timely report our financial results could be impaired, and deficiencies may arise in our internal control over financial reporting, which may impact our ability to certify our financial results. Moreover, our proprietary information or intellectual property could be compromised or misappropriated and our reputation may be adversely affected. If these systems do not operate as we expect them to, we may be required to expend significant resources to make corrections or find alternative sources for performing these functions.

A significant cyber incident could impact production capability, harm our reputation, cause us to breach our contracts with other parties or subject us to regulatory actions or litigation, any of which could materially affect our business, prospects, financial condition and operating results.

The PCAOB had historically been unable to inspect our auditor in relation to their audit work.

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

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

Pursuant to the Holding Foreign Companies Accountable Act, as amended by the Consolidated Appropriations Act, 2023, or the HFCAA, if the SEC determines that we have filed audit reports issued by a registered public accounting firm that has not been subject to inspections by the PCAOB for two consecutive years, the SEC will prohibit our shares or ADSs from being traded on a national securities exchange or in the over-the-counter trading market in the United States.

On December 16, 2021, the PCAOB issued a report to notify the SEC of its determination that the PCAOB was unable to inspect or investigate completely registered public accounting firms headquartered in mainland China and Hong Kong, including our auditor, which was subject to this determination. On December 15, 2022, the PCAOB removed mainland China and Hong Kong from the list of jurisdictions where it is unable to inspect or investigate completely registered public accounting firms. Since then, the PCAOB has not issued any new determination regarding its ability to inspect or investigate registered public accounting firms headquartered in mainland China and Hong Kong. On December 29, 2022, the Consolidated Appropriations Act, 2023, was signed into law, which amended the HFCAA (i) to reduce the

number of consecutive non-inspection years required for triggering the prohibitions under the HFCAA from three years to two, and (ii) so that any foreign jurisdiction could be the reason why the PCAOB does not have complete access to inspect or investigate a company's auditor. As it was originally enacted, the HFCAA applied only if the PCAOB's inability to inspect or investigate was due to a position taken by an authority in the foreign jurisdiction where the relevant public accounting firm is located. As a result of the Consolidated Appropriations Act, 2023, the HFCAA now also applies if the PCAOB's inability to inspect or investigate the relevant accounting firm is due to a position taken by an authority in any foreign jurisdiction. The denying jurisdiction does not need to be where the accounting firm is located.

Each year, the PCAOB will determine whether it can inspect and investigate completely audit firms in mainland China and Hong Kong, among other jurisdictions. If the PCAOB determines in the future that it no longer has full access to inspect and investigate completely accounting firms in mainland China and Hong Kong and we use an accounting firm headquartered in one of these jurisdictions to issue an audit report on our financial statements filed with the SEC, we would be identified as a Commission-Identified Issuer following the filing of the annual report on Form 20-F for the relevant fiscal year. In accordance with the HFCAA, our securities would be prohibited from being traded on a national securities exchange or in the over-the-counter trading market in the United States if we are identified as a Commission-Identified Issuer for two consecutive years in the future. If our shares and ADSs are prohibited from trading in the United States, such a prohibition would substantially impair the ability of our investors to sell or purchase our ADSs when they wish to do so, and the risk and uncertainty associated with delisting would have a negative impact on the price of our Shares and/or ADSs. Also, such a prohibition would significantly affect our ability to raise capital on terms acceptable to us, or at all, which would have a material adverse impact on our business, financial condition, and prospects.

RISKS RELATED TO DOING BUSINESS IN CHINA

Government policies and measures in China may have material impacts on our business operations, which could result in a material adverse change in our operations and the value of our Class B Ordinary Shares and/or ADSs.

We conduct our business primarily in China. Our operations in China are governed by PRC laws and regulations. The PRC government maintains broad authority to regulate and supervise business activities in China, including our operations, and may influence our industry or business by adopting polices or taking measures it deems appropriate to further economic, regulatory, political and social objectives. In recent years, the PRC government has introduced policies that have significantly affected certain industries, and we cannot rule out the possibility that future regulatory developments or policy changes could directly or indirectly affect our industry or require us to obtain additional approvals or licenses to continue our current operations. Any such development could result in a material adverse change in our operation and/or the value of our Class B Ordinary Shares and/or ADSs. Furthermore, the PRC government has increased oversight and influence over securities offerings that are conducted overseas and foreign investment in China-based issuers. These measures could significantly

limit or completely hinder our ability to offer or continue to offer securities to investors and cause the value of our Class B Ordinary Shares and/or ADSs to decline significantly or become worthless. For more details, see "— If we fail to complete the CSRC filing and other procedures for the Global Offering or any other future offshore offering or listing, we may be subject to sanctions imposed by the relevant PRC governmental authority."

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

We expect that most of our operations will continue to be conducted in China. Accordingly, our results of operations, financial condition and prospects are influenced by economic, political and legal developments in China. The economic, political and social conditions in China differ from those in other countries in many respects, including the role of the government in economic development, the level and rate of development, the administration of the foreign exchange, and the allocation of resources. Although the PRC government has implemented economic reforms to emphasize the use of market forces, it continues to play a significant role in promoting economic and social developments in China, including regulating the development of different industries through industrial policies, holding productive assets that are vital to the country's economy through state-owned enterprises, and utilizing various monetary, fiscal, and other policy tools to influence economic activities in China. The significant growth of Chinese economy over the past decades may slow in the future. In particular, economic conditions in China are sensitive to global economic conditions, as well as to changes in domestic economic and political policies, laws and regulations governing various aspects of economic activities, and overall social development. Any severe or prolonged slowdown in the Chinese economy could result in reduced demand for our products and services and have a negative impact on our competitive position, materially and adversely affecting our operating results, financial condition, and prospects.

Uncertainties in the interpretation and enforcement of laws, rules and regulations, typically existing in the civil law systems, could materially and adversely affect us.

Most of our operating entities are incorporated under and governed by the laws of the PRC. The PRC legal system is a civil law system based on written statutes. In particular, unlike the common law system, prior court decisions under the civil law system may be cited for reference but have limited precedential value. Legislative developments over the past four decades have significantly enhanced the protections afforded to various forms of foreign investments in the PRC. However, the PRC legal system is still developing, and new laws and regulations may continue to be promulgated to govern additional aspects of economic activities in the PRC.

Our operations in China are subject to PRC laws and regulations generally applicable to companies incorporated in the PRC, as well as those applicable to foreign-invested enterprises. Since these laws and regulations are relatively new and the PRC legal system continues to evolve rapidly, their interpretation and enforcement may change from time to time, which may affect our assessments of applicable legal requirements and our ability to enforce our

contractual rights or assert tort claims. In addition, such uncertainties may be exploited through unmerited or frivolous legal actions or threats intended to extract payments or benefits from us. The enforcement of agreements governed by PRC laws through legal or arbitral proceedings in the PRC may differ from that in jurisdictions with other legal systems. Furthermore, any administrative or court proceedings in the jurisdictions where we operate, including the PRC, may be protracted, resulting in substantial costs and diversion of resources and management attention.

If we fail to complete the CSRC filing and other procedures for the Global Offering or any other future offshore offering or listing, we may be subject to sanctions imposed by the relevant PRC governmental authority.

The Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》), or the M&A Rules, purport to require offshore special purpose vehicles that are controlled by PRC entities or individuals and that have been formed for the purpose of seeking a public listing on an overseas stock exchange through acquisitions of PRC domestic companies or assets to obtain CSRC approval prior to publicly listing their securities on an overseas stock exchange. The interpretation and application of the regulations remain unclear. If the CSRC approval is required, it is uncertain how long it will take for us to obtain such approval. Any failure to obtain or a delay in obtaining CSRC approval for our future issuance of securities overseas may subject us to sanctions imposed by the CSRC and other PRC regulatory agencies, which could include fines and penalties on our operations in the PRC, restrictions or limitations on our ability to pay dividends outside of mainland China, and other forms of sanctions that may materially and adversely affect our business, financial condition, and results of operations.

Furthermore, on July 6, 2021, the PRC government promulgated the Opinions on Strictly Cracking Down on Illegal Securities Activities (關於依法從嚴打擊證券違法活動的意見), which, among other things, called for enhanced administration and supervision of overseas-listed mainland China-based companies, proposed to strengthen the supervision of the overseas issuance and listing of shares by mainland China-based companies and clarified the responsibilities of competent domestic industry regulators and government authorities. On December 28, 2021, the Cyberspace Administration of China, together with other administrative departments, jointly released the Cybersecurity Review Measures (《網絡安全審查辦法》), which took effect on February 15, 2022. Pursuant to the Cybersecurity Review Measures, critical information infrastructure operators that purchase network products and services, and network platform operators engaging in data processing activities that affect or may affect national security, are subject to cybersecurity review under the Cybersecurity Review Measures. In addition, network platform operators who possess personal information of more than one million users must apply for a cybersecurity review before listing in a foreign country. The governmental authorities may initiate a cybersecurity review if they consider relevant network products or services or data processing activities affect or may affect national security. See "— Any actual or alleged failure to comply with the various applicable laws and

regulations related to personal information protection, data security and cybersecurity could affect our offshore listing and lead to liabilities, penalties or other regulatory actions, which could have a material and adverse effect on our business, financial condition and results of operations."

The CSRC promulgated the Trial Administrative Measures of the Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) and five supporting guidelines (together, the "New Filing Rules"), which became effective on March 31, 2023. The New Filing Rules establish a new filing-based regime to regulate overseas offerings and listings by domestic companies. According to the New Filing Rules, (i) an overseas offering and listing by a domestic company, whether directly or indirectly, shall be filed with the CSRC; and (ii) the issuer or its affiliated domestic company, as the case may be, shall file with the CSRC for its initial public offering, follow-on offering, issuance of convertible bonds, offshore relisting after go-private transactions and other equivalent offering activities. In addition, after a domestic company has offered and listed securities in an overseas market, it is required to file a report to the CSRC after the occurrence and public disclosure of certain material corporate events, including but not limited to, change of control and voluntary or mandatory delisting. According to the New Filing Rules, we are deemed to be a domestic enterprise indirectly listed overseas. However, from March 31, 2023, enterprises that have been listed overseas shall constitute existing enterprises and are not required to conduct the overseas listing filing procedures immediately, but shall carry out filing procedures as required if they conduct future offshore offerings or capital raising activities or are involved in other circumstances that require filing with the CSRC. As such, we are not required to complete the CSRC filing procedure for our initial public offering and listing of ADSs on the Nasdaq, but we are required to complete the CSRC filing procedures for the Global Offering and we have submitted the relevant filing documents with the CSRC in connection with the Global Offering, and the CSRC published the notification on our completion of the required filing procedures for the Global Offering on August 19, 2025. If we fail to complete the filing procedures for any future offshore offering or listing, including our follow-on offerings, issuance of convertible bonds, offshore relisting after going-private transactions, and other equivalent offering activities, we may face sanctions by the CSRC or other PRC regulatory authorities, which may include fines and penalties on our operations in the PRC, limitations on our operating privileges in the PRC, restrictions on or delays to our future financing transactions offshore, or other actions that could have a material and adverse effect on our business, financial condition, results of operations, reputation and prospects, as well as the trading price of our Class B Ordinary Shares and/or ADSs. In addition, we are required to file a report to the CSRC after the occurrence and public disclosure of certain material corporate events, including but not limited to, change of control and voluntary or mandatory delisting.

On February 24, 2023, the CSRC, together with other government authorities, issued the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》), or the Archives Rules, which became effective on March 31, 2023. According to the Archives Rules, PRC domestic companies, whether offering

and listing securities overseas directly or indirectly, must strictly abide the applicable laws and regulations when providing or publicly disclosing, either directly or through their overseas listed entities, documents and materials to securities companies, securities services providers such as accounting firms, or overseas regulators in the process of their overseas offering and listing. If such documents or materials contain any state secrets or government authorities work secrets, domestic companies must obtain the approval from competent governmental authorities according to the applicable laws, and file with the secrecy administrative department at the same level with the approving governmental authority. Furthermore, the Archives Rules also provides that securities companies and securities service providers shall also fulfill the applicable legal procedures when providing overseas regulatory institutions and other relevant institutions and individuals with documents or materials containing any state secrets or government authorities work secrets or other documents or materials that, if divulged, will jeopardize national security or public interest. For more details of the New Filing Rules, please refer to "Regulatory Overview — Regulations Relating to Overseas Listing and M&A."

Uncertainties exist with respect to how the PRC Foreign Investment Law may impact the viability of our current corporate structure and operations.

Laws regulating foreign investment in China include the PRC Foreign Investment Law (《中華人民共和國外商投資法》), or the PRC FIL, effective from January 1, 2020, and the Regulation on Implementing the PRC Foreign Investment Law (《中華人民共和國外商投資法實施條例》), or the Implementation Regulations, effective from January 1, 2020. The PRC FIL specifies that foreign investments shall be conducted in line with the "negative list" to be issued or approved to be issued by the State Council. The "negative list" proscribes special administrative measures for foreign investment in specific fields or industries, and foreign investments in businesses not included in the negative list will be granted national treatment. While our current businesses are not included in the currently effective negative list and are not otherwise restricted to foreign investment by PRC laws and regulations, it is uncertain whether our industry will be named in an updated "negative list" to be issued in the future. If our industry is included in the "negative list" or if the PRC regulatory authorities otherwise decide to limit foreign ownership in our industry, there could be a risk that we would be unable to do business in China as we are currently structured. If any new laws and/or regulations on foreign investments in China are promulgated and implemented, such changes could have a significant impact on our current corporate structure, which in turn could have a material adverse impact on our business and operations, our ability to raise capital and the market price of our Class B Ordinary Share and/or ADSs. In such event, despite our efforts to restructure to comply with the then applicable PRC laws and regulations in order to continue our operations in China, we may experience material changes in our business and results of operations, our attempts may prove to be futile due to factors beyond our control, and the value of the Class B Ordinary Share and/or ADSs you invest in may significantly decline or become worthless.

Any actual or alleged failure to comply with the various applicable laws and regulations related to personal information protection, data security and cybersecurity could affect our offshore listing and lead to liabilities, penalties or other regulatory actions, which could have a material and adverse effect on our business, financial condition and results of operations.

On December 28, 2021, Cyberspace Administration of China, or the CAC, together with other administrative departments, jointly promulgated the Cybersecurity Review Measures (《網絡安全審查辦法》) which took effect on February 15, 2022. According to the Cybersecurity Review Measures, critical information infrastructure operators, or CIIOs, that purchase network products and services, and network platform operators engaging in data processing activities that affect or may affect national security, are subject to cybersecurity review under the Cybersecurity Review Measures. In addition, network platform operators who possess personal information of more than one million users shall apply for a cybersecurity review before listing in a foreign country. The relevant governmental authorities may initiate a cybersecurity review if they consider relevant network products or services or data processing activities affect or may affect national security. However, the Cybersecurity Review Measures do not provide any standard for determining the circumstances that would be regarded as "affect or may affect national security." On September 24, 2024, the CAC published the Cyber Data Security Regulations (《網絡數據安全管理條例》), which came into effect on January 1, 2025. The Cyber Data Security Regulations requires that if the network data processing activities have or may have an impact on national security, such activities should be subject to national security review in accordance with relevant laws and regulations. However, the Cyber Data Security Regulations do not provide any guidance for assessing the impact on national security in the context of network data processing. The Cyber Data Security Regulations also restates and further specifies the legal requirements for personal information, important data, cross-border data transfer, network platform services, and data security. Any failure to comply with such requirements may subject the data processors to, among others, suspension of services, fines, revocation of relevant business permits or business licenses and penalties.

The PRC regulatory and enforcement regime with regard to data security and data protection is evolving. See "Regulatory Overview — Regulations Relating to Cybersecurity, Information Security, Privacy and Data Protection."

Our business generally does not involve the collection or processing of personal information or data that may affect national security. As of the Latest Practicable Date, we were not in possession of more than one million users' personal information. As of the Latest Practicable Date, we had not been designated by the relevant PRC authorities as a CIIO, have not been involved in any cybersecurity-related investigation initiated by the CAC or any other PRC authority, and have not received any cybersecurity-related warning or sanction from the PRC government, or any notice from relevant authorities specifying us to file for the cybersecurity review. According to the verbal consultation conducted on April 23, 2025 with the China Cybersecurity Review, Certification and Market Regulation Big Data Center, or CCRC, the Company was advised that the Company is not required to file an application for

cybersecurity review under Article 7 of the Cybersecurity Review Measures with respect to its listing in Hong Kong. However, as the definitions for terms such as internet platform operator and national security are broad, and the government will retain discretion as to the interpretation and enforcement of the Cybersecurity Review Measures and any implementation rules, we may be subject to related rules. We cannot preclude the possibility that the Cybersecurity Review Measures will subject us to the cybersecurity review by the CAC in relation to our operations or require us to adjust our business practices, in which case our business, financial condition and prospects and the price of our Class B Ordinary Share and/or ADSs may be materially and negatively affected.

In the event that we are subject to the cybersecurity review by the CAC in relation to our operations, we may experience disruptions of our business. Such review could also result in negative publicity with respect to our company and diversion of our managerial and financial resources. Furthermore, if we were found to be in violation of applicable laws and regulations of PRC during such review, we may be subject to administrative penalties, including fines and service suspension, which could have a material and adverse impact on our business, results of operations and financial condition and the value of our Class B Ordinary Shares and/or ADSs. We also cannot rule out the possibility that certain of our customers may be deemed CIIOs, in which case our products or services, if deemed related to national security, will be submitted for cybersecurity review before we can enter into agreements with such customers. If the reviewing authority considers that the use of our products and services by certain of our customers who are CIIOs involves risks of disruption, is vulnerable to external attacks, or may negatively affect, compromise, or weaken the protection of national security, we may not be able to provide or distribute our products or services to such customers, which could have a material adverse effect on our results of operations and business prospects.

In addition to the Cybersecurity Review Measures, the PRC government authorities have introduced a wide range of laws and regulations on personal information protection, cybersecurity and data security in recent years, which is still rapidly evolving. For example, the PRC Cyber Security Law (《中華人民共和國網絡安全法》), or the Cybersecurity Law, came into effect on June 1, 2017 and requires network owners, network managers, and service providers that provide services via network (together, the "network operators") to perform certain functions related to cyber security protection and the strengthening of network information management through taking technical and other necessary measures to safeguard the operation of networks, responding to network security incidents effectively, preventing illegal and criminal activities, and maintaining the integrity and confidentiality and usability of network data. In addition, the law imposes certain additional requirements on CIIOs, including that they should store the personal information and important data collected and produced during their operations in the PRC within the territory of the PRC and perform certain security obligations. On September 12, 2022, the CAC proposed a series of draft amendments to the PRC Cyber Security Law, imposing more stringent legal liabilities for certain violations. Such draft amendments were released for soliciting public comments until September 29, 2022 and their final form, interpretation and implementation remain uncertain. On March 28, 2025, the CAC has released the Amendment to the Cybersecurity Law of the People's Republic of China (Second Draft for Public Consultation) (《中華人民共和國網絡安全法(修正草案再次徵

求意見稿)》) for public comment. This draft amendment aims to enhance the coherence of legislation, and to make necessary adjustments regarding the types, scope, and severity of administrative penalties. The SCNPC promulgated the PRC Personal Information Protection Law (《中華人民共和國個人信息保護法》) (effective on November 1, 2021), which outlines the main framework and comprehensive requirements of personal information protection and processing (including but not limited to cross-border transfer). The PRC Data Security Law (《中華人民共和國數據安全法》), on the other hand, was promulgated on June 10, 2021 and took effect in September 2021, and provides for data security obligations on entities and individuals carrying out data processing activities, including but not limited to the collection, storage, use, processing, transmission, provision, and public disclosure of data. The PRC Data Security Law also requires a national security review procedure for those data activities which may affect national security and imposes export restrictions on certain data and information. Furthermore, Regulations on the Security Protection of Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》), or the CII Protection Regulations, which was promulgated by the State Council of the PRC on July 30, 2021 and came into effect on September 1, 2021, stipulates the obligations and liabilities of the regulators, society and CIIOs in protecting the security of critical information infrastructure, or the CII. As of the Latest Practicable Date, we were in compliance with the currently effective and applicable PRC laws on personal information protection, cybersecurity and data security in all material respects and those laws do not have a material adverse impact on our business or offshore listing plan. However, we cannot preclude the possibility that new laws, regulations or rules promulgated in the future will impose additional compliance requirements on us, will subject us to the cybersecurity or national security review in relation to our operations, or will require us to change our business practices or incur additional operating expenses, which may have material and negative impacts on our business, financial condition and prospects and the value of our Class B Ordinary Shares and/or ADSs.

We may rely on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC subsidiaries to make payments to us could have a material and adverse effect on our ability to conduct our business.

We are a Cayman Islands holding company and rely on dividends and other distributions on equity from our PRC subsidiaries for our cash requirements, including the funds necessary to pay dividends and other cash distributions to our shareholders and service any debt we may incur outside of the PRC. Current PRC regulations permit our PRC subsidiaries to pay dividends to us only out of their accumulated after-tax profits upon satisfaction of relevant statutory conditions and procedures, if any, determined in accordance with Chinese accounting standards and regulations. In addition, each of our PRC subsidiaries is required to set aside at least 10% of its after-tax profits each year, if any, to fund certain statutory reserve funds until the total amount set aside reaches 50% of its registered capital. For each of our subsidiaries in the PRC, after it makes an allocation to its statutory reserve funds from its after-tax profits, it may make an allocation to its discretionary reserve funds from its after-tax profits upon a resolution approved at the shareholders' general meeting. Under the Company Law of the PRC,

a company shall not distribute profits before losses are covered and the statutory reserve funds are drawn. Additionally, if our PRC subsidiaries incur debt on their own behalf in the future, the instruments governing their debt may restrict their ability to pay dividends or make other distributions to us.

Any limitation on the ability of our PRC subsidiaries to distribute dividends or other payments to their respective shareholders could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our businesses, pay dividends or otherwise fund and conduct our business.

PRC regulations of loans to and direct investment in the PRC entities by offshore holding companies may delay or prevent us from making loans or additional capital contributions to our PRC subsidiaries, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

Any funds we transfer to our PRC subsidiaries, either as a shareholder loan or as an increase in registered capital, are subject to approval by or registration with relevant governmental authorities in the PRC. According to the relevant PRC regulations on foreign-invested enterprises, or FIEs, in the PRC, capital contributions to our PRC subsidiaries are subject to the registration with the SAMR or its local counterpart, reporting of foreign investment information with the MOFCOM and registration with a local bank authorized by the State Administration of Foreign Exchange, or SAFE.

SAFE promulgated the Notice of the State Administration of Foreign Exchange on Reforming the Administration of Foreign Exchange Settlement of Capital of Foreign-invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》), or SAFE Circular 19, effective on June 1, 2015 and last amended on March 23, 2023. According to SAFE Circular 19, the flow and use of the RMB capital converted from foreign currency-denominated registered capital of a foreign-invested company is regulated such that RMB capital may not be used for the issuance of RMB entrusted loans, the repayment of inter-enterprise loans or the repayment of bank loans that have been transferred to a third party. Although SAFE Circular 19 allows RMB capital converted from foreign currency-denominated registered capital of a foreign-invested enterprise to be used for equity investments within the PRC, it also reiterates the principle that RMB converted from the foreign currency-denominated capital of a foreign-invested company may not be directly or indirectly used for purposes beyond its business scope. SAFE promulgated the Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》), or Circular 16, effective on June 9, 2016 and recently amended on December 4, 2023, which reiterates some of the rules set forth in SAFE Circular 19, but changes the prohibition against using RMB capital converted from foreign currency-denominated registered capital of a foreign-invested company to issue RMB entrusted loans to a prohibition against using such capital to issue loans to non-associated enterprises. Violations of SAFE Circular 19 and SAFE Circular 16 could result in administrative penalties. SAFE Circular 19 and SAFE Circular 16 may negatively affect our ability to transfer any foreign currency we

hold to our PRC subsidiaries, which may adversely affect our liquidity and our ability to fund and expand our business in the PRC. On October 23, 2019, SAFE promulgated the Circular of the State Administration of Foreign Exchange on Further Promoting the Facilitation of Cross-border Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》), or SAFE Circular 28, recently amended on December 4, 2023, which permits non-investment FIEs to use their capital funds to make equity investments in the PRC, with genuine investment projects and in compliance with effective foreign investment restrictions and other applicable laws.

In addition, (i) any foreign loan procured by our PRC subsidiaries is required to be registered with SAFE or its local branches and (ii) any of our PRC subsidiaries may not procure loans that exceed the statutory limits, which is either the difference between its registered capital and the total investment amount or a multiple of its net assets in the previous year. We may not be able to obtain these government approvals or complete such registrations in a timely manner, or at all, with respect to future capital contributions or foreign loans by us to our PRC subsidiaries. If we fail to receive such approvals or complete such registration or filing, our ability to use the proceeds from our securities offerings to capitalize our PRC operations may be negatively affected, which could adversely affect our liquidity and our ability to fund and expand our business.

The M&A Rules and certain other PRC regulations establish procedures for certain acquisitions of PRC companies, which could make it difficult for us to pursue growth through acquisitions in the PRC.

A number of PRC laws and regulations have established procedures and requirements with respect to merger and acquisition activities in the PRC by foreign investors. In addition to the Anti-monopoly Law (《中華人民共和國反壟斷法》), which became effective on August 1, 2008, and was lately amended on June 24, 2022 and came into effect on August 1, 2022, these include the M&A Rules adopted by six PRC regulatory agencies in 2006 and amended in 2009, the Rules of the Ministry of Commerce on Implementation of Security Review System of Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《商務部實施外國投資者併購境內企業安全審查制度的規定》) promulgated in 2011, or the Security Review Rules, and the Measures for the Security Review of Foreign Investment, or the Foreign Investment Security Review Measures, promulgated by NDRC and the MOFCOM in December 2020 and came into force on January 18, 2021. For example, the M&A Rules require that the MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise when certain criteria are met. The approval from the MOFCOM shall be obtained in circumstances where overseas companies established or controlled by PRC enterprises or residents acquire affiliated domestic companies. In addition, pursuant to relevant anti-monopoly laws and regulations, the SAMR should be notified in advance of any concentration of undertaking if certain thresholds are triggered. In light of the uncertainties relating to the interpretation, implementation and enforcement of the anti-monopoly laws and regulations of the PRC, we cannot assure you that the anti-monopoly law enforcement agency will not deem our future acquisitions or investments to have triggered filing requirement for anti-monopoly review. Moreover, the Security Review Rules specify that

mergers and acquisitions by foreign investors that raise "national defense and security" concerns and mergers and acquisitions through which foreign investors may acquire de facto control over domestic enterprises that raise "national security" concerns are subject to strict review by the MOFCOM, and prohibit any attempt to bypass a security review, including by structuring the transaction through a proxy or contractual control arrangement. Furthermore, under the Foreign Investment Security Review Measures, investment in certain key areas which results in acquiring the actual control of the assets is required to obtain approval from designated governmental authorities in advance. There still exist uncertainties with respect to the interpretation and implementation of the Foreign Investment Security Review Measures. In the future, we may grow our business by acquiring complementary businesses. Complying with the requirements of the relevant regulations to complete such transactions could be time consuming, and any required approval processes, including clearance from the SAMR and approval from the MOFCOM and other PRC regulatory authorities, may affect our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share.

The custodians or authorized users of our controlling non-tangible assets, including chops and seals, may fail to fulfill their responsibilities, or misappropriate or misuse these assets.

Under PRC laws, legal documents for corporate transactions are executed using the chop or seal of the signing entity and with the signature of a legal representative whose designation is registered and filed with the relevant branch of the SAMR. In order to secure the use of our chops and seals, we have established internal control procedures and rules for using these chops and seals. In any event that the chops and seals are intended to be used, the responsible personnel will submit the application which will then be verified and approved by authorized employees in accordance with our internal control procedures and rules. In addition, in order to maintain the physical security of our chops, we generally have them stored in secure locations accessible only to authorized employees. However, our procedures to monitor such authorized employees may not be sufficient to prevent all instances of abuse or negligence. There is a risk that our employees could abuse their authority, for example, by entering into a contract not approved by us or seeking to gain control of any of our subsidiaries. If any employee obtains, misuses or misappropriates our chops and seals or other controlling non-tangible assets for whatever reason, we could experience disruption to our normal business operations. We may have to take corporate or legal action, which could involve significant time and resources to resolve and divert management from our operations. In addition, the affected entity may not be able to recover corporate assets that are sold or transferred out of our control in the event of such a misappropriation if a transferee relies on the apparent authority of the representative and acts in good faith.

Governmental administration of currency conversion may affect our utilization of our revenues and affect the value of your investment.

The PRC government imposes laws and regulations on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency out of mainland China. We receive our revenues primarily in Renminbi. Under our current corporate structure, our Cayman Islands holding company primarily relies on dividend payments from our PRC subsidiaries to fund any cash and financing requirements we may have. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments, trade, and service-related foreign exchange transactions, can be made in foreign currencies without prior approval of SAFE by complying with certain procedural requirements. Specifically, under the existing foreign exchange regulations, without prior approval of SAFE, cash generated from the operations of our PRC subsidiaries in the PRC may be used to pay dividends to our company, subject to the condition that the remittance of such dividends outside of mainland China complies with certain procedures under PRC foreign exchange regulation, such as the overseas investment registrations by our shareholders or the ultimate shareholders of our corporate shareholders who are PRC residents. However, approval from or registration with appropriate government authorities or designated banks is required where Renminbi is to be converted into foreign currency and remitted out of mainland China to pay capital expenses such as the repayment of loans denominated in foreign currencies. As a result, we need to obtain approval from SAFE or its designated banks to use cash generated from the operations of our PRC subsidiaries to pay off their respective debt in a currency other than Renminbi owed to entities outside mainland China, or to make other capital expenditure payments outside mainland China in a currency other than Renminbi. The PRC government may also restrict access to foreign currencies for current account transactions in the future if we are found failing to meet the procedural requirements. If the foreign exchange restrictions limit our ability to obtain sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our shareholders, including holders of our ADSs.

PRC regulations relating to the establishment of offshore special purpose companies by PRC residents may subject our PRC resident beneficial owners or our PRC subsidiaries to liability or penalties, limit our ability to inject capital into our PRC subsidiaries, limit our PRC subsidiaries' ability to increase their registered capital or distribute profits to us, or may otherwise adversely affect us.

In July 2014, SAFE promulgated the Notice on Issues Relating to Foreign Exchange Administration over the Overseas Investment and Financing and Round-trip Investment by Domestic Residents via Special Purpose Vehicles (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》), or SAFE Circular 37. SAFE Circular 37 requires PRC residents (including PRC individuals and PRC corporate entities) to register with SAFE or its local branches in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing with such PRC residents' legally owned assets or equity interests in domestic enterprises or offshore assets or interests. The term "control" under SAFE Circular 37 is broadly defined as the

operation rights, beneficiary rights or decision-making rights acquired by PRC residents in the offshore special purpose vehicles, or SPVs, by means of acquisition, trust, proxy, voting rights, repurchase, convertible bonds or other arrangements. SAFE Circular 37 is applicable to our shareholders who are PRC residents and may be applicable to any offshore acquisitions that we make in the future. In addition, such PRC residents must update their SAFE registrations when the offshore special purpose vehicle undergoes material events relating to any change of basic information (such as change of such PRC citizens or residents, name and operation term), increases or decreases in investment amount, transfers or exchanges of shares, or mergers or divisions. According to the Circular on Further Simplifying and Improving Foreign Exchange Administration Policy on Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》), which became effective on June 1, 2015, local banks will examine and handle foreign exchange registration for overseas direct investment, including the initial foreign exchange registration and amendment registration, under SAFE Circular 37 from June 1, 2015. If any PRC shareholder of such SPVs fails to make the required registration or to update the previously filed registration, the subsidiary of such SPVs in the PRC may be prohibited from distributing their profits or the proceeds from any capital reduction, share transfer or liquidation to the SPVs, and the SPVs may also be prohibited from making additional capital contributions into their subsidiary in the PRC. Moreover, failure to comply with the various SAFE registration requirements described above could result in liability under PRC law for evasion of foreign exchange administration.

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

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

Pursuant to SAFE Circular 37, PRC residents who participate in share incentive plans in overseas non-publicly-listed companies due to their position as director, senior management or employees of the PRC subsidiaries of the overseas companies may submit applications to SAFE or its local branches for the foreign exchange registration with respect to offshore special purpose companies before they obtain the incentive shares or exercise the share options. In addition, in February 2012, SAFE promulgated the Notices on Issues Concerning

the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company, or the Stock Option Rule (《關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》), replacing earlier rules promulgated in 2007. Pursuant to these rules, PRC citizens and non-PRC citizens who reside in the PRC for a continuous period of not less than one year who participate in any stock incentive plan of an overseas publicly-listed company, subject to a few exceptions, are required to register with SAFE through a domestic qualified agent, which could be the PRC subsidiaries of such overseas-listed company, and complete certain other procedures. See "Regulatory Overview — Regulations Relating to Stock Incentive Plans." We and our executive officers and other employees who are PRC citizens or who reside in the PRC for a continuous period of not less than one year and who have been or will be granted incentive shares or options are subject to these regulations. We have designated our PRC subsidiary, Shanghai Hesai, to handle the registration and other procedures required by the Stock Option Rule. However, failure to comply with these regulations in a timely manner by either us or our domestic optionees may result in fines and legal sanctions imposed on us, our domestic optionees and their local employers. We also face regulatory uncertainties that could restrict our ability to adopt additional incentive plans for our directors, executive officers and employees under PRC law. See "Regulatory Overview — Regulations Relating to Stock Incentive Plans."

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

Under the EIT Law and its implementation rules, an enterprise established outside of the PRC with its "de facto management body" within the PRC is considered a "resident enterprise" and will be subject to the enterprise income tax on its global income at the rate of 25%. The implementation rules define the term "de facto management body" as the body that exercises full and substantial control and overall management over the business, productions, personnel, accounts and properties of an enterprise. On April 22, 2009, the State Administration of Taxation, or the SAT, issued a circular, known as SAT Circular 82, with retroactive effect from January 1, 2008, which was most recently amended on December 29, 2017, which provides certain specific criteria for determining whether the "de facto management body" of a PRC-controlled enterprise that is incorporated offshore is located in the PRC. Although this circular only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreigners, the criteria set forth in the circular may reflect the SAT's general position on how the "de facto management body" text should be applied in determining the tax resident status of all offshore enterprises. According to SAT Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its "de facto management body" in the PRC, and will be subject to PRC enterprise income tax on its global income only if all of the following conditions are met: (i) the primary location where the senior management and their senior management departments responsible for the day-to-day operational management is in the PRC; (ii) decisions relating to the enterprise's financial and human resource matters are made or are subject to approval by organizations or personnel in

the PRC; (iii) the enterprise's primary assets, accounting books and records, company seals, and board and shareholder resolutions are located or maintained in the PRC; and (iv) at least 50% of voting board members or senior executives habitually reside in the PRC.

We believe none of our entities outside of mainland China is a PRC resident enterprise for PRC tax purposes. However, the tax resident status of an enterprise is subject to determination by PRC tax authorities and uncertainties remain with respect to the interpretation of the term "de facto management body." If the PRC tax authorities determine that we are a PRC resident enterprise for enterprise income tax purposes, we will be subject to PRC enterprise income tax on our worldwide income at the rate of 25% and we will be required to withhold a 10% withholding tax from dividends we pay to our shareholders that are non-resident enterprises, including the holders of ADSs, unless any such foreign investor's jurisdiction of incorporation has a tax treaty or similar agreement with the PRC that provides for a different withholding arrangement. In addition, gains realized on the sale or other disposition of our ADSs or ordinary shares may be subject to PRC tax, at a rate of 10% in the case of PRC enterprises or 20% in the case of non-PRC individuals (in each case, subject to the clauses of any applicable tax treaty), if such gains are deemed to be from the PRC. It is unclear whether non-PRC shareholders of our company would be able to claim the benefits of any tax treaties between their jurisdiction of tax residence and the PRC in the event that we are treated as a PRC resident enterprise. Any such tax may reduce the returns on your investment in the Class B Ordinary Shares and/or ADSs.

We face uncertainty with respect to indirect transfers of equity interests in PRC resident enterprises by their non-PRC holding companies, which may have a material adverse effect on our financial condition and results of operations.

On February 3, 2015, the SAT issued the Public Notice Regarding Certain Corporate Income Tax Matters on Indirect Transfer of Properties by Non-Tax Resident Enterprises (《國家税務總局關於非居民企業間接轉讓財產企業所得税若干問題的公告》), or SAT Bulletin 7, as amended in 2017. SAT Bulletin 7 extends its tax jurisdiction to transactions involving the transfer of PRC taxable assets through offshore transfer of a foreign intermediate holding company. In addition, SAT Bulletin 7 provides certain criteria on how to assess reasonable commercial purposes and has introduced safe harbors for internal group restructurings and the purchase and sale of equity through a public securities market. SAT Bulletin 7 also brings challenges to both foreign transferor and transferee (or other person who is obligated to pay for the transfer) of taxable assets. On October 17, 2017, the SAT issued the Announcement of the State Administration of Taxation on Issues Concerning the Withholding of Non-resident Enterprise Income Tax at Source, or SAT Bulletin 37, which came into effect on December 1, 2017, and was most recently amended on June 15, 2018. SAT Bulletin 37 further clarifies the practice and procedure of the withholding of non-resident enterprise income tax.

Where a non-resident enterprise transfers PRC taxable assets indirectly by disposing of the equity interests of an overseas holding company, which is an Indirect Transfer, the non-resident enterprise as either transferor or transferee, or the PRC entity that directly owns the taxable assets, may report such Indirect Transfer to the relevant tax authority. Using a

"substance over form" principle, the PRC tax authority may disregard the existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of reducing, avoiding or deferring PRC tax. As a result, gains derived from such Indirect Transfer may be subject to PRC enterprise income tax, and the transferee or other person who is obligated to pay for the transfer is obligated to withhold the applicable taxes, currently at a rate of 10% for the transfer of equity interests in a PRC resident enterprise. Gains derived from the sale of shares by investors through a public stock exchange are not subject to the PRC enterprise income tax pursuant to SAT Bulletin 7 where such shares were acquired in a transaction through a public stock exchange. As such, the sale of the ADSs or ordinary shares on a public stock exchange will not be subject to PRC enterprise income tax pursuant to SAT Bulletin 7. However, the sale of our ordinary shares or ADSs by a non-PRC resident enterprise outside a public stock exchange may be subject to PRC enterprise income tax under SAT Bulletin 7.

We face uncertainties as to the reporting and other implications of certain past and future transactions where PRC taxable assets are involved, such as offshore restructuring, sale of the shares in our offshore subsidiaries and investments. For transfer of shares in our company by investors who are non-PRC resident enterprises, our PRC subsidiaries may be requested to assist in the filing under SAT Bulletin 7 and/or SAT Bulletin 37. As a result, we may be required to expend valuable resources to comply with SAT Bulletin 7 and/or SAT Bulletin 37, or to establish that we and our non-PRC resident investors should not be taxed under these circulars, which may have a material adverse effect on our financial condition and results of operations.

There may exist uncertainties with respect to effecting service of legal process, enforcing foreign judgments or bringing actions in the PRC against us or our management based on foreign laws.

We are an exempted company with limited liability incorporated under the laws of the Cayman Islands, we conduct most of our operations in China, and substantially all of our assets are located in the PRC. In addition, most of our senior executive officers reside within the PRC for a significant portion of the time and most of them are PRC nationals. In addition, the PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the Cayman Islands and many other countries and regions. Even if you are successful in bringing an action of this kind, you may face uncertainties with respect to the enforcement of judgments rendered under the laws of the Cayman Islands and the PRC against our assets or the assets of our directors and officers.

On July 14, 2006, the Supreme People's Court of China and the Government of the Hong Kong Special Administrative Region entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements Between Parties Concerned (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》), or the 2006 Arrangement, pursuant to which reciprocal recognition and enforcement of the judgment may be possible between these two jurisdictions

provided that the judgment is rendered by a final court of these two jurisdictions and the parties has a expressly written choice of court. On January 18, 2019, the Supreme People's Court of China and the Hong Kong Government signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》), or the 2019 Arrangement, which came into effect on January 29, 2024 and has superseded the 2006 Arrangement. The 2019 Arrangement establishes a bilateral legal mechanism with greater clarity and certainty for reciprocal recognition and enforcement of judgments between Hong Kong and the PRC in civil and commercial matters. The 2019 Arrangement discontinued the requirement for a choice of court agreement for bilateral recognition and enforcement. However, the 2006 Arrangement will remain applicable to a "choice of court agreement in writing" as defined in the 2006 Arrangement that was entered into before the 2019 Arrangement took effect. As the 2019 Arrangement went into effect relatively recently and its implementation and interpretation are still evolving, we cannot guarantee that all judgments rendered by Hong Kong courts will be recognized and enforced in the PRC, as whether a specific judgment will be recognized and enforced remains subject to a case-by-case examination by the relevant court in accordance with the 2019 Arrangement.

It may be difficult for overseas regulators to conduct investigation or collect evidence within the PRC.

Shareholder claims or regulatory investigations that are initiated in or otherwise relevant to jurisdictions outside the PRC may be difficult to pursue as a matter of law or practicality in the PRC. For example, obtaining information needed for regulatory investigations or litigations initiated outside the PRC is subject to various legal requirements under PRC laws. Although the authorities in the PRC may establish a regulatory cooperation mechanism with the securities regulatory authorities of another country or region to implement cross-border supervision and administration, such cooperation with securities regulatory authorities in the United States or other jurisdictions may not be efficient in the absence of mutual and practical cooperation mechanism. Furthermore, according to Article 177 of the PRC Securities Law (《中華人民共和國證券法》), which became effective in March 2020, no overseas securities regulator is allowed to directly conduct investigation or evidence collection activities within the territory of the PRC. The inability for an overseas securities regulator to directly conduct investigation or evidence collection activities within the PRC may further increase difficulties faced by you in protecting your interests. See also "— Risks Related to Our Shares and ADSs — You may face difficulties in protecting your interests, and your ability to protect your rights through Hong Kong or U.S. courts may be limited, because we are incorporated under Cayman Islands law" for risks associated with investing in us as a Cayman Islands company.

RISKS RELATED TO THE WVR STRUCTURE

Our dual-class share structure with different voting rights limits your ability to influence corporate matters and could discourage others from pursuing any change of control transactions that holders of our Class B Ordinary Shares or ADSs may view as beneficial.

We have adopted a dual-class voting structure such that our ordinary shares consist of Class A Ordinary Shares and Class B Ordinary Shares. In respect of matters requiring the votes of shareholders, immediately after the completion of the Global Offering, holders of Class B Ordinary Shares are entitled to one vote per share, while holders of Class A Ordinary Shares are entitled to ten votes per share based on our dual-class share structure (except as in relation to the Reserved Matters). Each Class A Ordinary Share is convertible into one Class B Ordinary Share at any time by the holder thereof, while Class B Ordinary Shares are not convertible into Class A Ordinary Shares under any circumstances.

Our Co-Founders collectively and beneficially own all of our issued Class A Ordinary Shares. Assuming that (i) the Offer Size Adjustment Option and the Over-allotment Option are not exercised, (ii) no further Shares are issued under the 2021 Plan between the Latest Practicable Date and the completion of the Global Offering and (iii) no Class A Ordinary Shares are converted into Class B Ordinary Shares, and excluding the 558,814 Class B Ordinary Shares (as of the Latest Practicable Date) issued to the Depositary for bulk issuance of ADSs reserved for future issuances upon the exercise or vesting of awards granted under the 2021 Plan, immediately after the completion of the Global Offering, our Co-Founders will beneficially own 26,998,861 Class A Ordinary Shares and 165,031 Class B Ordinary Shares, representing approximately 72.01% of the aggregate voting power of our total issued and outstanding share capital with respect to shareholder resolutions relating to matters other than the Reserved Matters, where holders of Class A Ordinary Shares are entitled to ten votes per share. For details, see the sections headed "Relationship with Our Controlling Shareholders" and "Share Capital."

As a result of the dual-class share structure and the concentration of voting power, holders of our Class A Ordinary Shares have considerable influence over matters such as decisions regarding mergers, consolidations and the sale of all or substantially all of our assets, and other significant corporate actions. The interests of the holders of our Class A Ordinary Shares may not necessarily be aligned with the interests of our Shareholders as a whole. They may take actions that are not in the best interest of us or our other Shareholders. In addition, this concentration of voting power may discourage, delay or prevent a change in control of our Company, which could have the effect of depriving our other Shareholders of the opportunity to receive a premium for their Shares as part of a sale of our Company and may reduce the market price of our Class B Ordinary Shares and/or ADSs. This concentrated control also limits your ability to influence corporate matters and could discourage others from pursuing any potential merger, takeover or other change of control transactions that holders of Class B Ordinary Shares and ADSs may view as beneficial.

For further details about our shareholding structure, see the section titled "Share Capital — WVR Structure."

Our dual-class voting structure may render the ADSs representing our Class B Ordinary Shares ineligible for inclusion in certain stock market indices, and thus adversely affect the trading price and liquidity of the Class B Ordinary Shares and/or ADSs.

We cannot predict whether our dual-class share structure with different voting rights will result in a lower or more volatile market price of the Class B Ordinary Share and/or ADSs, adverse publicity, or other adverse consequences. Certain index providers have announced restrictions on including companies with multi-class share structures in certain of their indices. For example, S&P Dow Jones and FTSE Russell have changed their eligibility criteria for inclusion of shares of public companies on certain indices, including the S&P 500, to exclude companies with multiple classes of shares and companies whose public shareholders hold no more than 5% of total voting power from being added to such indices. As a result, our dual-class voting structure may prevent the inclusion of the ADSs representing our Class B Ordinary Shares in such indices, which could adversely affect the trading price and liquidity of the ADSs representing our Class B Ordinary Shares. In addition, several shareholder advisory firms have announced their opposition to the use of multiple class structure and our dual-class structure may cause shareholder advisory firms to publish negative commentary about our corporate governance, in which case the market price and liquidity of the Class B Ordinary Shares and/or ADSs could be adversely affected.

RISKS RELATED TO OUR SHARES AND OUR ADSS

The trading price of the ADSs has been and is likely to continue to be, and the trading price of our Class B Ordinary Shares can be, volatile, which could result in substantial losses to investors.

The trading price of the ADSs has been and is likely to continue to be volatile and could fluctuate widely due to factors beyond our control. The trading price of our Class B Ordinary Shares, likewise, can be volatile for similar or different reasons. This may happen because of broad market and industry factors, including the performance and fluctuation of the market prices of other companies with business operations located mainly in the PRC that have listed their securities in Hong Kong or the United States. In addition to market and industry factors, the price and trading volume for the Class B Ordinary Shares and/or ADSs may be highly volatile for factors specific to our own operations, including but not limited to, the following:

- variations in our net revenues, earnings and cash flow;
- announcements of new investments, acquisitions, strategic partnerships, or joint ventures by us or our competitors;
- announcements of new products and services and expansions by us or our competitors;
- changes in financial estimates by securities analysts;

- fluctuations in operating metrics;
- failure on our part to realize monetization opportunities as expected;
- changes in revenues generated from our significant business partners;
- additions or departures of key personnel;
- release of lock-up or other transfer restrictions on our outstanding equity securities or sales of additional equity securities;
- detrimental negative publicity about us, our management, our competitors or our industry;
- fluctuations of exchange rates between RMB and the Hong Kong dollars and/or U.S. dollar;
- regulatory developments affecting us or our industry;
- potential litigation or regulatory investigations; and
- general economic or political conditions in China or elsewhere in the world.

Any of these factors may result in large and sudden changes in the trading volume and market price of the Class B Ordinary Shares and/or ADSs.

In addition, the stock market in general, and companies with operations in the PRC in particular, have experienced volatility that often has been unrelated to the operating performance of such companies. The securities of some China-based companies that have listed their securities in the United States have experienced significant volatility since their initial public offerings in recent years, including, in some cases, substantial declines in the trading prices of their securities. The trading performances of these companies' securities after their offerings may affect the attitudes of investors towards Chinese companies listed in the United States in general, which consequently may impact the trading performance of our ADSs, regardless of our actual operating performance. In addition, any negative news or perceptions about inadequate corporate governance practices or fraudulent accounting, corporate structure or other matters of other Chinese companies may also negatively affect the attitudes of investors towards Chinese companies in general, including us, regardless of whether we have engaged in any inappropriate activities. In particular, the global financial crisis, the ensuing economic recessions and deterioration in the credit market in many countries, and the geopolitical tension between the U.S. and China have contributed and may continue to contribute to extreme volatility in the global stock markets. These broad market, industry and geopolitical fluctuations may adversely affect the market price of our Class B Ordinary Share and/or ADSs. For example, the price of our ADSs was negatively affected by our inclusion on the 1260H List. For more information regarding the impact of inclusion on the Section 1260H List, please refer to "— Risks Related

to Our Business and Industry — We have been included in a list of Chinese companies with alleged ties to the Chinese military issued by the U.S. Department of Defense, which has had and may continue to have an adverse effect on our reputation, the market prices of our Shares and/or ADSs and our business opportunities." Volatility or a lack of positive performance in our ADS price may also adversely affect our ability to retain key employees, most of whom have been granted options or other equity incentives.

Furthermore, techniques employed by short sellers may drive down the market price of our ADSs. Many companies listed in the United States that have a substantial majority of their operations in China have been the subject of short selling. In March 2025, Blue Orca Capital issued a short seller report that made certain allegations against us, including alleged ties to the Chinese military, an undisclosed loss of the largest customer, misleading "exclusive" partnership, inflated revenue and gross margins, and the withdrawal of an IPO in mainland China due to deficiencies in internal control over financial reporting. The price of our ADSs was affected by this report. We strongly disagree with the allegations in the report and believe that the report is without merit. Going forward, we may be the subject of unfavorable allegations made by short sellers again. Any such allegations may lead to negative publicity and be followed by periods of instability in the market price of our of ADSs.

We are an emerging growth company within the meaning of the Securities Act and may take advantage of certain reduced reporting requirements.

We are an "emerging growth company," as defined in the JOBS Act, and we may take advantage of certain exemptions from requirements applicable to other public companies that are not emerging growth companies including, most significantly, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002 for so long as we remain an emerging growth company. As a result, if we elect not to comply with such auditor attestation requirements, our investors may not have access to certain information they may deem important.

The JOBS Act also provides that an emerging growth company does not need to comply with any new or revised financial accounting standards until such date that a private company is otherwise required to comply with such new or revised accounting standards. This election allows us to delay the adoption of new or revised accounting standards that have different effective dates for public and private companies until those standards apply to private companies, and as a result of this election our financial statements may not be comparable to those of companies that comply with public company effective dates, including other emerging growth companies that have not made this election.

As the aggregate worldwide market value of voting and non-voting equities held by our non-affiliates exceeded US$700 million as of June 30, 2025, we will become a "large accelerated filer" under the Exchange Act and cease to be an emerging growth company as of December 31, 2025. After we cease to be an emerging growth company, we will not be entitled to the exemptions provided in the JOBS Act discussed above, and will incur additional expenses.

We will be a "controlled company" within the meaning of the rules of Nasdaq and, as a result, can rely on exemptions from certain corporate governance requirements that provide protection to shareholders of other companies.

By virtue of the Concert Party Deed, our Co-Founders currently hold, and will immediately after the completion of the Global Offering continue to hold, more than 50% of the aggregate voting power of our Company. For details, see the sections headed "Relationship with Our Controlling Shareholders" and "Share Capital." As such, we will be a "controlled company" as defined under the rules of Nasdaq. For so long as we remain a controlled company, we are permitted to rely on certain exemptions from corporate governance rules, including:

- an exemption from the requirement that a majority of our Board must be independent directors;
- an exemption from the requirement that each of our compensation committee members must be an independent director;
- an exemption from the requirement that the compensation of our chief executive officer must be determined or recommended solely by independent directors; and
- an exemption from the requirement that our director nominees must be selected or recommended solely by independent directors.

If we elect to rely on these exemptions, you will not have the same protection afforded to shareholders of companies that are subject to these corporate governance requirements.

If securities or industry analysts cease to publish research or reports about our business, or if they adversely change their recommendations regarding the Class B Ordinary Shares and/or ADSs, the market price for the Class B Ordinary Shares and/or ADSs and trading volume could decline.

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

We currently do not expect to pay dividends in the foreseeable future and you must rely on price appreciation of our Class B Ordinary Shares and/or ADSs for return on your investment.

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

Our Board has complete discretion as to whether to declare dividends, subject to certain requirements of Cayman Islands law. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our directors. Our second amended and restated articles of association provide that dividends may be declared and paid out of the funds of the Company lawfully available therefor, which under Cayman Islands law means the profits of our company, realized or unrealized, or from any reserve set aside from profits which the directors determine is no longer needed. Dividends may also be declared and paid out of share premium account or any other fund or account which can be authorized for this purpose in accordance with the Companies Act (As Revised) of the Cayman Islands, or the Companies Act. Under the Companies Act, no distribution or dividend may be paid out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, the company shall be able to pay its debts as they fall due in the ordinary course of business. Even if our Board decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on our future results of operations and cash flows, our capital requirements and surplus, the amount of distributions, if any, received by us from our subsidiaries, our financial condition, contractual restrictions and other factors deemed relevant by our Board. Accordingly, the return on your investment in our Class B Ordinary Shares and/or ADSs will likely depend entirely upon any future price appreciation of our Class B Ordinary Shares and/or ADSs. There is no guarantee that our Class B Ordinary Shares and/or ADSs will appreciate in value or even maintain the price at which you purchased the Class B Ordinary Shares and/or ADSs in the future. You may not realize a return on your investment in our Class B Ordinary Shares and/or ADSs and you may even lose your entire investment in our Class B Ordinary Shares and/or ADSs.

Substantial future sales or perceived potential sales of our Class B Ordinary Shares and/or ADSs in the public market could cause the price of our Class B Ordinary Share and/or ADSs to decline.

Sales of our Class B Ordinary Shares and/or ADSs in the public market after the Global Offering, or the perception that these sales could occur, could cause the market price of our Class B Ordinary Share and/or ADSs to decline. Such sales also might make it more difficult for us to sell equity or equity-related securities in the future at a time and price that we deem appropriate. We cannot predict what effect, if any market sales of securities held by a principal shareholder or any other shareholder or the availability of these securities for future sale will have on the market price of our ADSs. In addition, if we issue additional ordinary shares, either

through private transactions or in the public markets in the United States or other jurisdiction, your ownership interests in our company would be diluted and this, in turn, would have an adverse effect on the price of our Class B Ordinary Shares and/or ADSs.

Certain holders of our Class B Ordinary Shares may cause us to register under the Securities Act the sale of their shares. Registration of these shares under the Securities Act would result in ADSs representing these Class B Ordinary Shares becoming freely tradable without restriction under the Securities Act immediately upon the effectiveness of such registration. Sales of these registered shares in the form of Class B Ordinary Shares and/or ADSs in the public market could cause the price of our Class B Ordinary Shares and/or ADSs to decline.

Our Memorandum and Articles of Association contain anti-takeover provisions that could have a material adverse effect on the rights of holders of our ordinary shares and the ADSs.

Our currently effective Memorandum and Articles of Association contain provisions to limit the ability of others to acquire control of our company or cause us to engage in change-of-control transactions. These provisions could have the effect of depriving our shareholders of an opportunity to sell their shares at a premium over prevailing market prices by discouraging third parties from seeking to obtain control of our company in a tender offer or similar transaction. Subject to the Memorandum and Articles of Association and compliance with the Listing Rules and The Codes and Takeovers and Mergers and Share Buy-backs, our Board has the authority, without further action by our shareholders, to issue preferred shares in one or more series and to fix their designations, powers, preferences, privileges and relative participating, optional or special rights and the qualifications, limitations or restrictions, including dividend rights, conversion rights, voting rights, terms of redemption and liquidation preferences, any or all of which may be greater than the rights associated with our ordinary shares, except that (a) no new class of shares with voting rights superior to those of Class B Ordinary Shares will be created; and (b) any variations in the relative rights as between the different classes will not result in the creation of new class of shares with voting rights superior to those of Class B Ordinary Shares. Preferred shares could be issued quickly with terms calculated to delay or prevent a change in control of our company or make removal of management more difficult. If our Board decides to issue preferred shares, the price of our Class B Ordinary Shares and/or ADSs may fall and the voting and other rights of the holders of our ordinary shares and the ADSs may be materially and adversely affected.

Our Memorandum and Articles of Association and the deposit agreement purport to limit the jurisdiction of courts over disputes relating to U.S. federal securities laws, our ADSs and the deposit agreement, which could limit the ability of holders of our ordinary shares, the ADSs or other securities to obtain a favorable judicial forum for disputes with us, our Directors and officers, the Depositary, and potentially others.

Our Memorandum and Articles of Association provide that the United States District Court for the Southern District of New York (or, if the United States District Court for the Southern District of New York lacks subject matter jurisdiction over a particular dispute, the state courts in New York County, New York) is the exclusive forum within the United States for the resolution of any complaint asserting a cause of action arising out of or relating in any way to the federal securities laws of the United States, regardless of whether such legal suit, action, or proceeding also involves parties other than our company. The deposit agreement provides that, subject to the Depositary's right to require a claim to be submitted to arbitration, the United States District Court for the Southern District of New York (or, if the United States District Court for the Southern District of New York lacks subject matter jurisdiction over a particular dispute, the state courts in New York County, New York) shall have exclusive jurisdiction to hear and determine any suit, action or proceeding and to settle any dispute between us and the Depositary that may arise out of or relate in any way to the deposit agreement including, without limitation, claims under the Securities Act. The enforceability of similar federal court choice of forum provisions in other companies' organizational documents has been challenged in legal proceedings in the United States, and it is possible that a court could find this type of provision to be inapplicable or unenforceable. If a court were to find the federal choice of forum provision contained in our currently effective Memorandum and Articles of Association or the deposit agreement to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions. If upheld, the forum selection clause in our currently effective memorandum and articles of association, as well as the forum selection provision in the deposit agreement, may limit a security-holder's ability to bring a claim against us, our directors and officers, the Depositary, and potentially others in his or her preferred judicial forum, and this limitation may discourage such lawsuits. Holders of our shares or the ADSs will not be deemed to have waived our compliance with the federal securities laws and the regulations promulgated thereunder pursuant to the exclusive forum provision in the currently effective Memorandum and Articles of Association and deposit agreement. In addition, the forum selection provision of the deposit agreement does not affect the right of the Depositary to require any claim arising directly or indirectly from the relationship created by the deposit agreement to be submitted to arbitration or to commence an action in any court in aid of that arbitration provision or to enter judgment upon or enforce any arbitration award.

The voting rights of holders of ADSs are limited by the terms of the deposit agreement, and you may not be able to exercise your right to direct the voting of the underlying ordinary shares represented by your ADSs.

Holders of ADSs do not have the same rights as our registered shareholders. As a holder of ADSs, you will not have any direct right to attend general meetings of our shareholders or to cast any votes at such meetings. You will only be able to exercise the voting rights attached to the ordinary shares underlying your ADSs indirectly by giving voting instructions to the Depositary in accordance with the provisions of the deposit agreement. Where any matter is to be put to a vote at a general meeting, then upon receipt of your voting instructions, the Depositary will try, as far as is practicable, to vote the underlying ordinary shares represented by your ADSs as follows:

- In the event of voting by show of hands, the depositary bank will vote (or cause the custodian to vote) all ordinary shares held on deposit at that time in accordance with the voting instructions received from a majority of holders of ADSs who provide timely voting instructions.

- In the event of voting by poll, the depositary bank will vote (or cause the custodian to vote) the ordinary shares held on deposit in accordance with the voting instructions received from the holders of ADSs.

You will not be able to directly exercise your right to vote with respect to the underlying ordinary shares unless you withdraw the shares represented by the ADSs and become the registered holder of such shares prior to the record date for the general meeting.

When a general meeting is convened, you may not receive sufficient advance notice of the meeting to enable you to withdraw the ordinary shares represented by your ADSs and become the registered holder of such shares to allow you to attend the general meeting and to vote directly with respect to any specific matter or resolution to be considered and voted upon at the general meeting. In addition, under our currently effective Memorandum and Articles of Association, for the purposes of determining those shareholders who are entitled to attend and vote at any general meeting, our directors may close our register of members and/or fix in advance a record date for such meeting, and such closure of our register of members or the setting of such a record date may prevent you from withdrawing the underlying ordinary shares represented by your ADSs and from becoming the registered holder of such shares prior to the record date, so that you would not be able to attend the general meeting or to vote directly. Where any matter is to be put to a vote at a general meeting, upon our instruction the Depositary will notify you of the upcoming vote and will arrange to deliver our voting materials to you. We cannot assure you that you will receive the voting materials in time to ensure that you can instruct the Depositary to vote the underlying ordinary shares represented by your ADSs.

In addition, the Depositary and its agents are not responsible for failing to carry out voting instructions or for their manner of carrying out your voting instructions. This means that you may not be able to exercise your right to direct how the underlying ordinary shares represented by your ADSs are voted and you may have no legal remedy if the underlying ordinary shares represented by your ADSs are not voted as you requested. In addition, in your capacity as an ADS holder, you will not be able to call a shareholders' meeting.

Under the deposit agreement, if voting is by poll and the Depositary does not timely receive voting instructions from you, the Depositary may give us a discretionary proxy to vote the ordinary shares underlying the ADSs at shareholders' meetings if we have timely provided the Depositary with notice of meeting and related voting materials and (i) we have instructed the Depositary that we wish a discretionary proxy to be given, (ii) we have informed the Depositary that there is no substantial opposition as to a matter to be voted on at the meeting, and (iii) a matter to be voted on at the meeting would not have a material adverse impact on shareholders.

The effect of this discretionary proxy is that you cannot prevent the underlying ordinary shares represented by the ADSs from being voted, except under the circumstances described above. This may make it more difficult for ADS holders to influence the management of the company. Holders of ordinary shares are not subject to this discretionary proxy.

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

Under the deposit agreement, any legal suit, action or proceeding against or involving us or the Depositary, arising out of or relating in any way to the deposit agreement or the transactions contemplated thereby or by virtue of owning the ADSs may only be instituted in the United States District Court for the Southern District of New York (or, if the United States District Court for the Southern District of New York lacks subject matter jurisdiction over a particular dispute, in the state courts in New York County, New York), and a holder of our ADSs, will have irrevocably waived any objection which such holder may have to the laying of venue of any such proceeding, and irrevocably submitted to the exclusive jurisdiction of such courts in any such action or proceeding. Accepting or consenting to this forum selection provision does not represent you are waiving compliance with the U.S. federal securities laws and the rules and regulations promulgated thereunder. Furthermore, investors cannot waive compliance with the U.S. federal securities laws and rules and regulations promulgated thereunder.

The deposit agreement provides that the Depositary may, in its sole discretion, require any dispute or difference arising from the relationship created by the deposit agreement to be referred to and finally settled by an arbitration conducted under the terms described in the deposit agreement, although the arbitration provisions do not preclude you from pursuing any claim under the Securities Act or the Exchange Act in state or federal courts.

We and the Depositary are entitled to amend the deposit agreement and to change the rights of ADS holders under the terms of such agreement, or to terminate the deposit agreement, without the prior consent of the ADS holders.

We and the Depositary are entitled to amend the deposit agreement and to change the rights of the ADS holders under the terms of such agreement, without the prior consent of the ADS holders. We and the Depositary may agree to amend the deposit agreement in any way we decide is necessary or advantageous to us. Amendments may reflect, among other things, operational changes in the ADS program, legal developments affecting ADSs or changes in the terms of our business relationship with the Depositary. In the event that the terms of an amendment impose or increase fees or charges (other than taxes and other governmental charges, registration fees, cable (including SWIFT) or facsimile transmission costs, delivery costs or other such expenses) or that would otherwise prejudice any substantial existing right of the ADS holders, such amendment will not become effective as to outstanding ADSs until the expiration of 30 days after notice of that amendment has been disseminated to the ADS holders, but no prior consent of the ADS holders is required under the deposit agreement. Furthermore, we may decide to terminate the ADS facility at any time for any reason. For example, terminations may occur when the ADSs are delisted from the stock exchange in the United States on which the ADSs are listed and we do not list the ADSs on another stock exchange in the United States, nor is there a symbol available for over-the-counter trading of the ADSs in the United States. If the ADS facility will terminate, ADS holders will receive at least 90 days' prior notice, but no prior consent is required from them. Under the circumstances that we decide to make an amendment to the deposit agreement that is disadvantageous to ADS holders or terminate the deposit agreement, the ADS holders may choose to sell their ADSs or surrender their ADSs and become direct holders of the underlying ordinary shares, but will have no right to any compensation whatsoever.

You may be subject to limitations on transfer of your ADSs.

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

You may experience dilution of your holdings due to inability to participate in rights offerings.

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

You may face difficulties in protecting your interests, and your ability to protect your rights through Hong Kong or U.S. courts may be limited, because we are incorporated under Cayman Islands law.

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

Under Cayman Islands law, the address of a Cayman Islands company's registered office in the Cayman Islands, and the name of its registered office provider, are matters of public record. A list of the names of the current directors and alternate directors (if applicable) are made available by the Registrar of Companies in the Cayman Islands for inspection by any person on payment of a fee. A Cayman Islands company is required to maintain a register of mortgages and charges, which is open to inspection by the company's creditors and members. Shareholders of Cayman Islands exempted companies like us have no general rights under Cayman Islands law to inspect or obtain the register of members or corporate records (other

than the company's Memorandum and Articles of Association, and any special resolutions subsequently passed by the shareholders of the company, and the register of mortgage and charges as referred to above). Our directors have discretion under our second amended and restated articles of association to determine whether or not, and under what conditions, our corporate records may be inspected by our shareholders, but are not obliged to make them available to our shareholders. This may make it more difficult for you to obtain the information needed to establish any facts necessary for a shareholder motion or to solicit proxies from other shareholders in connection with a proxy contest.

As a result of all of the above, our public shareholders may have more difficulty in protecting their interests in the face of actions taken by our management, members of our Board or our Controlling Shareholders than they would as public shareholders of a company incorporated in Hong Kong and the United States.

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

We are a Cayman Islands exempted company and all of our assets are located outside of the United States and Hong Kong. Substantially all of our current operations are conducted in the PRC. In addition, a majority of our current directors and officers are nationals and residents of countries or regions other than the United States and Hong Kong. Substantially all of the assets of these persons are located outside the United States and Hong Kong. As a result, it may be difficult or impossible for you to bring an action against us or against these individuals outside of the PRC in the event that you believe that your rights have been infringed under laws of non-PRC jurisdictions or otherwise. Even if you are successful in bringing an action of this kind, you may face uncertainties with respect to enforcing judgments against our assets or the assets of our directors and officers outside of the PRC.

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

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

If we or the Depositary opposed a jury trial demand based on the waiver, the court would determine whether the waiver was enforceable based on the facts and circumstances of that case in accordance with the applicable state and federal law. To our knowledge, the enforceability of a contractual pre-dispute jury trial waiver in connection with claims arising under the federal securities laws has not been finally adjudicated by the U.S. Supreme Court. However, we believe that a pre-dispute contractual waiver of jury trial is generally enforceable,

including under the laws of the State of New York, which govern the deposit agreement, by the United States District Court for the Southern District of New York or a state court in New York County, New York. In determining whether to enforce a pre-dispute contractual waiver of jury trial, courts will generally consider whether a party knowingly, intelligently and voluntarily waived the right to a jury trial. We believe that this is the case with respect to the deposit agreement and the ADSs. It is advisable that you consult legal counsel regarding the jury waiver provision before entering into the deposit agreement.

If you or any other holders or beneficial owners of ADSs bring a claim against us or the Depositary in connection with matters arising under the deposit agreement or the ADSs, including claims under federal securities laws, you or such other holder or beneficial owner may not be entitled to a jury trial with respect to such claims, which may have the effect of limiting and discouraging lawsuits against us and the Depositary. If a lawsuit is brought against either or both of us and the Depositary under the deposit agreement, it may be heard only by a judge or justice of the applicable trial court, which would be conducted according to different civil procedures and may result in different outcomes than a trial by jury would have, including results that could be less favorable to the plaintiffs in any such action.

Nevertheless, if this jury trial waiver provision is not enforced, to the extent a court action proceeds, it would proceed under the terms of the deposit agreement with a jury trial. No condition, stipulation or provision of the deposit agreement or ADSs shall relieve us or the Depositary from our respective obligations to comply with the Securities Act and the Exchange Act.

As a company incorporated in the Cayman Islands, we are permitted to adopt certain home country practices in relation to corporate governance matters that differ significantly from the Nasdaq Global Select Market listing standards.

As a Cayman Islands company listed on the Nasdaq Global Select Market, we are subject to the Nasdaq Global Select Market listing standards, which requires listed companies to have, among other things, a majority of their board members to be independent and independent director oversight of executive compensation and nomination of directors. However, Nasdaq Global Select Market rules permit a foreign private issuer like us to follow the corporate governance practices of its home country. Certain corporate governance practices in the Cayman Islands, which is our home country, may differ significantly from the Nasdaq Global Select Market listing standards.

We are permitted to elect to rely on home country practice to be exempted from the corporate governance requirements. We have relied on home country practice exemption with respect to the requirement of having a majority independent board and an audit committee composed of a minimum of three members. We have also relied on home country practice exemption with respect to the requirement that a majority of the nominating and corporate governance committee members must be independent directors within 90 days of listing. In addition, we follow home country practice with respect to annual meetings and did not hold an annual meeting of shareholders in 2024. We will hold shareholder meetings when there are

significant issues that require shareholder approval. We may choose to follow additional home country practice in the future. As a result, our shareholders may be afforded less protection than they would otherwise enjoy if we complied fully with the Nasdaq Global Select Market listing standards.

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

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

- the rules under the Exchange Act requiring the filing of quarterly reports on Form 10-Q or current reports on Form 8-K with the SEC;
- the sections of the Exchange Act regulating the solicitation of proxies, consents, or authorizations in respect of a security registered under the Exchange Act;
- the sections of the Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and liability for insiders who profit from trades made in a short period of time;
- the selective disclosure rules by issuers of material nonpublic information under Regulation FD; and
- certain audit committee independence requirements in Rule 10A-3 of the Exchange Act.

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

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

A non-U.S. corporation, such as our company, will generally be classified as a "passive foreign investment company," or "PFIC," for U.S. federal income tax purposes, for any taxable year, if either (i) 75% or more of its gross income for such year consists of certain types of

"passive" income or (ii) 50% or more of the value of its assets (generally determined on the basis of a quarterly average) during such year is attributable to assets that produce or are held for the production of passive income. Passive income generally includes dividends, interest, royalties, rents, annuities, net gains from the sale or exchange of property producing such income and net foreign currency gains. For this purpose, cash and assets readily convertible into cash are categorized as passive assets and a company's goodwill and other unbooked intangibles are generally taken into account when determining the value of its assets.

Based upon our current income and assets and the market price of our ADSs, we do not believe that we were a PFIC for the taxable year ended December 31, 2024. However, no assurance can be given that we will not be or become a PFIC in the current or future taxable years because the determination of whether we will be or become a PFIC is a factual determination made annually that will depend, in part, upon the composition of our income and assets and the value of our assets. Fluctuations in the market price of our ADSs and/or ordinary shares may cause us to be or become a PFIC for the current or future taxable years because the value of our assets for purposes of the asset test, including the value of our goodwill and unbooked intangibles, may be determined by reference to the market price of the ADSs and/or ordinary shares from time to time (which may be volatile). The market price of our ADSs and ordinary shares may fluctuate considerably and, consequently, we cannot assure you of our PFIC status for any taxable year. Furthermore, the composition of our income and assets may also be affected by how, and how quickly, we use our liquid assets. Under circumstances where our revenue from activities that produce passive income significantly increases relative to our revenue from activities that produce non-passive income, or where we determine not to deploy significant amounts of cash for active purposes, our risk of becoming a PFIC may substantially increase.

If we are a PFIC in any taxable year during which a U.S. person holds our ADSs or ordinary shares, such U.S. person may incur significantly increased United States income tax on gain recognized on the sale or other disposition of the ADSs or ordinary shares and on the receipt of distributions on the ADSs or ordinary shares to the extent such gain or distribution is treated as an "excess distribution" under the United States federal income tax rules and such holder may be subject to burdensome reporting requirements. U.S. persons investing in, or considering an investment in, our ADSs and/or ordinary shares should consult their own tax advisors regarding the application of these rules to their particular situations.

RISKS RELATED TO THE GLOBAL OFFERING AND THE DUAL LISTING

An active trading market for our Class B Ordinary Shares on the Hong Kong Stock Exchange might not develop or be sustained and trading prices of our Class B Ordinary Shares might fluctuate significantly.

Following the completion of the Global Offering, we cannot assure you that an active trading market for our Class B Ordinary Shares on the Hong Kong Stock Exchange will develop or be sustained. The trading price or liquidity for our ADSs on the Nasdaq might not be indicative of those of our Class B Ordinary Shares on the Hong Kong Stock Exchange

following the completion of the Global Offering. If an active trading market of our Class B Ordinary Shares on the Hong Kong Stock Exchange does not develop or is not sustained after the Global Offering, the market price and liquidity of our Class B Ordinary Shares could be materially and adversely affected.

In 2014, the Hong Kong, Shanghai and Shenzhen stock exchanges collaborated to create an inter-exchange trading mechanism called Stock Connect that allows international and mainland Chinese investors to trade eligible equity securities listed in each other's markets through the trading and clearing facilities of their home exchange. Stock Connect allows mainland Chinese investors to trade directly in eligible equity securities listed on the Hong Kong Stock Exchange, known as Southbound Trading; without Stock Connect, mainland Chinese investors would not otherwise have a direct and established means of engaging in Southbound Trading. In October 2019, the Shanghai and Shenzhen stock exchanges separately announced their amended implementation rules in connection with Southbound Trading to include shares of companies with a WVR Structure to be traded through Stock Connect. However, since these rules are relatively new, there remains uncertainty as to the implementation details, especially with respect to shares of those companies with a secondary or dual-primary listing on the Hong Kong Stock Exchange. It is unclear whether and when the Class B Ordinary Shares of our Company, a company with a WVR Structure and a dual-primary listing in Hong Kong upon the Listing, will be eligible to be traded through Stock Connect, if at all. The ineligibility or any delay of our Class B Ordinary Shares for trading through Stock Connect will affect mainland Chinese investors' ability to trade our Class B Ordinary Shares and therefore may limit the liquidity of the trading of our Class B Ordinary Shares on the Hong Kong Stock Exchange.

During the period between pricing and trading of our Class B Ordinary Shares in connection with the Global Offering, the market price of our ADSs traded on Nasdaq may fall, which could result in a fall in the market price of our Class B Ordinary Shares to be traded on the Hong Kong Stock Exchange.

The pricing of the Offer Shares will be determined on the Price Determination Date. However, our Class B Ordinary Shares will not commence trading on the Hong Kong Stock Exchange until they are delivered, which is expected to be about two Hong Kong business days after the Price Determination Date. As a result, investors may not be able to sell or otherwise deal in our Class B Ordinary Shares during that period. Accordingly, holders of our Class B Ordinary Shares are subject to the risk that the trading price of our Class B Ordinary Shares could fall when trading commences as a result of adverse market conditions or other adverse developments that could occur between the Price Determination Date and the time trading begins. In particular, as our ADSs will continue to be traded on the Nasdaq Global Select Market and their price can be volatile, any fall in the price of our ADSs may result in a fall in the price of our Class B Ordinary Shares to be traded on the Hong Kong Stock Exchange.

The characteristics of the U.S. capital markets and the Hong Kong capital markets are different.

The Nasdaq Global Select Market and the Hong Kong Stock Exchange have different trading hours, trading characteristics (including trading volume and liquidity), trading and listing rules, and investor bases (including different levels of retail and institutional participation). As a result of these differences, the trading prices of our Class B Ordinary Shares and the ADSs representing them might not be the same, even allowing for currency differences. Fluctuations in the price of the ADSs due to circumstances peculiar to its home capital market could materially and adversely affect the price of the Class B Ordinary Shares. Because of the different characteristics of the U.S. and Hong Kong equity markets, the historic market prices of the ADSs may not be indicative of the performance of our securities (including the ordinary shares) after the Global Offering.

Exchange between our Class B Ordinary Shares and the ADSs may adversely affect the liquidity or trading price of each other.

The ADSs are currently traded on the Nasdaq Global Select Market. Subject to compliance with U.S. securities laws and the terms of the deposit agreement, holders of our Class B Ordinary Shares may deposit Class B Ordinary Shares with the Depositary in exchange for the issuance of the ADSs. Any holder of ADSs may also withdraw the underlying Class B Ordinary Shares represented by the ADSs pursuant to the terms of the deposit agreement for trading on the Hong Kong Stock Exchange. In the event that a substantial number of Class B Ordinary Shares are deposited with the Depositary in exchange for ADSs or vice versa, the liquidity and trading price of our Class B Ordinary Shares on the Hong Kong Stock Exchange and the ADSs on the Nasdaq Global Select Market may be adversely affected.

The time required for the exchange between our Class B Ordinary Shares and the ADSs might be longer than expected and investors might not be able to settle or effect any sale of their securities during this period, and the exchange of Class B Ordinary Shares into ADSs involves costs.

There is no direct trading or settlement between the Nasdaq Global Select Market and the Hong Kong Stock Exchange on which the ADSs and our Class B Ordinary Shares are respectively traded. In addition, the time differences between Hong Kong and New York, unforeseen market circumstances, or other factors may delay the deposit of Class B Ordinary Shares in exchange for the ADSs or the withdrawal of Class B Ordinary Shares underlying the ADSs. Investors will be prevented from settling or effecting the sale of their securities during such periods of delay. In addition, we cannot assure you that any exchange for Class B Ordinary Shares into ADSs (and vice versa) will be completed in accordance with the timelines that investors may anticipate.

Furthermore, the Depositary for the ADSs is entitled to charge holders fees for various services including for the issuance of ADSs upon deposit of Class B Ordinary Shares, cancelation of ADSs, distributions of cash dividends or other cash distributions, distributions

of ADSs pursuant to share dividends or other free share distributions, distributions of securities other than ADSs, and annual service fees. As a result, shareholders who exchange Class B Ordinary Shares into ADSs, and vice versa, may not achieve the level of economic return the shareholders may anticipate.

We expect to incur increased costs as a dual-listed public company in the United States and Hong Kong.

We are now a public company in the United States and incur significant legal, accounting and other expenses that we did not incur as a private company. The Sarbanes-Oxley Act of 2002, as well as rules subsequently implemented by the U.S. SEC and Nasdaq Global Select Market, impose various requirements on the corporate governance practices of public companies. These rules and regulations increase our legal and financial compliance costs and make some corporate activities more time-consuming and costly. After we become a public company listed on the Stock Exchange, we will be subject to laws, rules and regulations in Hong Kong as well. As a dual-listed company in Hong Kong and the United States, we will have to comply with laws and regulations on both markets. However, Hong Kong and the United States have different regulatory regime governing matters related to listed companies and in certain cases have fairly different requirements on certain matters. We will incur additional costs and expenses in complying with the complex regulatory systems on both markets. Failure to comply with any regulatory requirements could result in material adverse impact on the trading of our Share or ADSs and reputation and subject us to administrative penalties.

You will incur immediate and substantial dilution and may experience further dilution in the future.

As the Public Offer Price per Offer Share of our Class B Ordinary Shares is higher than the net tangible book value per share of our Class B Ordinary Shares immediately prior to the Global Offering, purchasers of our Class B Ordinary Shares in the Global Offering will experience an immediate dilution. If we issue additional Class B Ordinary Shares in the future, these purchasers may experience further dilution in their shareholding percentage. In addition, these purchasers will experience further dilution to the extent that our Class B Ordinary Shares are issued upon the exercise of share options or vesting of restricted share units. All of the Class B Ordinary Shares issuable upon the exercise of currently outstanding share options will be issued at a purchase price on a per ordinary share basis that is less than the Public Offer Price per Offer Share in the Global Offering.

In preparation for the Listing, we have sought the following waivers from strict compliance with the Listing Rules and exemption(s) from the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, an issuer must have a sufficient management presence in Hong Kong. This will normally mean that at least two of its executive directors must be ordinarily resident in Hong Kong. We do not have sufficient management presence in Hong Kong for the purposes of Rule 8.12 of the Listing Rules.

Our Group's management headquarters, senior management, business operations and assets are primarily based, in mainland China. The Directors consider that the appointment of executive Directors who will be ordinarily resident in Hong Kong would not be beneficial to, or appropriate for, our Group and therefore would not be in the best interests of our Company or the Shareholders as a whole.

Accordingly, we have applied for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 8.12 of the Listing Rules. We will ensure that there is an effective channel of communication between us and the Stock Exchange by way of the following arrangements:

(a) pursuant to Rule 3.05 of the Listing Rules, our Company has appointed and will continue to maintain two authorized representatives who shall act at all times as the principal channel of communication with the Stock Exchange. Each of our authorized representatives will be readily contactable by the Stock Exchange by telephone, facsimile and/or e-mail to deal promptly with enquiries from the Stock Exchange. Both of our authorized representatives are authorized to communicate on our behalf with the Stock Exchange. At present, our two authorized representatives are Dr. Yifan Li, our chief executive officer and executive Director, and Ms. Nelly Au-Yeung, our joint company secretary;

(b) each Director will provide his/her contact details, including mobile phone numbers, office phone numbers, residential phone numbers, e-mail addresses and facsimile numbers to the Stock Exchange and to the authorized representatives in accordance with Rule 3.20 of the Listing Rules. This will ensure that the Stock Exchange and the authorized representatives should have means for contacting all Directors promptly at all times as and when required;

(c) we will ensure that each Director who is not ordinarily resident in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period;

(d) pursuant to Rule 3A.19 and Rule 8A.33 of the Listing Rules, our Company has retained the services of Silver Nile Global Investments Limited as compliance advisor (the "**Compliance Advisor**"), who will act as an additional channel of communication with the Stock Exchange. The Compliance Advisor will provide our Company with professional advice on ongoing compliance with the Listing Rules. We will ensure that the Compliance Advisor has prompt access to our Company's authorized representatives and Directors. In turn, they will provide the Compliance Advisor with such information and assistance as the Compliance Advisor may need or may reasonably request in connection with the performance of the Compliance Advisor's duties. The Compliance Advisor will also provide advice to our Company when consulted by our Company in compliance with Rule 3A.23 and Rule 8A.34 of the Listing Rules; and

(e) meetings between the Stock Exchange and the Directors can be arranged through the authorized representatives or the Compliance Advisor, or directly with the Directors within a reasonable time frame. We will inform the Stock Exchange as soon as practicable in respect of any change in the authorized representatives and/or the Compliance Advisor in accordance with the Listing Rules.

JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, we must appoint a company secretary who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Hong Kong Stock Exchange, capable of discharging the functions of the company secretary. Note 1 to Rule 3.28 of the Listing Rules provides that the Hong Kong Stock Exchange considers the following academic or professional qualifications to be acceptable:

(a) a member of The Hong Kong Chartered Governance Institute;

(b) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); and

(c) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

Note 2 to Rule 3.28 of the Listing Rules further provides that the Hong Kong Stock Exchange considers the following factors in assessing the "relevant experience" of the individual:

(a) length of employment with the issuer and other issuers and the roles he/she played;

(b) familiarity with the Listing Rules and other relevant laws and regulations including the SFO, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;

(c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and

(d) professional qualifications in other jurisdictions.

Our Company has appointed Ms. Cailian Yang ("**Ms. Yang**") as one of our joint company secretaries. She has extensive experience in the administration of our Company and is familiar with the day-to-day operations of the Group but presently does not possess any of the qualifications under Rules 3.28 and 8.17 of the Listing Rules, and may not be able to solely fulfill the requirements of the Listing Rules. Therefore, we have appointed Ms. Nelly Au-Yeung ("**Ms. Au-Yeung**"), an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom, who fully meets the requirements stipulated under Rules 3.28 and 8.17 of the Listing Rules to act as the other joint company secretary and to provide assistance to Ms. Yang for an initial period of three years from the Listing Date to enable Ms. Yang to acquire the "relevant experience" under Note 2 to Rule 3.28 of the Listing Rules so as to fully comply with the requirements set forth under Rules 3.28 and 8.17 of the Listing Rules.

Since Ms. Yang does not possess the formal qualifications required of a company secretary under Rule 3.28 of the Listing Rules, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Ms. Yang may be appointed as a joint company secretary of our Company. Pursuant to paragraph 13 of Chapter 3.10 under the Guide for New Listing Applicants published by the Stock Exchange, the waiver will be for a fixed period of time ("**Waiver Period**") and on the following conditions: (i) the proposed company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the Waiver Period; and (ii) the waiver can be revoked if there are material breaches of the Listing Rules by the issuer. The waiver is valid for an initial period of three years from the Listing Date, and is granted on the condition that Ms. Au-Yeung will work closely with Ms. Yang to jointly discharge the duties and responsibilities as company secretary and assist Ms. Yang in acquiring the relevant experience as required under Rules 3.28 and 8.17 of the Listing Rules. Ms. Au-Yeung will also assist Ms. Yang in organizing Board meetings and Shareholders' meetings of our Company as well as other matters of our Company which are incidental to the duties of a company secretary. Ms. Au-Yeung is expected to work closely with Ms. Yang and will maintain regular contact with Ms. Yang, the Directors and the senior management of our Company. The waiver will be revoked immediately if Ms. Au-Yeung ceases to provide assistance to Ms. Yang as a joint company secretary for the three-year period after the Listing or where there are material breaches of the Listing Rules by our Company. In addition, Ms. Yang will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will enhance her knowledge of the Listing Rules during the three-year period from the Listing. Ms. Yang

will also be assisted by (a) Compliance Advisor of our Company, particularly in relation to compliance with the Listing Rules; and (b) the Hong Kong legal advisors of our Company, on matters concerning our Company's ongoing compliance with the Listing Rules and the applicable laws and regulations.

Before the expiration of the initial three-year period, the qualifications of Ms. Yang will be re-evaluated to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied and whether the need for ongoing assistance will continue. We will liaise with the Hong Kong Stock Exchange to enable it to assess whether Ms. Yang, having benefited from the assistance of Ms. Au-Yeung for the preceding three years, will have acquired the skills necessary to carry out the duties of company secretary and the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

REQUIREMENTS RELATING TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

As the Company is applying for a dual primary listing on the Stock Exchange, the Articles are required to comply with Appendix A1 of the Listing Rules. Rule 8A.44 of the Listing Rules requires issuers with WVR Structures such as our Company to give force to the requirements of Rules 8A.07, 8A.09, 8A.10, 8A.13, 8A.14, 8A.15, 8A.16, 8A.17, 8A.18, 8A.19, 8A.21, 8A.22, 8A.23, 8A.24, 8A.26, 8A.27, 8A.28, 8A.29, 8A.30, 8A.31, 8A.32, 8A.33, 8A.34, 8A.35, 8A.37, 8A.38, 8A.39, 8A.40 and 8A.41 by incorporating them into their articles of association or equivalent document (together with the requirements under Appendix A1 to the Listing Rules, the "**Listing Rules Articles Requirements**").

The Company's existing Articles do not comply with some of the Listing Rules Articles Requirements, namely, (i) paragraphs 4(2)-(3), 14(1)-(5), 15, 16, 17, 18, 20 and 21 of Appendix A1 to the Listing Rules, and (ii) Rules 8A.09, 8A.13 to 8A.19, 8A.22 to 8A.24, 8A.26 to 8A.35 and 8A.37 to 8A.41 of the Listing Rules (together, the "**Unmet Listing Rules Articles Requirements**"). The Company will seek shareholders' approval to incorporate the Unmet Listing Rules Articles Requirements into its Articles at the general meeting to be convened after the Listing (the "**Post-Listing GM**").

Details of the Unmet Listing Rules Articles Requirements to be incorporated into the Company's Articles are set out below:

To be approved by Class-based Resolution (defined below)

(1) Non-WVR (as defined under the Listing Rules) shareholders must be entitled to cast at least 10% of the votes that are eligible to be cast on resolutions at the listed issuer's general meetings.

Note 1. Compliance with this rule means, for example, that an issuer cannot list with a WVR structure that attaches 100% of the right to vote at general meetings to the beneficiaries of weighted voting rights.

Note 2. A beneficiary of weighted voting rights must not take any action that would result in a non-compliance with this rule.

(2) A listed issuer must not increase the proportion of shares that carry weighted voting rights above the proportion in issue at the time of listing.

Note: If the proportion of shares carrying weighted voting rights is reduced below the proportion in issue at the time of listing, Rule 8A.13 of the Listing Rules shall apply to the reduced proportion of shares carrying weighted voting rights (Rules 8A.09 and 8A.13 of the Listing Rules);

(3) A listed issuer with a WVR structure may only allot, issue or grant shares carrying weighted voting rights with the prior approval of the Stock Exchange and pursuant to (1) an offer made to all the issuer's shareholders pro rata (apart from fractional entitlements) to their existing holdings; (2) a pro rata issue of shares to all the issuer's shareholders by way of scrip dividends; or (3) pursuant to a stock split or other capital reorganization provided that the Stock Exchange is satisfied that the proposed allotment or issuance will not result in an increase in the proportion of shares carrying weighted voting rights:

(i) if, under a pro rata offer, beneficiaries of weighted voting rights do not take up any part of the shares carrying weighted voting rights (or rights to those shares) offered to them, those shares (or rights) not taken up could only be transferred to another person on the basis that such transferred rights will only entitle the transferee to an equivalent number of ordinary shares; and

(ii) to the extent that rights in a listed issuer's shares not carrying weighted voting in a pro rata offer are not taken up in their entirety (e.g. in the case where the pro rata offering is not fully underwritten), the number of the listed issuer's shares carrying weighted voting rights that can be allotted, issued or granted must be reduced proportionately. (Rule 8A.14 of the Listing Rules);

(4) If a listed issuer with a WVR Structure reduces the number of its shares in issue (e.g. through a purchase of its own shares) the beneficiaries of weighted voting rights must reduce their weighted voting rights in the issuer proportionately (for example through conversion of a proportion of their shareholding with those rights into shares without those rights), if the reduction in the number of shares in issue would otherwise result in an increase in the proportion of the listed issuer's shares that carry weighted voting rights (Rule 8A.15 of the Listing Rules);

(5) After listing, a listed issuer with a WVR Structure must not change the terms of a class of its shares carrying weighted voting rights to increase the weighted voting rights attached to that class (Rule 8A.16 of the Listing Rules);

Note: If a listed issuer wishes to change the terms of a class of its shares carrying weighted voting rights to reduce those rights it may do so but must, in addition to complying with any requirements under law, first obtain the prior approval of the Stock Exchange and, if approval is granted, must announce the change.

(6) The beneficiary's weighted voting rights in a listed issuer must cease if, at any time after listing, the beneficiary is:

(i) deceased;

(ii) no longer a member of the issuer's board of directors;

(iii) deemed by the Stock Exchange to be incapacitated for the purpose of performing his or her duties as a director; or

(iv) deemed by the Stock Exchange to no longer meet the requirements of a director set out in the Listing Rules;

The weighted voting rights attached to a beneficiary's shares must cease upon transfer to another person of the beneficial ownership of, or economic interest in those shares or the control over the voting rights attached to them (through voting proxies or otherwise). A limited partnership, trust, private company or other vehicle may hold shares carrying weighted voting rights on behalf of a beneficiary of weighted voting rights provided that such an arrangement does not result in a circumvention of Rule 8A.18(1) of the Listing Rules. The Stock Exchange would not consider a lien, pledge, charge or other encumbrance on a transfer for the purpose shares carrying weighted voting rights to be of Rule 8A.18 of the Listing Rules on condition that this does not result in the ownership of those shares or the voting rights attached to them (through voting proxies or otherwise). The Stock Exchange would consider a transfer to have occurred under Rule 8A.18 of the Listing Rules if a beneficiary of weighted voting rights and a non-WVR shareholder(s) enter into any arrangement or understanding to the extent that this resulted in a transfer of weighted voting rights from the beneficiary of those weighted voting rights to the non-WVR shareholder (Rules 8A.17, 8A.18(1), 8A.18(2) and 8A.19 of the Listing Rules);

If a vehicle holding shares carrying weighted voting rights in a listed issuer on behalf of a beneficiary no longer complies with Rule 8A.18(2) of the Listing Rules, the beneficiary's weighted voting rights in the listed issuer must cease. The issuer and beneficiary must notify the Stock Exchange as soon as practicable with details of the non-compliance.

(7) A listed issuer's WVR Structure must cease when none of the beneficiaries of the weighted voting rights at the time of the issuer's initial listing have beneficial ownership of shares carrying weighted voting rights (Rule 8A.22 of the Listing Rules);

(8) Non-WVR shareholders and members holding a minority stake in the total number of issued Shares must be able to convene an extraordinary general meeting and add resolutions to the meeting agenda. The minimum stake required to do so must not be higher than 10% of the voting rights on a one vote per share basis in the share capital of the listed issuer (Rule 8A.23 of the Listing Rules and paragraph 14(5) of Appendix A1 to the Listing Rules);

(9) Any weighted voting rights attached to any class of shares in a listed issuer must be disregarded and must not entitle the beneficiary to more than one vote per share on any resolution to approve the following matters:

(i) changes to the listed issuer's constitutional documents, however framed;

(ii) variation of rights attached to any class of shares;

(iii) the appointment or removal of any independent non-executive director;

(iv) the appointment or removal of auditors; and

(v) the voluntary winding-up of the listed issuer (Rule 8A.24 of the Listing Rules).

To be approved by Non-class-based Resolution (defined below)

(1) Any person appointed by the directors to fill a casual vacancy on or as an addition to the board shall hold office only until the first annual general meeting of the issuer after his appointment, and shall then be eligible for re-election (paragraph 4(2) of Appendix A1);

(2) Where not otherwise provided by law, members in general meeting shall have the power by ordinary resolution to remove any director (including a managing or other executive director, but without prejudice to any claim for damages under any contract) before the expiration of his term of office. (paragraph 4(3) of Appendix A1);

(3) An issuer must hold a general meeting for each financial year as its annual general meeting.

Note: Generally, an issuer must hold its annual general meeting within six months after the end of its financial year (paragraph 14(1) of Appendix A1);

(4) An issuer must give its members reasonable written notice of its general meetings.

Note: "Reasonable written notice" normally means at least 21 days for an annual general meeting and at least 14 days for other general meetings. This is unless it can be demonstrated that reasonable written notice can be given in less time (paragraph 14(2) of Appendix A1);

(5) Where any shareholder is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

Notes:

Note 1. An example of such a circumstance is where a member has a material interest in the transaction or arrangement being voted upon.

Note 2. If an issuer is subject to a foreign law or regulation that prevents the restriction of a member's right to speak and/or vote at general meetings, the issuer can enter into an undertaking with the Exchange to put in place measures that achieve the same outcome as the restriction under this paragraph (e.g. any votes cast by or on behalf of a member in contravention of the rule restriction must not be counted towards the resolution) (paragraph 14(3) of Appendix A1);

(6) Where any shareholder is, under these Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted (paragraph 14(4) of Appendix A1);

(7) A super-majority vote of the issuer's members of the class to which the rights are attached shall be required to approve a change to those rights.

Note:

1. A "super-majority vote" means at least three-fourths of the voting rights of the members holding shares in that class present and voting in person or by proxy at a separate general meeting of members of the class where the quorum for such meeting shall be holders of at least one third of the issued shares of the class. This is unless it can be demonstrated that shareholder protection will not be compromised by a lower voting threshold (e.g. simple majority votes in favor of the relevant resolutions with a higher quorum requirement) and in such case a "super-majority vote" is deemed to be achieved.

(8) A super-majority vote of the issuer's members in a general meeting shall be required to approve changes to an issuer's constitutional documents, however framed.

Notes:

1. A "super-majority vote" means at least three-fourths of the total voting rights of the members present and voting in person or by proxy at the general meeting. This is unless it can be demonstrated that shareholder protection will not be compromised by a lower voting threshold (e.g. simple majority votes in favor of the relevant resolutions with a higher quorum requirement) and in such case a "super-majority vote" is deemed to be achieved.

2. The appointment, removal and remuneration of auditors must be approved by a majority of the issuer's members or other body that is independent of the board of directors.

Note: An example of such an independent body is the supervisory board in systems that have a two-tier board structure (paragraph 17 of Appendix A1);

(9) Every member shall be entitled to appoint a proxy who needs not necessarily be a member of the issuer and that every shareholder being a corporation shall be entitled to appoint a representative to attend and vote at any general meeting of the issuer and, where a corporation is so represented, it shall be treated as being present at any meeting in person. A corporation may execute a form of proxy under the hand of a duly authorized officer (paragraph 18 of Appendix A1);

(10) That the branch register of members in Hong Kong shall be open for inspection by members but the issuer may be permitted to close the register on terms equivalent to section 632 of the Companies Ordinance (paragraph 20 of Appendix A1);

(11) A super-majority vote of the issuer's members in a general meeting shall be required to approve a voluntary winding up of an issuer.

Note:

1. A "super-majority vote" means at least three-fourths of the total voting rights of the members present and voting in person or by proxy at the general meeting. This is unless it can be demonstrated that shareholder protection will not be compromised by a lower voting threshold (e.g. simple majority votes in favor of the relevant resolutions with a higher quorum requirement) and in such case a "super-majority vote" is deemed to be achieved.

(12) The role of an independent non-executive director of a listed issuer with a WVR Structure must include but is not limited to the functions described in Code Provisions C.1.2, C.1.6 and C.1.7 of Appendix C1 to the Listing Rules:

(i) participating in board meetings to bring an independent judgment to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct;

(ii) taking the lead where potential conflicts of interests arise;

(iii) serving on the audit, compensation, nomination and other governance committees, if invited; and

(iv) scrutinizing the issuer's performance in achieving agreed corporate goals and objectives, and monitoring performance reporting;

Independent non-executive directors and other non-executive directors, as equal board members, shall give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. Generally, they should also attend general meetings to gain and develop a balanced understanding of the views of the shareholders; and

Independent non-executive directors and other non-executive directors should make a positive contribution to the development of the issuer's strategy and policies through independent, constructive and informed comments (Rule 8A.26 of the Listing Rules).

(13) Issuers with a WVR Structure must establish a nomination committee that complies with Section B.3 in Part 2 of Appendix C1 to the Listing Rules:

(i) review the structure, size and composition (including the skills, knowledge and experience) of the board at least annually and make recommendations on any proposed changes to the board to complement the issuer's corporate strategy;

(ii) identify individuals suitably qualified to become board members and select or make recommendations to the board on the selection of individuals nominated for directorships;

(iii) assess the independence of independent non-executive directors; and

(iv) make recommendations to the board on the appointment or re-appointment of directors and succession planning for directors, in particular the chairman and the chief executive.

The nomination committee should make available its terms of reference explaining its role and the authority delegated to it by the board by including them on the Stock Exchange's website and the issuer's website.

Issuers should provide the nomination committee sufficient resources to perform its duties. Where necessary, the nomination committee should seek independent professional advice, at the issuer's expense, to perform its responsibilities.

Where the board proposes a resolution to elect an individual as an independent non-executive director at the general meeting, it should set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting:

(i) the process used for identifying the individual and why the board believes the individual should be elected and the reasons why it considers the individual to be independent;

(ii) if the proposed independent non-executive director will be holding their seventh (or more) listed company directorship, why the board believes the individual would still be able to devote sufficient time to the board;

(iii) the perspectives, skills and experience that the individual can bring to the board; and

(iv) how the individual contributes to diversity of the board (Rule 8A.27 of the Listing Rules);

(14) The nomination committee established under Rule 8A.27 of the Listing Rules must be chaired by an independent non-executive director (Rules 8A.28 of the Listing Rules);

(15) The independent non-executive directors of an issuer with a WVR Structure must be subject to retirement by rotation at least once every three years. Independent non-executive directors are eligible for re-appointment at the end of the three-year term (Rule 8A.29 of the Listing Rules);

(16) An issuer with a WVR Structure must establish a Corporate Governance Committee with at least the terms of reference set out in Code Provision A.2.1 of Appendix C1 to the Listing Rules, and the following additional terms:

(i) develop and review the issuer's policies and practices on corporate governance and make recommendations to the board;

(ii) review and monitor the training and continuous professional development of directors and senior management;

(iii) review and monitor the issuer's policies and practices on compliance with legal and regulatory requirements;

(iv) develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors;

(v) review the Company's compliance with the code and disclosure in the Corporate Governance Report (as defined in the Listing Rules);

(vi) to review and monitor whether the Company is operated and managed for the benefit of all of its shareholders;

(vii) to confirm, on an annual basis, that beneficiaries of weighted voting rights have been members of the listed issuer's board of directors throughout the year and that no matters under Rule 8A.17 of the Listing Rules have occurred during the relevant financial year;

(viii) to confirm, on an annual basis, whether or not the beneficiaries of weighted voting rights have complied with Rules 8A.14, 8A.15, 8A.18 and 8A.24 of the Listing Rules throughout the year;

(ix) to review and monitor the management of conflicts of interests and make a recommendation to the board on any matter where there is a potential conflict of interest between the issuer, a subsidiary of the issuer and/or shareholders of the issuer (considered as a group) on the one hand and any beneficiary of weighted voting rights on the other;

(x) to review and monitor all risks related to the issuer's WVR Structure, including connected transactions between the issuer and/or a subsidiary of the issuer on one hand and any beneficiary of weighted voting rights on the other and make a recommendation to the board on any such transaction;

(xi) to make a recommendation to the board as to the appointment or removal of the Compliance Advisor (as defined under the Listing Rules);

(xii) to seek to ensure effective and on-going communication between the issuer and its shareholders, particularly with regards to the requirements of Rule 8A.35 of the Listing Rules;

(xiii) to report on the work of the nominating and corporate governance committee on at least a half-yearly and annual basis covering all areas of its terms of reference; and

(xiv) to disclose, on a comply-or-explain basis, its recommendations to the board in respect of matters in sub-paragraphs (ix) to (xi) above in the report referred to in sub-paragraph (xiii) above (Rule 8A.30 of the Listing Rules);

(17) The Corporate Governance Committee must be comprised entirely of independent non-executive Directors, one of whom must act as the chairman (Rule 8A.31 of the Listing Rules);

(18) The Corporate Governance Report produced by a listed issuer with a WVR Structure to comply with the applicable requirements under Appendix C1 to the Listing Rules that must include a summary of the work of the Corporate Governance Committee, with regard to its terms of reference, for the accounting period covered by both the half-yearly and annual report and disclose any significant subsequent events for the period up to the date of publication of the half-yearly and annual report, to the extent possible (Rule 8A.32 of the Listing Rules);

(19) Rule 3A.19 of the Listing Rules is modified to require an issuer with a WVR Structure to appoint a Compliance Advisor on a permanent basis commencing on the date of the issuer's initial listing (Rule 8A.33 of the Listing Rules);

(20) An issuer must consult with, and if necessary, seek advice from its Compliance Advisor, on a timely and ongoing basis in the circumstances set out in Rule 3A.23 of the Listing Rules and also on any matters related to:

(i) the WVR Structure;

(ii) transactions in which any beneficiary of weighted voting rights in the issuer has an interest; and

(iii) where there is a potential conflict of interest between the issuer, a subsidiary of the issuer and/or holders of the issuer (considered as a group) on the one hand and any beneficiary of weighted voting rights in the issuer on the other (Rule 8A.34 of the Listing Rules);

(21) An issuer with a WVR Structure must comply with Section F "Shareholders Engagement" of Appendix C1 of the Listing Rules (Rule 8A.35 of the Listing Rules);

(22) An issuer with a WVR Structure must include the warning "A company controlled through weighted voting rights" on the front page of all its listing documents, periodic financial reports, circulars, notifications and announcements required by the Listing Rules, and describe its WVR Structure, the issuer's rationale of such structure and the associated risks for the members prominently in its listing documents and periodic financial reports. This warning statement shall inform prospective investors of the potential risks of investing in an issuer with a WVR Structure and that they should make the decision to invest only after due and careful consideration (Rule 8A.37 of the Listing Rules);

(23) The documents of or evidencing title for the listed equity securities of an issuer with a WVR Structure must prominently include the warning "A company controlled through weighted voting rights" (Rule 8A.38 of the Listing Rules);

(24) An issuer with a WVR Structure must disclose in its listing documents and its interim and annual reports:

(i) identify the beneficiaries of weighted voting rights (Rule 8A.39 of the Listing Rules);

(ii) disclose the impact of a potential conversion of shares with weighted voting rights into ordinary shares on its share capital (Rule 8A.40 of the Listing Rules); and

(iii) disclose all circumstances in which the weighted voting rights attached to the Class A Ordinary Shares shall cease (Rule 8A.41 of the Listing Rules).

To further enhance its shareholder protection measures, the Company will at the Post-Listing GM propose to its Shareholders the following amendments to its existing Articles: (a) lowering the quorum of general meeting (which is not a class meeting) from one-third of all votes attaching to all shares in issue and entitled to vote at such general meeting in the Company as currently provided for under article 66 in the Company's Articles to 10% of all votes attaching to all shares in issue and entitled to vote at such general meeting in the Company (on a one vote per share basis) (the "**Quorum Requirement**"); (b) where a general meeting is postponed by the directors pursuant to article 72 of the existing Articles, requiring such meeting to be postponed to a specific date, time and place (the "**GM Postponement Requirement**"); and (c) removing the Directors' discretion to, for the purpose of variation of rights attached to any class of shares, treat all the classes or any two or more classes as forming one class if they consider that all such classes would be affected in the same way by the proposals under consideration under article 18

of the existing Articles, as well as the Directors' powers to authorize the division of Shares into any number of classes and to determine the relative rights and obligations as between the different classes and to issue such shares with preferred or other rights that may be greater than the rights of the Class B Ordinary Shares under article 9 of the existing Articles as well as making the Directors' powers to issue preferred shares under article 9 of the existing Articles to be subject to the Articles, compliance with the Listing Rules and the Takeovers Code and the conditions that (x) no new class of shares with voting rights superior to those of Class B Ordinary Shares will be created and (y) any variations in the relative rights as between the different Classes will not result in creating new class of shares with voting rights superior to those of Class B Ordinary Shares ("**Amendment of Directors' Class Right Related Powers**", together with the Unmet Listing Rules Articles Requirements, the Quorum Requirement, and the GM Postponement Requirement, the "**Unmet Articles Requirements**").

At the Post-Listing GM, the Company will also propose amendments to the existing Articles to clarify that (i) the Company, its shareholders, directors and officers agree to submit to the jurisdiction of the courts of the Cayman Islands and Hong Kong, to the exclusion of other jurisdictions, for any derivative action or proceeding brought on behalf of the Company, any action asserting a claim of breach of a fiduciary duty owed by any Director, officer, or other employee of the Company to the Company or the shareholders, any action asserting a claim arising pursuant to any provision of the Cayman Companies Act or the Articles, or any action asserting a claim against the Company which if brought in the United States would be a claim arising under the internal affairs doctrine; and (ii) the United States District Court for the Southern District of New York (or, if the United States District Court for the Southern District of New York lacks subject matter jurisdiction over a particular dispute, the state courts in New York County, New York) shall be the exclusive forum within the United States for the resolution of any complaint asserting a cause of action arising out of or relating in any way to the federal securities laws of the United States, regardless of whether such legal suit, action, or proceeding also involves parties other than the Company (the "**Forum Selection Clarification**").

As advised by the Company's legal advisor as to Cayman Islands laws, the incorporation of the following Unmet Articles Requirements will require approvals of both holders of Class A Ordinary Shares and holders of Class B Ordinary Shares in separate class meetings at the Post-Listing GM in accordance with the Company's existing Articles because these requirements would materially adversely vary the rights attached to Class B Ordinary Shares and Class A Ordinary Shares respectively: Rules 8A.09, 8A.13, 8A.14, 8A.15, 8A.16, 8A.17, 8A.18(1), 8A.18(2), 8A.19, 8A.22, 8A.23 and 8A.24 of the Listing Rules — a resolution to incorporate these Unmet Articles Requirements (the "**Class-based Resolution**") will need to be approved at the separate class meetings of holders of Class A Ordinary Shares (the "**Class A Meeting**") and of Class B Ordinary Shares (the "**Class B Meeting**"). The quorum for the Class A Meeting or Class B Meeting shall be one or more persons holding or representing by proxy at least one-third in nominal or par value amount of the respective issued Class A Ordinary Shares or Class B Ordinary Shares, respectively, in accordance with article 18 of the Company's existing Articles. The Class-based Resolution requires approval by an ordinary resolution passed by a simple

majority of the votes cast by both holders of Class A Ordinary Shares and holders of Class B Ordinary Shares, voting in person or by proxy at a Class A Meeting and Class B Meeting, separately pursuant to article 18 of the Company's existing Articles.

If the Class-based Resolution is passed at both the Class A Meeting and Class B Meeting, at the full shareholders' meeting where all shareholders may vote as a single class (the "**Full Shareholders' Meeting**"), the shareholders will be asked to vote on the Class-based Resolution and another resolution to incorporate into the Company's Articles the Unmet Articles Requirements not covered by the Class-based Resolution and the Forum Selection Clarification (the "**Non-class-based Resolution**"). The quorum for the Full Shareholders' Meeting will be members holding Shares which carry in aggregate (or representing by proxy) not less than one-third of all votes attaching to all Shares in issue and entitled to vote present in person or by proxy, or, if a corporate or other non-natural person, by its duly authorized representative, pursuant to article 66 of the Company's existing Articles. At the Full Shareholders' Meeting, each of the Class-based Resolution and the Non-class-based Resolution will require approval by special resolution passed by not less than two-thirds of the votes cast by such shareholders as, being entitled to do so, votes in person or by proxy or, in the case of corporations, by their duly authorized representatives, in accordance with article 87 of the Company's existing Articles.

If the Class-based Resolution is not approved at either the Class A Meeting or Class B Meeting, then the shareholders at the Full Shareholders' Meeting will only be asked to vote on the Non-class-based Resolution.

The Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with the Unmet Articles Requirements, subject to the conditions that:

(1) the Company will irrevocably undertake to the Stock Exchange to convene the Post-Listing GM within six months from the Listing Date;

(2) at the Post-Listing GM, the Company will put forth: (i) the Class-based Resolution at the Class A Meeting and the Class B Meeting; and (ii) the Class-based Resolution (if adopted at the Class A Meeting and Class B Meeting) and the Non-class-based Resolution at the Full Shareholders' Meeting (together, the "**Proposed Resolutions**") to amend its Articles to comply with the Unmet Articles Requirements;

(3) each of Dr. Li, Dr. Sun and Mr. Xiang (the "**Undertaking Shareholders**") will, prior to the Listing, irrevocably undertake to the Company to be present at the Post-Listing GM (whether in person or by proxy) and at any general meeting that may be convened after the Listing and until all the Proposed Resolutions are approved by the Shareholders, and to vote in favor of the Proposed Resolutions;

(4) if any of the Proposed Resolutions are not passed at the Post-Listing GM, until they are all approved by the Shareholders, the Company will irrevocably undertake to the Stock Exchange to put forth the Proposed Resolutions that have not been passed at each subsequent annual general meeting. The Undertaking Shareholders will, prior to the Listing, irrevocably undertake to the Company to continue to be present (whether in person or by proxy) and vote in favor of the Proposed Resolutions at each subsequent general meeting at which the Company puts forth such Proposed Resolutions until all Proposed Resolutions are approved by the shareholders;

(5) each of Lightspeed China Partners III, L.P., Lightspeed China Partners Select I, L.P., Guangyi HS Holding Limited, Shanghai Ziyue Enterprise Management Consulting Partnership (Limited Partnership), Fast Pace Limited, Lighthouse Blossom Limited, Hangzhou Yuanzhan Huayao Venture Capital LL.P., Shanghai Wenqian Enterprise Management Center L.P., Yuanzhan Equity Investment Management (Shanghai) Co., Ltd., Solid Bit Hong Kong Limited, CPandar Investment Limited, Qiming Venture Partners VI, L.P., Qiming Managing Directors Fund VI, L.P., Forward Sight Holdings Limited, Chuang Zhi Limited, Pagoda Innovation Partners L.P., Zhuhai Hengqin Ruishi Growth Venture Capital Fund LL.P., ON Semiconductor Benelux B.V., PANGU VC INC and Forward Captain Limited (the "**Supporting Shareholders**") will, prior to the Listing, irrevocably undertake to the Company to, and if any Class B Ordinary Share is held by intermediaries or controlled by her, procure such intermediaries to, be present at the Class B Meeting and the Full Shareholders' Meeting (whether in person or by proxy) and to vote in favor of the Proposed Resolutions and that, if any of the Proposed Resolutions are not passed at the Post-Listing GM, until they are all approved, the Supporting Shareholders or the said intermediaries will continue to attend (whether in person or by proxy) each subsequent class meeting of the holders of the Class B Ordinary Shares and general meeting at which the Company puts forth the Proposed Resolutions and vote in favor of such Proposed Resolutions;

(6) the Company will issue a press release announcing its support publicly for the Proposed Resolutions each year after the Listing until all the Proposed Resolutions are adopted;

(7) the Company, the Undertaking Shareholders and each of the other Directors in their individual capacity as a Director of the Company will, prior to the Listing, irrevocably undertake to the Stock Exchange that it will comply with the Unmet Listing Rules Articles Requirements, the GM Postponement Requirement, the Amendment of Directors' Class Right Related Powers and the Forum Selection Clarification in full (the "**Undertaking for Interim Compliance**") upon the Listing

and before its existing Articles are formally amended to incorporate the Unmet Articles Requirements, except for:

- paragraph 15 of Appendix A1 to the Listing Rules, such that, prior to the Company's Articles being amended, the threshold for passing a resolution in a separate class meeting will be approval by a simple majority of the votes cast by the issued shares of that class pursuant to article 18 of the Company's existing Articles;

- paragraph 16 of Appendix A1 to the Listing Rules, such that, prior to the Company's Articles being amended, the threshold for passing a special resolution for amendments to the Company's existing Articles will be approval by members holding not less than two-thirds of the voting rights of those present and voting in person or by proxy at the general meeting in accordance with article 160 of the Company's existing Articles; and

- Rules 8A.24(1) and (2) of the Listing Rules, such that, prior to the Company's Articles being amended, weighted voting rights will apply in connection with passing the Proposed Resolutions.

For the avoidance of doubt, the above exceptions are only applicable to the passing of the Proposed Resolutions, and the Company shall irrevocably undertake to the Stock Exchange to comply with paragraphs 15 and 16 of Appendix A1 and Rules 8A.24(1) and (2) of the Listing Rules for passing any resolution at a separate class meeting and any special resolution after the Listing (other than the Proposed Resolutions) under the Undertaking for Interim Compliance, and if any of the Class-based Resolution is not passed at the Post-Listing GM, the Undertaking for Interim Compliance will remain valid until the Class-based Resolution is passed;

(8) each of the Undertaking Shareholders will, prior to the Listing, irrevocably undertake to the Company and the Stock Exchange that he will procure the Company to give effect to the Undertaking for Interim Compliance upon the Listing and before its existing Articles are formally amended;

(9) each of the WVR Beneficiaries will, prior to the Listing, irrevocably undertake to the Company and the Stock Exchange that:

(i) in the event any Class A Ordinary Share is to be transferred to an affiliate (as defined in the existing Articles) of any WVR Beneficiary that is not a director holding vehicle after the Listing but before the existing Articles are formally amended, it will convert such Class A Ordinary Shares into Class B Ordinary Shares by delivering a written notice to the Company in accordance with the existing Articles and only transfer the resultant Class B Ordinary Shares to such affiliate;

(ii) after the Listing but before the existing Articles are formally amended, he will not effect any change in his holding structure of any Class A Ordinary Shares unless and until the Stock Exchange has approved such change; and

(iii) he will procure the intermediary(ies) held or controlled by him to, prior to the Listing, deliver a written conversion notice to the Company in accordance with article 13 of the existing Articles that (a) all of the Class A Ordinary Shares it/they hold(s) shall be converted to Class B Ordinary Shares on a one-for-one basis immediately upon any event listed in Rule 8A.17 and Rule 8A.18 of the Listing Rules occurring after the Listing and before the existing Articles are formally amended, and (b) to the extent there is any voluntary or involuntary transfer of legal title to or beneficial ownership of any Class A Ordinary Shares (e.g. upon or as a result of foreclosure of share pledge) to an entity that is not a director holding vehicle after the Listing and before the existing Articles are formally amended, the Class A Ordinary Shares subject to the transfer shall be converted to Class B Ordinary Shares on a one-for-one basis; such conversion notice shall expire immediately upon the existing Articles are formally amended.

A director holding vehicle, for the purpose of the above paragraph, means (a) a partnership of which any WVR Beneficiary is a partner and the terms of which must expressly specify that the voting rights attached to any and all of the Class A Ordinary Shares held by such partnership are solely dictated by a WVR Beneficiary; (b) a trust of which a WVR Beneficiary is a beneficiary and that meets the following conditions: (i) a WVR Beneficiary must in substance retain an element of control of the trust and any immediate holding companies of, or, if not permitted in the relevant tax jurisdiction, retain a beneficial interest in any and all of the Class A Ordinary Shares held by such trust; and (ii) the purpose of the trust must be for estate planning and/or tax planning purposes; or (c) a private company or other vehicle wholly-owned and wholly controlled by a WVR Beneficiary or by a trust referred to in paragraph (b) above; and

(10) the Company remains listed on Nasdaq.

The Company's legal advisor as to the laws of the Cayman Islands confirms that the Undertaking for Interim Compliance will not violate the Articles or laws and regulations of the Cayman Islands, and the Company confirms that, having consulted its other legal advisors, the Undertaking for Interim Compliance will also not violate other laws and regulations applicable to the Company. The Company confirms that each of the proposed amendments to its Articles under the Proposed Resolutions complies with Chapter 8A and Appendix A1 of the Listing Rules, and the amended Articles to be effective after the Post-Listing GM as a whole are not inconsistent with the Listing Rules on the basis that (a) all relevant provisions required to be incorporated in the articles of association of issuers with WVR Structures pursuant to Rule 8A.44 of the Listing Rules have been incorporated in the proposed amendments to the Articles, and (b) all provisions in respect of core shareholder protection standards in Appendix A1 of the

Listing Rules have been reflected in the proposed amendments to the Articles, and the proposed amendments to the Articles will not conflict with the remaining provisions of the Articles as well as any current practice of the Company.

Each of the Undertaking Shareholders acknowledged and agreed that our Shareholders may rely on the undertakings described in paragraphs (3), (4), (7), (8) and (9) above (the "**Shareholders' Articles Undertaking**") in acquiring and holding their Shares and that such undertakings are intended to confer a benefit on the Company and all existing and future Shareholders and may be enforced by the Company and/or any such Shareholder against the WVR Beneficiaries.

The Shareholders' Articles Undertaking in paragraphs (3), (4), (7), (8) and (9) above shall automatically terminate upon the earliest of (i) the proposed amendments to the existing Articles described in this subsection headed "Waivers and Exemption — Requirements relating to the Articles of Association of the Company" have become effective, (ii) the date of delisting of the Company from the Stock Exchange, and (iii) in respect of each WVR Beneficiary, the date on which such WVR Beneficiary ceases to be a beneficiary of weighted voting rights in the Company. For the avoidance of doubt, the termination of the Shareholders' Articles Undertaking shall not affect any rights, remedies, obligations or liabilities of the Company and/or any Shareholder and/or any Undertaking Shareholder himself that have accrued up to the date of termination, including the right to claim damages and/or apply for any injunction in respect of any breach of the Shareholders' Articles Undertaking which existed at or before the date of termination. The Shareholders' Articles Undertaking shall be governed by the laws of the Hong Kong and all matters, claims or disputes arising out of the Shareholders' Articles Undertaking shall be subject to the exclusive jurisdiction of the courts of Hong Kong.

Assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised, no Class A Ordinary Shares are converted into Class B Ordinary Shares, no further Shares are issued under the 2021 Plan between the Latest Practicable Date and the completion of the Global Offering, and without taking into account 558,814 Class B Ordinary Shares (as of the Latest Practicable Date) held by the Depositary which may be used to satisfy any future exercise or vesting of awards granted under the 2021 Plan: (1) the Undertaking Shareholders will, immediately upon the Listing, control in aggregate 26,998,861 Class A Ordinary Shares and 165,031 Class B Ordinary Shares, representing in aggregate (a) 100% of the total voting rights of the Class A Ordinary Shares voting as a separate class, (b) 0.13% of the total voting rights of the Class B Ordinary Shares voting as a separate class, and (c) approximately 68.73% of the voting rights in the Company (on weighted voting rights basis); and (2) immediately upon the Listing, the 26,625,157 Class B Ordinary Shares (as of the Latest Practicable Date) held by the Supporting Shareholders will represent in aggregate (a) 21.53% of the voting rights of the Class B Ordinary Shares voting as a separate class, and (b) approximately 6.77% of the total voting rights in the Company (on weighted voting rights basis).

Accordingly, the undertakings of the Undertaking Shareholders and the Supporting Shareholders to be present at the Post-Listing GM (whether in person or by proxy) will be able to ensure a quorum at the Class A Meeting and the Full Shareholders' Meeting. However,

despite the undertakings of the Undertaking Shareholders and the Supporting Shareholders to vote in favor of the Proposed Resolutions at any general meeting will ensure that they will be adopted at the Class A Meeting and the Full Shareholders' Meeting, there is no guarantee that there will be a quorum at the Class B Meeting or that the Class-based Resolution will be passed at the Class B Meeting. As the Company has not, since its listing on the Nasdaq, held a general meeting, it is uncertain as to whether the Class-based Resolution will be approved with sufficient support from the Company's Shareholders at the Class B Meeting. However, as the proposed amendments to the Articles are for the purposes of enhancing shareholder protection and compliance with the Listing Rules, the Directors do not anticipate the Proposed Resolutions would face any substantive objection from the Shareholders or any significant risk of not being passed at the Post-Listing GM.

For the avoidance of doubt, even though article 18 of the existing Articles provides that the rights attached to any such class of Shares may, subject to any rights or restrictions for the time being attached to any class of Shares, only be materially adversely varied either (a) with the consent in writing of the holders of all of the issued Shares of that class or (b) with the sanction of an ordinary resolution passed at a separate meeting of the holders of the Shares of that class, the Company expects to adopt the approach in (b) rather than in (a) to seek the relevant shareholders' approval for the Class-based Resolutions at a general meeting. Also, even though under the existing Articles a special resolution can be (x) passed by not less than two-thirds of the votes cast by such shareholders as, being entitled to do so, vote in person or, where proxies are allowed, by proxy, or, in the case of corporations, by their duly authorized representatives, at a general meeting of the Company, or (y) approved in writing by all of the shareholders entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of the Shareholders, the Company expects to adopt the approach in (x) rather than in (y) to seek the Shareholders' approval for the Class-based Resolution and the Non-class-based Resolution at a general meeting. This is because, as a public company, it would involve heavy administrative work for the Company and will be practically impossible for the Company to collect written consents from a sufficiently large number of its public shareholders.

After the Listing, the Company will in its annual reports confirm whether it has, in the preceding financial year, complied with the Corporate Governance Code set out in Appendix C1 to the Listing Rules to the extent required by Chapter 8A of the Listing Rules.

In the event of any failure to adhere to the requirements of Chapter 8A of the Listing Rules as determined by the Stock Exchange, the Stock Exchange may, as it considers necessary for the protection of the investors or the maintenance of an orderly market and in addition to any other action that the Stock Exchange considers appropriate under the Listing Rules, exercise absolute discretion to:

(a) direct a trading halt or suspend dealings of any securities of the Company or cancel the listing of any securities of the Company as set out in Rule 6.01 of the Listing Rules;

(b) impose the disciplinary sanctions set out in Rule 2A.09 of the Listing Rules against the parties set out in Rule 2A.10 of the Listing Rules;

(c) withhold (a) approval for an application for the listing of securities; and/or (b) clearance for the issuance of a circular to the Company's shareholders unless and until all necessary steps have been taken to address the non-compliance as directed by the Stock Exchange to its satisfaction.

DEALINGS IN SHARES PRIOR TO LISTING

According to Rule 9.09(b) of the Listing Rules, there must be no dealing in the securities of a new applicant for which listing is sought by any core connected person of the issuer from four clear business days before the expected hearing date until listing is granted (the "**Relevant Period**").

The Company's ADSs are widely held, publicly traded and listed on Nasdaq. The Company considers that it is therefore not in a position to control the investment decisions of its shareholders or the investing public in the U.S.

Solely based on public filings with the SEC as of the Latest Practicable Date, other than each of the WVR Beneficiaries, holding Shares of the Company through respective intermediary companies, there were no shareholders who controlled more than 10% of the voting rights of the Company.

For a company whose securities are listed and traded in the U.S., the Company notes that it is a common practice for substantial shareholders and corporate insiders, including directors, executives and other members of management, to set up trading plans that meet the requirements of Rule 10b5-1 under the U.S. Exchange Act (the "**Rule 10b5-1 Plan(s)**") to buy or sell the company's securities. A Rule 10b5-1 Plan is a written plan, set up with a broker, to trade securities that (a) is entered into at a time when the person trading the securities is not aware of any material non-public information; (b) specifies the amount of securities to be purchased or sold and the price at which and the date on which the securities were to be purchased or sold; and (c) does not allow the person trading the securities to exercise any subsequent influence over how, when, or whether to effect purchases or sales. Persons who trade securities pursuant to a Rule 10b5-1 Plan have an affirmative defense against insider trading allegations under U.S. securities laws.

On the basis of the above, the Company considers that the following categories of persons (collectively, the "**Permitted Persons**") should not be subject to the dealing restrictions set out in Rule 9.09(b) of the Listing Rules:

(a) each of the WVR Beneficiaries, in respect of (i) dealings by them and close associates pursuant to any Rule 10b5-1 Plans that have been set up prior to the Relevant Period ("**Category 1**"), and (ii) use of their Shares as security (including, for the avoidance of doubt, using Shares as security in connection with entering into

financing transactions during the Relevant Period as well as satisfying any requirements to top-up security under the terms of financing transactions entered into prior to the Relevant Period), provided that there will be no change in the beneficial ownership of the Shares at the time of entering into any such transactions during the Relevant Period. As of the Latest Practicable Date, none of the Shares beneficially owned by the WVR Beneficiaries were used as security;

(b) the Company's Directors other than the WVR Beneficiaries, and the directors and chief executives of the Company's significant subsidiaries (that is, subsidiaries that are not "insignificant subsidiaries" as defined under the Listing Rules, "**Significant Subsidiaries**"), in respect of (i) their respective use of the Shares as security (including, for the avoidance of doubt, using their respective shares as security in connection with entering into financing transactions during the Relevant Period as well as satisfying any requirement to top-up security under the terms of financing transactions entered into prior to the Relevant Period), provided that there will be no change in the beneficial ownership of the Shares at the time of entering into any such transactions during the Relevant Period and (ii) their respective dealings pursuant to Rule 10b5-1 Plans that have been set up prior to the Relevant Period ("**Category 2**");

(c) directors, chief executives and substantial shareholders of the Company's insignificant subsidiaries (as defined under the Listing Rules) and their close associates ("**Category 3**"); and

(d) any other person (whether or not an existing Shareholder) who may, as a result of dealings, become the Company's substantial shareholder and who is not its director or chief executive, or a director or chief executive of the Company's subsidiaries or their close associates ("**Category 4**").

For the avoidance of doubt:

(a) as the foreclosure, enforcement or exercise of other rights by the lenders in respect of a security interest over the Shares (including, for the avoidance of doubt, any security interest created pursuant to any top-up of security) will be subject to the terms of the financing transaction underlying such security and not within the control of the pledgor, any change in the beneficial owner of the Shares during the Relevant Period resulting from the foreclosure, enforcement or exercise of other rights by the lenders in respect of such security interest will not be subject to Rule 9.09(b) of the Listing Rules; and

(b) persons in Category 1 and Category 2 who (i) use their respective Shares other than as described in this section headed "Dealings in Shares prior to Listing" or (ii) who are not dealing in the Company's securities according to Rule 10b5-1 Plans set up before the Relevant Period are subject to the restrictions under Rule 9.09(b) of the Listing Rules.

We have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with Rule 9.09(b) of the Listing Rules on the following conditions:

(a) Categories 1 and 2 of the Permitted Persons who entered into Rule 10b5-1 Plans have no discretion over dealings in the Company's ADSs after the plans have been entered into. Where Category 2 of the Permitted Persons use the Shares as security, other than those set out in the waiver above, there will be no change in the beneficial ownership of the Shares at the time of entering into the relevant transactions during the Relevant Period;

(b) Categories 3 and 4 of the Permitted Persons do not have any influence over the Global Offering and do not possess any non-public inside information of the Company given that such persons are not in a position with access to information that is considered material to the Company taken as a whole. Given the large number of the Company's subsidiaries and its vast ADS holder base, the Company and its management do not have effective control over the investment decisions of Categories 3 and 4 of the Permitted Persons in its ADSs;

(c) the Company will promptly release any inside information to the public in the United States and Hong Kong in accordance with the relevant laws and regulations of the U.S. and Hong Kong. Accordingly, the Permitted Persons (other than Category 1 and Category 2 persons) are not in possession of any non-public inside information of which the Company is aware and will not have any influence over the Global Offering;

(d) the Company will notify the Hong Kong Stock Exchange of any breaches of the dealing restrictions by any of its core connected persons during the Relevant Period when it becomes aware of the same other than dealings by the core connected persons who are Permitted Persons within the permitted scopes set out above; and

(e) prior to the Listing Date, other than within the permitted scopes set out above, the Company's directors and chief executive and the directors and chief executives of its Significant Subsidiaries and their close associates will not deal in the Shares or the ADSs during the Relevant Period provided that such prohibited dealing in the Shares shall not include the granting, vesting, payment or exercise (as applicable) of incentive and non-statutory options, restricted shares, dividend equivalents, and share payments under the Group's 2021 Plan.

The Company believes that the circumstances relating to this waiver align with those set out in Chapter 4.14 of the Guide for New Listing Applicants published by the Hong Kong Stock Exchange (the "**Guide**") and the Note to Rule 9.09 of the Listing Rules and the grant of this waiver will not prejudice the interests of potential investors.

SUBSCRIPTION FOR SHARES BY EXISTING SHAREHOLDERS

Rule 2.03(2) of the Listing Rules provides that the issue and marketing of securities should be conducted in a fair and orderly manner.

Rule 10.04 of the Listing Rules requires that existing shareholders may only subscribe for or purchase any securities for which listing is sought that are being marketed by or on behalf of a new applicant either in his or its own name or through nominees if the conditions in Rule 10.03 of the Listing Rules are fulfilled. Paragraph 1C(2) of Appendix F1 to the Listing Rules states that, without the prior written consent of the Stock Exchange, no allocations will be permitted to be made to directors, existing shareholders of a listing applicant or their close associates, unless the conditions set out in Rules 10.03 and 10.04 of the Listing Rules are fulfilled.

The conditions in Rules 10.03(1) and (2) of the Listing Rules are as follows:

(a) that no securities are offered to the existing shareholders on a preferential basis and no preferential treatment is given to them in the allocation of the securities; and

(b) that the minimum prescribed percentage of public shareholders required by Rule 8.08(1) of the Listing Rules is achieved.

Chapter 4.15 of the Guide for New Listing Applicants provides that the Stock Exchange will consider granting a waiver from Rule 10.04 of the Listing Rules and consent pursuant to paragraph 1C(2) of Appendix F1 to the Listing Rules allowing an applicant's existing shareholders or their close associates to participate in an initial public offering if any actual or perceived preferential treatment arising from their ability to influence the applicant during the allocation process can be addressed.

The Company has been listed on Nasdaq since February 2023 and has a wide and diverse shareholder base. There is a robust level of trade in the Company's securities, with significant daily trading volume resulting in daily changes to its existing shareholders. The Company is not in a position to prevent any person or entity from acquiring its listed securities prior to the allocation of shares in connection with the Global Offering. It would therefore be unduly burdensome for the Company to seek the prior consent of the Stock Exchange for each of its existing shareholders or their close associates who subscribe for Offer Shares in the Global Offering.

The Company confirms that any person (whether or not an existing Shareholder) who may, as a result of dealings, become the Company's Shareholder and who is not a director or chief executive of the Company or its subsidiaries, or any of their close associates (the "**Permitted Existing Shareholders**" and each a "**Permitted Existing Shareholder**"), has no influence over the Global Offering and is not in possession of any non-public inside information and are effectively in the same position as any other public investors of the Company.

Solely based on public filings with the SEC available as of the Latest Practicable Date, the Company had no shareholder who was not a Director and who controlled 5% or more of the Company's voting rights.

The Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements of Rule 10.04 of the Listing Rules and a written consent under paragraph 1C(2) of Appendix F1 to the Listing Rules in respect of the restriction on each Permitted Existing Shareholder, subject to the following conditions:

(a) **Less than 5%**: the Joint Sponsors confirm that each of the Permitted Existing Shareholders is interested in less than 5% of the Company's voting rights prior to the completion of the Global Offering;

(b) **Not core connected persons**: the Joint Sponsors confirm that the Permitted Existing Shareholders and their close associates are not, and will not be, core connected persons (as defined under the Listing Rules) of the Company or any close associate (as defined under the Listing Rules) of any such core connected person immediately prior to or following the Global Offering;

(c) **No right to appoint Directors**: the Joint Sponsors confirm that the Permitted Existing Shareholders have no right to appoint Directors (which, for the avoidance of doubt, does not include the director nomination right of a Shareholder under the Articles of Association) and does not have other special rights upon the Listing;

(d) **No impact on public float**: the Joint Sponsors confirm that allocation to such Permitted Existing Shareholder or its close associates will not affect the Company's ability to satisfy the public float requirement as prescribed by the Stock Exchange under the requirements of Rule 8.08 of the Listing Rules;

(e) the Joint Sponsors confirm to the Stock Exchange in writing that based on (i) their discussions with the Company and the Overall Coordinators; and (ii) the confirmations provided to the Stock Exchange by the Company and the Overall Coordinators (confirmations (f) and (g) mentioned below), and to the best of their knowledge and belief, they have no reason to believe that any of the Permitted Existing Shareholders or their close associates received any preferential treatment or is in a position to exert influence on the Company to obtain actual or perceived preferential treatment in the allocation either as a cornerstone investor or as a placee by virtue of their relationship with our Company other than the preferential treatment of assured entitlement under a cornerstone investment following the principles set out in Chapter 4.15 of the Guide for New Listing Applicants;

(f) the Company confirms to the Stock Exchange in writing that (i) in the case of participation as cornerstone investors, no preferential treatment has been, nor will be, given to the Permitted Existing Shareholders or their close associates by virtue of their relationship with our Company, other than the preferential treatment of assured entitlement under a cornerstone investment following the principles set out in Chapter 4.15 of the Guide for New Listing Applicants, nor is the Permitted Existing Shareholders in a position to exert influence on the Company to obtain actual or perceived preferential treatment, and the Permitted Existing Shareholders or their close associates' cornerstone investment agreements do not contain any material terms which are more favorable to the Permitted Existing Shareholders or their close associates than those in other cornerstone investment agreements; or (ii) in the case of participation as placees, no preferential treatment has been, nor will be, given to the Permitted Existing Shareholders or their close associates, nor is the Permitted Existing Shareholders in a position to exert influence on the Company to obtain actual or perceived preferential treatment, by virtue of their relationship with our Company in any allocation in the placing tranche; and

(g) in the case of participation as placees, the Overall Coordinators confirm, to the best of their knowledge and belief, to the Stock Exchange in writing that no preferential treatment has been, nor will be, given to the Permitted Existing Shareholders or their close associates by virtue of their relationship with the Company.

Allocation to the Permitted Existing Shareholders will not be disclosed in the Company's allotment results announcement (other than to the extent that such Permitted Existing Shareholders subscribe for shares as cornerstone investors) unless such Permitted Existing Shareholders are interested in 5% or more of the issued share capital of the Company after the Global Offering as disclosed in any public filings with the SEC, as it would be unduly burdensome for the Company to disclose such information given that there is no requirement to disclose interests in equity securities under the U.S. Exchange Act unless the beneficial ownership of such person (including directors and officers of the company concerned) reaches more than 5% of equity securities registered under Section 12 of the U.S. Exchange Act. For the avoidance of doubt, details of allocation to cornerstone investors, if any, will be disclosed in this prospectus and the allotment results announcement and details of allocation to placees who are connected clients (as defined in the Placing Guidelines for Equity Securities set out in Appendix F1 to the Listing Rules), if any, will be disclosed in the allotment results announcement.

WAIVER AND EXEMPTION IN RELATION TO THE SHARE INCENTIVE PLAN

The Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance prescribes certain disclosure requirements in relation to the share options granted by the Company:

(a) Rule 17.02(1)(b) of the Listing Rules stipulates that all the terms of a scheme must be clearly set out in this prospectus. The Company is also required to disclose in this prospectus full details of all outstanding options and awards and their potential dilution effect on the shareholdings upon listing as well as the impact on the earnings/loss per share arising from the exercise of such outstanding options.

(b) Paragraph 27 of Appendix D1A to the Listing Rules requires the Company to set out in this prospectus particulars of any capital of any member of the Group that is under option, or agreed conditionally or unconditionally to be put under option, including the consideration for which the option was or will be granted and the price and duration of the option, and the name and address of the grantee.

(c) Under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the number, description and amount of any shares in or debentures of the company which any person has, or is entitled to be given, an option to subscribe for, together with the particulars of the option, that is to say, (a) the period during which it is exercisable; (b) the price to be paid for shares or debentures subscribed for under it; (c) the consideration (if any) given or to be given for it or for the right to it; and (d) the names and addresses of the persons to whom it or the right to it was given or, if given to existing shareholders or debenture holders as such, the relevant shares or debentures must be specified in the prospectus.

As of the Latest Practicable Date, our Company had granted outstanding options under the 2021 Plan (the "**Relevant Plan**") to 767 grantees (including Directors and senior management of our Company and other employees of the Group) to subscribe for an aggregate of 9,135,243 Class B Ordinary Shares, representing approximately 6.06% of the issued and outstanding Shares immediately following the completion of the Global Offering, assuming that the Offer Size Adjustment Option and the Over-allotment Option are not exercised and no further Shares are issued under the 2021 Plan between the Latest Practicable Date and the completion of the Global Offering. As of the Latest Practicable Date, among the outstanding options, 281,074 Class B Ordinary Shares underlying options were held by 1 Director, 53,168 Class B Ordinary Shares underlying options were held by a member of senior management and 8,801,001 Class B Ordinary Shares underlying options were held by 765 employees of our Group (who are not Directors, members of senior management or connected persons of the Company). No further options will be granted pursuant to the Relevant Plan between the Latest Practicable Date and the Listing. For further details of our Share Incentive Plan, see the section headed "Statutory and General Information — D. Share Incentive Plan" in Appendix IV to this prospectus.

We have applied to (i) the Stock Exchange for a waiver from strict compliance with the requirements under Rule 17.02(1)(b) of the Listing Rules and paragraph 27 of Appendix D1A to the Listing Rules and (ii) the SFC for an exemption from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance pursuant to section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in connection with the disclosure of certain details relating to the options and certain grantees in this prospectus on the ground that the waiver and the exemption will not prejudice the interest of the investing public and strict compliance with the above requirements would be unduly burdensome for our Company for the following reasons, among others:

(a) As we had granted outstanding options to a total of 767 grantees under the Relevant Plan as of the Latest Practicable Date, our Directors consider that it would be unduly burdensome to disclose in the prospectus full details of all the options granted by us to each of the grantees, which would significantly increase the cost and time required for information compilation and prospectus preparation for strict compliance with such disclosure requirements;

(b) as of the Latest Practicable Date, except for 2 grantees who are Directors and senior management members of our Company, the remaining option grantees under the Relevant Plan are employees and are not connected persons of our Company. Disclosing the names, addresses and entitlements on an individual basis in this prospectus will require additional pages of disclosure that do not provide any material information to the investing public;

(c) the grant and exercise in full of the options under the Relevant Plan will not cause any material adverse impact on the financial position of our Company;

(d) deviation from strict compliance with the disclosure requirements would not deprive potential investors of information necessary for them to make an informed assessment of the activities, assets, liabilities, financial position, management and prospects of our Group;

(e) material information relating to the options under the Relevant Plan will be disclosed in this prospectus, including a summary of the major terms of the Relevant Plan, the total number of Shares to be issued subject to the Relevant Plan, the exercise price per Share, the exercise period, the potential dilution effect on shareholding and the impact on earnings per Share. Our Directors consider that the information that is reasonably necessary for the potential investors to make an informed assessment of our Company in their investment decision-making process has been included in this prospectus.

In light of the above, our Directors are of the view that the grant of the waiver and exemption sought under this application and the non-disclosure of the required information will not prejudice the interests of the investing public.

The Stock Exchange has granted to our Company a waiver from strict compliance with the disclosure requirements under Rule 17.02(1)(b) of the Listing Rules and paragraph 27 of Appendix D1A to the Listing Rules with respect to the options granted under the Relevant Plan on the condition that:

(a) on an individual basis, full details of the outstanding options under the Relevant Plan granted to each of the Directors and the senior management of the Company and employees of our Group (who are not Directors or senior management) who have been granted options to subscribe for 180,000 Shares or above as of the Latest Practicable Date will be disclosed in the section headed "Statutory and General Information — D. Share Incentive Plan" in Appendix IV as required by paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;

(b) in respect of the outstanding options granted under the Relevant Plan to the other grantees, other than those referred to in paragraph (a) above, disclosures are made of, on an aggregate basis, categorised into lots based on the number of Shares underlying each individual grantee, being, (x) 1 to 10,000, (y) 10,001 to 100,000, and (z) 100,001 to 179,999, including (A) the aggregate number of the grantees and the number of Shares subject to such option; (B) the consideration paid for the grant of such options; and (C) the exercise period and the exercise price for such options will be disclosed in this prospectus;

(c) the aggregate number of Class B Ordinary Shares underlying the outstanding options granted under the Relevant Plan and the percentage of the Company's total issued share capital represented by such number of Shares as of the Latest Practicable Date will be disclosed in this prospectus;

(d) the dilutive effect and impact on earnings/loss per Share upon the full exercise of the options under the Relevant Plan will be disclosed in the section headed "Statutory and General Information — D. Share Incentive Plan" in Appendix IV;

(e) a summary of the major terms of the Relevant Plan will be disclosed in the section headed "Statutory and General Information — D. Share Incentive Plan" in Appendix IV;

(f) the particulars of this waiver will be disclosed in this prospectus;

(g) a list of all the grantees (including those persons whose details have already been disclosed) containing all the particulars as required under Rule 17.02(1)(b) of the Listing Rules and paragraph 27 to Appendix D1A of the Listing Rules and paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous

Provisions) Ordinance will be made available for physical public inspection in accordance with "Documents delivered to the Registrar of Companies in Hong Kong and on Display — Document available for inspection" in Appendix V to this prospectus; and

(h) the grant of certificate of exemption under the Companies (Winding Up and Miscellaneous Provisions) Ordinance from the SFC exempting the Company from the disclosure requirements provided in paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

The SFC has granted to our Company the certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance with respect to the options granted under the Relevant Plan exempting the Company from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance on the conditions that:

(a) on an individual basis, full details of the outstanding options under the Relevant Plan granted to each of the Directors and the senior management of the Company and employees of our Group (who are not Directors or senior management) who have been granted options to subscribe for 180,000 Shares or above as of the Latest Practicable Date will be disclosed in the section headed "Statutory and General Information — D. Share Incentive Plan" in Appendix IV as required by paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;

(b) in respect of the outstanding options granted under the Relevant Plan to the other grantees, other than those referred to in paragraph (a) above, disclosures are made of, on an aggregate basis, categorised into lots based on the number of Shares underlying each individual grantee, being, (x) 1 to 10,000, (y) 10,001 to 100,000, and (z) 100,001 to 179,999, including (A) the aggregate number of the grantees and the number of Shares subject to such option; (B) the consideration paid for the grant of such options; and (C) the exercise period and the exercise price for such options will be disclosed in this prospectus;

(c) a full list of all the grantees (including the persons referred to in (a) above) who have been granted options to subscribe for Shares under the Relevant Plan, containing all the particulars as required under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, be made available for physical public inspection in accordance with "Documents delivered to the Registrar of Companies in Hong Kong and on Display — Document available for inspection" in Appendix V of this prospectus; and

(d) the particulars of this exemption will be disclosed in this prospectus and that this prospectus will be issued on or before September 8, 2025.

Further details of the Relevant Plan are set forth in the section headed "Statutory and General Information — D. Share Incentive Plan" in Appendix IV.

USE OF U.S. GAAP

Rules 4.10 and 4.11 of, and Note 2.1 to paragraph 2 of Appendix D2 to, the Listing Rules require the Company to prepare its financial statements in the prospectus and the subsequent financial reports issued after listing to be in conformity with: (a) Hong Kong Financial Reporting Standards ("**HKFRS**"); (b) IFRS; or (c) China Accounting Standards for Business Enterprises in the case of companies incorporated in China, subject to Note 2.6 to paragraph 2 of Appendix D2 to the Listing Rules.

Note 2.6 to paragraph 2 of Appendix D2 to the Listing Rules provides that the Stock Exchange may allow the annual financial statements of an overseas issuer to be drawn up otherwise than in conformity with financial reporting standards referred to in Note 2.1 above.

Rule 19.12 requires an accountant's report of an overseas issuer to have been audited to a standard comparable to that required by the Hong Kong Institute of Certified Public Accountants or by the International Auditing and Assurance Standards Board of the International Federation of Accountants. Rule 19.13 of the Listing Rules provides that accountants' reports are required to conform with financial reporting standards acceptable to the Stock Exchange, which are normally HKFRS or IFRS. Additionally, Rule 19.25A of the Listing Rules provides that the annual accounts are required to conform with financial reporting standards acceptable to the Stock Exchange, which are normally HKFRS or IFRS. Where the Stock Exchange allows annual accounts to be drawn up otherwise than in conformity with HKFRS or IFRS, the annual accounts will be required to conform with financial reporting standards acceptable to the Stock Exchange. In such cases the Stock Exchange will normally require the annual accounts to contain a reconciliation statement setting out the financial effect of the material differences (if any) from either HKFRS or IFRS.

In Chapter 2.1 of the Guide, the Stock Exchange has indicated that it has accepted that the financial statements and accountants' reports of overseas issuers with, or seeking, a dual-primary or secondary listing in the United States and on the Stock Exchange can be prepared in conformity with U.S. GAAP. Chapter 2.1 of the Guide further provides that, an overseas issuer adopting a body of financial reporting standards other than HKFRS or IFRS for the preparation of its financial statements must include a reconciliation statement setting out the financial effect of any material differences between those financial statements and financial statements prepared using HKFRS or IFRS in its accountants' reports and annual/interim/quarterly reports.

As a company listed on Nasdaq, the Company uses Generally Accepted Accounting Principles in the U.S., or the U.S. GAAP, and corresponding audit standards for the filing of its financial statements with the SEC as determined by the United States Public Company Accounting Oversight Board. U.S. GAAP is well recognized and accepted by the international investment community, particularly among technology companies, and significant progress has

been made in the convergence between U.S. GAAP and IFRS. Additionally, we note that it might lead to confusion among the Company's investors and shareholders if the Company was required to adopt different accounting standards for its disclosures in Hong Kong from those in the U.S. Aligning the accounting standards used for disclosures in both markets will alleviate any such confusion. Adoption of U.S. GAAP for the preparation of financial statements of the Group will also allow potential investors and shareholders to compare the results of the Group against its peers listed in overseas stock markets which use U.S. GAAP for the preparation of their financial statements more easily.

Our Company has applied to the Hong Kong Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements of Rules 4.10, 4.11, 19.13 and 19.25A of, and Note 2.1 to paragraph 2 of the Appendix D2 to, the Listing Rules to allow the financial statements and accountants' report in the listing document to be prepared based on U.S. GAAP, subject to the following conditions:

(a) the Company will include (i) a description of the relevant key differences between U.S. GAAP and IFRS; and (ii) a statement showing the financial effect of any material differences between the financial statements during the Track Record Period prepared using U.S. GAAP and IFRS (**"Reconciliation Statement"**) in the accountants' report with a view to enabling investors to appraise the impact of the two accounting standards on the Company's financial statements; such Reconciliation Statement is included as a note to the accountants' report;

(b) the Company will include a similar Reconciliation Statement mentioned in paragraph (a) above for its interim and annual reports issued after its Listing on the Stock Exchange; such Reconciliation Statements will be included as a note to the audited financial statements in the annual reports or reviewed financial statements in the interim reports. When the relevant financial statements are not audited or reviewed by auditors, the Reconciliation Statements required to be included as a note to such financial statements will be reviewed by its auditor in accordance with a standard comparable to International Standard on Assurance Engagements 3000 or Hong Kong Standard on Assurance Engagements 3000;

(c) the Company will comply with Rules 4.08, 19.12, 19.14 of, and note 2.6 to paragraph 2 of Appendix D2 to the Listing Rules; and

(d) the Company will use Hong Kong Financial Reporting Standards or IFRS in the preparation of the Company's financial statements in the event that the Company is no longer listed in the U.S. or has no obligation to make financial disclosure in the U.S.

EXERCISE PRICE OF OPTIONS TO BE GRANTED PURSUANT TO THE SHARE INCENTIVE PLAN AFTER THE LISTING

Rule 17.03E of the Listing Rules states that the exercise price of an option must be at least the higher of: (i) the closing price of the securities as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; and (ii) the average closing price of the securities as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant.

Since the listing of the Company's ADSs on Nasdaq in February 2023, it has been the Company's practice to issue options exercisable into ADSs (each of which represents one underlying Class B Ordinary Share) under the 2021 Plan and the Company may continue to issue options exercisable into ADSs under the 2021 Plan after the Listing. By definition, ADSs are denominated in U.S. dollars, and the exercise price for options with respect to ADSs will necessarily be presented in U.S. dollars. Pursuant to the waiver from strict compliance with Rules 4.10, 4.11, 19.13 and 19.25A of, and Note 2.1 to paragraph 2 of Appendix D2 of the Listing Rules described under the subsection headed "— Use of U.S. GAAP" above, the Company will continue to prepare its accounts based on U.S. GAAP after the Listing in line with its established practice of granting options with exercise prices and restricted share units with grant values denominated in U.S. dollars and tied to the market price of its Nasdaq-traded ADSs.

On the basis that (a) the method for determining the exercise price of the options based on the market price of ADSs substantially replicates the requirement under Rule 17.03E of the Listing Rules, and (b) it has been the Company's practice to issue options exercisable into ADSs with exercise prices denominated in U.S. dollars, and the Company may continue to grant options under the 2021 Plan with exercise prices based on the market price of its ADSs which are denominated in U.S. dollars after the Listing, the Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 17.03E of the Listing Rules such that the Company be able to determine the exercise price for grants under its 2021 Plan based on the higher of: (i) the per-share closing price of the Company's ADSs on Nasdaq on the date of grant, which must be a Nasdaq trading day; and (ii) the average per-share closing price of the Company's ADSs on Nasdaq for the five Nasdaq trading days immediately preceding the date of grant, subject to the condition that the Company shall not issue any share options with an exercise price denominated in Hong Kong dollars unless such exercise price complies with Rule 17.03E of the Listing Rules.

DISCLOSURE OF OFFER PRICE

Paragraph 15(2)(c) of Part A of Appendix D1 to the Listing Rules provides that the issue price or offer price of each security must be disclosed in the listing document.

The Public Offer Price will be determined by reference to, among other factors, the closing price of our ADS on Nasdaq on the last trading date on or before the Price Determination Date and we have no control on the market price of our ADSs traded on Nasdaq. The latest market price of the Company's ADSs is accessible to the Shareholders and potential investors at **https://www.nasdaq.com/market-activity/stocks/hsai**. Given the ADSs of our Company are freely tradable on Nasdaq, there may be price fluctuations in the ADSs as a result of market volatility and other factors during the period from the bulk-printing of this prospectus until the pricing of the Global Offering.

Setting a fixed price or a price range with a low end offer price per Offer Share may adversely affect the market price of the ADSs and the Hong Kong Offer Shares considering, among other factors, that this may indicate an arbitrary floor price and may potentially prejudice our ability to price in the best interest of us and our Shareholders.

A maximum Public Offer Price will be disclosed in this prospectus. This alternative disclosure approach would not prejudice the interests of the investing public in Hong Kong.

This prospectus will also disclose (i) the time for determination and announcement of the International Offer Price and the Public Offer Price, (ii) the historical prices of our ADSs and the trading volume on Nasdaq, (iii) the determinants of the pricing of the Offer Shares and (iv) the source for the potential investors to access the latest market price of our ADSs, which will provide the potential investors with sufficient information to form informed decisions of their investment.

Given in no circumstances will the Public Offer Price for the Hong Kong Offer Shares be greater than the maximum Public Offer Price as stated in this prospectus, the disclosure of the maximum Public Offer Price in this prospectus will be in compliance with the requirement to disclose the "amount payable on application and allotment on each share" as required by paragraph 9 of the Third Schedule of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

We have applied for, and the Stock Exchange has granted, a waiver from strict compliance with paragraph 15(2)(c) of Part A of Appendix D1 to the Listing Rules.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS DOCUMENT

This document, for which our Directors (including any proposed Director who is named as such in this prospectus), collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information to the public with regard to our Group. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this document is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

GLOBAL OFFERING

This prospectus is published solely in connection with the Hong Kong Public Offering. For applications under the Hong Kong Public Offering, this prospectus contains the terms and conditions of the Hong Kong Public Offering. The Global Offering comprises the Hong Kong Public Offering of initially 1,700,000 Offer Shares and the International Offering of initially 15,300,000 Offer Shares (subject to reallocation, the Offer Size Adjustment Option and the Over-allotment Option as described in the section headed "Structure of the Global Offering").

The Hong Kong Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and on the terms and subject to the conditions set out herein. No person is authorized to give any information in connection with the Global Offering or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorized by our Company, the Joint Sponsors, the Sponsor-OCs, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries, the Underwriters, any of our or their affiliates or any of their respective directors, officers, employees, advisors, agents or representatives, or any other persons or parties involved in the Global Offering. Neither the delivery of this prospectus nor any subscription or acquisition made under it shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this prospectus or that the information in this prospectus is correct as of any subsequent time.

For details of the structure of the Global Offering, including its conditions and the arrangements relating to the Offer Size Adjustment Option, the Over-allotment Option and stabilization, see "Structure of the Global Offering."

RESTRICTIONS ON OFFER AND SALE OF THE CLASS B ORDINARY SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his/her acquisition of the Offer Shares to, confirm that he/she is aware of the restrictions on offers and sales of the Offer Shares described in this document.

No action has been taken to permit a public offering of the Offer Shares (except for a registration of Class B Ordinary Shares on a registration statement on Form F-3 filed with the SEC) or the distribution of this document in any jurisdiction other than Hong Kong or the United States. Accordingly, without limitation to the following, this document may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this document and the offering and sales of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Stock Exchange for the listing of, and permission to deal in, (i) the Class B Ordinary Shares in issue and to be issued pursuant to the Global Offering (including the additional Class B Ordinary Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option and the Over-allotment Option); (ii) the Class B Ordinary Shares to be issued pursuant to the Share Incentive Plan; and (iii) the Class B Ordinary Shares that are issuable upon conversion of the Class A Ordinary Shares on a one to one basis.

We satisfy the market capitalization/revenue test under Rule 8.05(3) and Rule 8A.06 of the Listing Rules with reference to: (i) our revenue for the year ended December 31, 2024, which exceeds HK$1 billion; and (ii) our expected market capitalization at the time of Listing, which, based on the maximum Public Offer Price, exceeds HK$10 billion.

Dealings in the Class B Ordinary Shares on the Stock Exchange are expected to commence on Tuesday, September 16, 2025. Our ADSs are currently listed on and dealt on Nasdaq. Other than the foregoing, no part of our share or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought on the Stock Exchange or any other stock exchange as of the date of this document. All the Offer Shares will be registered on the Hong Kong Share Register in order to enable them to be traded on the Stock Exchange.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, the Class B Ordinary Shares on the Stock Exchange is refused before

the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by or on behalf of the Stock Exchange.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisors as to the taxation implications of subscribing for, purchasing, holding or disposal of, and/or dealing in the Class B Ordinary Shares or exercising rights attached to them. None of us, the Joint Sponsors, the Sponsor-OCs, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries and the Underwriters, any of their respective directors, officers, employees, agents or representatives or any other person or party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchase, holding, disposition of, or dealing in, the Class B Ordinary Shares or exercising any rights attached to them.

OFFER SIZE ADJUSTMENT OPTION, OVER-ALLOTMENT OPTION AND STABILIZATION

Details of the arrangements relating to the Offer Size Adjustment Option, the Over-allotment Option and the stabilization are set out in the section headed "Structure of the Global Offering" in this prospectus.

HONG KONG REGISTER OF MEMBERS AND HONG KONG STAMP DUTY

The Company's principal register of members will be maintained by its principal share registrar, Maples Fund Services (Cayman) Limited, in the Cayman Islands. All of the Class B Ordinary Shares issued pursuant to the Global Offering will be registered on the Company's Hong Kong Share Register to be maintained in Hong Kong by its Hong Kong Share Registrar, Tricor Investor Services Limited. Dealings in the Class B Ordinary Shares registered in our Company's Hong Kong Share Register will be subject to Hong Kong stamp duty. Unless determined otherwise by our Company, dividends payable in Hong Kong dollars in respect of Class B Ordinary Shares will be paid to the shareholders listed on the Hong Kong Share Register, by ordinary post, at the shareholders' risk, to the registered address of each shareholder.

CLASS B ORDINARY SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the Class B Ordinary Shares on the Stock Exchange and compliance with the stock admission requirements of HKSCC, the Class B Ordinary Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Class B Ordinary Shares on the Stock Exchange or on any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange

is required to take place in CCASS on the second settlement day after any trading day. All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time.

All necessary arrangements have been made for the Class B Ordinary Shares to be admitted into CCASS. Investors should seek the advice of their stockbroker or other professional advisor for details of the settlement arrangements as such arrangements may affect their rights and interests.

LISTINGS

Our Company currently has a primary listing of ADSs on the Nasdaq, which it intends to maintain alongside its proposed dual-primary listing of the Class B Ordinary Shares on the Stock Exchange.

PROCEDURES FOR APPLICATION FOR HONG KONG OFFER SHARES

The application procedures for the Hong Kong Offer Shares are set forth in "How to Apply for Hong Kong Offer Shares" in this prospectus.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, are set forth in the section headed "Structure of the Global Offering" in this prospectus.

EXCHANGE RATE CONVERSION

Solely for your convenience, this document contains conversions among certain amounts denominated in Renminbi, Hong Kong dollars and U.S. dollars. No representation is made that the amounts denominated in one currency could actually be converted into the amounts denominated in another currency at the rates indicated, or at all. Unless otherwise stated, all translations of financial data in Renminbi and Hong Kong dollars into U.S. dollars, and from U.S. dollars into Renminbi and Hong Kong dollars, in this document were made at a rate of RMB7.2567 to US$1.00 and HK$7.7799 to US$1.00, the respective exchange rates on March 31, 2025 set forth in the H.10 statistical release of the Federal Reserve Board. All translations of financial data in relation to the Global Offering (including listing expenses and net proceeds from the Global Offering) in Renminbi and Hong Kong dollar into U.S. dollars, and from U.S. dollars into Renminbi and Hong Kong dollar, in this document were made at a rate of RMB7.1304 to US$1.00 and HK$7.7949 to US$1.00, the respective exchange rates on August 29, 2025 set forth in the H.10 statistical release of the Federal Reserve Board. Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding.

OWNERSHIP OF ADSs

An owner of ADSs may hold his or her ADSs either (1) directly (a) by having an American Depositary Receipt ("**ADR**"), which is a certificate evidencing a specific number of ADSs, registered in the holder's name, or (b) by holding uncertificated ADSs in direct registration system ("**DRS**"); or (2) indirectly, through the holder's broker or other financial institution. The DRS reflects the uncertificated (book-entry) registration of ownership of ADSs by the depositary bank. Under the DRS, ownership of ADSs is evidenced by periodic statements issued by the depositary bank to the holders of the ADSs. The direct registration system includes automated transfers between the depositary bank and The Depository Trust Company ("**DTC**"), the central book-entry clearing and settlement system for equity securities in the United States. If an owner of ADSs decides to hold his or her ADSs through his or her brokerage or safekeeping account, he or she must rely on the procedures of his or her broker or bank to assert his or her rights as ADS owner. Banks and brokers typically hold securities such as the ADSs through clearing and settlement systems such as DTC. All ADSs held through DTC will be registered in the name of a nominee of DTC.

DEALINGS AND SETTLEMENT OF CLASS B ORDINARY SHARES IN HONG KONG

Dealings in our Class B Ordinary Shares on the Stock Exchange will be conducted in Hong Kong dollars. Our Class B Ordinary Shares will be traded on the Stock Exchange in board lots of 20 Class B Ordinary Shares.

Investors in Hong Kong must settle their trades executed on the Stock Exchange through their brokers directly or through custodians. For an investor in Hong Kong who has deposited his/her Class B Ordinary Shares in his/her stock account or in his/her designated CCASS Participant's stock account maintained with CCASS, settlement will be effected in CCASS in accordance with the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time. For an investor who holds the physical certificates, settlement certificates and the duly executed transfer forms must be delivered to his/her broker or custodian before the settlement date.

An investor may arrange with his/her broker or custodian on a settlement date in respect of his/her trades executed on the Stock Exchange. Under the Listing Rules and the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time, the date of settlement must be the second business day (a day on which the settlement services of CCASS are open for use by CCASS Participants) following the trade date (T+2). For trades settled under CCASS, the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time provided that the defaulting broker may be compelled to compulsorily buy-in by HKSCC the day after the date of settlement (T+3), or if it is not practicable to do so on T+3, at any time thereafter. HKSCC may also impose fines from T+2 onwards.

DEPOSITARY

The depositary for our ADSs is Deutsche Bank Trust Company Americas (the "**Depositary**"), whose office is located at 1 Columbus Circle, New York, NY 10019. The certificated ADSs are evidenced by certificates referred to as ADRs that are issued by the Depositary.

Each ADS represents ownership of one Class B Ordinary Share, and any and all securities, cash or other property deposited with the Depositary in respect of such Class B Ordinary Shares but not distributed to ADS holders.

ADSs may be held either (1) directly (a) by having an ADR registered in the holder's name or (b) by holding in the DRS, pursuant to which the Depositary may register the ownership of uncertificated ADSs, which ownership shall be evidenced by periodic statements issued by the Depositary to the ADS holders entitled thereto, or (2) indirectly through the holder's broker or other financial institution. The following discussion regarding ADSs assumes the holder holds its ADSs directly. If a holder holds the ADSs indirectly, it must rely on the procedures of its broker or other financial institution to assert the rights of ADS holders described in this section. If applicable, a holder of the ADSs should consult with its broker or financial institution to find out what those procedures are.

We do not treat ADS holders as Shareholders, and ADS holders have no Shareholder rights. The Cayman Islands laws govern Shareholder rights. Because the Depositary actually holds the legal title to our Shares represented by ADSs (through the Depositary's Custodian (as defined below)), ADS holders must rely on it to exercise the rights of a Shareholder. The rights of ADS holders, as well as the rights and obligations of the Depositary are set out in the deposit agreement among us, the Depositary and our ADS holders and beneficial owners as amended from time to time (the "**Deposit Agreement**"). The Deposit Agreement and the ADRs evidencing ADSs are governed by the laws of the State of New York.

Transfer of Class B Ordinary Shares to Hong Kong Share Register

All of our Class B Ordinary Shares are currently registered on the principal register of members in the Cayman Islands. As at the Latest Practicable Date, there was an aggregate of 106,660,850 issued Class B Ordinary Shares on the register of members in the Cayman Islands, 99,779,344 of which were on deposit in the ADS program. For the purposes of trading on the Stock Exchange, the Class B Ordinary Shares must be registered in the Hong Kong Share Register. ADSs are quoted for trading on Nasdaq. An investor who holds Class B Ordinary Shares and wishes to trade ADSs on Nasdaq must deposit or have his broker deposit with Deutsche Bank AG, Hong Kong Branch, as custodian of the Depositary (the "**Depositary's Custodian**"), Class B Ordinary Shares, or evidence of rights to receive Class B Ordinary Shares, so as to receive the corresponding ADSs as described below.

Converting Class B Ordinary Shares Trading in Hong Kong to ADSs

An investor who holds Class B Ordinary Shares registered in Hong Kong and who intends to convert them to ADSs to trade on the Nasdaq Global Select Market must deposit or have his or her broker deposit the Class B Ordinary Shares with the Depositary's Custodian in exchange for ADSs.

A deposit of Class B Ordinary Shares trading in Hong Kong in exchange for ADSs involves the following procedures:

- If Class B Ordinary Shares have been deposited with CCASS, the investor must transfer Class B Ordinary Shares to the Depositary's account with the custodian within CCASS by following the CCASS procedures for transfer and submit and deliver a duly completed and signed letter of transmittal to the custodian via his or her broker.

- If Class B Ordinary Shares are held outside CCASS, the investor must arrange to deposit his or her Class B Ordinary Shares into the CCASS for delivery to the Depositary's account with the custodian within CCASS, and must submit and deliver a duly completed and signed letter of transmittal to the custodian via his or her broker.

- Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, if applicable, and subject in all cases to the terms of the deposit agreement, the Depositary will register the corresponding number of ADSs in the name(s) requested by an investor and will deliver the ADSs as instructed in the letter of transmittal.

For Class B Ordinary Shares deposited in CCASS, under normal circumstances, the above steps generally require two business days, provided that the investor has provided timely and complete instructions. For Class B Ordinary Shares held outside CCASS in physical form, the above steps may take 14 business days, or more, to complete. Temporary delays may arise. For example, the transfer books of the Depositary may from time to time be closed to ADS issuances. The investor will be unable to trade the ADSs until the procedures are completed.

Converting ADSs to Class B Ordinary Shares Trading in Hong Kong

An investor who holds ADSs and who intends to convert his or her ADSs into Class B Ordinary Shares that trade on the Hong Kong Stock Exchange must cancel the ADSs the investor holds and withdraw Class B Ordinary Shares from our ADS program and cause his or her broker or other financial institution to trade such Class B Ordinary Shares on the Hong Kong Stock Exchange.

An investor that holds ADSs indirectly through a broker or other financial institution should follow the procedure of the broker or financial institution and instruct the broker or financial institution to arrange for cancelation of the ADSs, and transfer of the underlying Class B Ordinary Shares from the Depositary's account with the custodian within the CCASS system to the investor's Hong Kong stock account.

For investors holding ADSs directly, the following steps must be taken:

- To withdraw Class B Ordinary Shares from our ADS program, an investor who holds ADSs may turn in such ADSs at the office of the Depositary (and the applicable ADR(s) if the ADSs are held in certificated form), and send an instruction to cancel such ADSs to the Depositary.

- Upon payment or net of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, if applicable, and subject in all cases to the terms of the deposit agreement, the Depositary will instruct the custodian to deliver Class B Ordinary Shares underlying the canceled ADSs to the CCASS account designated by an investor.

- If an investor prefers to receive Class B Ordinary Shares outside CCASS, he or she must receive Class B Ordinary Shares in CCASS first and then arrange for withdrawal from CCASS. Investors can then obtain a transfer form signed by HKSCC Nominees Limited (as the transferor) and register Class B Ordinary Shares in their own names with the Hong Kong Share Registrar.

For Class B Ordinary Shares to be received in CCASS, under normal circumstances, the above steps generally require two business days, provided that the investor has provided timely and complete instructions.

For Class B Ordinary Shares to be received outside CCASS in physical form, the above steps may take 14 business days, or more, to complete. The investor will be unable to trade the Class B Ordinary Shares on the Hong Kong Stock Exchange until the procedures are completed.

Temporary delays may arise. For example, the transfer books of the Depositary may from time to time be closed to ADS cancelations. In addition, completion of the above steps and procedures for delivery for Class B Ordinary Shares in a CCASS account is subject to there being a sufficient number of Class B Ordinary Shares on the Hong Kong Share Register to facilitate a withdrawal from the ADS program directly into the CCASS system. We are not under any obligation to maintain or increase the number of Class B Ordinary Shares on the Hong Kong Share Register to facilitate such withdrawals.

Depositary Requirements

Before the Depositary delivers ADSs or permits withdrawal of Class B Ordinary Shares, the Depositary may require:

- production of satisfactory proof of the identity and genuineness of any signature or other information it deems necessary; and
- compliance with procedures it may establish, from time to time, consistent with the deposit agreement, including, but not limited to, completion and presentation of transfer documents.

The Depositary may refuse to deliver, transfer, or register issuances, transfers and cancelations of ADSs generally when the transfer books of the Depositary or our Hong Kong Share Registrar or Cayman share registrar are closed or at any time if the Depositary or we determine it advisable to do so, subject to such refusal complying with U.S. federal securities laws.

All costs attributable to the transfer of Class B Ordinary Shares to effect a withdrawal from or deposit of Class B Ordinary Shares into our ADS program will be borne by the investor requesting the transfer. In particular, holders of Class B Ordinary Shares and ADSs should note that the Hong Kong Share Registrar will charge between HK$2.50 to HK$20, depending on the speed of service (or such higher fee as may from time to time be permitted under the Listing Rules), for each transfer of Class B Ordinary Shares from one registered owner to another, each share certificate canceled or issued by it and any applicable fee as stated in the share transfer forms used in Hong Kong. In addition, holders of Class B Ordinary Shares and ADSs must pay up to US$5.00 per 100 ADSs (or portion thereof) for each issuance of ADSs and each cancelation of ADSs, as the case may be, in connection with the deposit of Class B Ordinary Shares into, or withdrawal of Class B Ordinary Shares from, our ADS program.

LANGUAGE

If there is any inconsistency between the English version of this document and the Chinese translation of this document, the English version of this document shall prevail unless otherwise stated. However, if there is any inconsistency between the names of any of the entities mentioned in this English document which are not in the English language and their English translations, the names in their respective original languages shall prevail.

ROUNDING

Any discrepancies in any table in this document between total and sum of amounts listed therein are due to rounding.

DIRECTORS

Name	Address	I.D. issuing countries/ territories
Executive Directors		
Dr. Yifan Li (李一帆)	No. 2 Ziwei Garden Lane 123, Guiping Road Xuhui District Shanghai PRC	PRC
Dr. Kai Sun (孫愷)	Lane 258, Dongbaoxing Road Hongkou District Shanghai PRC	PRC
Mr. Shaoqing Xiang (向少卿)	No. 167, Lane 1322 Huishan Road Jiading District Shanghai PRC	PRC
Ms. Cailian Yang (楊彩蓮)	Building 4, No. 508 Deyuan South Road Jiading District Shanghai PRC	PRC

Independent Non-Executive Directors

Ms. Yi Zhang (張懌)	No. 1, Lane 307 South Shanxi Road Shanghai PRC	Hong Kong
Dr. Jie Chen (陳劼)	Unit 2, Faculty Apartment No. 199 Huanke Road ShanghaiTech University Pudong New District Shanghai PRC	Singapore
Mr. Jia Ren (任佳)	No. 13, Lane 519 Changde Road Shanghai PRC	PRC

For further details, please see the section headed "Directors and Senior Management".

PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Sponsors	**China International Capital Corporation Hong Kong Securities Limited** 29th Floor, One International Finance Centre 1 Harbour View Street Central Hong Kong **Guotai Junan Capital Limited** 27F, Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong **CMB International Capital Limited** 45th Floor, Champion Tower 3 Garden Road Central Hong Kong
Sponsor-OCs	**China International Capital Corporation Hong Kong Securities Limited** 29th Floor, One International Finance Centre 1 Harbour View Street Central Hong Kong **Guotai Junan Securities (Hong Kong) Limited** 27F, Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong **CMB International Capital Limited** 45th Floor, Champion Tower 3 Garden Road Central Hong Kong

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CMB International Capital Limited
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Haitong International Securities Company Limited
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BOCI Asia Limited
26/F, Bank of China Tower
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Joint Global Coordinators

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Hong Kong

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HKRI Taikoo Hui
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Legal Advisors to the Joint Sponsors and the Underwriters

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Taikoo Place, Quarry Bay
Hong Kong

As to PRC law
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Beijing
PRC

Auditor*	**Deloitte Touche Tohmatsu Certified Public Accountants LLP** 30/F, Bund Center 222 Yan An Road East Shanghai 200002 People's Republic of China **Deloitte Touche Tohmatsu** *Certified Public Accountants* *Registered Public Interest Entity Auditor* 35/F, One Pacific Place 88 Queensway Hong Kong
Reporting Accountants	**Deloitte Touche Tohmatsu** *Certified Public Accountants* *Registered Public Interest Entity Auditor* 35/F, One Pacific Place 88 Queensway Hong Kong
Internal Control Consultant	**PricewaterhouseCoopers Business Consulting (Shanghai) Co., Ltd** 42/F, New Bund Center 588 Dongyu Road, Pudong New Area Shanghai PRC
Industry Consultant	**China Insights Industry Consultancy Limited** 10F, Block B, Jing'an International Center 88 Puji Road, Jing'an District, Shanghai 200070, China
Receiving Bank	**CMB Wing Lung Bank Limited** 45 Des Voeux Road Central Hong Kong

Note:

* Deloitte Touche Tohmatsu Certified Public Accountants LLP is currently the auditor of the Company's consolidated financial statements that are prepared in conformity with U.S. GAAP. After the Listing, the Company will propose to appoint, Deloitte Touche Tohmatsu, a registered public interest entity auditor in Hong Kong, to audit the consolidated financial statements which will be included in the coming annual report to be published in Hong Kong.

Registered Office	PO Box 309 Ugland House Grand Cayman, KY1-1104 Cayman Islands
Head Office and Principal Place of Business in the PRC	10th Floor, Building A No. 658 Zhaohua Road Changning District, Shanghai 200050 People's Republic of China
Principal Place of Business in Hong Kong	Room 1922, 19/F, Lee Garden One 33 Hysan Avenue, Causeway Bay Hong Kong
Company's Website	**www.hesaitech.com** *(the information contained on this website does not form part of this document)*
Joint Company Secretaries	Ms. Cailian Yang 10th Floor, Building A No. 658 Zhaohua Road Changning District, Shanghai 200050 People's Republic of China Ms. Nelly Au-Yeung Room 1922, 19/F, Lee Garden One 33 Hysan Avenue, Causeway Bay Hong Kong
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Audit Committee	Ms. Yi Zhang *(Chairperson)* Dr. Jie Chen Mr. Jia Ren

Compensation Committee	Ms. Yi Zhang *(Chairperson)* Dr. Jie Chen
Nominating and Corporate Governance Committee	Ms. Yi Zhang *(Chairperson)* Dr. Jie Chen Mr. Jia Ren
Compliance Advisor	Silver Nile Global Investments Limited
Hong Kong Share Registrar	Tricor Investor Services Limited 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong
Principal Share Registrar and Transfer Office	**Maples Fund Services (Cayman) Limited** PO Box 1093, Boundary Hall Cricket Square Grand Cayman, KY1-1102 Cayman Islands
Principal Bank	**China Merchants Bank, Shanghai Branch** No. 1088, Lujiazui Ring Road Pudong New Area, Shanghai People's Republic of China

The information and statistics set out in this section and other sections of this document were extracted from a report prepared by CIC under our commission, various official government publications and other publicly available sources. We engaged CIC to prepare an independent industry report, or the CIC Report, in connection with the Global Offering. The information from official government sources has not been independently verified by us, or any of our directors and advisors, or any other persons or parties involved in the Global Offering, and no representation is given as to its accuracy.

OVERVIEW OF THE LIDAR INDUSTRY

LiDAR provides high-precision distance measurement, advanced three-dimensional modeling, and robust resistance to interference. It has been adopted across a wide range of application scenarios, including ADAS, Robotaxi, Robobus, Robotruck, as well as other Robotics used in sectors such as warehousing and logistics, industrial manufacturing, and smart agriculture. In recent years, LiDAR has been deployed beyond traditional application scenarios to encompass areas such as signal optimization in intelligent transportation systems. Furthermore, LiDAR is anticipated to play a pivotal role in emerging areas such as the metaverse, where its integration is expected to drive the next wave of industrial transformation and technological innovation.

Technology Paths of LiDAR

The development of LiDAR has witnessed significant advancements, following the technology paths below:

- *Mechanical LiDAR* utilizes a motor to rotate its optomechanical structure, which enables it to scan the environment in all directions to generate point cloud, achieving optimal performance.

- *Hybrid solid-state LiDAR* features a static TX/RX system complemented by one or more moving scanners, which may feature a one-dimensional scanning single-axis rotating mirror, a two-dimensional scanning dual-axes rotating mirror, or a two-dimensional scanning MEMS mirror.

- *Fully solid-state LiDAR*, in contrast, does not contain any moving parts, resulting in a simplified structure and the highest level of integration. Due to the complexity of this technological approach and cost considerations, only a few industry-leading companies are able to mass produce fully solid-state LiDARs. Hesai was the first company globally to start the production of fully solid-state LiDAR products.

Comparison of Different Scanning Methods in LiDAR

	Types	Scanning	Description	Development Status	Pros	Cons
Mechanical LiDAR	Mechanical rotating LiDAR	1D scanning	The transceivers are arranged vertically and perform scanning through 360 degree physical rotation to fully cover the surrounding environment.	• In mass production	• 360°FOV[1] • Detailed spatial perception of environment	• Large dimensions[3] • High cost
Hybrid Solid-state LiDAR	Single-axis rotating mirror	1D scanning	The transceivers are static, and a rotating polygon mirror realizes horizontal scan through reflecting the incoming laser beams to different directions.	• In mass production	• Detailed spatial perception of environment • High reliability and stability	• Medium dimensions[3]
	Dual-axes rotating mirror	2D scanning	A galvo mirror realizes vertical scanning through reflection. A polygon mirror realizes horizontal scanning through reflecting the incoming laser to different directions.	• In mass production	• Detailed spatial perception of environment	• Medium dimensions[3] • Limited reliability and stability
	MEMS	2D scanning	MEMS-based mirrors reflect the laser to different angles to complete the scan.	• In mass production	• Small dimensions[3]	• Limited range • Limited reliability and stability
Fully Solid-state LiDAR	OPA[2]	Non-scanning	Arrays of closely spaced optical antennas radiate coherent light in a broad angular range.	• In development	• Small dimensions[3]	• Short detection range • Immature technology
	Flash	Non-scanning	Flashing light is produced to detect the whole surrounding area at a single point in time and analyzes the information with image sensors.	• In mass production	• Small dimensions[3]	• Short detection range • High power consumption • Strong crosstalk
	Electronic scanning	Non-scanning	In the electronic scanning scheme, scanning is achieved by sequentially driving different field-of-view transceivers units in chronological order.	• In mass production	• Small dimensions[3] • Low power consumption • High resolution • Small crosstalk	

Notes:

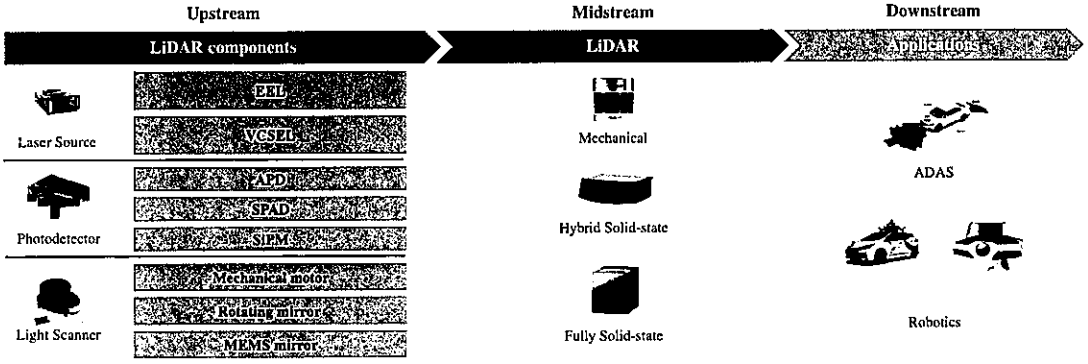
(1) FOV: Field of View, the angular extent of the environment that a LiDAR system can perceive, typically measured in degrees. A wider FOV allows more comprehensive environmental perception, reducing blind spots.

(2) OPA: Optical Phased Array, a beam-steering technology based on arrays of closely spaced optical antennas that control the phase of emitted light to direct the laser beam without mechanical movement.

(3) Dimension is the physical size of the LiDAR unit. Smaller dimensions support easier integration, aesthetics, and aerodynamic design in vehicles.

Source: The CIC Report.

Value Chain of the LiDAR Industry



Source: The CIC Report.

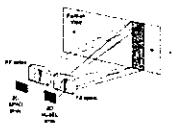
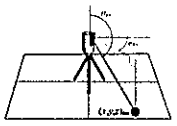
The LiDAR industry value chain encompasses several key components. Upstream, it includes suppliers of LiDAR components such as laser source providers, photodetector manufacturers, and light scanner suppliers. In the midstream, LiDAR providers play a central role, while downstream focuses on various application scenarios.

Currently, the primary application scenarios for LiDAR are ADAS and Robotics. LiDAR's high-precision perception and environmental modeling capabilities are essential for vehicle assistance and robot navigation. Continuous technological advancements and product optimizations have facilitated the integration of LiDAR to meet specific end-user requirements, further broadening its application landscape.

Key Components and Scanning Mechanisms of LiDAR Systems

A typical LiDAR system primarily consists of three key subsystems: the TX/RX system, the scanning system, and other supporting systems, as detailed in the following diagram.

Key Components of a Typical LiDAR Products

Subsystem	Key Components
 **TX/RX System**	- **Laser transmitter (TX)** (e.g., VCSEL, EEL) - **Photodetector (RX)** (e.g., APD, SPAD, SiPM) - **Laser driver IC** - **Time-of-Flight (ToF) or phase measurement unit**
 **Scanning System**	- **Rotating mirror or polygon mirror** - **or MEMS mirror** - **or Mechanical motor or shaft system**
Other Supporting System	- **Optics** - **Mechanical Structures** - **Circuits** - **Firmware**

Source: The CIC Report.

LiDAR systems use different scanning mechanisms to generate spatial data. In 1D scanning, the laser beam is deflected along a single axis, and coverage along the other axis is typically achieved using multiple laser channels or alternative methods such as vehicle movement. This scanning mechanism is characterized by its high reliability and stability, though it involves higher cost and system complexity due to the need for additional components to achieve full-scene coverage. The 2D scanning approach, which utilizes dual-axis deflection to achieve full-scene coverage, allows a reduction in the number of lasers and detectors to improve system cost-efficiency. However, this trade-off often requires significantly increasing the emitting and receiving frequency to maintain performance, which is subject to physical and technical limitations. Due to the limited number of laser emitters, in order to achieve the same frame rate, the vibration frequency of the rotating mirror needs to be increased, which will reduce the reliability of the scanning and the lifespan of the radar. As a result, systems may encounter constraints in aggregated point frequency and may need to compromise on field of view or resolution in order to maintain adequate frame rates.

Introduction on Sensor Technologies and Market Applications in ADAS and Robotics

In addition to LiDAR, various non-LiDAR sensors are widely utilized in the ADAS market to enhance vehicle perception and assist with driving tasks. Cameras are the primary tool for visual recognition, enabling lane detection, traffic sign identification, and object classification, although their performance can be affected by lighting conditions. Millimeter-wave radars are suited for mid- to long-range detection in all weather conditions and are commonly used in adaptive cruise control and blind spot monitoring. Ultrasonic radars, while limited to short distances and lower resolution, are widely used for low-speed maneuvers such as parking assistance and obstacle proximity warnings.

While both the ADAS and robotics markets rely on a combination of sensing technologies to enable autonomous functions, their performance priorities and application environments differ significantly. ADAS systems are primarily designed for on-road vehicle operation, focusing on safety, reliability, and long-range perception in high-speed driving conditions. In contrast, robotics applications often take place in complex, unstructured, and dynamic environments, such as warehousing, logistics, industrial manufacturing, and smart agriculture, where real-time navigation, obstacle avoidance, and fine-grained spatial understanding are critical. As a result, LiDAR is emerging as a high-value sensor in both markets, playing a central role due to its high-resolution 3D perception and mapping capabilities. As technological maturity advances, the integration of LiDAR alongside cameras, radar, and other sensors is expected to accelerate in both markets, supporting a broader range of autonomous functions.

Comparison between LiDARs, Millimeter Wave Radars, Ultrasonic Radars, and Cameras

	Detection Distance	3D Imaging	Weather adaptability	Night vision	Price Range
	100 200 300				
LiDARs	✓ ✓ ✓	Great, able to draw complete obstacle image	Limited, operate poorly in rainy or foggy weather	Great, not affected by darkness	$200 ~ $8,000
Millimeter wave radars	✓ ✓ ✓	Unable to draw 3D images with high resolution	Highly adaptive to all weather conditions	Great, not affected by darkness	$15 ~ $150
Ultrasonic radars	✗(1)	Unable to detect size and shape of obstacles	Adaptive to some weather conditions	Great, not affected by darkness	$3 ~ $15
Cameras	✓ ✓ ✓	Need to rely on 2D image to draw 3D	Limited, cannot operate under strong light intensity	Limited, detection distance decrease	$20 ~ $100

Note:

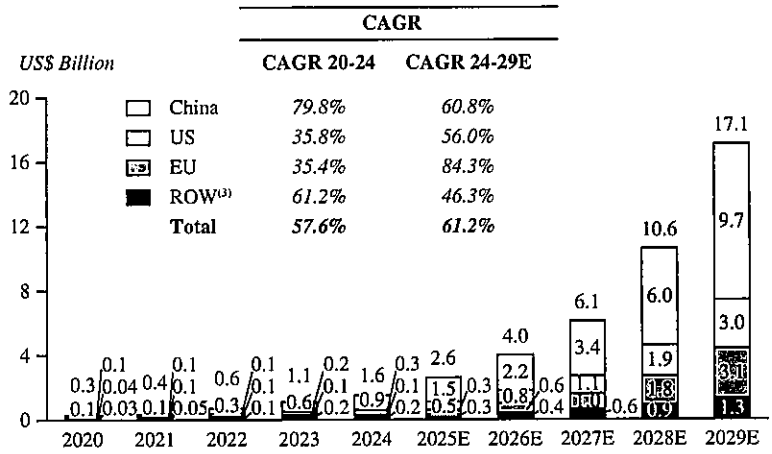
(1) Ultrasonic radars are generally used for short-range detection, typically within a few meters and not suitable for distances over 100 meters.

Source: The CIC Report.

Market Size of the Global LiDAR Industry

The global LiDAR industry increased from US$0.3 billion in 2020 to US$1.6 billion in 2024 in revenue, representing a CAGR of 57.6%. It is expected to further increase to US$17.1 billion in 2029, representing a CAGR of 61.2%. Notably, the market size and growth rate of the LiDAR industry in China significantly surpassed other regions.

Global LiDAR Industry by Revenues[1] Breakdown by Regions, 2020-2029E (US$[2] in billions)



Notes:

(1) The market size only includes the major application markets of LiDAR, namely ADAS and Robotics markets.

(2) The translation of U.S. dollars into Renminbi was made at the exchange rate of US$1.00 to RMB7.2993, the exchange rate set forth in the H.10 statistical release of the Federal Reserve Board on December 31, 2024.

(3) ROW: rest of the world.

Source: OICA, CPCA, The CIC Report.

Key Market Players in the LiDAR Industry

Hesai ranked No. 1 in terms of total revenues in the global LiDAR industry in 2024.

Ranking of Major LiDAR Suppliers by Revenues and Market Share in 2024

Ranking	Company	Revenue	Market Share
		(US$ in millions)	*(%)*
1	The Company	267	17.0%
2	Company A[1]	~230	14.9%
3	Company B[2]	226	14.3%
4	Company C[3]	~150	9.6%
5	Company D[4]	~90	5.8%

Notes:

(1) Company A is a private company established in 1987 and headquartered in Guangdong, China that provides various products and services across multiple industries, and started LiDAR business in 2020.

(2) Company B is a LiDAR and perception solutions company headquartered in Guangdong, China that specializes in LiDAR hardware and perception software for automobiles and robots. Established in 2014, Company B is listed on the Stock Exchange of Hong Kong.

(3) Company C is a private LiDAR company established in 2016 and headquartered in Jiangsu, China that specializes in developing and producing LiDAR products for automotive and other industries.

(4) Company D is an automotive supplier headquartered in France that provides a wide range of vehicle parts and accessories. Established in 1923, it began selling LiDAR products for the automotive industry in 2016. Company D is listed on Euronext Paris.

Source: Annual Report, The CIC Report.

Key Success Factors for LiDAR Providers

The following factors are key to the success of LiDAR providers:

- ***Technological architecture:*** A LiDAR's technological architecture significantly influences its performance, integration, mass production, and long-term competitive differentiation. An ASIC architecture can be customized for specific functions, delivering high performance and low power consumption while greatly enhancing system integration. In contrast to traditional methods that rely on numerous discrete components, ASIC-based LiDAR can integrate hundreds of laser emission, reception, and signal-processing circuits onto just a few chips. This integration reduces the number of parts and wiring complexity, resulting in smaller and more reliable LiDARs. Additionally, the ASIC approach increases assembly efficiency and lowers manufacturing costs. Companies with in-house ASIC capabilities can address current needs while also enabling future upgrades, establishing a sustainable competitive advantage.

- ***Rapid innovation capability:*** Rapid innovation is crucial for LiDAR manufacturers to establish and maintain their leading position in a competitive market. In an era of rapid technological advancement, companies must efficiently develop and launch next-generation products to meet continuously rising performance requirements and new application demands. Each product generation should enhance detection range, angular resolution, or point cloud density to align with evolving market needs. Adopting a modular strategy significantly boosts innovation efficiency, allowing each module to iterate and upgrade independently, thus driving overall performance gains. Manufacturers capable of rapid iterations can quickly translate new technologies into product advantages, sustaining their leadership.

- ***Optimal balance of Performance, Quality, and Cost:*** As OEMs raise their expectation for advanced ADAS systems, there is a growing demand for LiDAR hardware that integrates intelligent sensing capabilities, reliability, and cost efficiency. To stay competitive, LiDAR providers must deliver products that showcase innovation in optical design, mechanical structure, and manufacturing

optimization — enhancing performance while keeping cost in check. LiDAR providers that achieve a balanced mix of precision, durability, and affordability are better positioned to meet OEM expectations and expand their presence in the rapidly evolving automotive market.

Entry Barriers, Challenges and Threats for LiDAR Providers

- ***Technology strengths:*** Developing LiDAR solutions presents a multifaceted technical challenge that requires substantial expertise in software algorithms, optical components, laser emitters, and other relevant domains. New entrants often struggle to rapidly assemble a skilled R&D team and acquire the necessary regulatory knowledge, making it difficult to develop competitive, high-performance products that meet market demands.

- ***OEMs' stringent certification requirements:*** OEMs impose stringent certification requirements on suppliers, involving extensive and time-consuming product validation. As a result, new industry entrants face significant challenges in quickly securing OEM approval, which delays their market penetration. Established providers, with a robust customer base and reputable brand, have a clear advantage in retaining existing clients while expanding to new ones, ultimately increasing their market share.

- ***Continuous capital investment:*** Developing and manufacturing LiDAR solutions requires significant upfront investments in costly R&D equipment and high-precision manufacturing facilities. Additionally, continuous financial support is essential to sustain technological advancements and maintain product competitiveness. This considerable capital threshold poses a major obstacle for new entrants.

- ***Powerful supply chain management capability:*** The provision of LiDAR solutions relies on multiple critical components, the quality of which directly impacts product performance. Providers with strong supply chain management capabilities are better positioned to withstand fluctuations in the global supply chain, ensuring both quality and timely product delivery. In contrast, new market entrants may find it challenging to establish a stable supply chain system within a short timeframe.

- ***Mass production capabilities:*** Providers with the capability of mass production can maintain effective control over critical manufacturing and procurement processes, utilizing their accumulated expertise and experience to drive substantial synergies. This enables them to establish significant advantages in the cost-effectiveness and competitiveness of their solutions, solidifying their market position.

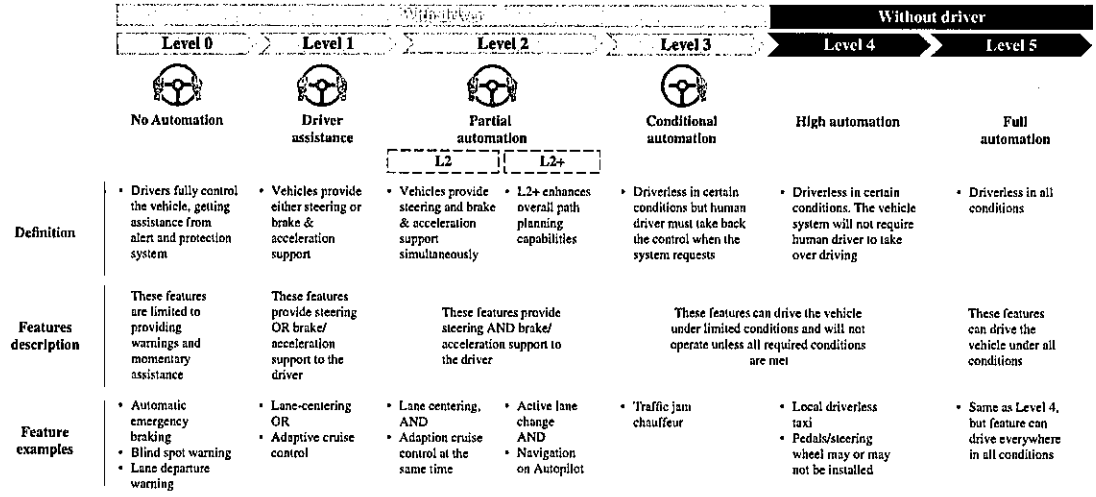
LIDAR APPLICATIONS IN THE ADAS MARKET

Rapid Development of ADAS Market

With continuous technological advances, ADAS has evolved beyond theoretical frameworks and basic driving assistance features. ADAS is reshaping the entire transportation ecosystem and driving profound changes in personal travel and transit experience.

In 2014, the Society of Automotive Engineers (the "**SAE**") introduced its first visual chart of the "Driving Automation Levels," defining six stages of driving automation from no automation (Level 0) to full automation (Level 5). However, in actual commercialization, passenger car automation has encountered legal and regulatory barriers in its transition from Level 2 (L2) to Level 3 (L3). Consequently, the L2+ market has emerged, exemplified by the navigate on autopilot ("**NOA**") function. NOA is a vehicle driver-assistance system that provides point-to-point navigation assistance within designated road segments, enabling vehicles to handle tasks such as stopping at red lights, changing lanes, and yielding without manual intervention, ultimately reaching the intended destination.

Overview of Levels of Driving Automation

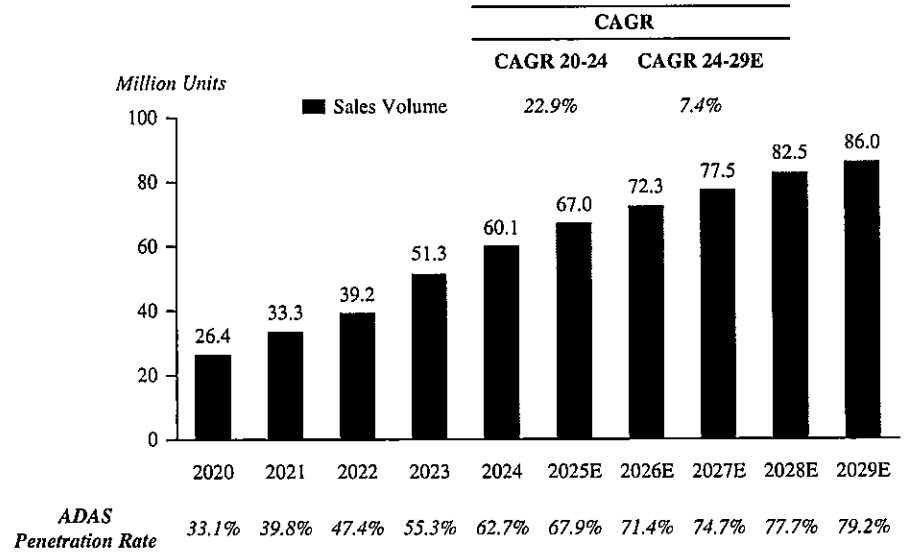


Source: The CIC Report.

The development of driver-assistance software has evolved from primarily imitation learning to combining deep learning and reinforcement learning for path planning and decision-making. Currently, NOA is the most advanced driver-assistance feature, enabling navigation-assisted driving in both highway and complex urban settings, and has become a focal point of competition among major OEMs. At the same time, the performance of domain controller chips that enabling driver assistance continues to improve, providing the computational capacity to run more complex models. In parallel, advancements in sensors such as LiDAR feed essential roadway-environment data for high-level features like NOA.

In recent years, the penetration rate of NOA has significantly increased in the passenger vehicle market. This acceleration is driven by ongoing technological progress and rising demand for intelligent driving functions in complex urban settings. LiDAR plays a critical role in this technological progression, significantly enhancing environmental perception and system redundancy, which are essential for the safety and user-friendliness of L2+ features. Compared to basic ADAS systems, L2+ requires a higher degree of sensing accuracy and real-time processing capability. LiDAR generates high-precision 3D point cloud data to accurately identify shape, distance, and velocity of targets such as pedestrians and vehicles. Its strong long-range detection capability provides sufficient reaction time for emergency braking and lane changes in high-speed scenarios. Consequently, vehicles equipped with LiDAR are gaining greater market traction, and their sales volumes have shown a clear upward trend, demonstrating the increasing value of LiDAR in enabling the commercialization of more advanced driver assistance systems.

Global Sales Volume of ADAS Vehicles 2020-2029E (Units in Millions)



Source: OICA, The CIC Report.

Key Drivers and Trends of the ADAS Market

- ***Breakout phase of accelerated penetration in high-level ADAS:*** High-level ADAS has significant advancements over traditional ADAS, delivering breakthroughs in environmental perception, decision-making capabilities, and scenario coverage. By integrating multi-sensor fusion systems — including LiDAR — it supports functions such as automatic lane changing, adaptive cruise control, and automatic lane keeping. Additionally, these systems introduce active safety features like emergency avoidance, which greatly reduce accident risks. As a result, consumer willingness to opt for these

configurations has markedly increased. With continuous technological advancements and reduced costs driven by economies of scale effect, high-level ADAS is becoming not only feasible on EVs but is also emerging as a core selling point for the intelligent upgrade of ICE vehicles.

China's first-mover advantage and large-scale validation are quickly influencing global markets, with regions such as Europe and the U.S. accelerate ADAS integration. This shift is driving by evolving regulations and surging consumer demand. High-level ADAS is transitioning from a premium optional feature to standard equipment in mainstream models, becoming a critical battleground that will reshape the global automotive competitive landscape.

- ***Consumer focus on safety:*** Most traffic accidents are caused by human error, leading consumers to recognize the importance of ADAS in enhancing safety. ADAS integrates multiple sensors and intelligent algorithms to perceive and make precise decisions about the surroundings in real time. As demand for safety features grows, autonomous driving technology is being iteratively improved and scaled up to meet the public's expectations for safe and efficient travel.

- ***Government support:*** Governments worldwide are prioritizing the development of autonomous driving, fostering consensus, and innovating policy frameworks to support this advancement. They are actively promoting industry growth by establishing pilot zones, enabling road testing, and enacting forward-looking legislation. For example, China has introduced national pilot programs and technical standards for intelligent connected vehicles, while the E.U. has implemented regulations for Level 4 vehicles and type-approval frameworks. International organizations such as the UNECE and ISO play a crucial role in coordinating global standards, addressing areas like functional safety, data logging, and cybersecurity, thereby laying a solid foundation for cross-border consistency and large-scale deployment.

  Recently, the MIIT released the "2024 Key Points of Automotive Standardization Work (《2024年汽車標準化工作要點》)," which emphasizes strategic emerging fields such as new energy vehicles and intelligent connected vehicles. This policy proposes new international standard projects and cultivation plans for these domains, promoting the development of international standards comprehensively. It includes the responsibility of convening working groups focused on automotive perception sensors and autonomous driving test scenarios, and leading the formulation of nearly 20 international standards related to automotive exterior protection, fuel cell electric vehicles, electromagnetic compatibility, and automotive-grade radar and LiDAR solutions. This policy provides essential standardized support for the application of technologies, such as LiDAR, in smart vehicles, promoting their standardized use within the automotive industry.

- ***Increased importance of perception systems:*** As ADAS technology advances towards higher levels of intelligence, the demand for precise, real-time and reliable environmental perception in intelligent vehicle is growing. This demand drives a sustained increase in the technological sophistication of perception systems. Unlike traditional ADAS, high-level ADAS vehicles require the deployment of more high-performance sensors, complemented by advanced fusion algorithms and powerful computational chips. This combination enables accurate recognition and dynamic understanding of the surroundings. The integration of these hardware components with supporting algorithms not only enhances the overall performance and safety of autonomous driving but also substantially elevates the importance of perception systems, rendering them one of the most critical competitive and commercially valuable modules in future intelligent vehicles.

- ***OEMs' technological readiness and regulatory expectations:*** Leading OEMs have made substantial investments in ADAS over the years, amassing extensive expertise in areas ranging from perception algorithms to control systems and vehicle integration. They also possess strong commercialization capabilities. As the relevant legal frameworks are become more liberalized and testing standards are refined, it is anticipated that autonomous driving technology will accelerate its transition from limited to comprehensive scenarios, paving the way for large-scale deployment and commercial viability.

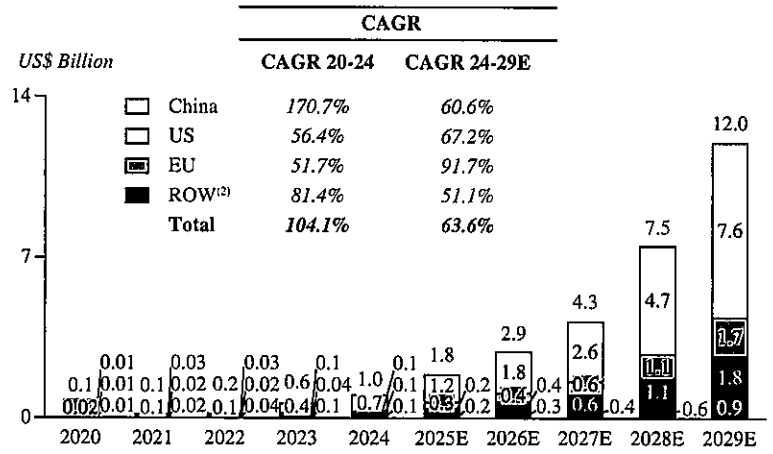
Economies of Scale Drives Rapid LiDAR Penetration in ADAS Market

As a core perception component in ADAS, LiDAR is increasingly recognized as a critical foundation for enabling high-level functions such as NOA, cruise control, and automatic parking assist. Its robust and high-precision sensing capabilities set it apart from cameras and other sensors. Unlike passive sensors such as cameras, LiDAR actively emits laser pulses, maintaining stable detection performance even in complex or extreme conditions such as nighttime, strong backlighting, rain, snow, or fog — significantly enhancing the environmental adaptability of vehicles. In addition, its high-resolution 3D point cloud imaging allows for structured modeling of the surrounding environment, enabling accurate identification of road structures, obstacle shapes, and dynamic changes. This capability provides precise input for path planning and decision-making. As OEMs race to deploy NOA, LiDAR not only enhances overall system safety redundancy but also serves as an indispensable perception backbone for advancing driver-assistance functions to higher levels. Furthermore, as production scales up and supply chain matures, the LiDAR industry is starting to benefit from economies of scale. This development has enabled better alignment of core specifications with customer needs, making LiDAR more suitable for mass-market vehicles, particularly in ADAS applications.

Meanwhile, as NOA functionality becomes more complex, some vehicle models have begun adopting multi-LiDAR setups. The average number of LiDAR units installed per vehicle is expected to rise significantly in the future. In addition to main LiDAR, ancillary LiDAR will be required to cover blind spots, creating substantial incremental demand in the ADAS LiDAR market.

Revenues of LiDAR for the ADAS market increased from US$0.1 billion in 2020 to US$1.0 billion in 2024, at a CAGR of 104.1%, and are expected to reach US$12.0 billion in 2029, representing a CAGR of 63.6%.

Market Size of Global LiDAR Application in ADAS Market 2020-2029E (US$[1] in billions)



Notes:

(1) The translation of U.S. dollars into Renminbi was made at the exchange rate of US$1.00 to RMB7.2993, the exchange rate set forth in the H.10 statistical release of the Federal Reserve Board on December 31, 2024.

(2) ROW: rest of the world.

Source: OICA, CPCA, The CIC Report.

Key Drivers and Trends for LiDAR Applications in the ADAS Market

The LiDAR applications in the ADAS market have experienced significant growth and transformation, primarily influenced by the following key factors and trends:

- ***Technological evolution accelerates high-level ADAS penetration:*** The rapid development of perception algorithms, sensor hardware, and computing platforms is enabling more advanced driver-assistance functions such as NOA and automated lane changes. These capabilities require higher sensing precision and system reliability, prompting OEMs to adopt enhanced ADAS configurations. Meanwhile, features such as driver assistance and intelligent parking are increasingly embraced by consumers in daily use, significantly boosting driving convenience which drives sustained growth in downstream demand. As a result, adoption of L2+ systems are expanding beyond premium models, with LiDAR-equipped vehicles gaining traction in the broader market. This trend reinforces OEM investment in intelligent hardware to support higher-level autonomy.

- ***LiDAR as a key sensor for all-weather active safety:*** LiDAR, with its high precision, all-weather adaptability, and 3D spatial perception capabilities, is an indispensable core perception sensor for achieving active safety and advanced driver-assistance functions. Unlike passive sensors such as cameras, LiDAR actively emits laser pulses and maintains stable, reliable detection in challenging conditions such as nighttime, backlight, and rain, snow, or fog — significantly improving system robustness and environmental adaptability. In high-level ADAS functions like NOA, LiDAR accurately identifies road boundaries, obstacles, and dynamic objects, providing critical inputs for path planning and decision-making. As perception and decision-making systems increasingly rely on high-resolution, structured environmental data, LiDAR's strategic value within autonomous driving systems continues to rise. It plays a vital role in enabling OEMs to achieve L2+ and higher-level autonomy, while enhancing vehicle safety, fault tolerance, and system redundancy.

- ***Technological maturity drives LiDAR advancements meeting ADAS demands:*** With continued technological evolution, LiDAR is making consistent advancements in perception accuracy, detection range, interference resistance, size, and power efficiency, gradually fulfilling the performance requirements for integration into mainstream vehicle models. Progress in key components, such as laser emitters, photodetectors, scanning systems, and signal processing chips, has resulted in increasingly mature system solutions. Leading manufacturers have launched mass-produced, chip-based, and miniaturized LiDAR products, significantly enhancing integration and stability for automotive applications. Automakers are also shifting from focusing solely on long-range detection to a more comprehensive assessment of blind spot coverage, field of view, and all-weather performance. Consequently, LiDAR products are evolving toward full-scenario capability to meet these diverse needs.

- ***Economies of scale propels LiDAR into mass-market vehicles:*** Driven by mass production and technological advancements, the manufacturing costs of LiDAR have dropped significantly, realizing broader adoption across mass vehicle models. Chip-based design, modular standardization, and automated production lines are aligning LiDAR with mass-production requirements and OEMs' platform-based vehicle development models. This makes LiDAR economically viable for mid-range models and even mass-market vehicles. With growing production capacity, maturing manufacturing processes, and increased efficiency across the supply chain, LiDAR is increasingly meeting OEM requirements, which drives exponential growth in its market penetration.

- ***Rapid growth in the demand for LiDAR-equipped vehicle and increasing OEM willingness to standardize deployment:*** In recent years, the demand for LiDAR-equipped intelligent electric vehicles have surged, becoming a major driver of LiDAR adoption. Leading OEMs are prioritizing the integration of LiDAR in high-end intelligent models, accelerating the industry trend towards sensor

standardization. As a result, LiDAR is transitioning from an optional add-on to a standard configuration — particularly among mid- to high-end models, where standardization rates have significantly increased. With OEMs increasing their strategic investments in LiDAR-reliant scenarios such as urban NOA and parking assistance, the importance of LiDAR continues to grow. Major automakers are now incorporating LiDAR into new vehicle development frameworks and establishing stable supply chains to support multi-platform, multi-model deployment, creating long-term growth opportunities for the LiDAR market.

- ***Growing consumer demand for tech-driven safety and convenience accelerates LiDAR adoption:*** Consumer expectations are shifting from traditional mechanical performance to intelligent driving experiences. Technology appeal, safety, comfort, and travel convenience have become key factors in purchasing decisions. In this context, intelligent driving features powered by LiDARs offer futuristic driving experiences and enhanced safety, attracting strong consumer interest. LiDAR supports high-demand use cases such as NOA, highway automatic lane changes, and parking assistance — greatly reducing driving workload, enhancing operational convenience and providing consumers with more driving options. Among tech-savvy and highly engaged user groups, sensor configurations are becoming a visible and influential factor in purchase decisions. As consumer awareness continues to grow, the "perception-driven selling point" of LiDAR will be further amplified, steadily driving up both its installation rate and depth of application.

- ***Policy Support for LiDAR Commercialization in ADAS Applications:*** The Chinese government has introduced a number of policies that directly support the adoption and commercialization of LiDAR in ADAS applications. For example, on February 10, 2020, the NDRC and other ten PRC governmental authorities jointly promulgated the Smart Car Innovation Development Strategy (《智能汽車創新發展戰略》), which provides that the PRC government shall promote the development and industrialization of automotive high-precision sensors, including LiDAR sensors, automotive-grade chips, smart operating systems, automotive smart terminals, and smart computing platforms, and build an industry cluster for smart automotive key parts. The Notice of Carrying Out the Pilot Program for the Market Access and Road Traffic of Intelligent Connected Vehicles (《關於開展智能網聯汽車準入和上路通行試點工作的通知》) issued in November 2023 also proposes that based on the previous road test and demonstration application of intelligent connected vehicles, the PRC government will select intelligent connected vehicles equipped with automatic driving functions that have the conditions for mass production, and will launch a pilot scheme, where the chosen intelligent connected vehicles would be allowed to carry out road access pilots in a limited area.

Competitive Landscape of the Global LiDAR Applications in the ADAS Market

Ranking of Major LiDAR Suppliers in the ADAS Market by Revenue in 2024

Ranking	Company	Revenue (US$ Billion)	Market Share (%)
1	Company A	~0.23	23.6%
2	Company B	0.18	18.4%
3	The Company	0.17	17.6%
4	Company C	~0.15	15.2%
5	Company D	~0.09	9.4%

Source: Expert Interview, Annual Report, The CIC Report.

LIDAR APPLICATIONS IN THE ROBOTICS MARKET

The Next Boom in the LiDAR Industry: Robotics

The global Robotics industry is currently entering a phase of rapid growth, driven by widespread commercial deployment that enhances efficiency across enterprises, organizations, and individuals. This transformation is also reshaping the cost structure of societal operations, with an increasing number of stakeholders embracing Robotics as one of the most promising segments within the broader intelligent services ecosystems. Ubiquitous intelligent Robotics applications — represented by Robotaxi, lawn mowing robots, delivery robots, autonomous mobile robots, and humanoid robots — are expanding rapidly and finding widespread use in transportation, logistics, and services.

At the policy level, governments in many countries have recognized Robotics as a strategic development priority, accelerating infrastructure investment and real-world deployment. On the technology front, advancements in AI and edge computing are enabling stronger autonomous perception, intelligent decision-making, and task execution. The convergence of multi-scenario deployment, high reusability, and strong intelligence, is increasingly driving the reliance of robots on high-precision sensing systems. This trend fuels the growing demand for sensors with robust spatial perception and localization capabilities, high stability, compact size, and low power consumption — creating favorable conditions for LiDAR penetration in this field.

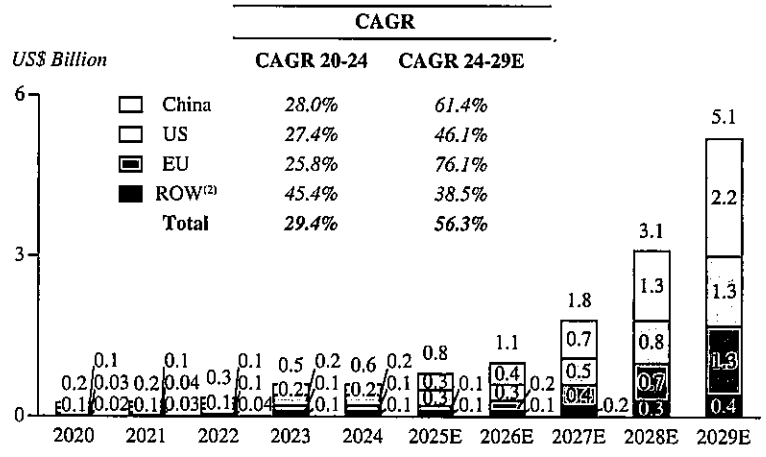
LiDAR is playing an increasingly critical role in robotic perception systems due to its ability to generate 3D point clouds, provide high-precision distance measurements, and operate reliably in all weather conditions. Unlike traditional sensors, LiDAR does not rely on ambient lighting and can function stably in complex environments with varying lighting and dense obstacles, both indoors and outdoors. As a core sensor in key modules such as simultaneous localization and mapping (the "**SLAM**"), dynamic obstacle avoidance, and path planning, LiDAR significantly enhances robots' autonomous navigation and environmental adaptability.

In particular, LiDAR's high-resolution point cloud data supports complete spatial modeling in challenging tasks, such as multi-layer spatial perception, operation in narrow environments, and human-robot collaboration, enabling more precise mobility and task execution. By emitting laser pulses and measuring the ToF of reflected signals, LiDAR allows robots to generate accurate 3D point clouds of their surroundings, identify obstacles in real time, and perform precise localization and path planning. These capabilities are essential for safe and efficient navigation, particularly in dynamic or unstructured environments like warehouses, unrestricted roads, and outdoor construction sites. With continued advancements in miniaturization and low power consumption, LiDAR is becoming increasingly compatible with robotic platforms. In the future, it is expected to achieve large-scale deployment across a wide range of robot types, emerging as a major new growth engine for the LiDAR industry following its ADAS applications.

Market Size of the Global LiDAR Application in Robotics Market

Revenues of LiDAR for the Robotics market increased from US$0.2 billion in 2020 to US$0.6 billion in 2024, at a CAGR of 29.4%, and are expected to reach US$5.1 billion in 2029, representing a CAGR of 56.3%.

Market Size of Global LiDAR Application in Robotics Market by Sales Value, 2020-2029E (US$[1] in billions)



Notes:

(1) The translation of U.S. dollars into Renminbi was made at the exchange rate of US$1.00 to RMB7.2993, the exchange rate set forth in the H.10 statistical release of the Federal Reserve Board on December 31, 2024.

(2) ROW: rest of the world.

Source: The CIC Report.

Key Drivers and Trends for LiDAR Applications in the Robotics Market

The LiDAR applications in the Robotics market is experiencing significant growth and transformation, primarily influenced by the following key factors and trends:

- ***Thriving Robotics industry expands LiDAR adoption opportunities:*** The global Robotics industry is rapidly growing, driven by advancements in automation, artificial intelligence, and edge computing. Robots are being deployed across various scenarios, including warehousing and logistics, industrial manufacturing, and smart agriculture. This increasing demand for precise, real-time environmental awareness is creating new opportunities for LiDAR integration, as robots operating in dynamic, unstructured environments rely on high-resolution spatial perception to perform tasks safely and efficiently. As adoption scales, LiDAR is becoming a key enabler of intelligent autonomy across diverse robotic applications.

- ***Robotic intelligence requires 3D spatial data to understand the physical world:*** As robotic applications expand into complex and dynamic unstructured environments, the need for 3D spatial perception continues to grow. Unlike imagery and simple distance measurements offered by 2D, 3D structured data provides a comprehensive understanding of depth, volume, contours, and spatial layout — essential for environmental spatial perception, object recognition, and interactive control. LiDAR, through active laser ranging, generates high-density, high-precision 3D point clouds that help robots understand the geometric structure and real-time dynamic changes of their surrounding environment. In applications such as dynamic obstacle avoidance, multi-target tracking, and human-robot collaboration, 3D perception directly impacts task performance efficiency and operational safety. As robotic intelligence advances, 3D spatial data is becoming an essential link in the "perception — cognition — decision" loop, driving the depth and breadth of LiDAR adoption.

- ***LiDAR becomes a core perception sensor for robot localization, navigation, and obstacle avoidance:*** In real-world applications, robots must navigate in complex and dynamic environments efficiently and autonomously, requiring highly accurate localization, navigation, and obstacle avoidance capabilities. LiDAR has become a core sensor for these functions due to its millimeter-level ranging accuracy, wide field of view, and ability to operate independent under ambient lighting conditions. In SLAM systems, LiDAR provides stable, real-time data for 3D spatial perception and precise localization. In path planning and dynamic obstacle avoidance, it accurately detects obstacle positions and contours in all directions, enabling safe and efficient motion control. Compared with vision-only approaches, LiDAR offers greater robustness and adaptability, particularly in crowded, narrow, or poorly lit environments, gradually evolved from a supplementary sensor into a foundational module in robotic perception.

- ***Maturing technology and rising application demands drive growth in LiDAR adoption and value:*** LiDAR technology is becoming increasingly mature, with improvements in lasers, receivers, scanning mechanisms, and point cloud processors. These improvements make LiDAR more suitable for robotic integration. Simultaneously, advancements in robotic hardware and system integration are accelerating demand for high-performance sensors. On the one hand, LiDAR installation rates continue to rise, with widespread deployment in use cases like Robotaxi, lawn mowing robots, delivery robots, autonomous mobile robots, and humanoid robots. In addition, as robotic tasks become more complex, the needs for precision and dynamic recognition are also increasing, driving a trend toward multi-LiDAR setups per robot and significantly boosting per-unit sensor value. Looking ahead, the adoption of multiple-LiDAR configurations will further boost demand, positioning LiDAR as a key growth driver in the market.

- ***Policy support and commercial deployment provide external momentum for LiDAR in Robotics:*** Globally, governments are prioritizing Robotics and intelligent sensing into national strategic agendas, introducing a range of supportive policies to advanced-technology-related industries. In China, initiatives such as the "Robot+ Application Action Plan"(《"機器人+"應用行動實施方案》) and the "2024 Annual Application Guidelines for the "Intelligent Sensors" Key R&D Program"(《"智能傳感器"重點專項2024年度項目申報指南》) offer policy guidance and funding support for the Robotics market. Western countries are also promoting high-end manufacturing and autonomous navigation systems through research grants and tax incentives. Meanwhile, commercial deployment of Robotaxi and Robotruck are providing real-world operating scenarios for high-level autonomous robots, reinforcing demand for high-performance LiDAR. In complex environments like logistics and urban mobility, LiDAR's precision sensing and redundancy capabilities make it a standard-fit sensor in commercial solutions. This dual momentum — policy support and real-world deployment — is accelerating large-scale LiDAR adoption in Robotics, pushing the market from the "validation phase" into the "growth phase."

Competitive Landscape of the Global LiDAR Applications in the Robotics Market

According to the CIC Report, Hesai ranked No. 1 in terms of revenue in the global LiDAR applications in the Robotics market in 2024.

Ranking of Major LiDAR Suppliers in the Robotics Market by Revenue in 2024[1]

Ranking	Company	Revenue (US$ Billion)	Market Share (%)
1	The Company	0.09	16.2%
2	Company E	~0.09	15.6%
3	Company B	0.03	4.8%

Source: Annual Report, The CIC Report.

Notes:

(1) Excluding low-end LiDARs with fewer than 16 channels.

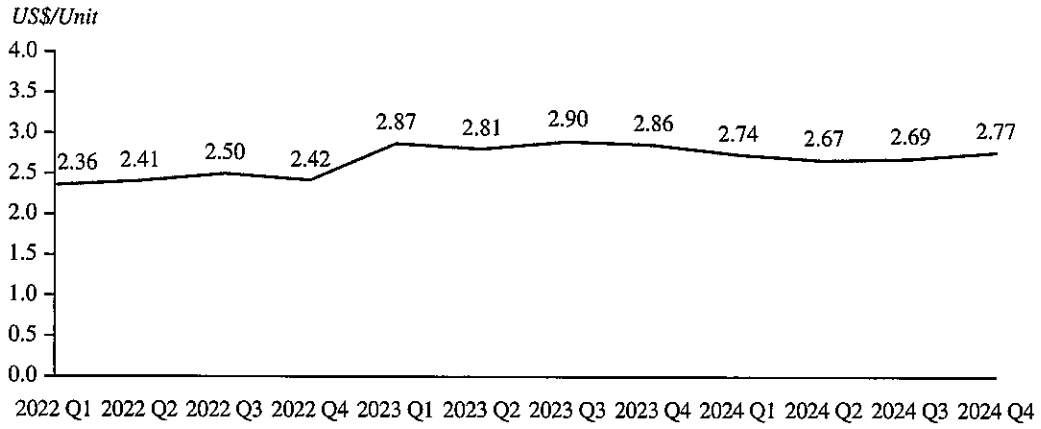
(2) Company E is a LiDAR company established in 2015 and headquartered in the United States that develops digital 3D LiDAR sensors for use in autonomous vehicles, industrial automation, and robotics. Company E is listed on the Nasdaq.

Price Trend of Semiconductor Chips

Automotive MCUs are a key raw material in LiDAR. The chart below illustrates the historical price trend of global automotive MCUs from Q1 2022 to Q4 2024. The prices of chips used as raw materials in LiDAR have remained stable and are expected to stay steady in the foreseeable future.

Automotive MCUs are selected as a representative indicator of semiconductor cost trends in LiDAR systems primarily due to their central functional role and substantial cost contribution. In a typical LiDAR hardware setup, multiple types of chips — such as MCUs, FPGAs, and PMICs — are used. Among them, automotive MCUs serve as the control center, managing signal processing, system coordination, and interface logic. Moreover, since LiDAR is deployed in automotive-grade environments, these MCUs must meet strict reliability and safety standards, making them more costly and impactful on the overall system cost. Therefore, tracking automotive MCU prices provides a meaningful gauge of raw material cost dynamics in LiDAR production.

Global Average Selling Price of Automotive MCUs (by Quarter)



Source: WSTS, The CIC Report.

SOURCE OF INFORMATION

We engaged CIC, an independent market research and consulting company that provides industry consulting services, commercial due diligence, and strategic consulting, to conduct detailed research on and analysis of the global LiDAR industry. We have agreed to pay a fee of HK$550,000 to CIC in connection with the preparation of the CIC Report. We have incorporated certain information from the CIC Report into this section, as well as into "Summary," "Business," "Financial Information," and elsewhere in this document to provide potential investors with a comprehensive presentation of the industries where we operate.

During the preparation of the CIC Report, CIC conducted both primary and secondary research, and gathered knowledge, statistics, information, and insights on industry trends within the target research markets. The primary research involved interviews with key industry experts and leading industry participants. The secondary research consisted of analyzing data from various publicly available sources, such as the National Bureau of Statistics.

The CIC Report was compiled based on the following assumptions: (i) the overall social, economic, and political environment in China is expected to remain stable during the forecast period; (ii) related key industry drivers are likely to propel continued growth in the global LiDAR industry throughout the forecast period, including favorable policies and wider acceptance of different levels of autonomous driving features in vehicle; and (iii) there will be no extreme force majeure or unforeseen industry regulations in which the market may be affected in either a dramatic or fundamental way during the forecast period.

The laws and regulations in mainland China that have a significant impact on our business operations are set out below:

RECENT GOVERNMENTAL POLICIES ON SUPPORTING AND PROMOTING SMART LIDAR SENSOR SYSTEM DEVELOPMENT IN CHINA

On February 10, 2020, the NDRC and other ten PRC governmental authorities jointly promulgated the Smart Car Innovation Development Strategy (《智能汽車創新發展戰略》), which provides that the PRC government shall promote the development and industrialization of automotive high-precision sensors, automotive-grade chips, smart operating systems, automotive smart terminals, and smart computing platforms, and build an industry cluster for smart automotive key parts.

On October 20, 2020, the General Office of the State Council released the Notice of the General Office of the State Council on Printing and Distributing the Development Plan for New Energy Automobile Industry (2021 — 2035) (《國務院辦公廳關於印發<新能源汽車產業發展規劃(2021 — 2035年)>的通知》), which encourages the enterprises to implement innovation projects for intelligent connected technologies. The PRC government should, by taking new energy automobiles as the carrier for the pioneering application of intelligent connected technologies, support enterprises in the cross-border collaboration, research and development in key technologies such as complex environment fusion perception, intelligent connected decision-making and control, and information physical system architecture design, to make breakthroughs in core technologies and products such as in-vehicle intelligent computing platforms, high-precision maps and positioning, wireless communication of vehicle to everything (V2X), and drive-by-wire execution systems.

On July 18, 2023, the MIIT and the National Standardization Administration (中華人民共和國國家標準化管理委員會) jointly issued the Guidelines for the Construction of the National Connected Vehicle Industry Standard System (Intelligent Connected Vehicles) (2023 Version) (《國家車聯網產業標準體系建設指南(智能網聯汽車)(2023版)》), which mainly focus on the general specifications, core technologies and key product applications of intelligent connected vehicles, aiming to build a standard system for intelligent connected vehicles, including the basis, technologies, products, test standards, etc.

On November 17, 2023, the MIIT, the MPS, the MOHURD and the Ministry of Transport jointly issued the Notice of Carrying Out the Pilot Program for the Market Access and Road Traffic of Intelligent Connected Vehicles (《關於開展智能網聯汽車準入和上路通行試點工作的通知》), which proposes that, based on the previous road test and demonstration application of intelligent connected vehicles, the PRC government will select intelligent connected vehicles equipped with automatic driving functions that have the conditions for mass production, and will launch a pilot scheme, where the chosen intelligent connected vehicles would be allowed to carry out road access pilots in a limited area.

The Catalogue for Guiding Industry Restructuring (2024 Version) (《產業結構調整指導目錄(2024年本)》), which was promulgated by the NDRC on December 27, 2023 and became effective on February 1, 2024, encourages the development of key components and technologies of intelligent vehicles such as high-precision sensors for autonomous driving, in-vehicle high-computing-power AI chips, visual recognition and display system and high-precision positioning devices, etc.

REGULATIONS RELATING TO FOREIGN INVESTMENT

The Foreign Investment Law of the PRC (《中華人民共和國外商投資法》), or the Foreign Investment Law, was formally adopted by the NPC on March 15, 2019 and became effective on January 1, 2020. The Foreign Investment Law is formulated to further expand opening-up, vigorously promote foreign investment and protect the legitimate rights and interests of foreign investors. According to the Foreign Investment Law, foreign investment means any foreign investor's direct or indirect investment in mainland China, including: (i) establishing Foreign Investment Enterprises, or the FIEs, in mainland China either individually or jointly with other investors; (ii) obtaining stock shares, stock equity, property shares, other similar interests in Chinese domestic enterprises; (iii) investing in new projects in mainland China either individually or jointly with other investors; and (iv) making investment through other means provided by laws, administrative regulations, or by the State Council. Foreign investments are entitled to pre-entry national treatment and are subject to the negative list management system. The pre-entry national treatment means that the treatment given to foreign investors and their investments at the stage of investment access is not lower than that of domestic investors and their investments. The negative list management system means that the State implements special administrative procedures for access to foreign investment in specific fields. Foreign investors shall not invest in any forbidden fields stipulated in the negative list and shall meet the conditions stipulated in the negative list before investing in any restricted fields.

Foreign investors' investment, earnings and other legitimate rights and interests within the territory of mainland China shall be protected in accordance with the law, and all national policies on supporting the development of enterprises shall equally apply to FIEs. The state guarantees that FIEs participate in the formulation of standards in an equal manner and in government procurement activities through fair competition in accordance with the law. The State shall not expropriate any foreign investment except under special circumstances. In special circumstances, the State may levy or expropriate the investment of foreign investors in accordance with the law for the needs of the public interest. The expropriation and requisition shall be conducted in accordance with legal procedures and timely and reasonable compensation shall be given. In carrying out business activities, FIEs shall comply with relevant provisions on labor protection, social insurance, tax, accounting, foreign exchange and other matters stipulated in laws and regulations.

From January 1, 2020, the Wholly Foreign-Owned Enterprises Law (《中華人民共和國外資企業法》) of the PRC, together with the Law of the People's Republic of China on Sino-Foreign Equity Joint Ventures (《中華人民共和國中外合資經營企業法》) and the Law of the People's Republic of China on Sino-Foreign Cooperative Joint Ventures (《中華人民共和國中外合作經營企業法》) together with their respective implementing rules were replaced by the Foreign Investment Law and the Implementation Regulations on the Foreign Investment Law (《中華人民共和國外商投資法實施條例》), which was promulgated by the State Council on December 26, 2019, and came into effect on January 1, 2020. The organization form, organization and activities of FIEs shall be governed by the Company Law of the People's Republic of China (《中華人民共和國公司法》) and the Partnership Enterprise Law of the People's Republic of China (《中華人民共和國合夥企業法》). FIEs established before the implementation of the Foreign Investment Law may retain the original business organization and so on within five years after the implementation of the Foreign Investment Law.

The Implementation Regulations on the Foreign Investment Law further requires that FIEs and domestic enterprises be treated equally with respect to policy making and implementation. Pursuant to the Implementation Regulations on the Foreign Investment Law, if an existing foreign-invested enterprise fails to change its original form pursuant to the Foreign Investment Law as of January 1, 2025, the relevant market regulation departments will not process other registration matters for such enterprise, and may disclose its relevant information to the public.

On December 30, 2019, the MOFCOM and the SAMR jointly issued the Measures for Reporting of Foreign Investment Information (《外商投資信息報告辦法》), or the Foreign Investment Information Measures, which came into effect on January 1, 2020 and replaced the Interim Administrative Measures for the Record-filing of the Establishment and Modification of Foreign-invested Enterprises (《外商投資企業設立及變更備案管理暫行辦法》). Since January 1, 2020, for foreign investors carrying out investment activities directly or indirectly in mainland China, foreign investors or FIEs shall submit investment information through the Enterprise Registration System (企業登記系統) and the National Enterprise Credit Information Publicity System (國家企業信用信息公示系統) operated by the SAMR. Foreign investors or FIEs shall disclose their investment information by submitting reports for their establishments, modifications and cancelations and their annual reports in accordance with the Foreign Investment Information Measures. If a foreign-invested enterprise investing in mainland China has finished submitting its reports for its establishment, modifications and cancelation and its annual reports, the relevant information will be shared by the competent market regulation department to the competent commercial department, and does not require such foreign-invested enterprise to submit the reports separately. Where a foreign investor or a foreign-invested enterprise fails to submit the investment information as required, and fails to resubmit or correct such information after being notified by the competent commerce authority, the competent commerce authority shall order it to make corrections within 20 business days. Failure to make corrections within the specified period may subject the foreign investor or the foreign-invested enterprise to fines of up to RMB300,000, or a fine up to RMB500,000 if other severe violations exist.

On December 19, 2020, the NDRC and the MOFCOM jointly promulgated the Measures on the Security Review of Foreign Investment (《外商投資安全審查辦法》), effective on January 18, 2021, setting forth provisions concerning the security review mechanism on foreign investment, including the types of investments subject to review, review scopes and procedures, among others. Led by the NDRC and MOFCOM, the Office of the Foreign Investment Security Review Working Mechanism (外商投資安全審查工作機制辦公室), or the Office of the Working Mechanism, shall be established under the NDRC to undertake routine work on the security review of foreign investment. Foreign investors or relevant parties in mainland China shall take the initiative to make a declaration on their investments for security review to the Office of the Working Mechanism prior to (i) making investments in the military industry, military industrial support and other fields relating to the security of national defense, and investments in areas surrounding military facilities and military industry facilities; and (ii) obtaining control over enterprises involved in important agricultural products, important energy and resources, important equipment manufacturing, important infrastructure, important transport services, important cultural products and services, important information technologies and internet products and services, important financial services, key technologies and other important fields relating to national security. Control exists when a foreign investor (i) holds 50% or more equity interests in the enterprise, (ii) has voting rights that can materially impact on the resolutions of the board of directors or shareholders meeting of the enterprise even when it holds less than 50% equity interests in the enterprise, or (iii) has material impact on the enterprise's business decisions, human resources, finance and technology. Violation of the reporting requirements may result in the order of reporting within a specified period, and, if the aforesaid parties fail to report, the order of disposition of equities or assets or adoption of any other necessary measures to restore the status before the foreign investments were made and eliminate any effect on national security.

REGULATIONS RELATING TO FOREIGN INVESTMENT INDUSTRIAL POLICY

Investment activities in mainland China by foreign investors are principally governed by the Catalog of Industries for Encouraging Foreign Investment (《鼓勵外商投資產業目錄》), or the Encouraging Catalog, and the Special Administrative Measures for Access of Foreign Investments (《外商投資准入特別管理措施》), or the Negative List, which were promulgated and are amended from time to time by the MOFCOM and the NDRC, and together with the Foreign Investment Law and their respective implementation rules and ancillary regulations. The Encouraging Catalog and the Negative List lay out the basic regulatory framework for foreign investment in mainland China, classifying businesses into three categories with regard to foreign investment: "encouraged," "restricted," and "prohibited." On October 26, 2022, the MOFCOM and the NDRC released the Catalog of Industries for Encouraging Foreign Investment (2022 Version) (《鼓勵外商投資產業目錄》(2022年版)), which became effective on January 1, 2023, to replace the previous one. On September 6, 2024, the MOFCOM and the NDRC released the Special Administrative Measures for Access of Foreign Investments (2024 Version) (《外商投資准入特別管理措施》(2024年版)), or the Negative List 2024, which became effective on November 1, 2024, to replace the previous Negative List.

According to the current regulations, any industry not listed in the Negative List 2024 is generally deemed as falling into a fourth category, "permitted" for foreign investment unless specifically prohibited or restricted by mainland China laws and regulations.

Our current businesses, including the production and sale of LiDAR products and gas sensors, are not included in the Negative List 2024 and are not otherwise restricted to foreign investment by mainland China laws and regulations. We made this determination by considering the nature of our businesses and the fact that Shanghai Hesai, a wholly foreign owned entity, has been approved by the relevant authorities to conduct such businesses without being subject to restrictions on foreign investment. However, as the Negative List is amended from time to time, and other mainland China laws and regulations on foreign investment restrictions are subject to change as well, we cannot guarantee that our businesses will not become subject to restrictions on foreign investment in the future.

REGULATIONS RELATING TO PRODUCT LIABILITY

Pursuant to the PRC Product Quality Law (《中華人民共和國產品質量法》), which was promulgated on February 22, 1993 and most recently amended on December 29, 2018 and came into effect on the same day, a manufacturer is prohibited from producing or selling products that do not satisfy applicable standards and requirements for safeguarding human health and ensuring human and property safety. Products must be free from unreasonable dangers threatening human and property safety. Where a defective product causes personal injury or property damage, the aggrieved party may make a claim for compensation from the manufacturer or the seller of the product. Manufacturers and sellers of non-compliant products may be ordered to cease the production or sale of the products and could be subject to confiscation of the products and fines. Earnings from sales in violation of such standards or requirements may also be confiscated, and in severe cases, an offender's business license may be revoked.

On May 28, 2020, the NPC promulgated the Civil Code of the People's Republic of China (《中華人民共和國民法典》), or the PRC Civil Code, which took effect on January 1, 2021 and replaces the Tort Law of the People's Republic of China, the Contract Law of the People's Republic of China, and several other basic civil laws in the PRC. Under the PRC Civil Code, if a product is found to be defective and to compromise the personal and property security of others, the victim may require compensation to be made by the manufacturer or the seller of the product. Where any manufacturer or seller knowingly produces or sells defective products or fails to take effective remedial measures in accordance with the PRC Civil Code and thus causes death or serious damage to the health of another person, such person shall be entitled to claim punitive damages. If the transporter or storekeeper is responsible for the matter, the manufacturer or seller shall have the right to demand compensation for its losses.

REGULATIONS RELATING TO IMPORT AND EXPORT OF GOODS

Pursuant to the Regulations of the PRC on the Administration of Import and Export of Goods (《中華人民共和國貨物進出口管理條例》) promulgated by the State Council on December 10, 2001 which came into effect on January 1, 2002, and was recently amended on March 10, 2024 with effect on May 1, 2024, the import and export of goods are generally allowed by the mainland China government, but the prohibitions or restrictions explicitly stipulated in the laws or administrative regulations shall still be complied with during the conduct of import and export of goods by individuals or entities. According to the Foreign Trade Law (《中華人民共和國對外貿易法》) of the PRC promulgated by the SCNPC, on May 12, 1994 which came into effect on July 1, 1994 and most recently amended with immediate effect on December 30, 2022, unless otherwise provided by laws and regulations, the mainland China government allows free export and import of goods and technologies, and protects the intellectual property rights associated with international trade. The authorities have canceled the requirements to file records and register formalities for foreign trade operators engaging in the import or export of goods or technology with the MOFCOM or the agency entrusted from December 30, 2022.

Pursuant to the Customs Law (《中華人民共和國海關法》) of the PRC promulgated by the SCNPC, on January 22, 1987 which came into effect on July 1, 1987 and last amended on April 29, 2021, and the Administrative Provisions of the Record-filing of Customs Declaration Entities (《中華人民共和國海關報關單位備案管理規定》) promulgated by the General Administration of Customs of the PRC (中華人民共和國海關總署) on November 19, 2021 which came into effect on January 1, 2022, unless otherwise provided for, the declaration of import or export goods and the payment of duties may be made by the consignees or consignors themselves, or by entrusted customs brokers that have been registered with the customs and such declaration shall be made by filing with the customs.

On April 26, 2024, the SCNPC promulgated the Tariff Law of the PRC (《中華人民共和國關稅法》), or the Tariff Law, which took effect on December 1, 2024 and replaced the Regulations on Import and Export Tariffs (《中華人民共和國進出口關稅條例》) promulgated by the State Council on November 23, 2003 and most recently amended on March 1, 2017. The Tariff Law stipulated that goods permitted to be imported or exported, and inbound articles, are subject to tariffs levied by the Customs in accordance with the provisions of the Tariff Law and the relevant laws and administrative regulations. The Tariff Law also stipulated that consignees of imports, consignors of exports and carriers or recipients of inbound articles shall pay tariffs and e-commerce platform operators, logistics enterprises and customs declaration enterprises engaging in cross-border e-commerce retail importation, as well as organizations and individuals obligated to withhold or collect tariffs pursuant to the provisions of laws and administrative regulations, are withholding obligors for tariffs.

REGULATIONS RELATING TO THE CONTROL OF RADIO TRANSMISSION EQUIPMENT

The Radio Administration Regulation of the PRC (《中華人民共和國無線電管理條例》) was released by the State Council and the Central Military Commission (中華人民共和國中央軍事委員會) on September 11, 1993, and became effective on the same day, which was subsequently amended and released on November 11, 2016, and came into force on December 1, 2016. Pursuant to the Radio Administration Regulation of the PRC, radio transmission equipment produced or imported for the purpose of sale or use in PRC shall apply to the radio regulatory authority for the model approval, except for micro power short-distance radio transmission equipment. The catalogue of approved models of radio transmission equipment was published by the radio regulatory authority of the state.

On October 7, 1997, in order to further strengthen the administration of manufacture of radio transmission equipment, the former State Radio Management Committee (中華人民共和國國家無線電管理委員會, the duty of which is now performed by MIIT) and the State Bureau of Technical Supervision (中華人民共和國國家質量技術監督局, the predecessor of General Administration of Quality Supervision, Inspection and Quarantine of the PRC (中華人民共和國國家質量監督檢驗檢疫總局) jointly issued the Regulations for the Administration of the Production of Radio Transmission Equipment (《關於生產無線電發射設備的管理規定》), which came into force on January 1, 1999. Any manufacture (including pilot production) of radio transmission equipment in mainland China is subject to these regulations. Such regulations specifically require that the model of transmission feature shall be approved by the State Radio Management Committee Office and the Type Approval Certificate for Radio Transmission Equipment (無線電發射設備型號核准證) and the Model Approval Code (型號核准代碼) shall be obtained for the production of radio transmission equipment in mainland China, in addition, the Model Approval Code shall be marked on the exterior of radio transmission equipment. The above requirements shall be exempted if either of the following two conditions are satisfied, namely, (i) the equipment has passed the model approval according to the Management Regulations of Import of Radio Transmission Equipment (《進口無線電發射設備的管理規定》) and obtained "Type Approval Certificate for Radio Transmission Equipment;" or (ii) the production of radio transmission equipment is for the sole purpose of exporting, and will not be sold and/or used in the domestic market (except otherwise provided by agreements signed with relevant countries). On December 22, 2022, the MIIT promulgated the Provisions on the Administration of Radio Transmission Equipment (《無線電發射設備管理規定》), which came into effect on July 1, 2023. According to the Provisions on the Administration of Radio Transmission Equipment, the production and import of radio transmission equipment for sale and use in China shall comply with laws and regulations on product quality, national standards, and the state's relevant provisions on radio regulation. For production or importation of radio transmission equipment, except for micro-power short-distance radio transmission equipment, to be sold and used in China, an application shall be made to the radio regulatory authority of the state for model approval of radio transmission equipment. The catalogue for the approved model of radio transmission equipment shall be published by the radio regulatory authority of the state.

On December 26, 2018, the MIIT promulgated the Interim Measures for the Implementation of Record Filing for the Sale of Radio Transmission Equipment (《無線電發射設備銷售備案實施辦法(暫行)》), which became effective on March 1, 2019. According to the Measures, sales of radio transmission equipment shall be filed for the record with the provincial radio regulatory authority in the place where the seller is registered through the information platform within 10 working days from the date of commencement of sales. The seller shall be responsible for the authenticity of the filed information, and accept the supervision and administration implemented by the relevant authorities in accordance with the relevant law. The filing information shall include the information of the business entity and equipment to be sold. The business entity information shall include name of the business entity, unified social credit code, contact person and contact information, address of physical business premises or name and website of the online sales platform, and relevant certificates. The information of the equipment to be sold shall include the equipment model, name of the manufacturer, equipment model, and model approval code. We have obtained the Type Approval Certificate for Radio Transmission Equipment and the Sales Filing Record for Radio Transmission Equipment for all applicable products as required by applicable PRC laws and regulations.

According to the Measures for the Supervision and Inspection of Radio Transmission Equipment (《無線電發射設備監督檢查辦法》) issued by the MIIT on May 20, 2024 and became effective from September 1, 2024, the supervision and inspection of radio transmission equipment are divided into routine inspections and special inspections. Inspections of the research and development, production, import, sales, and maintenance of radio transmission equipment that are included in the annual inspection plan fall under routine inspections. Based on relevant work task deployments and requirements, inspections targeting specific objects, matters, or fields are categorized as special inspections.

REGULATIONS RELATING TO REAL ESTATE

Self-Owned Real Properties

According to the PRC Civil Code, properties referred to in this law include real property and personal property. The creation, alteration, alienation, or extinguishment of the property right of a real property shall become effective upon registration in accordance with law.

The certificate of ownership of real property shall be evidence of the right holder's entitlement in the real property. The right to use a land parcel for construction purposes may be created by way of grant, allocation or by other means. A person who has the right to use a land parcel for construction purposes shall make reasonable use of the land parcel and may not change its planned purpose of use.

According to the Land Administration Law of the PRC (《中華人民共和國土地管理法》), adopted by the SCNPC on June 25, 1986, and latest amended on August 26, 2019, or the Land Administration Law, the PRC implements "socialist public ownership of land," that is, ownership by the whole people or collective ownership by the working masses. The State formulates an overall land utilization plan to stipulate land use, classifying land into agricultural land, construction land, or unused land. Entities or individuals using land must use the land strictly in accordance with the purposes of land use determined in the overall land utilization plan.

Leasing

Pursuant to the PRC Civil Code, the lessee may sublease the leased premises to a third party with the consent of the lessor. Where the lessee subleases the premises, the lease contract between the lessee and the lessor remains valid. However, the lessor is entitled to terminate the lease contract if the lessee subleases the premises without the consent of the lessor. The lessee may terminate the lease contract if the leased property could not be used due to the reasons of the lessors, such as when the ownership of the leased real estate is in dispute.

Pursuant to the PRC Civil Code, if the mortgaged property has been leased and transferred for occupation before the establishment of mortgage rights, the original tenancy shall not be affected by such mortgage rights. According to the Interpretation of the Supreme People's Court on Several Issues concerning the Application of Law in the Trial of Cases about Disputes Over Lease Contracts on Urban Buildings (Revised 2020) (《最高人民法院關於審理城鎮房屋租賃合同糾紛案件具體應用法律若干問題的解釋》(2020年修正)), or the Interpretation on the Application of Law about Disputes Over Lease Contracts on Urban Buildings, which was promulgated by the Supreme People's Court on July 30, 2009, and amended on December 29, 2020, if the ownership of the leased premises changes during the period when the lessee is in possession in accordance with the lease contract, and the lessee requests the assignee to continue to perform the original lease contract, the PRC court shall support it, except when the mortgage right has been established before the premises were leased and the ownership changes due to the mortgagee's realization of the mortgage right occurred.

On December 1, 2010, the Ministry of Housing and Urban-Rural Development (中華人民共和國住房和城鄉建設部), or the MOHURD, promulgated the Administrative Measures for Commodity House Leasing (《商品房屋租賃管理辦法》), or the New Lease Measures, which became effective on February 1, 2011, and replaced the Administrative Measures for Urban House Leasing (《城市房屋租賃管理辦法》). Pursuant to the New Lease Measures, parties shall register and file with the local property administration authority within thirty days after entering the lease contract. Failure to comply with such registration and filing requirements shall result in fines up to RMB10,000. However, according to the PRC Civil Code, failure to register and file with the authority in accordance with the provisions of laws, administrative rules and regulations would not prejudice the validity of the contract.

Construction

Pursuant to the Land Administration Law and the New Lease Measures, the land shall be used strictly in line with the purposes determined in the general land use plan whether by entities or individuals, and the usage of land defined in the general use plan shall not be changed without the approval of the authority who approved the plan originally.

Pursuant to the Regulation on the Quality Management of Construction Projects (《建設工程質量管理條例》) promulgated by the State Council on January 30, 2000, and most recently amended on April 23, 2019, and the Measures for the Administration of Filings for Post-Construction Inspection and Acceptance of Housing Building Projects and Municipal Infrastructure Projects (《房屋建築和市政基礎設施工程竣工驗收備案管理辦法》) promulgated by the Ministry of Construction (建設部), which has now been merged into the MOHURD, on April 7, 2000 and most recently amended by the MOHURD with immediate effect on October 19, 2009, the construction entity shall organize the entities of design, construction, project supervision, etc. to conduct as-built acceptance check after receiving the project completion report. The construction project could be delivered for use only after it has passed the as-built acceptance check. The construction entity shall, within fifteen days from the date of passing the acceptance check, file with the competent construction department of the local government at or above the county level where the project is located for record.

REGULATIONS RELATING TO ENVIRONMENTAL PROTECTION AND WORK SAFETY

Environmental Protection

Pursuant to the PRC Environmental Protection Law (《中華人民共和國環境保護法》) promulgated by the SCNPC on December 26, 1989, amended on April 24, 2014, and effective on January 1, 2015, any entity which discharges or will discharge pollutants during the course of operations or other activities must implement effective environmental protection safeguards and procedures to control and properly treat waste gas, waste water, waste residue, dust, malodorous gases, radioactive substances, noise, vibrations, electromagnetic radiation, and other hazards produced during such activities.

According to the provisions of the PRC Environmental Protection Law, in addition to other applicable laws and regulations of the PRC, the relevant environmental protection authorities and its local counterparts are responsible for administering and supervising environmental protection matters, and may impose various administrative penalties on persons or enterprises in violation of the Environmental Protection Law. Such penalties include fines, orders to rectify within a prescribed period, orders to cease construction, orders to restrict or suspend production, orders to make recovery, orders to disclose relevant information, imposition of administrative action against relevant responsible persons, and orders to shut

down enterprises. Any person or entity that pollutes the environment resulting in damage could also be held liable under the PRC Civil Code. In addition, environmental organizations may also bring lawsuits against any entity that discharges pollutants detrimental to the public welfare.

Environmental Impact Assessment

Pursuant to the PRC Environmental Protection Law, construction projects that have environmental impact shall be subject to environmental impact assessment. Installations for the prevention and control of pollution in construction projects must be designed, built and commissioned together with the principal construction plan of the project. Such installations shall not be dismantled or left idle without authorization from the competent government agencies.

Pursuant to the Law of the PRC on Environment Impact Assessment (《中華人民共和國環境影響評價法》) promulgated by the SCNPC on October 28, 2002, and most recently amended with immediate effect on December 29, 2018, the State Council implemented an environmental impact assessment, or EIA, to classify construction projects according to their impact on the environment. Construction entities shall prepare an environmental impact report, or EIR, or an environmental impact statement, or EIS, according to the following rules: (i) for projects with potentially serious environmental impacts, an EIR shall be prepared to provide a comprehensive assessment of their environmental impacts; (ii) for projects with potentially mild environmental impacts, an EIS shall be prepared to provide an analysis or specialized assessment of the environmental impacts; and (iii) an Environmental Impact Form shall be completed for projects with minimal environmental impacts that does not require environmental impact assessment.

On November 30, 2020, the Ministry of Ecology and Environment of the PRC (中華人民共和國生態環境部) promulgated the Classified Administration Catalogue of Environmental Impact Assessments for Construction Projects (2021 version) (《建設項目環境影響評價分類管理名錄(2021年版)》), or Classified Administration Catalogue (2021 version), which became effective on January 1, 2021.

Work Safety

Under relevant construction safety laws and regulations, including the PRC Work Safety Law (《中華人民共和國安全生產法》), which was promulgated by the SCNPC on June 29, 2002, amended on August 27, 2009, August 31, 2014 and June 10, 2021, and effective on September 1, 2021, production and operating business entities must establish objectives and measures for work safety and improve the working conditions for workers in a planned and systematic way. A work safety protection scheme must also be set up to implement the work safety job responsibility system. In addition, production and operating business entities must arrange work safety training and provide their employees with protective equipment that meets the national or industrial standards. Automobile and components manufacturers are subject to such environment protection and work safety requirements.

Fire Control

Pursuant to the PRC Fire Safety Law (《中華人民共和國消防法》), which was promulgated by the SCNPC on April 29, 1998, and most recently amended on April 29, 2021, and the Interim Provisions on Administration of Fire Control Design Review and Acceptance of Construction Project (《建設工程消防設計審查驗收管理暫行規定》) promulgated by the MOHURD on April 1, 2020, and most recently amended on April 21, 2023, with effect on October 30, 2023, the construction entity of a labor-intensive enterprise's manufacturing plant whose size is over 2,500 square meters and other special construction projects must apply for fire prevention design review with fire control authorities, and complete fire assessment inspection and acceptance procedures after the construction project is completed. The construction entity of other construction projects must file with the competent department for record within five business days after passing the construction completion inspection and acceptance. If the construction entity fails to pass the fire safety inspection before such venue is put into use or fails to conform to the fire safety requirements after such inspection, it will be subject to (i) orders to suspend the construction of projects, use of such projects, or operation of relevant business, and (ii) a fine between RMB30,000 and RMB300,000.

REGULATIONS RELATING TO INTELLECTUAL PROPERTY

China has adopted comprehensive legislation governing intellectual property rights, including copyrights, trademarks, patents and domain names. China is a signatory to the primary international conventions on intellectual property rights and has been a member of the Agreement on Trade Related Aspects of Intellectual Property Rights (《與貿易有關的知識產權協定》) since its accession to the World Trade Organization (世界貿易組織) in December 2001.

Copyright

On September 7, 1990, the SCNPC promulgated the Copyright Law of the PRC (《中華人民共和國著作權法》), or the Copyright Law, effective on June 1, 1991 and amended on October 27, 2001, February 26, 2010 and November 11, 2020, and the latest amendment took effect on June 1, 2021. On August 2, 2002, the State Council promulgated the Implementation Regulations of the PRC Copyright Law (《中華人民共和國著作權法實施條例》), which was most recently amended on January 30, 2013 and came into effect on March 1, 2013. The amended Copyright Law and its implementation rules extend copyright protection to internet activities, products disseminated over the internet and software products. In addition, there is a voluntary registration system administered by the Copyright Protection Center of China (中國版權保護中心). According to the Copyright Law, Chinese citizens, legal persons, or other organizations shall, whether published or not, own copyright in their copyrightable works, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software. Copyright owners enjoy certain legal rights, including right of publication, right of authorship and right of reproduction. An infringer of the

copyrights shall be subject to various civil liabilities, which include ceasing infringement activities, apologizing to the copyright owners and compensating the loss of copyright owner. Infringers of copyright may also be subject to fines and/or administrative or criminal liabilities in severe situations.

In order to further implement the Regulations on Computer Software Protection (《計算機軟件保護條例》), promulgated by the State Council on December 20, 2001 and amended on January 8, 2011 and January 30, 2013, respectively, the National Copyright Administration (中華人民共和國國家版權局) issued the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) on February 20, 2002, which specifies detailed procedures and requirements with respect to the registration of software copyrights.

Under the Order of the State Council on the Issuance of the Regulations on the Protection of Layout-Designs of Integrated Circuits (《集成電路布圖設計保護條例》), promulgated on April 2, 2001 and coming into force on October 1, 2001, any layout-design created by a Chinese natural person, legal person or other organization shall be eligible for the exclusive right of layout-design in accordance with these regulations. Any layout-design which is to be protected shall be original in the sense that the layout-design is the result of the creator's own intellectual effort, and it is not commonplace among creators of layout-designs and manufacturers of integrated circuits at the time of its creation. The intellectual property administration department of the State Council is responsible for the relevant administrative work concerning the exclusive right of layout-design in accordance with these regulations.

Trademark

According to the Trademark Law of the PRC (《中華人民共和國商標法》) promulgated by the SCNPC on August 23, 1982, and amended on February 22, 1993, October 27, 2001, August 30, 2013 and April 23, 2019 respectively, the SAIC, under the State Council is responsible for the registration and administration of trademarks in mainland China. The SAIC under the State Council has established a Trademark Review and Adjudication Board (商標評審委員會) for resolving trademark disputes. Registered trademarks are valid for 10 years from the date the registration is approved. A registrant may apply to renew a registration within twelve months before the expiration date of the registration. If the registrant fails to apply in a timely manner, a grace period of six additional months may be granted. If the registrant fails to apply before the grace period expires, the registered trademark shall be deregistered. Renewed registrations are valid for ten years. On April 29, 2014, the State Council issued the revised Implementing Regulations of the Trademark Law of the People's Republic of China (《中華人民共和國商標法實施條例》), which specifies the requirements of applying for trademark registration and renewal.

Patent

According to the Patent Law of the People's Republic of China (《中華人民共和國專利法》), or the Patent Law, promulgated by the SCNPC on March 12, 1984 and amended on September 4, 1992, August 25, 2000, December 27, 2008, and October 17, 2020, with the latest amendment taking effect on June 1, 2021, respectively, and the Implementation Rules of the Patent Law of the People's Republic of China (《中華人民共和國專利法實施細則》), or the Implementation Rules of the Patent Law, promulgated by the State Council on June 15, 2001 and revised on December 28, 2002, January 9, 2010 and January 20, 2024, respectively, the patent administrative department under the State Council is responsible for the administration of patent-related work nationwide and the patent administration departments of provincial or autonomous regions or municipal governments are responsible for administering patents within the respective administrative areas. The Patent Law and Implementation Rules of the Patent Law provide for three types of patents, namely "inventions," "utility models" and "designs." Invention patents are valid for twenty years, utility model patents are valid for ten years, and since June 1, 2021, the validation period for design patents whose application date is after June 1, 2021 are extended to fifteen years in each case from the date of application. In accordance with the Measures for the Filing of Patent Licensing Agreement (《專利實施許可合同備案辦法》), which was issued by the State Intellectual Property Office (國家知識產權局) on June 27, 2011, and came into effect on August 1, 2011, the State Intellectual Property Office is responsible for the filing of patent licensing agreements nationwide. The parties concerned shall complete filing within three months from the effective date of such patent licensing agreement. The Chinese patent system adopts a "first come, first file" principle, which means that where more than one person files a patent application for the same invention, a patent will be granted to the person who files the application first. An invention or a utility model must possess novelty, inventiveness and practical applicability to be patentable. Third Parties must obtain consent or a proper license from the patent owner to use the patent. Otherwise, the unauthorized use constitutes an infringement on the patent rights.

Domain Names

On August 24, 2017, the MIIT promulgated the Administrative Measures for Internet Domain Names (《互聯網域名管理辦法》), or the Domain Name Measures, which became effective on November 1, 2017. The Domain Name Measures regulate the registration of domain names, such as China's national top-level domain name ".CN." The China Internet Network Information Center, or the CNNIC (中國互聯網絡信息中心), issued the Implementation Rules for Country Code Top-Level Domain Name Registration (《國家頂級域名註冊實施細則》) and Country Code Top-Level Dispute Resolutions Procedure Rules (《國家頂級域名爭議解決程序規則》) on June 18, 2019, pursuant to which the CNNIC can authorize a domain name dispute resolution institution to decide domain name related disputes.

REGULATIONS RELATING TO FOREIGN EXCHANGE

The principal regulations governing foreign currency exchange in mainland China are the Administrative Regulations on Foreign Exchange of the People's Republic of China (《中華人民共和國外匯管理條例》), or the Foreign Exchange Administrative Regulation, which were promulgated by the State Council on January 29, 1996, became effective on April 1, 1996 and was subsequently amended on January 14, 1997 and August 5, 2008 (which became effective on August 5, 2008), respectively, and the Administrative Regulations on Foreign Exchange Settlement, Sales and Payment (《結匯、售匯及付匯管理規定》), which was promulgated by the PBOC, on June 20, 1996 and became effective on July 1, 1996. Under these regulations, payments of current account items, such as profit distributions and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the SAFE, by complying with certain procedural requirements. By contrast, approval from or registration with appropriate governmental authorities or the designated banks is required where RMB is to be converted into foreign currency and remitted outside of mainland China to pay capital account items such as the repayment of foreign currency-denominated loans, direct investment overseas and investments in securities or derivative products outside of mainland China. FIEs are permitted to convert their after-tax dividends into foreign exchange and to remit such foreign exchange out of their foreign exchange bank accounts in mainland China.

The Circular of Further Improving and Adjusting Foreign Exchange Administration Policies on Foreign Direct Investment (《關於進一步改進和調整直接投資外匯管理政策的通知》), or SAFE Circular 59, which was promulgated by SAFE on December 19, 2012 and amended on May 4, 2015, substantially amends and simplifies the current foreign exchange procedure. Pursuant to SAFE Circular 59, the opening of various special purpose foreign exchange accounts, such as pre-establishment expenses accounts, foreign exchange capital accounts and guarantee accounts, the reinvestment of RMB proceeds derived by foreign investors in the PRC, and remittance of foreign exchange profits and dividends by a foreign-invested enterprise to its foreign shareholders no longer require the approval or verification of SAFE, and multiple capital accounts for the same entity may be opened in different provinces, which was not possible previously. In 2013, SAFE specified that the administration by SAFE or its local branches over direct investment by foreign investors in the PRC must be conducted by way of registration, and that banks must process foreign exchange business relating to the direct investment in the PRC based on the registration information provided by SAFE and its branches. On February 13, 2015, SAFE promulgated the Circular of Further Simplifying and Improving the Administration of the Foreign Exchange Concerning Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》), or SAFE Circular 13. Instead of applying for approvals regarding foreign exchange registrations of foreign direct investment and overseas direct investment from SAFE, entities and individuals may apply for such foreign exchange registrations from qualified banks. The qualified banks, under the supervision of SAFE, may directly review the applications and conduct the registration.

On March 30, 2015, SAFE promulgated the Notice on Reforming the Administration of Foreign Exchange Settlement of Capital of Foreign-invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》), or the SAFE Circular 19, which took effect on June 1, 2015 and was further revised in 2019 and on March 23, 2023. SAFE Circular 19 expands a pilot reform of the administration of the settlement of the foreign exchange capitals of foreign-invested enterprises nationwide. SAFE Circular 19 replaced both the Circular of the SAFE on Issues Relating to the Improvement of Business Operations with Respect to the Administration of Foreign Exchange Capital Payment and Settlement of Foreign-invested Enterprises (《關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知》), or SAFE Circular 142, and the Circular of the SAFE on Issues concerning the Pilot Reform of the Administrative Approach Regarding the Settlement of the Foreign Exchange Capitals of Foreign-invested Enterprises in Certain Areas (《關於在部分地區開展外商投資企業外匯資本金結匯管理方式改革試點有關問題的通知》), or SAFE Circular 36. SAFE Circular 19 allows all foreign invested enterprises established in the PRC to settle their foreign exchange capital on a discretionary basis according to the actual needs of their business operation, provides the procedures for foreign invested companies to use RMB converted from foreign currency denominated capital for equity investments, and removes certain other restrictions that had been provided in SAFE Circular 142. However, SAFE Circular 19 continues to prohibit foreign-invested enterprises from, among other things, using RMB funds converted from their foreign exchange capital for expenditure beyond their business scope and providing entrusted loans or repaying loans between non-financial enterprises.

On June 9, 2016, SAFE promulgated the Circular on Reforming and Regulating Policies on the Management of the Settlement of Foreign Exchange of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》), or the SAFE Circular 16, which was recently amended on December 4, 2023. The SAFE Circular 16 unifies the discretional foreign exchange settlement for all the domestic institutions. The Discretional Foreign Exchange Settlement refers to the foreign exchange earnings on capital account (including foreign exchange capital, foreign loans and funds remitted from the proceeds from the overseas listing) which have been confirmed by the relevant policies to implement discretional foreign exchange settlement can be settled at the banks based on the actual operational needs of the domestic institutions. The proportion of Discretional Foreign Exchange Settlement of the foreign exchange capital is temporarily determined as 100%. Violations of SAFE Circular 19 or SAFE Circular 16 could result in administrative penalties in accordance with the Foreign Exchange Administrative Regulation and relevant provisions.

Furthermore, SAFE Circular 16 stipulates that the use of foreign exchange incomes of capital accounts by FIEs shall follow the principles of authenticity and self-use within the business scope of the enterprises. The foreign exchange incomes of capital accounts and capital in RMB obtained by the FIE from foreign exchange settlement shall not be used for the following purposes: (i) directly or indirectly used for the payment beyond the business scope of the enterprises or the payment prohibited by relevant laws and regulations; (ii) directly or indirectly used for investment in securities or financial schemes other than bank guaranteed

products unless otherwise provided by relevant laws and regulations; (iii) used for granting loans to non-affiliated enterprises, unless otherwise permitted by its business scope; and (iv) used for the construction or purchase of real estate that is not for self-use (except for real estate enterprises).

On October 23, 2019, SAFE promulgated the Notice of the State Administration of Foreign Exchange on Further Promoting the Convenience of Cross-border Trade and Investment (《關於進一步促進跨境貿易投資便利化的通知》), or the SAFE Circular 28, which was recently amended on December 4, 2023. The SAFE Circular 28 stipulates that non-investment FIEs may use capital to carry out domestic equity investment in accordance with the law under the premise of not violating the negative list and the projects invested are true and in compliance with laws and regulations. In addition, SAFE Circular 28 stipulates that qualified enterprises in certain pilot areas may use their capital income from registered capital, foreign debt and overseas listing, for the purpose of domestic payments, without providing authenticity certifications to the relevant banks in advance for those domestic payments.

On April 10, 2020, SAFE issued the Notice of the SAFE on Optimizing Foreign Exchange Administration to Support the Development of Foreign-related Business (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》), or the SAFE Circular 8. The SAFE Circular 8 provides that under the condition that the use of funds is genuine and compliant with current administrative provisions on use of income relating to capital account, enterprises are allowed to use income under capital account such as capital funds, foreign debts and overseas listings for domestic payment, without submission to the bank prior to each transaction of materials evidencing the veracity of such payment.

On December 4, 2023, the SAFE issued the Notice on Further Deepening Reforms to Promote the Convenience of Cross-border Trade and Investment (《關於進一步深化改革促進跨境貿易投資便利化的通知》), or the SAFE Notice 28, which provides that qualified high-tech, "professional, sophisticated, unique and new" and technology-based small and medium-sized enterprises in Shanghai and certain other areas can borrow foreign debt on their own within an amount not exceeding the equivalent of US$10 million. SAFE Notice 28 abolished the restriction that the cumulative remittance amount of up-front expenses of overseas direct investment by a domestic enterprise shall not exceed the equivalent of US$3 million, provided that the cumulative remittance amount shall not exceed 15% of the total proposed investment amount by the PRC entity. Additionally, SAFE Notice 28 restructured the asset realization account of capital accounts to the settlement account of capital accounts. The equity transfer consideration funds in foreign currency received by a domestic equity transferor (including institutions and individuals) from domestic parties, as well as the foreign exchange funds raised by domestic enterprises through overseas listing may be directly remitted to the settlement account of capital accounts. Funds in the settlement account of capital accounts may be settled and used at discretion. The equity transfer consideration funds received by a domestic equity transferor from FIEs which are paid with RMB funds derived from the settlement of foreign exchange (i.e., RMB funds derived from direct settlement of foreign exchange or from settlement account for pending payment) may be transferred directly to the RMB account of the domestic equity transferor.

REGULATIONS RELATING TO DIVIDEND DISTRIBUTION

The principal regulations governing distribution of dividends of a wholly foreign-owned enterprise, or WFOE, include the Company Law of the PRC, which was recently amended by the SCNPC on December 29, 2023 with respect to the company's capital system, organization, registration, responsibilities of controlling shareholders and management personnel, etc. and came into force on July 1, 2024. Under these regulations, WFOEs in mainland China may pay dividends only out of their accumulated profits, if any, determined in accordance with the mainland China accounting standards and regulations. PRC companies are not permitted to distribute any profits until any losses from prior fiscal years have been offset. Profits retained from prior fiscal years may be distributed together with distributable profits from the current fiscal year. In addition, foreign investment enterprises in mainland China are required to allocate at least 10% of their accumulated profits each year, if any, to fund certain statutory reserve funds unless these reserves have reached 50% of the registered capital of the enterprises. Foreign investment enterprises shall not distribute profits before losses are covered and the statutory reserve funds are drawn.

REGULATIONS RELATING TO FOREIGN DEBTS

A loan made by foreign investors as shareholders in a foreign-invested enterprise is considered to be foreign debt in mainland China and is regulated by various laws and regulations, including the Foreign Exchange Administrative Regulation, the Interim Provisions on the Management of Foreign Debts (《外債管理暫行辦法》) promulgated by SAFE, the NDRC and the Ministry of Finance, or the MOF, which took effect on March 1, 2003 and was amended on July 26, 2022 with effect on September 1, 2022, and the Administrative Measures for Registration of Foreign Debts (《外債登記管理辦法》) promulgated by SAFE on April 28, 2013 and amended by the Notice of the SAFE on Abolishing and Amending the Normative Documents Related to the Reform of the Registered Capital Registration System (《國家外匯管理局關於廢止和修改涉及註冊資本登記制度改革相關規範性文件的通知》) on May 4, 2015. Under these rules, a shareholder loan in the form of foreign debt made to a Chinese entity does not require the prior approval of SAFE. However, such foreign debt must be registered with and recorded by local banks. The SAFE Circular 28 provides that a non-financial enterprise in the pilot areas may register a permitted amount of foreign debts, which is as twice of the non-financial enterprise's net assets, at the local foreign exchange bureau. Such non-financial enterprise may borrow foreign debts within the permitted amount and directly handle the relevant procedures in banks without registration of each foreign debt. However, the non-financial enterprise shall report its international income and expenditure regularly.

Pursuant to the Administrative Measures for Examination and Registration of Medium and Long Term Foreign Debts of Enterprises (《企業中長期外債審核登記管理辦法》), or the Circular 56, which came into force on February 10, 2023 and replaced the Circular on Promoting the Reform of the Filing and Registration Administrative Regime for the Foreign Debt Issuance (《關於推進企業發行外債備案登記制管理改革的通知》) by the NDRC promulgated on September 14, 2015, prior to the borrowing of foreign debts, enterprises shall first apply to and obtain from NDRC the Certificate of Examination and Registration of

Foreign Debts Borrowed by Enterprises (《企業借用外債審核登記證明》) and shall report the information on the foreign debts to NDRC within ten business days after completion of each borrowing. In February 2023, NDRC circulated the Guide to the Examination and Registration of Medium and Long Term Foreign Debts of Enterprises (企業借用中長期外債審核登記辦事指南) on its official website, according to which, domestic companies (and the overseas companies or branches controlled by them) who borrowed from foreign companies (including overseas shareholders) a loan with a maturity of more than one year need to apply to the NDRC for examination and registration. However, NDRC has not issued any other further explanation for the implementation of Circular 56.

REGULATIONS RELATING TO OFFSHORE SPECIAL PURPOSE VEHICLES HELD BY MAINLAND CHINA RESIDENTS

SAFE promulgated the Circular on Printing and Distributing the Provisions on Foreign Exchange Administration over Domestic Direct Investment by Foreign Investors and the Supporting Documents (《關於印發<外國投資者境內直接投資外匯管理規定>及配套文件的通知》) on May 10, 2013, which was amended on October 10, 2018 and on December 30, 2019 respectively, which specifies that the administration by SAFE or its local branches over direct investment by foreign investors in mainland China shall be conducted by way of registration and banks shall process foreign exchange business relating to the direct investment in mainland China based on the registration information provided by SAFE and its branches.

SAFE promulgated the SAFE Circular 37, on July 4, 2014 that requires mainland China residents or entities to register with SAFE or its local branch in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing. SAFE Circular 37 regulates foreign exchange matters in relation to the use of special purpose vehicles by PRC residents or entities to seek offshore investment and financing or conduct round trip investment in the PRC. Under SAFE Circular 37, a "special purpose vehicle" refers to an offshore entity established or controlled, directly or indirectly, by PRC residents or entities for the purpose of seeking offshore financing or making offshore investment, using legitimate onshore or offshore assets or interests. "Round trip investment" refers to direct investment in the PRC by PRC residents or entities through special purpose vehicles, namely, establishing foreign-invested enterprises to obtain ownership, control rights and management rights. SAFE Circular 37 provides that, before contributing to a special purpose vehicle, PRC residents or entities are required to complete foreign exchange registration with SAFE or its local branch. In addition, such PRC residents or entities must update their SAFE registrations when the offshore special purpose vehicle undergoes material events relating to any change of basic information (including change of such mainland China citizens or residents, and name and term of operation), capital increase or reduction, transfers or exchanges of shares, or mergers or divisions. SAFE Circular 37 was issued to replace the Notice on Relevant Issues Concerning Foreign Exchange Administration for PRC Residents Engaging in Financing and Roundtrip Investments via Overseas Special Purposes Vehicles (《關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知》).

SAFE further enacted the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving the Foreign Exchange Management Policies for Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》), or the SAFE Circular 13 and amended on December 30, 2019 by a notice, which allows mainland China residents or entities to register with qualified banks in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing. However, remedial registration applications made by mainland China residents that previously failed to comply with the SAFE Circular 37 continue to fall under the jurisdiction of the relevant local branch of SAFE. In the event that a mainland China shareholder holding interests in a special purpose vehicle fails to fulfill the required SAFE registration, the mainland China subsidiaries of that special purpose vehicle may be prohibited from distributing profits to the offshore parent and from carrying out subsequent cross-border foreign exchange activities, and the special purpose vehicle may be restricted in its ability to contribute additional capital into its mainland China subsidiary.

On January 26, 2017, SAFE issued the Notice on Improving the Check of Authenticity and Compliance to Further Promote Foreign Exchange Administration (《關於進一步推進外匯管理改革完善真實合規性審核的通知》), or the SAFE Circular 3, which stipulates several capital control measures with respect to the outbound remittance of profit from domestic entities to offshore entities, including (i) under the principle of genuine transaction, banks shall check board resolutions regarding profit distribution, the original version of tax filing records and audited financial statements; and (ii) domestic entities shall hold income to account for previous years' losses before remitting the profits. Moreover, pursuant to SAFE Circular 3, domestic entities shall make detailed explanations of the sources of capital and utilization arrangements, and provide board resolutions, contracts and other proof when completing the registration procedures in connection with an outbound investment.

REGULATIONS RELATING TO STOCK INCENTIVE PLANS

According to the Notice of the State Administration of Foreign Exchange on Issues Relating to the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Listed Company (《國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》), or the Share Incentive Rules, which was issued on February 15, 2012, and other regulations, directors, supervisors, senior management and other employees participating in any share incentive plan of an overseas publicly-listed company who are mainland China citizens or non-mainland China citizens residing in mainland China for a continuous period of not less than one year, subject to certain exceptions, are required to register with SAFE or its local branches and complete certain other procedures. All such participants who are PRC residents need to authorize a qualified mainland China agent, such as a mainland China subsidiary of the overseas publicly-listed company to register with SAFE and handle foreign exchange matters such as opening accounts, and transfer and settlement of the relevant proceeds. The Share Incentive Rules further require an offshore agent to be designated to handle matters in connection with the exercise of stock options and sales of proceeds for the participants of the stock incentive plans. In addition, the PRC agent is required to amend the SAFE registration with respect to the stock incentive plan if there is any

material change to the stock incentive plan, the PRC agent or the overseas entrusted institution or other material changes. The PRC agents must, on behalf of the PRC residents who have the right to exercise the employee stock options, apply to SAFE or its local branches for an annual quota for the payment of foreign currencies in connection with the PRC residents' exercise of the employee stock options. The foreign exchange proceeds received by the PRC residents from the sale of stock under the stock incentive plans granted and dividends distributed by the overseas listed companies must be remitted into the bank accounts in the PRC opened by the PRC agents before distribution to such PRC residents. Failure to complete the said SAFE registrations may subject the participating directors, supervisors, senior management and other employees to fines and other legal sanctions.

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

REGULATIONS RELATING TO OUTBOUND DIRECT INVESTMENT

On December 26, 2017, the NDRC promulgated the Administrative Measures for the Outbound Investment of Enterprises (《企業境外投資管理辦法》), or NDRC Order No. 11, which took effect on March 1, 2018. According to NDRC Order No. 11, non-sensitive overseas investment projects are required to make record filings with the local branch of the NDRC. On September 6, 2014, MOFCOM promulgated the Administrative Measures on Overseas Investments (《境外投資管理辦法》), which took effect on October 6, 2014. According to such regulations, overseas investments of PRC enterprises that involve non-sensitive countries and regions and non-sensitive industries must make record filings with a local branch of MOFCOM. The Notice of the State Administration of Foreign Exchange on Further Improving and Adjusting Foreign Exchange Administration Policies for Direct Investment (《關於進一步改進和調整直接投資外匯管理政策的通知》) was issued by SAFE on November 19, 2012 and amended on May 4, 2015, October 10, 2018 and December 30, 2019 respectively, under which mainland China enterprises must register for overseas direct investment with local banks. The shareholders or beneficial owners who are mainland China entities are required to be in compliance with the related overseas investment regulations. If they fail to complete the filings or registrations required by overseas direct investment regulations, the relevant authority may order them to suspend or cease the implementation of such investment and make corrections within a specified time.

REGULATIONS RELATING TO TAXATION

Enterprise Income tax

According to the Enterprise Income Tax Law (《中華人民共和國企業所得税法》) of the People's Republic of China, or the EIT Law, which was promulgated on March 16, 2007, became effective from January 1, 2008 and amended on February 24, 2017 and December 29, 2018, respectively, an enterprise established outside mainland China with de facto management bodies within mainland China is considered a resident enterprise for mainland China enterprise income tax purposes and is generally subject to a uniform 25% enterprise income tax rate on its worldwide income. The Implementing Rules of the Enterprise Income Law of the People's Republic of China (《中華人民共和國企業所得税法實施條例》), or the Implementing Rules of the EIT Law, initially promulgated on December 6, 2007, and subsequently amended on April 23, 2019 and December 6, 2024, came into effect on January 1, 2008, with the latest amendments effective as of January 20, 2025. These rules define a de facto management body as a managing body that in practice exercises "substantial and overall management and control over the production and operations, personnel, accounting, and properties" of the enterprise. Non-mainland China resident enterprises without any branches in mainland China pay an enterprise income tax in connection with their income originating from mainland China at the tax rate of 10%.

On February 3, 2015, the SAT issued the Announcement on Several Issues Concerning the Enterprise Income Tax on Indirect Transfer of Assets by Non-Resident Enterprises (《關於非居民企業間接轉讓財產企業所得税若干問題的公告》), or the SAT Circular 7, which was amended in 2017. The SAT Circular 7 repeals certain provisions in the Notice of the State Administration of Taxation on Strengthening the Administration of Enterprise Income Tax on Income from Equity Transfer by Non-Resident Enterprises (《國家税務總局關於加強非居民企業股權轉讓所得企業所得税管理的通知》), or the SAT Circular 698, issued by SAT on December 10, 2009 and the Announcement on Several Issues Relating to the Administration of Income Tax on Non-resident Enterprises (《國家税務總局關於非居民企業所得税管理若干問題的公告》) issued by SAT on March 28, 2011 and clarifies certain provisions in the SAT Circular 698. The SAT Circular 7 provides comprehensive guidelines relating to, and heightening the Chinese tax authorities' scrutiny on, indirect transfers by a non-resident enterprise of assets (including assets of organizations and premises in mainland China, immovable property in mainland China, equity investments in mainland China resident enterprises), or the PRC Taxable Assets. For instance, when a non-resident enterprise transfers equity interests in an overseas holding company that directly or indirectly holds certain mainland China Taxable Assets and if the transfer is believed by the Chinese tax authorities to have no reasonable commercial purpose other than to evade enterprise income tax, the SAT Circular 7 allows Chinese tax authorities to reclassify the indirect transfer of PRC Taxable Assets into a direct transfer and therefore impose a 10% rate of mainland China enterprise income tax on the non-resident enterprise. The SAT Circular 7 lists several factors to be taken into consideration by tax authorities in determining if an indirect transfer has a reasonable commercial purpose. However, regardless of these factors, the overall arrangements in relation to an indirect transfer satisfying all the following criteria will be deemed to lack a reasonable

commercial purpose: (i) 75% or more of the equity value of the intermediary enterprise being transferred is derived directly or indirectly from mainland China Taxable Assets; (ii) at any time during the one-year period before the indirect transfer, 90% or more of the asset value of the intermediary enterprise (excluding cash) is comprised directly or indirectly of investments in mainland China, or during the one-year period before the indirect transfer, 90% or more of its income is derived directly or indirectly from mainland China; (iii) the functions performed and risks assumed by the intermediary enterprise and any of its subsidiaries and branches that directly or indirectly hold the mainland China Taxable Assets are limited and are insufficient to prove their economic substance; and (iv) the foreign tax payable on the gain derived from the indirect transfer of the mainland China Taxable Assets is lower than the potential mainland China tax on the direct transfer of those assets. On the other hand, indirect transfers falling into the scope of the safe harbors under the SAT Circular 7 may not be subject to mainland China tax. The safe harbors include qualified group restructurings, public market trades and exemptions under tax treaties or arrangements.

On October 17, 2017, SAT issued the Announcement on Issues Relating to Withholding at Source of Income Tax of Non-resident Enterprises (《關於非居民企業所得税源泉扣繳有關問題的公告》), or the SAT Circular 37, which took effect on December 1, 2017. Certain provisions of the SAT Circular 37 were repealed by the Announcement of the State Administration of Taxation on Revising Certain Taxation Normative Documents (《國家税務總局關於修改部分税收規範性文件的公告》). According to the SAT Circular 37, the balance after deducting the equity net value from the equity transfer income shall be the taxable income amount for equity transfer income. Equity transfer income shall mean the consideration collected by the equity transferor from the equity transfer, including various income in monetary form and non-monetary form. Equity net value shall mean the tax computation basis for obtaining the said equity. The tax computation basis for equity shall be: (i) the capital contribution costs actually paid by the equity transferor to a Chinese resident enterprise at the time of investment and equity participation, or (ii) the equity transfer costs actually paid at the time of acquisition of such equity to the original transferor of the said equity. Where there is reduction or appreciation of value during the equity holding period, and the gains or losses may be confirmed pursuant to the rules of the finance and tax authorities of the State Council, the equity net value shall be adjusted accordingly. When an enterprise computes equity transfer income, it shall not deduct the amount in the shareholders' retained earnings, such as undistributed profits, of the investee enterprise, which may be distributed in accordance with the said equity. In the event of partial transfer of equity under multiple investments or acquisitions, the enterprise shall determine the costs corresponding to the transferred equity in accordance with the transfer ratio, out of all costs of the equity.

Under the SAT Circular 7 and the Law of the People's Republic of China on the Administration of Tax Collection (《中華人民共和國税收徵收管理法》) promulgated by the SCNPC on September 4, 1992 and most recently amended on April 24, 2015, in the case of an indirect transfer, entities or individuals obligated to pay the transfer price to the transferor shall act as withholding agents. Where the withholding agent does not make the withholding, and the transferor of the equity does not pay the tax payable amount, the tax authority may impose late payment interest on the transferor. In addition, the tax authority may also hold the withholding

agents liable and impose a penalty of ranging from 50% to 300% of the unpaid tax on them. The penalty imposed on the withholding agents may be reduced or waived if the withholding agents have submitted the relevant materials in connection with the indirect transfer to the mainland China tax authorities in accordance with the SAT Circular 7.

According to the Administrative Measures for Recognition of High-Tech Enterprises (《高新技術企業認定管理辦法》) amended by the Ministry of Science and Technology (中華人民共和國科學技術部), MOF and SAT on January 29, 2016 with effect since January 1, 2016, upon the accreditation of the qualification of High-tech enterprises, such enterprises may apply for the entitlement of the preferential enterprise income tax treatment since the current year beginning from the valid period approved by the accreditation. A "high and new technology enterprise," or an HNTE, is entitled to a favorable statutory tax rate of 15% and such an enterprise should keep all statutory required relevant materials in case of future inspection. This qualification is reassessed by relevant government authorities every three years.

Withholding tax on dividend distribution

The EIT Law prescribes a standard withholding tax rate of 20% on dividends and other mainland China-sourced income of non-mainland China resident enterprises which have no establishment or place of business in mainland China, or if established, the relevant dividends or other mainland China-sourced income are in fact not associated with such establishment or place of business in mainland China. However, the Implementing Rules of the EIT Law reduced the rate from 20% to 10%, effective from January 1, 2008. However, a lower withholding tax rate might be applied if there is a tax treaty or similar agreement between mainland China and the jurisdiction of the foreign holding company, for example, pursuant to the Arrangement Between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Tax Evasion on Income, or the Double Tax Avoidance Arrangement, and other applicable mainland China laws, if a Hong Kong resident enterprise is determined by the competent mainland China tax authority to have satisfied the (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) relevant conditions and requirements under the Double Tax Avoidance Arrangement and other applicable laws, the 10% withholding tax on the dividends that the Hong Kong resident enterprise receives from a mainland China resident enterprise may be reduced to 5% upon receiving approval from the tax authority in charge.

Based on the Notice on Relevant Issues Relating to the Enforcement of Dividend Provisions in Tax Treaties (《關於執行税收協定股息條款有關問題的通知》) issued on February 20, 2009 by the SAT, if the relevant mainland China tax authorities determine, at their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such mainland China tax authorities may adjust the preferential tax treatment. The Announcement of the State Administration of Taxation on Issues Concerning "Beneficial Owners" in Tax Treaties (《關於税收協定中"受益所有人"有關問題的公告》), promulgated by the SAT on February 3, 2018 and took effect on April 1 2018, replaced the Notice on the Interpretation and Recognition of Beneficial Owners in Tax Treaties (《國家税務總局關於如何理解和認定税收協定中"受益所有人"的通知》) and the Announcement on

the Recognition of Beneficial Owners in Tax Treaties (《國家税務總局關於認定税收協定中"受益所有人"的公告》) by the SAT, and further provided that comprehensive analysis based on the stipulated factors therein and actual circumstances shall be adopted when recognizing the "beneficial owner". Agents and designated wire beneficiaries are specifically excluded from being recognized as "beneficial owners."

Furthermore, the Administrative Measures for Convention Treatment for Non-resident Taxpayers (《非居民納税人享受協定待遇管理辦法》), which became effective on January 1, 2020, require that non-resident taxpayers claiming treaty benefits shall be handled in accordance with the principles of "self-assessment, claiming for the enjoyment of treaty benefits, and retention of the relevant materials for future inspection." Where a non-resident taxpayer self-assesses and concludes that it satisfies the criteria for claiming treaty benefits, it may enjoy treaty benefits at the time of tax declaration or at the time of withholding through a withholding agent, simultaneously gather and retain the relevant materials pursuant to the provisions of these Measures for future inspection, and subject to subsequent administration by relevant competent tax authorities.

Value-Added Tax

Pursuant to the Interim Regulations on Value-Added Tax of the People's Republic of China (《中華人民共和國增值税暫行條例》), which was promulgated by the State Council on December 13, 1993 and amended on November 10, 2008, February 6, 2016 and November 19, 2017, respectively, and the Implementation Rules for the Interim Regulations on Value-Added Tax of the People's Republic of China (《中華人民共和國增值税暫行條例實施細則》), which was promulgated by the MOF and SAT on December 15, 2008 and became effective on January 1, 2009 and as amended on October 28, 2011, entities or individuals engaging in sale of goods, provision of processing services, repairs and replacement services, selling services, sales of intangible assets or importation of goods within the territory of mainland China shall pay value-added tax, or VAT. Unless provided otherwise, the rate of VAT is 17% on sales and 6% on the services. On April 4, 2018, MOF and SAT jointly promulgated the Circular of the Ministry of Finance and the State Administration of Taxation on Adjustment of Value-Added Tax Rates (《財政部、國家税務總局關於調整增值税税率的通知》), or the Circular 32, according to which (i) for VAT taxable sales acts or import of goods originally subject to VAT rates of 17% and 11% respectively, such tax rates shall be adjusted to 16% and 10%, respectively; (ii) for purchase of agricultural products originally subject to tax rate of 11%, such tax rate shall be adjusted to 10%; (iii) for purchase of agricultural products for the purpose of production and sales or consigned processing of goods subject to tax rate of 16%, such tax shall be calculated at the tax rate of 12%; (iv) for exported goods originally subject to tax rate of 17% and export tax refund rate of 17%, the export tax refund rate shall be adjusted to 16%; and (v) for exported goods and cross-border taxable acts originally subject to tax rate of 11% and export tax refund rate of 11%, the export tax refund rate shall be adjusted to 10%. Circular 32 became effective on May 1, 2018 and shall supersede existing provisions which are inconsistent with Circular 32.

On March 20, 2019, MOF, SAT and the General Administration of Customs jointly promulgated the Announcement on Relevant Policies for Deepening Value-Added Tax Reform (《關於深化增值税改革有關政策的公告》), which became effective on April 1, 2019 and provides that (i) with respect to VAT taxable sales acts or import of goods originally subject to VAT rates of 16% and 10% respectively, such tax rates shall be adjusted to 13% and 9%, respectively; (ii) with respect to purchase of agricultural products originally subject to tax rate of 10%, such tax rate shall be adjusted to 9%; (iii) with respect to purchase of agricultural products for the purpose of production or consigned processing of goods subject to tax rate of 13%, such tax shall be calculated at the tax rate of 10%; (iv) with respect to export of goods and services originally subject to tax rate of 16% and export tax refund rate of 16%, the export tax refund rate shall be adjusted to 13%; and (v) with respect to export of goods and cross-border taxable acts originally subject to tax rate of 10% and export tax refund rate of 10%, the export tax refund rate shall be adjusted to 9%.

On December 25, 2024, the SCNPC issued the Value-added Tax Law of the PRC (《中華人民共和國增值税法》), or the VAT Law, which will be formally implemented on January 1, 2026. The VAT Law further clarifies and adjusts the scope of taxable transactions, the rate structure of VAT, the criteria and tax calculation method for small-scale taxpayers, the determination and calculation of taxable amount, tax incentives, etc. There may exist uncertainties in the interpretation and enforcement of VAT Law.

REGULATIONS RELATING TO EMPLOYMENT AND SOCIAL WELFARE

According to the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), or the Labor Contract Law, promulgated by the SCNPC on June 29, 2007 and amended on December 28, 2012, and the Implementation Rules of the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法實施條例》), or the Implementation Rules of the Labor Contract Law, promulgated by the State Council on September 18, 2008, a written employment contract shall be concluded in the establishment of an employment relationship. If an employer fails to enter into a written employment contract with an employee within one year from the date on which the employment relationship is established, the employer must rectify the situation by entering into a written employment contract with the employee and pay the employee twice the employee's salary for the period from the day following the lapse of one month from the date of establishment of the employment relationship to the day prior to the execution of the written employment contract. The Labor Contract Law and its implementation rules also require compensation to be paid upon certain terminations. In addition, if an employer intends to enforce a non-compete provision in an employment contract or non-competition agreement with an employee, it has to compensate the employee on a monthly basis during the term of the restriction period after the termination or expiry of the labor contract. Employers in most cases are also required to provide severance payment to their employees after their employment relationships are terminated.

Employers in the PRC are required to contribute, for and on behalf of their employees, to a series of social insurance funds, including funds for pension, unemployment insurance, medical insurance, work-related injury insurance, maternity insurance, and housing fund. These payments are made to local administrative authorities and employers who fail to contribute may be fined and be ordered to make up for the outstanding contributions. The various laws and regulations that govern the employers' obligations to contribute to the social insurance funds include: the Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》), which was promulgated by the SCNPC on October 28, 2010 and amended with immediate effect on December 29, 2018, the Interim Regulations on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》), which was promulgated by the State Council on January 22, 1999, and amended with immediate effect on March 24, 2019, the Regulations on Work-related Injury Insurance (《工傷保險條例》), which was promulgated by the State Council on April 27, 2003 and amended on December 20, 2010, and the Regulations on Management of the Housing Fund (《住房公積金管理條例》), which was promulgated on April 3, 1999, and was most recently amended with immediate effect on March 24, 2019.

According to the Notice Concerning the Safe and Orderly Collection and Administration of Social Insurance Premiums (《關於穩妥有序做好社會保險費徵管有關工作的通知》) issued by the General Office of the State Administration of Taxation (國家税務總局辦公廳) on September 13, 2018, the tax authorities will collect all social insurance premiums uniformly from January 1, 2019. Before the completion of the reform of the social insurance collection agency, the relevant local authorities shall continuously optimize the payment service and ensure the continuous improvement of the business environment, and shall not organize and carry out the previous year's arrears check without permission.

REGULATIONS RELATING TO OVERSEAS LISTING AND M&A

On August 8, 2006, six mainland China regulatory agencies, including the CSRC, promulgated the Rules on the Merger and Acquisition of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》), or the M&A Rules, which became effective on September 8, 2006 and were amended on June 22, 2009. The M&A Rules, and other regulations and rules concerning mergers and acquisitions established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time consuming and complex. For example, the M&A Rules require that MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor takes control of a mainland China domestic enterprise, if (i) any important industry is concerned, (ii) such transaction involves factors that impact or may impact national economic security, or (iii) such transaction will lead to a change in control of a domestic enterprise which holds a famous trademark or mainland China time-honored brand. The M&A Rules purport, among other things, to require offshore special purpose vehicles, formed for overseas listing purposes through acquisitions of PRC domestic companies and controlled by PRC companies or individuals, to obtain the approval of the CSRC prior to publicly listing their securities on an overseas stock exchange.

In addition, according to the Notice on Establishing the Security Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《關於建立外國投資者併購境內企業安全審查制度的通知》) issued by the General Office of the State Council on February 3, 2011 and became effective on March 3, 2011, the Rules on Implementation of Security Review System for the Merger and Acquisition of Domestic Enterprises by Foreign Investors (《實施外國投資者併購境內企業安全審查制度的規定》) issued by the MOFCOM on August 25, 2011 and became effective on September 1, 2011, mergers and acquisitions by foreign investors that raise "national defense and security" concerns and mergers and acquisitions through which foreign investors may acquire de facto control over domestic enterprises that raise "national security" concerns are subject to strict review by the MOFCOM, and the regulations prohibit any activities attempting to bypass such security review, including by structuring the transaction through a proxy, contractual control arrangement or any other methods.

The Opinions on Securities Activities (《關於依法從嚴打擊證券違法活動的意見》) called for the enhanced administration and supervision of China-based overseas-listed companies, and proposed to revise the relevant regulation governing the overseas issuance and listing of shares by joint stock companies and clarified the responsibilities of competent domestic industry regulators and government authorities.

On February 17, 2023, the CSRC released the New Filing Rules, which became effective on March 31, 2023. The New Filing Rules regulate both direct and indirect overseas offering and listing of PRC domestic companies' securities by adopting a filing-based regulatory regime. Pursuant to the New Filing Rules, the principle of "substance over form" shall be followed when determining whether an offering and listing shall be deemed as an indirect overseas offering and listing by a PRC domestic company, and if the issuer meets both the following criteria, the overseas securities offering and listing conducted by such issuer shall be deemed as indirect overseas offering by PRC domestic companies: (i) 50% or more of any of the issuer's operating revenue, total profit, total assets or net assets as documented in its audited consolidated financial statements for the most recent fiscal year is accounted for by domestic companies; and (ii) the main parts of the issuer's business activities are conducted in the PRC or its main place(s) of business are located in the PRC, or the majority of senior management staff in charge of its business operations and management are PRC citizens or have their habitual residence located in the PRC. Where an issuer submits an application for initial public offering or offering in other overseas market to competent overseas regulators after the initial overseas offering and listing, such issuer must file with the CSRC within three business days after such application is submitted. The New Filing Rules also require subsequent reports to be submitted to the CSRC on material events, such as change of control or voluntary or forced delisting of the issuer(s) who have completed overseas offerings and listings.

The New Filing Rules provide that an overseas offering and listing is prohibited under any of the following circumstances: (i) such securities offering and listing is explicitly prohibited by provisions in laws, administrative regulations and relevant state rules; (ii) the intended securities offering and listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with laws; (iii) the domestic company intending to make the securities offering and listing, or its controlling shareholder(s) and the actual controller, have committed relevant crimes such as corruption, bribery, embezzlement, misappropriation of property or have undermined the order of the socialist market economy during the latest three years; (iv) the domestic company intending to make the securities offering and listing is currently under investigation for suspicion of criminal offenses or major violations of laws and regulations, and no conclusion has yet been made thereof; or (v) there are material ownership disputes over equities held by the domestic company's controlling shareholder(s) or by other shareholder(s) that are controlled by the controlling shareholder(s) and/or actual controller.

However, enterprises that have been listed overseas as of the implementation of the New Filing Rules are regarded as existing enterprises and are not required to conduct the overseas listing filing procedure immediately, but shall carry out filing procedures as required if they conduct refinancing or are involved in other circumstances that require filing with the CSRC.

On February 24, 2023, the CSRC, together with the MOF, the National Administration of State Secrets Protection, (中華人民共和國國家保密局) or the NAPSS, and the National Archives Administration of China (中華人民共和國國家檔案局), or the SAAC, issued the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》), or the Archives Rules, which came into effect on March 31, 2023. The Archives Rules reiterate that working papers produced in the PRC by securities companies and securities service providers for direct and indirect international offering and listing by domestic companies, should be retained in mainland China, and, without prior approval by competent authorities of mainland China, such working papers shall not be brought, mailed or otherwise transferred to recipients outside of mainland China. Furthermore, the Archives Rules establish a cross-border regulatory cooperation mechanism as prescribed in the PRC Securities Law and strengthen cross-border regulatory cooperation as prescribed in the New Filing Rules, which shifts the overall direction of cross-border supervision of international offering and listing from a "dominated by domestic regulators or depend on the conclusions of inspections by domestic regulators" approach to a "cross-border regulatory cooperation" mechanism.

The Archives Rules provide that, among other things, (i) in relation to the international offering and listing activities of domestic enterprises, the domestic enterprises are required to strictly comply with the relevant requirements on confidentiality and archives management, establish a sound confidentiality and archives system, and take necessary measures to implement their confidentiality and archives management responsibilities; (ii) during the course of an international offering and listing, if a domestic enterprise needs to publicly disclose or provide to securities companies, accounting firms or other securities service

providers and international regulators, any materials that contain relevant state secrets, work secrets of government agencies or that have a sensitive impact (i.e., be detrimental to national security or the public interest if divulged), the domestic enterprise should complete the relevant approval/filing and other regulatory procedures; and (iii) working papers produced in mainland China by securities companies and securities service institutions, which provide domestic enterprises with securities services during their international issuance and listing, should be stored in mainland China, and the transmission of all such working papers to recipients outside of mainland China is required to be approved by competent authorities of mainland China.

REGULATIONS RELATING TO CYBERSECURITY, INFORMATION SECURITY, PRIVACY AND DATA PROTECTION

On May 28, 2020, the NPC promulgated the Civil Code, which came into effect on January 1, 2021. Pursuant to the Civil Code, the personal information of a natural person shall be protected by the law. Any organization or individual that needs to obtain personal information of others shall obtain such information legally and ensure the security of such information, and shall not illegally collect, use, process or transmit personal information of others, or illegally purchase, sell, provide or make public personal information of others.

On August 20, 2021, the SCNPC promulgated the Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》), or the Personal Information Protection Law, which became effective on November 1, 2021. Pursuant to the Personal Information Protection Law, personal information shall be processed (including the collection, storage, use, processing, transmission, provision, disclosure and deletion of personal information) following the principles of lawfulness, legitimacy, necessity and good faith, and shall not be processed through misleading, fraudulent, coercive and other means. The Personal Information Protection Law requires, among others, that the processing of personal information should have appropriate legal basis, a clear and reasonable purpose and should be limited to the minimum scope necessary to achieve the processing purpose, adopt a method that has the least impact on personal rights and interests, and shall not process personal information that is not related to the processing purpose. The individual shall be sufficiently informed of the data processing activities before the data collection. Personal information processors shall be responsible for their personal information processing activities and take necessary measures to ensure the security of the personal information processed.

The Interpretations of the Supreme People's Court and the Supreme People's Procuratorate on Several Issues Concerning the Application of Law in the Handling of Criminal Cases Involving Infringement of Citizens' Personal Information (《最高人民法院、最高人民檢察院關於辦理侵犯公民個人信息刑事案件適用法律若干問題的解釋》), or the Interpretations, was promulgated on May 8, 2017 and became effective on June 1, 2017. The Interpretations clarify several concepts regarding the crime of "infringement of citizens' personal information" stipulated by Article 253A of the Criminal Law of the PRC (《中華人民共和國刑法》), including "citizens' personal information," "violation of relevant national

provisions," "provision of citizens' personal information" and "illegally obtaining any citizen's personal information by other methods." In addition, the Interpretations specify the standards for determining "serious circumstances" and "extraordinary serious circumstances" of this crime.

The Administrative Measures for the Hierarchical Protection of Information Security (《信息安全等級保護管理辦法》) which was promulgated by the Ministry of Public Security (中華人民共和國公安部) or the MPS, National Administration of State Secrecy Protection (國家保密局) and State Cryptography Administration Office (國家密碼管理局) and the State Council Informatized Office (國務院信息化工作辦公室) on June 22, 2007, and came into effect on the same day, requires the entities that operate and use information systems in China to fulfill the obligation of the hierarchical protection of information security. The operator or user of information systems at Grade II or above shall, within thirty days since the date when its security protection grade is determined, complete the record filing procedures at the local public security authority at the level of city or above.

On July 1, 2015, the SCNPC issued the National Security Law (《中華人民共和國國家安全法》), which became effective on the same day. The National Security Law provides that the state shall safeguard the sovereignty, security and cyber security development interests of the state, and that the state shall establish a national security review and supervision system to review, among other things, foreign investment, specific items and key technologies, internet and information technology products and services, and other important activities that are likely to impact the national security of the PRC.

On November 7, 2016, the SCNPC promulgated the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》), or the Cybersecurity Law, which became effective on June 1, 2017. The Cybersecurity Law provides that network operators shall meet their cyber security obligations and shall take technical measures and other necessary measures to protect the safety and stability of their networks, respond to network security incidents effectively, prevent illegal and criminal activities, and maintain the integrity, confidentiality and usability of network data. Network operators shall not collect personal information irrelevant to the services they provide or collect or use personal information in violation of the provisions of laws or agreements concluded with users. Network operators shall strengthen management of information published by users, and when they discover information prohibited by laws and regulations from publication or dissemination, they shall immediately stop dissemination of that information, including taking measures such as deleting the information, preventing the information from spreading, saving relevant records, and reporting to the relevant governmental agencies. In addition, the Cybersecurity Law requires CIIOs shall store within the PRC the personal information and important data collected and produced during their operations in the PRC, and their purchase of network products and services that may affect national security shall be subject to national cybersecurity review. On September 12, 2022, the CAC proposed a series of draft amendments to the PRC Cyber Security Law, imposing more stringent legal liabilities for certain violations. Such draft amendments were released for soliciting public comments until September 29, 2022 and their final form, interpretation and implementation remain uncertain. On March 28, 2025, the CAC has released the Amendment

to the Cybersecurity Law of the People's Republic of China (Second Draft for Public Consultation) (《中華人民共和國網絡安全法(修正草案再次徵求意見稿)》) for public comment. This draft amendment aims to enhance the coherence of legislation, and to make necessary adjustments regarding the types, scope, and severity of administrative penalties.

On July 22, 2020, the MPS released the Guiding Opinions on Implementing the Multi-level Cyber Security Protection System and Critical Information Infrastructure Security Protection System (《貫徹落實網絡安全等級保護制度和關鍵信息基礎設施安全保護制度的指導意見》) to further improve the national cyber security prevention and control system. On December 28, 2021, the CAC, together with certain other PRC governmental authorities, jointly released the Cybersecurity Review Measures (《網絡安全審查辦法》), which took effect on February 15, 2022. Pursuant to the Cybersecurity Review Measures, CIIOs that purchase network products and services, and network platform operators engaging in data processing activities that affect or may affect national security are subject to cybersecurity review under the Cybersecurity Review Measures. In addition, network platform operators with personal information of over one million users shall be subject to cybersecurity review before listing abroad (國外上市). The cybersecurity review will evaluate, among others, the risk of critical information infrastructure, core data, important data, or the risk of a large amount of personal information being influenced, controlled or maliciously used by foreign governments after going public, and cyber information security risk. The Cybersecurity Review Measures set out certain general factors which would be the focus on assessing the national security risk during a cybersecurity review. However, the scope of network product or service or data processing activities that will or may affect national security is still unclear. According to the verbal consultation conducted on April 23, 2025 with the CCRC, the Company was advised that the Company is not required to file an application for cybersecurity review under Article 7 of the Cybersecurity Review Measures with respect to its listing in Hong Kong.

On September 24, 2024, the CAC published the Cyber Data Security Regulations (《網絡數據安全管理條例》), which came into effect on January 1, 2025, the Cyber Data Security Regulations requires that if the network data processing activities have or may have an impact on national security, such activities should be subject to national security review in accordance with relevant laws and regulations. However, the Cyber Data Security Regulations do not provide any guidance for assessing the impact on national security in the context of network data processing. The Cyber Data Security Regulations also restates and further specifies the legal requirements for personal information, important data, cross-border data transfer, network platform services, and data security. Any failure to comply with such requirements may subject the data processors to, among others, suspension of services, fines, revocation of relevant business permits or business licenses and penalties.

On July 30, 2021, the State Council promulgated the Regulations on Security Protection of Critical Information Infrastructures (《關鍵信息基礎設施安全保護條例》), which took effect on September 1, 2021 and provide that "critical information infrastructures" shall mean any important network facilities or information systems of important industries or fields such as public communication and information service, energy, communications, water conservation, finance, public services, e-government affairs and national defense science, and

any other important network facilities or information systems which may endanger national security, people's livelihood and public interest in case of damage, function loss or data leakage. In addition, relevant administration departments of each critical industry and sector, or Protection Departments (保護工作部門), shall be responsible for formulating eligibility criteria and determining the CIIOs in the respective industry or field. The operators shall be informed about the final determination as to whether they are categorized as CIIOs. The regulations further require CIIOs, among others, (i) to report to the competent Protection Departments in a timely manner when the identification result may be affected due to material changes in the critical information infrastructures; (ii) to plan, construct or put into use the security protection measures and the critical information infrastructures simultaneously; and (iii) to report to the competent Protection Departments in a timely manner in the event of merger division or dissolution, and deal with critical information infrastructures as required by the competent Protection Departments. Operators in violation of the regulations may be ordered to rectify, subject to warnings, fines and other administrative penalties or even criminal liabilities, and the directly responsible personnel in charge may also be imposed on fines or other liabilities.

On June 10, 2021, the SCNPC promulgated the PRC Data Security Law (《中華人民共和國數據安全法》), which became effective on September 1, 2021. The PRC Data Security Law provides for data security obligations on entities and individuals carrying out data activities and introduces a data classification and hierarchical protection system based on the importance of data in economic and social development, as well as the degree of harm it will cause to national security, public interests, or legitimate rights and interests of individuals or organizations when such data is tampered with, destroyed, leaked, or illegally acquired or used. Appropriate level of protection measures is required to be taken for each respective category of data. For example, a processor of important data shall designate the personnel and the management body responsible for data security, carry out risk assessments for its data processing activities and file the risk assessment reports with the competent authorities and the national core data is subject to stricter management. In addition, the PRC Data Security Law provides a national security review procedure for those data activities which affect or may affect national security and imposes export restrictions on certain data and information.

On August 16, 2021, the CAC, together with the Ministry of Transport, the NDRC, the MIIT, and the MPS, promulgated Several Provisions on Regulation of Automobile Data Security (for Trial Implementation) (《汽車數據安全管理若干規定(試行)》), or the Automobile Data Security Provisions, to regulate the processing of automobile data, which became effective on October 1, 2021. Automobile data processors, which is broadly defined as organizations engaging in activities related to the processing of automotive data, including automobile manufacturers, component and software providers, dealers, maintenance providers, etc., are required to process personal information and important data in accordance with applicable laws during the design, manufacture, sales, operation, maintenance and management of automobiles. According to the Automobile Data Security Provisions, any automotive data processor that process important data is required to submit a risk assessment report to the provincial cyberspace administration and other competent authorities, and to submit annual report with regards to data security management to the provincial cyberspace administration

and other competent authorities. When important data needs to be transferred out of China for business purposes, a security assessment organized by the CAC with the relevant departments of the State Council is required, and an automotive data processor shall not transfer any important data overseas to the extent that such transfer is beyond the purpose, scope and method, type and scale of the data, and any other conditions submitted to the CAC for security assessment.

On December 8, 2022, the MIIT released the Administrative Measures for Data Security in the Field of Industry and Information Technology (Trial) (《工業和信息化領域數據安全管理辦法(試行)》), or the MIIT Data Security Measures, which came into effect on January 1, 2023. The MIIT Data Security Measures stipulate that industrial and telecoms data processors shall implement hierarchical management of industrial and telecoms data, which are classified into three levels according to the relevant regulations: general data, important data and core data. The MIIT Data Security Measures also stipulate certain obligations of industrial and telecoms data processors in relation to the data lifecycle security management covering data collection, data storage, data usage, data transmission, data provision, data disclosure, data destruction, etc., as well as data security monitoring and emergency management, data security testing, certification and assessment management, etc.

On July 7, 2022, the CAC promulgated the Outbound Data Transfer Security Assessment Measure (《數據出境安全評估辦法》), or the Security Assessment Measures, which took effect on September 1, 2022. Pursuant to the Security Assessment Measures, a data processor shall apply to competent authorities for security assessment prior to transferring any data abroad if the transfer involves (i) important data; (ii) personal information transferred overseas by a CIIO and a data processor that has processed personal information of more than one million individuals; (iii) personal information transferred overseas by a data processor who has already provided personal information of 100,000 persons or sensitive personal information of 10,000 persons overseas since January 1 of the previous year; or (iv) other circumstances as requested by the CAC. Furthermore, on August 31, 2022, the CAC promulgated the Guidelines for Filing the Outbound Data Transfer Security Assessment (Version 1) (《數據出境安全評估申報指南(第一版)》), which provides that acts of outbound data transfer include (i) overseas transmission and storage by data processors of data generated during PRC domestic operations; (ii) the access to, use, download or export of the data collected and generated by data processors and stored in the PRC by overseas institutions, organizations or individuals; and (iii) other acts as specified by the CAC. On March 22, 2024 and June 27, 2025, the CAC promulgated the second and third version of the Guidelines for Filing the Outbound Data Transfer Security Assessment respectively, which provide more clarity on how to apply for the security assessment and extend the effective term of the security assessment.

In addition, on February 22, 2023, the Provisions on the Standard Agreement on Cross-border Transfer of Personal Information (《個人信息出境標準合同辦法》), or the Provisions on Standard Agreement were promulgated by the CAC, which took effect on June 1, 2023. The Provisions on Standard Agreement attach the standard template for cross-border data transfer agreement that could be used as an available option to satisfy the condition for cross-border transfer of personal information under Article 38 of the Personal Information

Protection Law. On February 22, 2023, the CAC promulgated the Guidelines for Standard Contract Filing for Outbound Transfer of Personal Information (Version 1) (《個人信息出境標準合同備案指南(第一版)》). On March 22, 2024, the CAC issued the second version of Guidelines for Standard Contract Filing for Outbound Transfer of Personal Information, which clarifies the revised threshold for contract filing and simplifies the report template for personal information protection impact assessment.

On December 8, 2023, the CAC issued the Administrative Measures for Cybersecurity Incident Reporting (Draft for Comment) (《網絡安全事件報告管理辦法(徵求意見稿)》), or the Draft Measures for Incident Reporting, and attached the Classification Guide for Cybersecurity Incidents (《網絡安全事件分級指南》), or the Classification Guide, and the Information Report Form for Cybersecurity Incidents (《網絡安全事件信息報告表》) for public comments. Pursuant to the Draft Measures for Incident Reporting, network operators who build, operate networks or provide services through networks in the PRC shall report incidents that endanger network security in accordance with the Draft Measures for Incident Reporting. Cybersecurity incidents refer to incidents that cause harm to the network and information systems or data therein and have an adverse impact on society caused by human factors, software or hardware defects or failures, natural disasters, etc. The Draft Measures for Incident Reporting classify cybersecurity incidents into four levels: general, serious, material or extremely material. Cybersecurity incidents of serious level or above must be reported to the regulators using the Information Report Form for Cybersecurity Incidents. If an operator fails to report a cybersecurity incident according to the Draft Measures for Incident Reporting, the cyberspace administration will impose penalties according to the relevant laws and administrative regulations. If material harmful consequences are caused due to the operator's delay in reporting, omission, false reporting, or concealment of cybersecurity incidents, the operator and the relevant liable persons will be subject to heavier punishments in accordance with applicable law. As of the Latest Practicable Date, this draft has not been formally adopted. Uncertainties exist with respect to the enactment timetable, final content, interpretation and implementation thereof.

On May 10, 2024, the MIIT issued the Implementing Rules for the Risk Assessment of Data Security in the Field of Industry and Information Technology (Trial Implementation) (《工業和信息化領域數據安全風險評估實施細則(試行)》), which took effect on June 1, 2024. Such implementing rules apply to data security risk assessment activities conducted by important data or core data processors in the field of industry and information technology in China. General data processors may also refer to these rules to conduct data security risk assessment. The implementing rules establish data security risk assessment mechanisms at both ministerial and provincial levels, refine assessment obligations of processors of important data and core data, and clarify the mechanism and procedures for competent industrial authorities to supervise and administer such assessment activities.

On March 22, 2024, the CAC issued the Provisions on Promoting and Standardizing Cross-Border Data Flows (《促進和規範數據跨境流動規定》), which set forth the circumstances exempted from performing the security assessment or filing procedures for cross-border data transfer and further clarify the thresholds and scenarios for data processors to go through these procedures as stipulated under the aforementioned measures.

On February 12, 2025, the CAC issued the Administrative Measures for Personal Information Protection Compliance Audit (《個人信息保護合規審計管理辦法》), or the Personal Information Auditing Measures, which came into force on May 1, 2025. The Personal Information Auditing Measures stipulates the categories of audit initiated by the company or required by authorities, frequency, scope, procedures and methods for audit, with an annex of the key items to be covered in the audit.

U.S. LAWS AND REGULATIONS

Regulations on Outbound Investments

On August 9, 2023, the U.S. government issued an executive order and the U.S. Department of the Treasury published an advanced notice of proposed rule-making providing a conceptual framework for outbound investment controls focused on China, including Hong Kong and Macau. On June 21, 2024, Treasury issued a proposed rule for the Outbound Investment Program. On October 28, 2024, Treasury issued a Final Rule setting forth the Outbound Investment Program regulations that implement the executive order of August 9, 2023.

The Final Rule took effect on January 2, 2025. The Final Rule targets investments by U.S. persons that involve persons and entities associated with "countries of concern," currently China, including the SARs of Hong Kong and Macau. The Outbound Investment Program imposes investment prohibitions and notification requirements on U.S. persons (which are broadly defined under the Final Rule, including, among others, U.S.-incorporated entities, U.S. citizens and permanent residents wherever located, branches of U.S. entities outside the United States, and any person in the United States) participating in a range of transactions relating to three technology sectors: (i) semiconductors and microelectronics, (ii) quantum information technologies, and (iii) artificial intelligence systems.

Under the Outbound Investment Program, these investment prohibitions and notification requirements apply to certain U.S. person transactions involving "Covered Foreign Persons," which include, but are not limited to, (i) companies that are engaged in one of these three technology sectors and that are headquartered, incorporated in, or have their principal place of business in a "country of concern," (ii) companies that are engaged in one of these three technology sectors and that are directly or indirectly owned by the government of a "country of concern" or by certain individuals or entities associated with a "country of concern," and (iii) companies with significant financial ties to companies described in (i) or (ii). Under the Outbound Investment Program, transactions by U.S. persons that are subject to the Outbound Investment Program are referred to as "covered transactions," such as transactions involving

"Covered Foreign Persons," including certain acquisitions of equity interests and contingent equity interests, debt financing, joint ventures, and investments as a limited partner in a pooled investment fund. The Outbound Investment Program requires U.S. person-entities that are the parents of non-U.S. entities to "take all reasonable steps to prohibit and prevent any transaction by" their non-U.S. entities that would be a prohibited transaction if engaged in by a U.S. person. The Outbound Investment Program's notification requirements also apply to U.S. person-entities that are the parents of non-U.S. entities that enter into transactions that would be notifiable transactions if entered into by a U.S. person.

The Outbound Investment Program prohibits U.S. persons from knowingly directing a non-U.S. person to enter into a transaction that would be prohibited if entered into by a U.S. person. The Outbound Investment Program includes some exceptions, which, if applicable, exclude from the Outbound Investment Program's investment prohibitions and notification requirements transactions that would otherwise be either prohibited transactions or notifiable transactions if engaged in by a U.S. person. These exceptions include one applicable to certain U.S. person investments in publicly traded securities that are traded on a national stock exchange (such as our currently outstanding ADSs that already are traded on the Nasdaq and the trading of our Shares on the Exchange after the completion of the Global Offering). The Outbound Investment Program is aimed, in part, at exerting greater U.S. government oversight over certain U.S. direct and indirect investments involving China in the identified technology sectors, and it may introduce new hurdles and uncertainties for cross-border collaborations, investments, and funding opportunities for China-based issuers, including us.

Failing to comply with the Outbound Investment Program notification requirements or failing to provide accurate and complete information in the filing under the Outbound Investment Program may subject the relevant U.S. persons to civil penalties including fines of up to the greater of two times the transaction value or US$377,700 (as such amount may be adjusted for inflation), and — for willful violations — criminal penalties of fines of up to US$1 million and imprisonment of up to 20 years.

Regulations on Tariffs

The U.S. tariff import regulation system is governed by a comprehensive legal framework. All goods imported into the U.S. are classified for tariff purposes under the Harmonized Tariff Schedule of the United States ("HTSUS"). The HTSUS is maintained by the United States International Trade Commission ("USITC") and is regularly updated to reflect changes in international trade and tariff policy. Every product imported into the U.S. must be classified under a specific HTSUS heading and subheading.

The U.S. primarily applies ad valorem (based on the value of the goods) systems to determine tariff rates to be applied on imported goods. The value of imported goods is determined according to the customs valuation rules, which primarily use the transaction value (the price actually paid or payable for the goods) as the basis for duty assessment.

The U.S. government has implemented a series of executive actions in 2025 that significantly escalated trade restrictions on Chinese-origin goods, including LiDAR products. On February 1, 2025, a broad 10% tariff was imposed on all imports from China, effective on February 4, 2025, pursuant to an Executive Order titled "Imposing Duties to Address the Synthetic Opioid Supply Chain in the People's Republic of China". On March 3, 2025, the so-called fentanyl-related tariff was further raised to 20%. This was followed by Executive Order 14257 on April 2, 2025, which introduced minimum tariff rates of 10% applicable to imports from all countries and established a country-specific tariff regime of additional tariffs targeting nations with substantial trade imbalances, including China. Within days, the country-specific tariffs on many Chinese products, were increased to 84% and then to 125% which, in combination with the 20% so-called fentanyl tariffs, brought the tariff rate on most imports from China to 145%. On May 12, 2025, the United States and China announced a 90-day tariff rollback agreement following bilateral negotiations in Geneva, which rolled back the country-specific tariff to a baseline of 10% for 90 days. This temporarily reduced the combined tariff burden on LiDAR products. On August 11, 2025, amidst continued negotiations, the two sides announced an additional 90-day extension until November 10, 2025.

On March 26, 2025, according to Presidential Proclamation titled *"Adjusting Imports of Automobiles and Automobile Parts into the United States"* pursuant to Section 232 of the Trade Expansion Act of 1962, automobile parts classified by the U.S. Customs and Border Protection became subject to a 25% tariff. Under Executive Order 14289 titled *"Addressing Certain Tariffs on Imported Articles"* issued on April 29, 2025, the White House clarified that this 25% Section 232 tariff should not be cumulative (or "stack") with the country-specific tariffs discussed above.

As of the Latest Practicable Date, our LiDAR products were subject to a 70% tariff, including (i) a 20% fentanyl-related tariff; (ii) a 25% Section 301 tariff under the Trade Act of 1974; and (iii) a 25% Section 232 tariff (not be stacked with the reciprocal tariffs).

Regulations on Export Control

The Export Control Reform Act of 2018 ("**ECRA**") authorizes the U.S. President to implement "dual-use" export controls. Pursuant to this statutory authority, the U.S. Department of Commerce, Bureau of Industry and Security (the "**BIS**") administers the Export Administration Regulations (the "**EAR**"), codified at 15 C.F.R. § 730 et seq. In general, the BIS controls the export, reexport, and transfer (in-country) of commodities, software and technology (collectively, "**Items**") subject to the EAR. Items subject to the EAR include the following:

(i) All items in the United States, including in a U.S. Foreign Trade Zone or moving in transit through the United States from one foreign country to another;

(ii) All U.S. origin items wherever located;

(iii) Non-U.S.-made commodities that incorporate controlled U.S.-origin commodities, non-U.S.-made commodities that are 'bundled' with controlled U.S.-origin software, non-U.S.-made software that is commingled with controlled U.S.-origin software, and non-U.S.-made technology that is commingled with controlled U.S.-origin technology which exceeds a certain threshold (De Minimis Rule); and

(iv) Certain non-U.S.-produced "direct products" of specified "technology" and "software"; and certain non-U.S.-produced products of a complete plant or any major component of a plant that is a "direct product" of specified "technology" or "software" (Foreign Direct Product Rule, "**FDP rule**").

For items subject to the EAR under different circumstances, the scope of control corresponding to the end-user, end-use, destination, etc., may be different and need to be judged on a case-by-case basis. And if certain transactions or actions are controlled under the EAR, a license or license exception will be necessary.

Additionally, BIS maintains lists of persons that are subject to enhanced export control restrictions. One such list, the Entity List, includes a list of foreign persons on which certain trade restrictions are imposed, including business, research institutions, government and private organizations, individuals and other types of legal persons. The Entity List imposes licensing requirements on the export or reexport of certain products, software, and technology that are subject to the jurisdiction of the EAR, thus limiting access to parties on the Entity List to items subject to the EAR. The United States in recent years has placed an increasing number of entities, including a number of entities in China, on the Entity List and other restricted or prohibited parties lists.

OVERVIEW

Our Group was founded in October 2014 by our Co-Founders, Dr. Yifan Li, Dr. Kai Sun, and Mr. Shaoqing Xiang with the initial focus on high-performance laser sensors used in natural gas and other industries. In 2016, we shifted our primary business to the development, manufacturing and sales of LiDAR products. Since then, we have developed and produced a full range of LiDAR solutions and products for various applications in ADAS and Robotics.

The Company's Co-Founders possess deep expertise in the fields of Robotics, photonics, and physics. They have successfully commercialized their expertise through building products and solutions that have received validations from customers with some of the highest requirements in the world. They are responsible for steering the technological development, long-term strategies and continued growth of the Company's business.

BUSINESS MILESTONES

The following is a summary of our Group's key business development milestones:

Year	Event
2014	• Commenced operations through Hesai Photonics Technology Co., Ltd., now known as Hesai Technology Co., Ltd., with an initial focus on high-performance laser sensors used in natural gas and other industries
2015	• Received angel round funding
2016	• Completed Series A-1 and A-2 financing
	• Shifted our primary business focus to the development, manufacturing and sales of LiDAR products
2017	• Established HESAI INC., our primary sales platform in the U.S.
	• Established ASIC R&D institute
	• Completed Series A+ and Series B financing
2018	• Completed Series B+ financing
	• Launched Pandar40P, the 40-channel long-range LiDAR product with interference rejection

Year	Event
2019	• Established Shanghai Hesai Trade Co., Ltd., our primary sales platform in the PRC
	• Completed Series C-1, C-2 and C-3 financing
	• Launched Pandar64, the 64-channel long-range LiDAR
2020	• Launched (i) QT64, the ultra-wide view LiDAR; (ii) Pandar128, the high-performance long-range LiDAR; and (iii) the mid-range XT sensor for use in Robotics
	• Put forward the UL4700 proposal, which was incorporated into the American National Standard
2021	• Established an offshore holding company, Hesai Group, to facilitate offshore financing
	• Completed Series D financing
	• Launched AT128, the automotive-grade long-range LiDAR
	• Received world's first ISO 26262 Functional Safety Certificate for LiDAR (ASIL-B)
	• Chaired the Drafting Committee of China's National Standards for Automotive LiDAR
2022	• Launched (i) QT128, the 128-channel ultra-wide view LiDAR; and (ii) FT120, the automotive-grade fully solid-state LiDAR
	• Commenced mass production of AT128, our automotive-grade long-range LiDAR
	• Reached 100,000 cumulative LiDAR units delivery milestone and became the first LiDAR company globally to achieve 10,000 units shipment volume in a single month by September 2022
	• Became the group leader for the ISO Automotive LiDAR Working Group which formulates international standards for automotive LiDAR

Year	Event
2023	• Completed its initial public offering and listing of ADSs on Nasdaq under the symbol "HSAI"
	• Launched ET25, the automotive-grade ultra-thin long-range LiDAR
	• Opened office in Europe's "Car Capital" — Stuttgart, Germany
	• Accumulatively served over 1,000 customers in the ADAS and Robotics markets and accumulatively recognized revenues from over 200,000 units of LiDAR shipped
2024	• Opened an office in Guangzhou
	• Launched (i) ATX, the new ultra-compact high-performance long-range LiDAR; (ii) OT128, the world's only mechanical LiDAR that implemented an ASIC approach for both TX and RX systems; and (iii) AT512, the automotive-grade ultra-high resolution long-range LiDAR
	• Secured an exclusive design win with a top European OEM, launching a multi-year program that will extend into the next decade across both ICE and EV platforms
	• By December 2024, became the first LiDAR company globally to achieve 100,000 units shipment in a single month, and the first LiDAR company globally to achieve 20,000 units shipment in a single month for Robotics applications
	• Became the first publicly-listed LiDAR company globally to achieve full-year non-GAAP net profit (non-GAAP measure) in 2024, according to CIC

OUR MAJOR SUBSIDIARIES AND OPERATING ENTITIES

The principal business activities, date of establishment and date of commencement of business of each member of our Group that made a material contribution to our results of operation during the Track Record Period are shown below:

Name	Principal business activities	Date and jurisdiction of establishment
Hesai Hong Kong Limited	Investment holding	May 6, 2021, Hong Kong
Hesai Technology Co., Ltd.	Manufacturing and sales of LiDAR and R&D	October 22, 2014, PRC
Hertz Technology Co., Ltd.	Manufacturing of LiDAR	October 13, 2022, PRC
Shanghai Hesai Zhineng Keji Co., Ltd.	Business operation and R&D	November 8, 2023, PRC

LISTING ON NASDAQ

On February 9, 2023, we listed our ADSs on Nasdaq under the symbol "HSAI." Our initial public offering on Nasdaq was completed on February 13, 2023. Pursuant to the initial public offering, our Company sold 10,000,000 ADSs representing 10,000,000 Class B Ordinary Shares at an offering price of US$19.00 per ADS. Additionally, the underwriters exercised their option to purchase an additional 125,118 ADSs representing 125,118 Class B Ordinary Shares.

We received approximately US$174.5 million in net proceeds from the issuance of new shares from the initial public offering and partial exercise of over-allotment option after deducting underwriting commissions and the other offering expenses payable by us. As of December 31, 2024, we had used the proceeds of RMB396.6 million from our initial public offering, including RMB139.2 million for investment in our manufacturing capabilities, RMB102.7 million for research and development, and RMB154.7 million for general corporate purposes. There is no material change in the use of proceeds as described in our registration statement on Form F-1. We still intend to use the remainder of the proceeds from our initial public offering for purposes as disclosed in our registration statement on Form F-1.

Prior to our listing on Nasdaq, we submitted a listing application to the Shanghai Stock Exchange STAR Market in early 2021 (the "**STAR Market Listing Application**") to explore the opportunity of establishing a capital market platform in the A-share market. We later voluntarily withdrew the STAR Market Listing Application in March 2021, after taking into account, among other things, alternative financing options, market conditions and investor base in other markets. Shortly thereafter, in June 2021, we started Series D financing round, which included U.S. investors. In light of our evolving shareholder base, the overseas listing status of certain of our peer companies at the relevant time, market conditions, market momentum and

liquidity, we determined that a listing on a stock exchange in the U.S. would better serve the interests of all shareholders. Accordingly, we submitted the initial confidential filing with the SEC in July 2021. Our Directors confirm that, to their best knowledge, there are no other material matters relating to the STAR Market Listing Application attempt that would affect our suitability for the listing on the Stock Exchange and are necessary to be disclosed in this prospectus for investors to form an informed assessment of our Company. Based on the due diligence conducted by the Joint Sponsors, nothing has come to the Joint Sponsors' attention that would reasonably cause them to disagree with the Directors' view that there are no other material matters relating to the STAR Market Listing Application attempt.

COMPLIANCE WITH THE RULES OF NASDAQ

Since the date of our listing on the Nasdaq and up to the Latest Practicable Date, our Directors confirm that we had no instances of non-compliance with the rules of Nasdaq in any material respects and to the best knowledge of our Directors having made all reasonable enquiries, there is no matter that should be brought to investors' attention in relation to our compliance record on Nasdaq.

REASONS FOR THE LISTING

Our Board is of the view that the Listing and the Global Offering will present us with an opportunity to further expand our investor base and to broaden and solidify our access to capital markets, as well as to provide us with additional funding channels and sources for us to further develop our business as disclosed in the sections headed "Business — Growth Strategies" and "Future Plans and Use of Proceeds — Use of Proceeds" in this document. As we believe that our dual-primary listing status after the Listing will provide adequate market access for the Company and sufficient liquidity for our Shareholders, as of the date of this document, we do not have plans to apply for listings on other stock exchanges.

MAJOR SHAREHOLDING CHANGES OF OUR COMPANY AND SHANGHAI HESAI

In October 2014, Shanghai Hesai Photonics Co., Ltd. ("**Hesai Photonics**"), a limited liability company incorporated under the laws of the PRC, was established by Dr. Yifan Li, Dr. Kai Sun and Mr. Shaoqing Xiang.

On April 21, 2021, our Company was incorporated under the laws of the Cayman Islands to serve as the holding company of our Group. Upon incorporation on April 21, 2021, our Company had an authorized share capital of US$50,000 divided into 500,000,000 ordinary shares with a par value of US$0.0001 each.

The major shareholding changes of our Company and Shanghai Hesai since their respective inception were as set out below.

Hesai Photonics underwent several rounds of pre-IPO investments between March 2017 and July 2019, and received investments in the amount of (i) US$11.0 million in Series A+ financing, (ii) US$16.0 million in Series B financing, (iii) US$14.4 million in Series B+ financing, (iv) US$38.0 million in Series C-1 financing, (v) US$37.0 million in Series C-2 financing and (vi) US$32.6 million in Series C-3 financing.

In August 2020, Hesai Photonics was converted by its then shareholders into a joint stock company under PRC laws and changed its name to Hesai Technology Co., Ltd ("**Shanghai Hesai**"). The entirety of the then redeemable equity in Hesai Photonics was converted into ordinary shares of Shanghai Hesai in the same proportion as the percentage of equity interest they represented in Hesai Photonics. To effect this conversion, 51,485,191 ordinary shares of Shanghai Hesai were issued to its then existing equity interest holders at no consideration, all in the same proportions as the percentage of equity interest they respectively held in Hesai Photonics and on an as converted basis (the "**2020 Reorganization**").

After the 2020 Reorganization, Shanghai Hesai (previously known as Hesai Photonics) underwent an additional round of pre-IPO investments in September 2020, resulting in the aggregate issuance of 2,407,024 ordinary shares in Shanghai Hesai during its Series C+ financing.

On May 6, 2021, our Company established Hesai Hong Kong Limited ("**Hesai HK**") in Hong Kong, a wholly owned subsidiary, to be the intermediate holding company of our Group. In June 2021, Hesai HK acquired 100% of the ordinary shares of Shanghai Hesai from the Co-Founders and the then shareholders of Shanghai Hesai, after which Shanghai Hesai became an indirect wholly-owned subsidiary of our Company (the "**2021 Reorganization**"). Our Company adopted the WVR Structure in May 2021, under which ordinary shares of the Company were re-classified and re-designated into two classes: Class A Ordinary Shares, each carrying ten votes at a general meeting of the Company (except for resolutions with respect to a limited number of Reserved Matters); and Class B Ordinary Shares, each carrying one vote at a general meeting of the Company. Between May and June 2021, the Co-Founders subscribed for 30,033,379 Class A Ordinary Shares, and the existing investors subscribed for 62,834,548 Class B Ordinary Shares of our Company on an as-converted basis, at the same proportion of the equity interest they held in Shanghai Hesai.

After the 2021 Reorganization, our Company underwent an additional round of pre-IPO investments in May 2021, resulting in the issuance of convertible loans with an interest rate of 8% per annum of an aggregate principal amount of US$304 million, convertible into our Class B Ordinary Shares at US$16.5 per share, to our Series D investors. In June and September 2021, our Company issued 18,424,242 Class B Ordinary Shares to Series D investors upon their conversion of the convertible loans. In September 2021, the Company issued 4,242,424 Class B Ordinary Shares to a Series D investor at a per share value of US$16.5. As of September 30, 2021, all of the convertible loans were converted into 18,424,242 Class B Ordinary Shares.

During our pre-IPO investments prior to our listing on Nasdaq, we achieved post-money valuation of US$101.0 million for Series A+ round, US$147.3 million for Series B round, US$240.0 million for Series B+ round, US$488.0 million for Series C-1 round, US$525.0 million for Series C-2 round, US$557.6 million for Series C-3 round, US$1.0 billion for Series C+ round, and US$2.0 billion for Series D round. As of the Latest Practicable Date, we have utilized approximately 53.0% of the net proceeds from these investments for development of product and service, marketing, investment in manufacturing capacity, research and development and general corporate purposes.

Such investors included numerous sophisticated investors, leading technology companies and private equity funds, such as Bosch, Xiaomi, Onsemi, Meituan, Lightspeed, Hillhouse, CPE, and Qiming, among others. All of the aforementioned investors (including Bosch, Xiaomi and Lightspeed, the three sophisticated investors) had agreed to be subject to lock-up arrangement for a period of 180 days after the date of the Company's prospectus for its U.S. listing, in accordance with paragraph 6 of Chapter 2.2 of the Guide for New Listing Applicants.

In February 2023, we issued a total of 10,125,118 Class B Ordinary Shares pursuant to our initial public offering on Nasdaq, including the underwriters' option. Further details of our initial public offering are set out in the section headed "— Listing on Nasdaq" in this section. Following our listing on Nasdaq and save for the weighted voting rights attached to our Class A Ordinary Shares as permitted under Rule 8A.07 of the Listing Rules, there are no other Shareholders that are entitled to special rights not proportionate to their economic interests in our Company.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

Throughout the Track Record Period and up to the Latest Practicable Date, we have not conducted any acquisitions, disposals or mergers that we consider to be material to us.

REORGANIZATION

Further details of the material reorganization steps of our Group are set out in the section headed "— Major shareholding changes of our Company and Shanghai Hesai" in this section.

PRC REGULATORY REQUIREMENTS

The Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) (the "**M&A Rules**") jointly issued by the Ministry of Commerce, the State-owned Assets Supervision and Administration Commission of the State Council, the STA, the CSRC, the State Administration for Industry and Commerce (currently known as the SAMR) and the SAFE on August 8, 2006, effective as of September 8, 2006 and amended on June 22, 2009 with immediate effect, require that a special purpose vehicle, formed for overseas listing purposes and controlled directly or indirectly by PRC

companies or individuals through acquisitions of shares of or equity interests in PRC domestic companies, shall obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle's securities on an overseas stock exchange.

Our PRC Legal Advisor is of the view that prior CSRC approval for this offering is not required under the M&A Rules because (i) the CSRC currently has not issued any definitive rule or interpretation concerning whether offerings like ours under this document are subject to the M&A Rules and (ii) when our Company sets up its offshore holding structure, Shanghai Hesai was a then existing foreign invested entity and not a mainland China domestic company as defined under the M&A Rules, and the acquisition by Hesai Hong Kong of the equity interest in Shanghai Hesai was not subject to the M&A Rules. However, our PRC Legal Advisor further advises that there is uncertainty as to how the M&A Rules will be interpreted or implemented and we cannot assure you that the relevant PRC governmental authorities, including the CSRC and the MOFCOM, would reach the same conclusion as our PRC Legal Advisor.

SAFE REGISTRATION IN CHINA

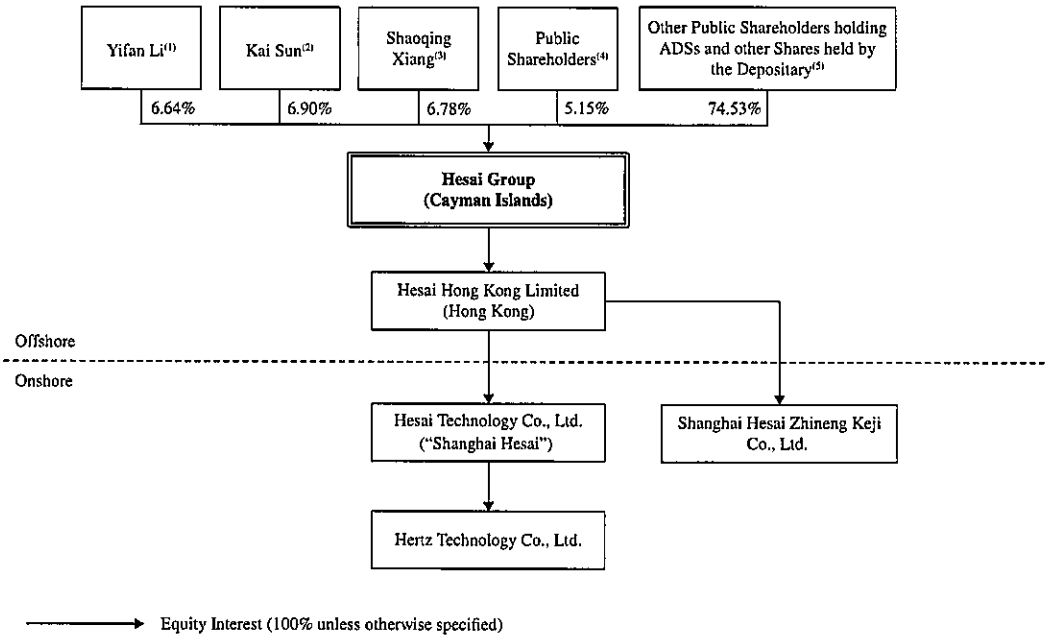
Pursuant to the SAFE Circular 37, (a) a PRC resident must register with the local SAFE counterpart before contributing assets or equity interests in an overseas special purpose vehicle (the "**Overseas SPV**") that is directly established or indirectly controlled by such PRC resident for the purpose of conducting investment or financing; and (b) following the initial registration, the PRC resident is also required to register with the local SAFE counterpart for any major change in respect of the Overseas SPV, including, among other things, a change of Overseas SPV's PRC resident shareholder(s), the name of the Overseas SPV, terms of operation, or any increase or reduction of the Overseas SPV's capital, share transfer or swap, and merger or division. Pursuant to SAFE Circular 37, failure to comply with these registration procedures may result in penalties.

Pursuant to the SAFE Circular 13, the power of foreign exchange registration was delegated from the local SAFE counterpart to qualified local banks where the domestic entity was incorporated.

As advised by our PRC Legal Advisor, our Co-Founders, Dr. Yifan Li, Dr. Kai Sun, and Mr. Shaoqing Xiang, who directly and indirectly hold Shares of our Company and are known to us as being PRC citizens, have completed the registration under the SAFE Circular 37.

OUR STRUCTURE PRIOR TO THE GLOBAL OFFERING

The following diagram illustrates the corporate and shareholding structure of our Company and our major subsidiaries as of the Latest Practicable Date:



Notes:

1. Represents (i) 8,879,636 Class A Ordinary Shares held by ALBJ Limited, a company limited by shares incorporated in the British Virgin Islands. ALBJ Limited is wholly owned by Asian LBJ Limited, which is wholly owned by Dr. Yifan Li.

2. Represents (i) 9,228,622 Class A Ordinary Shares held by Fermat Star Limited, a company limited by shares incorporated in the British Virgin Islands. Fermat Star Limited is wholly owned by Rock Ocean Limited, which is wholly owned by Dr. Kai Sun.

3. Represents (i) 8,890,603 Class A Ordinary Shares held by Galbadia Limited, a company limited by shares incorporated in the British Virgin Islands, and (ii) 165,031 Class B Ordinary Shares in the form of ADSs controlled by Mr. Shaoqing Xiang through Galbadia Limited. Galbadia Limited is wholly owned by Balamb Limited, which is wholly owned by Mr. Shaoqing Xiang.

4. Represents holders of Class B Ordinary Shares each holding less than 5% of the issued Shares of our Company as at the Latest Practicable Date. These Shareholders consist of certain of our pre-IPO investors prior to our listing on Nasdaq, some of whom have converted most of their Class B Ordinary Shares into ADSs.

5. Represents (i) the 99,614,313 Class B Ordinary Shares underlying the ADSs held by our public holders of ADSs (excluding those accounted for in (3) above and including 558,814 Class B Ordinary Shares (as of the Latest Practicable Date) issued to the Depositary for bulk issuance of ADSs reserved for future issuances upon the exercise or vesting of awards granted under the 2021 Plan).

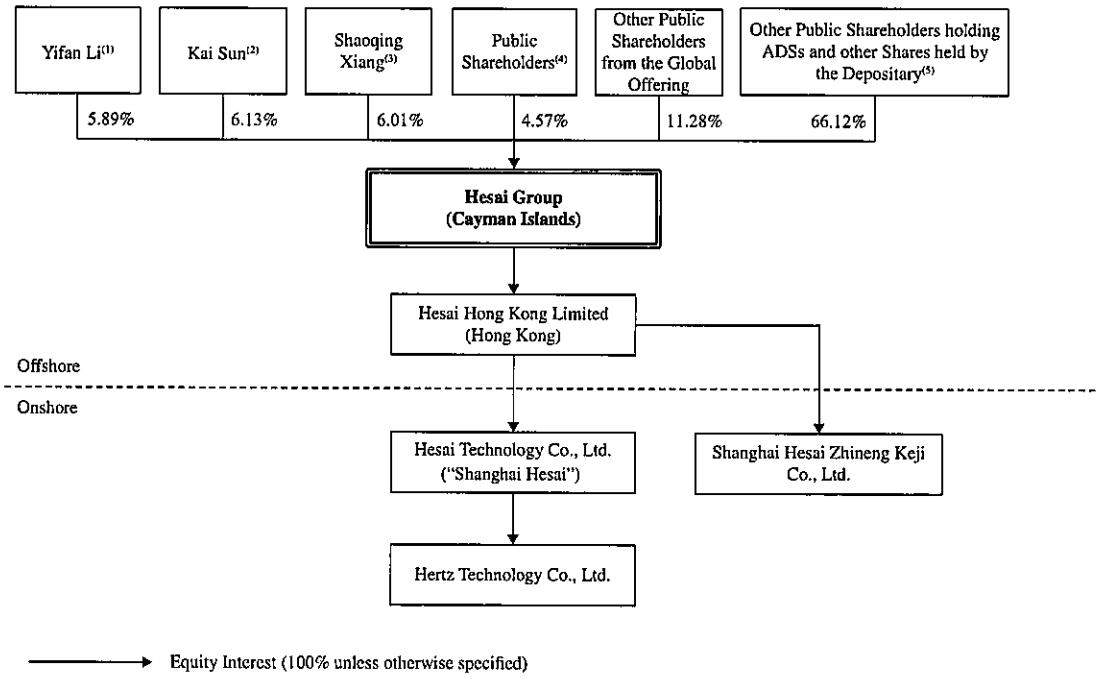
PUBLIC FLOAT AND FREE FLOAT

So far as our Directors are aware, upon completion of the Global Offering, the Shares or ADSs controlled by Dr. Yifan Li, Dr. Kai Sun and Mr. Shaoqing Xiang, our Controlling Shareholders, as well as the Shares or ADSs held by other Directors, will not be counted towards the public float.

So far as our Directors are aware, save as provided above, upon completion of the Global Offering, assuming that (i) the Offer Size Adjustment Option and the Over-allotment Option are not exercised, (ii) no further Shares are issued under the 2021 Plan between the Latest Practicable Date and the Listing Date and (iii) no Class A Ordinary Shares are converted into Class B Ordinary Shares, and without taking into account the 558,814 Class B Ordinary Shares (as of the Latest Practicable Date) issued to the Depositary for bulk issuance of ADSs reserved for future issuances upon the exercise or vesting of awards granted under the 2021 Plan, the remaining Shareholders are not core connected persons of the Company and will collectively hold 122,499,650 Class B Ordinary Shares or approximately 99.51% of the total number of Class B Ordinary Shares, which will count towards the public float and is higher than the prescribed percentage of Class B Ordinary Shares required to be held in public hands of 15% under Rule 8.08(1) of the Listing Rules (based on the maximum Public Offer Price), thereby satisfying the public float requirement under Rule 8.08(1) of the Listing Rules. Further, based on a maximum Public Offer Price of HK$228 per Offer Share, the Company is expected to satisfy the free float requirement under Rule 8.08A of the Listing Rules.

OUR STRUCTURE IMMEDIATELY FOLLOWING THE COMPLETION OF THE GLOBAL OFFERING

The following diagram illustrates the corporate and shareholding structure of our Company and our major subsidiaries immediately following the completion the Global Offering (assuming that (i) the Offer Size Adjustment Option and the Over-allotment Option are not exercised, (ii) no further Shares are issued under the 2021 Plan between the Latest Practicable Date and the Listing Date):



Notes (1) - (4): See Notes (1)-(4) in preceding pages under the section headed "— Our Structure prior to the Global Offering."

(5) Represents (i) the 99,614,313 Class B Ordinary Shares underlying the ADSs held by our public holders of ADSs (as of the Latest Practicable Date) (excluding those accounted for in (3) and above and including 558,814 Class B Ordinary Shares (as of the Latest Practicable Date) issued to the Depositary for bulk issuance of ADSs reserved for future issuances upon the exercise or vesting of awards granted under the 2021 Plan), assuming there is no change in such share number between the Latest Practicable Date and the Listing Date.

OVERVIEW

We are a global leader in three-dimensional light detection and ranging (LiDAR) solutions. We design, develop, manufacture, and sell advanced LiDAR products. Our LiDAR products enable a broad spectrum of applications across (i) passenger or commercial vehicles with advanced driver assistance systems, and (ii) autonomous vehicle fleets providing passenger and freight mobility services, robotics and other non-automotive industries, such as automated guided vehicles/autonomous mobile robots, delivery robots, agricultural vehicles, wide industrial applications such as port and yard automation, and stationary applications. Leveraging advanced ASIC and other LiDAR technologies, proprietary in-house design and manufacturing capacities and platform level-shared architecture, we deliver LiDAR products balancing Performance, Quality and Cost to the expanding ADAS and Robotics markets.

We are a leading LiDAR company globally in terms of commercialization and financial performance, according to CIC. We have paved the way for LiDARs from technology innovation to mass production and widespread application, driving the evolution of intelligent vehicles.

- Our revenue scale and shipment volume demonstrate our industry position. We were the No. 1 LiDAR supplier globally in each of 2022, 2023 and 2024 in terms of revenue, according to CIC. By September 2022, we became the first LiDAR company globally to achieve 10,000 units shipment volume in a single month; by December 2024, we became the first LiDAR company globally to achieve 100,000 units shipment in a single month, according to CIC.

- We have achieved solid financial performance in the global LiDAR industry. We achieved the highest gross margin and gross profit among LiDAR companies worldwide in 2022, 2023, and 2024, according to CIC. Notably, we were the first LiDAR company in the world to achieve a full-year non-GAAP net profit (non-GAAP measure) in 2024. Additionally, we recorded full-year positive operating cash flow in both 2023 and 2024, making us the first publicly-listed LiDAR company to generate positive operating cash flow, according to CIC.

For each of our sub-markets:

- We ranked third in terms of revenue scale in the global ADAS market in 2024, according to CIC. We secured the highest number of design wins in the ADAS market as of March 31, 2025, from 22 OEMs globally across 120 vehicle models. We are the LiDAR provider for leading OEMs such as Li Auto (HKSE: 2015; NASDAQ: LI), Zeekr (NYSE: ZK), and Leapmotor (HKSE: 9863). Notably, we secured an exclusive design win with a top European OEM, launching a multi-year program that will extend into the next decade across both ICE and EV platforms, making us the first Chinese LiDAR provider for global vehicle platforms, according to CIC. From July 2022, when we began volume shipment, to December 31, 2024, we ranked the second in terms of accumulated shipment volume in the global ADAS market, according to CIC.

- We ranked No. 1 in terms of revenue scale in the global Robotics market in each of 2022, 2023 and 2024, according to CIC. We built our leadership in the Robotics market early on with a wide range of mechanical LiDAR products. By December 2024, we became the first LiDAR company globally to achieve 20,000 units shipment in a single month for Robotics applications, according to CIC. We were also a global leader in the global Robotaxi sector, a sub-sector of Robotics market, with a market share of over 55% in each of 2022, 2023 and 2024 in terms of revenue, according to CIC. During the Track Record Period, we were the primary LiDAR solution provider for nine out of the top ten autonomous driving companies in the world, according to CIC.

We believe there are three attributes critical to the further improvement of penetration rate of LiDARs: Performance, Quality, and Cost. Our current market position reflects our ability to address these key factors effectively. Depending on the scenario or the application, our customers have varying needs. Our ADAS customers generally have strict requirements on all three aspects, especially on Cost. For the Robotics market, our customers demonstrate varying levels of cost sensitivity depending on the application, including Robotaxi, lawn mowing robots, delivery robots, autonomous mobile robots, and humanoid robots. For example, our Robotaxi customers are less Cost-sensitive as they prioritize higher Performance and Quality, which are critical to the successful development and safe operation of full autonomous driving solutions. We design and manufacture LiDARs to enhance each of the three elements, while striking what we believe is the optimal balance for different applications and industries, which has led to our continued success in each of our submarkets.

Industry Trends and Opportunities

We believe our growth trajectory will continue as we offer highly competitive products and pricing to capture the fast-growing LiDAR market opportunity. The global LiDAR industry, in terms of revenues, increased from US$0.3 billion in 2020 to US$1.6 billion in 2024, with a CAGR of 57.6%, and is expected to increase to US$17.1 billion in 2029, representing a CAGR of 61.2%, according to CIC. In particular, the market size and growth rate of the LiDAR industry in China has significantly surpassed other regions.

ADAS Market

According to CIC, revenues of LiDAR for the ADAS market increased from US$0.1 billion in 2020 to US$1.0 billion in 2024, at a CAGR of 104.1%, and are expected to reach US$12.0 billion in 2029, representing a CAGR of 63.6%. This growth is driven by several key factors:

- *High-Level ADAS Penetration.* Technological innovations in perception algorithms, sensor hardware, and computing platforms are enabling ADAS functions that demand greater sensing precision and system reliability. As L2+ systems are expanding beyond premium models, LiDAR-equipped vehicles have gained traction

in the broader market. Additionally, as ADAS evolves towards higher levels of autonomy, an increasing number of LiDAR units are expected to be incorporated on each vehicle to enhance the reliability and performance of ADAS systems.

- *Rapid Growth in LiDAR-Equipped Vehicles.* LiDAR, with its high precision, all-weather adaptability and 3D spatial perception capabilities, is an indispensable core perception sensor for achieving active safety and advanced driver-assistance functions. Increasingly, OEMs are adopting LiDAR as a standard feature rather than an optional add-on, particularly in mid- to high-end models. Major automakers are integrating LiDAR into their new vehicle developments and establishing stable supply chains for multi-platform deployment.

- *Technological Advancements.* Continuous improvements in LiDAR performance are meeting the demands of ADAS. Innovations in perception accuracy, detection range, interference resistance, size, and power efficiency are expanding the scenarios in which LiDAR can be effectively used, catering to automakers' diverse needs.

- *Economies of Scale.* Cost reductions from mass production, technological advancements, and automation have made LiDAR economically viable for mid-range and mass-market vehicles, facilitating its adoption across more cost-sensitive models.

- *Consumer Demand for Technology and Safety.* As consumers are increasingly embracing intelligent driving experiences, with a focus on technology and safety, LiDAR-powered features that enhance safety, comfort, and convenience are generating greater interest.

Robotics Market

As the Robotics market flourishes, it is poised to significantly drive the demand for LiDAR solutions, further propelling the growth of the overall industry. According to CIC, revenues of LiDAR for the Robotics market increased from US$0.2 billion in 2020 to US$0.6 billion in 2024, at a CAGR of 29.4%, and are expected to reach US$5.1 billion in 2029, representing a CAGR of 56.3%. The growth of LiDAR applications in the Robotics market are expected to be driven by the following key drivers and trends:

- *Thriving Robotics Market.* The thriving Robotics industry spans warehousing and logistics, industrial manufacturing and smart agriculture, creating diverse scenarios that require precise, real-time environmental awareness. This broadens opportunities for LiDAR integration as a key enabler of intelligent autonomy.

- *Technological Advancements and Application Demands.* The decline in LiDAR cost, size, and power consumption enhances its suitability for widespread deployment. As robotic tasks become more complex, there is a growing trend toward multi-LiDAR setups per robot and increasing value per sensor.

- *Need for 3D Spatial Data.* As robots operate in complex, dynamic, and unstructured environments, the demand for 3D spatial perception increases. LiDAR, through active laser ranging, produces high-density, high-precision 3D point clouds, becoming essential in the Robotics "perception — cognition — decision" loop.

- *Core Sensor for Localization and Navigation.* LiDAR is vital for robot localization, navigation, and obstacle avoidance. Its millimeter-level accuracy, wide field of view, and independence from lighting conditions provide greater robustness, especially in crowded or poorly lit environments, compared to vision-only systems.

- *Policy Support and Commercial Deployment.* Governments worldwide are incorporating Robotics and intelligent sensing into national strategies, implementing supportive policies for advanced technology industries. The commercial deployment of Robotaxi and Robotruck use cases provides real-world scenarios for high-level autonomous robots, reinforcing the demand for high-performance LiDAR.

Our Innovative and Industry-leading Technological Prowess

Our ASIC Approach

We design and manufacture LiDARs to enhance each of the three elements, Performance, Quality, and Cost, and set benchmarks for optimal balance for different applications and industries, by leveraging our ASIC approach, which consolidates and integrates hundreds or even thousands of discrete components into a single or a few chips.

Since early stages of our development, we have been committed to the in-house research and development of key components for LiDAR. According to CIC, we were the first in the LiDAR industry to establish a dedicated R&D team for ASICs as early as in 2017. We have achieved the highest integration rate of ASICs in the industry since 2023, according to CIC. Our fourth-generation ASICs consolidate all seven key components that determine LiDAR's functions and performance, including lasers, detectors, laser drivers, analog front-end, analog-to-digital converters, digital signal processors, and controllers. We remain the only LiDAR company in the industry that have in-house developed all seven key components, according to CIC. Our extensive knowledge paved the way for a remarkable industry milestone: we were the first to successfully implement an ASIC approach for both the TX module and the RX module, the heart of a LiDAR product, according to CIC. Our ASIC approach simplifies product architecture, optimizes design, which boosts each of the three elements, Performance, Quality, and Cost in the following ways:

- *Better Performance.* ASICs provide performance improvements for our products in terms of range, point cloud quality, and power consumption among other things. This enables us to provide LiDAR products with better features suitable for more advanced and demanding applications.

- *Cost Optimization.* ASIC approach replaces hundreds of discrete off-the-shelf components and thus lowers the bill of materials (BOM) costs of LiDAR products. The simplified structure and reduced component count in LiDAR also streamline the manufacturing process, minimizing assembly steps compared to the legacy approach, and thus reducing the manufacturing cost. Additionally, our highly integrated architecture enhances automation, significantly boosting production efficiency and cost savings. For instance, the cost of a single-channel transceiver in 2023 was approximately less than one-twentieth of its 2016 price, prior to the adoption of the highly integrated architecture.

- *Enhanced Quality.* High level integration and simplified manufacturing process improve product consistency and reliability.

Since the launch of our first-generation ASIC in October 2020, we have always been committed to advancing LiDAR technology and have successfully released four generations of ASICs, each with higher level of integration and more advanced proprietary technologies, enabling the development of LiDAR products with better performance, enhanced quality and reduced production costs, which resulted in our commercial success.

Our Trend-setting ASIC-Based Architecture

By adopting the ASIC approach, we have developed an innovative and distinctive ASIC-based architecture, which features advanced technologies, taking bold steps that others hesitated to pursue:

- *Highly Integrated TX/RX Architecture.* By integrating the functionality of hundreds of self-developed discrete components at system level, our LiDAR products adopt a highly-integrated TX/RX architecture, where hundreds to thousands of channels are integrated onto a few circuit boards, largely simplifying the traditional LiDAR architecture, improving product performance and quality while reducing manufacture complexity and cost.

- *First VCSEL Used in Long-range Automotive LiDAR.* VCSEL is a cost-efficient laser diode that is traditionally limited to short-range applications due to its low power density and restricted range. However, we were the first in the industry to adopt VCSELs for automotive long-range LiDAR, pioneering an unconventional product architecture that was later followed by industry peers, according to CIC. By integrating our proprietary high-power VCSELs with a receiver that combines signals from multiple single-photon avalanche diodes (SPADs), we significantly enhanced detection capabilities, making long-range VCSEL-based LiDAR commercially viable and achieving a balance between cost and detection range in our LiDAR products.

- *First ASIC-Based One-Dimensional Electronic Scanning.* We were the first in the industry to implement one-dimensional electronic scanning on ASICs, according to CIC. The combination of one-dimensional scanning with rotational mirror in horizontal direction and ASIC-based solid-state electronic scanning in vertical direction provides reliable performance, significantly reduces power consumption, and minimizes optical crosstalk. This approach enhances point cloud image quality, and according to CIC, is currently the optimal scanning method available in the industry.

Empowered by our ASIC approach, we have developed a series of industry-leading products. We launched our flagship AT128 in July 2021, with SOP in July 2022. AT128, according to CIC, was the first LiDAR product to leverage ASIC-based technology to integrate 128 VCSEL laser arrays, enabling genuine 128-channel scanning. Prior to AT128, similar technological architecture was only capable of achieving a modest 16-line scanning. In addition, while most industry peers apply ASIC approach only to their ADAS LiDAR products, we have achieved a breakthrough by successfully migrating our ASIC-based architecture to our mechanical LiDAR product, OT128, making it highly scalable for Robotaxi commercialization while delivering promising performance.

Leveraging our ASIC approach, we have developed a strong product pipeline, including AT1440 family, ET series and JT series. These products quickly gained traction, achieving design wins both domestically and internationally shortly after or even before product launch, thereby fueling our continued growth. We will continue to upgrade our technologies to deliver products with better price-to-performance.

Our Innovative Platform-Level Shared Architecture

We introduced platform thinking early on, starting in 2017. Our platformization enabled architecture sharing not only within each series, but also across different product series. For example, 70% of the components and parts can be shared across the AT and ET product series, significantly shortening product development cycle, reducing supply chain costs and research and development costs, and promoting customer satisfaction and loyalty due to consistency in design. We have accumulated a broad spectrum of know-how in LiDAR technology, which can be effectively leveraged on the system level to support the development of a diverse range of product offerings and foster continuous innovation of our next-generation LiDARs.

Our Pioneering In-House Manufacturing

Amid the rising trends in intelligent electric vehicles sales and increasing ADAS penetration rates, the demand for LiDAR products from OEM customers has been steadily growing. This has heightened the requirements for LiDAR suppliers in terms of delivery timeliness, cost efficiency, and product quality. In this context, our pioneering in-house manufacturing capability constitutes another of our major advantages and has helped us gain substantial competitive edge in the long-term — enhancing cost efficiency, quality control, innovation speed, and supply chain resilience. We were the first to adopt in-house

manufacturing from day one and remain the only LiDAR company in the market to consistently follow this approach, according to CIC. We have integrated our LiDAR design and manufacturing into an indivisible and seamless process, enabling us to deliver automotive grade products with high quality. As the LiDAR industry continues to evolve quickly, our in-house highly automated and integrated manufacturing capabilities provide instant trial feedback for us to iterate our LiDAR design and manufacturing process, thereby enabling rapid product development and fast iteration cycles. Moreover, in-house manufacturing allows us to better control product quality, ensure product consistency, improve manufacturing efficiency, and safeguard manufacturing process know-how at an affordable cost. The know-how further strengthens our in-house manufacturing capabilities and helps establish a virtuous cycle to solidify our advantages.

We operate our manufacturing facilities, Hertz Center and Maxwell Center, to produce and assemble our LiDAR products. We have achieved 100% automation rate in our core production processes, which significantly improves our production efficiency and reduces our production costs. For more information on our manufacturing facilities, see "— Manufacturing Process and Supply Chain."

Our Financial Performance

We have already started commercializing our technology. During the Track Record Period, we witnessed rapid growth in our shipment volume and revenues. We recognized revenues from approximately 80,400, 222,100, 501,900, 59,100 and 195,800 shipped LiDAR units in 2022, 2023, 2024 and the three months ended March 31, 2024 and 2025, respectively. Our net revenues increased by 56.1% from RMB1,202.7 million in 2022 to RMB1,877.0 million in 2023, and further increased by 10.7% to RMB2,077.2 million in 2024. In the three months ended March 31, 2025, our net revenues increased by 46.3% to RMB525.3 million (US$72.4 million), compared to RMB359.1 million in the same period of 2024. In addition, our net loss narrowed during our Track Record Period. We incurred net losses of RMB300.8 million, RMB476.0 million, RMB102.4 million, RMB106.9 million and RMB17.5 million (US$2.4 million) in 2022, 2023, 2024 and the three months ended March 31, 2024 and 2025, respectively. Our adjusted net loss, a non-GAAP financial measure, was RMB195.5 million, RMB241.3 million and RMB69.1 million in 2022, 2023 and the three months ended March 31, 2024, respectively. We realized adjusted net income (non-GAAP measure) of RMB13.7 million and RMB8.6 million (US$1.2 million) in 2024 and the three months ended March 31, 2025, respectively.

OUR STRENGTHS

We believe the following strengths position us well to capitalize on the opportunities in providing LiDAR solutions for the ADAS and Robotics markets.

Recognized Leadership in the LiDAR Industry

Our leadership position is manifested through our commercial success in the global LiDAR industry, demonstrated by high revenues, shipment volume and robust financial performance. According to CIC, we were the No. 1 LiDAR supplier globally in terms of revenue in each of 2022, 2023 and 2024. By September 2022, we became the first LiDAR company globally to achieve 10,000 units shipment volume in a single month; by December 2024, we became the first LiDAR company globally to achieve 100,000 units shipment in a single month, according to CIC. We achieved the highest gross margin and gross profit among LiDAR companies worldwide in each of 2022, 2023, and 2024. Notably, we were the first LiDAR company in the world to achieve a full-year non-GAAP net profit (non-GAAP measure) in 2024. Additionally, we recorded full-year positive operating cash flow in both 2023 and 2024, making us the first publicly-listed LiDAR company to generate positive operating cash flow, according to CIC. Moreover, we have established an extensive global footprint. According to CIC, we are the only LiDAR company in the industry with a balanced mix of revenue generated from mainland China and other regions.

We also outperform peers within our sub-markets. For example, we had highest number of design wins in the ADAS market as of March 31, 2025, securing 22 OEMs globally across 120 vehicle models. We ranked No. 1 in terms of revenue scale in the global Robotics market in each of 2022, 2023 and 2024, according to CIC. We built our leadership in LiDARs for the Robotics market with a wide range of mechanical LiDAR products. By December 2024, we became the first LiDAR company globally to achieve 20,000 units shipment in a single month for Robotics applications, according to CIC. We were also a global leader in terms of revenue in the global Robotaxi sector, a sub-sector of Robotics market, with a market share of over 55% in each of 2022, 2023 and 2024, according to CIC.

Our steadfast commitment to innovation and excellence has cemented our position in the LiDAR industry. By consistently establishing benchmarks in shipment volumes and financial performance, we not only showcase our capabilities but also instill confidence in our partners and customers, creating a virtuous cycle of growth and success.

Strong Global Partnerships with Industry-Leading Players

Our LiDAR solutions and products have been thoroughly tested and validated by our customers' deployments in large volumes, enabling us to steadily build a robust base of blue-chip customers in the ADAS and Robotics markets covering approximately 50 countries and regions as of March 31, 2025. As of March 31, 2025, we secured 22 OEMs globally across 120 vehicle models, ranked No. 1 in the LiDAR's ADAS market in terms of number of design wins. Leveraging our product and technology advantages, we have attracted many blue-chip OEMs to adopt our high performance solutions, including Li Auto (HKSE: 2015; NASDAQ: LI), Zeekr (NYSE: ZK), and Leapmotor (HKSE: 9863). During the Track Record Period, we were the primary LiDAR solution provider for nine out of the top ten autonomous driving companies in the world, according to CIC.

We are committed to establishing long-term strategic partnerships and collaborations with our customers. In December 2023, we were recognized as the "2024 Strategic Partner" by Li Auto. In 2024, we further won "Best Supplier Award" by Li Auto. We have also collaborated with leaders in delivery robots and logistics, including Meituan (HKSE: 3690), DiDi, and WeRide (NASDAQ: WRD), on multiple promising and fast-paced development projects.

Our success has garnered recognition not only from leading OEMs in China but also from international players. For example, we secured an exclusive design win with a top European OEM, launching a multi-year program that will extend into the next decade across both ICE and EV platforms, making us the first Chinese LiDAR provider for global vehicle platforms, according to CIC.

The endorsements and recognition from our global, industry leading partners are a strong testament to the quality of our products and solutions, providing us with a valuable testing ground for continuous improvement and increasing customer stickiness.

Commercially Validated Solutions Backed by Innovative LiDAR Technologies

We have been a pioneer in introducing new technologies to the LiDAR industry, and consistently set industry trend with our technological leadership and breakthrough during the development of the LiDAR industry. Leveraging our ASIC approach, we became the only LiDAR company in the industry that have developed all key components in-house, including lasers, detectors, laser drivers, analog front-end, analog-to-digital converters, digital signal processors, and controllers, according to CIC. We achieved a distinctive LiDAR architecture featuring a highly integrated TX/RX module with a combination of industry-leading technologies such as VCSELs for long-range application and one-dimensional electronic scanning technology, which significantly improved our product performance and quality while reducing manufacture complexity and cost. Additionally, our differentiated platform approach enabled architecture sharing between different categories of products, maximizing the sharing of technological achievements, material supply chains, and manufacturing production lines, which contributes to shorter product development cycle, lower costs and consistency in design.

Leveraging our proprietary technology, we have developed a comprehensive product portfolio of LiDAR that empower diverse applications in the ADAS and Robotics markets, positioning us to serve a widespread global customer base. Our LiDAR products not only fulfill functional safety requirement for automotive-grade standard, but also address diverse customer needs by achieving an optimal balance of Performance, Quality, and Cost. Our representative key products — AT128, ATX, XT series and Pandar series — demonstrate industry-leading metrics across key parameters, including detection range, point cloud frequency, angular resolution, power consumption, dimension, among others, validating our exceptional product performance. Our LiDAR products and technology have been thoroughly tested and validated by our customers' deployments in large volumes.

Strong Automated In-House Manufacturing Enabling Rapid Development and High Quality

We have navigated the complexity of manufacturing and high capital investment to become the only LiDAR company to engage in in-house manufacturing from day one, according to CIC. We have multiple manufacturing facilities equipped with automated production lines and have achieved 100% automation rate of core processes. This creates a self-reinforcing process that accelerates product development, enhances production efficiency, reduces costs and ensures stable production of high-quality automotive grade products at scale, making us one of the few able to consistently deliver on our promises. Additionally, this approach provides simultaneous insights and feedback during manufacturing, accumulating valuable know-how that strengthens our capabilities as we increase production and shipment volumes.

While many industry peers adopt contract manufacturing, we innovatively introduced the "Design for Manufacture" approach early in the ASIC design stage. This proactive approach allows for the early identification of potential design flaws and facilitates better integration of components through optimized ASIC layout and structure, ultimately resulting in higher reliability and performance in the final LiDAR product. By embedding "Design for Manufacture" principles early in the ASIC development stage, we further improve production efficiency, quality control, and cost-effectiveness throughout the manufacturing process.

We had the largest number of ISO certifications among LiDAR companies as of December 31, 2024, including first in the LiDAR industry to obtain ISO 26262 ASIL B functional safety certification, ISO/SAE 21434 cybersecurity certification, and ISO 21448 (SOTIF) safety of the intended function process certification, according to CIC.

Visionary Management Team with a Proven Track Record of Innovation and Commercialization

Our Co-Founders, Dr. Yifan Li, Dr. Kai Sun, and Mr. Shaoqing Xiang, possess deep expertise in the fields of robotics, photonics, and physics. They have successfully commercialized their expertise through building products and solutions that have received validations from customers with some of the highest requirements in the world. They have also demonstrated a track record in building a global research and development team consisting of experts across a broad range of industry backgrounds, including vertical integration, optical engineering, mechanical engineering, thermal engineering, automotive engineering, electromagnetic compatibility, manufacturing, and software, among others. The global exposure and the well-rounded commercial sense of our experts offer us the rare ability to serve the largest markets in the world across the ADAS and Robotics markets.

GROWTH STRATEGIES

Our business objective is to solidify the current dominant position in providing LiDAR solutions to the surging automotive markets and extend our leadership to the emerging Robotics market. Key elements of our strategies include:

Leveraging Technological and Manufacturing Expertise to Reinforce Our Leadership

We are poised to maintain our leadership in the global LiDAR market, driven by our deep insights in LiDAR design, cutting-edge innovations, and integrated in-house manufacturing capabilities.

We plan to optimize our ASIC approach and leverage our extensive expertise to integrate advanced technologies, enhancing detection range and resolution while achieving a more compact design. With our state-of-the-art in-house manufacturing facilities, we are uniquely equipped to develop and deliver automotive grade ADAS products to meet the stringent requirements on Performance, Quality and Cost, allowing us to excel in the rapidly growing global LiDAR industry.

This technological accumulation and our commercial success create a virtuous cycle that fuels our business growth, enabling us to offer more advanced products at competitive prices, reinforcing our leadership position.

Further Expanding Footprint in the Robotics Market to Serve More Industries and Application Scenarios

As our LiDAR products become more cost-effective, a wider range of Robotics markets are expected to adopt LiDAR as an indispensable sensor for a full-stack sensing solution, unlocking new opportunities for us. By consistently reducing cost and expanding our LiDAR product lines for the Robotics market, we aim to expand our presence in Robotics applications such as Robotaxi, lawn mowing robots, delivery robots, autonomous mobile robots, and humanoid robots.

We believe that LiDARs, as the "eyes" of robots, are an essential link in Robotics' "perception — cognition — decision" loop that enhances speed, safety and efficiency. With LiDAR provide crucial support in localization, navigation, and obstacle avoidance, we anticipate the breadth and depth of its application scenarios will be further expanded. We will remain vigilant in identifying development opportunities across the broader Robotics landscape.

Strengthening and Expanding Partnerships with Industry Leaders

Our partnership strategy focuses on collaborating with the industry's top players. In addition to expanding our customer base, we plan to strengthen existing partnerships by working closely with them on the next-generation of LiDAR products. We will continue to extend our alliance with industry-leading companies and strategically enhance our customer service capabilities, particularly for global OEM customers.

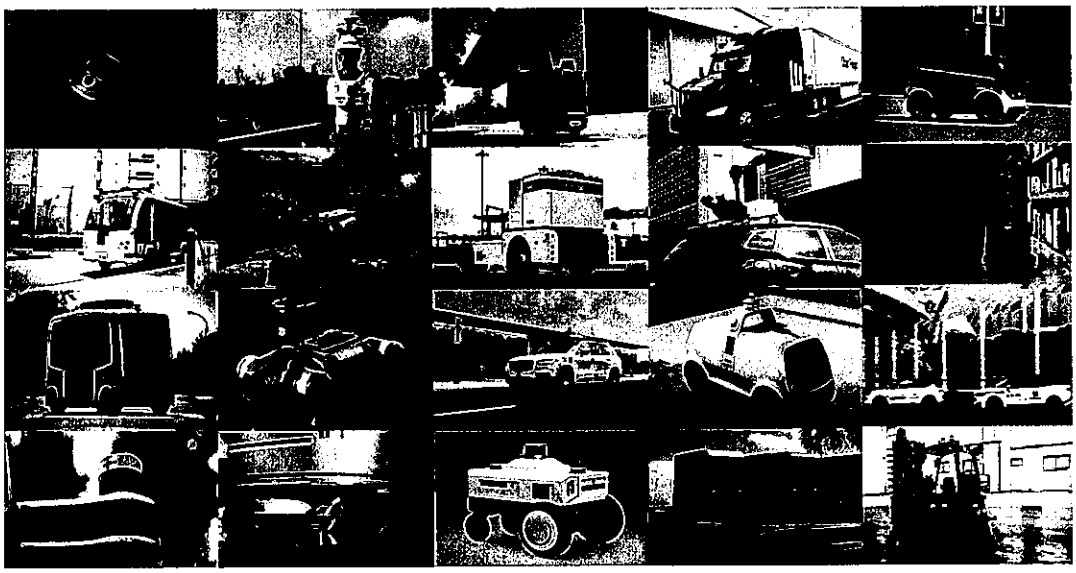
Recently, we achieved an exclusive design win with a top European OEM, launching a multi-year program that will extend into the next decade across both ICE and EV platforms. We also plan to cultivate strong relationships with our suppliers to better meet our customers' customization needs and enhance our forward-looking research and development processes.

Continue Investing in In-House Manufacturing to Deliver High-Performance, Reliability Products at Competitive Prices

We plan to further strengthen our in-house manufacturing capabilities by expanding our Hertz Center to accommodate additional production lines. Additionally, we will enhance automation in our assembly, calibration, and testing processes to minimize inconsistency, enhance manufacturing efficiency, and reduce the manufacturing cost of each LiDAR unit. These improvements will enhance the affordability and widespread adoption of our LiDAR products.

OUR PRODUCTS

Based on our proprietary technology, we have developed and produced a full range of LiDAR products to enable a broad spectrum of applications across (i) passenger or commercial vehicles with advanced driver assistance systems and (ii) autonomous vehicle fleets providing passenger and freight mobility services, robotics and other non-automotive industries, such as automated guided vehicles/autonomous mobile robots, delivery robots, agricultural vehicles, wide industrial applications such as port and yard automation, and stationary applications.



Our LiDAR products cater to short-, medium-, and long-range applications, with industry-leading detection range, resolution, interference rejection technology, and reliability.

The following table presents our selected key product series:

	AT Series	ET Series[1]	FT Series[1]	Pandar Series	OT Series	XT Series	QT Series	JT Series
Application	ADAS – long range detection	ADAS – long range detection	ADAS – blind spot detection	Robotics – long-range detection	Robotics – long-range detection	Robotics – mid-range detection	Robotics – blind-spot detection	Robotics – short-range 3D detection
Release date	July 2021	April 2023	November 2022	April 2017	September 2024	October 2020	January 2020	January 2025
Operating principle	ToF[4]	ToF	ToF	ToF	ToF	ToF	ToF	ToF
Type	Hybrid Solid State	Hybrid Solid State	Solid State	Mechanical	Mechanical	Mechanical	Mechanical	Mechanical
Channel	up to 1440	up to 512	–	up to 128	128	up to 32	up to 128	up to 256
Range[2]	up to 300 m	up to 400 m	up to 30 m	up to 200 m	up to 200 m	up to 80 m	up to 20 m	up to 60 m
Point cloud frequency	up to 12.29 million points/ second	up to 5.60 million points/ second	up to 0.49 million points/ second	up to 3.46 million points/ second	3.46 million points/ second	up to 0.64 million points/ second	up to 0.86 million points/ second	up to 1.15 million points/ second
FOV[5] (vertical)	up to 25.4°	up to 25°	up to 140°	40°	40°	up to 40.3°	up to 105.2°	up to 189°

	AT Series	ET Series[1]	FT Series[1]	Pandar Series	OT Series	XT Series	QT Series	JT Series
FOV (horizontal)	up to 140° finest	120°	up to 180°	360°	360°	360°	360°	360°
Resolution (vertical)	up to 0.0125°	0.05° finest	up to 0.6°	up to 0.125° finest	0.125° finest	up to 1°	up to 0.4° finest	—
Resolution (horizontal)[3]	up to 0.02°	0.05° finest	up to 0.6°	up to 0.1° finest (10 Hz frame rate)	0.1° finest	0.18° (10 Hz frame rate)	up to 0.4° finest (10 Hz frame rate)	—
Interference rejection technology	√	√	√	√	√	√	√	√
Intelligent point cloud engine	√	√	√	√	√	√	√	√
ASIC-based one dimensional electronic scanning	√	√	√	X	√	√	√	√
VCSEL technology	√	√	√	X	√	X	√	√
ASIC approach	√	√	√	X	√	√	√	√
Minimum Power consumption	8 W	11 W	<6 W	18 W	29 W	10 W	10 W	<8 W

Notes:

(1) Specifications are customizable per customers' needs.

(2) Range data is at 10% reflectivity circumstance. Reflectivity refers to the ratio of the energy of the light reflected from a surface to the energy possessed by the light striking the surface.

(3) Resolution data is at 10 Hertz frame rate circumstance.

(4) ToF refers to a method for measuring the distance between a sensor and an object, based on the time difference between the emission of the laser pulse and its return to the sensor, after being reflected by an object.

(5) FOV refers to field of view.

The following table sets forth a breakdown of our net revenues by product category, each expressed in absolute amount and as a percentage of our net revenues for the periods indicated:

	For the Year Ended December 31,						For the Three Months Ended March 31,				
	2022		2023		2024		2024		2025		
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*US$*	*%*
							(unaudited)				
	(in thousands, except for percentages)										
LiDAR Products											
- ADAS	316,571	26.3	698,043	37.2	1,272,431	61.3	159,169	44.3	329,262	45,374	62.7
- Robotics	805,666	67.0	1,037,211	55.3	674,344	32.4	191,427	53.3	178,915	24,655	34.1
Subtotal	1,122,237	93.3	1,735,254	92.5	1,946,775	93.7	350,596	97.6	508,177	70,029	96.8
Other Products											
- Gas products, service and others	80,433	6.7	141,735	7.5	130,382	6.3	8,524	2.4	17,125	2,360	3.2
Total	1,202,670	100.0	1,876,989	100.0	2,077,157	100.0	359,120	100.0	525,302	72,389	100.0

The following table sets forth a breakdown of our LiDAR shipment volumes by product category for the periods indicated:

	For the Year Ended December 31,			For the Three Months Ended March 31,	
	2022	2023	2024	2024	2025
LiDAR Products					
– ADAS products	61,918	194,910	456,386	52,462	146,087
– Robotics products	18,544	27,206	45,503	6,639	49,731
Total	**80,462**	**222,116**	**501,889**	**59,101**	**195,818**

We have experienced consistently strong and rising demand for our LiDAR products, as reflected in the steady increase in our revenues and shipment volumes during the Track Record Period. The decline in revenues from Robotics products from 2023 to 2024, and from the three months ended March 31, 2024 to the same period in 2025, was primarily attributable to the suspension of autonomous driving projects by a leading global OEM which was one of our major customers in 2022 and 2023. This decline resulted in a decrease in revenues from this customer in 2024 and the three months ended March 31, 2025. For more information, please see "Risk Factors — Risks Related to our Business and Industry — We generate a substantial portion of our revenues from a limited number of customers and products, and the loss of, or a significant reduction in, revenues from such customers or products could materially and adversely affect our results of operations."

Advanced Driver-Assistance Systems (ADAS)

Today, automobile manufacturers have begun to integrate LiDARs into ADAS to better visualize the changing environments encountered by their vehicles. LiDARs for ADAS share certain requirements with LiDARs for Robotics, such as detection range and resolution. At the same time, LiDARs for ADAS normally prefer forward-facing configurations for adaptive cruising and traffic assist functions. In addition, automobile manufacturers and Tier 1 suppliers require LiDARs with proper form factors to be embedded into their vehicles, in addition to automotive grade reliability and robustness.

Our AT series, ET series and FT series are our breakthrough products for the ADAS market.

AT Series. Our AT series is our automotive grade, long-range hybrid solid-state main LiDAR designed for ADAS series production vehicles, featuring cutting-edge LiDAR technology for enhanced reliability and performance. This series is primarily designed for use in Level 2 and Level 3 ADAS systems and has also been adopted in certain Level 4 autonomous driving applications. AT128, AT1440 family and ATX are the representative products in our AT series.

- *AT128.* We launched our flagship AT128 in July 2021, with SOP in July 2022. AT128 is the first LiDAR product to leverage ASIC-based architecture to integrate 128 VCSEL laser arrays, enabling genuine 128-channel scanning, according to CIC. It is the milestone product in the ADAS market, setting a benchmark architecture for high-performance, low-cost LiDARs, leading industry peers to gradually adopt a similar ASIC-based technological path. Carrying the proprietary ASIC-based architecture, AT128 features 128 channels, great detection range from 0.5 meters to 200 meters, a robust scanning mirror beam steering system providing a horizontal field of view of 120°, a point rate at 1,536,000 points per second and a resolution of 0.1° (horizontal) × 0.2° (vertical).

- *AT1440 family.* We launched AT1440 family at the CES in January 2025, which incorporates our proprietary ASICs and features the most channels among all LiDARs, according to CIC. The AT1440 family pushes the boundaries of resolution, achieving an angular resolution of 0.0125°, and delivers ultra-high-definition image-level point clouds. It offers a resolution more than 30 times higher than mainstream automotive LiDARs, capturing every detail with 3D precision. It can reach a detection range of 300 meters at 10% reflectivity and a horizontal field of view of 120°. As of the Latest Practicable Date, it has not yet reached SOP.

- *ATX.* First released in April 2024 and commenced SOP in January 2025, ATX is our new ultra-compact high-performance long-range ADAS LiDAR, which inherits the key capabilities of best-selling AT128 LiDAR, retaining its market-validated one-dimensional scanning architecture. ATX incorporates state-of-the-art technological features such as 7x optical zoom, setting it apart as a unique and

innovative offering in the market. With optimized optical and mechanical design, the ATX boasts a maximum detection range of 300 meters and a detection range of 200 meters at 10% reflectivity with a 140° horizontal field of view for expansive visibility of complex road conditions such as nearby vehicles or pedestrians. It can reach a resolution up to 0.08° (horizontal) × 0.1° (vertical). Compared to AT128, ATX is 60% smaller and almost weighs 50% less while with better performance, offering versatile installation options. As of March 31, 2025, it already secured design wins with 11 OEMs.

ET Series. Our ET series addresses the challenge of miniaturizing high-performance, long-range LiDAR. ET series are designed for use in Level 2 and Level 3 ADAS systems. ET25 is our representative product in the ET series.

- *ET25.* Launched in April 2023, ET25 is an ultra-thin long-range hybrid solid state LiDAR product that is designed to be installed on the inner side of windshield, featuring a height of merely 25 millimeters to accommodate an aesthetically pleasing vehicle outlook. Integrated with our proprietary ASIC, ET25 can achieve a detection range of 250 meters at 10% reflectivity, a horizontal field of view of 120°, and a resolution of 0.05° (horizontal) × 0.05° (vertical). We expect ET25 to carry our new generation of TX/RX system, have a power consumption of less than 12 watts and feature low acoustic design, thereby delivering a comfortable experience to the driver and passengers. As of the Latest Practicable Date, ET25 has not reached SOP.

FT Series. Our FT series is our short-range LiDAR, designed for blind spot detection to accommodate the challenges that autonomous vehicles face within their perception system. Our FT series is primarily designed for use in Level 2 and Level 3 ADAS systems, and has also been adopted in Level 4 autonomous driving and various robotic applications. FT120 and FTX are our representative products in the FT series.

- *FT120.* FT120, launched in November 2022 and commenced SOP in October 2023, is a fully solid-state LiDAR product designed for blind spot detection. FT120 carries the upgraded ASICs and features a wide vertical field view of 75°, providing real-time perception from small objects, tall street signs, to pavement markings for safe driving experience. FT120's range can reach 22 meters at 10% reflectivity with outstanding resolution, achieving a point rate of 192,000 points per second.

- *FTX.* Launched at the CES in January 2025, FTX is a next-generation automotive grade solid-state LiDAR with the widest field of view globally, according to CIC. It carries the upgraded ASICs and supports a maximum field of view of 180° (horizontal) × 140° (vertical), giving it the largest field of view in the world for an automotive-grade solid-state LiDAR. FTX's range can reach 30 meters at 10% reflectivity with outstanding resolution, achieving a point rate of 492,000 points per second, over 2.5 times higher than FT120. As of the Latest Practicable Date, FTX has not reached SOP.

Robotics

LiDAR is essential to autonomous vehicle fleet, as it is one of the most reliable ways of identifying distances and shapes of objects. In contrast to cameras that require deep learning algorithms to detect objects and determine their distances to vehicles, which may be unreliable, LiDAR can measure distances to objects directly by sending and receiving laser pulses. LiDARs sense and construct a three-dimensional view of the surrounding environment in real time, through measuring millions of points per second. Autonomous vehicle fleets analyze the point clouds generated by LiDARs to accurately perceive the surroundings and safely navigate themselves. The ability to identify objects and gauge their distance is a key benefit of using LiDAR, and LiDAR products with a high level of accuracy and reliability can greatly improve safety.

Our LiDAR product lines for autonomous vehicle fleet primarily include our Pandar series and QT series. Our customers typically purchase both product lines for these applications. In September 2024, we launched our breakthrough product OT128, which further reinforces our position in the industry.

Pandar Series. Our Pandar series is our innovative LiDAR featured uneven channel distribution that optimized channel density to enable higher resolution at core viewing areas. Pandar series are for automotive volume production and offer ideal solutions for Level 4 autonomous driving applications. Pandar128 is our representative product in the Pandar series.

- *Pandar128.* Launched in September 2020, Pandar128 is a mechanical LiDAR product designed for long-range detection. The 128-channel 360-degree surrounding view LiDAR features unrivaled detection range and point density, with a detection range of 200 meters at 10% reflectivity, a point rate of 3.45 million points per second and a resolution up to 0.1° (horizontal) × 0.125° (vertical), enabling superb perception over an extended range and provide self-driving systems with longer reaction time that is critical for safe operation at medium-to-high driving speeds. Pandar128 also offers a higher level of ingress protection, helping ensure reliability in all weather conditions. Despite doubling the number of channels of its predecessor, Pandar64, Pandar128 retains a similar compact form factor, enabling seamless integration into a vehicle's exterior for a more aesthetic configuration. Pandar128 is one of the most advanced and commercially successful mechanical LiDAR products available in the world and one of the most competitive LiDAR in the Robotics market, according to CIC.

OT Series. Our OT series is our 360° mechanical automotive-grade long-range LiDAR product designed for scalable deployment in Robotaxi and industrial applications. It can be used in a wide range of application scenarios, including Level 4 autonomous driving, smart factories, port logistics automation, and industrial applications. OT128 is our representative product in the OT series.

- *OT128.* Launched in September 2024, OT128 is the world's only mechanical LiDAR product which implemented an ASIC approach for both the TX and RX systems, according to CIC. While most industry peers apply ASIC approach only to their ADAS LiDAR products, we have achieved a breakthrough by successfully migrating the ASIC-based architecture to mechanical LiDAR product. This innovation makes OT128 highly scalable for autonomous driving commercialization while delivering industry-leading performance. OT128 inherits 95% of the key components from our best-selling AT128 and boasts a point rate of 3.45 million per second and a 200 meter detection range at 10% reflectivity. It can achieve a horizontal field of view of 360° and a resolution up to 0.1° (horizontal) × 0.125° (vertical).

QT Series. Our QT series is our ultra-wide view short-range mechanical LiDAR designed for blind spot coverage on Level 4 autonomous driving applications such as Robotaxis and Robotrucks, as well as industrial applications. QT128 is our representative product in the QT series.

- *QT128.* Launched in January 2022, QT128 is an upgraded model of our original QT64, offering a cutting-edge answer to blind spot detection. It features a wide vertical field of view of 105.2°, which is ideal for covering vehicle blind spots. It also features enhanced short-range performance to detect objects as near as 0.1 meters at 10% reflectivity, and an optimized 0.4° finest vertical resolution.

The rest of the Robotics market includes robotics and other non-automotive industries, including warehousing and logistics, industrial manufacturing and smart agriculture. Our customers in these industries install LiDARs on humanoid robots, quadruped robots and unmanned vehicles for autonomous navigation, collision avoidance, and spatial perception. Our LiDAR products empower participants in these markets by providing reliable perception solutions at competitive costs.

XT Series. Our XT series is a cost-effective and power-efficient solution designed for multiple applications, including automated warehousing, logistics, Robotics, spatial perception, and low-to-medium-speed autonomous driving. For these scenarios, sensors require a careful balance between Performance, Quality, and Cost. The XT series was developed to address these specific industrial needs. XT32 is our representative product in the XT series.

- *XT32.* Launched in September 2020, the 32-channel mid-range mechanical XT32 is our first product with our proprietary ASIC, and our flagship product for delivery robots and spatial perception market. It can achieve a detection rage of 80 meters at 10% reflectivity, a horizontal field of view of 360° and a resolution up to 0.18° (horizontal) × 1° (vertical).

JT Series. Our JT series features mini three-dimensional mechanical LiDARs designed for Robotics and industrial applications, including service robots, mobile robots, delivery robots, cleaning robots, and lawn mowing robots. Compact and lightweight, the miniature JT series ensures the LiDAR is easily installed and concealed in diverse Robotics applications. JT128 is our representative product in the JT series.

- *JT128.* Launched in January 2025, JT128 leverages its world's widest hyper-hemispherical field of view at 360° (horizontal) × 187° (vertical), enabling exceptional spatial perception range with one single unit, as well as enhanced environmental perception and dynamic detection. Integrated with our proprietary ASIC, JT128 can achieve a detection rage of 30 meters at 10% reflectivity. As of the Latest Practicable Date, JT16, a lower-channel-count version of JT128, has commenced delivery for use in autonomous lawn mower applications.

Other Products

In addition to LiDAR products, we offer gas sensors to remotely detect methane leaks. These feature high gas detection sensitivity with configurable detection frequency and support real-time data and visual reports through the corresponding mobile app. We also offer oxygen sensors for high-end medical ventilators using similar technologies.

INNOVATIVE LIDAR TECHNOLOGY

Our core LiDAR technologies include our ASIC-based architecture, system-level know-how, and automotive grade production. We also have other innovative technologies, including interference rejection technology and intelligent point cloud engine (IPE), that further enhance the performance and reliability of our LiDARs.

ASIC Approach and ASIC-based Architecture

LiDARs are highly sophisticated instruments, primarily consisting of:

- *TX/RX system*, or the laser transmitter (TX) and receiver (RX) system, the heart of a LiDAR product, as it determines the key LiDAR specifications such as detection range, precision, and point cloud density, among others. The transmitter generates and sends out laser pulses or light signals into the environment; the receiver detects the reflected laser pulses that return after hitting an object or surface;

- *Scanning system*, which combines the vertical and horizontal angles created by the laser beam to calculate a three-dimensional XYZ coordinate position for each point to produce a set of three-dimensional coordinate measurements; and

- *Other supporting system*, including optics, mechanical structures, circuits, and firmware, among others.

We set ourselves apart early by pioneering an ASIC approach, which consolidates and integrates hundreds or even thousands of discrete components into a single or a few chips. The ASIC approach simplifies product architecture, optimizes design, which thereby boosts automation in production and lowers manufacturing costs. Since early stages of our development, we have been committed to the in-house R&D of key components and chips for LiDAR. This extensive industry know-how and insights paved the way for us becoming the first to successfully implement ASIC approach for both the TX module and the RX module, i.e., the TX/RX system.

Since the launch of our first-generation ASIC in October 2020, we have always been committed to advancing LiDAR technology and have successfully developed and released four generations of ASICs, each with improved integration and performance and reduced production costs. In 2024, we successfully launched our state-of-the-art fourth-generation ASIC, which enables single-board integration of 512 channels and 24.6 billion sampling per second. This advanced ASIC supports a maximum detection range of 500 meters and achieves a point cloud frequency of 12.3 million points per second, while realizing an 85% reduction in single-point ranging power consumption.

By the end of 2024, we have deployed approximately 100 million proprietary chips in our LiDAR products, the highest in the industry, and 100 times more than the second highest industry player, according to CIC. Moreover, according to CIC, we have achieved and maintained the highest integration rate of ASICs among our peers since 2023. Our industry-leading fourth-generation ASICs consolidate all seven key components into chips, namely, lasers, detectors, laser drivers, analog front-end, analog-to-digital converters, digital signal processors, and controllers. We currently remain the only LiDAR company that have developed all key components in-house, according to CIC.

By adopting the ASIC approach, we have developed an innovative and distinctive ASIC-based architecture, which features advanced technologies as follows, taking bold steps that others hesitated to pursue:

- *Highly integrated TX/RX architecture.* where hundreds of channels are integrated onto a few circuit boards, largely simplifying the traditional LiDAR architecture, improving product performance and quality while reducing manufacture complexity and cost;

- *First to utilize VCSELs for long-range application.* Traditionally, VCSELs were limited to short-range applications due to their low power density and restricted range. However, our proprietary high-power VCSEL was the first in the industry to be utilized in long-range automotive LiDAR applications, which are more cost-efficient, according to CIC, achieving an optimal balance of performance, quality, and cost; and

- *First ASIC-based one-dimensional electronic scanning scheme.* While many peers have adopted two-dimensional scanning, we were the first in the industry to implement one-dimensional electronic scanning on ASICs, according to CIC. The combination of one-dimensional scanning with rotational mirror in horizontal direction and ASIC-based solid-state electronic scanning in vertical direction provides reliable performance, significantly reduces power consumption, and minimizes optical crosstalk. This approach enhances point cloud image quality, and according to CIC, is currently the optimal scanning method available in the industry, offering a leading combination of long detection range, high image quality, reliability, and cost and power efficiency.

Our ASIC-based architecture has established itself as a mainstream technology pathway. Major industry players have been shifting from their original technological approaches to adopt a LiDAR architecture similar to our ASIC-based design in their latest products.

ASIC approach simplifies product architecture, optimizes design and generally have following key advantages:

- *Performance Improvements.* ASICs allow for application customization, reduced power consumption, and optimized signal processing tuning by leveraging architectures tailored for LiDAR applications, streamlined circuit design, and system-level signal optimization capabilities. These advantages are exemplified in our flagship ASIC-based LiDAR, AT128. The introduction of AT128 not only addresses the market gap for high-performance yet cost-effective LiDAR solutions, but also advances autonomous driving perception systems toward higher accuracy and enhanced reliability. AT128, according to CIC, was the first LiDAR product to leverage ASIC-based technology to integrate 128 VCSEL laser arrays, enabling genuine 128-channel scanning. Prior to AT128, similar technological architecture was only capable of achieving a modest 16-line scanning. Higher channel count allows AT128 to achieve ultra-high angular resolution and supports over a million point cloud outputs per second, enhancing the granularity and real-time performance of environmental perception. AT128 achieves effective range of over 200 meters under 10% reflectivity conditions, allowing vehicles to detect distant obstacles early in highways and providing more time for decision-making and response;

- *Cost Optimization.* ASIC approach significantly reduces the number of components in a LiDAR product. The simplified structure and reduced component count in LiDAR minimize assembly steps compared to the legacy approach, which involves assembling hundreds of discrete off-the-shelf components. For example, OT128, which is a product designed for Robotaxi industry, replicated the ASIC-based design of AT128, which is an ADAS product, significantly slashing the price of mechanical LiDAR. It achieves a 66% reduction in components and a nearly 95% decrease in key production time as compared to Pandar128, a signature mechanical LiDAR product. The innovative use of the ASIC structure on a mechanical LiDAR makes OT128 highly scalable for Robotaxi commercialization while delivering

performance comparable to peer products. Additionally, ASIC approach enhances automation, significantly boosting production efficiency and cost savings. For instance, the cost of a single-channel transceiver in 2023 was approximately less than one-twentieth of its 2016 price; and

- *Enhanced Quality.* High level integration and simplified manufacturing process enabled by ASIC approach improve product consistency and reliability. Traditional LiDARs require assembling hundreds of discrete components and manual calibration, increasing the risk of human error. In contrast, ASIC-based LiDARs integrate key functions into a few chips, enabling automated production, more consistent optical calibration, and enhanced production quality. As a result, ASIC approach significantly reduces the defect rate.

Building on our unique ASIC-based architecture, we launched our flagship AT128 in July 2021, with SOP in July 2022. Leveraging our industry-leading ASIC approach, we outperformed our peers and set a benchmark for high-performance, high quality and low-cost LiDARs, leading to significant revenue and market share growth thereafter.

Through innovative applications of our ASIC approach, we have delivered differentiated LiDAR products that address the unique technical and commercial requirements across multiple industries. The following case studies illustrate how our customized ASIC-based LiDAR products have enabled us to stand out from peers by supporting diverse deployment scenarios with outstanding Performance, Quality and Cost.

Case Study: Customer A – Enabling Stable Mass Production under Supply Chain Constraints during the COVID-19 Pandemic

We began our collaboration with Customer A, a leader in China's NEV market, in 2021. Customer A was among the first automotive companies operating in China to announce LiDAR as a standard feature on its vehicles, according to CIC. Our cooperation started from AT128, which was the first LiDAR product in the market at that time enabling genuine 128-channel scanning, according to CIC. The ASIC-based architecture of our AT128 significantly simplified the LiDAR manufacturing process by reducing the number of components and minimizing assembly complexity. Particularly, the ASIC approach consolidates hundreds of discrete off-the-shelf components and related functions into a single-digit number of chips, thereby lowering the BOM costs of our LiDAR products. This simplified structure and reduced component count also streamline the manufacturing process, significantly decreasing assembly steps and overall manufacturing costs. This streamlined structure proved to be especially valuable during the COVID-19 pandemic, when global supply chains were severely disrupted. Our simplified, integrated design enabled Customer A to maintain stable volume production and ensure timely delivery of its vehicles. In 2022 alone, we delivered over 59,100 units of AT128 to Customer A. The resulting production stability and performance reliability contributed to the commercial success and strong sales performance of its vehicles.

Our relationship with Customer A strengthened following the successful deployment of the AT128. Since then, we have expanded our collaboration to include new generations of AT series LiDAR products, in response to Customer A's evolving technical requirements.

Case Study: Customer D – Contributing to Scalable Robotaxi Deployment

Since 2018, we have collaborated closely with Customer D in the development of autonomous driving technologies, including the supply of LiDAR products for its Robotaxi models.

Customer D initially deployed mechanical LiDARs, including our Pandar series, in its Robotaxi fleet. Beginning in 2024, Customer D started integrating our ASIC-based AT series LiDAR into its new-generation Robotaxis. This transition significantly reduces per-vehicle costs while maintaining high performance, thereby enhancing the economic feasibility of Customer D's large-scale Robotaxi deployment. Specifically, compared to the previous-generation mechanical LiDAR used by Customer D, the per-unit cost of LiDAR significantly decreased after adopting the ASIC-based AT128, while the sensor height has been reduced by about 60%. This compact design allows for more seamless integration into vehicles and facilitates large-scale deployment. Our ASIC approach plays a pivotal role in reducing system complexity and cost, enabling the scalable commercialization of autonomous driving.

Case Study: Company A – Advancing 3D Perception in Consumer Robotics

In 2024, we established a strategic partnership with Company A, a member of the Customer L's ecosystem, to provide our JT series for its robotic lawn mowers, which were officially launched at IFA 2024 in Germany. This collaboration marks the first application of our ASIC-based LiDAR in automated lawn mowers, representing a significant milestone in expanding the use of our LiDAR technologies in consumer robotics.

The JT series, by adopting the ASIC approach into mechanical LiDAR, achieved compact size, lightweight design, and cost to value, making it well suited for integration into consumer-grade devices. For example, the JT16 weighs less than 200 grams and is 75% lighter than conventional 16-channel LiDARs. Featuring the world's widest hyper-hemispherical field of view, it enables robotic mowers to operate reliably under challenging lighting conditions, including intense sunlight and nighttime. Its advanced 3D perception capabilities significantly enhance positioning accuracy and obstacle avoidance, supporting the broader adoption of LiDAR in consumer robotics.

Platform-Level Know-how

A LiDAR is a complex system that incorporates many disciplines, such as optics, electronics, mechanical structure, and software, among others. Our interdisciplinary team of engineers, consisting of experts in various areas, have designed and optimized our LiDAR products toward their physical limit through fundamental analysis and extensive experiments. During our years of development of LiDAR products, we have overcome many challenges and

have accumulated a broad spectrum of know-how for LiDARs, including laser channel crosstalk reduction, point cloud interference rejection, and LiDAR performance consistency across the full LiDAR operating environment, among others.

Platform design, also known in the industry as "nesting dolls," involves deriving and developing products that meet different needs based on the same product architecture. This maximizes the sharing of technological achievements, material supply chains, and manufacturing production lines.

- We introduced platform thinking in 2017, one of the earliest among the industry peers. For instance, our Pandar series can achieve 40-line, 64-line, and 128-line products under the same architecture, and XT series was launched with both 16 and 32 lines. Products within the same series can maintain consistent sizes and interfaces, facilitating seamless transitions for customers.

- In addition to internal platformization within each series, our cross-series module re-use ratio is also high. For example, in the AT and ET product series, 70% of the components and parts can be shared, significantly reducing supply chain costs and research and development costs, whereas the average cross-series re-use rate for industry peers is 50%, according to CIC.

- Our platformization also enabled architecture sharing between different categories of products. For example, the OT128, which is a product designed for Robotaxi industry, also replicated the ASIC-based design of AT128, an ADAS product, significantly slashing the cost of mechanical LiDAR.

Unlike many peers who shifted their technological approaches during the development process, we have been committed to our core architecture and technology approaches over the years. As a result, we have accumulated a broad spectrum of know-how in LiDAR technology, which can be effectively leveraged on the system level to support the development of a diverse range of product offerings and foster continuous innovation of our next-generation LiDARs.

Automotive Grade Production

Since 2017, we have been working with global OEMs on LiDAR designs that meet automotive grade requirements, including, but not limited to, viability under a wide range of working conditions, high reliability, long service life, electromagnetic compatibility (EMC), functional safety, and cybersecurity. Our LiDAR products have been running in volume on customers' vehicle fleets across the globe. As the foundation of our automotive design, we make sure that our LiDAR components fulfill automotive grade requirements. We design and test our proprietary ASIC-based architecture under automotive standards. For other components that we source from our suppliers, we only choose automotive grade counterparts for projects that require compliance with automotive standards. For non-automotive-grade projects, we procure components based on project-specific requirements and industrial-wise accepted standards. During the product and process design phase, we use tools such as design

failure mode, process failure mode and respective effect analysis to ensure our design is robust. Throughout years of collaboration with global OEMs, we have established a comprehensive set of automotive grade design verification tests, whose parameters and standards are approved by our OEM customers as sufficient to ensure the reliability of our LiDARs during automotive usage. These tests include, for example, vibration with thermal cycling, mechanical shock, high temperature degradation, humid heat cyclic, salt spray and Xenon lamp aging test.

We have also established our Maxwell Center with specialized equipment to conduct these tests in-house. The rigorous test standards, along with our testing capabilities, ensure that the LiDARs we design and manufacture can be verified against the high standards. We have successfully acquired essential certifications crucial for automotive grade design, including ASPICE CL2, International Organization for Standardization (ISO) 9001, ISO 14001, and IATF 16949. For functional safety and cybersecurity, we also work closely with our OEM customers to ensure that our delivery meets their requirements. We also hold certifications from SGS, a globally renowned third-party certification entity, as the first achiever of ISO 26262 ASIL-B functional safety product certification in the LiDAR sector. Additionally, we have garnered recognition as the first in the LiDAR sector to receive ISO/Society of Automotive Engineers (SAE) 21434 cybersecurity product certification from TÜV Rheinland, a leading independent technical testing organization in Germany. With a strong focus on our dedication to global automotive information security standards for LiDAR, we have also received ISO 27001 and Trusted Information Security Assessment Exchange ("**TISAX**") AL3 certifications.

Other Innovative Technologies

In addition to the core technologies above, throughout our history, we have developed and applied numerous other "industry first" technologies to our core business, including interference rejection technology and intelligent point cloud engine (IPE), which have disrupted the industry and contributed to our success.

We released products with interference rejection technology in early 2018. We were the first in the industry to develop interference rejection technology that encrypts each laser pulse to minimize interference between LiDAR units, according to CIC, and made it a standard feature for series of LiDAR products we ship. Our development of this industry-leading technology marked a significant milestone in the LiDAR industry as with the number of LiDAR-equipped vehicles increased on the road, interference among these vehicles became a major safety issue. By adopting interference rejection technology, we are able to minimize pulse collisions within channels or between LiDAR units, reducing ghosting, channel crosstalk, signal interference, and noise. This leads to cleaner point clouds with sharper 3D images, improving measurement accuracy and overall reliability.

We developed the world's first IPE, according to CIC, capable of marking and filtering out more than 99.9% of environmental noise, such as rain, fog, exhaust from preceding vehicles, and dust, in real time. It conducts real-time wave analysis and performs "pixel-level"

tagging and filtering in the point cloud, resulting in enhanced image quality and improved reliability of LiDAR. This technology significantly reduces misidentifications and false triggers, making LiDAR more stable in adverse conditions.

OUR CUSTOMERS

We served customers in the ADAS and Robotics markets, covering approximately 50 countries and regions as of March 31, 2025. According to CIC, we are the only LiDAR company in the industry with a balanced mix of revenue generated from mainland China and other regions. As of March 31, 2025, we have accumulatively served 1,445 customers through design wins or product shipment, 69% of which were customers located in mainland China. Leveraging our proprietary LiDAR technology, strong product development capabilities and our in-house manufacturing and testing capabilities, we are able to provide our customers with LiDAR products with high performance, reliability and consistency at an attractive price.

We work closely with our automotive customers to achieve mass adoption of our LiDAR products in vehicles. We secured an exclusive design win with a top European OEM, launching a multi-year program that will extend into the next decade across both ICE and EV platforms, making us the first Chinese LiDAR provider for global vehicle platforms, according to CIC. As of March 31, 2025, we secured 22 OEMs globally across 120 vehicle models, ranked No. 1 in the LiDAR's ADAS market in terms of number of design wins. We are the LiDAR provider for leading OEMs such as Li Auto (HKSE: 2015; NASDAQ: LI), Zeekr (NYSE: ZK), and Leapmotor (HKSE: 9863).

In the Robotics market, during the Track Record Period, we were the primary LiDAR solution provider for nine out of the top ten autonomous driving companies in the world, according to CIC. With the increasing application scenarios of Robotics for tasks that assist humans — particularly with LiDAR integration in unmanned vehicles, humanoid robots, and quadrupeds for hazardous environments — we have collaborated with leaders in delivery robots and logistics, including among others, Meituan (HKSE: 3690), DiDi, and WeRide (NASDAQ: WRD).

We generally enter into framework agreements with or directly receive purchase orders from our customers. The framework agreements generally outline the services to be performed by us and the deliverables to be provided to our customers and have indefinite terms over one year, subject in each case to renewal as agreed by the parties or mutual termination rights triggered by events such as material breach, insolvency, or bankruptcy. Pursuant to the framework agreements, we provide a series of our LiDAR products, including our current LiDAR products and upcoming products, to our customers in accordance with the key performance parameters and reference targets set forth therein. Under the framework agreements, customers provide rolling forecasts of monthly purchase volumes on an annual basis, which will be adjusted quarterly or monthly to reflect their latest demand planning. The purchase orders generally provide volumes and prices of the LiDAR products, packaging and delivery arrangements, inspection requirements and warranty period. Our credit terms with customers vary based on the specific commercial arrangements and the length of our business

relationship, ranging from full prepayment to 90 days after receipt of products, with payments made through wire transfers or bank notes. Our customers generally retain discretion as to whether and when to place orders with us under the framework agreements. Accordingly, the orders placed by our automotive customers under the framework agreements may fluctuate from period to period and may not always materialize into actual purchase orders. See "Risk Factors — Risks Related to our Business and Industry — If our LiDAR products are not selected by automotive customers or their suppliers, our business will be materially and adversely affected" for more information.

Customers have the right to return or reject our products under limited circumstances, including product packaging damage or product quality issues. The value of product returns accounted for approximately 1.3%, 0.1%, 0.2% and 0.1% of our total net revenues in 2022, 2023, 2024 and the three months ended March 31, 2025, respectively.

Top Five Customers

Revenues generated from our top five customers for each of the years ended December 31, 2022, 2023 and 2024 and the three months ended March 31, 2025 accounted for 53.1%, 67.5%, 59.9% and 68.3%, respectively, of our total revenues during the same year/period. Revenue generated from our largest customer for each of the years ended December 31, 2022, 2023 and 2024 and the three months ended March 31, 2025 accounted for 24.3%, 28.4%, 33.7% and 24.0%, respectively, of our total revenues during the same year/period. The fluctuations in revenues generated from our largest and top five customers in each year/period during the Track Record Period were primarily due to changes in our customer composition. In the early stage of our development, our sales were mainly to customers in the robotics and autonomous driving sectors. Since the second half of 2022, with the mass production of our first automotive-grade ADAS LiDAR product, sales to automotive OEMs have increased significantly. As a result, our top customers gradually shifted from autonomous driving companies to automotive customers. Additionally, as different OEM projects entered mass production at different times and scales, our top customer composition and their respective revenue contributions varied across the Track Record Period, resulting in fluctuations in revenues generated from our largest and top five customers in each year/period.

The following table sets forth the details of our top five customers in each year/period during the Track Record Period:

Rank	Customer	Type of products/ services purchased	Customer Background	Year of Commencing Business Relationship	Revenue amount	% of our total revenue
					(RMB'000)	
Year ended December 31, 2022						
1 . . .	Customer A[1]	LiDAR products for ADAS	Customer A is a company headquartered in China that engages in the designing, developing, manufacturing and sales of electric vehicles. Customer A is listed on the NASDAQ and the Hong Kong Stock Exchange.	2021	292,357	24.3%
2 . . .	Customer B	LiDAR products for Robotics and engineering design, development and validation service	Customer B is a company headquartered in the United States, primarily engaged in the manufacturing and sales of automobiles and the provision of related services. Customer B is listed on the New York Stock Exchange.	2017	164,872	13.7%
3 . . .	Customer C	LiDAR products for Robotics	Customer C is a private company headquartered in China that is a leading developer of L4/L5 autonomous driving technologies in China. It focuses on delivering integrated hardware and software systems for autonomous driving.	2018	78,394	6.5%
4 . . .	Customer D	LiDAR products for Robotics	Customer D is a company headquartered in China that engages in the R&D and application of autonomous driving technologies. Customer D is listed on the NASDAQ and the Hong Kong Stock Exchange.	2018	55,009	4.6%
5 . . .	Customer E	LiDAR products for Robotics	Customer E is a company headquartered in Germany with core businesses in premium passenger vehicles, light commercial vehicles, mobility services and energy solutions. Customer E is listed on the Frankfurt Stock Exchange and Stuttgart Stock Exchange.	2020	47,579	4.0%
Total .					**638,211**	**53.1%**

Rank	Customer	Type of products/ services purchased	Customer Background	Year of Commencing Business Relationship	Revenue amount	% of our total revenue
					(RMB'000)	
Year ended December 31, 2023						
1 . . .	Customer B	LiDAR products for Robotics and engineering design, development and validation service	Customer B is a company headquartered in the United States, primarily engaged in the manufacturing and sales of automobiles and the provision of related services. Customer B is listed on the New York Stock Exchange.	2017	532,627	28.4%
2 . . .	Customer A	LiDAR products for ADAS	Customer A is a company headquartered in China that engages in the designing, developing, manufacturing and sales of electric vehicles. Customer A is listed on the NASDAQ and the Hong Kong Stock Exchange.	2021	480,263	25.6%
3 . . .	Customer F[2]	LiDAR products for ADAS	Customer F is a company headquartered in China, primarily engaged in automobile manufacturing and investment holding. It is involved in the research, production, marketing and sales of automobiles and related components. Customer F is listed on the Hong Kong Stock Exchange.	2022	101,867	5.4%
4 . . .	Customer G[3]	LiDAR products for Robotics and engineering design, development and validation service	Customer G is a private construction company headquartered in China.	2023	89,952	4.8%
5 . . .	Customer H	LiDAR products for Robotics	Customer H is a private company headquartered in the United States that focuses on the research, development and commercialization of L4 autonomous driving Robotaxi services.	2018	62,500	3.3%
Total .					**1,267,209**	**67.5%**

Rank	Customer	Type of products/ services purchased	Customer Background	Year of Commencing Business Relationship	Revenue amount	% of our total revenue
					(RMB'000)	
Year ended December 31, 2024						
1 . . .	Customer A	LiDAR products for ADAS	Customer A is a company headquartered in China that engages in the designing, developing, manufacturing and sales of electric vehicles. Customer A is listed on the NASDAQ and the Hong Kong Stock Exchange.	2021	700,761	33.7%
2 . . .	Customer I	LiDAR products for ADAS	Customer I is a company headquartered in China that engages in the designing, developing, manufacturing and sales of new energy intelligent electric vehicles. Customer I's group is listed on the Hong Kong Stock Exchange.	2021	291,968	14.1%
3 . . .	Customer J[4]	LiDAR products for ADAS	Customer J is a company headquartered in China that engages in the designing, developing, manufacturing and sales of new energy intelligent electric vehicles. Customer J is listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange.	2023	110,484	5.3%
4 . . .	Customer H	LiDAR products for Robotics	Customer H is a private company headquartered in the United States that focuses on the research, development and commercialization of L4 autonomous driving Robotaxi services.	2018	86,043	4.1%
5 . . .	Customer E	LiDAR products for ADAS and Robotics	Customer E is a company headquartered in Germany with core businesses in premium passenger vehicles, light commercial vehicles, mobility services and energy solutions. Customer E is listed on the Frankfurt Stock Exchange and Stuttgart Stock Exchange.	2020	56,583	2.7%
Total .					1,245,839	59.9%

Rank	Customer	Type of products/ services purchased	Customer Background	Year of Commencing Business Relationship	Revenue amount	% of our total revenue
					(RMB'000)	
Three months ended March 31, 2025						
1 . . .	Customer I	LiDAR products for ADAS	Customer I is a company headquartered in China that engages in the designing, developing, manufacturing and sales of new energy intelligent electric vehicles. Customer I's group is listed on the Hong Kong Stock Exchange.	2021	126,274	24.0%
2 . . .	Customer A	LiDAR products for ADAS	Customer A is a company headquartered in China that engages in the designing, developing, manufacturing and sales of electric vehicles. Customer A is listed on the NASDAQ and the Hong Kong Stock Exchange.	2021	107,388	20.5%
3 . . .	Customer K	LiDAR products for ADAS	Customer K is a company headquartered in China that is principally engaged in automobile business which mainly includes new energy vehicles, handset components and assembly services, rechargeable batteries and photovoltaics business. Customer K is listed on the Hong Kong Stock Exchange and the Shenzhen Stock Exchange.	2023	46,753	8.9%
4 . . .	Customer L	LiDAR products for Robotics	Customer L is a private company headquartered in China that focuses on high-end consumer electronics and intelligent manufacturing.	2025	40,940	7.8%
5 . . .	Customer H	LiDAR products for Robotics	Customer H is a private company headquartered in the United States that focuses on the research, development and commercialization of L4 autonomous driving Robotaxi services.	2018	37,326	7.1%
Total .					**358,681**	**68.3%**

Notes:

(1) Customer A: We became acquainted with Customer A in 2020. At that time, it was seeking for high-performance LiDAR products. Following successful validation and timely delivery of our products, our cooperation with Customer A began in 2021.

(2) Customer F: We became acquainted with Customer F in 2022 when it was seeking for high-performance LiDAR products. As our products met its technical requirements, our cooperation with Customer F began in the same year.

(3) Customer G: We became acquainted with Customer G in 2023. Given the compatibility of our LiDAR products with Customer G's technical requirements, we commenced business cooperation with Customer G in the same year.

(4) Customer J: We became acquainted with Customer J in 2021. In 2023, Customer J began seeking for a new supplier of LiDAR products. As our products met Customer J's relevant technical requirements, we commenced business cooperation with Customer J in the same year.

All of our top five customers in each year/period during the Track Record Period are Independent Third Parties. During the Track Record Period, none of our Directors or any Shareholders, who, to the knowledge of our Directors, owns more than 5% of our issued share capital immediately following the completion of the Global Offering (but without taking into account the exercise of the Offer Size Adjustment Option and/or the Over-allotment Option and all Shares subject to the awards that can be granted under the 2021 Plan are allotted and issued) nor any of their respective associates had any interest in any of our top five customers in each year/period during the Track Record Period. See "Risk Factors — Risks Related to Our Business and Industry — We generate a substantial portion of our revenues from a limited number of customers and products, and the loss of, or a significant reduction in, revenues from such customers or products could materially and adversely affect our results of operations."

Design Win Conversion

The process from obtaining design wins to commencing mass production and delivery for our automotive customers is outlined below.

Notification of Design Wins. When we obtain a design win, our automotive customer, including OEMs or Tier 1 customers, typically informs us via email, which may include an award letter specifying the vehicle model for which we have obtained the design win, estimated production volume, and other relevant information.

Execution of Commercial Agreements. After receiving the design win confirmation, we proceed to enter into a series of agreements with the automotive customer, including purchase agreement, confidentiality agreement, quality guarantee agreement and other supplementary agreements. Such agreements usually outline agreed-upon terms such as price, anticipated monthly order volumes, payment terms and settlement arrangements. Nevertheless, our customers' anticipated production volumes stated in the agreements are normally subject to changes based on their production plan or market demand. According to CIC, design win

agreements, in alignment with industry practice, state LiDAR's anticipated order volume based on the expected production volume of the relevant vehicle model(s), which may differ from the actual order volume due to market conditions. As such, design wins do not guarantee any definite order volume.

SOP and Delivery. Our SOP and delivery processes commence after the relevant purchase agreements are signed. During the Track Record Period, the average lead time from securing a design win to achieving SOP was approximately 12 months. We plan our mass production and delivery schedules based on the customers' rolling purchase forecasts and final purchase orders, which are generally provided six to twelve months ahead of the agreed delivery dates. In addition to semi-annual forecasts, customers typically update their purchase orders on a monthly rolling basis. The lead time from receiving a purchase order to final delivery varies depending on factors such as product complexity, customer-specific requirements, commercial arrangements, order volume, and the manufacturing processes involved. We also take into account the delivery timelines required by our customers when planning production schedules. As of the Latest Practicable Date, we had either achieved SOP for the vehicle models associated with our design wins or were actively working with the respective customers to reach SOP.

The following table sets forth the accumulated number of our design wins (in terms of vehicle models) and vehicle models for which we achieved SOP as of the dates indicated:

	As of December 31,			As of March 31,
	2022	2023	2024	2025
Design wins (in terms of vehicle models)	16	27	90	120
Vehicle models for which we achieved SOP	3	5	17	27

Customer Service and Warranty

In our ongoing efforts to maintain customer satisfaction and improve our products and services, we have a high-quality after-sales team to provide comprehensive after-sales service. We have a dedicated team in China and globally to provide before- and after-sales services to our customers. They can diagnose issues, either at the customers' places or remotely, and identify the solutions for the customers' problems.

We typically offer a standard product warranty to customers of our products. Our warranty period is generally up to one year from acceptance. During the warranty period, for any product quality issue on either our software or hardware, we will make repair or replacement free of charge under certain conditions. For product damage caused by the customer's own improper operation, we will provide repair services with charge. During the

Track Record Period and up to the Latest Practicable Date, we did not experience any material product returns, product recalls, product liability claims, warranty expenses or customer complaints that adversely affected our business.

Distributorship

We sell our LiDAR products primarily through direct offline sales, with only a minimal portion distributed via regional distributors. We sell our products to distributors who then sell to downstream businesses through their own online platforms or offline channels, which is consistent with the industry norm. We believe this distribution model helps enhance our market penetration and improve our operational efficiency, particularly in overseas markets with diverse customer demands. Distributors provide local market knowledge, sales networks, and customer access, allowing us to accelerate market entry while reducing costs. We had 10, 11, 12 and 18 distributors as of December 31, 2022, 2023 and 2024 and March 31, 2025, respectively. We generated a minor portion of our revenue from our distributors of RMB30.8 million, RMB50.9 million, RMB96.4 million and RMB10.4 million, respectively, for the years ended December 31, 2022, 2023 and 2024 and the three months ended March 31, 2025, representing approximately 2.6%, 2.7%, 4.6% and 2.0% of our total revenue for these periods. The increase in our revenue from distributors in 2024 was primarily due to the growing market demand for LiDAR products, particularly in overseas markets, and our distributors' efforts in exploring new market opportunities. We have a seller-buyer relationship with our distributors. Revenue is recognized when control of the products is transferred, i.e. when products are delivered to the delivery point specified by our distributors.

Our sales and marketing team screens and selects distributors whom we believe have the required qualifications and capabilities and are suited to our marketing strategy. We select our distributors based on a number of factors, including their qualification, location, business scale, sales experience, customer base, reputation, technical and sales capabilities. We conduct regular review of our distributors, based on their business performance and regulatory compliance. Our distributors are generally required to comply with all applicable laws, regulations and our policies for distributors. Distributors' business performance is primarily evaluated based on their sales performance. Our sales and marketing department monitors, manages and supports the activities of our distributors to help ensure that they comply with our guidelines, policies and procedures.

Under the agreements with our distributors, our distributors shall initiate purchases by submitting written purchase orders to us, and no purchase order shall be binding upon us unless accepted by us in writing. Our distributors are not subject to minimum sales targets or minimum price requirements. We provide invoice to our distributors upon shipment of products to them. Product returns and exchanges are only permitted in the event of identified defects, in accordance with the terms of the agreements we have entered into with our distributors. Subject to our written approval, orders for products may be rescheduled or canceled subject to cancelation fees. Our distributors shall reimburse us for any taxes, duties or excises paid by us that are not included in the fees charged for the products. The terms of our arrangements with our distributors are consistent with industry practice.

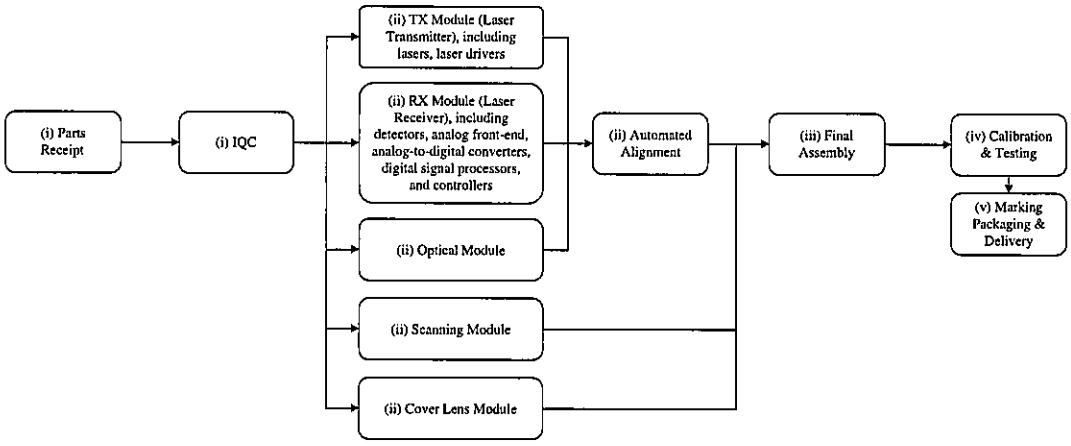
All of the distributors are corporate entities. To our best knowledge, as of the Latest Practicable Date, each distributor is an Independent Third Party and there is no other material relationship with our Group that is required to be disclosed.

MANUFACTURING PROCESS AND SUPPLY CHAIN

We were the first and remains the only LiDAR company to engage in in-house manufacturing from day one, according to CIC. This approach, compared with contract manufacturing or manufacturing through partnering with third parties, creates a self-reinforcing process that accelerates product development, enhances production efficiency, reduces costs and ensures stable production of high-quality automotive grade products at scale. Additionally, this approach provides simultaneous insights and feedback during manufacturing, accumulating valuable know-how that strengthens our capabilities as we increases production and shipment volumes. Our LiDAR products are assembled in our own manufacturing facilities from a variety of raw materials and components, some of which, including mechanical parts, optical components, and electrical parts, are procured from trusted third-party suppliers. Our in-house manufacturing and testing capabilities and strict quality control measures enable us to ensure the high performance and reliability of our products.

Our Manufacturing Process

The following chart illustrates our production process for our LiDAR products.



Note: All modules in process (ii) are in-house manufactured by the Company.

The major steps of the production process applicable to our LiDAR products include:

(i) ***Part Receipt and Incoming Quality Control (IQC).*** We inspect raw materials and components upon receipt.

(ii) ***Automated Manufacturing and Alignment.*** We complete automated manufacturing and alignment of components following ASIC approach and architecture.

- *Transmitter Module (TX) Sub-assembly.* Laser transmitters, including lasers and laser drivers, are connected to circuit board for assemblies.

- *Receiver Module (RX) Sub-assembly.* Laser receivers, including detectors, analog front-end, analog-to-digital converters, digital signal processors, and controllers, are mounted onto the circuit board. Our die bonding technologies enable precise bonding of TX and TX to a circuit board at the micron level. Additionally, we use high precision automated optical inspection machines to scan each assembly for detection of potential defects, ensuring high standards of quality control.

- *Optical Module Sub-assembly.* Lenses, mirrors, and optical shutters are embedded into the optical housing. The optical housing is then fastened to the receiver module and mainboard. Our automatic technology for focal length and eccentricity measurements ensures the accuracy of assembly of our optical modules.

- *Scanning Module Sub-assembly.* Lenses and encoder disks are bonded to the scanner assembly. Our automated technology for surface profile and perpendicularity measurements guarantees the precise installation of our scanning modules.

- *Cover Lens Module Sub-assembly.* The optical window is mounted onto the cover.

- *Automated Alignment.* The transmitter module is placed and automatically aligned with the receiver module.

(iii) ***Final Assembly***. We assemble components to form our LiDAR products by integrating functional modules, including the power board, connector, motor, scanner, lens housing and top cover.

(iv) ***Calibration & Testing***. We adopt a comprehensive calibration and testing process. We calibrate products to ensure accurate and consistent measurements and test products under different environmental conditions to ensure reliable performance.

(v) ***Marking, Packaging & Delivery***. After passing the final checks, finished products are labeled, packed and prepared for delivery.

We have invested significant time in streamlining and automating our production process. We have achieved 100% automation rate in our core production processes, which significantly improves our production efficiency and reduces our production costs. Our manufacturing team, supported by our research and development team and supply chain team, systematically optimizes our production process by designing automated assembly and testing processes. For example, our automated placement machine helps ensure the alignment accuracy of the laser beams on our LiDAR by placing laser transmitters and receivers on circuit boards with micrometer accuracy. LiDARs assembled on our manufacturing line will go through our automated testing stations, which run our own proprietary software to verify the LiDAR's ranging capability, distance measurement accuracy and precision, and reflectivity measurement capability, among others. These automated assembly and testing processes ensure not only good quality control, but also great production efficiency and the ability to scale. We regularly monitor and upgrade our production machinery and equipment with the aim of maximizing production efficiency. All assembly and test data will be uploaded to our manufacturing execution system for monitoring, which can be traced back for over 15 years.

Our design engineers work directly and closely with production teams to quickly refine designs for manufacturability, reducing the time from concept to mass production. Any manufacturing challenges during our manufacture process, such as yield issues or process inefficiencies, can be identified and resolved in real time rather than waiting for outsourced production feedback. In addition, while many industry peers adopt contract manufacturing, we innovatively introduced the "Design for Manufacture" approach early in the ASIC design stage. This proactive approach allows for the early identification of potential design flaws and facilitates better integration of components through optimized ASIC layout and structure, ultimately resulting in higher reliability and performance in the final LiDAR product.

In-house manufacturing allows us to maintain consistency and strict oversight across production processes, ensuring product performance. We can ensure critical assembly steps meet our exacting standards without relying on third-party manufacturers. Besides, our standardized in-house testing ensures our unit meets strict quality, safety, and performance benchmarks. By bringing testing in-house, we reduce variability that may arise from outsourced testing.

We had the largest number of ISO certifications among LiDAR companies as of December 31, 2024, including first in the LiDAR industry to obtain ISO 26262 ASIL B functional safety certification, ISO/SAE 21434 cybersecurity certification, and ISO 21448 (SOTIF) safety of the intended function process certification, according to CIC.

We are also dedicated to reducing the environmental impact and ensuring safety throughout the production process. We implement various environmental protection measures, including installation of cotton filters, cartridge dust collectors, and activated carbon adsorption devices to appropriately collect and dispose of manufacturing waste. We work with qualified third-party waste disposal service providers for other waste, including waste glue, waste alcohol, waste filter cotton, waste activated carbon and waste packaging barrels. See "Risk Factors — Risks Related to Our Business and Industry — If we fail to comply with

environmental protection, fire protection, drainage or health and safety laws and regulations, we could become subject to fines or penalties or incur costs that could have a material adverse effect on the success of our business."

Our Manufacturing Facilities

We currently operate two manufacturing facilities, namely Hertz Center and Maxwell Center, to produce and assemble our LiDAR products. During the Track Record Period, we also operated a factory in Jiading, Shanghai prior to the completion of Hertz Center, which had been manufacturing LiDAR products in volume since 2018 to fulfill customer orders in a timely manner. We officially shut down our factory in Jiading in 2024.

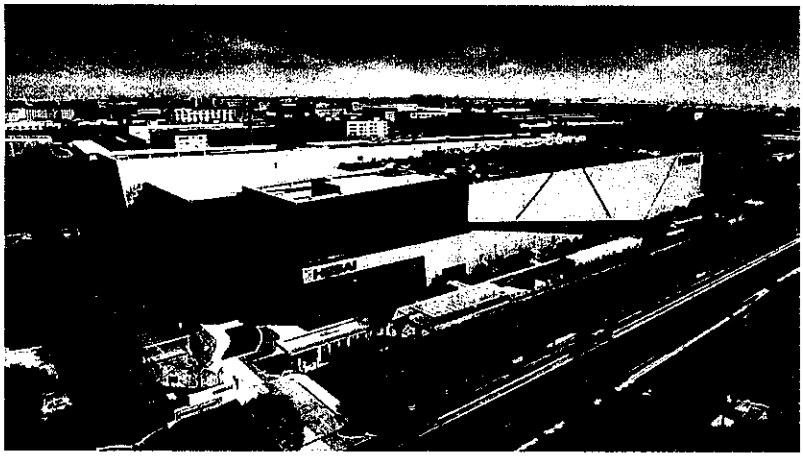
Hertz Center, our main mass production facility, is located in Hangzhou and commenced operations in September 2023. The Hertz Center supports the mass production of our AT series and OT series LiDARs, which accounted for over 83% of our shipment volume across the Track Record Period, while our other key LiDAR products were manufactured at the Maxwell Center during the Track Record Period. The Hertz Center currently has a total floor area of 28,000 m^2. The picture below shows our Hertz Center.

Hertz Center

The designed manufacturing capacity of our Hertz Center was approximately 370,000 units, 1,600,000 units and 400,000 units in 2023, 2024 and the three months ended March 31, 2025, respectively. The increase in capacity was primarily driven by our continued efforts to expand production capacity to accommodate the growing demand from our customers. As more customers and vehicle models reached SOP, we ramped up our manufacturing capacity. The

utilization rate[1] of the Hertz Center remained relatively stable at 42.9% and 42.1% in 2023 and 2024, respectively. In the three months ended March 31, 2025, the utilization rate rose to 46.2%, primarily driven by the increased downstream demands.

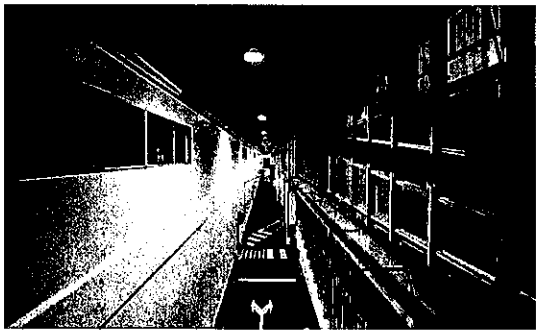
In addition, Maxwell Center, our new advanced research and development and intelligent manufacturing center in Jiading, Shanghai, the hub of OEMs and Tier-1 suppliers in China, commenced trial operation in December 2023. Unlike Hertz Center, Maxwell Center is primarily designed for R&D purpose and is dedicated to new product design, testing and calibration, with limited manufacturing capacity of LiDAR products. Maxwell Center has a total floor area of 52,000 m^2. The picture below shows our Maxwell Center.



Maxwell Center

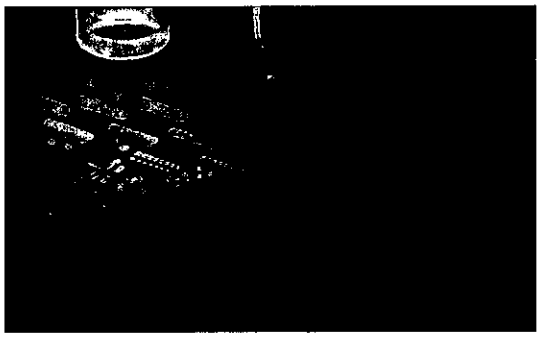
The following pictures depict our manufacturing centers and certain production processes:

Bayes Reliability Testing Center



200m Simulation Track

1 Utilization rate of a given year/period is calculated by dividing the actual manufacturing capacity in the given year/period by the designed manufacturing capacity for the same year/period.



Micron-Level Wire Bonding

High-Precision Lens Assembly

The overall utilization rate of our production capacity[1] was 50.8%, 67.0%, 44.8% and 54.1% in 2022, 2023, 2024 and the three months ended March 31, 2025, respectively. The decrease in our overall utilization rate from 2023 to 2024 was due to our capacity expansion in our Maxwell Center and the shut-down of our Jiading factory in 2024.

We own all the production lines, machinery and equipment at our manufacturing facilities. We are constantly upgrading our machinery and equipment to improve our operational efficiency. Property and equipment except land are depreciated at rates sufficient to write off its costs less impairment, if any, over the estimated useful lives on a straight-line basis. See Note 3 to the Accountants' Report in Appendix I to this document. We perform routine and preventative maintenance on our manufacturing machinery and equipment to ensure that they function properly at all times and comply with relevant laws and regulations.

To further expand our manufacturing capacity to meet the growing market demand for our LiDAR products, we are currently expanding Hertz Center to accommodate more production lines. We expect the new production lines to commence operation in the third quarter of 2025. We also expect to make capital expenditures in connection with the continual construction of Hertz Center. See "Financial Information — Capital Expenditures" and "Future Plans and Use of Proceeds".

There are risks or other difficulties associated with the expansion of our manufacturing facility, such as failure to complete the expansion on schedule and within budget. Mass production enjoys economies of scale only when the manufacturing capacity is highly utilized. However, when production lines are at their early stage or when we launch new products, the manufacturing facilities are typically underutilized. The period between completion of product development and full manufacturing capacity utilization is known as production ramp-up. The significant investments found in manufacturing facilities may make this period of particular concern to investors. See "Risk Factors — Risks Related to Our Business and Industry — The expansion of our manufacturing facilities may be subject to delays, disruptions, cost overruns, or may not produce expected benefits."

1 Utilization rate of a given year/period is calculated by dividing the actual manufacturing capacity in the given year/period by the designed manufacturing capacity of all manufacturing facilities for the same year/period.

Our Suppliers

Our suppliers primarily consist of raw materials and key components suppliers of our LiDAR products. We generally have two kinds of procurement needs, one is from our product teams based on their respective production planning, and the other is for our strategic reserves in the future. Our strategic reserves are primarily intended to ensure supply chain stability and mitigate potential supply disruptions. We typically maintain internal safety stock equivalent to approximately two weeks to one month of forecasted demand, and external safety stock of around one month of expected usage, depending on the nature of the components. We have a dedicated team to procure components and raw materials to meet specific requirements of our LiDAR products. The main raw materials used in the production of our LiDAR products include mechanical parts, fasteners, packaging materials and consumables, and the key components used in the production of our LiDAR products include lasers, receivers and chips. The raw materials and key components of our LiDAR products are generally available from multiple suppliers in China and overseas with varying costs. We primarily work with third-party suppliers in China.

Top Five Suppliers

Charges from our top five suppliers for each of the years ended December 31, 2022, 2023 and 2024 and the three months ended March 31, 2025 accounted for 34.5%, 26.6%, 27.4% and 23.3%, respectively, of our total purchases during the same year/period. Charges from our largest supplier for each of the years ended December 31, 2022, 2023 and 2024 and the three months ended March 31, 2025 accounted for 12.3%, 8.5%, 9.3% and 6.3%, respectively, of our total purchases during the same year/period. The decrease in the percentage of purchases attributable to our largest and top five suppliers in each year/period during the Track Record Period was mainly driven by the evolution of our product portfolio during the Track Record Period. As we continued to introduce new LiDAR models, the required components and suppliers changed. We also constantly adjusted our supplier base based on quality, cost and delivery performance, which further contributed to the fluctuation in the purchases attributable to our largest and top five suppliers in each year/period during the Track Record Period.

The table below sets forth the details of our top five suppliers in each year/period during the Track Record Period:

Rank	Supplier	Type of products/ services provided	Supplier Background	Year of Commencing Business Relationship	Purchase amount	% of our total purchase
					(RMB'000)	
Year ended December 31, 2022						
1	Supplier A	LiDAR components	A global provider of products, services, and solutions to industrial and commercial users of electronic components and enterprise computing solutions	2018	80,501	12.3%
2	Supplier B	LiDAR components	A leading platform in electronic component distribution, customized module design, field application support, and providing technical services to the industry	2018	49,411	7.6%
3	Supplier C	LiDAR components	A company specializing in providing comprehensive solutions for optical modules	2019	43,343	6.6%
4	Supplier D	LiDAR components	A leading manufacturer of integrated optical components and products manufacturer in the world	2019	28,428	4.3%
5	Supplier E	LiDAR components	A leading provider specializing in photonics technologies	2017	24,120	3.7%
Total					**225,803**	**34.5%**
Year ended December 31, 2023						
1	Supplier B	LiDAR components	A leading platform in electronic component distribution, customized module design, field application support, and providing technical services to the industry	2018	63,768	8.5%
2	Supplier A	LiDAR components	A global provider of products, services, and solutions to industrial and commercial users of electronic components and enterprise computing solutions	2018	43,456	5.8%
3	Supplier F	LiDAR components	A leading manufacturer of precision optical instruments and optical components in China	2020	38,316	5.1%
4	Supplier G	LiDAR components	A world leader in specialty foundry	2019	27,291	3.6%
5	Supplier C	LiDAR components	A company specializing in providing comprehensive solutions for optical modules	2019	26,924	3.6%
Total					**199,755**	**26.6%**

Rank	Supplier	Type of products/ services provided	Supplier Background	Year of Commencing Business Relationship	Purchase amount	% of our total purchase
					(RMB'000)	
Year ended December 31, 2024						
1	Supplier B	LiDAR components	A leading platform in electronic component distribution, customized module design, field application support, and providing technical services to the industry	2018	88,241	9.3%
2	Supplier F	LiDAR components	A leading manufacturer of precision optical instruments and optical components in China	2020	67,350	7.1%
3	Supplier D	LiDAR components	A leading manufacturer of integrated optical components and products manufacturer in the world	2019	40,192	4.2%
4	Supplier H	LiDAR components	A company that specializes in SPAD-based dToF sensor chips and system solutions	2020	32,464	3.4%
5	Supplier I	LiDAR components	A global leader in the manufacturing of exterior and structural automotive parts	2021	31,934	3.4%
Total					**260,181**	**27.4%**
Three months ended March 31, 2025						
1	Supplier D	LiDAR components	A leading manufacturer of integrated optical components and products manufacturer in the world	2019	15,556	6.3%
2	Supplier I	LiDAR components	A global leader in the manufacturing of exterior and structural automotive parts	2021	11,473	4.7%
3	Supplier F	LiDAR components	A leading manufacturer of precision optical instruments and optical components in China	2020	11,317	4.6%
4	Supplier J	LiDAR components	A leading provider of precision manufacturing in China	2024	10,482	4.3%
5	Supplier K	LiDAR components	A leading professional service provider focusing on the global semiconductor distribution industry	2022	8,395	3.4%
Total					**57,223**	**23.3%**

All of our top five suppliers in each year/period during the Track Record Period are Independent Third Parties. None of our Directors or any Shareholder who, to the knowledge of our Directors, owns more than 5% of our issued share capital immediately following completion of the Global Offering nor any of their respective associates had any interest in any of our top five suppliers in each year/period during the Track Record Period.

Although most raw materials and key components essential to our products are generally available from multiple sources, a few components, such as automotive grade chips, may at times be subject to industry-wide shortage, significant pricing fluctuations and long supply cycles. See "Risk Factors — Risks Related to Our Business and Industry — We are susceptible to supply shortages, long lead times, and increased costs of raw materials and key components, any of which could disrupt our supply chain and could delay deliveries of our products to customers." During the Track Record Period, we purchased semiconductor chips in the aggregate amounts of RMB246.2 million, RMB157.4 million, RMB213.8 million and RMB61.1 million in 2022, 2023, 2024 and the three months ended March 31, 2025, respectively. The semiconductor chips we procure generally have an expected lifespan of 10 years or more, which may vary depending on the specific chip design, storage conditions and usage. As of the Latest Practicable Date, all semiconductor chips procured by us were either in use or held in inventory for planned future production. No obsolete semiconductor chip inventory had been identified, and we do not expect any material obsolescence of our chip inventory in connection with the continued development and launch of new LiDAR products. Thanks to our robust relationships with our suppliers and our proactive supply chain measures, including continuous monitoring and timely inventory adjustments, during the Track Record Period and up to the Latest Practicable Date, we did not encounter any material disruption to our business as a result of shortage or delay in the supply of raw materials and key components. During the Track Record Period and up to the Latest Practicable Date, as the price of key materials and components, including chips, we procured was relatively stable, we also did not experience any material price fluctuations of key components and materials.

Purchases from suppliers outside of China for each of 2022, 2023, 2024 and the three months ended March 31, 2025 accounted for 37.6%, 22.0%, 18.1% and 10.0%, respectively, of our total purchases during the same periods. During the Track Record Period, we primarily outsourced semiconductor chips overseas. We do not rely on key components or materials that are broadly prohibited or subject to heightened trade restrictions under U.S. or other applicable export control regimes. Where components are subject to export controls, they are sourced in compliance with applicable trade regulations, including the Export Administration Regulations (EAR). During the Track Record Period, we did not procure any items subject to the EAR that would require a license for the relevant suppliers to sell to our Group. To ensure ongoing compliance with applicable export control regimes, we incurred costs related to export control compliance of approximately nil, US$314,000, US$302,000, and US$4,000 in 2022, 2023, 2024, and the three months ended March 31, 2025, respectively. Furthermore, we have established a diversified procurement strategy, including multi-sourcing arrangements and inventory planning, to mitigate potential supply disruptions. We conduct regular reviews of our supply chain to ensure continued compliance with applicable trade and export control laws and to proactively address any emerging and evolving regulatory risks. Accordingly, during the

Track Record Period and up to the Latest Practicable Date, trade restrictions imposed by the U.S. or foreign jurisdiction did not cause disruptions to our business or affect our financial performance. To the best knowledge of the Company, our Directors do not anticipate any material disruption to our business operations or material adverse impact on our financial performance going forward due to trade restrictions imposed by the U.S. or foreign jurisdiction considering that: (i) the components we procure do not require specific export licenses and (ii) we have adopted a diversified procurement strategy, including sourcing from qualified alternative suppliers in China and other jurisdictions. Based on the due diligence conducted by the Joint Sponsors, nothing has come to their attention that would reasonably cause them to disagree with the Directors' view that the Directors do not anticipate any material disruption to the Company's business operation or material adverse impact on the Company's financial performance going forward due to trade restrictions imposed by the U.S. or foreign jurisdiction.

We enter into supply and pricing agreements with our suppliers to secure committed volumes and price stability. In addition, we continue to cultivate and shore up working relationship with key component suppliers with the aim of securing stable supply and pricing. We also regularly assess and identify suppliers with potential risk exposure. Once we sense any potential shortage, we may procure and maintain an escalated level of critical raw materials in advance to reduce the impact of potential supply disruptions or cost increases.

We seek to work with key material and component suppliers directly to foster long-term and in-depth cooperation. We enter into framework agreements with some of our suppliers for our key raw materials and components, such as lasers and receivers, where we may negotiate certain customized needs with such suppliers, and suppliers who have a relatively long production cycle. In general, under the framework agreements, we make separate purchase orders and negotiate the prices and volume of each purchase order. The framework agreements typically have a term of 12 months. The agreements will be terminated by mutual agreement, or by other means as set forth in the agreements. The credit period generally ranges from full prepayment to up to 180 days after receipt of goods or services, with payments made through wire transfers or banks' acceptance bills.

Supply Chain Management

Responsible sourcing and sound supply chain management are essential for us to ensure reliable product quality and sustainability along our supply chain. If we are unable to select quality third-party outsourcing manufacturers and suppliers, or monitor, audit and manage different parties in the supply chain may expose us to risks of suppliers' non-compliance with applicable laws and regulations and unethical practices, which could diminish our competitiveness and harm our reputation. We have established a supply chain approval process, through which suppliers and outsourcing manufacturers must provide relevant qualifications or certifications, such as their business licenses, production and operation licenses, among others, and demonstrate legal compliance with environmental and social policies prior to approval. If the suppliers or outsourcing manufacturers are not compliant with the applicable laws and

regulations regarding safety and quality or commit misconducts, we may terminate our contracts with them. We require that all the products we obtain from outsourcing manufacturers fully comply with applicable national industrial standards.

Logistics and Warehouse

We mainly rely on qualified third-party logistics service providers for the transportation of equipment, supply and our products. We typically store our LiDAR products in our Hertz Center and Maxwell Center after they roll off the product line. Products that have passed quality inspections are delivered to the warehouse, where we implement strict inventory management and control measures, and ultimately ship to locations specified by our customers.

Inventory Management

Our inventories consist of raw materials, work-in-progress, and finished goods. Our products are generally sold on a first-in-first-out basis. To reduce the risk of inventory backlogs, we regularly review our inventory level. We also do regular physical inventory counts and stock checks to identify damaged products or expired or near expired products and to dispose of or stockpile these products. We manage our inventory level by monitoring in real time our production activities and sales orders and also taking into consideration any emerging trends through discussions with our sales and marketing department.

Quality Control

In a landscape defined by world-class standards, we are committed to providing our customers with high-performance products with consistent quality and reliability. With our long history of pioneering LiDAR products, we have cultivated in-house manufacturing and testing capabilities to maintain our high-quality control standards, optimize manufacturing cost structure, speed up the iteration of our product development cycle, and increase the robustness of our supply chain.

We impose rigorous quality control standards at various stages of our manufacturing process. Materials and components are systematically tested at different stages of our manufacturing process to ensure that they meet our technical specifications. Our commercialized LiDAR products undergo more than 60 stringent reliability tests following OEM standards, including mechanical shock, high temperature degradation, thermal shock, power temperature cycle, and salt spray, among others. These tests help ensure excellent and stable performance of our LiDAR products in harsh environments. We also set key metrics to control the operation of our production line. We hold numerous certifications that demonstrate our quality control capabilities, including but not limited to EMARK, ASPICE CL2, IATF 16949, ISO 9001, ISO 14001, ISO 45001, ISO 21434, ISO 26262 and ISO 21448 certifications. Our products have received six industry first ISO certifications, being the largest number among LiDAR companies, as of December 31, 2024, according to CIC. In terms of suppliers, our supply chain team and research and development team cooperate with each other during the

selection process to evaluate the suppliers' capabilities based on factors such as quality, volume delivery, pricing, timeline, and the ability to adapt, among others. With our strict quality control measures, we are able to produce high-quality LiDAR products in-house.

We have received AL3 assessment, the highest level of assessment level by TISAX in February 2023, which means our information security management has met the highest standards of the European automotive industry, allowing us to provide secure and reliable services to major automotive manufacturers. Additionally, the TISAX assessment is recognized as a "information security access certificate" for entering the German automotive supply chain, giving us a competitive edge to expand our business and collaborate with the leading players in the industry. This assessment can also enhance our credibility and reputation, attracting more clients and partners that value security and quality in their operations.

BUSINESS SUSTAINABILITY

We are a global leader in LiDAR solutions. Our products enable a broad spectrum of applications across the ADAS and Robotics markets. Driven by the increased demand for our LiDAR solutions, we experienced rapid financial growth, with our net loss having been narrowed during the Track Record Period as a result of effective cost and scale optimization leveraging our ASIC approach, leading to positive adjusted net income (non-GAAP measure) in 2024 and the three months ended March 31, 2025, as shown in the table below. Additionally, we recorded net operating cash inflows in 2023 and 2024.

	For the Year Ended December 31,			For the Three Months Ended March 31,		
	2022	2023	2024	2024	2025	
	RMB	*RMB*	*RMB*	*RMB*	*RMB*	*US$*
				(unaudited)		
			(in thousands)			
Net revenues	1,202,670	1,876,989	2,077,157	359,120	525,302	72,389
Gross profit	471,987	661,378	884,585	139,222	219,235	30,212
Net loss	(300,765)	(475,968)	(102,376)	(106,925)	(17,549)	(2,418)
Share-based compensation expenses, net of tax	105,219	234,624	116,064	37,800	26,186	3,609
Adjusted net income/(loss) (non-GAAP measure)	(195,546)	(241,344)	13,688	(69,125)	8,637	1,190
Net cash (used in) provided by operating activities	(696,015)	57,261	63,503	(328,622)	(256,990)	(35,411)

Our net losses during the Track Record Period were primarily due to:

- *Early-Stage Market Development.* The global LiDAR application in ADAS market is still at its early stage of development. In particular, the penetration rate of LiDAR solutions in ADAS market was still developing, which was only 2.5% in 2024, according to CIC. The shipment volume of the vehicle models with our LiDAR

incorporated has not fully ramped up. While we recorded rapid revenue growth from ADAS LiDAR products — accounting for 26.3%, 37.2%, 61.3%, and 62.7% of our net revenues in 2022, 2023, 2024 and the three months ended March 31, 2025, respectively — we have not yet achieved sufficient production volume to fully realize economies of scale and to offset our significant costs and operating expenses.

We expect our sales will grow along with the increasing penetration rate of LiDAR solutions in ADAS market. Additionally, as LiDAR adoption in ADAS systems continues to grow, we expect OEMs to place more volume production orders under our design wins, which we believe will drive future revenue growth and enhance our long-term financial sustainability.

- *Significant Investment in Production.* LiDAR manufacturing is an extremely complex process due to high precision engineering, stringent automotive-grade requirements, and the need for cost and yield optimization. We were the first, and remain the only, LiDAR company to engage in in-house manufacturing from day one, according to CIC. We have made substantial investments in expanding and upgrading our production facilities and equipment, incurring capital expenditures of RMB240.4 million, RMB406.7 million, RMB270.4 million and RMB64.9 million (US$9.0 million) in 2022, 2023, 2024 and the three months ended March 31, 2025, respectively.

  We believe this approach will yield long-term benefits, including faster iteration, product innovation, cost efficiency, and enhanced quality control, and it has already begun to pay off. For example, we have achieved 100% automation of core processes. Leveraging the efficiency achieved by our in-house manufacturing, our gross margin remained strong during the Track Record Period, despite a decrease in the average selling price of our products.

- *Significant Investment in Research and Development.* LiDAR systems are highly sophisticated instruments that require substantial upfront investment in research and development. We incurred research and development expenses of RMB555.2 million, RMB790.5 million, RMB855.6 million and RMB183.3 million (US$25.3 million) in 2022, 2023, 2024 and the three months ended March 31, 2025, respectively, which accounted for 46.2%, 42.1%, 41.2% and 34.9% of our net revenues during those periods.

  From the early stages of our development, we have been committed to in-house research and development of key components and chips for LiDAR. According to CIC, we were the first in the LiDAR industry to establish a dedicated R&D team for ASICs as early as 2017 and were the first to successfully implement an ASIC approach for both the TX module and the RX module — the core of a LiDAR product. These efforts have positioned us among the industry leaders in technological advancements, setting new benchmarks for performance and efficiency.

- *Significant Investment in Talent.* To maintain our leading edge, we must recruit top-tier talent from various fields for our research and development team. Competitive benefits packages and incentives are crucial for attracting and retaining skilled professionals who can drive our innovation and evolution.

  We incurred RMB105.2 million, RMB234.6 million, and RMB116.1 million and RMB26.2 million (US$3.6 million) in share-based compensation expenses in 2022, 2023, 2024 and the three months ended March 31, 2025, respectively. Excluding the impact of share-based compensation expenses, we achieved an adjusted net income (non-GAAP measure) of RMB13.7 million and RMB8.6 million (US$1.2 million) in 2024 and in the three months ended March 31, 2025, respectively.

Paths to Profitability

We believe our industry-leading technological innovation supported by our ASIC approach, robust in-house manufacturing capabilities, and diverse blue-chip customer base, have laid a solid foundation for our business growth and sustainability. We have improved, and will continue to improve, our profitability by: (1) driving revenue growth, (2) enhancing cost efficiency, and (3) increasing operating leverage, as detailed below. These efforts are already yielding results.

In addition to narrowing our net losses throughout the Track Record Period, we achieved an adjusted net income (non-GAAP measure) of RMB13.7 million in 2024, making us the first LiDAR company globally to attain a full-year non-GAAP net profit, according to CIC. We also generated operating cash inflows of RMB57.3 million and RMB63.5 million in 2023 and 2024, respectively — positioning us as the first publicly listed LiDAR company with positive operating cash flow, according to CIC. These milestones provide compelling evidence of our strategies' effectiveness and mark a significant step toward sustainable growth and profitability.

Driving Revenue Growth

The global LiDAR industry is projected to continue its growth, with total market revenue expected to reach US$17.1 billion by 2029, representing a CAGR of 61.2% from 2024, according to CIC. Notably, the acceptance of LiDAR solutions in ADAS market is steadily increasing, with more OEMs adopting these technologies. The LiDAR market for ADAS is anticipated to reach US$12.0 billion by 2029, reflecting a CAGR of 63.6%. The penetration rate of LiDAR solutions in the ADAS market is expected to reach 27.9% by 2029, compared with 2.5% in 2024, according to CIC.

In addition, as Robotics applications continue to diversify — spanning Robotaxi, Robobus, Robotruck, commercial logistics and delivery, home services, and agriculture — there is a growing need for advanced autonomous navigation and environmental perception

capabilities. This rising demand, in turn, is fueling the growing adoption of LiDAR as a core sensing technology. The LiDAR market for Robotics is also poised for significant growth, with a projected CAGR of approximately 60% over the next five years, according to CIC.

We plan to capitalize on this market growth to drive our revenue through the following measures:

- *Accelerating Shipment Growth.* As of March 31, 2025, we had secured the highest number of ADAS LiDAR design wins globally, covering 120 vehicle models across 22 OEMs. As LiDAR solution continues to gain traction in ADAS market, we expect to receive additional design wins and volume production orders from both existing and new customers.

  We have witnessed consistently strong and rising demand for our LiDAR products, demonstrated by the steady increase in our shipment volumes during the Track Record Period. By September 2022, we became the first LiDAR company globally to achieve 10,000 units shipment volume in a single month; by December 2024, we became the first LiDAR company globally to achieve 100,000 units shipment in a single month, according to CIC.

  We expect to continue to expand our customer base, mass produce the design-win vehicle models in our pipeline, and scale up our shipments in the coming years.

- *Strengthening and Expanding Partnership with Industry Leaders.* We plan to strengthen and expand partnerships with our industry-leading customers by collaborating closely with them on the next generation of LiDAR products for the ADAS and Robotics markets. Over the last few years, we have established strong relationships with leading automotive, autonomous driving and Robotics customers. Our LiDAR solutions and products have been thoroughly tested and validated by our customers' deployments in large volumes. We have accumulatively served 1,445 customers in the ADAS and Robotics markets through design wins or product shipment, covering approximately 50 countries and regions as of March 31, 2025.

  We plan to deepen our partnerships by expanding cooperations with our existing customers, especially top customers. For example, we secured an exclusive design win with a top European OEM, launching a multi-year program that will extend into the next decade across both ICE and EV platforms, making us the first Chinese LiDAR provider for global vehicle platforms, according to CIC.

- *Continuing to Upgrade and Expand LiDAR Product Portfolio.* We will upgrade our existing models and introduce new products to meet the growing and evolving demands cost-effectively by leveraging our platform-level shared architecture, which enables the reuse of existing modules and accumulated know-how across product generations. This approach significantly accelerate the product development speed while reducing R&D and supply chain costs.

For example, AT128 was developed in about one year — half the time of Pandar128. Our average lead time for product development — from research and development to delivery — is only twelve months, compared to the industry average of one year and a half to two years, according to CIC. Faster development cycle translates into shorter delivery timelines to customers. Additionally, our platform-level sharing also facilitates seamless transition for customers — customers can easily upgrade or switch products without the need for significant redesigns, which fosters customer loyalty and recurring sales.

Enhancing Cost Efficiency

We plan to enhance cost efficiency through the following measures:

- *Continuing to Leverage ASIC Approach.* We have designed our proprietary ASICs to integrate the functionality of hundreds of discrete components and greatly simplify the traditional TX/RX architecture. Through ASICs, we can optimize cost by replacing hundreds of discrete off-the-shelf components for manufacturing efficiency and leverage the supply chain to enhance price-to-performance. ASIC approach simplifies product architecture, optimizes design and is positioned for scalability production.

  For example, OT128, which is a product designed for Robotaxi industry, replicated the ASIC-based design of AT128. It achieves a 66% reduction in components and a nearly 95% decrease in key production time as compared to Pandar128, a signature mechanical LiDAR product. Our ASIC approach continues to drive product development and production line iteration, helping us achieve significant cost reductions in the manufacturing process of our flagship products, particularly the AT series and XT series.

- *Reducing Costs with Platform-Level Shared Architecture.* Our platform design enables us to maximize the sharing of technological achievements, material supply chains, and manufacturing production lines. Our platform thinking is used not only in the architecture design within the same series as well as cross series and cross categories. For example, in the AT and ET product series, 70% of the components and parts can be shared, significantly reducing supply chain costs and research and development costs; OT128, which is a product designed for robotaxi industry, also replicated our ASIC-based design of AT128, which is an ADAS product, makes OT128 highly scalable for robotaxi commercialization. Through platform approach, we plan to continue to leverage on the broad spectrum of know-how we have accumulated in LiDAR technology to support the development of a diverse range of product offerings cost-effectively.

- *Achieving Economies of Scale with Robust In-house Manufacturing Capabilities.* We believe that we have the opportunity to establish high margin unit economics when operating at scale. We have made significant investment in our in-house manufacturing capabilities, achieving 100% automation rate in our core production processes. Given the complexity and high level of expertise required to manufacture LiDAR products, our highly automated and integrated in-house manufacturing helps ensure agile product development while consistently delivering high-performance, reliable products at competitive prices.

  We will continue to increase in-house plant capacity utilization rate by securing more design wins to obtain economies of scale. Additionally, we will enhance the level of automation in the assembly, calibration, and testing processes, while streamlining manufacturing. These efforts will further enable us to realize the affordability and widespread adoption of our LiDAR products.

Improving Operating Efficiency

During the Track Record Period, we witnessed a gradual decline of operating expenses as a percentage of net revenues as shown in the table below.

	Year Ended December 31,			Three Months Ended March 31,	
	2022	2023	2024	2024	2025
Research and development expenses as a percentage of net revenues	46.2	42.1	41.2	54.1	34.9
Sales and marketing expenses as a percentage of net revenues	8.7	7.9	9.3	11.7	9.6
General and administrative expenses as a percentage of net revenues	16.7	17.1	15.3	19.1	10.3
Other operating income, net, as a percentage of net revenues	(0.9)	(1.4)	(13.3)	(7.6)	(6.7)
Total operating expenses as a percentage of net revenues	**70.7**	**65.7**	**52.5**	**77.3**	**48.1**

We will leverage our accumulated know-how to enhance research and development efficiency. After years of investments and efforts in R&D, we have substantially completed the key phases of our heavy lifting research and development work related to the establishment of LiDAR architecture, striking a balance among Performance, Quality, and Cost. We expect our R&D expenses as a percentage of net revenues to decrease as we achieve greater economies of scale from the increasing mass production of our LiDAR systems.

In addition to economies of scale, we plan to optimize our sales and marketing expenses by continually evaluating the effectiveness of our marketing strategies.

We also aim to improve our administrative expense structure by enhancing business travel efficiency and maintaining a sustainable team size. As we scale production, we anticipate a further decline in general and administrative expenses as a percentage of net revenues.

Overall, while our absolute operating expenses are expected to increase as our commercialization strategy drives business growth, we anticipate benefiting from enhanced cost efficiency and operating leverage. This is expected to lead to a consistent decline in operating expenses as a percentage of net revenues supporting our long-term sustainability.

RESEARCH AND DEVELOPMENT

Our interdisciplinary team of engineers form the foundation for our continued success. As of March 31, 2025, we had 657 experienced engineers, mostly in our research and development department, amounting to 64.2% of our total employees. 59.2% of our engineers have master's degrees or above. Our research and development expenses were RMB555.2 million, RMB790.5 million, RMB855.6 million, RMB194.4 million and RMB183.3 million in 2022, 2023, 2024 and the three months ended March 31, 2024 and 2025, respectively, accounting for 46.2%, 42.1%, 41.2%, 54.1% and 34.9% of the net revenues for the same periods.

Our research and development team consists of three departments: Hesai Research Institute, the ASIC center, and the research and development center. Hesai Research Institute undertakes very early-stage research, such as developing proof-of-concept prototypes and exploring the feasibility of new concept LiDARs beyond our current product lines. It also develops fundamental components that are crucial for LiDARs, such as narrow linewidth lasers, integrated optical packaging and scanners. The ASIC center is responsible for developing customized ASICs for next-generation LiDAR products, in alignment with our overall product strategy and product pipeline planning. We were the first LiDAR company to establish a dedicated R&D center for ASICs in 2017 and as of the Latest Practicable Date, we continue to maintain one of the top ASIC R&D team among the industry peers, demonstrated by the strategic foresight of our R&D team, the scale of our R&D personnel, R&D investment and early establishment, according to CIC. The research and development center is responsible for the design and development of our LiDAR products. It consists of experts in various areas, such as optics, electronics, mechanics, software, and functional safety, among others. The research and development center works with our business development team to understand customers' needs and design the LiDAR products according to the desired specifications, and works with our manufacturing team to ensure the manufacturability of our LiDARs. After the development of each product, we summarize the experience and know-how we accumulate during the process into our core technologies, which then expedites the development of our next LiDAR product.

We recruit our engineers globally and place strong emphasis on the recruitment of technology specialists and senior engineers with extensive experience in the industry. We offer rewards to those who have made scientific and technological innovations and achievements, and provide share incentives to our core engineers. We have established various training programs to keep our engineers abreast of the most advanced technologies in the relevant fields.

INTELLECTUAL PROPERTY

We believe that we have significant capabilities in LiDAR design and ASIC R&D. We regard our patents, trademarks, copyrights, know-how, proprietary technologies, domain names, and similar intellectual property as critical to our success. As of March 31, 2025, we had 513 patents granted and 766 pending patent applications in China, and 122 patents granted and 527 pending patent applications in other jurisdictions, such as the United States and Europe. Our patents cover our key technologies, including LiDAR technologies and applications, ASIC technologies, and laser-based gas sensor technologies. As of March 31, 2025, we also had 109 registered trademarks, including "禾赛" and "Hesai," in China and overseas countries, and copyrights to 20 software programs in China developed by us relating to various aspects of our operations, and registered domain names, including hesaitech.com. We intend to continue to file additional patent applications with respect to our technology.

For details of our intellectual property rights, see "Appendix IV — Statutory and General Information — B. Further Information about Our Business — 2. Intellectual Property Rights."

We either own or hold the rights to use all intellectual property applied in our products. Substantially all of the intellectual property applied in our products was independently developed by us. In addition, we also hold rights to use certain third-party intellectual property through licensing arrangements or commercial contracts. For instance, we obtain rights to use relevant intellectual property from our suppliers through commercial contracts we enter with them during the development of our products.

We seek to protect our technology and associated intellectual property rights through a combination of know-how, patent, copyright, and trademark laws, as well as internal procedures and policies, and other contractual protections. We enter into confidentiality and non-disclosure agreements with our employees, our suppliers, outsourcing partners, and others to protect our proprietary rights. The agreements we enter into with our employees also provide that all patents, software, inventions, developments, works of authorship, and trade secrets created by them during their employment are our properties. We have employed internal policies, confidentiality agreements, encryptions, and data security measures to protect our proprietary rights. However, there can be no assurance that our efforts will be successful. Even if our efforts are successful, we may incur significant costs in defending our rights. From time to time, third parties may initiate litigation against us alleging infringement of their proprietary rights or declaring their non-infringement of our intellectual property rights. See "Risk Factors — Risks Related to Our Business and Industry — We may need to defend ourselves against intellectual property right infringement claims, which may be time-consuming and could cause

us to incur substantial costs," "Risk Factors — Risks Related to Our Business and Industry — We may not be able to prevent others from unauthorized use of our intellectual property, which could harm our business and competitive position," and "Risk Factors — Risks Related to Our Business and Industry — As our patents may expire and may not be extended, our patent applications may not be granted, and our patent rights may be contested, circumvented, invalidated, or limited in scope, our patent rights may not protect us effectively."

BUSINESS DEVELOPMENT

We have a dedicated business development team in each of the business areas in charge of the marketing of our LiDAR products to prospective customers. As an integral part of our marketing strategy, we attend large technology conferences and industry expositions to showcase our products, solutions, and our technology. We also focus our marketing efforts on generating word-of-mouth referrals and creating content for marketing on media platforms with the goal of increasing our product exposure and building our reputation. Our marketing content includes high-quality articles and videos developed in-house, which elaborate on our product specifications and technologies. We believe that the combination of our high-quality content and the optimization of our marketing channels, in addition to our digitalized direct sales system, form a virtuous cycle from content marketing to sales leads, which enables us to achieve continued brand exposure and attract high-quality potential customers at relatively low marketing spending.

We sell our LiDAR products primarily through direct offline sales, with only a minimal portion distributed via regional distributors and system integrators. Our website showcases our products for potential customers with insightful product descriptions and reaches our customers globally. We have a dedicated team of salespersons, divided by regions including Asia Pacific, the Americas, and Europe, and others, to pursue and maintain relationships with established regional distributors to tap into offline consumer markets. We believe that sales of our products will be enhanced by knowledgeable salespersons who can convey the value of our revolutionary technologies and demonstrate our products' high performance. Many salespersons have previously worked at renowned technology companies and have years of sales experience and a foundation of technological knowledge to support their sales activities. We promote our products together with our regional distributors through promotional and branding activities, such as attending industry trade shows and making speeches at conferences.

Pricing Strategies

We price our products considering a variety of factors, such as product positioning, competitive landscape, complexity of technologies embedded, techniques required, raw material costs, planning and budgeting of our target customers and production costs. We closely monitor market trends and adjust our prices based on the competitive landscape in the industry. In particular, our ASIC approach improves production efficiency and reduces costs, which enhances our flexibility and competitiveness in pricing and negotiations with customers amid intense industry competition.

Our pricing strategy for LiDAR products in the ADAS market is designed to be both competitive and sustainable. We seek to offer attractive pricing to our customers while leveraging expected cost efficiencies from ongoing technological innovation and economies of scale.

For our LiDAR products in the Robotics market, we adopt a structured and market-responsive pricing approach. Initial pricing is set by our product managers with reference to market benchmarks, BOM costs, target margins, and customer value expectations. Our pricing structure allows for commercial flexibility, enabling us to accommodate different customer needs and market segments. Each year, typically in the first quarter, our product and finance teams jointly review the pricing framework in light of past sales performance, anticipated cost developments, and evolving market dynamics. Any adjustments are subject to internal approval and are generally implemented in the second quarter, ensuring that our pricing remains both competitive and aligned with long-term value delivery.

The average selling price of our LiDAR units was approximately US$2,000, US$1,100, US$530, US$820 and US$360 per unit in 2022, 2023, 2024 and the three months ended March 31, 2024 and 2025, respectively. The decrease of the average selling price of our LiDAR products during the Track Record Period was due to the shift in product mix and increased shipment volume following the mass production of our LiDAR products targeting ADAS market. In particular, the decline of the average selling price in the three months ended March 31, 2025 was mainly attributable to the increased sales of cost-efficient LiDAR products.

OUR ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) INITIATIVES

We believe our continued growth rests on integrating social values into our business. We endeavor to utilize our LiDAR technology and solutions to offer public welfare resources to everyone. We have established various environmental, social and governance initiatives to comprehensively improve our corporate governance and benefit society.

Our ESG Governance

Since our founding, we have adopted as our long-term strategic goal to promote environmental sustainability, support and participate in socially responsible projects, and adhere to a high standard of corporate governance. To effectively manage ESG issues, we have established a three-tier ESG governance framework, comprising of our Board, our management team and an ESG working group.

Our Board takes the overall responsibility for our ESG strategy. They are directly involved in setting up our overall ESG governance management policies, strategies, priorities and targets, reviewing our ESG policies on an annual basis to ensure its effectiveness, and fostering a culture of acting in accordance with our core ESG values.

Our management team, with a solid understanding of current and emerging ESG issues and our business, is responsible for assessing the materiality of ESG issues and related risks to our business and reputation. In alignment with the ESG strategies approved by the Board, our management team is also responsible for articulating specific ESG objectives to the ESG working group. Meanwhile, our management team supervises the implementation of ESG initiatives by the ESG working group and directly reports to the Board on ESG issues. Set forth below are the key responsibilities of our management team:

- ensure that we abide by the latest ESG laws and regulations, including the applicable sections of the Listing Rules, and keep the Board informed of any changes in the laws and regulations and update our ESG policies accordingly;

- assess ESG risks on a regular basis according to applicable laws, regulations and policies, and formulate strategic plans and mitigating measures to ensure our responsibilities with respect to ESG matters are met;

- monitor local environmental, social, and climate changes in regions where we operate and take timely measures to mitigate the risks associated with volatile changes during our daily business operations;

- monitor the implementation of our ESG policies and engage third-party consultants to support us in fulfilling our ESG goals if the management team considers it necessary;

- identify our key stakeholders based on our business operations and understand the stakeholders' influences and dependence with respect to ESG matters; and

- hold meetings on a regular basis to identify, assess, and manage our progress in achieving our key ESG targets.

Our ESG working group, led by the investor relations department and the HSE (health, safety, and environment) department, consists of representatives from various departments, including but not limited to the executive office, human resources department, public relations department, legal department, internal audit and internal control department, administration department, procurement department, product and research and development department, information security department, customer operations department, and manufacturing department. The ESG working group formulates ESG goals and work plans, identifies ESG risks and opportunities, and reports to management.

Identification, Assessment and Mitigation of Our ESG Risks

During the Track Record Period and up to the Latest Practicable Date, we have not been subject to any fines or other penalties due to non-compliance in relation to health, work safety, social or environmental regulations, and have not had any accident, or claim for personal or property damage made by our employees which had materially and adversely affected our financial condition or business operations.

We actively identify and monitor ESG risks and opportunities that may impact our business, strategy and financial performance and evaluate the magnitude of resulting impact over the short-, medium- and long-term horizon. To better identify, assess and manage our ESG risks, we have established a systematic analysis pathway to form a materiality matrix, comprising four sequential steps: (1) identification: drawing upon national policies, industry focal points and prevailing sustainability reporting standards, we identified key ESG priorities that are relevant to the operation of our business; (2) research: we collected responses from internal and external stakeholders through interviews and online questionnaires; (3) ranking: we analyzed the research results and then ranked the issues by their materiality to both us and external stakeholders; (4) confirmation: taking into account guidance from our management and external experts, we formulated our ESG materiality matrix that clearly demonstrates the importance of each issue to our stakeholders as well as to the business.

We have identified the following ESG risks which we consider material and may have an impact on our business, strategy or financial performance. However, these ESG risks identified have not had and are not expected to have material impact on our business, strategy or financial performance.

Climate Change Adaptation

We attach great importance to the impact of climate change on our financial operations and sustainable development. By examining relevant policies and our internal operations, we have identified climate-related risks and opportunities, assessed their potential impact on various aspects of our operations and development, and developed appropriate countermeasures.

- *Physical risks*. Floods, typhoons, storms, and other extreme weather conditions and natural disasters may cause price volatility of raw materials, fluctuation in supply and physical damage to our factories, warehouses and offices, pose safety risks to our staff and lead to delayed product delivery to our customers, among other consequences. Additionally, global warming leading to prolonged high temperatures may increase the risk of heatstroke among employees. The rise in sea levels may increase the risk of flooding in coastal areas, posing a threat to our facilities and disrupting business continuity. To mitigate the physical risks associated with climate-related disasters and safeguard operational stability and continuity, we have

put in place a comprehensive emergency management system tailored to extreme weather scenarios. Additionally, we strengthened disaster prevention measures for equipment and infrastructure, continuously improving our ability to respond to extreme climate events.

- *Transition risks.* We have identified the transition risks of legal and policy risks, technology risks, market risk, and reputation risk, which may affect our operations and financials in the short to medium term. Against the backdrop of the PRC's carbon peak and neutrality goals, we may incur additional costs to reduce our carbon footprint. The timing of technology development and deployment, along with the inherent uncertainty of outcomes, may impact the returns on our investment in low-emission technology. Additionally, heightened concern from customers and other stakeholders about response to climate change could impact the image and reputation of companies without climate actions. To address these challenges, we actively conduct carbon auditing and product carbon footprint certification, while formulating and promoting a strategic carbon neutrality plan, to ensure our long-term sustainable development. We aim to understand market demands and provide low-carbon products and services through technological innovation, thus ensuring that we can meet both regulatory requirements and consumer expectations.

- *Climate-related opportunities.* Amidst growing environmental consciousness and the escalating emphasis on sustainable practices, the market demand for green and low-carbon products is on the rise. We strategically position ourself to capitalize on this trend by focusing on the development of products compatible with new energy vehicles, thereby expanding our revenue opportunities. In the medium- and long-term, we stand to benefit from reduced energy costs in production and operations, leading to enhanced cost efficiency. Additionally, the declining costs of renewable energy sources, such as solar and wind power, are expected to persist. Proactively pursuing renewable energy projects or sourcing renewable energy can effectively mitigate energy-related costs over the medium- to long-term.

We are committed to conserving energy and reducing our carbon footprint. Through improving operating efficiency, we will reduce the use of energy and other natural resources in order to enhance our environmental performance and reduce the negative impact of our operations in relation to climate change. We continuously look for effective ways to reduce energy use and thus our carbon footprint. We monitor environmental, social and climate-related risks and opportunities that may impact on our business, strategy and financial performance and evaluate the magnitude of resulting impact over the short, medium and long-term horizon. We have established a set of environmental risk identification and assessment procedures, including the "Environmental Management Operation Control Procedures" and "Severe Weather Contingency Plan," to identify environmental risks such as hazardous chemicals, waste, wastewater, and emissions that may arise during the production process. These procedures may involve analyzing the chemical composition of equipment, workplaces, raw materials, intermediate products, and final products, as well as assessing their potential environmental impacts. We have obtained ISO 14001 certification for environmental

management systems and ISO 45001 certification for occupational health and safety management systems, and undergoes regular third-party audits. In addition, we conduct third-party greenhouse gas verification and product carbon footprint verification. Our environmental protection measures include self-control systems for energy in production facilities, intelligent sensor lighting, and the use of collected rainwater for green irrigation. Additionally, we utilize solar water heaters to provide hot water for our factories. We take these issues into account when developing our business strategy and may adjust our strategy in a particular region in response to changing environmental, social and climate-related landscapes. See "— Environmental Sustainability Initiatives."

Environmental Compliance

We are subject to relevant environmental laws and regulations. For details, please refer to "Regulatory Overview — Regulations Relating to Environmental Protection and Work Safety." Regulators may impose more stringent environmental requirements and standards on us. For example, we may have to switch to cleaner energy and more energy efficient operating equipment, and further reduce emissions of wastewater and solid pollutants, which may increase our operating costs. We maintain compliance with laws and regulations governing environmental protection in all material respects. We also implement measures for waste, wastewater, and gas management to minimize our negative impact on the environment. These measures include waste sorting and recycling, compliant disposal of hazardous waste through qualified enterprises, wastewater treatment and reuse, as well as gas treatment and emission control. We have also established environmental policies and objectives that outline our commitment to environmental protection and action plans. These include goals and action plans to reduce waste generation, lower energy consumption, and improve resource utilization efficiency. In 2022, 2023 and 2024 and the three months ended March 31, 2025, we incurred compliance costs in connection with applicable environmental rules and regulations of approximately RMB16,000, RMB226,000, RMB195,000 and nil, respectively, including environmental testing expenses and capital investments in environmental protection facilities.

Health and Work Safety

We are subject to relevant health and safety laws and regulations. For details, please refer to "Regulatory Overview — Regulations Relating to Environmental Protection and Work Safety." During the Track Record Period, we complied with the relevant applicable occupational health and safety laws and regulations in all material respects in the PRC. We strive to provide a safe working environment for our employees and implement work safety guidelines for all of our employees.

Supply Chain Management

We strictly adhere to the Bidding Law of the People's Republic of China and other local laws and regulations in regions where we operate. We have robust internal management policies in place, including the Supplier Development and Management Control Procedures

and the Supplier Quality Management Control Procedures. These systems integrate stringent management processes in supplier screening, admission assessment, performance evaluation and communication, thereby ensuring comprehensive management oversight throughout the supply chain.

In accordance with established internal procedures, such as the Supplier Development and Management Control Procedures and the Supplier Quality Management Control Procedures, we conduct comprehensive evaluations and audits of potential suppliers across various dimensions. These assessments include company credibility, quality performance, technical capabilities, production capacity, service capabilities and business continuity planning. Priority is given to establishing partnerships with suppliers certified by internationally recognized standards, with ISO 9001 certification being the minimum requirement. Suppliers in the automotive category are expected to maintain a quality management system in compliance with IATF 16949, emphasizing efficiency, continuous improvement and zero defects.

We also take into considerations of suppliers' environmental and social performance into the admission process, favoring suppliers with ISO 14001 environmental management system certification. While ensuring product performance and safety, mechanical and optical component suppliers are permitted to utilize recycled materials to a certain extent. Furthermore, we explicitly outline in our General Terms and Conditions of Purchase that suppliers must strictly comply with all applicable laws and regulations related to the prohibition of child labor and forced labor, labor rights protection, occupational health and safety, information security, business ethics and environmental safety. Suppliers are expected to uphold their corporate social responsibilities and environmental obligations. Additionally, we require all suppliers to sign a Statement of Compliance, thereby obligating them to comply with our anti-corruption and anti-bribery policies.

We conduct quarterly assessments of supplier performance, evaluating various aspects such as product quality, delivery, service and information security. Suppliers consecutively failed our assessments face removal from the supplier list. Additionally, annual on-site audits of the quality management system are conducted to ensure the effective operation of suppliers' quality management systems.

In addition to routine performance assessments and audits, we conduct weekly reviews of supplier delivery plans to proactively identify potential delivery disruptions, including environmental and social risks. Should any supply issues arise, we promptly implement emergency plans to ensure continuity of operations.

Technology Innovation and R&D

Continuous investment in R&D is essential for us to cultivate robust technical prowess and realize rapid growth. To streamline product management across concept development, R&D, production, and after-sales service, we have introduced the "Hesai Product Development Process" (HPD).

We begin during the R&D phase by formulating foundational technology development plans and conducting pre-research, continuously monitoring market conditions and LiDAR technology trends. We then formulate specific product development plans based on market demand and the status of foundational technological reserves. Following this, in accordance with the product development plan, we undertake tasks such as conceptual design, architectural design, subsystem design and testing, as well as prototype production and testing, ultimately culminating in product development.

Relying on industry-leading R&D investments, we have accumulated abundant research achievements across various facets of LiDAR, including general LiDAR systems, foundational LiDAR technologies, laser-based gas sensor technologies and ASIC technologies.

Environmental Sustainability Initiatives

We recognize the importance of contributing to sustainable development for the benefit of our society and environment. With this in mind, we encourage our employees and partners to reduce their energy consumption and carbon footprint, and we promote the use of environmentally friendly technology. We strive to minimize the impact of our operations on the environment and promote sustainability and environmental awareness at all levels of our organization. We employ internal environmental protection and procedures to help minimize the use of hazardous materials, energy, and other natural resources, and to minimize the generation of waste. In addition, we implement various environmental protection measures to manage our manufacturing processes, including installation of cotton filter and activated carbon adsorption devices to appropriately dispose of the manufacturing waste. We also cooperate with qualified third-party waste disposal service providers for other waste, including waste glue, waste alcohol, waste filter cotton, waste activated carbon, and waste packaging barrels. In August 2024, we released our inaugural Environmental, Social and Governance (ESG) Report detailing our ESG strategy, achievements and progress toward our longstanding ESG goals for sustainable development.

Metrics and Targets

Our Board sets targets for each material KPI at the beginning of each financial year in accordance with the disclosure requirements of Appendix C2 to the Listing Rules and other relevant rules and regulations upon listing. The relevant targets on material KPIs will be reviewed on an annual basis to ensure that they remain appropriate to the needs of our Group. In setting targets for the KPIs, we have taken into account their respective historical levels and have considered our future business expansion thoroughly and prudently with a view of balancing business growth and environmental protection to achieve sustainable development.

We monitor the following indicators to assess and manage our environmental and climate-related risks arising from our business operations.

	For the Year Ended December 31,			For the Three Months ended March 31,
	2022	2023	2024	2025
Total electricity consumption (MWh)	11,756.22	22,161.73	29,683.91	6,067.38
Intensity of electricity consumption (MWh/RMB million)	9.78	11.81	14.29	11.55
Total water consumption (ton)	44,251	70,955	97,737	19,673
Intensity of water consumption (ton/RMB million)	36.8	37.8	47.1	37.5
Hazardous waste (ton)	4.38	3.83	5.98	3.09
Hazardous waste intensity (ton/RMB million)	0.004	0.002	0.003	0.006
Non-hazardous waste (ton)	559.15	756.65	790.98	229.55
Non-hazardous waste intensity (ton/RMB million)	0.5	0.4	0.4	0.4
Waste water (ton)	35,401	56,764	73,867	15,738
Total greenhouse gas emissions (tCO_2e)	6,717.3	12,649.4	15,940.8	3,257.1
Greenhouse gas emission intensity (tCO_2e/RMB million)	5.59	6.74	7.67	6.20
Scope 1 greenhouse gas emissions (tCO_2e)	12.74	12.31	14.01	1.73
Scope 2 greenhouse gas emissions (tCO_2e)	6,704.57	12,637.09	15,926.75	3,255.35

Note:

(1) Scope 1 greenhouse gas emissions refer to direct automotive gasoline combustion emissions, and the conversion factors for the calorific value of energy consumption for each type of energy are referenced to the Guidelines on Greenhouse Gas Emission Accounting Methods and Reporting of Electronic Equipment Manufacturing Enterprises issued by the National Development and Reform Commission (NDRC). Scope 2 greenhouse gas emissions are indirect greenhouse gas emissions from purchased electricity. When calculating the greenhouse gas emissions, the electricity emission factor refers to the Notice on the Management of Corporate GHG Emissions Reporting in Power Generation Industry from 2023 to 2025 issued by the Ministry of Ecology and Environment of the People's Republic of China.

During the Track Record Period, we recorded increases in several ESG-related indicators, including total electricity consumption and its intensity, total water consumption and its intensity, wastewater discharge, non-hazardous waste generation, total greenhouse gas emissions and Scope 2 greenhouse gas emissions. Hazardous waste, the intensity of hazardous waste and Scope 1 greenhouse gas emissions also increased from 2023 to 2024 following a decrease from 2022 to 2023. These increases were primarily attributable to the expansion of our production facilities, increased workforce, and ramp-up of production capacity to support our business growth.

We are committed to improving our environmental performance by optimizing our energy structure, enhancing energy conservation and efficiency, as well as ensuring management assurance to support our long-term carbon neutrality strategy. To achieve these objectives, we have implemented various measures, including increasing the use of renewable energy sources such as solar photovoltaic (PV) power and encouraging our supply chain partners to adopt carbon reduction initiatives. Moving forward, we will continue to drive GHG emission reduction efforts, collaborating with employees, supply chain partners and other stakeholders to implement emission reduction initiatives and jointly achieve the goal of carbon neutrality.

Based on our assessment of historical energy consumption and emission levels and industry benchmarks, we have set the following specific environmental targets:

Strategy Theme	Target
Structure Optimization	By 2050, we target 100% renewable energy usage and net-zero emissions for products globally.
Energy Conservation and Efficiency Enhancement	By 2050, we aim to improve energy efficiency by 40% and reduce material usage by 40%.

Resource Management and Carbon Emissions

We strictly adhere to the Energy Conservation Law of the People's Republic of China and other applicable laws and regulations. We are committed to improving energy efficiency through robust energy management initiatives. We have an energy management system in the factory to monitor energy consumption in real time. It applies a building automation system to centralize the management of energy-consuming equipment such as production equipment, fans, pumps, air conditioning systems and lighting fixtures. By collecting data on actual energy consumption from terminal sensors, we optimize distribution on demand, thereby enhancing energy efficiency.

In addition, we integrate renewable energy sources and have installed thermal energy storage facilities on the roof of our factory, which can convert solar energy to thermal energy for equipment operation. Solar-powered streetlights within the factory further augment the energy supply in response to sunlight conditions.

We prudently manage water resources throughout our production and operations. Utilizing a rainwater collection system installed at the factory, we collect rainwater runoff from building roofs and road surfaces. This harvested rainwater undergoes purification and is then utilized for afforestation irrigation and site flushing within the factory, effectively reducing reliance on tap water.

We remain steadfast in our commitment to sustainable practices, with our products obtaining various environmental certifications, including the E.U. REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) Certificate and the ELV (End-of-Life Vehicles) Certificate. We actively apply environmentally friendly materials in product design, for example, considering the use of recycled aluminum ADC12 in the design of components such as the base and cover of the LiDAR products. We also utilize renewable materials in product packaging.

We have formulated a Green Office Code to encourage a low-carbon office environment. This initiative involves the adoption of energy-efficient LED lamps and sensor lighting, along with the implementation of temperature control measures for air conditioning to reduce energy consumption. Additionally, energy-saving signage is prominently displayed in office areas, serving as reminders for employees to turn off office equipment, air conditioners and lights when they leave the office. We also encourage a paperless office environment and advocate double-sided printing to raise employees' awareness of resource conservation.

We uphold a green development philosophy in our transportation operations, actively promoting green logistics initiatives to reduce exhaust emissions. New energy vehicles are the preferred means of transport for shorter distances. We mandate a loading rate of over 85% for all vehicles used in full truckload transportation, with fuel-powered vehicles required to meet the emission standards outlined in GB18565 and GB1589. Additionally, we optimize logistics efficiency by coordinating the simultaneous delivery and collection of goods to and from the same destination. This practice streamlines the transportation of raw materials between factories and reduces overall transport frequency.

Furthermore, to achieve the carbon neutrality goals, we regularly engage in ISO 14064 greenhouse gas verification. A number of our LiDAR products have obtained carbon footprints ISO 14067 verification.

Waste Management

Strictly adhering to the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution and other relevant laws and regulations, we ensure that waste gases from all sources undergo effective treatment through corresponding waste gas collection and treatment facilities in accordance with relevant standards. During production and operations, dust generated from cutting processes is treated with a cartridge filter before discharge. Similarly, organic waste gases and particulate matter from welding, dispensing and

scrubbing activities are processed through exhaust funnels equipped with filter cotton and activated carbon adsorption apparatuses in accordance with relevant standards. Filter cotton and activated carbon are replaced regularly.

We have achieved effective control over the collection and disposal of our solid waste, strictly adhering to the Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste and other applicable laws and regulations. Among our solid waste, hazardous waste mainly includes waste glue, waste alcohol, waste activated carbon and waste packaging drums. These are responsibly disposed of by qualified companies. Industrial solid waste, including welding slag, waste parts, non-conforming goods and waste packaging materials, undergo regular recycling and reuse processes facilitated by recycling facilities. Domestic waste is centrally collected and disposed of by the sanitation department.

Corporate Social Responsibilities

Apart from identifying and mitigating ESG risks related to our business, we are proactive in undertaking social responsibilities mainly by providing equal employment opportunities and promoting diversity, investing in our employees' professional development, implementing a stringent anti-corruption mechanism, engaging in responsible marketing and bonding with local communities.

Equal Opportunities and Diversity

We are on a continuous journey to the improvement of wellbeing of everyone working with and for us. We foster inclusion and equality among employees from all backgrounds, regardless of employment type (full-time or part-time), religion, age, gender, sexual minorities, disability, sexual orientation, citizenship status and parental status, among others. We believe that diversity, including but not limited to gender diversity, is important to us in thriving in the business environment. Hence, we consider diversity in determining the composition of our senior management and our Board. For example, as of March 31, 2025, approximately 27% of our employees are female. Our Board is also diverse, with three female directors.

Professional Development

We invest in people and help them prosper. To ensure our employees have an exciting and rewarding career path and become well-rounded professionals, we support them in the following ways: (i) providing our employees with guidance before their appraisal interviews; (ii) offering our employees of different career levels customized training and coaching via our online e-learning system on topics ranging from our internal policies and standards, brand story and industry insights to communication and leadership skills; and (iii) organizing in-class training programs as needed, such as the senior management leadership program.

Anti-corruption

We comply with the laws and regulations in the PRC regarding anti-corruption. In addition, we have adopted and strictly implemented our internal anti-corruption policies. Pursuant to our anti-corruption policies, any employee who takes a bribe from any business partner for the purpose of getting business will be subject to penalties or termination of labor contracts. We also expect the same ethical practice by our business partners and their respective suppliers, evidenced by the fact that we require our business partners to sign our Statement of Compliance. In addition, we have imposed a whistleblowing procedure that allows employees to report actual or suspected wrongdoing. The identities of the whistle blowers are kept strictly confidential.

COMPETITION

The major downstream markets for LiDAR applications, including ADAS and Robotics markets, are rapidly evolving and competitive, with many potential applications under development. As a result, although we believe that we have the market-leading LiDAR technology, we face competition from a range of companies developing LiDAR products for these applications, some of which may have similar offerings. Our primary competitors include Tier 1 suppliers who also provide LiDAR products and existing LiDAR companies. See "Industry Overview — LiDAR Applications in the ADAS Market — Competitive Landscape of the Global LiDAR Applications in the ADAS Market" and "Industry Overview — LiDAR Applications in the Robotics Market — Competitive Landscape of the Global LiDAR Applications in the Robotics Market."

We believe that we are strategically well-positioned in our market, and we compete with others favorably based on our advanced LiDAR technology that delivers strong results in Performance, Quality, and Cost, automotive grade manufacturing process, and strong research and development capabilities. Additionally, we expect our product costs per unit to continue to decrease over time as production volume expands and our technologies develop.

EMPLOYEES

We had a total of 1,024 employees as of March 31, 2025. The following table sets forth the numbers of our employees categorized by function as of March 31, 2025.

Function	Number of Employees	Percentage
Research and development	547	53.4%
Production and supply chain	173	16.9%
Management	52	5.1%
Sales and marketing	105	10.3%
Others	147	14.4%
Total	**1,024**	**100.0%**

As of March 31, 2025, we had 995 employees based in mainland China and 29 overseas employees, and we also had 1,055 contracting workers primarily in our manufacturing facilities in China.

Our success depends on our ability to attract, motivate, train, and retain qualified personnel. We adopt high standards and strict procedures in our recruitment, including campus recruitment, online recruitment, internal referral and recruitment through executive search, to satisfy our demands for different types of talent. We recruit employees based on their educational background, relevant experience in similar positions and professional qualifications, as well as our expansion strategy and job vacancies. We offer our employees competitive salaries, performance-based cash bonuses and equity-based incentives, and create an environment that encourages self-development. We have generally been able to attract and retain qualified personnel and maintain a stable core management team. We also offer comprehensive training and development programs on topics critical to our business operations. Employees from different positions have different training arrangements that cover a wide range of subjects. Through such training, we ensure that our employees' skill sets remain up to date. We are committed to making continued efforts to provide an admirable working environment to our employees.

As required by regulations in mainland China, we participate in various employee social security plans that are organized by municipal and provincial governments, including pension, unemployment insurance, work-related injury insurance, medical insurance and housing insurance. We are required under mainland China law to make contributions to employee benefit plans for our mainland China-based employees at specified percentages of the salaries, bonuses and certain allowances of our employees, up to a maximum amount specified by the local government from time to time. Bonuses are generally discretionary and based in part on employee performance and in part on the overall performance of our business. We have granted, and plan to continue to grant, share-based incentive awards to our employees in the future to incentivize their contributions to our growth and development.

We enter into standard labor contracts and confidentiality agreements with our employees. As of the Latest Practicable Date, we have not experienced any significant labor disputes. None of our employees are represented by labor unions.

PROPERTIES AND FACILITIES

We are headquartered in Shanghai, China, and have offices across China and in other countries globally. As of March 31, 2025, we owned land use rights with respect to one parcel of land in Shanghai, China with a total area of approximately 26,615 square meters, for a term expiring on March 30, 2071. We have constructed our Maxwell Center on this parcel of land, which serves as our in-house research and development and intelligent manufacturing facility. In addition, we own an industrial raw land parcel in Thailand of approximately 25,600 square meters through Hesai (Thailand) Limited.

As of March 31, 2025, we leased five properties with a total floor area of approximately 37,370 square meters, which are used primarily as office space, warehouses, maintenance facility, and R&D and manufacturing facility in China. We lease our premises under operating lease agreements from independent third parties. We believe that there is sufficient supply of properties in China, and thus we do not rely on existing leases for our business operations. The following table sets forth a summary of the material properties leased by us as of March 31, 2025.

Location	Approximate Space	Use	Lease Term
	(square meters)		
Shanghai, China . . .	7,080	Office space	Six years
Hangzhou, China. . .	28,140	Research and development and manufacturing facility	Four and a half years
Shanghai, China . . .	1,000	Warehouse	Two years

The above properties are used for non-property activities as defined under Rule 5.01(2) of the Listing Rules. As of March 31, 2025, each of our property interests had a carrying amount less than 15% of our consolidated total assets. Therefore, according to Chapter 5 of the Listing Rules and section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), this prospectus is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which require a valuation report with respect to all our interests in land or buildings.

INSURANCE

We maintain insurance policies that we consider to be in line with market practice and adequate for our business. In addition to providing social security insurance for our employees as required by mainland China law, we also provide supplemental commercial medical insurance for some of our employees. We maintain a comprehensive general liability insurance covering products liabilities arising from obligations in relation to bodily injury and property damage. In line with general market practice, we do not maintain any business interruption insurance, which is not mandatory under the laws of the mainland China. We do not maintain key-man life insurance or insurance policies covering damages to our IT infrastructure or information technology systems. See "Risk Factors — Risks Related to Our Business and Industry — We have limited insurance coverage, which could expose us to significant costs and business disruption."

COMPLIANCE AND LEGAL PROCEEDINGS

Compliance

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material non-compliance incidents that have led to fines, enforcement actions, or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, financial condition, and results of operations.

Legal Proceedings

Ouster vs. Hesai Litigations and Arbitration

In August 2019, Velodyne Lidar, Inc., or Velodyne, filed lawsuits against the Company in the United States Federal District Court for the Northern District of California and the United States International Trade Commission for patent infringement. In November 2019, the Company also filed a lawsuit against Velodyne in the Regional Court of Frankfurt/Main, Germany, and in April and May 2020, the Company filed several lawsuits against Velodyne in Shanghai Intellectual Property Court for patent infringement. The aforementioned legal proceedings are collectively referred to as the "**Hesai-Velodyne Litigations**."

On June 24, 2020, we and Velodyne entered into a settlement and patent cross license agreement (the "**Hesai-Velodyne Agreement**"), to settle all matters fully and finally in the Hesai-Velodyne Litigations, and to enter a global cross-licensing relationship based on then existing and all future patents and patent applications of both parties. Pursuant to the Hesai-Velodyne Agreement, both parties have agreed to a global cross licensing encompassing a broad range of 360° surround-view LiDAR sensors, for a duration of 10 years until 2030. Under the terms of this agreement, we agreed to pay Velodyne a one-off settlement fee and an annual royalty fee through 2030. For details regarding the basis for calculating the royalty fee, see "Financial Information — Contractual Obligations." As of the Latest Practicable Date, all legal proceedings concerning the Hesai-Velodyne Litigations were terminated.

In early 2023, Velodyne and Ouster completed a merger and the successor company keeps the name of Ouster. On April 11, 2023, Ouster, Inc. filed a complaint against Hesai Group and Hesai Technology Co., Ltd. in the United States District Court for the District of Delaware for alleged patent infringement relating to the production, use, sale and/or importation of certain LiDAR systems and/or components thereof (captioned Ouster, Inc. v. Hesai Group and Hesai Technology Co., Ltd., No. 1:23-cv-00406-CFC). Relatedly, on the same day, Ouster, Inc. filed a complaint with the U.S. International Trade Commission ("**ITC**"), requesting that the ITC institute an investigation into Hesai Group, Hesai Technology Co., Ltd., and Hesai Inc. (collectively, "Hesai Defendant"), pursuant to Section 337 of the Tariff Act of 1930 for substantially similar allegations. On May 30, 2023, the United States District Court for the District of Delaware ordered a stay of case No. 1:23-cv-00406-CFC in response to Hesai Defendant's motion. On July 14, 2023, the parties filed a joint motion to suspend all case deadlines in the ITC investigation by a period of three months, which the presiding

Administrative Law Judge granted on July 17, 2023. On May 12, 2023, Hesai Defendant filed a request for arbitration before Judicial Arbitration and Mediation Services, or JAMS, against Ouster, Inc. On August 24, 2023, the presiding Administrative Law Judge issued an order granting Hesai Defendant's motion to terminate the ITC investigation (the "**Order**"). On October 10, 2023, the ITC affirmed the Order and terminated the investigation into the alleged patent infringement initiated by Ouster, Inc. After submitting initial rounds of briefing, the arbitration hearing occurred in November 2024. As requested by the Tribunal, both parties submitted post-hearing briefing in December 2024 and January 2025. In late March 2025, the arbitration tribunal issued a confidential interim decision, finding that Ouster was subject to the Hesai-Velodyne Agreement. As a result, in May 2025, the District Court of Delaware dismissed Ouster's patent infringement case without any conditions, financial settlement or injunctive relief imposed.

Class Action

On April 7, 2023, the Company and certain of our officers, directors, authorized U.S. representative, and IPO underwriters were named as defendants in a putative securities class action filed in federal court, captioned Pacella v. Hesai Group, et al., No. 1:23-cv-02634 (U.S. District Court for the Eastern District of New York). The plaintiff in this case alleges that Company's registration statement and prospectus ("Offering Documents") filed in connection with its February 2023 initial public offering ("IPO") in the United States contained false or misleading statements in violation of Sections 11, 12(a)(2) and 15 of the U.S. Securities Act. Specifically, plaintiff claims that the Company's Offering Document contained false and/or misleading statements and/or failed to disclose (i) the extent of the Company's gross margin decline in the fourth quarter of 2022, (ii) the impact of a lower in-house plant capacity utilization rate on the Company's product mix, (iii) the impact of such lower utilization rate on gross margin, and (iv) the lower in-house utilization rate in the description of the Company's manufacturing facility. In February 2024, the case was transferred to U.S. District Court for the Southern District of New York, under the case caption Pacella v. Hesai Group, et al., No. 1:24-cv-00876. As of the Latest Practicable Date, the court had yet to appoint lead plaintiff for this class action. As the case is still in its preliminary stage, we cannot predict its timing, outcome, potential damages, or expenses that may be incurred. There can be no assurance that we will be able to prevail in our defense. Any adverse outcome of this class action could result in payments of substantial monetary damages or fines and divert our management's attention from the day-to-day operations, and thus have a material adverse effect on our business, financial condition, results of operation, share price, cash flows and reputation. We will disclose any material adverse developments relating to the class action as required under applicable securities laws and regulations. See "Risk Factors — Risks Related to Our Business and Industry — We and certain of our directors and officers have been named as defendants in a putative shareholder class action lawsuit, which could have a material adverse impact on our business, financial condition, results of operation, cash flows and reputation."

DoD Litigation

On January 31, 2024, we were placed on the list of Entities Identified as Chinese Military Companies Operating in the United States under Section 1260H of the William M. Thornberry National Defense Authorization Act for Fiscal Year 2021 by the United States Department of Defense. On May 13, 2024, we filed a complaint to challenge the listing, alleging that DoD exceeded its authority under Section 1260H, acted arbitrarily and capriciously under the Administrative Procedure Act, and violated the U.S. Constitution in both adding and failing to remove us from the Section 1260H List. After filing the lawsuit, we received DoD's decision memorandum, which we believe fails to justify the accusation that we are associated with the Chinese military. In light of the ongoing harms caused by the listing, we asked the DoD to agree to an expedited summary judgment briefing schedule, and on July 3, 2024, we filed a motion for summary judgment. On October 15, 2024, DoD removed us from the Section 1260H List, but on the same day, added us back to the Section 1260H List based on a new rationale. We believe that the decision memorandum for the second listing still fails to justify the accusation that we are associated with the Chinese military. We filed an amended complaint challenging the second listing on the ground that it violates the Administrative Procedure Act and the U.S. Constitution on November 15, 2024, and a motion for summary judgment on December 9, 2024. On March 20, 2025, the court held a hearing on our summary judgment motion in Washington, D.C. On July 11, 2025, the U.S. District Court for the District of Columbia issued a decision upholding the DoD's designation of us as a "Chinese Military Company." We believe that the DoD's designation lacks both factual and legal bases. On July 13, 2025, we filed Notice of Appeal to the U.S. Court of Appeals, challenging the District Court's decision. As of the Latest Practicable Date, we remain on the Section 1260H List and we are unable to predict the outcome of the appeal. The designation of an entity on the Section 1260H List does not, in and of itself, impose any legal prohibitions on investment activities by U.S. persons. Therefore, being designated on the Section 1260H List does not trigger delisting from any U.S. stock exchange.

In addition, we may from time to time be subject to various legal or administrative claims and proceedings arising in the ordinary course of our business. Litigation or any other legal or administrative proceeding, regardless of the outcome, may result in substantial cost and diversion of our resources, including our management's time and attention. See "Risk Factors — Risks Related to Our Business and Industry — We may need to defend ourselves against intellectual property right infringement claims, which may be time-consuming and could cause us to incur substantial costs" and "Risk Factors — Risks Related to Our Business and Industry — We, our directors, management, employees and shareholders and their affiliates may be subject to legal proceedings in the ordinary course of our business. If the outcomes of these proceedings are adverse to us, it could have a material adverse effect on our business, results of operations, and financial condition."

RISK MANAGEMENT AND INTERNAL CONTROL

We have adopted and implemented comprehensive risk management policies in various aspects of our business operations such as financial reporting, information system, internal control, human resources, and investment management. Furthermore, we conduct periodic review of the implementation of our risk management policies and internal control measures to ensure their effectiveness and sufficiency. Our Board is collectively responsible for establishing and implementing such risk management mechanisms and overseeing our overall risk management.

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, treasury management policies, and reimbursement management policies. We have various procedures in place to implement accounting policies, and our financial department reviews our management accounts based on such procedures.

Information System Risk Management

See "— Data Security and Privacy."

Human Resources Risk Management

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

Audit Committee Experience and Qualification and Board Oversight

We have established an audit committee to monitor the implementation of our risk management policies across our Company on an ongoing basis to ensure that our internal control system is effective in identifying, managing, and mitigating risks involved in our business operations. The audit committee consists of three independent non-executive Directors, namely, Ms. Yi Zhang, Dr. Jie Chen and Mr. Jia Ren, with Ms. Zhang being the chairperson after the completion of this Global Offering. For the professional qualifications and experiences of the members of our audit committee, see "Directors and Senior Management — Directors."

We also maintain an internal audit department that is responsible for reviewing the effectiveness of internal controls and reporting to the audit committee on any issues identified. Our internal audit department members hold regular meetings to discuss any internal control issues that we face and the corresponding measures to implement toward resolving such issues. The internal audit department reports to the audit committee to ensure that any major issues identified thus are channeled to the committee on a timely basis. The audit committee then discusses the issues and reports to the Board if necessary.

Internal Control Risk Management

Our Directors are responsible for formulating and overseeing the implementation of our internal control measures and the effectiveness of our quality management system.

Prior to our listing on the Nasdaq in February 2023, we had been a private company with insufficient accounting personnel and other resources with which to address our internal control. Neither we nor our independent registered public accounting firm undertook a comprehensive assessment of our internal control for purposes of identifying and reporting material weaknesses and other deficiencies in our internal control over financial reporting. In the course of preparing our consolidated financial statements as of and for the year ended December 31, 2022, 2023 and 2024, we identified one material weakness in our internal control over financial reporting as of December 31, 2024. As defined in the standards established by the SEC, a "material weakness" is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our company's annual or interim financial statements will not be prevented or detected on a timely basis. The U.S. securities law and Nasdaq rules do not specify the legal consequence for a un-remediated material weakness and we have not failed to comply with any SEC requirements by reasons of the identified material weakness.

The material weakness identified relates to lack of sufficient skilled staff with U.S. GAAP knowledge for the purpose of financial reporting, to ensure proper financial reporting to comply with U.S. GAAP and SEC requirements.

We have been in the process of developing and implementing the following measures to address the material weakness that has been identified: including (i) we have been continuously hiring more accounting personnel to strengthen the financial reporting function and have set up the financial reporting controls, (ii) we have been continuously implementing U.S. GAAP and SEC financial reporting training programs for our accounting and financial personnel, (iii) we have developed a set of period-end financial reporting policies and procedures, and we are committed to continuously refining and enhancing them, and (iv) we have engaged a third-party specialist to review the design of our financial reporting related internal controls and to recommend design improvements and we have fully adopted its recommendations.

The aforementioned remediation measures have been in the process of being developed and implemented during the fiscal year of 2024 and up to the Latest Practicable Date. We plan to continue to take additional measures to remediate the material weakness, including enhancing an internal audit function to ensure proper design and implementation of our accounting policies and financial reporting procedures. However, we cannot assure you that all these measures will be sufficient to remediate our material weakness in time, or at all. See "Risk Factors — Risks Related to Our Business and Industry — If we fail to develop and maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results in a timely manner, which may adversely affect investor confidence in us and materially and adversely affect our business and operating results."

In anticipation of the Listing, we have engaged an internal control consultant to conduct the internal control review and a follow-up review of the effectiveness of our internal controls associated with our business processes from January 1, 2024 to December 31, 2024. The internal control review and the follow-up review performed by the internal control consultant constituted a Long Form Report engagement pursuant to the relevant technical bullets in AATB1 issued by the Hong Kong Institute of Certified Public Accountants. The selected areas of the internal control review included entity-level controls, which covered the controls relating to the financial reporting competencies, and business process controls, which covered the financial reporting process. As a result of the internal control review, we identified certain areas that require improvements. We have subsequently taken remedial measures in response to the findings identified and recommendations provided by our internal control consultant. The internal control consultant also performed a follow-up review on our system of internal controls, with regard to the remedial actions taken by us to address the findings of the internal control review. Having completed these follow-up procedures, the internal control consultant did not identify any material deficiencies in our internal control system.

As of the Latest Practicable Date, there were no material outstanding issues relating to our internal control. Based on the remediation actions performed by the Directors, our Directors are of the view that the enhanced internal control measures are adequate and effective. Based on the due diligence conducted by the Joint Sponsors, nothing has come to the Joint Sponsors' attention that would cause them to doubt the Directors' view that the enhanced internal control measures are adequate and effective.

DATA SECURITY AND PRIVACY

Customer data that we obtain mainly consists of the following: (i) basic contact information necessary for business communication, such as the name, phone number and email address of the customer's designated contact person; and (ii) sales-related data, including contracts, purchase orders, invoice details and delivery addresses. All the aforesaid information is provided by the customers during the ordinary course of business.

Point cloud data generated by LiDAR during customer use is collected, stored, managed, controlled and owned by our customers. We neither access, store nor retain such data. In rare cases, customers may share a specific data snippet (a small segment of point cloud data isolated to demonstrate the problem) with us for troubleshooting purposes.

We have implemented comprehensive cybersecurity risk assessment procedures to ensure effectiveness in cybersecurity management, strategy, governance and reporting of cybersecurity risks. We have also integrated cybersecurity risk management into our overall enterprise risk management system.

We have developed a comprehensive cybersecurity management framework to address both internal and external threats. This framework encompasses daily monitoring, incident response and regular review, and spans multiple security domains, including networks, hosts, and application layers. In day-to-day monitoring, we deploy a variety of technical solutions to collect real-time threat information in order to prevent and detect risks and vulnerabilities in cybersecurity. We currently utilize third-party operated tools to detect and control cybersecurity threats. Our Information Security Working Group (as defined below) regularly monitors the performance of our information infrastructure, digital platforms and software to enable us to respond quickly to potential problems, including potential cybersecurity threats.

We put great emphasis on protecting data security and privacy. For our in-house data, we have established a data categorization and classification system with tailor-made security requirements applicable to each group and level of data, and harness specific protocols and technical control measures to comply with such requirements. For data obtained from our customers, we currently meet all the data security requirements that the customers have raised to us contractually with our existing in-house protection measures set in place. On top of that, we also update our data security requirements to cater to the special needs of certain customers from time to time. Our business generally does not face individual end-users directly; therefore, we do not collect and gain no access to any individual end users' personal identifiable data in our products or via our information system.

Our nominating and corporate governance committee of our Board is responsible for overseeing our information security risk management and staying informed on risks from information security threats, assuming the following responsibilities: (i) maintaining oversight of the disclosure related to information security matters in periodic reports of our company, (ii) reviewing updates to the status of any material information security incidents or material risks from information security threats to us, and the relevant disclosure issues, if any, presented by our chief executive officer, chief financial officer and information security officer, if necessary, on a quarterly basis, and (iii) review disclosure concerning information security matters in our annual report on Form 20-F, along with a report highlighting particular disclosure issues, if any, presented by our chief executive officer, chief financial officer and information security officer if necessary.

The chief executive officer, chief financial officer and information security officer are responsible for assessing, identifying and managing material risks from information security threats to us and monitoring the prevention, detection, mitigation and remediation of material information security incident, and maintaining oversight of the disclosure for material information security incidents, if any.

In addition, we have established the information security working group (the "**Information Security Working Group**"), led by our information security officer. Several members in our Information Security Working Group have three to five years' experience in system building, risk prevention and auditing in the field of cybersecurity and hold relevant certificates such as CISSP, CDPSE, CISA, etc. They are equipped with the skill set to identify and analyze a variety of cyber threats, including malware, hacking, phishing, and denial-of-service attacks, and also capable of assessing vulnerabilities for the system and apps, and providing recommendations and solutions to fix these vulnerabilities.

If an information security incident occurs, our Information Security Working Group will promptly organize relevant personnel for internal assessment, response and recovery according to the incident control process. If it is determined that the incident could potentially be a material information security event, our Information Security Working Group will promptly report the incident and assessment results to our disclosure committee, the nominating and corporate governance committee and other members of senior management and external legal counsel, to the extent appropriate. Our Information Security Working Group will prepare disclosure material on the information security incident for review and approval by the nominating and corporate governance committee or our Board, as appropriate, before it is disseminated to the public.

During the Track Record Period and up to the Latest Practicable Date, we had been in compliance with relevant laws and regulations in data security and privacy protection in all material respects. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material cybersecurity incidents or identify any material cybersecurity threats that have affected or are reasonably likely to materially affect us, our business strategy, results of operations or financial condition.

IMPACT OF THE ELEVATION IN TARIFFS

Since February 2025, the U.S. administration has cumulatively imposed a series of escalated tariffs on Chinese imports.

During the Track Record Period and prior to February 2025, our LiDAR sales to the U.S. were subject to tariffs of 25%. On April 1, 2025, the date we submitted our annual report on Form 20-F with the SEC, our LiDAR sales to the U.S. were subject to tariffs of 45%. The tariffs continued to increase since then. As of the date of this prospectus, sales of our LiDAR products exported from China to the U.S. were subject to a 70% tariff. For detail, please see "Regulatory Overview — U.S. Laws and Regulations — Regulations on Tariffs."

Although some U.S. customers have recently agreed to pay the applicable tariffs due to the recent volatility in tariffs on our LiDAR products, we are generally responsible for paying the import duties and tariffs on most of our LiDAR sales in the United States. In 2022, 2023, and 2024, revenues received from our sales to the United States amounted to RMB358.5 million, RMB748.1 million, and RMB280.9 million, respectively. These sales accounted for 29.8%, 39.9%, and 13.5% of our total revenue during each respective period. In the three months ended March 31, 2025, our revenues from the United States were RMB67.4 million (US$9.3 million), representing 12.8% of our revenue in such period. As of December 31, 2022, 2023, 2024, and March 31, 2025, we had served 102, 128, 142, and 145 customers in the United States, respectively. Tariffs on goods sold are recorded as cost of revenues in our financial statements. As a significant portion of the elevated tariffs were imposed after April 2025, these heightened tariffs did not have material adverse impact on our business operations and financial results during the Track Record Period. We don't expect these heightened tariffs will materially impact our future sales to the United States. From February 2025 and up to the Latest Practicable Date, we were not aware of any material order cancellation from our U.S. customers, nor have we experienced any material decrease in the volume of orders received from them as compared to the same period in the previous year.

To mitigate the potential impact of escalating tariffs, we have implemented a variety of measures since March 2025, including among others: (i) closely monitoring the developments in the China-U.S. and global trade relations. We have established a dedicated task force comprising senior executives from relevant departments, including finance, legal, logistics, sales and procurement. This task force is responsible for closely tracking trade policy developments in key markets, including the United States and the European Union. It regularly monitors official government announcements, industry publications and regulatory updates. In addition, we consult external experts to assess the potential impact of evolving trade measures on our operations; (ii) maintaining regular communication with our customers in the United States to explore mutually acceptable solutions, such as modifying the trade terms to reduce the tariff burden borne by us. As of the Latest Practicable Date, certain customers have agreed to undertake the applicable tariffs; and (iii) formulating plans to establish production facilities overseas. In May 2025, we entered into a lease agreement for a new production facility located in Southeast Asia. This facility is intended to support the production of selected LiDAR products for overseas markets. As of the Latest Practicable Date, the tariff rates applicable to imports of such products from Southeast Asian countries into the United States are generally lower than those imposed on imports originating from China. As a result, we believe that relocating part of our production to Southeast Asia presents a viable alternative to mitigate geopolitical and tariff risks, while enhancing our supply chain flexibility.

Our suppliers primarily consist of raw materials and key components suppliers of our LiDAR products. The main raw materials used in the production of our LiDAR products include mechanical parts, fasteners, packaging materials and consumables, and the key components used in the production of our LiDAR products include lasers, optics, receivers and chips. During the Track Record Period, we imported certain raw materials and key components, primarily consisted of semiconductors, from overseas suppliers. Following an agreement

between the U.S. and Chinese governments to temporarily reduce tariffs for a period of 90 days, effective from May 14, 2025, which was subsequently extended by an additional 90 days until November 10, 2025, our imported goods from the United States are currently subject to a reduced tariff of 10%.

Considering that (i) the most recent round of tariff escalation between China and the United States commenced only in February 2025, and (ii) declining proportion of our sales to the U.S. throughout the Track Record Period, our Directors believe that the tariff escalation did not have a material adverse impact on our operations, financial performance and supply chain during this period.

Our Directors are of the view that, to the best of our knowledge and based on currently available information, the tariff escalation by the United States (including, in a worst-case scenario, a reinstatement of the historically high tariff rate reached in April 2025 imposed on our products) will not have a material adverse impact on our business or results of operations in the foreseeable future. This conclusion is reached based on the following reasons:

(i) during the Track Record Period, our sales to the United States as a percentage of total net revenues declined as the shipment volume of our ADAS LiDAR products in China continued to grow. We expect this trend to continue, driven by the anticipated growth and rapid development of the China ADAS market. We believe that the rising adoption of LiDAR technology by domestic OEMs, coupled with our strong market position in China, will enable our domestic business to outpace the growth of our U.S. business, thereby reducing our reliance on the U.S. market and exposure to U.S.-specific trade risks. In addition, we expect our revenues from other overseas markets, such as Europe, to increase, supported by growing customer interest and market development in these regions, which we believe will further enhance the resilience of our overall revenue structure;

(ii) we have commenced the establishment of an overseas production facility in Southeast Asia, which is intended to support the production of selected LiDAR products for overseas customers. We believe this overseas production capacity will enable us to mitigate the long-term impact of U.S. tariffs on exports from China by diversifying our manufacturing footprint; and

(iii) we have implemented a series of proactive measures to mitigate the risks from the evolving tariff and international trade landscape, as discussed above, including, among others, maintaining regular communication with our customers in the United States to explore mutually acceptable solutions, such as modifying the trade terms to reduce the tariff burden borne by us.

For our sales of LiDAR products to customers in Europe, generally, our customers are responsible for import clearance and related costs. Additionally, the E.U. has raised tariffs on Chinese electric vehicles in addition to the existing 10% import duty previously applicable to Chinese electric vehicle manufacturers. These additional tariffs are only applicable to electric

vehicles made in China, not LiDAR products that we develop. As such, these new E.U. tariffs are not applicable to our sales. Furthermore, to the best of our knowledge, no electric vehicles manufactured by our Chinese OEM customers that are equipped with our LiDAR products were exported to the E.U. during the Track Record Period. Accordingly, our Directors are, therefore, of view that the E.U. tariffs have had and are expected to have limited impact on our business, operations and financial performance during the Track Record Period.

We are actively monitoring and analyzing the overall impact of rapidly evolving tariff situation on its financial and business operations.

LICENSES, APPROVALS AND PERMITS

As of the Latest Practicable Date, we had obtained all requisite licenses, approvals and permits from relevant authorities that are material to our operations, and such business licenses had remained in full effect. Our PRC Legal Advisor has advised us that there is no material legal impediment to renewing business licenses for our PRC subsidiaries. The table below sets forth the relevant details of the material licenses required for our operation:

Entity	Name of the License, Approval or Permit	Expiry Date
Hesai Technology Co., Ltd.	Receipt of Registration for Consignee and Consignor of Imported and Exported Goods with Customs (海關進出口貨物收發貨人備案回執)	N/A[1]
Hertz Technology Co. Ltd	Certificate of Registration for Customs Declaration Entity (報關單位備案證明)	N/A[1]
Shanghai Hesai Trade Co. Ltd	Receipt of Registration for Consignee and Consignor of Imported and Exported Goods with Customs (海關進出口貨物收發貨人備案回執)	N/A[1]
Hertz Technology Co. Ltd	Radiation Safety License (輻射安全許可證)	May 16, 2029
Hesai Technology Co., Ltd.	Radiation Safety License (輻射安全許可證)	August 26, 2026

Note:

(1) No specific expiry date is indicated on relevant certificate, approval or permit.

AWARDS AND RECOGNITIONS

The table below sets forth a summary of the major awards and projects that we have received as of the Latest Practicable Date:

Award/Recognition	Award Year	Awarding Institution/Authority
China Globalization Rising Star 中國全球化未來新星	2024	Fortune 財富
Top 100 New Automotive Supply Chain Enterprises in China 中國汽車新供應鏈百強	2024	Gasgoo 蓋世汽車
Outstanding Public Company Award 優秀上市公司獎	2024	Stock Star 證券之星
Most Commercially Valuable Enterprise of the Year 年度最具商業價值企業	2024	36Kr 36氪
Best Technical Product 最佳技術產品	2024	IAQSA (International Automotive Quality Standardization Association) 國際汽車品質標準化協會
Excellence Innovation Award 卓越創新獎	2024	Silicon Valley Innovation & Entrepreneurship Forum 硅谷高創會
Best Supplier Award 最佳供應獎	2024	Li Auto 理想汽車
Outstanding Partner Award 優秀夥伴獎	2024	Leapmotor 零跑汽車
CES 2024 Innovation Award 2024 CES 創新獎	2023	Consumer Electronics Show
The Main Chinese Overseas Players Worthy of Attention in 2023 2023年值得關注的中國出海主力	2023	Fortune 財富
2024 Strategic Partner 2024戰略合作伙伴	2023	Li Auto 理想汽車
Top 50 National Innovation Companies in the 21st Century 21世紀(全國)創新公司50強	2022	21st Century Business Herald 21世紀經濟報道
Top 50 Chinese Innovative Enterprises in 2022 2022中國創新力企業50強	2022	Forbes 福布斯

Award/Recognition	Award Year	Awarding Institution/Authority
Fortune China's Most Socially Influential Startups in 2022 2022年《財富》中國最具社會影響力創業公司	2022	Fortune 財富
The 5th China Leading Autotech 50 第五屆中國領先汽車科技企業50	2022	KPMG 畢馬威
55 Tech Startups to Bet Your Career on in 2022 2022年最值得押注職業生涯的55家初創科技公司	2022	Business Insider
WISE 2021 King of China's New Economy Unicorn Enterprises WISE 2021中國新經濟之王獨角獸企業	2021	36Kr 36氪
MIT Technology Review's 50 Smartest Companies of 2020 MIT科技評論2020年度50家聰明公司	2020	MIT Technology Review 麻省理工科技評論
2020 Forbes China High-Growth Gazelle Enterprises List 2020福布斯中國高增長瞪羚企業榜	2020	Forbes China 福布斯中國
Red Dot Award: Product Design 紅點產品設計獎	2018	Zentrum Nordrhein Westfalen
Shortlisted for the Prism Awards 入圍美國光學棱鏡獎	2017	SPIE & PHOTONICS MEDIA

You should read the following discussion and analysis in conjunction with our financial statements and accompanying notes included in the Accountants' Report in Appendix I to this document. Our consolidated financial information has been prepared in accordance with U.S. GAAP.

The Stock Exchange has granted us a waiver from strict compliance with the requirements of Rules 4.10, 4.11, 19.13 and 19.25A of, and note 2.1 to paragraph 2 of the Appendix D2 to, the Listing Rules, to allow us to prepare the Accountants' Report set out in Appendix I in conformity with U.S. GAAP, provided that a reconciliation of such financial information in accordance with IFRS is included in this document. In addition, the Stock Exchange has allowed us to prepare our accounts in accordance with U.S. GAAP after listing for the purposes of our financial reporting required under the Listing Rules, subject to the condition that, among others, our annual consolidated financial statements should include a reconciliation of our financial information in accordance with IFRS in the form and substance adopted in the Accountants' Report in Appendix I to this document.

The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. These statements are based on our assumptions and analyses in light of our experience and perception of historical trends, current conditions, and expected future developments, as well as other factors that we believe are appropriate under the circumstances. However, our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors" and elsewhere in this document. For further details, see "Forward-Looking Statements."

OVERVIEW

We are a global leader in three-dimensional light detection and ranging (LiDAR) solutions. We design, develop, manufacture, and sell advanced LiDAR products. Our LiDAR products enable a broad spectrum of applications across (i) passenger or commercial vehicles with advanced driver assistance systems and (ii) autonomous vehicle fleets providing passenger and freight mobility services, robotics and other non-automotive industries, such as automated guided vehicles/autonomous mobile robots, delivery robots, agricultural vehicles, wide industrial applications such as port and yard automation, and stationary applications. Leveraging advanced ASIC and other LiDAR technologies, proprietary in-house design and manufacturing capacities and platform level-shared architecture, we deliver LiDAR products balancing Performance, Quality and Cost to the expanding ADAS and Robotics markets.

We are a leading LiDAR company globally in terms of commercialization and financial performance, according to CIC. We have paved the way for LiDARs from technology innovation to mass production and widespread application, driving the evolution of intelligent vehicles.

- Our revenue scale and shipment volume demonstrate our industry position. We were the No. 1 LiDAR supplier globally in each of 2022, 2023 and 2024 in terms of revenue, according to CIC. By September 2022, we became the first LiDAR company globally to achieve 10,000 units shipment volume in a single month; by December 2024, we became the first LiDAR company globally to achieve 100,000 units shipment in a single month, according to CIC.

- We have achieved solid financial performance in the global LiDAR industry. We achieved the highest gross margin and gross profit among LiDAR companies worldwide in 2022, 2023, and 2024, according to CIC. Notably, we were the first LiDAR company in the world to achieve a full-year non-GAAP net profit (non-GAAP measure) in 2024. Additionally, we recorded full-year positive operating cash flow in both 2023 and 2024, making us the first publicly-listed LiDAR company to generate positive operating cash flow, according to CIC.

For each of our sub-markets:

- We ranked third in terms of revenue scale in the global ADAS market in 2024, according to CIC. We secured the highest number of design wins in the ADAS market as of March 31, 2025, from 22 OEMs globally across 120 vehicle models. We are the LiDAR provider for leading OEMs such as Li Auto (HKSE: 2015; NASDAQ: LI), Zeekr (NYSE: ZK), and Leapmotor (HKSE: 9863). Notably, we secured an exclusive design win with a top European OEM, launching a multi-year program that will extend into the next decade across both ICE and EV platforms, making us the first Chinese LiDAR provider for global vehicle platforms, according to CIC. From July 2022, when we began volume shipment, to December 31, 2024, we ranked the second in terms of accumulated shipment volume in the global ADAS market, according to CIC.

- We ranked No. 1 in terms of revenue scale in the global Robotics market in each of 2022, 2023 and 2024, according to CIC. We built our leadership in the Robotics market early on with a wide range of mechanical LiDAR products. By December 2024, we became the first LiDAR company globally to achieve 20,000 units shipment in a single month for Robotics applications, according to CIC. We were also a global leader in the global Robotaxi sector, a sub-sector of Robotics market, with a market share of over 55% in each of 2022, 2023 and 2024 in terms of revenue, according to CIC. During the Track Record Period, we were the primary LiDAR solution provider for nine out of the top ten autonomous driving companies in the world, according to CIC.

We have already started commercializing our technology. During the Track Record Period, we witnessed rapid growth in our shipment volume and revenues. We recognized revenues from approximately 80,400, 222,100, 501,900, 59,100 and 195,800 shipped LiDAR units in 2022, 2023, 2024 and the three months ended March 31, 2024 and 2025, respectively. Our net revenues increased by 56.1% from RMB1,202.7 million in 2022 to RMB1,877.0

million in 2023, and further increased by 10.7% to RMB2,077.2 million in 2024. In the three months ended March 31, 2025, our net revenues increased by 46.3% to RMB525.3 million (US$72.4 million), compared to RMB359.1 million in the same period of 2024. In addition, our net loss narrowed during our Track Record Period. We incurred net losses of RMB300.8 million, RMB476.0 million, RMB102.4 million, RMB106.9 million and RMB17.5 million (US$2.4 million) in 2022, 2023, 2024 and the three months ended March 31, 2024 and 2025, respectively. Our adjusted net loss, a non-GAAP financial measure, was RMB195.5 million, RMB241.3 million and RMB69.1 million in 2022, 2023 and the three months ended March 31, 2024, respectively. We realized adjusted net income (non-GAAP measure) of RMB13.7 million and RMB8.6 million (US$1.2 million) in 2024 and the three months ended March 31, 2025, respectively. See "— Non-GAAP Measures."

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business and operating results are affected by various factors that impact our total addressable market, including, among others, global development and competition in the LiDAR market, overall economic growth in China and globally, the widespread adoption of LiDAR technologies in the ADAS and Robotics markets, raw material costs, regulatory, tax and geopolitical environments. Changes in any of these general factors could affect the demand for our products and solutions and our results of operations. Specifically, we believe our results of operations are directly affected by the following key factors:

Global LiDAR Market Development and Competition

Our results of operations are significantly influenced by the pace of adoption and commercialization of LiDAR technology in the global market, particularly in the automotive and Robotics markets. As the LiDAR industry remains in an early stage of development, market adoption varies across regions and industries, with expectations for continued scaling of mass production and expansion of application scenarios. According to CIC, the global LiDAR industry, in terms of revenue, grew from US$0.3 billion in 2020 to US$1.6 billion in 2024 at a CAGR of 57.6%, and is expected to reach US$17.1 billion in 2029, with a projected CAGR of 61.2%.

The global LiDAR industry is highly competitive. Some competitors may benefit from greater financial resources or more established relationships with automotive OEMs, and may adopt aggressive pricing strategies to gain market share. These dynamics may lead to downward pricing pressure and rising expectations on product performance, cost-efficiency, and integration capabilities. To remain competitive and secure more design wins, we need to continue to invest in research and development, enhance our product offerings, and differentiate ourselves through technological innovation. While these efforts enables us to capture new business opportunities and strengthen our customer relationships, they may also increase our operating expenses and reduce our product margins.

Our Ability to Maintain Relationships with Customers and Increase Sales Volume

Our customers operate across a wide range of application scenarios for LiDAR products. We entered the LiDAR market in 2017 by providing autonomous vehicle fleets with passenger and freight mobility services, achieving significant success early on. As the ADAS market and Robotics market grew, we leveraged our deep industry experience and cutting-edge technologies to expand into these markets, steadily building a robust base of customers. Maintaining and deepening our collaboration and trust with existing customers, particularly OEMs, is critical to our business success. By deepening such relationships, OEMs may expand collaboration with us to more vehicle models. Retaining and expanding these customer relationships directly affect our results of operations and financial condition.

The sales volume attributable to each customer varies depending on several factors, including the size of the end market addressed by the product, the level of market penetration, product functionality, our customers' ability to commercialize their products, their production cycles, and their financial stability and reputation. In addition to end market demand, sales volume further depends on our customers' progression through their evaluation, integration and production processes. Our ability to achieve profitability is closely linked to the advancement of our customers' production schedules and the successful and timely launch of LiDAR-enabled products in their respective end markets, as well as our ability to meet their volume and cost expectations.

Our Ability to Expand in Domestic and International Markets

We are committed to developing our business in both domestic and international markets to increase net revenues and achieve profitability.

We have established and continue to strengthen our leading position in the domestic LiDAR market through our first-mover advantages in the fields of technology, design, development and mass production. At the same time, with an existing presence overseas, we intend to expand further in these markets over time, leveraging our insights in LiDAR design, ASIC approach, integrated in-house manufacturing, and our ability to fulfill functional safety requirements for automotive-grade standards. Accordingly, expanded global reach will require continued investment and may expose us to additional foreign currency risk, international taxes and tariffs, legal obligations and additional operational costs, risks and challenges that may impact our ability to meet our projected sales volumes, net revenues and gross margins.

Our Ability to Optimize the Pricing and Mix of Our LiDAR Products

As we offer a diverse portfolio of LiDAR products, our gross margin is affected by both product pricing and product mix. LiDAR products for the ADAS market generally have much lower average selling prices compared to those for the Robotics market. In particular, as LiDAR applications continue to expand into a wider range of industries and scenarios, our LiDAR offering is expected to be further diversified with various pricing options. In addition, our new generations of LiDAR products and our newly introduced product lines may face more

pricing pressure as the industry further develops. At the same time, we are facing increasing costs related to raw materials and the global supply chain, which may further weigh on our gross margin. Consequently, our profit margin may fluctuate in the foreseeable future as market conditions continue to evolve. See "Risk Factors — Risks Related to Our Business and Industry — Continued pricing pressures may result in lower than anticipated margins, or losses, which may adversely affect our business."

Our Ability to Increase Volume Production in a Cost-efficient Manner

We believe that we have the opportunity to increase our cost efficiency when operating at scale. To realize economies of scale in a timely and reliable manner, we have made significant investments in in-house manufacturing capabilities and adopted a platform approach to LiDAR design. We plan to further expand these efforts. Our future performance depends on our ability to achieve economies of scale and lower product costs to enable widespread industry adoption. This is important given that the manufacturing and labor costs of our products accounted for 29.7%, 27.8%, 33.8%, 31.7% and 28.8% of our total cost of revenues in 2022, 2023, 2024 and the three months ended March 31, 2024 and 2025, respectively. Our ability to effectively manage these costs by scaling up production and realizing economies of scale has had, and will continue to have, a significant impact on our financial results.

Our Ability to Effectively Leverage Our Research and Development Efforts to Maintain Our Leadership in Product Performance and Quality

We invest heavily in the research and development of LiDAR technology. Our research and development expenses were RMB555.2 million, RMB790.5 million, RMB855.6 million, RMB194.4 million and RMB183.3 million (US$25.3 million) in 2022, 2023, 2024 and the three months ended March 31, 2024 and 2025, respectively, accounting for 46.2%, 42.1%, 41.2%, 54.1% and 34.9% of the net revenues for same periods. Our financial performance is significantly dependent on our ability to maintain our leading position, which in turn depends on our continued investments in research and development. We believe it is essential to continuously upgrade our LiDAR products by implementing our research and development roadmap, particularly in relation to our proprietary ASICs. If we fail to continue our innovation, our market position and net revenues may be adversely affected, and we may not be able to recover our research and development investments.

Our Ability to Maintain and Improve Operating Efficiency

Our results of operations are affected by our ability to maintain and improve our operating efficiency, as measured by our total operating expenses as a percentage of our net revenues. Our total operating expenses as a percentage of our net revenues was 70.7%, 65.7%, 52.5%, 77.3% and 48.1% in 2022, 2023, 2024 and the three months ended March 31, 2024 and 2025, respectively. Improving operating efficiency is important to the success of our business and our prospects of gradually achieving profitability. As our business grows, we expect to further improve our operating efficiency and realize greater economies of scale.

CRITICAL ACCOUNTING POLICIES, JUDGMENTS, AND ESTIMATES

An accounting policy is considered critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time such estimate is made, and if different accounting estimates that reasonably could have been used, or changes in the accounting estimates that are reasonably likely to occur periodically, could materially impact the consolidated financial statements.

We prepare our financial statements in conformity with U.S. GAAP, which requires us to make judgments, estimates and assumptions. We continually evaluate these estimates and assumptions based on the most recently available information, our own historical experience and various other assumptions that we believe to be reasonable under the circumstances. Since the use of estimates is an integral component of the financial reporting process, actual results could differ from our expectations as a result of changes in our estimates. Some of our accounting policies require a higher degree of judgment than others in their application and require us to make significant accounting estimates.

The following descriptions of critical accounting policies, judgments and estimates should be read in conjunction with our consolidated financial statements and accompanying notes and other disclosures included in this document. When reviewing our financial statements, you should consider (i) our selection of critical accounting policies, (ii) the judgments and other uncertainties affecting the application of such policies and (iii) the sensitivity of reported results to changes in conditions and assumptions.

Revenue Recognition

We recognize revenue from sales of LiDAR products and other products at a point in time when control of the products is transferred to the customers, which generally occurs upon delivery according to the terms of the underlying contracts. Product sales to certain customers may require customer acceptance due to performance acceptance criteria that is considered more than a formality. For these product sales, revenue is recognized upon the expiration of the customer acceptance period. Our general terms and conditions for our contracts do not contain a right of return that allows the customer to return products and receive a credit, and therefore we do not estimate returns. Our standalone selling prices are based on the prices charged to customers for the single performance obligation which is transfer of control of products upon delivery to the customers or upon expiration of the customer acceptance period. Revenue is measured as the amount of consideration expected to receive in exchange for transferring the promised goods, adjusted for any variable consideration such as price concessions or annual price adjustments as estimated at contract inception. We estimate variable consideration at the most likely amount they will receive from customers and reduce revenues recognized accordingly. We include estimated amounts in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. Our estimates of variable consideration and determination of whether to include estimated amounts in the transaction price are based largely on an assessment of their anticipated performance and all information

(historical, current and forecasted) that is reasonably available to us. We adjust the estimate of revenue at the earlier of when the value of consideration they expect to receive changes or when the consideration becomes fixed. Amounts billed to customers for shipping and handling are included in revenue. Taxes collected from customers and remitted to governmental authorities are excluded from revenue on the net basis of accounting. Accounts receivable are due under normal trade terms, typically within 30 to 90 days.

During the fourth quarter of 2024, certain customers started to negotiate with us for sales rebates due to the change in market conditions. After such negotiation, we and these customers agreed to provide these customers sales rebates regarding the products previously sold in 2024. We recorded these rebates as reductions of revenue in the fourth quarter of 2024. The total amount of these rebates was RMB48.0 million, which accounted for 2.3% of the revenues for year ended December 31, 2024. No additional sales rebates were granted during the three months ended March 31, 2025.

For LiDAR solution that we offer customers with a combination of hardware, software, deployment and professional services and engineering design, development and validation service projects, control of the goods and services may be transferred over time or at a point in time depending on the terms of the contract. Control of the goods and services is transferred over time when our performance does not create an asset with an alternative use to us and we have an enforceable right to payment for performance completed to date. We recognize revenue over time using an input method based on contract cost incurred to date compared to total estimated contract cost (cost-to-cost) as the services are provided. Otherwise, revenue is recognized at a point in time when the customer obtains control of the goods and services.

Generally, our contracts had original durations of less than one year during the Track Record Period. Therefore, we utilize the practical expedient under ASC 606 not disclosing the unsatisfied performance obligations for these contracts.

We typically provide standard product warranties on LiDARs. For LiDARs used in Robotics market, such warranties last one or two years. For those used in ADAS market, such warranties cover five years or 100 thousand kilometers, whichever comes first. Standard warranties are considered to be assurance type warranties and are not accounted for as separate performance obligations. We accrue estimated future warranty costs and charges to cost of revenues in the period that the related revenue is recognized. These estimates are based on historical warranty experience and any known or expected changes in warranty exposure, such as trends of product reliability and costs of repairing and replacing defective products. We also provide extended warranties as a service for an additional term ranging one to two additional years. For service type extended warranty contracts, we allocate revenue to this performance obligation on a relative standalone selling price basis and recognize the revenue ratably over time during the effective period of the services.

Current Expected Credit Loss ("CECL") for Accounts Receivable and Contract Assets

Allowance for credit loss represents our estimate of current expected credit losses on our trade accounts receivable and contract assets. Accounts receivable and contract assets from customers are generated from our sales and service businesses. The adequacy of the allowance for CECL is assessed quarterly and the assumptions and models used in establishing the allowance are evaluated regularly. Because CECL can vary substantially over time, estimating CECL requires a number of assumptions about matters that are uncertain. Changes in our assumptions affect provision for/(reversal of) CECL on our income statements and the allowance for credit losses contained within accounts receivable, net and contract assets, net recorded on our balance sheets.

We manage customers by six pools — domestic PRC OEM customers, domestic PRC other customers, overseas OEM customers, overseas other customers, customers facing operational difficulties and other special customers. For the purposes of performing ongoing credit evaluation, the customers are aggregated into two portfolio segments by reviewing their credit rating and assessing allowance for credit loss based on CECL model. Category 1 consists of the first four pools customers who have a relatively low credit risk and no default history. Category 2 is for customers facing operational difficulties and other special circumstances who have a relatively higher credit risk. We develop a CECL model based on historical collection experience, the age of the accounts receivable balances, current economic conditions, the forward-looking information of future economic conditions, and other factors that may affect its ability to collect from customers. Our allowance for credit losses is based on the following key assumptions regarding:

- Probability of default. The expected probability of payment and time to default which include assumptions about macroeconomic factors and recent performance.

- Loss given default. The percentage of the expected balance due at default that is not recoverable. The loss given default takes into account the expected collateral value and future recoveries.

- Macroeconomic factors used in our models are country specific and include variables such as consumer price index, money supply M2, non-performing loan ratios, and gross domestic product.

Changes in the probability of default and loss given default assumptions would affect the allowance for credit losses. The allowance of accounts receivable and contract assets as of December 31, 2022, 2023 and 2024 and March 31, 2025 were RMB6.7 million, RMB49.3 million, RMB64.9 million and RMB62.1 million, respectively. The effect of the indicated increase/decrease in the assumption is as follows:

Assumption	Basic Point Change	Increase/(Decrease)			
		As of December 31,			As of March 31,
		2022	2023	2024	2025
		(RMB in thousands)			
Probability of default . . .	+/–100	212/(212)	1,033/(1,033)	1,210/(1,210)	979/(979)
Loss given default	+/–100	599/(599)	5,550/(5,550)	7,995/(7,995)	9,963/(9,963)

RESULTS OF OPERATIONS

The following table sets forth a summary of our consolidated results of operations for the periods presented, both in absolute amount and as percentages of our net revenues. This information should be read together with our consolidated financial statements and related notes included elsewhere in this document. The results of operations in any particular period are not necessarily indicative of our future trends.

	For the Year Ended December 31,						For the Three Months Ended March 31,				
	2022		2023		2024		2024		2025		
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*US$*	*%*
							(unaudited)				
	(in thousands, except for percentages)										
Net revenues	**1,202,670**	**100.0**	**1,876,989**	**100.0**	**2,077,157**	**100.0**	**359,120**	**100.0**	**525,302**	**72,389**	**100.0**
Cost of revenues[1]	(730,683)	(60.8)	(1,215,611)	(64.8)	(1,192,572)	(57.4)	(219,898)	(61.2)	(306,067)	(42,177)	(58.3)
Gross profit	**471,987**	**39.2**	**661,378**	**35.2**	**884,585**	**42.6**	**139,222**	**38.8**	**219,235**	**30,212**	**41.7**
Sales and marketing expenses[1] . . .	(104,835)	(8.7)	(148,798)	(7.9)	(193,032)	(9.3)	(41,964)	(11.7)	(50,546)	(6,965)	(9.6)
General and administrative expenses[1]	(201,007)	(16.7)	(320,144)	(17.1)	(316,913)	(15.3)	(68,767)	(19.1)	(54,087)	(7,453)	(10.3)
Research and development expenses[1]	(555,179)	(46.2)	(790,547)	(42.1)	(855,641)	(41.2)	(194,402)	(54.1)	(183,306)	(25,260)	(34.9)
Other operating income, net.	10,817	0.9	26,520	1.4	276,093	13.3	27,456	7.6	35,256	4,858	6.7
Total operating expenses	**(850,204)**	**(70.7)**	**(1,232,969)**	**(65.7)**	**(1,089,493)**	**(52.5)**	**(277,677)**	**(77.3)**	**(252,683)**	**(34,820)**	**(48.1)**
Loss from operations	**(378,217)**	**(31.4)**	**(571,591)**	**(30.5)**	**(204,908)**	**(9.9)**	**(138,455)**	**(38.6)**	**(33,448)**	**(4,608)**	**(6.4)**
Interest income	58,734	4.9	99,813	5.3	104,401	5.0	32,795	9.1	20,521	2,828	3.9
Interest expenses	–	–	(3,069)	(0.2)	(12,827)	(0.6)	(2,286)	(0.6)	(5,007)	(690)	(1.0)
Foreign exchange gain/(loss), net . .	20,858	1.7	(452)	0.0	14,577	0.7	1,493	0.4	1,024	141	0.2
Other (loss)/income, net	(2,161)	(0.2)	34	0.0	(2,476)	(0.1)	(212)	(0.1)	(694)	(96)	(0.1)

	For the Year Ended December 31,						For the Three Months Ended March 31,				
	2022		2023		2024		2024		2025		
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	US$	%
							(unaudited)				
					(in thousands, except for percentages)						
Net loss before income tax and share of loss in equity method investments	(300,786)	(25.0)	(475,265)	(25.3)	(101,233)	(4.9)	(106,665)	(29.7)	(17,604)	(2,425)	(3.4)
Income tax benefit/(expense)	66	0.0	(658)	0.0	(1,130)	(0.1)	(248)	(0.1)	67	9	0.0
Share of loss in equity method investment	(45)	(0.0)	(45)	0.0	(13)	0.0	(12)	0.0	(12)	(2)	0.0
Net loss	(300,765)	(25.0)	(475,968)	(25.4)	(102,376)	(4.9)	(106,925)	(29.8)	(17,549)	(2,418)	(3.3)

Note:

(1) Share-based compensation expenses were allocated as follows:

	For the Year Ended December 31,			For the Three Months Ended March 31,		
	2022	2023	2024	2024	2025	
	RMB	RMB	RMB	RMB	RMB	US$
				(unaudited)		
			(in thousands)			
Share-based compensation expenses:						
Cost of revenues	8,037	16,245	6,932	2,249	1,935	267
Sales and marketing expenses	6,291	20,682	12,972	2,782	4,158	573
General and administrative expenses	48,998	63,326	27,776	14,948	4,193	578
Research and development expenses	41,893	134,371	68,384	17,821	15,900	2,191
Total	**105,219**	**234,624**	**116,064**	**37,800**	**26,186**	**3,609**

NON-GAAP MEASURES

In evaluating our business, we consider and use adjusted loss from operations (non-GAAP measure) and adjusted net income/(loss) (non-GAAP measure) to supplement the review and assessment of our operating performance. We believe that these non-GAAP measures facilitate comparisons of operating performance from period to period and with peer companies. Accordingly, we believe that these measures provide useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. Our presentation of adjusted loss from operations (non-GAAP measure) and adjusted net income/(loss) (non-GAAP measure) may not be comparable to similarly titled measures presented by other companies. The use of these non-GAAP measures has limitations as an analytical tool, and you should not consider them in isolation from, or as substitutes for analysis of, our results of operations as reported under U.S. GAAP.

We define adjusted loss from operations (non-GAAP measure) and adjusted net income/(loss) (non-GAAP measure) as loss from operations and net loss adjusted for the impact of share-based compensation expenses, which are non-cash in nature.

The following table sets forth the reconciliation of adjusted loss from operations (non-GAAP measure) and adjusted net income/(loss) (non-GAAP measure) for the periods indicated to loss from operations and net loss, respectively.

	For the Year Ended December 31,			For the Three Months Ended March 31,		
	2022	2023	2024	2024	2025	
	RMB	*RMB*	*RMB*	*RMB*	*RMB*	*US$*
				(unaudited)		
			(in thousands)			
Loss from operations	(378,217)	(571,591)	(204,908)	(138,455)	(33,448)	(4,609)
Add: Share-based compensation expenses, net of tax	105,219	234,624	116,064	37,800	26,186	3,609
Adjusted loss from operations (non-GAAP measure)	**(272,998)**	**(336,967)**	**(88,844)**	**(100,655)**	**(7,262)**	**(1,001)**
Net loss	(300,765)	(475,968)	(102,376)	(106,925)	(17,549)	(2,418)
Add: Share-based compensation expenses, net of tax	105,219	234,624	116,064	37,800	26,186	3,609
Adjusted net income/(loss) (non-GAAP measure)	**(195,546)**	**(241,344)**	**13,688**	**(69,125)**	**8,637**	**1,190**

DESCRIPTION OF KEY COMPONENTS OF RESULTS OF OPERATIONS

Net Revenues

We generate net revenues from (i) the sales of LiDAR products and other products, and (ii) the provision of engineering design, development and validation services, and other services.

The following table sets forth a breakdown of our net revenues in absolute amounts and as a percentage of our net revenues for the periods presented:

	For the Year Ended December 31,						For the Three Months Ended March 31,				
	2022		2023		2024		2024		2025		
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*US$*	*%*
							(unaudited)				
					(in thousands, except for percentages)						
Product revenues											
LiDAR products	1,122,237	93.3	1,735,254	92.5	1,946,775	93.7	350,596	97.6	508,177	70,029	96.7
Other products	29,630	2.5	29,636	1.5	19,259	1.0	2,381	0.7	2,476	341	0.5
Subtotal	**1,151,867**	**95.8**	**1,764,890**	**94.0**	**1,966,034**	**94.7**	**352,977**	**98.3**	**510,653**	**70,370**	**97.2**
Service revenues											
Engineering design, development and validation services	43,101	3.6	100,493	5.4	100,290	4.8	2,291	0.6	12,649	1,743	2.4
Other services	7,702	0.6	11,606	0.6	10,833	0.5	3,852	1.1	2,000	276	0.4
Subtotal	**50,803**	**4.2**	**112,099**	**6.0**	**111,123**	**5.3**	**6,143**	**1.7**	**14,649**	**2,019**	**2.8**
Total	**1,202,670**	**100.0**	**1,876,989**	**100.0**	**2,077,157**	**100.0**	**359,120**	**100.0**	**525,302**	**72,389**	**100.0**

Product Revenues

Our product revenues are primarily generated from the sales of LiDAR products. Other product revenues represent revenues from the sales of gas detection products and accessories to our LiDAR products.

During the Track Record Period, product revenues represented the substantial majority of our total net revenues and demonstrated continuous growth. In 2022, 2023, 2024 and the three months ended March 31, 2024 and 2025, our product revenues amounted to RMB1,151.9 million, RMB1,764.9 million, RMB1,966.0 million, RMB353.0 million and RMB510.7 million (US$70.4 million), accounting for 95.8%, 94.0%, 94.7%, 98.3% and 97.2% of our total net revenues, respectively. This steady increase was primarily driven by consistently strong and rising demand for our LiDAR products, with shipments increasing from approximately 80,400 units in 2022 to approximately 222,100 units in 2023 and further to approximately 501,900 units in 2024. In the three months ended March 31, 2025, our shipments of LiDAR products increased significantly to approximately 195,800 units, compared to approximately 59,100 units in the same period of 2024.

Service Revenues

Our service revenues are primarily generated from engineering design, development and validation services related to LiDAR products, which include a combination of hardware, software, deployment and professional services and other related services. In the course of LiDAR product sales, we also offer our customers, primarily automotive customers, a range of related services, including product customization and development services, which generate corresponding service revenues. Our revenues from engineering design, development and validation services are generally project-based and non-recurring, with the scope of services and contract value varying from project to project based on actual customer demands. Other service revenues represent fees from extended warranty services for LiDAR products. In 2022, 2023, 2024 and the three months ended March 31, 2024 and 2025, our service revenues amounted to RMB50.8 million, RMB112.1 million, RMB111.1 million, RMB6.1 million and RMB14.6 million (US$2.0 million), accounting for 4.2%, 6.0%, 5.3%, 1.7% and 2.8% of total net revenues, respectively.

Revenue by Geographic Location

The following table sets forth a breakdown of our net revenues by geographic location in absolute amount and as a percentage of our net revenues for the periods indicated:

	For the year ended December 31,						For the three months ended March 31,				
	2022		2023		2024		2024		2025		
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*US$*	*%*
							(unaudited)				
	(in thousands, except for percentages)										
Revenues by geographic location											
Mainland China	697,294	58.0	991,912	52.8	1,542,793	74.3	228,883	63.7	423,271	58,328	80.6
North America	358,549	29.8	748,147	39.9	280,874	13.5	73,778	20.5	67,382	9,285	12.8
Europe	86,153	7.2	70,500	3.8	161,095	7.8	35,565	9.9	18,255	2,516	3.5
Other regions[(1)]	60,674	5.0	66,430	3.5	92,395	4.4	20,894	5.8	16,394	2,260	3.1
Total	1,202,670	100.0	1,876,989	100.0	2,077,157	100.0	359,120	100.0	525,302	72,389	100.0

Note:

(1) Others mainly include Japan, Korea, and Singapore.

During the Track Record Period, we derived a substantial portion of our revenues from mainland China, which accounted for 58.0%, 52.8%, 74.3%, 63.7% and 80.6% of our total net revenues in 2022, 2023, 2024 and the three months ended March 31, 2024 and 2025, respectively. Our revenues from mainland China increased from RMB697.3 million in 2022 to RMB991.9 million in 2023, and further to RMB1,542.8 million in 2024. In the three months

ended March 31, 2025, revenues from mainland China increased to RMB423.3 million from RMB228.9 million in the same period of 2024. These increases were primarily driven by the continued growth in shipment volume of our ADAS LiDAR products, reflecting the increasing adoption of LiDAR technology by domestic OEMs and our leading market position in China.

North America was our largest overseas market in terms of revenue contribution during the Track Record Period. Our revenue from North America was RMB358.5 million, RMB748.1 million, RMB280.9 million, RMB73.8 million and RMB67.4 million in 2022, 2023, 2024 and the three months ended March 31, 2024 and 2025, respectively, accounting for 29.8%, 39.9%, 13.5%, 20.5% and 12.8% of our total net revenues in the respective periods. The decline in revenues from 2023 to 2024, and from the three months ended March 31, 2024 to the same period in 2025, was primarily attributable to the suspension of autonomous driving projects by a leading global OEM headquartered in the United States, which was Customer B, one of our top five customers in 2022 and 2023. This decline resulted in a decrease in revenues from this customer in 2024 and the three months ended March 31, 2025.

Revenue generated from Europe amounted to RMB86.2 million, RMB70.5 million, RMB161.1 million, RMB35.7 million and RMB18.3 million in 2022, 2023, 2024 and the three months ended March 31, 2024 and 2025, respectively. Revenue in this region was primarily derived from sales of robotics LiDAR products, which were subject to fluctuations due to changes in market demand and delivery schedules. The significant increase in 2024 was mainly attributable to engineering design, development and validation service revenue from a top European OEM, as well as an increase in sales volume of our robotics LiDAR products.

Revenue from other regions remained relatively modest, accounting for 5.0% or less of our total net revenues in each year/period of the Track Record Period.

Cost of Revenues

Our cost of revenues primarily comprise (i) material and component cost, representing the cost of raw materials and components used in our LiDAR and gas detection products, including mechanical components, optical components, electronic materials and chips, (ii) manufacturing cost, including depreciation of production-related assets, and (iii) labor cost associated with the production of our LiDAR and gas detection products. Our cost of revenues also includes other costs, mainly consisting of shipping costs and tariff, royalty fees, and warranty costs. During the Track Record Period, material and component cost increased in line with the continued growth in sales volume of our LiDAR products. As a percentage of net revenue, material and component cost remained relatively stable at 36.0% and 36.2% in 2022 and 2023, respectively, and declined to 34.2% in 2024, primarily due to the increased proportion of ADAS LiDAR product sales. ADAS LiDAR products have a lower proportion of material and component cost in their overall cost structure, largely due to the use of our ASICs that reduce the BOM costs. Material and component cost as a percentage of net revenues increased from 36.3% in the three months ended March 31, 2024 to 37.4% in the same period of 2025, primarily due to a decrease in average selling price of LiDAR products.

The following table sets forth a breakdown of our cost of revenues in absolute amounts and as percentages of our net revenues for the periods presented:

	For the Year Ended December 31,						For the Three Months Ended March 31,				
	2022		2023		2024		2024		2025		
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*US$*	*%*
							(unaudited)				
	(in thousands, except for percentages)										
Material and component cost	432,229	36.0	679,098	36.2	711,119	34.2	130,329	36.3	196,440	27,070	37.4
Manufacturing cost	171,844	14.3	280,284	14.9	371,910	17.9	63,335	17.6	78,711	10,847	15.0
Labor cost	44,872	3.7	57,740	3.1	31,154	1.5	6,269	1.7	9,311	1,283	1.8
Other cost[(1)]	81,738	6.8	198,489	10.6	78,389	3.8	19,965	5.6	21,605	2,977	4.1
Total cost of revenues	**730,683**	**60.8**	**1,215,611**	**64.8**	**1,192,572**	**57.4**	**219,898**	**61.2**	**306,067**	**42,177**	**58.3**

Note:

(1) Includes a royalty fee of RMB18.0 million, RMB35.3 million, RMB24.6 million, RMB6.9 million and RMB6.5 million (US$0.9 million) in 2022, 2023, 2024 and the three months ended March 31, 2024 and 2025, respectively, under the Hesai-Velodyne Agreement. For details, see "— Contractual Obligations" and "Business — Compliance and Legal Proceedings."

Gross Profit and Gross Profit Margin

The following table sets forth our gross profit and gross profit margin for the periods presented:

	For the Year Ended December 31,			For the Three Months Ended March 31,		
	2022	2023	2024	2024	2025	
	RMB	*RMB*	*RMB*	*RMB*	*RMB*	*US$*
				(unaudited)		
			(in thousands)			
Gross profit	471,987	661,378	884,585	139,222	219,235	30,212
Gross profit margin (%)	39.2	35.2	42.6	38.8	41.7	41.7

Our gross profit increased from RMB472.0 million in 2022 to RMB661.4 million in 2023 and further to RMB884.6 million in 2024. Gross profit also increased from RMB139.2 million in the three months ended March 31, 2024 to RMB219.2 million (US$30.2 million) in the same period of 2025. These increases were primarily due to consistent revenue growth during the Track Record Period, which was driven by increased demand for our LiDAR products. Our gross profit margin decreased from 39.2% in 2022 to 35.2% in 2023, primarily due to (i) a change in product mix following the mass production of LiDAR products targeting the ADAS market in 2023 and (ii) relatively higher costs in our ADAS business as it was still in a ramp-up phase. Our gross profit margin increased from 35.2% in 2023 to 42.6% in 2024, and from 38.8% in the three months ended March 31, 2024 to 41.7% in the same period of 2025, primarily attributable to effective cost optimization due to product iteration and economies of scale for both ADAS and Robotics LiDAR products.

Operating Expenses

Our operating expenses consist of research and development expenses, general and administrative expenses, sales and marketing expenses and other operating expenses. The following table sets forth our operating expenses in absolute amounts and as percentages of our net revenues for the periods presented:

	For the Year Ended December 31,						For the Three Months Ended March 31,				
	2022		2023		2024		2024		2025		
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*US$*	*%*
							(unaudited)				
	(in thousands, except for percentages)										
Sales and marketing expenses	104,835	8.7	148,798	7.9	193,032	9.3	41,964	11.7	50,546	6,965	9.6
General and administrative expenses	201,007	16.7	320,144	17.1	316,913	15.3	68,767	19.1	54,087	7,453	10.3
Research and development expenses	555,179	46.2	790,547	42.1	855,641	41.2	194,402	54.1	183,306	25,260	34.9
Other operating income, net	(10,817)	(0.9)	(26,520)	(1.4)	(276,093)	(13.3)	(27,456)	(7.6)	(35,256)	(4,858)	(6.7)
Total operating expenses	**850,204**	**70.7**	**1,232,969**	**65.7**	**1,089,493**	**52.5**	**277,677**	**77.3**	**252,683**	**34,820**	**48.1**

Sales and Marketing Expenses

Our sales and marketing expenses consist of (i) employee benefit expenses, including salaries, share-based compensation, bonuses and other benefits for employees involved in sales and marketing functions, (ii) marketing and business development expenses, (iii) rental expenses, and (iv) other expenses, primarily including depreciation and amortization and freight expenses.

The following table sets forth a breakdown of our sales and marketing expenses for the periods indicated:

	For the Year Ended December 31,						For the Three Months Ended March 31,				
	2022		2023		2024		2024		2025		
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*US$*	*%*
							(unaudited)				
	(in thousands, except for percentages)										
Employee benefit expenses	77,736	74.2	104,462	70.2	124,548	64.5	27,821	66.3	40,249	5,546	79.6
Marketing and business development expenses	8,080	7.7	15,496	10.4	32,521	16.8	7,540	18.0	4,718	650	9.3
Rental expenses	6,480	6.2	11,893	8.0	8,609	4.5	2,272	5.4	1,841	254	3.6
Others	12,539	11.9	16,947	11.4	27,354	14.2	4,331	10.3	3,738	515	7.4
Total	**104,835**	**100.0**	**148,798**	**100.0**	**193,032**	**100.0**	**41,964**	**100.0**	**50,546**	**6,965**	**100.0**

We expect our sales and marketing expenses to increase in absolute amount as we seek to continue to expand our customer base and increase our marketing efforts.

General and Administrative Expenses

Our general and administrative expenses consist of (i) employee benefit expenses, including salaries, share-based compensation, bonuses and other benefits for employees involved in general corporate functions, (ii) professional service fees, (iii) expected credit losses relating to the collection of accounts receivable, (iv) depreciation and amortization, (v) a non-recurring suspension loss relating to expenses incurred due to temporary production halt in the second quarter of 2022 during the COVID-19 pandemic, including employee salaries, depreciation of production equipment and rental payments for our factories, and (vi) other general corporate related expenses.

The following table sets forth a breakdown of our general and administrative expenses for the periods presented:

	For the Year Ended December 31,						For the Three Months Ended March 31,				
	2022		2023		2024		2024		2025		
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*US$*	*%*
							(unaudited)				
	(in thousands, except for percentages)										
Employee benefit expenses	126,986	63.2	175,600	54.9	146,239	46.1	41,899	60.9	30,307	4,176	56.0
Professional service fees	11,013	5.5	57,537	18.0	77,471	24.4	10,428	15.2	10,488	1,445	19.4
Expected credit losses	(1,810)	(0.9)	43,004	13.4	15,619	4.9	823	1.2	(2,731)	(376)	(5.0)

	For the Year Ended December 31,						For the Three Months Ended March 31,				
	2022		2023		2024		2024		2025		
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*US$*	*%*
							(unaudited)				
	(in thousands, except for percentages)										
Depreciation and amortization. .	7,214	3.6	12,145	3.8	13,827	4.4	3,956	5.8	3,690	508	6.8
Suspension loss	30,405	15.1	–	–	–	–	–	–	–	–	–
Others.	27,199	13.5	31,858	10.0	63,757	20.2	11,661	17.0	12,333	1,700	22.8
Total	201,007	100.0	320,144	100.0	316,913	100.0	68,767	100.0	54,087	7,453	100.0

We expect our general and administrative expenses to increase in the near future as we will incur additional expenses related to the anticipated growth of our business as well as accounting, insurance, investor relations and other costs related to our operations as a public company.

Research and Development Expenses

Our research and development expenses primarily consist of (i) employee benefit expenses, representing personnel-related costs directly associated with research and development, including salaries, share-based compensation, bonuses and other benefits, (ii) material expenses for research and development, (iii) depreciation and amortization, and (iv) other expenses, primarily including product development and testing expenses, and third-party engineering and contractor costs.

The following table sets forth a breakdown of our research and development expenses for the periods indicated:

	For the Year Ended December 31,						For the Three Months Ended March 31,				
	2022		2023		2024		2024		2025		
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*US$*	*%*
							(unaudited)				
	(in thousands, except for percentages)										
Employee benefit expenses	381,700	68.8	592,223	74.9	594,567	69.5	132,817	68.3	132,044	18,196	72.0
Material expenses	59,602	10.7	75,093	9.5	70,057	8.2	15,809	8.1	16,101	2,219	8.8
Depreciation and amortization.	23,825	4.3	29,194	3.7	75,174	8.8	20,197	10.4	17,310	2,385	9.4
Others.	90,052	16.2	94,037	11.9	115,843	13.5	25,579	13.2	17,850	2,460	9.7
Total	555,179	100.0	790,547	100.0	855,641	100.0	194,402	100.0	183,306	25,260	100.0

We expect our research and development expenses to increase in absolute amount as we continue to improve our technology and develop new LiDAR products.

Other Operating Income, Net

Our other operating income primarily consists of government grants, including value-added tax benefits, operating subsidies and production line construction subsidies received from PRC local governments. In 2022, 2023, 2024 and the three months ended March 31, 2024 and 2025, we had net other operating income of RMB10.8 million, RMB26.5 million, RMB276.1 million, RMB27.5 million and RMB35.3 million (US$4.9 million), respectively. The substantial increase from RMB26.5 million in 2023 to RMB276.1 million in 2024 was primarily attributable to (i) a one-off project-based payment of RMB203.3 million from a leading global OEM headquartered in the United States and (ii) an increase of RMB56.9 million in government grant income. The one-off project-based payment was intended to compensate us for our investments in research and development, as well as the actual costs of work-in-progress and raw materials incurred in connection with a contract with this customer entered into in March 2023. This contract, originally set to remain effective through December 2025, was terminated by this customer due to the suspension of the relevant project by the customer.

Interest Income

Our interest income represents interest earned on our cash and cash equivalents, as well as our short-term investments. In 2022, 2023, 2024 and the three months ended March 31, 2024 and 2025, we had interest income of RMB58.7 million, RMB99.8 million, RMB104.4 million, RMB32.8 million and RMB20.5 million (US$2.8 million), respectively.

Interest Expenses

Our interest expenses represent interest expenses on our bank borrowings. In 2022, 2023, 2024 and the three months ended March 31, 2024 and 2025, our interest expenses were nil, RMB3.1 million, RMB12.8 million, RMB2.3 million and RMB5.0 million (US$0.7 million), respectively.

Foreign Exchange Gain/(Loss), Net

Our foreign exchange gain/(loss) represents gain or loss resulting from the impact of fluctuations in foreign exchange rates, primarily related to our net revenues denominated in U.S. dollars. In 2022, 2023, 2024 and the three months end March 31, 2024 and 2025, we recorded net foreign exchange gain of RMB20.9 million, net foreign exchange loss of RMB452 thousand, and net foreign exchange gains of RMB14.6 million, RMB1.5 million and RMB1.0 million (US$0.1 million), respectively.

Other (Loss)/Income, Net

Our other (loss)/income primarily consists of certain non-operating or non-recurring items, such as gains or losses from assets disposal. In 2022, 2023, 2024 and the three months ended March 31, 2024 and 2025, we had net other loss of RMB2.2 million, net other income of RMB34 thousand, and net other losses of RMB2.5 million, RMB0.2 million and RMB0.7 million (US$0.1 million), respectively.

Taxation

Cayman Islands

The Cayman Islands currently levies no taxes on corporations based upon profits, income, gains, or appreciation. There are no other taxes likely to be material to us levied by the government of the Cayman Islands except for stamp duties, which may be applicable on instruments executed in, or brought within the jurisdiction of, the Cayman Islands. In addition, the Cayman Islands does not impose withholding tax on dividend payments.

Hong Kong

Our subsidiary in Hong Kong is subject to an income tax rate of 16.5% on any part of assessable profits over HKD2,000,000 and 8.25% for assessable profits below HKD2,000,000. Additionally, payments of dividends by our subsidiary in Hong Kong to our Company are not subject to any Hong Kong withholding tax.

Mainland China

Under the PRC Enterprise Income Tax Law effective from January 1, 2008, which was most recently amended on December 29, 2018, our mainland China subsidiaries are subject to the statutory rate of 25%, subject to preferential tax treatments available to qualified enterprises in certain encouraged sectors of the economy.

Enterprises that qualify as high and new technology enterprises (HNTE) are entitled to a preferential enterprise income tax rate of 15%, subject to renewal every three years. Shanghai Hesai, one of our subsidiaries, was first certified as an HNTE in December 2019, and its qualification was renewed in November 2022, entitling it to enjoy the preferential tax rate of 15% for 2022, 2023, 2024 and the three months ended March 31, 2025. Zhejiang Hertz was certified as an HNTE in December 2024 and is entitled to enjoy the preferential tax rate of 15% for 2024, 2025 and 2026. Since both Shanghai Hesai and Zhejiang Hertz were in accumulated tax loss position as of March 31, 2025, the aforementioned tax benefits were not utilized. Our remaining mainland China entities were subject to the standard enterprise income tax rate of 25% during the Track Record Period. Pursuant to the PRC Enterprise Income Tax Law, a 10%

withholding tax is levied on dividends declared to foreign investors from mainland China effective from January 1, 2008, unless the foreign investor's jurisdiction of incorporation has a tax treaty or similar agreement with China that provides for a different withholding arrangement.

If our holding company in the Cayman Islands or any of our subsidiaries outside of mainland China were deemed to be a "resident enterprise" under the PRC Enterprise Income Tax Law, it would be subject to enterprise income tax on its worldwide income at a rate of 25%. See "Risk Factors — Risks Related to Doing Business in China — If we are classified as a PRC resident enterprise for PRC enterprise income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC shareholders and ADS holders."

United States

The applicable income tax rate of the United States where our subsidiaries having had significant operations for the years ended December 31, 2022, 2023 and 2024 and three months ended March 31, 2025 is 27.98%, which is a blended state and federal rate.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Three Months Ended March 31, 2025 Compared to Three Months Ended March 31, 2024

Net Revenues

Our net revenues increased by 46.3% from RMB359.1 million in the three months ended March 31, 2024 to RMB525.3 million (US$72.4 million) in the same period of 2025.

Product revenues. Revenue from LiDAR products increased by 44.7% from RMB350.5 million in the three months ended March 31, 2024 to RMB508.2 million (US$70.1 million) in the same period of 2025, primarily driven by increased revenue from sales of ADAS LiDAR products due to robust demand in China. We recognized revenues from approximately 59,100 and 195,800 LiDAR units sold with an average selling price of approximately US$820 and US$360 per unit in the three months ended March 31, 2024 and 2025, respectively. The decrease in the unit price per LiDAR sold was primarily attributable to increased sales of cost-efficient LiDAR products. Other product revenues remained relatively stable at RMB2.5 million (US$0.3 million) in the three months ended March 31, 2025, compared to RMB2.4 million in the same period of 2024.

Service revenues. Revenue from engineering design, development and validation services increased significantly from RMB2.3 million in the three months ended March 31, 2024 to RMB12.6 million (US$1.7 million) in the same period of 2025, primarily attributable to the completion of certain engineering service projects in the first quarter of 2025. Revenue from other services decreased 48.1% from RMB3.9 million in the three months ended March 31, 2024 to RMB2.0 million (US$0.3 million) in the same period of 2025, primarily attributable to the expiry of existing extended warranty services.

Cost of Revenues

Our cost of revenues increased by 39.2% from RMB219.9 million in the three months ended March 31, 2024 to RMB306.1 million (US$42.2 million) in the same period of 2025, primarily attributable to an increase of RMB66.1 million in material and component cost and an increase of RMB15.4 million in manufacturing cost, both of which were in line with our sales growth.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 57.5% from RMB139.2 million in the three months ended March 31, 2024 to RMB219.2 million (US$30.2 million) in the same period of 2025. Our gross profit margin increased from 38.8% in the three months ended March 31, 2024 to 41.7% in the same period of 2025, primarily attributable to effective cost and scale optimization on both ADAS and Robotics LiDAR products.

Operating Expenses

Sales and marketing expenses. Our sales and marketing expenses increased by 20.5% from RMB42.0 million in the three months ended March 31, 2024 to RMB50.5 million (US$7.0 million) in the same period of 2025, primarily attributable to an increase of RMB12.4 million in employee benefit expenses, mainly reflecting higher bonus expenses and share-based compensation expenses, partially offset by (i) a decrease of RMB2.8 million in marketing and business development expenses, due to fewer marketing activities in the first quarter of 2025, (ii) a decrease of RMB0.4 million in rental expenses, due to a reduction in leased office space, and (iii) a decrease of RMB0.6 million in other expenses, mainly due to lower depreciation and amortization.

General and administrative expenses. Our general and administrative expenses decreased by 21.3% from RMB68.8 million in the three months ended March 31, 2024 to RMB54.1 million (US$7.5 million) in the same period of 2025, primarily attributable to a decrease of RMB11.6 million in employee benefit expenses, mainly due to an RMB10.8 million decrease in share-based compensation expenses, as a result of reduced amortization related to share incentive awards.

Research and development expenses. Our research and development expenses decreased by 5.7% from RMB194.4 million in the three months ended March 31, 2024 to RMB183.3 million (US$25.3 million) in the same period of 2025, primarily attributable to (i) a decrease of RMB2.9 million in depreciation and amortization, and (ii) a decrease of RMB7.8 million in other expenses, mainly due to a decrease in rental expenses.

Other operating income, net. Our net other operating income increased by 28.4% from RMB27.5 million in the three months ended March 31, 2024 to RMB35.3 million (US$4.9 million) in the same period of 2025, which was primarily due to increased government grants.

Loss from Operations

As a result of the foregoing, our loss from operations narrowed by 75.8% from RMB138.5 million in the three months ended March 31, 2024 to RMB33.4 million (US$4.6 million) in the same period of 2025.

Interest Income

Our interest income decreased by 37.4% from RMB32.8 million in the three months ended March 31, 2024 to RMB20.5 million (US$2.8 million) in the same period of 2025, which was mainly due to decreases in bank balances and interest rates.

Interest Expenses

Our interest expenses increased significantly from RMB2.3 million for the three months ended March 31, 2024 to RMB5.0 million (US$0.7 million) in the same period of 2025, which was mainly due to handling fees related to factoring of accounts receivables and an increase in long-term borrowings.

Foreign Exchange Gain, Net

Foreign exchange gain, net decreased from RMB1.5 million in the three months ended March 31, 2024 to RMB1.0 million (US$0.1 million) in the same period of 2025, as a result of fluctuations in the exchange rates of Renminbi against U.S. dollars.

Other Loss, Net

Our other loss, net increased substantially from RMB0.2 million for the three months ended March 31, 2024 to RMB0.7 million (US$0.1 million) in the same period of 2025, primarily arising from disposals of assets.

Income Tax Expenses

We recorded income tax expenses of RMB0.3 million and an income tax benefit of RMB67 thousand (US$9 thousand) in the three months ended March 31, 2024 and 2025, respectively.

Share of Loss in Equity Method Investment

We recorded share of loss in equity method investment of RMB12 thousand in the three months ended March 31, 2024 and 2025.

Net Loss

As a result of the foregoing, our net loss narrowed by 83.6% from RMB106.9 million in the three months ended March 31, 2024 to RMB17.5 million (US$2.4 million) in the same period of 2025.

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Net Revenues

Our net revenues increased by 10.7% from RMB1,877.0 million in 2023 to RMB2,077.2 million in 2024.

Product revenues. Revenue from LiDAR products increased by 12.1% from RMB1,735.3 million in 2023 to RMB1,946.8 million in 2024, primarily driven by increased demand for and shipments of ADAS LiDAR products. We recognized revenues from approximately 222,100 and 501,900 LiDAR units sold with an average selling price of approximately US$1,100 and US$530 per unit in 2023 and 2024, respectively. The decrease in the unit price per LiDAR sold was primarily attributable to increased shipments of our lower-priced ADAS LiDAR products. Other product revenues decreased by 35.0% from RMB29.6 million in 2023 to RMB19.3 million in 2024, mainly attributable to contraction of our gas sensor business after we disposed of our U.S. gas sensor subsidiary in 2023.

Service revenues. Revenue from engineering design, development and validation services remained relatively stable at RMB100.5 million in 2023 and RMB100.3 million in 2024. Revenue from other service decreased slightly from RMB11.6 million in 2023 to RMB10.8 million in 2024, primarily attributable to decreased revenue from extended warranty service.

Cost of Revenues

Our cost of revenues decreased by 1.9% from RMB1,215.6 million in 2023 to RMB1,192.6 million in 2024, primarily attributable to (i) a decrease of RMB120.1 million in other costs, due to a decrease in total tariffs, which resulted from lower sales volume in the United States, and (ii) a decrease of RMB26.6 million in labor costs, attributed to a higher automation rate in ADAS LiDAR manufacturing. These factors were partially offset by an increase of RMB91.6 million in manufacturing cost, driven by our increased LiDAR shipment volume.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 33.7% from RMB661.4 million in 2023 to RMB884.6 million in 2024. Our gross profit margin increased from 35.2% in 2023 to 42.6% in 2024, primarily attributable to effective cost optimization through product iteration and economies of scale in LiDAR production for both ADAS and Robotics LiDAR products.

Operating Expenses

Sales and marketing expenses. Our sales and marketing expenses increased by 29.7% from RMB148.8 million in 2023 to RMB193.0 million in 2024, primarily attributable to (i) an increase of RMB20.1 million in employee benefit expenses due to the expansion in our sales and marketing team, (ii) an increase of RMB17.0 million in marketing and business development expenses due to increased investment in branding and marketing activities, and (iii) an increase of RMB10.4 million in other expenses, primarily driven by several factors, including higher sample products costs, increased professional service fees such as design and consulting fees and relocation-related expenses. These increases were partially offset by a decrease of RMB3.3 million in rental expenses allocated to sales and marketing expenses.

General and administrative expenses. Our general and administrative expenses decreased slightly from RMB320.1 million in 2023 to RMB316.9 million in 2024, primarily attributable to (i) a decrease of RMB29.4 million in employee benefit expenses, as we incurred one-off share-based compensation expenses upon the completion of our initial public offering on the Nasdaq in 2023 and (ii) a decrease of RMB27.4 million in expected credit loss, partially offset by an increase of RMB19.9 million in professional legal service fees in relation to our overseas litigations.

Research and development expenses. Our research and development expenses increased by 8.2% from RMB790.5 million in 2023 to RMB855.6 million in 2024, primarily attributable to (i) an increase of RMB46.0 million in depreciation and amortization following the launch of operations at Maxwell Center in 2024 and (ii) an increase of RMB21.8 million in other expenses, primarily due to increased product development and testing expenses and rental expenses related to our research and development activities.

Other operating income, net. Our net other operating income increased significantly from RMB26.5 million in 2023 was RMB276.1 million in 2024, which was primarily due to a one-off project-based payment of RMB203.3 million from a leading global OEM headquartered in the United States as compensation for costs we incurred under a contract that was terminated by this customer, as well as an increase of RMB56.9 million in government grant income.

Loss from Operations

As a result of the foregoing, our loss of operations narrowed by 64.2% from RMB571.6 million in 2023 to RMB204.9 million in 2024.

Interest Income

Our interest income increased by 4.6% from RMB99.8 million in 2023 to RMB104.4 million in 2024, which was mainly due to the change in interest rates.

Interest Expenses

Our interest expenses increased substantially from RMB3.1 million in 2023 to RMB12.8 million in 2024, which was mainly due to an increase in bank borrowings and a decrease in capitalized interest expenses related to Maxwell Center upon its completion in 2024.

Foreign Exchange Gain/(Loss), Net

We recorded a net foreign exchange gain of RMB14.6 million in 2024, compared to a net foreign exchange loss of RMB452 thousand in 2023, as a result of fluctuations in the exchange rates of Renminbi against U.S. dollars.

Other (Loss)/Income, Net

We recorded a net other loss of RMB2.5 million in 2024, compared to a net other income of RMB34 thousand in 2023, primarily due to increased losses from the disposal of fixed assets.

Income Tax Expenses

Our income tax expenses increased from RMB0.7 million in 2023 to RMB1.1 million in 2024, primarily due to increased net profit recognized by certain subsidiaries.

Share of Loss in Equity Method Investment

We recorded share of loss in equity method investment of RMB45 thousand in 2023 and RMB13 thousand in 2024.

Net Loss

As a result of the foregoing, our net loss narrowed significantly to RMB102.4 million in 2024 from RMB476.0 million in 2023.

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

Net Revenues

Our net revenues increased by 56.1% from RMB1,202.7 million in 2022 to RMB1,877.0 million in 2023, primarily attributable to an increase of RMB613.0 million in our product revenues, which was mainly driven by increased revenue from LiDAR products.

Product revenues. Revenue from LiDAR products increased by 54.6% from RMB1,122.2 million in 2022 to RMB1,735.3 million in 2023, primarily attributable to the increased demand for and shipments of ADAS and Robotics LiDAR products. We recognized revenues from approximately 80,400 and 222,100 LiDAR units sold with an average selling price of approximately US$2,000 and US$1,100 per unit in 2022 and 2023, respectively. The decrease in the unit price per LiDAR sold was primarily attributable to the shift in our product mix following the mass production of ADAS LiDAR products in 2023. Other product revenues remained stable at RMB29.6 million in 2022 and 2023.

Service revenues. Revenue from engineering design, development and validation services and solution service increased significantly from RMB43.1 million in 2022 to RMB100.5 million in 2023, primarily due to the increased solutions revenue we received in 2023. Our revenues from other service increased from RMB7.7 million in 2022 to RMB11.6 million in 2023, primarily attributable to increased revenues from extended warranty service.

Cost of Revenues

Our cost of revenues increased by 66.4% from RMB730.7 million in 2022 to RMB1,215.6 million in 2023. The increase was primarily attributable to (i) an increase of RMB246.9 million in material and component cost and an increase of RMB108.4 million in manufacturing cost, both due to increased product sales, and (ii) an increase of RMB116.8 million in other cost, including increased accrued warranty costs and tariff expense.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 40.1% from RMB472.0 million in 2022 to RMB661.4 million in 2023. Our gross profit margin decreased from 39.2% in 2022 to 35.2% in 2023, primarily due to increased shipments of lower-priced ADAS LiDAR products and relatively higher costs in our ADAS business as it was still in a ramp-up phase.

Operating Expenses

Sales and marketing expenses. Our sales and marketing expenses increased by 42.0% from RMB104.8 million in 2022 to RMB148.8 million in 2023, primarily attributable to (i) an increase of RMB26.7 million in employee benefit expenses due to the expansion of our sales and marketing team and share-based compensation expenses recognized upon the completion of our initial public offering, (ii) an increase of RMB7.4 million in marketing and business development expenses due to increased investment in branding and marketing activities, (iii) an increase of RMB5.4 million in rental expenses, as we leased additional premises for our operations, and (iv) an increase of RMB4.4 million in other expenses, primarily due to increased freight and sample products costs.

General and administrative expenses. Our general and administrative expenses increased by 59.3% from RMB201.0 million in 2022 to RMB320.1 million in 2023, primarily attributable to (i) an increase of RMB46.5 million in professional service expenses, primarily related to our initial public offering, and (ii) an increase of RMB48.6 million in employee benefit expenses, primarily due to the share-based compensation expenses recognized upon the completion of our initial public offering, and (iii) an increase of RMB44.8 million in expected credit losses, primarily due to credit losses recognized in relation to accounts receivable from an OEM customer that faced operational difficulties.

Research and development expenses. Our research and development expenses increased by 42.4% from RMB555.2 million in 2022 to RMB790.5 million in 2023, primarily attributable to (i) an increase of RMB210.5 million in employee benefit expenses, due to increased average headcount for research and development from 2022 to 2023, and share-based compensation expense recognized upon the completion of our initial public offering, and (ii) an increase of RMB15.5 million in material expenses.

Other operating income, net. Our net other operating income increased significantly from RMB10.8 million in 2022 to RMB26.5 million in 2023, primarily due to increased government grants.

Loss from Operations

As a result of the foregoing, our loss of operations increased by 51.1% from RMB378.2 million in 2022 to RMB571.6 million in 2023.

Interest Income

Our interest income increased by 69.9% from RMB58.7 million in 2022 to RMB99.8 million in 2023, primarily due to increased average balance of cash and cash equivalents and short-term investments as we received proceeds from our initial public offering in the first quarter of 2023.

Interest Expenses

Our interest expenses were RMB3.1 million in 2023, while we did not incur any interest expenses in 2022 due to interest capitalization.

Foreign Exchange Gain/(Loss)

We recorded a foreign exchange gain of RMB20.9 million in 2022, compared to a foreign exchange loss of RMB0.5 million in 2023, as a result of fluctuations in the exchange rate of Renminbi against U.S. dollars.

Other (Loss)/Income, Net

We recorded a net other income of RMB34 thousand in 2023, compared to a net other loss of RMB2.2 million in 2022, which was primarily due to one-off expenses related to COVID-19 relief provided to employees.

Income Tax Expenses

Our income tax expenses were RMB0.7 million in 2023, compared to an income tax benefit of RMB66 thousand in 2022, primarily due to the benefit of deferred tax liabilities we previously recognized.

Share of Loss in Equity Method Investment

We recorded share of loss in equity method investment of RMB45 thousand in 2022 and 2023.

Net Loss

As a result of the foregoing, our net loss increased by 58.3% from RMB300.8 million in 2022 to RMB476.0 million in 2023.

DISCUSSION OF CERTAIN KEY BALANCE SHEET ITEMS

The following table sets forth selected information from our consolidated balance sheets as of the dates indicated, which have been extracted from the Accountants' Report in Appendix I to this document:

	As of December 31,				
	2022	2023	2024	As of March 31, 2025	
	RMB	*RMB*	*RMB*	*RMB*	*US$*
			(in thousands)		
Total current assets	3,135,111	4,397,609	4,682,656	4,555,906	627,822
Total non-current assets	704,285	1,264,934	1,306,955	1,271,476	175,214
Total assets	**3,839,396**	**5,662,543**	**5,989,611**	**5,827,382**	**803,036**
Total current liabilities	955,538	1,335,101	1,628,940	1,122,351	154,665
Total non-current liabilities	42,125	465,124	428,940	427,897	58,966
Total liabilities	**997,663**	**1,800,225**	**2,057,880**	**1,550,248**	**213,631**
Total mezzanine equity	5,986,910	–	–	–	–
Total shareholders' (deficit)/equity	(3,145,177)	3,862,318	3,931,731	4,277,134	589,405
Total liabilities, mezzanine equity and shareholders' (deficit)/equity	**3,839,396**	**5,662,543**	**5,989,611**	**5,827,382**	**803,036**

The following table sets forth our current assets and current liabilities as of the dates indicated.

	As of December 31,			As of March 31, 2025		As of July 31, 2025	
	2022	2023	2024				
	RMB	*RMB*	*RMB*	*RMB*	*US$*	*RMB*	*US$*
						(unaudited)	
			(in thousands)				
Current assets:							
Cash and cash equivalents	913,277	1,554,583	2,838,966	2,826,605	389,517	2,425,716	334,273
Restricted cash	–	3,541	3,594	3,589	495	3,575	493
Short-term investments	945,865	1,586,005	362,195	30,482	4,201	330,368	45,526
Notes receivable	–	–	22,341	20,579	2,836	87,118	12,005
Accounts receivable	485,044	524,818	765,027	957,644	131,967	1,016,102	140,023
Contract assets	12,600	19,688	9,909	9,909	1,365	–	–
Amounts due from related parties	5,021	5,015	5,039	5,036	694	5,103	703
Inventories	646,852	495,877	482,137	489,974	67,520	685,565	94,473
Prepayments and other current assets	126,452	208,082	193,448	212,088	29,227	387,774	53,436
Total current assets	**3,135,111**	**4,397,609**	**4,682,656**	**4,555,906**	**627,822**	**4,941,321**	**680,932**
Current liabilities:							
Short-term borrowings	–	111,682	345,253	280,266	38,622	448,230	61,768
Notes payable	–	7,255	10,096	53,982	7,439	132,486	18,257
Accounts payable	206,681	269,439	345,011	346,867	47,800	491,111	67,677
Contract liabilities	40,378	79,925	32,994	26,978	3,718	31,281	4,311
Amounts due to related parties	334,283	340,051	335,253	5,335	735	–	–
Accrued warranty liability	17,694	28,425	43,607	48,180	6,639	62,365	8,594
Accrued expenses and other current liabilities	356,502	498,324	516,726	360,743	49,712	430,174	59,279
Total current liabilities	**955,538**	**1,335,101**	**1,628,940**	**1,122,351**	**154,665**	**1,595,647**	**219,886**
Net current assets	**2,179,573**	**3,062,508**	**3,053,716**	**3,433,555**	**473,157**	**3,345,674**	**461,046**

Our net current assets increased from RMB2,179.6 million as of December 31, 2022 to RMB3,062.5 million as of December 31, 2023, primarily due to (i) an increase of RMB640.1 million in short-term investments and (ii) an increase of RMB641.3 million in cash and cash equivalents, mainly attributable to proceeds from our initial public offering on the Nasdaq completed in the first quarter of 2023, partially offset by (i) a decrease of RMB151.0 million in inventories, (ii) an increase of RMB141.8 million in accrued expenses and other current liabilities, and (iii) an increase of RMB111.7 million in short-term borrowings.

Our net current assets remained relatively stable at RMB3,062.5 million as of December 31, 2023 and RMB3,053.7 million as of December 31, 2024.

Our net current assets increased from RMB3,053.7 million as of December 31, 2024 to RMB3,433.6 million (US$473.2 million) as of March 31, 2025, primary attributable to (i) an increase of RMB192.6 million in accounts receivables, (ii) a decrease of RMB330.0 million in amounts due to related parties, and (iii) a decrease of RMB156.0 million in accrued expenses and other current liabilities, partially offset by a decrease of RMB331.7 million in short-term investments.

Our net current assets decreased slightly from RMB3,433.6 million (US$473.2 million) as of March 31, 2025 to RMB3,345.7 million (US$461.0 million) as of July 31, 2025, primarily attributable to (i) a decrease of RMB400.9 million in cash and cash equivalents, (ii) an increase of RMB168.0 million in short-term borrowings, and (iii) an increase of RMB144.2 million in accounts payable, partially offset by (i) an increase of RMB299.9 million in short-term investments, (ii) an increase of RMB195.6 million in inventories, and (iii) an increase of RMB175.7 million in prepayments and other current assets.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and time deposits with banks with original maturities of less than three months. Our cash and cash equivalents increased from RMB913.3 million as of December 31, 2022 to RMB1,554.6 million as of December 31, 2023, primarily due to proceeds we received from our initial public offering the first quarter of 2023. Our cash and cash equivalents further increased to RMB2,839.0 million as of December 31, 2024, primarily due to the maturity of our short-term investments at period end. Our cash and cash equivalents remained relatively stable at RMB2,826.6 million (US$389.5 million) as of March 31, 2025.

Short-term Investments

Short-term investments mainly include time deposits, and structured financial products issued by commercial banks with guaranteed principal and variable rates of return indexed to interest rates, exchange rates, commodities, broad-based index of stock market, and other financial or non-financial underlying assets, all with original maturities less than one year. Our short-term investments increased from RMB945.9 million as of December 31, 2022 to RMB1,586.0 million as of December 31, 2023 as we purchased a higher amount of short-term investments with proceeds received from our initial public offering, and then decreased to RMB362.2 million as of December 31, 2024, primarily due to the maturity of our short-term investments at period end. Our short-term investments further decreased to RMB30.5 million (US$4.2 million) as of March 31, 2025, primarily due to the redemption of wealth management products upon maturity.

We adopt a prudent short-term investment strategy focused on preserving capital and maintaining liquidity. We utilize idle funds to invest in low-risk, high-liquidity wealth management products offered by commercial banks. Our Board has adopted an investment policy to guide our short-term investments. Any investment that deviates from this policy must be pre-approved by the Board. Our finance department is responsible for evaluating investment

products, comparing quotations from multiple banks and selecting the most favorable options available. Each short-term investment transaction is subject to internal approval by our Chief Financial Officer and directors. Our Board and senior management possess the necessary expertise in evaluating and managing such investments. In particular, our Chief Financial Officer, Mr. Fan Peng, has extensive experience in corporate finance, capital markets and investment management across both listed companies and international financial institutions. For details, see "Directors and Senior Management." Upon Listing, any such investments will be subject to the applicable requirements under the Listing Rules, including the relevant provisions under Chapter 14 of the Listing Rules, as applicable.

Accounts Receivable

Our accounts receivable primarily represent amounts due from our customers, which are recorded net of allowance for credit loss. The following table sets forth a breakdown of our accounts receivable as of the dates indicated:

	As of December 31,				
	2022	2023	2024	As of March 31, 2025	
	RMB	*RMB*	*RMB*	*RMB*	*US$*
			(in thousands)		
Accounts receivable	491,293	573,950	819,999	1,009,885	139,166
Less: allowance for expected credit losses	(6,249)	(49,132)	(54,972)	(52,241)	(7,199)
Total accounts receivable, net	**485,044**	**524,818**	**765,027**	**957,644**	**131,967**

Our accounts receivable, net of allowance, increased from RMB485.0 million as of December 31, 2022 to RMB524.8 million as of December 31, 2023, primarily due to the expansion of our OEM customer base, which generally operates with longer payment cycle in line with market practice. Our accounts receivable, net of allowance, further increased to RMB765.0 million as of December 31, 2024 and to RMB957.6 million (US$132.0 million) as of March 31, 2025, primarily due to increased sales and longer credit term granted to certain OEM customers.

Our allowance for expected credit losses was RMB6.2 million, RMB49.1 million, RMB55.0 million and RMB52.2 million (US$7.2 million) as of December 31, 2022, 2023 and 2024 and March 31, 2025, respectively. The substantial increase from RMB6.2 million as of December 31, 2022 to RMB49.1 million as of December 31, 2023 was primarily due to expected credit losses of RMB35.6 million recognized in relation to accounts receivable from an OEM customer in China that faced operational difficulties and subsequently entered into bankruptcy proceedings. As of the Latest Practicable Date, we had made full provision for the expected credit losses on accounts receivable due from this customer.

We have made sufficient allowance for expected credit losses, taking into account the recoverability of individual balances with reference to customers' financial condition, aging profile, historical collection patterns, and other relevant factors. We maintain strict controls over our accounts receivables and have implemented internal procedures to mitigate credit risk, including ongoing monitoring and regular reviews of outstanding balances.

As of March 31, 2025, accounts receivable that were overdue accounted for less than 20% of the total balance, with those aged over one year representing only less than 7% of the total balance. Furthermore, as of July 31, 2025, 79.9% of our accounts receivable as of March 31, 2025 had subsequently been settled. Our OEM customers, which account for a significant portion of our receivables, generally have strong financial positions and maintain good payment records. We maintain close business relationships and active communication with these customers, and we closely monitor their overdue balances and financial conditions. For overdue accounts, we have adopted follow-up measures, including regular communication with customers and payment reminders, to facilitate timely collection and reduce credit risk.

In addition, we have developed a current expected credit loss model based on historical collection experience, the age of the accounts receivable balances, current economic conditions, reasonable and supportable forecasts of future economic conditions, and other factors that may affect our ability to collect from customers. For ongoing credit evaluation purposes, we classify customers into two categories based on credit risk: those with a relatively low credit risk and no default history, and those facing operational difficulties or other special circumstances, who have a relatively higher credit risk. For both categories, we have made appropriate provisions based on the assessed level of credit risk. In particular, for customers not facing operational difficulties or other special circumstances, the expected credit loss rates during the Track Record Period remained low, amounting to 0.74%, 1.94%, 0.83% and 0.6% for 2022, 2023, 2024 and the three months ended March 31, 2025, respectively. For further details, see note 3.2 to the Accountants' Report set out in Appendix I to this prospectus. Based on the above, we believe our credit risk is appropriately managed, and we do not consider there to be any material recoverability issues with respect to our accounts receivable.

The following table sets forth our accounts receivable turnover days for the periods indicated:

	For the Year Ended December 31,			For the Three Months Ended March 31,
	2022	2023	2024	2025
Accounts receivable turnover days	113	108	112	149

Note:

(1) Accounts receivable turnover days for a given period are equal to the sum of the average balances of accounts receivable and contract assets at the beginning and the end of the period divided by net revenues during the period and multiplied by the number of days during the period.

Our accounts receivable turnover days decreased from 113 days in 2022 to 108 days in 2023, primarily due to accelerated payment from our customers, and then increased to 112 days in 2024, primarily due to longer credit term granted to certain OEM customers as they generally have longer payment cycles. Our accounts receivable turnover days further increased to 149 days in the three months ended March 31, 2025, which was primarily due to seasonality, as settlements typically slow down around the Chinese New Year and a higher proportion of revenue was generated from OEM customers in this period.

We generally allow a credit period of 30 to 90 days to our customers. The following table sets forth an aging analysis of our accounts receivable as of the dates indicated:

	As of December 31,				
	2022	2023	2024	As of March 31, 2025	
	RMB	*RMB*	*RMB*	*RMB*	*US$*
			(in thousands)		
Within six months	477,183	556,142	757,045	948,064	130,647
Seven months to one year	9,964	15,042	41,483	9,140	1,260
One year to two years	4,008	1,678	19,006	52,681	7,260
Over two years	138	1,088	2,465	–	–
Less: allowance for expected credit losses	(6,249)	(49,132)	(54,972)	(52,241)	(7,199)
Total	**485,044**	**524,818**	**765,027**	**957,644**	**131,968**

As of December 31, 2022, 2023 and 2024, the vast majority of accounts receivables were aged within six months to one year. Our accounts receivables aged over one year to two years and over two years increased from 2023 to 2024, primarily as a result of the expansion of our business scale and an increase in revenue. As our customer base grew, a small number of customers experienced delays in payment, leading to a rise in long-aged receivables. We have recognized full provision for expected credit losses on all accounts receivable that remained outstanding for more than one year as of each of the respective dates.

As of July 31, 2025, RMB765.2 million (US$105.4 million), or 79.9%, of our accounts receivable as of March 31, 2025 had been settled.

Inventories

Our inventories primarily include raw materials, work-in-process, and finished goods and are stated at lower of cost or net realizable value. The following table sets forth details of our inventories as of the dates indicated:

	As of December 31,				
	2022	2023	2024	As of March 31, 2025	
	RMB	*RMB*	*RMB*	*RMB*	*US$*
			(in thousands)		
Raw materials	290,121	126,347	191,578	201,930	27,827
Work-in-process	180,367	199,153	225,726	226,833	31,258
Finished goods	176,364	170,377	64,833	61,211	8,435
Inventories	**646,852**	**495,877**	**482,137**	**489,974**	**67,520**

Our inventories decreased from RMB646.9 million as of December 31, 2022 to RMB495.9 million as of December 31, 2023, primarily due to increased shipments of LiDAR products to customers in 2023. Our inventories further decreased to RMB482.1 million as of December 31, 2024, mainly driven by a decrease in finished goods due to increased shipments of LiDAR products to customers near the end of the year. Our inventories remained relatively stable at RMB490.0 million (US$67.5 million) as of March 31, 2025.

The following table sets forth an aging analysis of our inventories as of the dates indicated:

	As of December 31,				
	2022	2023	2024	As of March 31, 2025	
	RMB	*RMB*	*RMB*	*RMB*	*US$*
			(in thousands)		
Within 6 months	579,986	359,546	318,687	350,362	48,281
7 months to 1 year	53,404	62,062	81,836	52,021	7,169
Over 1 year	80,803	136,484	146,051	153,951	21,215
Inventory provision	(67,341)	(62,215)	(64,437)	(66,360)	(9,145)
Total	**646,852**	**495,877**	**482,137**	**489,974**	**67,520**

We proactively monitor our inventory levels and develop prudent procurement plans in response to forecasted rising demand and to ensure supply stability. As of December 31, 2022, 2023 and 2024 and March 31, 2025, the vast majority of our inventories were aged within one year. Our inventories aged over one year primarily consisted of raw materials, mainly electronic components. These raw materials were purchased in bulk to meet the rapidly growing demand for our LiDAR products and generally have long shelf lives, which are

expected to be consumed in our future production and can be used across multiple models. In particular, the substantial increase in inventories aged over one year as of December 31, 2023 was primarily attributable to (i) our proactive procurement efforts to support our initial mass production of ADAS LiDARs in 2022, during which we secured additional raw materials to accommodate volume ramp-up, and (ii) our purchase of semiconductor chips in 2022 to mitigate the potential impact of supply shortages during the COVID-19 pandemic. As of the Latest Practicable Date, all semiconductor chips procured by us were either in use or held in inventory for planned future production, and we do not expect any material obsolescence of our chip inventory as we continue to develop and launch new LiDAR products. For certain raw materials that are no longer expected to be used due to changes in customer demand and product configurations, we have made appropriate provisions on a quarterly basis.

In assessing the need for inventory provisions, we take into account not only the aging profile of inventory, but also the anticipated future usage of specific inventory items, with input from our production and R&D departments, as well as other relevant factors, including historical and forecast customer demand. We believe this approach enables a more prudent and comprehensive assessment of inventory recoverability and ensures that appropriate provisions for write-downs are made in accordance with our accounting policies. Furthermore, we have not historically experienced any material write-downs in relation to our long-aged inventories. As such, we believe we have made sufficient provisions as of the respective dates.

The following table sets forth our inventory turnover days for the periods indicated:

	For the Year Ended December 31,			For the Three Months Ended March 31,
	2022	2023	2024	2025
Inventory turnover days(1)	278	191	169	143

Note:

(1) Inventory turnover days for a given period equal to average inventory balances at the beginning and the end of the period divided by cost of revenues during the period and multiplied by the number of days during the period.

Our inventory turnover days decreased from 278 days in 2022 to 191 days in 2023, and further decreased to 169 days in 2024, primarily due to increased LiDAR shipments to customers and accelerated consumption of our raw material and component inventories. Our inventory turnover days further decreased to 143 days in the three months ended March 31, 2025, which was primarily due to enhanced inventory management.

Valuation of inventories is based on currently available information about expected recoverable value, dependent upon factors such as market trends, inventory aging, and historical and forecasted customer demands. Inventory write-down is recorded as cost of revenues, and we recorded inventory write-offs of RMB39.4 million, RMB9.3 million, RMB2.2 million, RMB14.0 million and RMB2.0 million (US$0.3 million) in 2022, 2023, 2024 and the three months ended March 31, 2024 and 2025, respectively. Based on our assessment, we do not believe there is any recoverability issue with respect to our inventories. Our management performs inventory aging and recoverability assessments at each balance sheet date in accordance with our accounting policy of measuring inventories at the lower of cost and net realizable value. The continued growth in LiDAR shipments during the Track Record Period has supported the consumption of raw materials and work-in-progress and the sale of finished goods. Taking into account our historical inventory turnover, actual inventory consumption, and expected future sales, we believe the inventory provisions made during the Track Record Period are sufficient and appropriate.

As of July 31, 2025, RMB431.6 million (US$59.5 million), or 88.1%, of our inventories outstanding as of March 31, 2025 had been sold or utilized.

Prepayments and Other Current Assets

Prepayment and other current assets primarily consist of (i) advances to suppliers, representing prepayments for purchase of raw materials, goods and services, (ii) deposits, primarily include lease deposits, (iii) prepaid expenses, representing other prepayments of non-trade nature, and (iv) value-added tax recoverable. The following table sets forth our prepayment and other current assets as of the dates indicated:

	As of December 31,				
	2022	2023	2024	As of March 31, 2025	
	RMB	*RMB*	*RMB*	*RMB*	*US$*
			(in thousands)		
Advances to suppliers	82,419	120,556	112,385	127,594	17,583
Deposits	11,998	22,042	11,033	11,746	1,619
Prepaid expenses	10,108	16,372	23,076	40,022	5,515
Value-added tax recoverable	6,748	21,888	28,468	24,657	3,398
Others	15,179	27,224	18,486	8,069	1,112
Total	**126,452**	**208,082**	**193,448**	**212,088**	**29,227**

Our prepayments and other current assets increased from RMB126.5 million as of December 31, 2022 to RMB208.1 million as of December 31, 2023, primarily due to an increase of RMB38.1 million in advances to suppliers in relation to the increased purchase of raw materials, and then decreased to RMB193.4 million as of December 31, 2024, primarily due to a decrease of RMB11.0 million in rental deposits following the termination of leases for our previous principal offices in Qingpu, Shanghai. Our prepayments and other current assets increased from RMB193.4 million as of December 31, 2024 to RMB212.1 million (US$29.2 million) as of March 31, 2025, primarily attributable to (i) an increase of RMB16.9 million in prepaid expenses due to the prepayment of royalty fees at the beginning of the year and (ii) an increase of RMB15.2 million in advances to suppliers due to the prepayments to raw material suppliers, partially offset by (i) a decrease of RMB3.8 million in value-added tax recoverable and (ii) a decrease of RMB10.4 million in others, resulting from the recovery of rental deposits.

As of July 31, 2025, all of our prepayments and other current assets as of March 31, 2025 had been settled.

Accounts Payable

Our accounts payable primarily represent accounts payable to our suppliers of raw materials and to our outsourced labor force. Our accounts payable increased from RMB206.7 million as of December 31, 2022 to RMB269.4 million as of December 31, 2023, and further increased to RMB345.0 million as of December 31, 2024. The increases were primarily due to increased procurement of raw materials and components resulting from greater product demands. Our accounts payable remained relatively stable at RMB346.9 million (US$47.8 million) as of March 31, 2025.

The following table sets forth our accounts payable turnover days for the periods indicated:

	For the Year Ended December 31,			For the Three Months Ended March 31,
	2022	2023	2024	2025
Accounts payable turnover days . .	72	71	94	102

Note:

(1) Accounts payable turnover days for a given period are equal to average accounts payable balances at the beginning and the end of the period divided by total cost of revenues during the period and multiplied by the number of days during the period.

Our accounts payable turnover days remained relatively stable at 72 days in 2022 and 71 days in 2023. Our accounts payable turnover days increased to 94 days in 2024 and further to 102 days in the three months ended March 31, 2025, primarily due to more favorable credit terms granted to us by suppliers after negotiation to optimize our working capital.

The following table sets forth an aging analysis of our accounts payable as of the dates indicated:

	As of December 31,				
	2022	2023	2024	As of March 31, 2025	
	RMB	*RMB*	*RMB*	*RMB*	*US$*
			(in thousands)		
Within six months	206,379	268,908	344,802	345,344	47,590
Seven months to one year	73	302	–	1,253	173
One year to two years	229	–	–	61	8
Over two years	–	229	209	209	29
Total	**206,681**	**269,439**	**345,011**	**346,867**	**47,800**

As of July 31, 2025, all of our accounts payable as of March 31, 2025 had been settled.

During the Track Record Period, we did not have any material default on our accounts payable.

Amounts Due to Related Parties

Amounts due to related parties, which are non-trade in nature, relate to the 2021 Reorganization. For details, see note 25 to the Accountants' Report in Appendix I to this document. Amounts due to related parties increased from RMB334.3 million as of December 31, 2022 to RMB340.1 million as of December 31, 2023, and then decreased to RMB335.3 million as of December 31, 2024, due to fluctuations in the exchange rate of Renminbi against U.S. dollars. The balance further decreased to RMB5.3 million (US$0.7 million) as of March 31, 2025, following the settlements made in January and March 2025, upon which amounts payable to the Co-Founders and certain other shareholders in connection with the 2021 Reorganization had been fully settled. As of July 31, 2025, we had fully settled the remaining balance of our amounts due to related parties.

Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities primarily consist of (i) salaries and welfare payables, (ii) payables for purchase of property and equipment, (iii) accrued expenses related to operating costs not associated with property and equipment, such as utilities expenses, (iv) current portion of operating lease liabilities, (v) VAT and other tax payables, and (vi) advances

from employees, representing the payments received from employees for share incentive awards, for which the corresponding shares had not been issued as of the relevant balance sheet date. The following table sets forth our accrued expenses and other current liabilities as of the dates indicated:

	As of December 31,				
	2022	2023	2024	As of March 31, 2025	
	RMB	*RMB*	*RMB*	*RMB*	*US$*
	(in thousands)				
Salaries and welfare payables	166,923	195,014	232,927	88,325	12,172
Payables for purchase of property and equipment	102,181	179,839	124,333	90,720	12,502
Accrued expenses	41,558	65,159	111,877	121,941	16,804
Current portion of operating lease liabilities	34,975	34,993	16,103	17,686	2,437
VAT and other tax payables	5,903	19,847	28,563	39,356	5,423
Advances from employees	4,962	3,472	2,923	2,715	374
Total	**356,502**	**498,324**	**516,726**	**360,743**	**49,712**

Our accrued expenses and other current liabilities increased from RMB356.5 million as of December 31, 2022 to RMB498.3 million as of December 31, 2023, primarily due to an increase of RMB77.7 million in payables for purchase of property and equipment, resulting from increased investments in manufacturing facilities and equipment. Our accrued expenses and other current liabilities further increased to RMB516.7 million as of December 31, 2024, primarily attributable to (i) an increase of RMB46.7 million in accrued expenses due to increased payables for professional service fees and (ii) an increase of RMB37.9 million in salaries and welfare payables due to an increased number of employees, partially offset by a decrease of RMB55.5 million in payables for purchase of property and equipment. Our accrued expenses and other current liabilities then decreased to RMB360.7 million (US$49.7 million) as of March 31, 2025, primarily attributable to (i) a decrease of RMB144.6 million in salaries and welfare payables following the settlement of salaries and bonuses and (ii) a decrease of RMB33.6 million in payables for purchase of property and equipment resulting from settlements with suppliers, partially offset by (i) an increase of RMB10.1 million in accrued expenses, mainly from professional service fees, logistics expenses, and miscellaneous items, and (ii) an increase of RMB10.8 million in VAT and other tax payables.

As of July 31, 2025, RMB323.5 million (US$44.6 million), or 89.7%, of our accrued expenses and other current liabilities as of March 31, 2025 had been settled.

Property and Equipment

The following table sets forth our property and equipment as of the dates indicated:

	As of December 31,				
	2022	2023	2024	As of March 31, 2025	
	RMB	*RMB*	*RMB*	*RMB*	*US$*
			(in thousands)		
Cost					
Land	–	39,312	39,312	40,551	5,588
Buildings	–	–	342,673	342,673	47,222
Electronic equipment	79,663	114,237	139,418	155,983	21,495
Leasehold improvements	63,995	67,677	81,431	80,211	11,053
Machinery and equipment	121,614	186,890	350,483	365,954	50,430
Furniture and fixture	54,851	78,169	193,190	193,246	26,630
Transportation vehicles	4,411	5,400	6,487	7,842	1,081
Total cost	**324,534**	**491,685**	**1,152,994**	**1,186,460**	**163,499**
Less: Accumulated depreciation	(84,329)	(154,473)	(274,177)	(304,918)	(42,019)
Property and equipment, net	**240,205**	**337,212**	**878,817**	**881,542**	**121,480**
Construction in progress[(1)]	264,748	534,399	65,401	98,744	13,607
Total	**504,953**	**871,611**	**944,218**	**980,286**	**135,087**

Note:

(1) Construction in progress as of December 31, 2022 and 2023 mainly represents Maxwell Center, our new research and development and intelligent manufacturing center in Shanghai, PRC, which was ready for use since January 2024. Construction in progress as of December 31, 2024 and March 31, 2025 mainly represents the Group's renovation and upgrade of certain production lines in Hertz Center and Maxwell Center.

Our property and equipment increased from RMB505.0 million as of December 31, 2022 to RMB871.6 million as of December 31, 2023, primarily due to increases in machinery and equipment and construction in progress in relation to the construction of Maxwell Center. Our property and equipment further increased to RMB944.2 million as of December 31, 2024 and to RMB980.3 million (US$135.1 million) as of March 31, 2025, primarily due to increases in electronic equipment, machinery and equipment, and furniture and fixture in relation to our expansion of production lines.

We evaluate our long-lived assets, including property and equipment, net, right-of-use assets and intangible assets, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. When these events occur, we measure impairment by comparing the carrying amount of the assets to future undiscounted net cash flows. If the sum of the expected undiscounted cash flows is less than the carrying amount of the assets, we recognize an impairment loss equal to the difference between the

carrying amount and fair value of these assets. During the Track Record Period, we did not identify any impairment indicator for our long-lived assets as our financial performance and operating results were consistent with our expectation and budget for the given years as a growth company.

LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period and up to the Latest Practicable Date, our principal source of liquidity has been cash generated by historical equity financing activities. As of December 31, 2022, 2023, and 2024 and March 31, 2025, our cash and cash equivalents, restricted cash, and short-term investments were RMB1.9 billion, RMB3.1 billion, RMB3.2 billion and RMB2.9 billion (US$394.2 million), respectively. Our cash and cash equivalents primarily consist of cash on hand and time deposits with banks with original maturities of less than three months. Our short-term investments primarily consist of time deposits, and structured financial products issued by commercial banks with guaranteed principal and variable rates of return indexed to interest rates, exchange rates, commodities, broad-based index of stock market, and other financial or non-financial underlying assets, all with original maturities less than one year.

We may need additional cash resources in the future if we experience changes in business conditions or other developments. We may also need additional cash resources in the future if we identify and wish to pursue opportunities for investment, acquisition, capital expenditure or similar actions.

As of March 31, 2025, 85.0%, 2.0% and 11.6% of our cash and cash equivalents were held in mainland China, Singapore and Hong Kong, respectively, and 13.1% and 84.2% were denominated in Renminbi and U.S. dollars, respectively. As of March 31, 2025, all of our short-term investments were held in mainland China and denominated in Renminbi. For restrictions and limitations on liquidity and capital resources as a result of our corporate structure, see "— Holding Company Structure."

In utilizing the proceeds from our offerings we may make additional capital contributions to our mainland China subsidiaries, establish new mainland China subsidiaries and make capital contributions to these new mainland China subsidiaries, make loans to our mainland China subsidiaries, or acquire offshore entities with operations in mainland China in offshore transactions. However, most of these uses are subject to mainland China regulations. See "Risk Factors — Risks Related to Doing Business in China — PRC regulations of loans to and direct investment in the PRC entities by offshore holding companies may delay or prevent us from making loans or additional capital contributions to our PRC subsidiaries, which could materially and adversely affect our liquidity and our ability to fund and expand our business."

A substantial portion of our revenue has been, and we expect will likely continue to be, denominated in Renminbi. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior SAFE approval as long as certain routine procedural requirements are fulfilled. Therefore,

our mainland China subsidiaries are allowed to pay dividends in foreign currencies to us without prior SAFE approval by following certain routine procedural requirements. However, approval from or registration with competent government authorities is required where the Renminbi is to be converted into foreign currency and remitted out of mainland China to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC government may restrict access to foreign currencies for current account transactions in the future if we are found failing to meet the procedural requirements. If the foreign exchange control system affects our abilities to obtain sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our shareholders, including holders of our ADSs.

Working Capital Sufficiency Statement

Our Directors are of the opinion that, taking into account the cash and cash equivalents on hand as of the date of this document and the financial resources available to us, including internally generated funds and the estimated net proceeds from this offering, we have sufficient working capital for our present requirement, which is, for at least the next 12 months from the date of this document.

Cash Flows

The following table sets forth a summary of our cash flows for the periods presented:

	For the Year Ended December 31,			For the Three Months Ended March 31,		
	2022	2023	2024	2024	2025	
	RMB	*RMB*	*RMB*	*RMB*	*RMB*	*US$*
				(unaudited)		
			(in thousands)			
Net cash (used in)/provided by operating activities	(696,015)	57,261	63,503	(328,622)	(256,990)	(35,411)
Net cash provided by/(used in) investing activities	1,119,646	(1,060,393)	955,876	244,859	267,227	36,825
Net cash provided by/(used in) financing activities	15,176	1,590,356	250,675	90,996	(22,242)	(3,065)
Net increase/(decrease) in cash and cash equivalents	438,807	587,224	1,270,054	7,233	(12,005)	(1,651)
Effect of foreign currency exchange rate changes on cash and cash equivalents, and restricted cash	25,118	57,623	14,382	1,686	(361)	(52)
Cash and cash equivalents, and restricted cash at the beginning of the year/period	449,352	913,277	1,558,124	1,558,124	2,842,560	391,715
Cash and cash equivalents, and restricted cash at the end of the year/period	913,277	1,558,124	2,842,560	1,567,043	2,830,194	390,012

Operating Activities

Net cash used in operating activities in the three months ended March 31, 2025 was RMB257.0 million (US$35.4 million). The difference between the net loss of RMB17.5 million (US$2.4 million) and the operating cash flow as primarily due to (i) adjustment of non-cash items of RMB65.0 million (US$9.0 million), which mainly consisted of depreciation and amortization expenses of RMB34.8 million (US$4.8 million) and share-based compensation expenses of RMB26.2 million (US$3.6 million), and (ii) a net decrease in operating assets and liabilities of RMB304.4 million (US$41.9 million), which was primarily attributable to an increase in accounts receivable of RMB190.2 million (US$26.2 million) and an decrease in accrued expenses and other current liabilities of RMB110.7 million (US$15.2 million).

Net cash provided by operating activities in 2024 was RMB63.5 million. The difference between the net loss of RMB102.4 million and operating cash flow was primarily due to (i) adjustment of non-cash items of RMB302.2 million, which mainly consisted of share-based compensation expenses of RMB116.0 million, and depreciation and amortization expenses of RMB131.8 million and (ii) a net decrease in operating assets and liabilities by RMB136.3 million, which was primarily attributable to a decrease of RMB243.3 million in accounts receivable as a result of accelerated collection in 2024.

Net cash provided by operating activities in 2023 was RMB57.3 million. The difference between the net loss of RMB476.0 million and operating cash flow was primarily due to (i) adjustment of non-cash items of RMB387.6 million, which mainly consisted of share-based compensation expenses of RMB234.6 million, and depreciation and amortization expenses of RMB86.3 million and (ii) a net decrease in operating assets and liabilities by RMB145.6 million, which was primarily attributable to a decrease of RMB146.0 million in inventories as a result of more shipment of our LiDAR products.

Net cash used in operating activities in 2022 was RMB696.0 million. The difference between the net loss of RMB300.8 million and operating cash flow was primarily due to (i) an increase of RMB305.6 million in inventories due to increased stock level of raw materials for AT128 mass production and (ii) an increase of RMB256.6 million in total in accounts receivable and contract assets of which was in line with our revenue growth, partially offset by adjustment of non-cash items of RMB226.2 million, which mainly consisted of share-based compensation expenses of RMB105.2 million and depreciation and amortization expenses of RMB53.6 million.

Investing Activities

Net cash provided by investing activities in the three months ended March 31, 2025 was RMB267.2 million (US$36.8 million), which was primarily due to maturity of short-term investments of RMB382.2 million (US$52.7 million), partially offset by purchases of property and equipment of RMB57.9 million (US$8.0 million) and purchases of short-term investments of RMB50.0 million (US$6.9 million).

Net cash provided by investing activities in 2024 was RMB955.9 million, which was primarily due to maturity of our short-term investments of RMB3,775.8 million, partially offset by purchase of short-term investments of RMB2,548.6 million and purchase of property and equipment of RMB259.5 million.

Net cash used in investing activities in 2023 was RMB1,060.4 million, which was primarily due to (i) the purchase of short-term investments of RMB5,100.9 million and (ii) the purchase of property and equipment of RMB406.7 million, partially offset by the maturity of short-term investments of RMB4,479.3 million.

Net cash provided by investing activities in 2022 was RMB1,119.6 million, which was primarily due to the maturity of short-term investment of RMB6,978.8 million, partially offset by the purchases of short-term investment of RMB5,586.8 million and the purchases of property and equipment of RMB231.2 million.

Financing Activities

Net cash used in financing activities in the three months ended March 31, 2025 was RMB22.2 million (US$3.1 million), which was primarily due to repayment of short-term borrowings of RMB178.8 million (US$24.6 million), partially offset by proceeds from short-term borrowings of RMB111.8 million (US$15.4 million) and proceeds from long-term borrowings of RMB32.8 million (US$4.5 million).

Net cash provided by financing activities in 2024 was RMB250.7 million, which primarily includes our short-term and long-term borrowings of RMB354.4 million, partially offset by repayment of short-term and long-term borrowings of RMB137.8 million.

Net cash provided by financing activities in 2023 was RMB1,590.4 million, which primarily includes (i) proceeds from issuance of ordinary shares of RMB1,225.5 million in connection to our initial public offering, (ii) proceeds from long-term borrowings of RMB264.9 million, and (iii) proceeds from short-term borrowings of RMB111.7 million.

Net cash provided by financing activities in 2022 was RMB15.2 million, which primarily includes proceeds from long-term borrowings.

RECONCILIATION BETWEEN U.S. GAAP AND IFRS

It should be noted that the consolidated financial statements are prepared in accordance with U.S. GAAP, which differ in certain respects from IFRS. Classification and measurement of redeemable shares, share-based compensation, listing expense, and receivables from shareholders are the four material reconciling items.

The effects of material differences between our historical financial information prepared under U.S. GAAP and IFRS are as follows:

Reconciliation of Consolidated Statements of Operations and Comprehensive Loss

	For the year ended of December 31, 2022					
	Amounts as reported under U.S. GAAP	IFRS adjustments				Amounts as reported under IFRSs
Consolidated Statement of Operations and Comprehensive Loss (Extract)		Classification and measurement of redeemable shares (Note (a))	Share-based compensation (Note (b))	Listing expense (Note (c))	Subscription receivables (Note (d))	
	RMB	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*
			(in thousands)			
Cost of revenues	(730,683)	–	(4,467)	–	–	(735,150)
Sales and marketing expenses	(104,835)	–	(4,968)	–	–	(109,803)
General and administrative expenses	(201,007)	–	(14,060)	(6,078)	–	(221,145)
Research and development expenses	(555,179)	–	(27,929)	–	–	(583,108)
Other income (loss), net	(2,161)	(20,723)	–	–	–	(22,884)
Net loss	**(300,765)**	**(20,723)**	**(51,424)**	**(6,078)**	**–**	**(378,990)**
Deemed dividend	(446,419)	446,419	–	–	–	–
Net loss attributable to ordinary shareholders of the Company	**(747,184)**	**425,696**	**(51,424)**	**(6,078)**	**–**	**(378,990)**
Other comprehensive income (loss)						
Foreign currency translation adjustments	(12,073)	(622,093)	–	–	28,387	(605,779)
Comprehensive loss	**(312,838)**	**(642,816)**	**(51,424)**	**(6,078)**	**28,387**	**(984,769)**

Consolidated Statement of Operation and Comprehensive Loss (Extract)	For the year ended of December 31, 2023					
	Amounts as reported under U.S. GAAP	IFRS adjustments				Amounts as reported under IFRSs
		Classification and measurement of redeemable shares (Note (a))	Share-based compensation (Note (b))	Listing expense (Note (c))	Subscription receivables (Note (d))	
	RMB	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*
			(in thousands)			
Cost of revenues	(1,215,611)	–	(1,904)	–	–	(1,217,515)
Sales and marketing expenses	(148,798)	–	(13,297)	–	–	(162,095)
General and administrative expenses	(320,144)	–	17,028	(20,770)	–	(323,886)
Research and development expenses	(790,547)	–	(2,115)	–	–	(792,662)
Other income (loss), net	34	149,435	–	–	–	149,469
Net loss	**(475,968)**	**149,435**	**(288)**	**(20,770)**	**–**	**(347,591)**
Net loss attributable to ordinary shareholders of the Company	**(475,968)**	**149,435**	**(288)**	**(20,770)**	**–**	**(347,591)**
Other comprehensive income (loss)						
Foreign currency translation adjustments	42,048	182,341	–	–	3,933	228,322
Comprehensive loss	**(433,920)**	**331,776**	**(288)**	**(20,770)**	**3,933**	**(119,269)**

Consolidated Statement of Operations and Comprehensive Loss (Extract)	For the year ended of December 31, 2024			
	Amounts as reported under U.S. GAAP	IFRS adjustments		Amounts as reported under IFRSs
		Share-based compensation (Note (b))	Subscription receivables (Note (d))	
	RMB	*RMB*	*RMB*	*RMB*
		(in thousands)		
Cost of revenues	(1,192,572)	1,317	–	(1,191,255)
Sales and marketing expenses	(193,032)	(5,531)	–	(198,563)
General and administrative expenses	(316,913)	10,142	–	(306,771)
Research and development expenses	(855,641)	351	–	(855,290)
Net loss	**(102,376)**	**6,279**	**–**	**(96,097)**
Net loss attributable to ordinary shareholders of the Company	**(102,376)**	**6,279**	**–**	**(96,097)**
Other comprehensive income (loss)				
Foreign currency translation adjustments	18,535	–	4,807	23,342
Comprehensive loss	**(83,841)**	**6,279**	**4,807**	**(72,755)**

Consolidated Statement of Operations and Comprehensive (Loss) income (Extract)	For the three months ended of March 31, 2024 (unaudited)			
	Amounts as reported under U.S. GAAP	IFRS adjustments		Amounts as reported under IFRSs
		Share-based compensation (Note (b))	Subscription receivables (Note (d))	
	RMB	*RMB*	*RMB*	*RMB*
		(in thousands)		
Cost of revenues	(219,898)	289	–	(219,609)
Sales and marketing expenses	(41,964)	(2,845)	–	(44,809)
General and administrative expenses	(68,767)	5,537	–	(63,230)
Research and development expenses	(194,402)	(3,720)	–	(198,122)
Net loss	**(106,925)**	**(739)**	**–**	**(107,664)**
Net loss attributable to ordinary shareholders of the Company	**(106,925)**	**(739)**	**–**	**(107,664)**

Consolidated Statement of Operations and Comprehensive (Loss) income (Extract)	For the three months ended of March 31, 2024 (unaudited)			
	Amounts as reported under U.S. GAAP	IFRS adjustments		Amounts as reported under IFRSs
		Share-based compensation (Note (b))	Subscription receivables (Note (d))	
	RMB	*RMB*	*RMB*	*RMB*
	(in thousands)			
Other comprehensive income (loss)				
Foreign currency translation adjustments	3,088	–	559	3,647
Comprehensive (loss) income	**(103,837)**	**(739)**	**559**	**(104,017)**

Consolidated Statement of Operations and Comprehensive (Loss) income (Extract)	For the three months ended of March 31, 2025			
	Amounts as reported under U.S. GAAP	IFRS adjustments		Amounts as reported under IFRSs
		Share-based compensation (Note (b))	Subscription receivables (Note (d))	
	RMB	*RMB*	*RMB*	*RMB*
	(in thousands)			
Cost of revenues	(306,067)	606	–	(305,461)
Sales and marketing expenses	(50,546)	418	–	(50,128)
General and administrative expenses	(54,087)	765	–	(53,322)
Research and development expenses	(183,306)	2,525	–	(180,781)
Net loss	**(17,549)**	**4,314**	**–**	**(13,235)**
Net loss attributable to ordinary shareholders of the Company	**(17,549)**	**4,314**	**–**	**(13,235)**
Other comprehensive income (loss)				
Foreign currency translation adjustments	31,898	–	(33,179)	(1,281)
Comprehensive (loss) income	**14,349**	**4,314**	**(33,179)**	**(14,516)**

Reconciliation of Consolidated Balance Sheets

Consolidated Balance Sheet (Extract)	As of December 31, 2022					
	Amounts as reported under U.S. GAAP	IFRS adjustments				Amounts as reported under IFRSs
		Classification and measurement of redeemable shares (Note (a))	Share-based compensation (Note (b))	Listing expense (Note (c))	Subscription receivables (Note (d))	
	RMB	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*
			(in thousands)			
Prepayments and other current assets	126,452	–	–	(8,593)	335,722	453,581
Total Assets	**3,839,396**	**–**	**–**	**(8,593)**	**335,722**	**4,166,525**
Financial liabilities at fair value through profit or loss	—	7,369,985	–	–	–	7,369,985
Total Liabilities	**997,663**	**7,369,985**	**–**	**–**	**–**	**8,367,648**
Mezzanine equity	**5,986,910**	**(5,986,910)**	**–**	**–**	**–**	**–**
Shareholders' (deficit) equity						
Additional paid-in capital	–	79,758	105,216	–	–	184,974
Subscription receivables	(310,227)	–	–	–	310,227	–
Accumulated other comprehensive income (loss)	(3,608)	(561,480)	–	–	25,495	(539,593)
Accumulated deficit	(2,831,381)	(901,353)	(105,216)	(8,593)	–	(3,846,543)
Total Shareholders' Deficit	**(3,145,177)**	**(1,383,075)**	**–**	**(8,593)**	**335,722**	**(4,201,123)**

	As of December 31, 2023					
	Amounts as reported under U.S. GAAP	IFRS adjustments				Amounts as reported under IFRSs
Interim Condensed Consolidated Balance Sheet (Extract)		Classification and measurement of redeemable shares (Note (a))	Share-based compensation (Note (b))	Listing expense (Note (c))	Subscription receivables (Note (d))	
	RMB	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*
	(in thousands)					
Prepayments and other current assets	208,082	–	–	–	322,149	530,231
Total Assets	**5,662,543**	**–**	**–**	**–**	**322,149**	**5,984,692**
Shareholders' (deficit) equity						
Additional paid-in capital	7,423,862	1,577,476	105,504	29,363	–	9,136,205
Subscription receivables	(292,721)	–	–	–	292,721	–
Accumulated other comprehensive income	38,440	(379,139)	–	–	29,428	(311,271)
Accumulated deficit	(3,307,349)	(1,198,337)	(105,504)	(29,363)	–	(4,640,553)
Total Shareholders' Equity	**3,862,318**	**–**	**–**	**–**	**322,149**	**4,184,467**

	As of December 31, 2024					
	Amounts as reported under U.S. GAAP	IFRS adjustments				Amounts as reported under IFRSs
Interim Condensed Consolidated Balance Sheet (Extract)		Classification and measurement of redeemable shares (Note (a))	Share-based compensation (Note (b))	Listing expense (Note (c))	Subscription receivables (Note (d))	
	RMB	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*
	(in thousands)					
Prepayments and other current assets	193,448	–	–	–	326,956	520,404
Total Assets	**5,989,611**	**–**	**–**	**–**	**326,956**	**6,316,567**

Interim Condensed Consolidated Balance Sheet (Extract)	As of December 31, 2024					
	Amounts as reported under U.S. GAAP	IFRS adjustments				Amounts as reported under IFRSs
		Classification and measurement of redeemable shares (Note (a))	Share-based compensation (Note (b))	Listing expense (Note (c))	Subscription receivables (Note (d))	
	RMB	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*
			(in thousands)			
Shareholders' (deficit) equity						
Additional paid-in capital	7,577,113	1,577,476	99,225	29,363	–	9,283,177
Subscription receivables	(292,721)	–	–	–	292,721	–
Accumulated other comprehensive income	56,975	(379,139)	–	–	34,235	(287,929)
Accumulated deficit	(3,409,725)	(1,198,337)	(99,225)	(29,363)	–	(4,736,650)
Total Shareholders' Equity	**3,931,731**	–	–	–	**326,956**	**4,258,687**

Interim Condensed Consolidated Balance Sheet (Extract)	As of March 31, 2025				
		IFRS adjustments			
	Amounts as reported under U.S. GAAP	Classification and measurement of redeemable shares (Note (a))	Share-based compensation (Note (b))	Listing expense (Note (c))	Amounts as reported under IFRSs
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
			(in thousands)		
Shareholders' (deficit) equity					
Additional paid-in capital	7,615,445	1,577,476	94,911	29,363	9,317,195
Accumulated other comprehensive (loss) income	88,873	(379,139)	–	–	(290,266)
Accumulated deficit	(3,427,274)	(1,198,337)	(94,911)	(29,363)	(4,749,885)
Total Shareholders' Equity	**4,277,134**	–	–	–	**4,277,134**

(a) Classification and measurement of redeemable shares

Under U.S. GAAP, we classified the redeemable shares as mezzanine equity in the consolidated balance sheets because they were redeemable at the holders' option upon the occurrence of certain deemed liquidation events that outside our control. The redeemable shares are recorded initially at fair value, net of issuance costs. We recognized accretion as deemed dividend to the respective redemption value of the redeemable shares over the period starting from issuance date to the earliest redemption date. The accretion is recognized and charged against retained earnings, or in the absence of retained earnings, by charges against additional paid-in capital. Once additional paid-in-capital has been exhausted, additional charges are recorded by increasing the accumulated deficit.

Under IFRSs, the redeemable shares, which were contingently redeemable at the option of the holders, were classified as financial liabilities. The redeemable shares were designated as financial liabilities at fair value through profit or loss, which were initially and subsequently measured at fair value. Subsequent to initial recognition, we considered that the amounts of changes in fair value of the redeemable shares that were attributed to changes in credit risk of the redeemable shares recognized in other comprehensive income (loss) were insignificant. The amount of change in the fair value of the financial liability was presented as other income (loss) in consolidated statements of operations and comprehensive loss.

All the redeemable shares of the Company were converted into ordinary shares upon the completion of IPO in February 2023.

(b) Share-based compensation

Under U.S. GAAP, we have elected to recognize compensation expense using the straight-line method for all employee equity awards granted with graded vesting over the requisite service period. Additionally, we have chosen to account for forfeitures when they occur.

Under IFRSs, the accelerated method is required to recognize compensation expense for all employee equity awards granted with graded vesting. Forfeitures must be estimated, and share-based compensation expenses were recognized net of estimated forfeitures.

(c) Listing expense

Under U.S. GAAP, specific incremental costs considered directly attributable to the offering of equity securities ("listing expenses") may be deferred and capitalized against the gross proceeds of the offering.

Under IFRSs, only those listing expenses considered directly attributable to the issuance of new shares to investors can be capitalized. Those listing expenses considered directly attributable to the listing of existing shares on a stock exchange are not considered transaction costs that qualify for capitalization. Such costs should be expensed as incurred instead.

Accordingly, the reconciliation includes an expense recognition difference of RMB29.4 million for the year ended December 31, 2023 in relation to the listing expenses incurred during the initial public offering and listing of the Company's ADSs on the Nasdaq in February 2023.

(d) Receivables from shareholders

Under U.S. GAAP, shareholders' subscription consideration to the Company that has not been paid is accounted for as an equity transaction in subscription receivables using the historical exchange rates.

Under IFRSs, such shareholders' subscription consideration is recognized as a financial asset measured at amortized cost. Financial asset is a monetary item measured into the reporting currency using the exchange rate at the balance sheet date.

INDEBTEDNESS

The following table sets forth our indebtedness as of the dates indicated:

	As of December 31,			As of March 31, 2025		As of July 31, 2025	
	2022	2023	2024				
	RMB	*RMB*	*RMB*	*RMB*	*US$*	*RMB*	*US$*
						(unaudited)	
			(in thousands)				
Short-term borrowings	–	111,682	345,253	280,266	38,622	448,230	61,768
Long-term borrowings	18,472	285,898	269,438	300,288	41,381	287,942	39,679
Total borrowings*	**18,472**	**397,580**	**614,691**	**580,554**	**80,003**	**736,172**	**101,447**
Lease liabilities	45,114	154,406	114,473	87,482	12,055	97,744	13,469
Amounts due to related parties	334,283	340,051	335,253	5,335	735	–	–
Notes payable	–	7,255	10,096	53,982	7,439	132,486	18,257
Total indebtedness	**397,869**	**899,292**	**1,074,513**	**727,353**	**100,232**	**966,402**	**133,173**

* The total borrowings as of July 31, 2025 comprise of secured and unguaranteed borrowings of RMB253.6 million (US$35.0 million) and unsecured and unguaranteed borrowings of RMB482.6 million (US$66.4 million).

Borrowings

Our borrowings represent bank loans from commercial banks in China. Our outstanding borrowings increased from RMB18.5 million as December 31, 2022 to RMB397.6 million as December 31, 2023, and further to RMB614.7 million as of December 31, 2024, primarily due to increased bank borrowings for the purchase of property and equipment and the construction of Maxwell Center. Our outstanding borrowings decreased to RMB580.6 million (US$80.0 million) as of March 31, 2025, primarily due to a decrease in short-term borrowings. As of July 31, 2025, we had outstanding borrowings of RMB736.2 million (US$101.4 million). For more details on our borrowings, see note 14 to the Accountants' Report in Appendix I to this document.

As of July 31, 2025, we had unutilized bank facilities of RMB687.9 million, which can be drawn down to support our working capital requirements, subject to the standard internal approval procedures of the banks at each time of drawdown. Given our credit history and our current credit status, we do not expect to encounter any difficulties in obtaining approvals from banks for drawdowns from these facilities in the next 12 months.

Lease Liabilities

Our lease liabilities relate to properties that we lease primarily for offices and factory use. As of December 31, 2022, 2023 and 2024, March 31, 2025 and July 31, 2025, our lease liabilities, including both current and non-current portions, amounted to RMB45.1 million, RMB154.4 million, RMB114.5 million, RMB87.5 million (US$12.1 million) and RMB97.7 million (US$13.5 million), respectively. The increases in our lease liabilities as of December 31, 2023 and 2024 compared to the balance as of December 31, 2022 were primarily attributable to the lease of our new headquarters offices in Changning, Shanghai. For more details on our lease liabilities, see note 18 to the Accountants' Report in Appendix I to this document.

Notes Payable

Our notes payable relate to the settlement of payments to our construction and raw material suppliers. As of December 31, 2022, 2023 and 2024, March 31, 2025 and July 31, 2025, our notes payable was nil, RMB7.3 million, RMB10.1 million, RMB54.0 million (US$7.4 million) and RMB132.5 million (US$18.3 million), respectively.

Amounts Due to Related Parties

Our amounts due to related parties, which are non-trade in nature, primarily relate to the acquisition of equity interest in Shanghai Hesai by the Group as part of the reorganization for our initial public offering. As of December 31, 2022, 2023 and 2024, March 31, 2025 and July 31, 2025, our amounts due to related parties were RMB334.3 million, RMB340.1 million, RMB335.3 million, RMB5.3 million (US$0.7 million) and nil, respectively. For more details on our amounts due to related parties, see note 25 to the Accountants' Report in Appendix I to this document.

Contingent Liabilities or Guarantees

During the Track Record Period and up to the Latest Practicable Date, we did not have any material contingent liabilities or guarantees.

Indebtedness Statement

Our Directors confirm that as of July 31, 2025, being the latest practicable date for determining our indebtedness, there was no breach of any covenant during the Track Record Period and up to the date of this prospectus. Our Directors confirm that there has not been any material change in our indebtedness since July 31, 2025 and up to the date of this prospectus. Our Directors further confirm that our Group did not experience any difficulty in obtaining bank loans and other borrowings, default in payment of bank loans and other borrowings or breach of covenants during the Track Record Period and up to the at the date of this prospectus.

Except as disclosed above, as of July 31, 2025, being the latest practicable date for determining our indebtedness, the Group did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts, borrowings or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities.

CAPITAL EXPENDITURES

Our capital expenditures primarily represent capital payment for Hertz Center and Maxwell Center, electronic equipment, leasehold improvement, machinery and equipment, sample products, and intangible assets. We incurred capital expenditures of RMB240.4 million, RMB414.7 million, RMB271.4 million and RMB64.9 million (US$9.0 million) in 2022, 2023 and 2024 and the three months ended March 31, 2025, respectively. There are, however, risks or other difficulties associated with the expansion of our manufacturing facilities, such as failure to complete the expansion on schedule and within budget. See "Risk Factors — Risks Related to Our Business and Industry — The expansion of our manufacturing facilities may be subject to delays, disruptions, cost overruns, or may not produce expected benefits." We will continue to make capital expenditures to meet the expected growth of our business. We intend to fund our future capital expenditures with our existing cash balance, operating cash flow and proceeds from the Global Offering. See the section headed "Future Plans and Use of Proceeds" for more details.

CONTRACTUAL OBLIGATIONS

The following table sets forth our contractual obligations as of March 31, 2025:

	Payment due by December 31,				
	Total	2025	2026	2027	After
	(RMB in thousands)				
Capital expenditure commitments[(1)] . . .	188,878	188,878	—	—	—

Note:

(1) Capital expenditure commitments refer to future minimum capital payment under equity investment agreements and non-cancelable agreements related to Hertz Center and Maxwell Center.

In addition, we are obligated to make annual royalty payments from 2020 through 2030 under the Hesai-Velodyne Agreement. For details, see "Business — Compliance and Legal Proceedings." The royalty payment for 2020, 2021 and 2022 is US$3.0 million annually. For each year from 2023, the royalty payment shall be the greater of US$3.0 million (except for the year of 2030, where the base payment shall be US$0.3 million) and a tiered percentage of partial net sales. In particular, the percentage should be 4%, 3% and 2% for the net sales of rotating LiDAR products from US$0 to US$425.0 million, from US$425.0 million to US$2,925 million, and from US$2,925 million to above, respectively. Net sales do not include (a) taxes, tariffs, customs duties, excise, or other governmental charges (except income tax) levied and separately stated in an invoice, or (b) reasonable charges for freight or insurance that are separately stated in an invoice and borne by us.

Except for those disclosed above, we did not have any significant capital or other commitments, long-term obligations, or guarantees as of March 31, 2025.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

We have not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. In addition, we have not entered into any derivative contracts that are indexed to our shares and classified as shareholder's equity or that are not reflected in our consolidated financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk, or credit support to us or engages in leasing, hedging, or product development services with us.

MATERIAL RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. For more details on our related party transactions during the Track Record Period, see note 25 to the Accountants' Report in Appendix I to this document.

Our Directors believe that our transactions with related parties during the Track Record Period were conducted on an arm's length basis, and they did not distort our results of operations or make our historical results not reflective of our future performance.

HOLDING COMPANY STRUCTURE

We are a holding company with no material operations of its own. We conduct our operations primarily through our mainland China subsidiaries. As a result, our ability to pay dividends depends upon dividends paid by our mainland China subsidiaries. If our existing mainland China subsidiaries, or any newly formed ones, incur debt on their own behalf in the future, the instruments governing their debt may restrict their ability to pay dividends to us. In addition, our wholly foreign-owned subsidiaries in mainland China are permitted to pay dividends to us only out of their retained earnings, if any, as determined in accordance with mainland China accounting standards and regulations. Under mainland China law, each of our subsidiaries in mainland China is required to set aside at least 10% of its after-tax profits each year, if any, to fund certain statutory reserve funds until such reserve funds reach 50% of their registered capital. For each of our subsidiaries in mainland China, after it makes an allocation to its statutory reserve funds from its after-tax profits, it may make an allocation to its discretionary reserve funds from its after-tax profits upon a resolution approved at the shareholders' meeting. Under the Company Law of the PRC, a company shall not distribute profits before losses are covered and the statutory reserve funds are drawn. Remittance of dividends by a wholly foreign-owned company out of mainland China is subject to examination by the banks designated by SAFE. Our mainland China subsidiaries have not paid dividends and will not be able to pay dividends until they generate accumulated profits and meet the requirements for statutory reserve funds.

DISTRIBUTABLE RESERVES

As of March 31, 2025, we did not have any distributable reserves.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Foreign Exchange Risk

The revenues and expenses of our entities in the mainland China are generally denominated in Renminbi and their assets and liabilities are denominated in Renminbi. Our international revenues are denominated in foreign currencies and expose us to the risk of fluctuations in foreign currency exchange rates against the Renminbi. A significant portion of our cash and cash equivalents and short-term investments are denominated in U.S. dollars, and

fluctuations in exchange rates between U.S. dollars and Renminbi may result in foreign exchange gains or losses. We have not used any derivative financial instruments to hedge exposure to such risk. In addition, the value of your investment in our ADSs will be affected by the exchange rate between the U.S. dollar and Renminbi because the value of our business is effectively denominated in Renminbi, while our ADSs will be traded in U.S. dollars.

The conversion of Renminbi into other currencies, including U.S. dollars, is based on rates set by the People's Bank of China. The Renminbi has fluctuated against other currencies, at times significantly and unpredictably. The value of Renminbi against other currencies is affected by changes in China's political and economic conditions and by China's foreign exchange policies, among other things. It is difficult to predict how market forces or government policies may impact the exchange rate between Renminbi and other currencies in the future.

To the extent that we need to convert U.S. dollars into Renminbi for our operations, appreciation of the Renminbi against the U.S. dollar would have an adverse effect on the Renminbi amount we receive from the conversion. Conversely, if we decide to convert Renminbi into U.S. dollars for the purpose of making payments for dividends on our ordinary shares or ADSs or for other business purposes, appreciation of the U.S. dollars against the Renminbi would have a negative effect on the U.S. dollar amounts available to us.

As of March 31, 2025, we had Renminbi-denominated cash and cash equivalents of RMB369.8 million (US$51.0 million). A hypothetical 10% depreciation of Renminbi against the U.S. dollar based on the foreign exchange rate on March 31, 2025 would result in a decrease of US$4.6 million in cash and cash equivalents. A hypothetical 10% appreciation of Renminbi against the U.S. dollar based on the foreign exchange rate on March 31, 2025 would result in an increase of US$5.7 million in cash and cash equivalents.

Interest Rate Risk

Our exposure to interest rate risk primarily relates to the interest income generated by excess cash, which is mostly held in interest-bearing bank deposits, and credit facilities that have a floating rate of interest. We have not been exposed to material risks due to changes in market interest rates, and we have not used any derivative financial instruments to manage our interest risk exposure.

We may invest the net proceeds that we received from our offerings in interest-earning instruments. Investments in both fixed-rate and floating rate interest-earning instruments carry a degree of interest rate risk. Fixed-rate securities may have their fair market value adversely impacted due to a rise in interest rates, while floating-rate securities may produce less income than expected if interest rates fall.

Our exposure to interest rate risk also arises from our credit facilities that have a floating rate of interest. The costs of floating rate borrowings may be affected by the fluctuations in the interest rates. For example, as of March 31, 2025, we had short-term borrowings of RMB280.3

million (US$38.6 million) and long-term borrowings of RMB300.3 million (US$41.4 million). A hypothetical one percentage point (100 basis-point) increase in interest rates would have resulted in an increase of RMB5.8 million (US$0.8 million) in the costs of floating rate borrowings/interest amount as of March 31, 2025.

DIVIDEND POLICY

Our Board has discretion on whether to distribute dividends, subject to certain requirements of Cayman Islands law. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our Board. In either case, all dividends are subject to certain restrictions under Cayman Islands law, namely that our company may only pay dividends out of profits or share premium account, and provided always that in no circumstances may a dividend be paid if this would result in our company being unable to pay its debts as they fall due in the ordinary course of business. Even if we decide to pay dividends, the form, frequency and amount will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the Board may deem relevant. Since inception, we have not declared or paid any dividends on our ordinary shares or ADSs. We do not have any present plan to pay any cash dividends on our ordinary shares or ADSs in the foreseeable future. We currently intend to retain most, if not all, of our available funds and any future earnings to operate and expand our business. We have not established any formal dividend policy or pre-determined dividend pay-out ratio.

We are a holding company incorporated in the Cayman Islands. We may rely on dividends from our subsidiary in mainland China for our cash requirements, including any payment of dividends to our shareholders. PRC foreign exchange regulations may restrict the ability of our mainland China subsidiary to pay dividends to us. See "Regulatory Overview — Regulations Relating to Dividend Distribution."

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

A list of recently issued accounting pronouncements that are relevant to us is included in note 3.2 of our audited consolidated financial statements included elsewhere in this document.

LISTING EXPENSES

Based on an indicative offer price of HK$228.00 per Offer Share, the estimated total listing expenses in relation to the Global Offering (assuming that the Offer Size Adjustment Option and the Over-allotment Option are not exercised) are approximately HK$169.9 million, representing 4.4% of the gross proceeds of the Global Offering. The estimated total listing expenses will consist of (i) underwriting-related expenses of approximately HK$135.7 million, and (ii) non-underwriting-related expenses of approximately HK$34.2 million, comprising (a) fees and expenses of legal advisors and Reporting Accountants of approximately HK$19.8 million and (b) other fees and expenses of approximately HK$14.4 million. We did not incur any listing expenses during the Track Record Period. We expect to incur listing expenses of

approximately HK$169.9 million after the Track Record Period, of which approximately HK$7.6 million will be charged to our consolidated statements of operations and comprehensive loss and approximately HK$162.3 million will be deducted from equity upon the Listing.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted net tangible assets prepared in accordance with Rule 4.29 of the Listing Rules is to illustrate the effect of the Global Offering on our net tangible assets as of March 31, 2025 as if the Global Offering had taken place on that date.

The unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not provide a true picture of our net tangible assets had the Global Offering been completed as of March 31, 2025 or at any future date. It is prepared based on our consolidated net assets as of March 31, 2025 as set forth in the Accountants' Report in Appendix I to this document, and adjusted as described below. No adjustment has been made to reflect any trading result or other transactions of us entered into subsequent to March 31, 2025.

	Audited consolidated net tangible assets of the Group attributable to ordinary shareholders of the Company as of March 31, 2025	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to ordinary shareholders of the Company as of March 31, 2025	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to ordinary shareholders of the Company as of March 31, 2025 per Share	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to ordinary shareholders of the Company as of March 31, 2025 per ADS	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to ordinary shareholders of the Company as of March 31, 2025 per Share	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to ordinary shareholders of the Company as of March 31, 2025 per ADS
	RMB'000	*RMB'000*	*RMB'000*	*RMB*	*RMB*	*HK$*	*HK$*
	(Note 1)	*(Note 2)*		*(Note 3)*	*(Note 4)*	*(Note 5)*	*(Note 5)*
Based on the indicative offer price of HK$228.00 per Share .	4,197,371	3,389,941	7,587,312	50.87	50.87	55.61	55.61

Notes:

(1) The unaudited consolidated net tangible assets of the Group attributable to the ordinary shareholders of the Company as of March 31, 2025 are based on consolidated net assets of the Group attributable to ordinary shareholders of the Company as of March 31, 2025 of RMB4,277,134,000, after netting of intangible assets of RMB79,763,000 as shown in the Accountants' Report set out in Appendix I to this prospectus.

(2) The estimated net proceeds from the Global Offering are based on 17,000,000 Offer Shares at the indicative offer price of HK$228.00 (equivalent to RMB208.55) per Offer Share after deduction of the estimated listing expenses and share issue costs (including underwriting fees and other related expenses) expected to be incurred by the Company subsequent to March 31, 2025 and without taking into account any allotment and issuance of any Shares upon the exercise of the Offer Size Adjustment Option and/or the Over-allotment Option, 946,293 Class B Ordinary Shares issued upon the vesting of restricted share units ("RSUs") and the exercise of options under the 2021 Plan between April 1, 2025 and the Latest Practicable Date, and 558,814 Class B Ordinary Shares (as of Latest Practicable Date) issued to Depositary for bulk issuance of ADSs reserved for future issuances upon the exercise or vesting of awards granted under the 2021 Plan, and any issuance or repurchase of Shares and/or ADSs by the Company. For the purpose of calculating the estimated net proceeds from the Global Offering, the translation of Hong Kong dollars into Renminbi was made at the exchange rate of HK$1.00 to RMB0.9148, which is derived from the respective exchange rate of Hong Kong dollars and Renminbi against U.S. Dollars on August 29, 2025 set forth in the H.10 statistical release of the Federal Reserve Board. No representation is made that Hong Kong dollars have been, could have been or may be converted to Renminbi, or vice versa, at that rate or at any other rates or at all.

(3) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to ordinary shareholders of the Company per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 149,154,604 Shares are in issue assuming that the Global Offering had been completed on March 31, 2025, without taking into account any allotment and issuance of any Shares upon the exercise of the Offer Size Adjustment Option and/or the Over-allotment Option, 946,293 Class B Ordinary Shares issued upon the vesting of RSUs and the exercise of options under the 2021 Plan between April 1, 2025 and the Latest Practicable Date, and 558,814 Class B Ordinary Shares (as of Latest Practicable Date) issued to Depositary for bulk issuance of ADSs reserved for future issuances upon the exercise or vesting of awards granted under the 2021 Plan, and any issuance or repurchase of Shares and/or ADSs by the Company.

(4) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to ordinary shareholders of the Company per ADS is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that one ADS represents one Share.

(5) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to ordinary shareholders of the Company to reflect any trading result or other transactions of the Group entered into subsequent to March 31, 2025. In particular, the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to ordinary shareholders of the Company as shown here have not been adjusted to illustrate the effect of the indirect disposal of equity interest as disclosed in the Note 20 "Subsequent Events" to Appendix IA in this prospectus.

After taking into account the net gain on the indirect disposal of equity interest of approximately RMB148,358,000 as disclosed in the Note 20 "Subsequent Events" to Appendix IA in this prospectus, assuming that the indirect disposal had been completed as of March 31, 2025, and the estimated net proceeds from the Global Offering at the indicative offer price of HK$228.00 (equivalent to RMB208.55) per Offer Share, the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to ordinary shareholders of the Company would have been approximately RMB7,735,670,000 and the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to ordinary shareholders of the Company per ordinary share and per ADS would have been RMB51.87 and RMB51.87 (equivalent to HK$56.70 and HK$56.70), respectively.

(6) For the purpose of this unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to ordinary shareholders of the Company, the balances stated in Renminbi are converted into Hong Kong dollars at the exchange rate of RMB1.00 to HK$1.0932, which is derived from the respective exchange rate of Hong Kong dollars and Renminbi against U.S. Dollars on August 29, 2025 set forth in the H.10 statistical release of the Federal Reserve Board. No representation is made that Hong Kong dollars have been, could have been or may be converted to Renminbi, or vice versa, at that rate or at any other rates or at all.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

After performing sufficient due diligence work that our Directors consider appropriate and after due and careful consideration, the Directors have confirmed that, up to the date of this document, there has been no material adverse change in our financial or trading position or prospects since March 31, 2025, being the end date of our latest consolidated financial statements, and there has been no event since March 31, 2025 that would materially affect the information shown in the Accountants' Report set out in Appendix I to this document.

Summary of Unaudited Financial Statements for the Six Months Ended June 30, 2025

We are a public company listed on the Nasdaq and we have furnished a Form 6-K including our unaudited financial information prepared under U.S. GAAP as of and for the six months ended June 30, 2025 to the SEC. We have included our unaudited condensed consolidated financial statements as of and for the six months ended June 30, 2025 in Appendix IA to this document. Our unaudited condensed consolidated financial statements as of and for the six months ended June 30, 2025 have been prepared in accordance with U.S. GAAP and reviewed by our reporting accountant in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

The members of the Board, including those of the Audit Committee, have received and reviewed the unaudited condensed consolidated financial statements of the Group as of and for the six months ended June 30, 2025, as set out in Appendix IA to this document. We have complied with the code provisions in Part 2 of Appendix C1 to the Listing Rules. We are not in breach of our Articles of Association or laws and regulations of the Cayman Islands or other regulatory requirements regarding our obligation to distribute interim reports in accordance with the requirements under Rule 13.48(1) of the Listing Rules. Pursuant to the Note to Rule 13.48(1) of the Listing Rules, we do not intend to distribute a separate interim report in respect of the six months ended June 30, 2025 under the aforementioned Rule.

The financial data of the Group as of and for the six months ended June 30, 2025 set forth below are derived from our unaudited condensed consolidated financial statements for the six months ended June 30, 2025 included in Appendix IA to this document. Solely for your convenience, all translations of financial data in Renminbi to U.S. dollars in this section were made at a rate of US$1.00 to RMB7.1636, the noon buying rate on June 30, 2025 as set forth in the H.10 statistical release of the Federal Reserve Board.

Summary of Condensed Consolidated Statement of Operations and Comprehensive (Loss) Income

The following table sets forth a summary of our condensed consolidated statement of operations and comprehensive (loss) income for the periods presented, both in absolute amount and as percentages of our net revenues.

	For the six months ended June 30,				
	2024		2025		
	RMB	*%*	*RMB*	*US$*	*%*
	(unaudited)		*(unaudited)*	*(unaudited)*	
	(in thousands, except for percentages)				
Net revenues	**817,982**	**100.0**	**1,231,690**	**171,937**	**100.0**
Cost of revenues	(471,934)	(57.7)	(711,977)	(99,388)	(57.8)
Gross profit	**346,048**	**42.3**	**519,713**	**72,549**	**42.2**
Sales and marketing expenses	(97,709)	(11.9)	(92,857)	(12,962)	(7.5)
General and administrative expenses	(134,913)	(16.5)	(117,807)	(16,445)	(9.6)
Research and development expenses	(393,011)	(48.0)	(382,525)	(53,398)	(31.1)
Other operating income, net	45,354	5.5	62,880	8,778	5.1
Total operating expenses	**(580,279)**	**(70.9)**	**(530,309)**	**(74,027)**	**(43.1)**
Loss from operations	**(234,231)**	**(28.6)**	**(10,596)**	**(1,478)**	**(0.9)**
Interest income	56,392	6.9	41,488	5,792	3.4
Interest expenses	(5,620)	(0.7)	(11,552)	(1,613)	(0.9)
Foreign exchange gain/(loss), net	5,038	0.6	7,960	1,111	0.6
Other (loss)/income, net	71	0.0	(713)	(100)	(0.1)
Net (loss) income before income tax and share of loss in equity method investments	**(178,350)**	**(21.8)**	**26,587**	**3,712**	**2.2**
Income tax expenses	(615)	(0.1)	(27)	(4)	(0.0)
Share of loss in equity method investment	(19)	(0.0)	(23)	(3)	(0.0)
Net (loss) income	**(178,984)**	**(21.9)**	**26,537**	**3,705**	**2.2**

Net Revenues

Our net revenues increased by 50.6% from RMB818.0 million for the six months ended June 30, 2024 to RMB1,231.7 million (US$171.9 million) for the six months ended June 30, 2025.

Product revenues. Revenue from LiDAR products increased by 58.7% from RMB759.9 million for the six months ended June 30, 2024 to RMB1,205.6 million (US$168.3 million) for the six months ended June 30, 2025. This increase was primarily due to increased shipments of ADAS LiDAR products, particularly driven by robust demand in China, and increased sales of our Robotics LiDARs. We generated revenue from approximately 547,900 units of LiDARs sold in the six months ended June 30, 2025, compared with approximately 145,600 units in the same period of 2024. Revenue from other products increased from RMB3.7 million for the six months ended June 30, 2024 to RMB4.5 million (US$0.6 million) for the six months ended June 30, 2025.

Service revenues. Revenue from engineering design, development and validation services decreased from RMB47.4 million for the six months ended June 30, 2024 to RMB16.8 million (US$2.4 million) for the six months ended June 30, 2025, primarily because periodical fluctuations in demand. Revenue from other services decreased from RMB7.0 million for the six months ended June 30, 2024 to RMB4.8 million (US$0.7 million) for the six months ended June 30, 2025, primarily due to the expiry of existing extended warranty services.

Cost of Revenues

Our cost of revenues increased by 50.9% from RMB471.9 million for the six months ended June 30, 2024 to RMB712.0 million (US$99.4 million) for the six months ended June 30, 2025, primarily due to an increase in material and component cost, which is in line with the growth in sales volume of our LiDAR products.

Gross Profit and Gross Profit Margin

As a result of foregoing, our gross profit increased by 50.2% from RMB346.0 million for the six months ended June 30, 2024 to RMB519.7 million (US$72.5 million) for the six months ended June 30, 2025. Our gross profit margins remained relatively stable at 42.3% and 42.2% for the six months ended June 30, 2024 and 2025, respectively.

Sales and Marketing Expenses

Sales and marketing expenses decreased by 5.0% from RMB97.7 million for the six months ended June 30, 2024 to RMB92.9 million (US$13.0 million) for the six months ended June 30, 2025, primarily attributable to (i) a decrease of RMB5.9 million in marketing and business development expenses, as we engaged in fewer marketing activities, and (ii) a

decrease of RMB5.5 million in other expenses, mainly due to decreases in depreciation and amortization expenses and freight expenses, partially offset by an increase of RMB6.5 million in employee benefit expenses, mainly in relation to bonus paid in the first half of 2025.

General and Administrative Expenses

General and administrative expenses decreased by 12.7% from RMB134.9 million for the six months ended June 30, 2024 to RMB117.8 million (US$16.4 million) for the six months ended June 30, 2025, primarily attributable to (i) a decrease of RMB13.4 million in employee benefit expenses, due to decreased headcount, and (ii) a decrease of RMB9.0 million in professional service fees, primarily because we incurred higher professional service fees in connection with our overseas litigation in the first half of 2024. These factors were partially offset by an increase of RMB6.8 million in expected credit losses, which was in line with the increased balance of accounts receivable.

Research and Development Expenses

Research and development expenses decreased by 2.7% from RMB393.0 million for the six months ended June 30, 2024 to RMB382.5 million (US$53.4 million) for the six months ended June 30, 2025, primarily due to (i) a decrease of RMB10.5 million in other expenses, mainly as a result of lower rental expenses as we reduced leased office space, and (ii) a decrease of RMB3.0 million in depreciation and amortization expenses.

Other Operating Income, Net

Other operating income, net increased by 38.6% from RMB45.4 million for the six months ended June 30, 2024 to RMB62.9 million (US$8.8 million) for the six months ended June 30, 2025, primarily due to increased government grants.

Loss from Operations

As a result of the foregoing, our loss from operations decreased significantly by 95.5% from a loss of RMB234.2 million for the six months ended June 30, 2024 to a loss of RMB10.6 million (US$1.5 million) for the six months ended June 30, 2025.

Net (Loss)/Income

We recorded a net income of RMB26.5 million (US$3.7 million) for the six months ended June 30, 2025, compared to a net loss of RMB179.0 million for the six months ended June 30, 2024.

Summary of Condensed Consolidated Balance Sheet

	As of December 31,	As of June 30,	
	2024	2025	
	RMB	*RMB*	*US$*
	(unaudited)	*(unaudited)*	*(unaudited)*
		(in thousands)	
Total current assets	4,682,656	4,822,268	673,161
Total non-current assets	1,306,955	1,439,817	200,991
Total assets	**5,989,611**	**6,262,085**	**874,152**
Total current liabilities	1,628,940	1,515,832	211,601
Total non-current liabilities	428,940	391,019	54,584
Total liabilities	**2,057,880**	**1,906,851**	**266,185**
Net current assets	**3,053,716**	**3,306,436**	**461,560**
Net assets	**3,931,731**	**4,355,234**	**607,967**
Total shareholders' equity	**3,931,731**	**4,355,234**	**607,967**
Total liabilities and shareholders' equity	**5,989,611**	**6,262,085**	**874,152**

Our net current assets increased from RMB3,053.7 million as of December 31, 2024 to RMB3,306.4 million (US$461.6 million) as of June 30, 2025, primarily attributable to (i) a decrease of RMB335.3 million in amounts due to related parties, (ii) an increase of RMB292.3 million in accounts receivable, (iii) a decrease of RMB150.8 million in accrued expenses and other current liabilities, and (iv) an increase of RMB117.1 million in inventories, partially offset by (i) a decrease of RMB251.7 million in short-term investments, (ii) an increase of RMB133.0 million in short-term borrowings, (iii) an increase of RMB116.9 million in accounts payable, and (iv) an increase of RMB110.4 million in notes payable.

Our net assets increased from RMB3,931.7 million as of December 31, 2024 to RMB4,355.2 million (US$608.0 million) as of June 30, 2025, primarily as a result of the settlement of subscription receivables of RMB292.7 million in connection the 2021 Reorganization.

Summary of Condensed Consolidated Statement of Cash Flows

The following table sets forth a summary of our condensed consolidated statements of cash flows for the periods indicated:

	For the six months ended June 30,		
	2024	2025	
	RMB	*RMB*	*US$*
	(unaudited)	*(unaudited)* *(in thousands)*	*(unaudited)*
Net cash used in operating activities	(373,362)	(265,432)	(37,055)
Net cash provided by investing activities	939,360	19,382	2,705
Net cash provided by financing activities	118,087	142,949	19,954
Net increase (decrease) in cash and cash equivalents	684,085	(103,101)	(14,396)
Cash and cash equivalents, and restricted cash at the beginning of the period	1,558,124	2,842,560	396,806
Effect of foreign currency exchange rate changes on cash and cash equivalents, and restricted cash	1,985	(1,035)	(141)
Cash and cash equivalents, and restricted cash at the end of the period	2,244,194	2,738,424	382,269

Net cash used in operating activities in the six months ended June 30, 2025 was RMB265.4 million (US$37.1 million). The difference between the net income of RMB26.5 million (US$3.7 million) and the operating cash flow was primarily due to (i) adjustments for non-cash items of RMB170.2 million (US$23.8 million), which mainly consisted of depreciation and amortization of RMB77.5 million (US$10.8 million) and share-based compensation of RMB55.4 million (US$3.6 million), and (ii) a net decrease in operating assets and liabilities of RMB462.2 million (US$64.5 million), which was primarily attributable to an increase in accounts receivable of RMB301.4 million (US$42.1 million), an increase in inventories of RMB141.7 million (US$19.8 million), a decrease in accrued expenses and other current liabilities of RMB125.5 million (US$17.5 million), an increase in accounts payable of RMB116.9 million (US$16.3 million), and an increase in notes payable of RMB110.4 million (US$15.4 million).

Reconciliation between U.S. GAAP and IFRS

It should be noted that the condensed consolidated financial statements included in Appendix IA to this document are prepared in accordance with U.S. GAAP, which differ in certain respects from IFRS. Classification and measurement of redeemable shares, share-based compensation, listing expense, receivables from shareholders and long-term investments are the five material reconciling items.

The effects of material differences between our condensed consolidated financial statements prepared under U.S. GAAP and IFRS are as follows:

Reconciliation of Consolidated Statements of Operations and Comprehensive Loss

	For the six months ended June 30, 2024 (unaudited)			
		IFRS adjustments		
Condensed Consolidated Statement of Operations and Comprehensive (Loss) income (Extract)	**Amounts as reported under U.S. GAAP**	**Share-based compensation (Note (b))**	**Subscription receivables (Note (d))**	**Amounts as reported under IFRSs**
	RMB	*RMB*	*RMB*	*RMB*
		(in thousands)		
Cost of revenues	(471,934)	(325)	–	(472,259)
Sales and marketing expenses	(97,709)	(1,653)	–	(99,362)
General and administrative expenses	(134,913)	6,728	–	(128,185)
Research and development expenses	(393,011)	(4,730)	–	(397,741)
Net loss attributable to ordinary shareholders of the Company	**(178,984)**	**20**	**–**	**(178,964)**
Other comprehensive income				
Foreign currency translation adjustments	6,021	–	2,006	8,027
Comprehensive loss	**(172,963)**	**20**	**2,006**	**(170,937)**

Condensed Consolidated Statement of Operations and Comprehensive income (Extract)	For the six months ended June 30, 2025 (unaudited)					
		IFRS adjustments				
	Amounts as reported under U.S. GAAP	Share-based compensation (Note (b))	Listing expense (Note (c))	Subscription receivables (Note (d))	Long-term investments (Note (e))	Amounts as reported under IFRSs
	RMB	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*
			(in thousands)			
Cost of revenues	(711,977)	589	–	–	–	(711,388)
Sales and marketing expenses	(92,857)	(440)	–	–	–	(93,297)
General and administrative expenses	(117,807)	1,328	(20,470)	–	–	(136,949)
Research and development expenses	(382,525)	4,937	–	–	–	(377,588)
Other operating income, net	62,880	–	–	–	79,595	142,475
Net income attributable to ordinary shareholders of the Company	**26,537**	**6,414**	**(20,470)**	**–**	**79,595**	**92,076**
Other comprehensive income						
Foreign currency translation adjustments	30,245	–	–	(33,179)	–	(2,934)
Comprehensive income	**56,782**	**6,414**	**(20,470)**	**(33,179)**	**79,595**	**89,142**

Reconciliation of Condensed Consolidated Balance Sheet

Condensed Consolidated Balance Sheet (Extract)	As of December 31, 2024 (audited)					
		IFRS adjustments				
	Amounts as reported under U.S. GAAP	Classification and measurement of redeemable shares (Note (a))	Share-based compensation (Note (b))	Listing expense (Note (c))	Subscription receivables (Note (d))	Amounts as reported under IFRSs
	RMB	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*
			(in thousands)			
Prepayments and other current assets, net	193,448	–	–	–	326,956	520,404
Total assets	**5,989,611**	**–**	**–**	**–**	**326,956**	**6,316,567**

Condensed Consolidated Balance Sheet (Extract)	As of December 31, 2024 (audited)					
		IFRS adjustments				
	Amounts as reported under U.S. GAAP	Classification and measurement of redeemable shares (Note (a))	Share-based compensation (Note (b))	Listing expense (Note (c))	Subscription receivables (Note (d))	Amounts as reported under IFRSs
	RMB	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*
			(in thousands)			
Shareholders' equity						
Additional paid-in capital	7,577,113	1,577,476	99,225	29,363	–	9,283,177
Subscription receivables	(292,721)	–	–	–	292,721	–
Accumulated other comprehensive income (loss)	56,975	(379,139)	–	–	34,235	(287,929)
Accumulated deficit	(3,409,725)	(1,198,337)	(99,225)	(29,363)	–	(4,736,650)
Total shareholders' equity	**3,931,731**	–	–	–	**326,956**	**4,258,687**

Condensed Consolidated Balance Sheet (Extract)	As of June 30, 2025 (unaudited)					
		IFRS adjustments				
	Amounts as reported under U.S. GAAP	Classification and measurement of redeemable shares (Note (a))	Share-based compensation (Note (b))	Listing expense (Note (c))	Long-term investments (Note (e))	Amounts as reported under IFRSs
	RMB	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*
			(in thousands)			
Prepayments and other current assets, net	273,777	–	–	(20,470)	–	253,307
Long-term investments	131,776	–	–	–	79,595	211,371
Total assets	**6,262,085**	–	–	**(20,470)**	**79,595**	**6,321,210**
Shareholders' equity						
Additional paid-in capital	7,651,112	1,577,476	92,811	29,363	–	9,350,762
Accumulated other comprehensive income (loss)	87,220	(379,139)	–	–	–	(291,919)
Accumulated deficit	(3,383,188)	(1,198,337)	(92,811)	(49,833)	79,595	(4,644,574)
Total shareholders' equity	**4,355,234**	–	–	**(20,470)**	**79,595**	**4,414,359**

(a) Classification and measurement of redeemable shares

Under U.S. GAAP, the Group classified the redeemable shares as mezzanine equity in the condensed consolidated balance sheet because they were redeemable at the holders' option upon the occurrence of certain deemed liquidation events that outside the Group's control. The redeemable shares were recorded initially at fair value, net of issuance costs. The Group recognized accretion as deemed dividend to the respective redemption value of the redeemable shares over the period starting from issuance date to the earliest redemption date. The accretion was recognized and charged against retained earnings, or in the absence of retained earnings, by charges against additional paid-in capital. Once additional paid-in-capital has been exhausted, additional charges are recorded by increasing the accumulated deficit.

Under IFRSs, the redeemable shares, which were contingently redeemable at the option of the holders, were classified as financial liabilities. The redeemable shares were designated as financial liabilities at fair value through profit or loss, which were initially and subsequently measured at fair value. Subsequent to initial recognition, the Group considered that the amounts of changes in fair value of the redeemable shares that were attributed to changes in credit risk of the redeemable shares recognized in other comprehensive income (loss) were insignificant. The amount of change in the fair value of the financial liability was presented as other income (loss) in condensed consolidated statement of operations and comprehensive (loss) income.

All the redeemable shares of the Company were converted into ordinary shares upon the completion of IPO in February 2023.

(b) Share-based compensation

Under U.S. GAAP, the Group has elected to recognize compensation expense using the straight-line method for all employee equity awards granted with graded vesting over the requisite service period. Additionally, the Group has chosen to account for forfeitures when they occur.

Under IFRSs, the accelerated method is required to recognize compensation expense for all employee equity awards granted with graded vesting. Forfeitures must be estimated, and share-based compensation expenses were recognized net of estimated forfeitures.

(c) Listing expense

Under U.S. GAAP, specific incremental costs considered directly attributable to the offering of equity securities ("listing expenses") may be deferred and capitalized against the gross proceeds of the offering.

Under IFRSs, only those listing expenses considered directly attributable to the issuance of new shares to investors can be capitalized. Those listing expenses considered directly attributable to the listing of existing shares on a stock exchange are not considered transaction costs that qualify for capitalization. Such costs should be expensed as incurred instead.

Accordingly, the reconciliation includes an expense recognition difference in the condensed consolidated statement of operation and comprehensive (loss) income of nil and RMB20,470 for the six months ended June 30, 2024 and 2025, respectively and a difference in shareholders' equity of RMB29,363 and RMB49,833 as of December 31, 2024 and June 30, 2025, respectively, in relation to the listing expenses incurred during the initial public offering and listing of the Company's ADSs on the Nasdaq in February 2023 and the listing on the Hong Kong Main Board of the Stock Exchange.

(d) Receivables from shareholders

Under U.S. GAAP, shareholders' subscription consideration to the Company's equity that has not been paid is accounted for as a contra-equity account in subscription receivables using the historical exchange rates.

Under IFRSs, such shareholders' subscription consideration is recognized as a financial asset measured at amortized cost. Financial asset is a monetary item measured into the reporting currency using the exchange rate at the balance sheet date.

(e) Long-term investments

Under U.S. GAAP, for equity securities, the investment without readily determinable fair values could be measured by applying an accounting policy choice. The Group elects the measurement alternative to record these equity investments without readily determinable fair values at cost, less impairment, and plus or minus subsequent adjustments for observable price changes.

Under IFRSs, these investments were classified as financial assets at fair value through profit or loss and measured at fair value with changes in fair value recognized through profit or loss. Fair value changes of these long-term equity investments were recognized in the profit or loss. Furthermore, deferred tax arising from change in fair value change would be recognized accordingly.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

CONTROLLING SHAREHOLDERS

Since co-founding the Company in 2014, our Co-Founders, Dr. Li, Dr. Sun and Mr. Xiang, have been acting in concert with respect to the operation and material decisions of the Company. Our Co-Founders entered into a deed of concert party arrangement dated April 24, 2025 (the "**Concert Party Deed**"), whereby they have, among other things, acknowledged their historical relationship of acting in concert and confirmed and agreed that they shall act in concert to cooperate to consolidate control of the Company. The Concert Party Deed shall remain in force until our Co-Founders agree to terminate the Concert Party Deed or in relation to any Co-Founder, such Co-Founder ceases to be beneficially entitled to any direct or indirect interests in the Company.

As of the Latest Practicable Date, our Co-Founders, through their intermediaries and by virtue of the Concert Party Deed, controlled an aggregate of 26,998,861 Class A Ordinary Shares and 165,031 Class B Ordinary Shares. Without taking into account the 558,814 Class B Ordinary Shares (as of the Latest Practicable Date) issued to the Depositary for bulk issuance of ADSs reserved for future issuances upon the exercise or vesting of awards granted under the 2021 Plan, our Co-Founders' shareholding represents (a) approximately 20.41% of our issued and outstanding Shares; (b) approximately 71.83% of the voting rights in our Company with respect to shareholder resolutions relating to matters other than the Reserved Matters and (c) approximately 20.41% with respect to shareholder resolutions relating to Reserved Matters. Dr. Li held his interest in the Company through ALBJ Limited, which is wholly owned by his wholly owned entity Asian LBJ Limited. Dr. Sun held his interest in the Company through Fermat Star Limited, which is wholly owned by his wholly owned entity Rock Ocean Limited. Mr. Xiang held his Class A Ordinary Shares and Class B Ordinary Shares in the Company through Galbadia Limited, which is wholly owned by his wholly owned entity Balamb Limited. Therefore, Dr. Li, Dr. Sun, Mr. Xiang, ALBJ Limited, Asian LBJ Limited, Fermat Star Limited, Rock Ocean Limited, Galbadia Limited and Balamb Limited constitute a group of Controlling Shareholders of our Company (the "**Controlling Shareholder Group**").

Immediately upon the completion of the Global Offering, the Controlling Shareholder Group will beneficially own an aggregate of 26,998,861 Class A Ordinary Shares and 165,031 Class B Ordinary Shares. Assuming that (i) the Offer Size Adjustment Option and the Over-allotment Option are not exercised, (ii) no further Shares are issued under the 2021 Plan between the Latest Practicable Date and the completion of the Global Offering and (iii) no Class A Ordinary Shares are converted into Class B Ordinary Shares, and excluding the 558,814 Class B Ordinary Shares (as of the Latest Practicable Date) issued to the Depositary for bulk issuance of ADSs reserved for future issuances upon the exercise or vesting of awards granted under the 2021 Plan, our Controlling Shareholder Group's shareholding represents (a) approximately 18.03% of our issued and outstanding Shares; (b) approximately 68.73% of the voting rights in our Company with respect to shareholder resolutions relating to matters other than the Reserved Matters and (c) approximately 18.03% with respect to shareholder resolutions relating to Reserved Matters. Therefore, the Controlling Shareholder Group will remain as a group of Controlling Shareholders of our Company after the Listing.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors consider that we are capable of carrying on our business independently from our Controlling Shareholders and their close associates after the Listing, taking into consideration the factors below.

Management Independence

We are able to carry on our business independently from our Controlling Shareholders from a management perspective. Our Board consists of seven Directors, including four executive Directors and three independent non-executive Directors. For more information, please see the section headed "Directors and Senior Management."

Our Directors consider that our management will function independently of our Controlling Shareholders because:

(a) each Director is aware of his/her fiduciary duties as a director which require, among other things, that he/she acts for the benefit and in the interest of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interests;

(b) our daily management and operations are carried out by a senior management team, all of whom have substantial experience in the industry in which our Company is engaged, and will therefore be able to make business decisions that are in the best interests of our Group;

(c) we have three independent non-executive Directors and certain matters of our Company must always be referred to the independent non-executive Directors for review;

(d) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and a Director and/or his/her associate, the interested Director shall abstain from voting and shall not be counted towards the quorum for the voting; and

(e) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Controlling Shareholders which would support our independent management. For details, see "— Corporate Governance."

Based on the above, our Directors believe that our Board as a whole and together with our senior management are able to perform the managerial role in our Group independently from our Controlling Shareholders after the Listing.

Operational Independence

Our Group is not operationally dependent on the Controlling Shareholders. Our Company holds all material licenses and owns all relevant intellectual properties and research and development facilities necessary to carry on our business. We have sufficient capital, facilities, equipment and employees to operate our business independently from our Controlling Shareholders. We also have independent access to our customers and an independent management team to operate our business.

Based on the above, our Directors believe that we are able to operate independently of our Controlling Shareholders.

Financial Independence

We have independent internal control and accounting systems. We also have an independent finance department responsible for discharging the treasury function. We are capable of obtaining financing from third parties, if necessary, without reliance on our Controlling Shareholders.

No loans or guarantees provided by, or granted to, our Controlling Shareholders or its associates will be outstanding as of the Listing Date.

Based on the above, our Directors are of the view that they and our senior management are capable of carrying on our business independently of, and do not place undue reliance, on our Controlling Shareholders and their close associates after the Listing.

DISCLOSURE UNDER RULE 8.10 OF THE LISTING RULES

Our Controlling Shareholders confirm that as of the Latest Practicable Date, they did not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business that would require disclosure under Rule 8.10 of the Listing Rules.

CORPORATE GOVERNANCE

Our Company and our Directors are committed to upholding and implementing high standards of corporate governance and recognize the importance of protecting the rights and interests of all Shareholders, including the rights and interests of our minority Shareholders.

In light of this, the Company has established a nominating and corporate governance committee pursuant to Rule 8A.30 of the Listing Rules which has adopted terms of reference consistent with Code Provision A.2.1 in Part 2 of Appendix C1 to, and Rule 8A.30 of, the Listing Rules. The members of the nominating and corporate governance committee are independent non-executive Directors with experience in overseeing corporate governance related functions of private and listed companies. The primary duties of the nominating and corporate governance committee are to ensure that the Company is operated and managed for the benefit of all Shareholders and to ensure the Company's compliance with the Listing Rules and safeguards relating to its WVR Structure.

We would also adopt the following corporate governance measures to resolve actual or potential conflict of interests between our Group and our Controlling Shareholders:

(a) where a Shareholders' meeting is to be held for considering proposed transactions in which our Controlling Shareholders or any of their respective associates has a material interest, our Controlling Shareholders shall abstain from voting and their votes shall not be counted;

(b) our Company has established internal control mechanisms to identify connected transactions, and we will comply with the applicable Listing Rules if we enter into connected transactions with our Controlling Shareholders or any of their associates after Listing;

(c) the independent non-executive Directors will review, on an annual basis, whether there is any conflict of interests between the Group and our Controlling Shareholders (the "**Annual Review**") and provide impartial and professional advice to protect the interests of our minority Shareholders;

(d) our Controlling Shareholders will undertake to provide all information necessary, including all relevant financial, operational and market information and any other necessary information as required by the independent non-executive Directors for the Annual Review;

(e) our Company will disclose decisions (with basis) on matters reviewed by the independent non-executive Directors either in its annual report or by way of announcements as required by the Listing Rules;

(f) where our Directors reasonably request the advice of independent professionals, such as financial advisors, the appointment of such independent professionals will be made at our Company's expenses;

(g) we have appointed Silver Nile Global Investments Limited as our Compliance Advisor to provide advice and guidance to us in respect of compliance with the Listing Rules, including various requirements relating to corporate governance; and

(h) we have established our audit committee, compensation committee and nominating and corporate governance committee with written charters in compliance with the Listing Rules effective upon Listing.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest between our Group and our Controlling Shareholders, and to protect minority Shareholders' interests after the Listing.

AUTHORIZED AND ISSUED SHARE CAPITAL

The following is a description of the authorized and issued share capital of our Company upon the Listing:

Authorized Share Capital

Description of Shares	Number	Aggregate nominal value of Shares
Class B Ordinary Shares of a par value of US$0.0001 each	900,000,000	US$90,000.00
Class A Ordinary Shares of a par value of US$0.0001 each	50,000,000	US$5,000.00
Shares of par value of US$0.0001 each of such Class or Classes (however designated) as the Board may determine in accordance with the Memorandum and the Articles*(Note)*	50,000,000	US$5,000.00
Shares in total	**1,000,000,000**	**US$100,000.00**

Note: The third class of Shares contains 50,000,000 Shares of a par value of US$0.0001 each which can be re-designated by the Board in accordance with the Articles. Upon passing of the resolutions for amendment of the Memorandum and the Articles of the Company at the Post-Listing GM, the 50,000,000 authorized, unissued and un-designated Shares of the Company will be designated as Class B Ordinary Shares on a one-for-one basis, such that the authorized share capital of the Company upon passing of the resolutions at the Post-Listing GM will be US$100,000 divided into 950,000,000 Class B Ordinary Shares and 50,000,000 Class A Ordinary Shares of par value US$0.0001 each.

Issued Share Capital

The issued share capital of our Company immediately following the completion of the Global Offering (assuming that (i) the Offer Size Adjustment Option and the Over-allotment Option are not exercised, (ii) no further Shares are issued pursuant to the 2021 Plan between the Latest Practicable Date and the completion of the Global Offering, and (iii) no Class A Ordinary Shares are converted into Class B Ordinary Shares between the Latest Practicable Date and the Listing Date) will be as follows:

Description of Shares	Number	Aggregate nominal value of Shares	% of the issued share capital
Class B Ordinary Share in issue as at the date of this document	106,660,850	US$10,666.09	70.80%

Description of Shares	Number	Aggregate nominal value of Shares	% of the issued share capital
Class A Ordinary Share in issue as at the date of this document	26,998,861	US$2,699.89	17.92%
Class B Ordinary Share to be issued pursuant to the Global Offering	17,000,000	US$1,700.00	11.28%
Shares in total	**150,659,711**	**US$15,065.97**	**100%**

WVR STRUCTURE

The Company has adopted a WVR Structure. Under this structure, the Company's share capital comprises Class B Ordinary Shares and Class A Ordinary Shares; each Class B Ordinary Share entitles the holder to exercise one vote, and each Class A Ordinary Share entitles the holder to exercise ten votes, on any resolution tabled at the Company's general meetings, except for resolutions with respect to the Reserved Matters, in relation to which each Share is entitled to one vote.

The Reserved Matters are:

(i) any amendment to the Memorandum or the Articles, including the variation of the rights attached to any class of shares;

(ii) the appointment, election or removal of any independent non-executive Director;

(iii) the appointment, election or removal of the Company's auditors; and

(iv) the voluntary liquidation or winding-up of the Company.

As we are seeking a dual-primary listing as an issuer with a WVR Structure, we are subject to: (a) certain shareholder protection measures and governance safeguards under Chapter 8A of the Listing Rules, including Rule 8A.44 of the Listing Rules, which requires our WVR Structure to give force to the requirements of certain rules under Chapter 8A of the Listing Rules by incorporating them into our Articles; and (b) the articles requirements set out in Appendix A1 to the Listing Rules (the "**Listing Rules Articles Requirements**"). Our Articles do not currently comply with some of the Listing Rules Articles Requirements, and we undertake to put forth resolutions to amend our Articles to comply with these requirements at the Post-Listing GM. For further details, please see "Waivers and Exemption — Requirements Relating to the Articles of Association of the Company" and "Summary of the Constitution of the Company and Cayman Company Law — Summary of the Constitution of the Company — 2 Articles of Association" in Appendix III.

Class A Ordinary Shares may be converted into Class B Ordinary Shares on a one to one ratio. Upon the conversion of all the issued and outstanding Class A Ordinary Shares into Class B Ordinary Shares, the Company will issue 26,998,861 Class B Ordinary Shares, representing approximately 17.92% of the total number of issued and outstanding Class B Ordinary Shares (as enlarged by such Class B Ordinary Shares and taking into account the Global Offering but assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised and no further Shares are issued under the 2021 Plan between the Latest Practicable Date and the completion of the Global Offering).

The weighted voting rights attached to our Class A Ordinary Shares will cease when the relevant WVR Beneficiary no longer has beneficial ownership of any of our Class A Ordinary Shares, in accordance with Rule 8A.22 of the Listing Rules. This may occur:

(i) upon the occurrence of any of the circumstances set out in Rule 8A.17 of the Listing Rules, in particular where any WVR Beneficiary is: (1) deceased; (2) no longer a member of our Board; (3) deemed by the Stock Exchange to be incapacitated for the purpose of performing his duties as a director; or (4) deemed by the Stock Exchange to no longer meet the requirements of a director set out in the Listing Rules;

(ii) when the holders of Class A Ordinary Shares have transferred to another person the beneficial ownership of, or economic interest in, all of the Class A Ordinary Shares or the voting rights attached to them, other than in the circumstances permitted by Rule 8A.18 of the Listing Rules;

(iii) where a vehicle holding Class A Ordinary Shares on behalf of a WVR Beneficiary no longer complies with Rule 8A.18(2) of the Listing Rules; or

(iv) when all of the Class A Ordinary Shares have been converted to Class B Ordinary Shares.

Save for the weighted voting rights attached to Class A Ordinary Shares, the rights attached to all classes of Shares are identical. For further information about the rights, preferences, privileges and restrictions of the Class A Ordinary Shares and Class B Ordinary Shares, see "Summary of the Constitution of the Company and Cayman Company Law — Summary of the Constitution of the Company — 2 Articles of Association" in Appendix III for further details.

WVR BENEFICIARY

The table below sets out the ownership and voting rights to be held by each of the WVR Beneficiaries upon the completion of the Global Offering:

	Number of Class A Ordinary Shares	Number of Class B Ordinary Shares	Approximate percentage of issued share capital[1]	Approximate percentage of voting rights[2]
Dr. Yifan Li	8,879,636	0	5.89%	22.59%
Dr. Kai Sun	9,228,622	0	6.13%	23.48%
Mr. Shaoqing Xiang .	8,890,603	165,031	6.01%	22.66%

Notes:

(1) Assuming that the Offer Size Adjustment Option and the Over-allotment Option are not exercised and no further Shares are issued under the 2021 Plan between the Latest Practicable Date and the completion of the Global Offering.

(2) Assuming that (i) the Offer Size Adjustment Option and the Over-allotment Option are not exercised, (ii) no further Shares are issued under the 2021 Plan between the Latest Practicable Date and the completion of the Global Offering and (iii) no Class A Ordinary Shares are converted into Class B Ordinary Shares, and excluding the 558,814 Class B Ordinary Shares (as of the Latest Practicable Date) issued to the Depositary for bulk issuance of ADSs reserved for future issuances upon the exercise or vesting of awards granted under the 2021 Plan. This is calculated on the basis that Class A Ordinary Shares entitle the Shareholder to ten votes per share (except for resolutions with respect to the Reserved Matters, in relation to which each Share is entitled to one vote) and Class B Ordinary Shares entitle the Shareholder to one vote per share.

Immediately upon the completion of the Global Offering, the WVR Beneficiaries will, in aggregate, beneficially own 26,998,861 Class A Ordinary Shares and 165,031 Class B Ordinary Shares, which represent (i) an aggregate of approximately 18.03% of the voting rights in the Company with respect to shareholder resolutions relating to the Reserved Matters, and (ii) an aggregate of approximately 68.73% of the voting rights in the Company with respect to shareholder resolutions relating to matters other than the Reserved Matters, in each case, assuming that (i) the Offer Size Adjustment Option and the Over-allotment Option are not exercised, (ii) no further Shares are issued under the 2021 Plan between the Latest Practicable Date and the completion of the Global Offering and (iii) no Class A Ordinary Shares are converted into Class B Ordinary Shares, and excluding the 558,814 Class B Ordinary Shares (as of the Latest Practicable Date) issued to the Depositary for bulk issuance of ADSs reserved for future issuances upon the exercise or vesting of awards granted under the 2021 Plan.

Dr. Li holds his Class A Ordinary Shares in our Company through ALBJ Limited, a company wholly owned by Asian LBJ Limited, which is in turn wholly owned by Dr. Li. Dr. Sun holds his Class A Ordinary Shares in our Company through Fermat Star Limited, a company wholly owned by Rock Ocean Limited, which is in turn wholly owned by Dr. Sun. Mr. Xiang holds his Class A Ordinary Shares and Class B Ordinary Share in our Company through Galbadia Limited, a company wholly owned by Balamb Limited, which is in turn wholly owned by Mr. Xiang.

The Company adopted the WVR Structure to enable the WVR Beneficiaries to exercise significant voting power in the Company notwithstanding that the WVR Beneficiaries do not hold a majority economic interest in the share capital of the Company. This will enable the Company to benefit from the continuing vision and leadership of the WVR Beneficiaries, who will exercise their voting powers with a view to the Company's long-term prospects and strategy.

Prospective investors are advised to be aware of the potential risks of investing in companies with weighed voting rights structures, in particular that interests of the WVR Beneficiaries may not necessarily always be aligned with those of our Shareholders as a whole, and that the WVR Beneficiaries will be in a position to exert significant influence over the affairs of our Company and the outcome of shareholders' resolutions, regardless of how other shareholders vote. Prospective investors should make the decision to invest in the Company only after due and careful consideration. For further information about the risks associated with the WVR Structure adopted by the Company, please refer to sections headed "Risk Factors — Risks Related to the WVR Structure — Our dual-class share structure with different voting rights limits your ability to influence corporate matters and could discourage others from pursuing any change of control transactions that holders of our Class B Ordinary Shares or ADSs may view as beneficial" and "Risk Factors — Risks Related to the WVR Structure — Our dual-class voting structure may render the ADSs representing our Class B Ordinary Shares ineligible for inclusion in certain stock market indices, and thus adversely affect the trading price and liquidity of the Class B Ordinary Shares and/or ADSs."

UNDERTAKINGS BY THE WVR BENEFICIARIES

Pursuant to Rule 8A.43 of the Listing Rules, each WVR Beneficiary is required to give a legally enforceable undertaking to the Company that he will comply with the relevant requirements as set out in Rule 8A.43, which is intended to be for the benefit of and enforceable by the Shareholders. On September 4, 2025, Dr. Yifan Li, Dr. Kai Sun and Mr. Shaoqing Xiang each made an undertaking to the Company (the "**Undertaking**"), that for so long as he is WVR Beneficiary:

1. he shall comply with (and, if the shares to which the weighted voting rights that he is beneficially interested in are attached are held through a limited partnership, trust, private company or other vehicle, use his best endeavors to procure that such limited partnership, trust, private company or other vehicle complies with) all applicable requirements under Rules 8A.09, 8A.14, 8A.15, 8A.17, 8A.18 and 8A.24 of the Listing Rules from time to time in force (the "**Requirements**"); and

2. he shall use his best endeavors to procure that the Company complies with all applicable Requirements.

For the avoidance of doubt, the Requirements are subject to Rule 2.04 of the Listing Rules. Each WVR Beneficiary acknowledged and agreed that the Shareholders rely on the Undertaking in acquiring and holding their shares. Each WVR Beneficiary acknowledged and agreed that the Undertaking is intended to confer a benefit on the Company and all Shareholders and may be enforced by the Company and/or any Shareholder against the WVR Beneficiary.

The Undertaking shall automatically terminate upon the earlier of (i) the date of delisting of the Company from the Stock Exchange; and (ii) the date on which the WVR Beneficiary ceases to be a beneficiary of weighted voting rights in the Company. For the avoidance of doubt, the termination of the Undertaking shall not affect any rights, remedies, obligations or liabilities of the Company and/or any Shareholder and/or the WVR Beneficiary himself that have accrued up to the date of termination, including the right to claim damages and/or apply for any injunction in respect of any breach of the Undertaking which existed at or before the date of termination.

The Undertaking shall be governed by the laws of Hong Kong and all matters, claims or disputes arising out of the Undertaking shall be subject to the exclusive jurisdiction of the courts of Hong Kong.

RANKING

The Offer Shares will rank pari passu in all respects with all Shares currently in issue, in issue in the future, or to be issued as mentioned in this document, and will qualify and rank equally for all dividends or other distributions declared, made or paid on the Shares on a record date which falls after the date of this document.

POTENTIAL CHANGES TO SHARE CAPITAL

Circumstances under which general meeting and class meeting are required

Our Company may by ordinary resolution (i) increase its share capital by new shares of such amount as it thinks expedient; (ii) consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares; (iii) subdivide its shares, or any of them, into shares of an amount smaller than that fixed by the Memorandum, provided that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in case of the share from which the reduced share is derived; and (iv) cancel any shares that, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so canceled. In addition, our Company may by special resolution reduce its share capital and any capital redemption reserve in any manner authorized by the Companies Act.

See "Summary of the Constitution of the Company and Cayman Company Law — Summary of the Constitution of the Company — 2 Articles of Association — 2.11 Changes in Share Capital" in Appendix III for further details.

Share Incentive Plan

We have adopted the 2021 Plan pursuant to which further Shares may be issued. See "Statutory and General Information — D. Share Incentive Plan" in Appendix IV for further details.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the Global Offering, assuming that (i) the Offer Size Adjustment Option and the Over-allotment Option are not exercised, (ii) no further Shares are issued under the 2021 Plan between the Latest Practicable Date and the completion of the Global Offering and (iii) no Class A Ordinary Shares are converted into Class B Ordinary Shares, the following persons will have interests and/or short positions (as applicable) in the Shares or underlying shares of our Company which would fall to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company or any other member of our Group:

Name of substantial shareholder	Capacity/Nature of Interest	Number of Shares	Approximate percentage of shareholding in each class of shares of our Company as at the Latest Practicable Date	Approximate percentage of shareholding in each class of shares of our Company after the Global Offering
Class A Ordinary Shares				
ALBJ Limited[(1)]	Beneficial owner	8,879,636	32.89%	32.89%
Asian LBJ Limited[(1)]	Interest in controlled corporations	8,879,636	32.89%	32.89%
Yifan Li[(1)(4)]	Interest in controlled corporations	8,879,636	32.89%	32.89%
Fermat Star Limited[(2)]	Beneficial owner	9,228,622	34.18%	34.18%
Rock Ocean Limited[(2)]	Interest in controlled corporations	9,228,622	34.18%	34.18%
Kai Sun[(2)(4)]	Interest in controlled corporations	9,228,622	34.18%	34.18%
Galbadia Limited[(3)]	Beneficial owner	8,890,603	32.93%	32.93%
Balamb Limited[(3)]	Interest in controlled corporations	8,890,603	32.93%	32.93%
Shaoqing Xiang[(3)(4)]	Interest in controlled corporations	8,890,603	32.93%	32.93%

Notes:

(1) ALBJ Limited is a company limited by shares incorporated in the British Virgin Islands. It is wholly owned by Asian LBJ Limited, which is wholly owned by Dr. Yifan Li.

(2) Fermat Star Limited is a company limited by shares incorporated in the British Virgin Islands. It is wholly owned by Rock Ocean Limited, which is wholly owned by Dr. Kai Sun.

(3) Galbadia Limited is a company limited by shares incorporated in the British Virgin Islands. It is wholly owned by Balamb Limited, which is wholly owned by Mr. Shaoqing Xiang.

(4) Since co-founding the Company in 2014, Dr. Yifan Li, Dr. Kai Sun and Mr. Shaoqing Xiang have been acting in concert with respect to the operation and material decisions of the Company. They entered into a deed of concert party arrangement dated April 24, 2025 (the "**Concert Party Deed**"), whereby they have, among other things, acknowledged their historical relationship of acting in concert and confirmed and agreed that they shall act in concert to cooperate to consolidate control of the Company.

Except as disclosed above, our Directors are not aware of any other person who will, immediately following the completion of the Global Offering, have any interest and/or short positions in the Shares or underlying shares of our Company which would fall to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company or any other member of our Group.

DIRECTORS

Our Board consists of seven Directors, comprising four executive Directors and three independent non-executive Directors. The following table provides certain information about the Directors:

Name	Age	Position and Responsibility	Date of joining the Group	Date of appointment as a Director
Dr. Yifan Li (李一帆)	39	Chairman of the Board[1], Executive Director, Co-Founder and Chief Executive Officer, in charge of the overall executive and business direction and overall management of our Group	October 22, 2014	April 21, 2021
Dr. Kai Sun (孫愷)	40	Executive Director, Co-Founder and Chief Scientist, in charge of our Group's technology research and development, procurement and supply chain management, intellectual property, etc.	October 22, 2014	April 21, 2021
Mr. Shaoqing Xiang (向少卿)	40	Executive Director, Co-Founder Chief Technology Officer, in charge of our Group's product development and planning, product manufacturing and information technology infrastructure and security	October 22, 2014	April 21, 2021
Ms. Cailian Yang (楊彩蓮)	34	Executive Director and Vice President of Operations, and a joint company secretary, in charge of the administrative operations and oversees major projects of our Group	December 16, 2014	April 21, 2021

Name	Age	Position and Responsibility	Date of joining the Group	Date of appointment as a Director
Ms. Yi Zhang (張懌)	51	Independent non-executive Director[2]	February 8, 2023	February 8, 2023
Dr. Jie Chen (陳劼)	45	Independent non-executive Director[2]	February 8, 2023	February 8, 2023
Mr. Jia Ren (任佳)	62	Independent non-executive Director[3]	Date of this prospectus	Date of this prospectus

Notes:

(1) The appointment of Dr. Li as the Chairman of the Board will take effect on the Listing Date.

(2) Ms. Zhang and Dr. Chen are our independent directors under applicable U.S. regulations and the redesignation of their positions to independent non-executive Directors for the purpose of the Listing Rules will take effect on the Listing Date. We have determined that Ms. Zhang qualifies as an "audit committee financial expert" under the applicable rules of the SEC and has the appropriate professional accounting or financial management experience.

(3) The appointment of Mr. Ren as an independent non-executive Director will take effect from the date of this prospectus.

Save as disclosed below, none of the Directors had held any directorships in listed companies during the three years immediately prior to the Latest Practicable Date, there is no other information in respect of the Directors to be disclosed pursuant to Rules 13.51(2)(a) to (v) of the Listing Rules, and there is no other matter that needs to be brought to the attention of Shareholders or potential investors.

Executive Directors

Dr. Yifan Li (李一帆), aged 39, is an executive Director and our Co-Founder, and has been serving as our Chief Executive Officer since our inception. Dr. Li has also been appointed as the Chairman of the Board, effective upon the Listing Date.

Prior to co-founding Hesai, Dr. Li worked at Western Digital Corporation (NASDAQ: WDC) in Silicon Valley from August 2013 to October 2014.

Dr. Li received his master's degree in mechanical engineering and his Ph.D. degree in mechanical engineering from University of Illinois at Urbana-Champaign in August 2009 and August 2013, respectively, with a research focus on robotics. Dr. Li also holds a bachelor's degree in engineering, majoring in measurement and control technology and instrumentation, from Tsinghua University* (清華大學) in July 2009.

Dr. Li's numerous accolades include being named as Fortune Magazine's "40 Under 40 in China," MIT Technology Review's "2020 Innovators Under 35 of China," and a Young Global Leader of the World Economic Forum for the Class of 2021.

Dr. Kai Sun (孫愷), aged 40, is an executive Director and our Co-Founder, and has been serving as our Chief Scientist since our inception.

Prior to co-founding Hesai, Dr. Sun worked as a research associate at Stanford University in 2014. Dr. Sun's research focus was primarily on building ultra-fast and high-sensitivity molecular detection systems with lasers and novel detection technologies. These detection systems operate in extreme conditions for the research of reaction kinetics. Dr. Sun is a first author in a number of international journals, and several of his papers were selected to IOP Select (Institute of Physics in the UK), Spotlight of OSA (Optical Society of America), and "100 Years of Combustion Kinetics at Argonne." In 2013, Dr. Sun won an Outstanding Paper Award for his publication in the academic journal Measurement Science and Technology.

Dr. Sun graduated from Stanford University, with a Ph.D. degree in mechanical engineering (with a minor in electrical engineering) and a master's degree in mechanical engineering in January 2014 and January 2010, respectively. Dr. Sun also obtained his bachelor's degree in thermal energy and power engineering from Shanghai Jiao Tong University* (上海交通大學) in July 2007.

Mr. Shaoqing Xiang (向少卿), aged 40, is an executive Director and our Co-Founder, and has been serving as our Chief Technology Officer since our inception.

Prior to co-founding Hesai, Mr. Xiang worked at Apple, Inc. (NASDAQ: AAPL) as an iPhone hardware systems integration engineer from April 2011 to October 2014.

Mr. Xiang received a fellowship award and obtained his dual master's degrees in mechanical engineering and electrical engineering from Stanford University in January 2009 and March 2011, respectively. Mr. Xiang was a recipient of the prestigious Graduate Engineering Fellowship award to commence his postgraduate studies at Stanford University in September 2007. Previously, Mr. Xiang received his bachelor's degree in engineering, majoring in micro-electromechanical systems, from Tsinghua University* (清華大學) in July 2007.

Ms. Cailian Yang (楊彩蓮), aged 34, is an executive Director, our joint company secretary and has been serving as our vice president of operations since November 2017.

Ms. Yang joined us in December 2014 as the first employee of Hesai. Prior to joining us, Ms. Yang worked at Citibank (China) Company Limited from October 2014 to December 2014, and Shanghai Pudong Development Bank* (上海浦東發展銀行股份有限公司) (SHA: 600000) from December 2012 to August 2014.

Ms. Yang received her bachelor's degree in business English from Yancheng Teachers University* (鹽城師範學院) in June 2012.

Independent Non-Executive Directors

Ms. Bonnie Yi Zhang (張懌), aged 51, has been serving as our independent director since February 2023 and has been re-designated as an independent non-executive Director with effect from the date of this prospectus.

Ms. Zhang has been serving as an independent director of H World Group Limited (NASDAQ: HTHT; HKEX: 1179), a Chinese multi-brand hotel group, since August 2025, an independent non-executive director of Swire Pacific Limited (HKEX: 0019), a Hong Kong based international conglomerate with a diversified portfolio of market leading businesses, since June 2022, and an independent director of Yatsen Holding Limited (NYSE: YSG), a Chinese beauty company, since November 2020. She has also been serving as the chief financial officer of Sina Corporation (formerly NASDAQ: SINA, taken private in 2021), an online media company, since March 2015.

Ms. Zhang served as an independent director of CreateAI Holdings Inc. (previously known as TuSimple Holdings Inc.) (NASDAQ: TSPH), a global artificial intelligence company, from September 2020 to June 2022 and as an independent non-executive director of Dada Nexus Limited (NASDAQ: DADA), a local on-demand retail and delivery platform in China, from June 2020 to August 2022.

From March 2014 to March 2015, Ms. Zhang served as the chief financial officer of Weibo Corporation (NASDAQ: WB; HKEX: 9898), a social media platform in China and one of Sina Corporation's subsidiaries. Before joining Weibo, Ms. Zhang was the chief financial officer of AdChina Ltd., a company operating an integrated internet advertising platform in China, from May 2011 to February 2014. Prior to that, Ms. Zhang was an audit partner of Deloitte Touche Tohmatsu based in Shanghai from October 2007 to April 2011. Ms. Zhang also worked at the National Office SEC Services group of Deloitte & Touche, LLP from 2005 to 2007, where she was responsible for pre-issuance reviews of securities offering documents and periodic reports to be filed with the SEC with a focus on foreign private issuers.

Ms. Zhang received a bachelor's degree in business administration from McDaniel College (formerly known as "Western Maryland College") in May 1997. Ms. Zhang is a certified public accountant in the State of Maryland and is a member of the American Institution of Certified Public Accountants.

Dr. Jie Chen (陳劼), aged 45, has been serving as our independent director since February 2023 and has been re-designated as an independent non-executive Director with effect from the date of this prospectus.

Dr. Chen has been an associate professor at the School of Entrepreneurship and Management of ShanghaiTech University* (上海科技大學) since December 2019, with her research focused on development economics, applied econometrics, economic imbalance and

public policy. Prior to her position at ShanghaiTech University, from July 2012 to November 2019, she was an assistant professor at the Lee Kuan Yew School of Public Policy of National University of Singapore, with her research focused on economic growth and public policy.

Dr. Chen received her masters' degree in economics and her Ph.D. degree in economics from Yale University in the United States in May 2005 and May 2012, respectively. In May 2003, Dr. Chen graduated magna cum laude from Washington University in St. Louis in the United States with a bachelor's degree in computer science and economics.

Mr. Jia Ren (任佳), aged 62, has been appointed as an independent non-executive Director from the date of this prospectus.

Mr. Ren has been serving as an independent director of SVG Tech Group Co., Ltd.* (蘇州蘇大維格科技集團股份有限公司) (SZSE: 300331), a micro-nano equipment and functional material devices company based in China since October 2021, the chairman of the board of Hangzhou Xinqinghang Technology Development Co., Ltd.* (杭州新清杭科技發展有限公司) since January 2021, a director of Zhejiang Deyilong Technology Co., Ltd.* (浙江德毅隆科技股份有限公司) since April 2020, as well as the chairman of the board and the general manager of Shanghai Xinwei Technology Development Co., Ltd.* (上海新微科技發展有限公司) since July 2014.

Prior to his current positions, Mr. Ren was an independent director of Beijing InHand Networks Technology Co., Ltd.* (北京映翰通網絡技術股份有限公司) (SSE: 688080), an Internet of things solutions provider in China from December 2017 to December 2023, and an independent director of Changhong Meiling Co., Ltd.* (長虹美菱股份有限公司) (SZSE: 000521), a home appliances manufacturer in China from July 2014 to October 2020.

Mr. Ren received his bachelor's degree in engineering physics and his master's degree in metal physics from Tsinghua University* (清華大學) in July 1987 and December 1989, respectively.

SENIOR MANAGEMENT

The following table provides information about members of the senior management of our Company:

Name	Age	Position and Responsibility	Date of joining the Group
Dr. Yifan Li (李一帆).....	39	Chairman of the Board, Executive Director, Co-Founder and Chief Executive Officer, in charge of the overall executive and business direction and overall management of our Group	October 22, 2014
Dr. Kai Sun (孫愷)	40	Executive Director, Co-Founder and Chief Scientist, in charge of our Group's technology research and development, procurement and supply chain management, intellectual property, etc.	October 22, 2014
Mr. Shaoqing Xiang (向少卿).....	40	Executive Director, Co-Founder and Chief Technology Officer, in charge of our Group's product development and planning, product manufacturing and information technology infrastructure and security	October 22, 2014
Ms. Cailian Yang (楊彩蓮).....	34	Executive Director, Vice President of Operations and a joint company secretary, in charge of the administrative operations and oversees major projects of our Group	December 16, 2014
Mr. Peng Fan (樊鵬)	43	Chief Financial Officer, in charge of overseeing corporate finance and accounting matters and financial reporting of the Group	November 25, 2024

Dr. Yifan Li (李一帆) is an executive Director, our Co-Founder and the Chief Executive Officer of our Company. Dr. Li has also been appointed as the Chairman of the Board, effective upon the Listing Date. For further details, please see the paragraphs headed "— Directors — Executive Directors" in this section.

Dr. Kai Sun (孫愷) is an executive Director, our Co-Founder and the Chief Scientist of our Company. For further details, please see the paragraphs headed "— Directors — Executive Directors" in this section.

Mr. Shaoqing Xiang (向少卿) is an executive Director, our Co-Founder and the Chief Technology Officer of our Company. For further details, please see the paragraphs headed "— Directors — Executive Directors" in this section.

Ms. Cailian Yang (楊彩蓮) is an executive Director, the vice president of operations and has been appointed as our joint company secretary with effect from the Listing Date. For further details, please see the paragraphs headed "— Directors — Executive Directors" in this section.

Mr. Peng Fan (樊鵬), aged 43, has been serving as our Chief Financial Officer since November, 2024.

Mr. Fan has been serving as an independent non-executive director of Jiangsu Innovative Ecological New Materials Limited (HKEX: 2116) since March 2018.

Prior to his position as our Chief Financial Officer, Mr. Fan served as the chief financial officer of Seyond Holdings Ltd. (previously named: Innovusion Holdings Ltd) from May 2021 to September 2024, vice president of Hailiang Education Group Inc. (NASDAQ: HLG) from August 2020 to April 2021, and the chief strategy officer of Aesthetic Medical International Holdings Group Limited (NASDAQ: AIH) from August 2018 to August 2020. Prior to that, he served as the head of investor relations and capital markets of Dali Foods Group Company Limited (HKEX: 3799) from May 2016 to October 2017, and was responsible for investor relations, corporate development, mergers and acquisitions. Before that, Mr. Fan was the vice president of the corporate finance division of the Hong Kong Branch of Deutsche Bank AG from December 2007 to May 2016.

Mr. Fan graduated from Tsinghua University* (清華大學), with a bachelor's degree in accounting and master's degree in business administration in July 2004 and July 2006, respectively.

JOINT COMPANY SECRETARIES

Ms. Cailian Yang (楊彩蓮) is our executive Director, our vice president of operations and has been appointed as our joint company secretary with effect from the Listing Date. For further details, please see the paragraphs headed "— Directors — Executive Directors" in this section.

Ms. Nelly Au-Yeung (歐陽麗妮), aged 36, has been appointed as our joint company secretary with effect from the Listing Date.

Ms. Au-Yeung is a senior manager of corporate services of Tricor Services Limited, a global professional services provider specializing in integrated business, corporate and investor services. Ms. Au-Yeung has over 10 years of experience in the corporate secretarial field. She has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies.

Ms. Au-Yeung is currently the company secretary of Anton Oilfield Service Group (HKEX: 3337). Ms. Au-Yeung is a chartered secretary, a chartered governance professional and an associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

Ms. Au-Yeung obtained her bachelor's degree in economics and finance from Hong Kong Shue Yan University in July 2011 and obtained her master of corporate governance degree from The Hong Kong Polytechnic University in September 2018.

CORPORATE GOVERNANCE

Audit Committee

Our audit committee is in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code. In addition, the amended and restated charter of our audit committee complies with the rules of Nasdaq and the rules of the SEC.

The primary duties of the audit committee are, among other things:

- appointing the independent auditors and pre-approving all auditing and non-auditing services permitted to be performed by the independent auditors;
- reviewing with the independent auditors any audit problems or difficulties and management's response;
- discussing the annual audited financial statements with management and the independent auditors;
- reviewing the adequacy and effectiveness of our accounting and internal control policies and procedures and any steps taken to monitor and control major financial risk exposures;
- reviewing and approving all proposed related-party transactions;
- meeting separately and periodically with management and the independent auditors; and
- monitoring compliance with our code of business conduct and ethics, including reviewing the adequacy and effectiveness of our procedures to ensure proper compliance.

The audit committee will comprise three members, namely, Ms. Zhang, Dr. Chen and Mr. Ren. Ms. Zhang, being the chairwoman of the audit committee, is appropriately qualified as required under Rules 3.10(2) and 3.21 of the Listing Rules.

Compensation Committee

Our compensation committee is in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code. In addition, the amended and restated charter of our compensation committee complies with the rules of Nasdaq and the rules of the SEC. The compensation committee assists the Board in reviewing and approving the compensation structure, including all forms of compensation, relating to our directors and executive officers. Our Chief Executive Officer may not be present at any committee meeting during which his compensation is deliberated.

The primary duties of the compensation committee are, among other things:

- reviewing and approving, or recommending to the Board for its approval, the compensation for our executive Directors and senior management;
- reviewing and recommending to the Board for determination with respect to the compensation of our independent non-executive Directors;
- reviewing periodically and approving any incentive compensation or equity plans, programs or similar arrangements; and
- selecting a compensation consultant, legal counsel or other advisor only after taking into consideration all factors relevant to that person's independence from management.

The compensation committee comprises Ms. Zhang and Dr. Chen, with Ms. Zhang as the chairperson of the compensation committee.

Nominating and Corporate Governance Committee

Our nominating and corporate governance committee will comply with the requirements in the Corporate Governance Code and Chapter 8A of the Listing Rules (with effect from the Listing).

The primary duties of the nominating function of the committee are, among other things:

- reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually, assist the Board in maintaining a board skills matrix, and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- identifying individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;

- assessing the independence of independent non-executive directors;
- making recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors, in particular the chairman and the chief executive;
- supporting the Company's regular evaluation of the Board's performance;
- developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board;
- reviewing and monitoring the training and continuous professional development of directors and senior management;
- reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;
- developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and directors; and
- reviewing the Company's compliance with the Corporate Governance Code and disclosure in the corporate governance report.

The nominating and corporate governance committee will comprise Ms. Zhang, Dr. Chen and Mr. Ren, with Ms. Zhang as the chairperson of the nominating and corporate governance committee, effective upon the Listing.

In accordance with Rule 8A.30 of the Listing Rules and the Corporate Governance Code, the corporate governance function of the committee as set out in its amended and restated charter includes:

(a) to develop and review periodically, the corporate governance principles adopted by the Board to assure that they are appropriate for the Company and comply with the requirements of the Stock Exchange, and recommend any desirable changes to the Board;

(b) to advise the Board periodically with respect to significant developments in the law and practice of corporate governance as well as the Company's compliance with applicable laws and regulations, and making recommendations to the Board on all matters of corporate governance and on any corrective action to be taken;

(c) to review and monitor the training and continuous professional development of directors and senior management;

(d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors;

(e) to review the Company's compliance with Appendix C1 to the Listing Rules and disclosure in the corporate governance report under Appendix C1 to the Listing Rules;

(f) to review and monitor whether the Company is operated and managed for the benefit of all its shareholders;

(g) to confirm, on an annual basis, that the beneficiaries of weighted voting rights have been members of the Board throughout the year and that no matters under Rule 8A.17 of the Listing Rules have occurred during the relevant financial year;

(h) to confirm, on an annual basis, whether or not the beneficiaries of weighted voting rights have complied with Rules 8A.14, 8A.15, 8A.18 and 8A.24 of the Listing Rules throughout the year;

(i) to review and monitor the management of conflicts of interests and make a recommendation to the Board on any matter where there is a potential conflict of interest between the Company, its subsidiary or consolidated affiliated entity and/or shareholder on one hand and any beneficiary of weighted voting rights on the other;

(j) to review and monitor all risks related to the Company's WVR Structure, including connected transactions between the Company and/or its subsidiary or consolidated affiliated entity and/or shareholder on one hand and any beneficiary of weighted voting rights on the other and make a recommendation to the Board on any such transaction;

(k) to make a recommendation to the Board as to the appointment or removal of the Compliance Advisor;

(l) to seek to ensure effective and on-going communication between the Company and its shareholders, particularly with regards to the requirements of Rule 8A.35 of the Listing Rules;

(m) to report on the work of the corporate governance function of the committee on at least a half yearly and annual basis covering all corporate governance aspects of its amended and restated charter; and

(n) to disclose, on a comply or explain basis, its recommendations to the Board in respect of the matters in (i), (j) and (k) in its report referred to in sub-paragraph (m) above.

Pursuant to Rule 8A.32 of the Listing Rules, the Corporate Governance Report prepared by our Company for inclusion in our interim and annual reports after Listing will include a summary of the work of the committee for the relevant period.

Role of Our Independent Non-executive Directors

Pursuant to Rule 8A.26 of the Listing Rules, the role of the independent non-executive directors of a listed company with WVR Structure must include, but is not limited to, the functions described in code provisions C.1.2, C.1.6 and C.1.7 of the Corporate Governance Code. The functions of our independent non-executive Directors include:

(a) to participate in board meetings to bring an independent judgment to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct;

(b) to take the lead where potential conflicts of interests arise;

(c) to serve on the audit, compensation, nomination and corporate governance committees and other governance committees, if invited;

(d) to scrutinize our Company's performance in achieving agreed corporate goals and objectives, and monitoring performance reporting;

(e) to give the Board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation;

(f) to make a positive contribution to the development of our Company's strategy and policies through independent, constructive and informed comments; and

(g) to attend general meetings and developing a balanced understanding of the views of our Shareholders.

Corporate Governance Code

We aim to achieve high standards of corporate governance which are crucial to our development and safeguard the interests of our Shareholders. In order to accomplish this, we expect to comply with the Corporate Governance Code after the Listing, save as disclosed below.

Pursuant to code provision C.2.1 of the Corporate Governance Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairman of the Board and the chief executive officer should be segregated and should not be performed by the same individual. We do not have a separate chairman of the Board and chief executive officer and Dr. Li currently performs these two roles. The Board believes that vesting the roles of both chairman of the Board and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present

arrangement will not be impaired and this structure will enable our Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman of the Board and the chief executive officer of our Company if and when it is appropriate taking into account the circumstances of the Group as a whole. For further information relating to our Company's corporate governance measures, please see the section headed "Relationship with our Controlling Shareholders — Corporate Governance".

Management Presence

According to Rule 8.12 of the Listing Rules, we must have sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong.

Since the principal business operations of our Group are conducted in mainland China, members of our senior management are, and are expected to continue to be, based in mainland China. Further, as our executive Directors have a vital role in our Group's operations, it is crucial for them to remain in close proximity to our Group's central management located in mainland China. Our Company does not and, for the foreseeable future, will not have a sufficient management presence in Hong Kong. We have applied for, and the Stock Exchange has granted, a waiver from compliance with Rule 8.12 of the Listing Rules. For further details, see "Waivers and Exemption — Management Presence in Hong Kong."

Board Diversity

Our Company has adopted a board diversity policy which sets out the approach to achieve diversity of the Board. Our Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level, including gender diversity, as an essential element in maintaining the Company's competitive advantage and enhancing its ability to attract, retain and motivate employees from the widest possible pool of available talent. Pursuant to the board diversity policy, in reviewing and assessing suitable candidates to serve as a director of the Company, the nominating and corporate governance committee will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge, and industry and regional experience. Pursuant to the board diversity policy, the nominating and corporate governance committee will discuss periodically and when necessary, agree on the measurable objectives for achieving diversity, including gender diversity, on the Board and recommend them to the Board for adoption.

CONFIRMATION FROM OUR DIRECTORS

Rule 8.10 of the Listing Rules

Each of our Directors confirms that as of the Latest Practicable Date, he or she did not have any interest in a business which competes or is likely to compete, either directly or indirectly, with our Company's business which would require disclosure under Rule 8.10 of the Listing Rules.

Rule 3.09D of the Listing Rules

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on April 23, 2025, and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors has confirmed (i) his/her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) he/she has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person of the Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his/her independence at the time of his/her appointments.

DIRECTORS' REMUNERATION

Our Directors and senior management receive remuneration, including basic salaries, housing fund, allowances and benefits in kind, employer's contributions to a retirement benefit scheme, discretionary bonuses and share-based compensation expenses.

The aggregate amount of remuneration (including basic salaries, housing fund, allowances and benefits in kind, employer's contributions to a retirement benefit scheme, discretionary bonuses and share-based compensation expenses) for our Directors for the years ended December 31, 2022, 2023 and 2024 and the three months ended March 31, 2025 was approximately RMB52.4 million, RMB62.1 million, RMB26.9 million and RMB3.6 million, respectively.

The aggregate amount of remuneration (including basic salaries, housing fund, allowances and benefits in kind, employer's contributions to a retirement benefit scheme, discretionary bonuses and share-based compensation expenses) for the five highest paid individuals for the years ended December 31, 2022, 2023 and 2024 and the three months ended March 31, 2025 was approximately RMB59.1 million, RMB82.0 million, RMB33.7 million and RMB4.8 million, respectively.

Save as disclosed above, no other payments have been paid or are payable, in respect of the years ended December 31, 2022, 2023 and 2024 and the three months ended March 31, 2025 by our Company to our Directors. No remuneration was paid to our Directors or the five highest paid individuals as an inducement to join, or upon joining, our Group. No compensation was paid to, or receivable by, our Directors or past directors for the Track Record Period for the loss of office as director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group. None of our Directors waived any emoluments during the same period.

See paragraphs headed "Statutory and General Information — D. Share Incentive Plan" in Appendix IV for details regarding the Share Incentive Plan for our Directors and the senior management.

COMPLIANCE ADVISOR

We have appointed Silver Nile Global Investments Limited as our Compliance Advisor pursuant to Rules 3A.19 and 8A.33 of the Listing Rules. The Compliance Advisor will provide us with guidance and advice as to compliance with the requirements under the Listing Rules and applicable Hong Kong laws. Pursuant to Rules 3A.23 and 8A.34 of the Listing Rules, the Compliance Advisor will advise our Company, among others, in the following circumstances:

(a) before the publication of any regulatory announcement, circular, or financial report;

(b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;

(c) where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where the business activities, development or results of our Company deviate from any forecast, estimate or other information in this prospectus;

(d) where the Stock Exchange makes an inquiry to the Company regarding unusual movements in the price or trading volume of its listed securities or any other matters in accordance with Rule 13.10 of the Listing Rules;

(e) the WVR Structure;

(f) transactions in which any beneficiary of weighted voting rights in the Company has an interest; and

(g) where there is a potential conflict of interest between our Company, its subsidiary and/or Shareholders (considered as a group) on one hand and any beneficiary of weighted voting rights in the Company on the other.

The term of appointment of the Compliance Advisor shall commence on the Listing Date and will be on a permanent basis.

THE CORNERSTONE PLACING

We have entered into cornerstone investment agreements (each a "**Cornerstone Investment Agreement**", and together the "**Cornerstone Investment Agreements**") with the cornerstone investors set out below (each a "**Cornerstone Investor**", and together the "**Cornerstone Investors**"), pursuant to which the Cornerstone Investors have agreed to, subject to certain conditions, subscribe, or cause their designated entities to subscribe, at the International Offer Price for a certain number of Offer Shares (rounded down to the nearest whole board lot of 20 Class B Ordinary Shares) that may be purchased for an aggregate amount of approximately US$148.0 million (approximately HK$1,153.7 million) (the "**Cornerstone Placing**").

Assuming an International Offer Price of HK$228.00 as the indicative offer price, being the maximum Public Offer Price, the total number of Offer Shares to be subscribed by the Cornerstone Investors would be 5,059,820 Offer Shares. The table below reflects the shareholding percentage immediately upon completion of the Global Offering (assuming that (i) no further Shares are issued pursuant to the 2021 Plan between the Latest Practicable Date and the Listing Date, and (ii) no Class A Ordinary Shares are converted into Class B Ordinary Shares between the Latest Practicable Date and the Listing Date).

Assuming the Offer Size Adjustment Option is not exercised						Assuming the Offer Size Adjustment Option is exercised in full					
Assuming the Over-allotment Option is not exercised			Assuming the Over-allotment Option is exercised in full			Assuming the Over-allotment Option is not exercised			Assuming the Over-allotment Option is exercised in full		
Approximate % of the Offer Shares	Approximate % of Class B Ordinary Shares in issue	Approximate % of the total issued share capital	Approximate % of the Offer Shares	Approximate % of Class B Ordinary Shares in issue	Approximate % of the total issued share capital	Approximate % of the Offer Shares	Approximate % of Class B Ordinary Shares in issue	Approximate % of the total issued share capital	Approximate % of the Offer Shares	Approximate % of Class B Ordinary Shares in issue	Approximate % of the total issued share capital
29.76%	4.09%	3.36%	25.88%	4.01%	3.30%	25.88%	4.01%	3.30%	22.51%	3.92%	3.24%

Our Company is of the view that the Cornerstone Placing will help to raise the profile of our Company and to signify that such investors have confidence in our business and prospect. Our Company became acquainted with each of the Cornerstone Investors in its ordinary course of business or through introduction by the Overall Coordinators and other capital market intermediaries in the Global Offering.

Save for a close associate of HHLRA (as defined below) who is an existing Shareholder, to the best knowledge of our Company, each of the Cornerstone Investors (i) is independent of the other Cornerstone Investors, our Group, our connected persons and their respective associates, and is not an existing Shareholder or a close associate of our Group; (ii) none of the Cornerstone Investors is accustomed to taking instructions from our Company, the Directors, chief executive, our Controlling Shareholders, substantial shareholders, existing Shareholders or any of their respective subsidiaries or their respective close associates in relation to the acquisition, disposal, voting or other disposition of the Offer Shares; (iii) none of the subscription of the relevant Offer Shares by any of the Cornerstone Investors is financed by our Company, the Directors, chief executive, our Controlling Shareholders, substantial

shareholders, existing Shareholders or any of their respective subsidiaries or their respective close associates; (iv) each Cornerstone Investor will be utilizing their internal resources as their source of funding for the subscription of the Offer Shares; and (v) no approval from other stock exchange is required for each Cornerstone Investor's investment in our Company as described in this section.

The Cornerstone Placing will form part of the International Offering, and save as otherwise obtained consent from the Stock Exchange, the Cornerstone Investors will not subscribe for any offer shares under the Global Offering (other than pursuant to the Cornerstone Investment Agreements). The offer shares to be subscribed by the Cornerstone Investors will rank *pari passu* in all respect with the fully paid Shares in issue and will be counted towards the public float of our Company under Rule 8.08 of the Listing Rules. Immediately following the completion of the Global Offering, none of the Cornerstone Investors will become a substantial shareholder of the Company, and the Cornerstone Investors will not have any Board representation in our Company. Other than a guaranteed allocation of the relevant Offer Shares at the International Offer Price, the Cornerstone Investors do not have any preferential rights in the Cornerstone Investment Agreements compared with other public Shareholders. There are no side arrangements between our Company and the Cornerstone Investors or any benefit, direct or indirect, conferred on the Cornerstone Investors by virtue of or in relation to the Listing.

The total number of Offer Shares to be subscribed by the Cornerstone Investors may be affected by reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering as described in the paragraph headed "Structure of the Global Offering — The Hong Kong Public Offering — Reallocation" in this Prospectus. The number of Offer Shares to be acquired by each Cornerstone Investor may be reduced on a pro rata basis in accordance with the terms of the Cornerstone Investment Agreement to satisfy the short fall, after taking into account the requirements under Appendix F1 to the Listing Rules as well as the discretion of the Sponsor-OCs (for themselves and on behalf of the International Underwriters) to exercise the Over-allotment Option.

The Cornerstone Investors have agreed to pay for the relevant Offer Shares that they have subscribed before dealings in the Company's B Ordinary Shares commence on the Stock Exchange. Some of the Cornerstone Investors have agreed that, our Company, the Joint Sponsors and the Sponsor-OCs may in their sole discretion defer the delivery of all or part of the offer shares it will subscribe to on a date later than the Listing Date. Such delayed delivery arrangement is in place to facilitate the over-allocation in the International Offering. There will be no delayed delivery if there is no over-allocation in the International Offering. Where delayed delivery takes place, (i) there would be delayed delivery of Offer Shares to some of the Cornerstone Investors based on commercial negotiations with the Cornerstone Investors, (ii) the delayed delivery date should be no later than three business days following the last day on which the Over-allotment Option may be exercised, (iii) no extra payment will be made to the relevant Cornerstone Investors for the purpose of the delayed delivery arrangement, and (iv) each of such Cornerstone Investors has agreed that it shall nevertheless pay for the relevant offer shares in full before the Listing. As such, there will not be any deferred settlement in payment by the Cornerstone Investors.

Details of the actual number of Offer Shares to be allocated to the Cornerstone Investors will be disclosed in the allotment results announcement to be issued by us on or around September 15, 2025.

To the best knowledge of the Company, among the Cornerstone Investors, a close associate of HHLRA (as defined below) is an existing minority Shareholder of our Company. The Stock Exchange has granted a waiver from strict compliance with the requirements under Rule 10.04 of the Listing Rules and consent under paragraph 5(2) of Appendix Fl to the Listing Rules to permit offer shares in the International Offering to be placed to certain existing minority Shareholders. For further details, please see the section headed "Waivers and Exemptions – Subscription for Shares by Existing Shareholders."

OUR CORNERSTONE INVESTORS

Set out below in the aggregate number of Offer Shares, and the corresponding percentages to the Offer Shares and our Company's total issued share capital under the Cornerstone Placing (assuming that (i) no further Shares are issued pursuant to the 2021 Plan between the Latest Practicable Date and the Listing Date, and (ii) no Class A Ordinary Shares are converted into Class B Ordinary Shares between the Latest Practicable Date and the Listing Date):

Based on the International Offer Price of HK$228.00 as the indicative offer price (being the maximum Public Offer Price) and assuming that the Offer Size Adjustment Option is not exercised

			Approximate % of Total Number of Offer Shares		Approximate % of Class B Ordinary Shares in issue immediately following the Completion of the Global Offering		Approximate % of total Shares in issue immediately following the Completion of Global Offering	
Name	Investment Amount[1]	Number of Offer Shares	Assuming the Over-allotment Option is not Exercised	Assuming the Over-allotment Option is fully Exercised	Assuming the Over-allotment Option is not Exercised	Assuming the Over-allotment Option is fully Exercised	Assuming the Over-allotment Option is not Exercised	Assuming the Over-allotment Option is fully Exercised
	(US$ in millions)							
HHLRA . . .	50.0	1,709,400	10.06%	8.74%	1.38%	1.35%	1.13%	1.12%
Taikang Life.	28.0	957,260	5.63%	4.90%	0.77%	0.76%	0.64%	0.62%
WT Asset Management.	30.0	1,025,640	6.03%	5.25%	0.83%	0.81%	0.68%	0.67%
Grab Inc. . .	10.0	341,880	2.01%	1.75%	0.28%	0.27%	0.23%	0.22%
Hongda Group . . .	20.0	683,760	4.02%	3.50%	0.55%	0.54%	0.45%	0.45%
Commando Global Fund . . .	10.0	341,880	2.01%	1.75%	0.28%	0.27%	0.23%	0.22%
Total	**148.0**	**5,059,820**	**29.76%**	**25.88%**	**4.09%**	**4.01%**	**3.36%**	**3.30%**

Notes:

(1) Exclusive of brokerage, the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy, and to be converted to Hong Kong dollars based on the exchange rate as disclosed in this prospectus.

(2) Rounded down to the nearest whole board lot of 20 Class B Ordinary Shares.

Based on the International Offer Price of HK$228.00 as the indicative offer price (being the maximum Public Offer Price) and assuming that the Offer Size Adjustment Option is exercised in full

Name	Investment Amount[1]	Number of Offer Shares	Approximate % of Total Number of Offer Shares		Approximate % of Class B Ordinary Shares in issue immediately following the Completion of the Global Offering		Approximate % of total Shares in issue immediately following the Completion of Global Offering	
			Assuming the Over-allotment Option is not Exercised	Assuming the Over-allotment Option is fully Exercised	Assuming the Over-allotment Option is not Exercised	Assuming the Over-allotment Option is fully Exercised	Assuming the Over-allotment Option is not Exercised	Assuming the Over-allotment Option is fully Exercised
	(US$ in millions)							
HHLRA	50.0	1,709,400	8.74%	7.60%	1.35%	1.32%	1.12%	1.09%
Taikang Life	28.0	957,260	4.90%	4.26%	0.76%	0.74%	0.62%	0.61%
WT Asset Management	30.0	1,025,640	5.25%	4.56%	0.81%	0.79%	0.67%	0.66%
Grab Inc.	10.0	341,880	1.75%	1.52%	0.27%	0.26%	0.22%	0.22%
Hongda Group	20.0	683,760	3.50%	3.04%	0.54%	0.53%	0.45%	0.44%
Commando Global Fund	10.0	341,880	1.75%	1.52%	0.27%	0.26%	0.22%	0.22%
Total	**148.0**	**5,059,820**	**25.88%**	**22.51%**	**4.01%**	**3.92%**	**3.30%**	**3.24%**

Notes:

(1) Exclusive of brokerage, the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy, and to be converted to Hong Kong dollars based on the exchange rate as disclosed in this prospectus.

(2) Rounded down to the nearest whole board lot of 20 Class B Ordinary Shares.

The following information about the Cornerstone Investors was provided to our Company by the Cornerstone Investors in relation to the Cornerstone Placing.

HHLR Advisors, Ltd.

HHLR Advisors, Ltd. ("**HHLRA**"), part of the Hillhouse Group, is an exempted company incorporated in the Cayman Islands that acts as the investment manager of investment funds (collectively the "**HHLRA Funds**"), which are limited partnerships formed under the laws of the Cayman Islands. There is no individual limited partner investor who holds an economic interest of 30% or more in the HHLRA Funds. HHLRA intends to hold the Offer Shares through one of the HHLRA Funds, namely HACF, L.P.

HHLRA collaborates with industry-defining enterprises, aiming to establish alignment with sustainable, forward-thinking companies across industrial, consumer, healthcare and business services sectors. HHLRA manages capital for global institutions, including non-profit foundations, endowments, and pensions. HHLRA is entering the cornerstone investment agreement with the Company in its capacity as an investment manager and on behalf of the HHLRA Funds.

Taikang Life

Taikang Life Insurance Co., Ltd ("**Taikang Life**"), a company incorporated in China, is a wholly owned subsidiary of Taikang Insurance Group Inc. There is no shareholder holding 30% or more in Taikang Insurance Group Inc. Taikang Life provides a full range of personal security and investment and wealth management products and services for individuals and families. The products on offer correspond to the different requirements of customers in terms of market segments such as the children and teenagers, females and high-income population groups. They also meet multidimensional demands regarding health care and accident cover, pensions and wealth management, among others. Taikang Insurance Group Inc. is an insurance and financial service conglomerate focused on insurance, asset management and health and elderly care as main businesses. The Beijing-headquartered company consists of several subsidiaries including Taikang Life, Taikang AMC, Taikang Pension, Taikang Healthcare, Taikang Health, and TK.CN. Its product offering covers life insurance, internet-based financial insurance, enterprise annuity, asset management, health and elderly care, health management and commercial real estate, among others.

WT Asset Management

WT Asset Management Limited ("**WT Asset Management**") is a company incorporated in Hong Kong with limited liability and licensed by the SFC to carry on type 9 (asset management) regulated activity. WT Asset Management is beneficially owned as to 100% by Mr. Tongshu Wang (王通書), who is an Independent Third Party. WT Asset Management has agreed to procure certain investors, namely WT China Fund Limited, WT China Focus Fund, WT Growth Fund and/or a segregated management account (investment portfolio professionally managed by WT Asset Management (as investment manager) where the investor owns the underlying investments directly) (collectively, the "**Funds**"), that WT has discretionary investment management power over, to subscribe for such number of the Investor Shares. The Funds are managed by WT Asset Management as investment manager. The Funds pursue to achieve absolute return and long-term capital appreciation by investing primarily in the listed securities of companies which have great exposure or material impact by the PRC. Investors of the Funds include but are not limited to pension funds, fund of funds, family offices and other sophisticated institutional investors. Save for Mr. Tongshu Wang (王通書) who hold over 30% interests in WT Growth Fund and WT China Focus Fund, and the single ultimate beneficial owner of the segregated management account which is a pension fund based in North America respectively, no other single ultimate beneficial owner holds 30% or more interests in the Funds. As of July 31, 2025, the total AUM of the Funds is approximately US$3.3 billion.

Grab Inc.

Grab Holdings Limited ("**Grab**") is Southeast Asia's leading superapp, operating primarily across the deliveries, mobility and digital financial services sectors in over 800 cities across eight countries in the region–Cambodia, Indonesia, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam. A Cayman Islands limited liability company incorporated in March 2021, Grab enables millions of people each day to access driver- and merchant-partners to order food or groceries, send packages, hail a ride or taxi, pay for online purchases or access services such as lending and insurance. Grab's platform enables important high frequency hyperlocal consumer services. As part of our financial services offerings, Grab also provides digital banking services through GXS Bank in Singapore and GXBank in Malaysia. Since December 2021, Grab's Class A Ordinary Shares and Warrants are listed on NASDAQ under the symbols "GRAB" and "GRABW," respectively. Grab's shareholders' and NASDAQ's approval are not required for Grab Inc.'s subscription for the Offer Shares pursuant to the relevant cornerstone investment agreement.

Grab Inc. is a Cayman Islands limited liability company incorporated in February 2015 and a wholly owned subsidiary of Grab.

Hongda Group

Hongda Group (Hong Kong) Co., Limited (宏達集團(香港)有限公司) ("**Hongda Group**") is a limited company incorporated in Hong Kong in 2022, primarily engages in medium- and long-term investments in sectors such as finance and emerging technology. Hongda Group has participated in numerous initial public offerings in Hong Kong through international placements. Hongda Group is solely owned by Mr. Sherman Tai (戴子烽), an Independent Third Party. Mr. Sherman Tai (戴子烽) has over 20 years of experience in the capital market and is currently a partner at Shanghai New Margin Venture Capital Co., Ltd. (上海聯創投資管理有限公司). The team led by Mr. Sherman Tai (戴子烽), comprises of experienced investors with over 10 years of experience, invests in industries such as automotive, semiconductors, high-end manufacturing, consumer goods, and pharmaceuticals.

Commando Global Fund

Commando Global Fund is a private equity investment fund managed on a discretionary basis by Commando Capital Management Company (as investment manager). Commando Global Fund is owned by Commando Global Management Company as the general partner and a number of limited partners. Among the limited partners, other than Ms. Lu Su Xia (盧素霞) who is an Independent Third Party, there is no ultimate beneficial owner who holds 30% or more economic interest in the Commando Global Fund.

Commando Global Fund was established in May 2018. Commando Global Fund focuses on investments in technology industries, particularly artificial intelligence. The ultimate beneficial owner of Commando Capital Management Company is Mr. Ding Ying (丁楹), who is an Independent Third Party and does not have any relationship with the Joint Sponsors, the Overall Coordinators and the Capital Market Intermediaries.

CLOSING CONDITIONS

The obligation of each Cornerstone Investor to subscribe for the Offer Shares under the respective Cornerstone Investment Agreement is subject to, among other things, the following closing conditions:

(i) the Underwriting Agreements being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in the Underwriting Agreements, and neither of the Underwriting Agreements having been terminated;

(ii) the International Offer Price having been agreed according to the Underwriting Agreements and price determination agreement to be signed among the parties thereto in connection with the Global Offering;

(iii) the listing committee having granted the listing of, and permission to deal in, the Class B Ordinary Shares (including the Class B Ordinary Shares subscribed for by the Cornerstone Investors as well as other applicable waivers and approvals) and such approval, permission or waiver having not been revoked prior to the commencement of dealings in the Class B Ordinary Shares on the Stock Exchange;

(iv) no laws shall have been enacted or promulgated by any governmental authority which prohibits the consummation of the transactions contemplated in the Global Offering or the Cornerstone Investment Agreements and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and

(v) the respective representations, warranties, undertakings and confirmations of the relevant Cornerstone Investor under the relevant Cornerstone Investment Agreement are and will be accurate and true in all respects and not misleading and that there is no material breach of the Cornerstone Investment Agreement on the part of the relevant Cornerstone Investor.

RESTRICTIONS ON THE CORNERSTONE INVESTORS

Each of the Cornerstone Investors has agreed that it will not, whether directly or indirectly, at any time during the period of six months from and including the Listing Date (the "**Lock-up Period**"), dispose of any of the Offer Shares they have purchased pursuant to the relevant Cornerstone Investment Agreements, save for certain limited circumstances, such as transfers to any of its wholly-owned subsidiaries who will be bound by the same obligations of such Cornerstone Investor, including the Lock-up Period restriction, as the case maybe.

FUTURE PLANS

For a detailed description of our future plans, see "Business — Growth Strategies."

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK$3,706.1 million based on an indicative offer price of HK$228.00 per Offer Share and assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised, after deducting estimated underwriting fees and estimated offering expenses payable by us.

In line with our strategies, we plan to use the net proceeds from the Global Offering for the purposes set forth below:

- approximately 50% of the net proceeds, or approximately HK$1,853.0 million, is expected to be allocated to investment in research and development. In particular,

  (i) approximately 20% of the net proceeds will be used for optimizing and upgrading our ASIC approach and other key technologies, including platform-level know-how, automotive grade production, interference rejection technology and intelligent point cloud engine (IPE) to integrate multiple capabilities and provide a better detection range and resolution while achieving a more compact form factor for our LiDAR products. These technology improvements can directly translate into greater Performance of LiDAR products. Moreover, these improvements will improve the Quality and reduce the Cost of our LiDAR products by optimizing the number of components and streamlining the manufacturing process. We also plan to continue investing in series of research and development projects relating to chips and semiconductor devices, mainly for further advancing the deployment of our proprietary ASICs in our LiDAR products, which will translate into greater customer value delivery and company's operational and financial improvement. Moreover, not only ASICs, we will also commit to investing in self-developing other key components, for increasing cost efficiency and further supply chain risk management. For more details, see "Business — Growth Strategies — Leveraging Technological and Manufacturing Expertise to Reinforce Our Leadership."

  (ii) approximately 30% of the net proceeds will be used for product development and commercialization. More specifically:

    (a) we intend to invest in the design and upgrading of our LiDAR products for the ADAS market to drive continuous innovation of our next-generation LiDARs under AT, ET, FT and JT series, with strategic focus on reducing LiDAR size as well as weight while improving product's

performance including achieving greater detection range, higher point density, better distance accuracy and precision, for strengthening our product roadmaps and solidifying our market leadership; and

(b) we also plan to enhance our efforts to develop and commercialize LiDAR products for the Robotics markets to cater to the emerging customer needs of various Robotics applications, including Robotaxi, lawn mowing robots, delivery robots, autonomous mobile robots, and humanoid robots, to expand our footprint. Additionally, we will continue to closely monitor development opportunities for LiDAR deployment in broader application scenarios. For more details, see "Business — Growth Strategies — Further Expanding Footprint in the Robotics Market to Serve More Industries and Application Scenarios."

As of March 31, 2025, we had 657 experienced engineers, mostly in our research and development department, amounting to 64.2% of our total employees. 59.2% of our engineers have master's degrees or above. To support the above research and development projects and plans, we target to place strong emphasis on recruiting and retaining technology specialists and senior engineers with extensive experience in the industry. In the upcoming one to two years, we expect our research and development team size to remain relatively stable at levels comparable to those in 2024, however we will continue investing in research and development team building, training and incentives, to keep our engineers abreast of the most advanced technologies in the relevant fields while maintaining the team at competitive industry standards. As of March 31, 2025, we had 513 patents granted and 766 pending patent applications in China, and 122 patents granted and 527 pending patent applications in other jurisdictions, such as the United States and Europe. We intend to continue to invest heavily in the development of our proprietary technology to support our robust and sustained growth trajectory going forward, Additionally, we will strengthen our capabilities to protect our core technology and intellectual properties. Overall, such proceeds will be used to facilitate the enhancement of our technology and product investments, as well as cover payroll, overhead, and incentive for our research and development team over the next year or two, as required by our business operations.

- approximately 35% of the net proceeds, or approximately HK$1,297.1 million, is expected to be allocated to investment in our manufacturing capabilities to enable continued delivery of products with high performance and reliability to meet customers' evolving demands. For more details, see "Business — Growth Strategies — Continue Investing in In-House Manufacturing to Deliver High-Performance, Reliability Products at Competitive Prices." In particular,

  (i) approximately 25% of the net proceeds will be used to further elevate our manufacturing capabilities by expanding more production lines to meet the growing market demand for our LiDAR products. We plan to invest in building new production lines in Hangzhou, Zhejiang Province, China, starting from the

first quarter of 2025, which we expect to begin mass production in the third quarter of 2025, in order to achieve 2 million production capacity by the end of 2025. Additionally, we have more production lines in the planning stage, with potential locations including Thailand, which might start building up and mass production in the coming one to two years subject to market demand. We expect that the utilization rate of our manufacturing facilities will ramp up in the next few years with the growing demand for our LiDAR products. As of March 31, 2025, we secured the highest number of design wins in the ADAS market, from 22 OEMs globally across 120 vehicle models, while having achieved SOP for only 27 vehicle models. As we continue to achieve SOP for the remaining design-win vehicle models, we plan to increase our in-house manufacturing capabilities to support this expected growth in production needs and meet rising market demand.

(ii) approximately 10% of the net proceeds will be used to further streamline and increase the automation level of our manufacturing process and testing processes. We plan to continuingly enhance the level of automation in the assembly, calibration and testing processes to reduce inconsistency, enhance manufacturing efficiency and reduce manufacturing cost of LiDAR per unit.

- approximately 5% of the net proceeds, or approximately HK$185.3 million, is expected to be allocated to business development to accelerate our business expansion. We plan to continuously enhance our capabilities in product development, adaptation, and compliance with vehicle regulations for vehicle models, and to invest in our sales and customer service team building and incentives for remaining specialists and providing better customer support. We will also continue to pursue our marketing strategy, including attending large technology conferences and industry expositions to showcase our products, solutions and technology, while focusing on generating marketing content for media platforms. For more details, see "Business — Growth Strategies — Strengthening and Expanding Partnerships with Industry Leaders."

- approximately 10% of the net proceeds, or approximately HK$370.6 million, is expected to be allocated for working capital and general corporate purposes to support our business operation and growth.

To the extent that our actual net proceeds from the Global Offering are higher or lower than our estimate above, we will adjust our allocation of the net proceeds for the purposes set out above on a pro rata basis.

To the extent that the net proceeds of the Global Offering are not immediately applied to the above purposes or if we are unable to put into effect any part of our plan as intended, we will hold such funds in short-term interest-bearing deposits at licensed commercial banks and/or other authorized financial institutions as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions. In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

HONG KONG UNDERWRITERS

China International Capital Corporation Hong Kong Securities Limited
Guotai Junan Securities (Hong Kong) Limited
CMB International Capital Limited
Haitong International Securities Company Limited
BOCI Asia Limited
Futu Securities International (Hong Kong) Limited
DBS Asia Capital Limited
ICBC International Securities Limited
ABCI Securities Company Limited
CCB International Capital Limited

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The Company expects the International Offering to be fully underwritten by the International Underwriters. If, for any reason, the pricing of the Offer Shares is not agreed between the Sponsor-OCs (for themselves and on behalf of the Underwriters) and the Company, the Global Offering will not proceed and will lapse.

The Global Offering comprises the Hong Kong Public Offering of initially 1,700,000 Hong Kong Offer Shares and the International Offering of initially 15,300,000 International Offer Shares, subject, in each case, to reallocation on the basis as described in "Structure of the Global Offering" in this prospectus as well as to the Offer Size Adjustment Option and the Over-allotment Option (in the case of the International Offering).

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, the Company is offering the Hong Kong Offer Shares for subscription on the terms and conditions set out in this prospectus and the Hong Kong Underwriting Agreement at the Public Offer Price.

Subject to (a) the Stock Exchange granting approval for the listing of, and permission to deal in, the Class B Ordinary Shares to be issued pursuant to the Global Offering (including the Class B Ordinary Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option and the Over-allotment Option and any Class B Ordinary Shares issuable upon exercise or vesting of awards granted under the 2021 Plan), on the Main Board of the Stock Exchange and such approval not having been withdrawn and (b) certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed

severally but not jointly to procure subscribers for, or themselves to subscribe for, their respective applicable proportions of the Hong Kong Offer Shares being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions set out in this prospectus and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on, among other things, the International Underwriting Agreement having been executed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for Termination

If any of the following events shall occur at any time prior to 8:00 a.m. on the Listing Date, the Joint Sponsors and the Sponsor-OCs (for themselves and on behalf of the Hong Kong Underwriters), in their sole and absolute discretion, shall have the right by giving a notice to the Company to terminate the Hong Kong Underwriting Agreement with immediate effect:

(i) there shall develop, occur, exist or come into effect:

(a) any event, or series of events or circumstances, in the nature of force majeure (including, without limitation, any acts of government, declaration of a local, national, regional or international emergency or war, calamity, crisis, epidemic, pandemic, outbreaks, escalation, adverse mutation or aggravation of diseases (including, without limitation, COVID-19, Severe Acute Respiratory Syndrome (SARS), swine or avian flu, H5N1, H1N1, H7N9, Ebola virus, Middle East respiratory syndrome and such related/mutated forms), comprehensive sanctions, economic sanctions, strikes, labour disputes, lock-outs, other industrial actions, fire, explosion, flooding, earthquake, tsunami, volcanic eruption, civil commotion, rebellion, riots, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God, acts of terrorism (whether or not responsibility has been claimed), paralysis in government operations, interruptions or delay in transportation) in or affecting the Cayman Islands, Hong Kong, the PRC, the United States, the United Kingdom, the European Union (or any member thereof) or any other jurisdiction relevant to the Group (each a "**Relevant Jurisdiction**" and collectively, the "**Relevant Jurisdictions**");

(b) any change or development involving a prospective change, or any event or circumstances or series of events likely to result in any change or development involving a prospective change, in any local, national, regional or international financial, economic, political, military, industrial, legal, fiscal, regulatory, currency, credit or market matters or conditions, equity securities or exchange control or any monetary or trading settlement system or other financial markets (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, interbank markets and credit markets), in or affecting any of the Relevant Jurisdictions;

(c) the imposition or declaration of any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the Shanghai Stock Exchange, the Shenzhen Stock Exchange or the Longdon Stock Exchange;

(d) a suspension or material limitation in trading of the Company's securities on Nasdaq;

(e) any general moratorium on commercial banking activities in any of the other Relevant Jurisdictions (declared by any relevant competent authority) or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in or affecting any of the Relevant Jurisdictions;

(f) any new law or regulation or any change or any development involving a prospective change in existing laws or regulations or any event or circumstance likely to result in a change or a development involving a prospective change in the interpretation or application thereof by any court or any competent governmental authority in or affecting any of the Relevant Jurisdictions;

(g) the imposition of comprehensive sanctions under any sanctions laws or regulations in, or the withdrawal of trading privileges which existed on the date of the Hong Kong Underwriting Agreement, in whatever form, directly or indirectly, by or for any of the Relevant Jurisdictions;

(h) any change or development involving a prospective change or amendment in or affecting taxation or foreign exchange control, currency exchange rates or foreign investment regulations, or the implementation of any exchange control, in any of the Relevant Jurisdictions or affecting an investment in the Offer Shares;

(i) other than with the prior written consent of the Joint Sponsors and the Sponsor-OCs, the issue or requirement to issue by the Company of a supplement or an amendment to this prospectus or other documents in connection with the offer and sale of the Offer Shares pursuant to the Companies (WUMP) Ordinance or the Listing Rules or upon any requirement or request of the Stock Exchange, the SFC and/or the SEC;

(j) any demand by any creditors for repayment or payment of any of the indebtedness of any member of the Group or an order or petition for the winding up or liquidation of any member of the Group or any composition or arrangement made by any member of the Group with its creditors or a scheme of arrangement entered into by any member of the Group or any resolution for

the winding-up of any member of the Group or the appointment of a provisional liquidator, receiver or manager over all or part of the assets or undertaking of any member of the Group or anything analogous thereto occurring in respect of any member of the Group;

(k) any litigation, dispute, proceeding, legal action or claim or regulatory or administrative investigation or action being threatened, instigated or announced against any member of the Group, any Director or any member of the senior management of the Company;

(l) any contravention by any member of the Group, any Director or any member of the senior management of the Company of any applicable laws and regulations, including the Companies Ordinance, Companies (WUMP) Ordinance and the Listing Rules;

(m) any non-compliance of the documents in connection with the Hong Kong Public Offering or the filings to the CSRC (or any other documents used in connection with the contemplated subscription and sale of the Offer Shares or any aspect of the Global Offering) with the Listing Rules or any other applicable laws and regulations (including, without limitation, the Listing Rules, the Companies Ordinance, the Companies (WUMP) Ordinance and the rules of the CSRC); or

(n) any change or development or any event involving a prospective change or development, or a materialisation of, any of the risks set out in the section headed "Risk Factors" in this prospectus,

which, individually or in the aggregate, in the sole and absolute opinion of the Joint Sponsors and/or the Sponsor-OCs (for themselves and on behalf of the Hong Kong Underwriters):

(1) has or will have or is likely to have a material adverse effect;

(2) has or will have or is likely to have a material adverse effect on the success or marketability of the Global Offering or the level of applications for or the distribution of the Offer Shares under the Hong Kong Public Offering or the level of interest under the International Offering;

(3) makes or will make or is likely to make it inadvisable, inexpedient, impracticable or incapable for the Hong Kong Public Offering and/or the International Offering to proceed or to market the Global Offering or the delivery or distribution of the Offer Shares on the terms and in the manner contemplated by the Offer Related Documents (as defined below); or

(4) has or will have or is likely to have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting the Hong Kong Public Offering) incapable or impracticable of performance in accordance with its terms or preventing or delaying the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

(ii) there has come to the notice of the Joint Sponsors and/or the Sponsor-OCs that:

(a) any statement contained in any of the documents in connection with the Global Offering, the filings to the CSRC and/or any notices, announcements, advertisements, communications or other documents (including any announcement, circular, document or other communication pursuant to the Hong Kong Underwriting Agreement) in connection with the Global Offering (including any supplement or amendment thereto but excluding names and addresses of the Underwriters) (collectively, the "**Offer Related Documents**") was, when it was issued, or has become, untrue, incorrect, inaccurate or incomplete in any material respects or misleading or deceptive, or that any estimate, forecast, expression of opinion, intention or expectation contained in any of such documents (including any supplement or amendment thereto) is not fair and honest and based on reasonable grounds or, where appropriate, based on reasonable assumptions with reference to the facts and circumstances then subsisting;

(b) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material misstatement in, or omission from any of the Offer Related Documents (including any supplement or amendment thereto);

(c) there is a breach of, or any event or circumstance rendering untrue, incorrect, incomplete in any material respect or misleading in any respect, any of the representations or warranties given by the Company in the Hong Kong Underwriting Agreement or the International Underwriting Agreement (including any supplement or amendment thereto), as applicable;

(d) there is a breach of any of the obligations imposed upon the Company under the Hong Kong Underwriting Agreement or the International Underwriting Agreement (including any supplement or amendment thereto), as applicable;

(e) there is an event, act or omission which gives or is likely to give rise to any material liability of the Company pursuant to the indemnities given by any of them under the Hong Kong Underwriting Agreement or the International Underwriting Agreement (including any supplement or amendment thereto), as applicable;

(f) there is any material adverse change;

(g) the approval of the Stock Exchange of the listing of, and permission to deal in, the Class B Ordinary Shares in issue and to be issued or sold pursuant to the Global Offering (including pursuant to any exercise of the Offer Size Adjustment Option and the Over-allotment Option), other than subject to customary conditions, is refused or not granted on or before the Listing Date, or if granted, the approval is subsequently withdrawn, cancelled, qualified (other than by customary conditions), revoked or withheld;

(h) any person (other than the Joint Sponsors) has withdrawn or is subject to withdrawing its consent to the issue of this prospectus with the inclusion of its reports, letters and/or legal opinions (as the case may be) and references to its name included in the form and context in which it respectively appears;

(i) the Company withdraws any of the Offer Related Documents or the Global Offering;

(j) there is a prohibition on the Company for whatever reason from offering, allotting, issuing or selling any of the Offer Shares (including pursuant to any exercise of the Offer Size Adjustment Option and the Over-allotment Option) pursuant to the terms of the Global Offering;

(k) the chief executive officer, the chief financial officer, any Director or any member of the senior management of the Company is vacating his or her office;

(l) there is an order or petition for the winding up or liquidation of any member of the Group or any composition or arrangement made by any member of the Group with its creditors or a scheme of arrangement entered into by any member of the Group or any resolution for the winding-up of any member of the Group or the appointment of a provisional liquidator, receiver or manager over all or part of the assets or undertaking of any member of the Group or anything analogous thereto occurring in respect of any member of the Group;

(m) any Director or member of the senior management of the Company is being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company or taking a directorship of a company or there is a commencement by any governmental, political, regulatory body or organisation of any investigation or other action against any Director or member of the senior management of the Company in his or her capacity as such or any member of the Group or an announcement by any governmental, political or regulatory body that it intends to commence any such investigation or take any such action; or

(n) a material portion of the orders placed or confirmed in the book-building process, or of the investment commitments made by any cornerstone investors under the cornerstone investment agreements, have been withdrawn, terminated or cancelled.

Undertakings to the Stock Exchange pursuant to the Listing Rules

(A) Undertakings by the Company

Pursuant to Rule 10.08 of the Listing Rules, the Company has undertaken to the Stock Exchange that within six months from the Listing Date, no further Shares or securities convertible into equity securities of the Company (whether or not of a class already listed) shall be issued or form the subject of any agreement to such an issue (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except for Shares issued or to be issued pursuant to: (i) the Global Offering (including any Class B Ordinary Shares which may be issued pursuant to the exercise of the Over-allotment Option and the Offer Size Adjustment Option, and any Class B Ordinary Shares issuable upon exercise or vesting of awards granted under the 2021 Plan); or any of the circumstances provided under Rule 10.08 of the Listing Rules.

(B) Undertakings by the Controlling Shareholders

Pursuant to Rule 10.07 of the Listing Rules, each of the Controlling Shareholders has undertaken to the Stock Exchange and the Company that, he/it will not and will procure that the relevant registered Shareholders will not without the prior written consent of the Stock Exchange or unless otherwise in compliance with the applicable requirement of the Listing Rules:

(a) in the period commencing on the date by reference to which disclosure of its shareholding in the Company is made in this prospectus and ending on the date which is six months from the Listing Date (the "**First Six-Month Period**"), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which it is shown by this prospectus to be the beneficial owner; and

(b) in the period of six months from the expiry of the First Six-Month Period, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares referred to in paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it would cease to be a Controlling Shareholder.

Pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, each of the Controlling Shareholders has undertaken to the Stock Exchange and the Company that, within the period commencing on the date by reference to which disclosure of its shareholding in the Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, it will:

(i) when it pledges or charges any securities of the Company beneficially owned by it in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) pursuant to Note 2 to Rule 10.07(2) of the Listing Rules, immediately inform the Company of such pledge or charge together with the number of securities so pledged or charged; and

(ii) when it receives indications, either verbal or written, from the pledgee or chargee that any of the pledged or charged securities will be disposed of, immediately inform the Company of such indications.

The Company will inform the Stock Exchange as soon as it has been informed of the matters referred to in paragraphs (i) and (ii) above by the Controlling Shareholders and subject to the then applicable requirements of the Listing Rules disclose such matters by way of an announcement.

Undertakings by the Company pursuant to the Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, the Company has undertaken to each of the Joint Sponsors, the Sponsor-OCs, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries and the Hong Kong Underwriters that, except for (a) the issue, offer or sale of the Offer Shares by the Company pursuant to the Global Offering (including pursuant to any exercise of the Offer Size Adjustment Option and the Over-allotment Option), (b) the grant of awards pursuant to the 2021 Plan and the issue and delivery of Class B Ordinary Shares for satisfying the awards granted under the 2021 Plan, (c) registration and issuance of ADSs without enlarging the Company's issued and outstanding share capital as at the date of the Hong Kong Underwriting Agreement, and/or (d) any other circumstances as permitted under the Listing Rules, the Company will not, without the prior written consent of the Joint Sponsors and the Sponsor-OCs (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the Listing Rules, at any time during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date falling six months after the Listing Date (the "**First Six-Month Period**"):

(i) offer, allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, assign, mortgage, charge, pledge, hypothecate, lend, grant, agree to grant or sell any option, warrant, contract or right to subscribe for or purchase, grant, agree to grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Class B Ordinary Shares or other securities of the Company or any shares or other securities of such other member of the Group, as applicable, or any interest in any of the foregoing (including, but not limited to, any securities that are convertible into or exchangeable or exercisable for, or that represent the right to receive, or any warrants or other rights to purchase, any Class B Ordinary Shares or other securities of the Company or any shares or other equity securities of such other member of the Group, as applicable or any interest in any of the foregoing), or deposit any Class B Ordinary Shares or other securities of the Company or any shares or other equity securities of such other member of the Group, as applicable, with a depositary in connection with the issue of depositary receipts; or

(ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of subscription or ownership (legal or beneficial) of any Class B Ordinary Shares or other securities of the Company, or any interest therein, or any shares or other equity securities of such other member of the Group, as applicable, or any interest in any of the foregoing (including, without limitation, any securities which are convertible into or exchangeable or exercisable for, or that represent the right to receive, or any warrants or other rights to purchase, any Class B Ordinary Shares or other securities of the Company or any shares or other equity securities of such other member of the Group, as applicable or any interest in any of the foregoing); or

(iii) enter into any transaction with the same economic effect as any transaction described in (i) or (ii) above; or

(iv) offer to or contract to or agree to announce, or publicly disclose that the Company will or may enter into any such transaction described in (i), (ii) or (iii) above,

in each case, whether any of the transactions described in (i), (ii) or (iii) above is to be settled by delivery of any Class B Ordinary Shares or other securities of the Company or shares or other equity securities of such other member of the Group, as applicable, or in cash or otherwise (whether or not the issue of such Class B Ordinary Shares or other securities will be completed within the First Six-Month Period).

In the event that, at any time during the period of six months immediately following the expiry of the First Six-Month Period (the "**Second Six-Month Period**"), the Company or any member of the Group enters into any such transactions or offers or agrees or contracts to, or announces, or publicly discloses, any intention to, enter into any such transactions described in (i), (ii) or (iii) above, the Company shall take all reasonable steps to ensure that it will not create a disorderly or false market in the Class B Ordinary Shares or any other securities of the Company.

Hong Kong Underwriters' Interests in the Company

Save for their respective obligations under the Hong Kong Underwriting Agreement as of the Latest Practicable Date, none of the Hong Kong Underwriters was interested, legally or beneficially, directly or indirectly, in any Class B Ordinary Shares or any securities of any member of the Group or had any right or option (whether legally enforceable or not) to subscribe for or purchase, or to nominate persons to subscribe for or purchase, any Class B Ordinary Shares or any securities of any member of the Group.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Company's Class B Ordinary Shares as a result of fulfilling their respective obligations under the Hong Kong Underwriting Agreement.

International Offering

International Underwriting Agreement

In connection with the International Offering, the Company expects to enter into the International Underwriting Agreement with the Joint Sponsors, the Sponsor-OCs and the International Underwriters on or around the Price Determination Date. Under the International Underwriting Agreement and subject to the Offer Size Adjustment Option and the Over-allotment Option, the International Underwriters would, subject to certain conditions set out therein, agree severally but not jointly to procure subscribers for, or themselves to subscribe for, their respective applicable proportions of the International Offer Shares initially being offered pursuant to the International Offering. It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors should note that in the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed. See "Structure of the Global Offering — The International Offering."

Offer Size Adjustment Option

The Company has an Offer Size Adjustment Option under the Hong Kong Underwriting Agreement, exercisable by the Company with the prior written agreement between the Company and the Sponsor-OCs (for themselves and on behalf of the Underwriters) on or before the time of execution of the Price Determination Agreement and will lapse immediately thereafter. Upon the exercise of the Offer Size Adjustment Option, the Company may issue up to an aggregate of 2,550,000 Class B Ordinary Shares, representing approximately 15.0% of the Offer Shares initially being offered under the Global Offering at the Public Offer Price or the International Offer Price (as the case may be) to cover any excess demand. The Offer Size Adjustment Option provides flexibility to increase the number of Offer Shares available for purchase under the Global Offering to cover additional market demand. See "Structure of the Global Offering — Offer Size Adjustment Option."

The exercise of the Offer Size Adjustment Option is also subject to the reallocation arrangement as described in "Structure of the Global Offering — The Hong Kong Public Offering — Reallocation."

Over-allotment Option

The Company is expected to grant to the International Underwriters the Over-allotment Option, exercisable by the Sponsor-OCs on behalf of the International Underwriters at any time from the Listing Date until 30 days after the last day for lodging applications under the Hong Kong Public Offering, pursuant to which the Company may be required to issue up to an aggregate of 2,550,000 Class B Ordinary Shares (representing not more than 15.0% of the number of Offer Shares initially available under the Global Offering assuming the Offer Size Adjustment Option is not exercised at all) or up to an aggregate of 2,932,500 Class B Ordinary Shares (representing not more than 15.0% of the number of Offer Shares initially available

under the Global Offering assuming the Offer Size Adjustment Option is exercised in full) at the International Offer Price, to cover over-allocations in the International Offering, if any. See "Structure of the Global Offering — Over-allotment Option."

Commissions and Expenses

The Underwriters will receive an underwriting commission (the "**Underwriting Commission**") of 2.25% of the aggregate Public Offer Price and International Offer Price of all the Offer Shares (including any Offer Shares to be issued pursuant to the exercise of the Offer Size Adjustment Option and the Over-allotment Option), out of which they will pay any sub-underwriting commissions and other fees.

The Underwriters may receive a discretionary incentive fee (the "**Discretionary Fee**") of up to 1.25% of the aggregate Public Offer Price and International Offer Price of all the Offer Shares to be issued by the Company under the Global Offering (including any Offer Shares to be issued pursuant to the exercise of the Offer Size Adjustment Option and the Over-allotment Option).

As of the date of this prospectus, the allocation of a portion of the Underwriting Commission remains subject to the Company's discretion. Accordingly, the unallocated portion of the Underwriting Commission will be regarded as discretionary fees for the purpose of the Listing Rules. The ratio of the fixed fee and discretionary fee (as classified under and for the purpose of Rule 3A.34 of the Listing Rules) payable by the Company to all syndicate members (both before and after the exercise of the Offer Size Adjustment Option and/or the Over-allotment Option, if any) is expected to be approximately 1.35% : 2.15%, or approximately 38.6 : 61.4 (assuming the Discretionary Fee will be paid in full).

For any unsubscribed Hong Kong Offer Shares reallocated to the International Offering, the Underwriting Commission will not be paid to the Hong Kong Underwriters but will instead be paid, at the rate applicable to the International Offering, to the relevant International Underwriters.

The aggregate maximum Underwriting Commission payable to the Underwriters in relation to the Global Offering (assuming an indicative offer price of HK$228.00 per Offer Share for both Hong Kong Public Offering and International Offering, the full payment of the Discretionary Fee and the exercise of the Offer Size Adjustment Option and the Over-allotment Option in full) will be approximately HK$179.4 million.

The aggregate Underwriting Commission and fees together with the Stock Exchange listing fees, the SFC transaction levy, the AFRC transaction levy and the Stock Exchange trading fee, legal and other professional fees and printing and all other expenses relating to the Global Offering are estimated to be approximately HK$213.8 million (assuming an indicative

offer price of HK$228.00 per Offer Share for both the Hong Kong Public Offering and the International Offering, the full payment of the Discretionary Fee and the exercise of the Offer Size Adjustment Option and the Over-allotment Option in full) and will be paid by the Company.

Indemnity

The Company has agreed to indemnify the Hong Kong Underwriters for certain losses which they may suffer or incur, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by the Company of the Hong Kong Underwriting Agreement.

ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together, the "**Syndicate Members**") and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilizing process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, loan financing, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In the ordinary course of their various business activities, the Syndicate Members and their respective affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers. Such investment and trading activities may involve or relate to our assets, securities and/or instruments and/or persons and entities with relationships with the Company and may also include swaps and other financial instruments entered into for hedging purposes in connection with the Group's loans and other debt.

In relation to the Class B Ordinary Shares, the activities of the Syndicate Members and their affiliates could include acting as agent for buyers and sellers of the Class B Ordinary Shares, entering into transactions with those buyers and sellers in a principal capacity, including as a lender to initial purchasers of the Class B Ordinary Shares (which financing may be secured by the Class B Ordinary Shares) in the Global Offering, proprietary trading in the Class B Ordinary Shares, and entering into over the counter or listed derivative transactions or listed or unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the Class B Ordinary Shares. Such transactions may be carried out as bilateral agreements or trades with selected counterparties. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the Class B Ordinary Shares, which may have a negative impact on the trading price of the Class B Ordinary Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate

Members and their affiliates holding long and/or short positions in the Class B Ordinary Shares, in baskets of securities or indices including the Class B Ordinary Shares, in units of funds that may purchase the Class B Ordinary Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the Class B Ordinary Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the stock exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Class B Ordinary Shares in most cases.

All such activities may occur both during and after the end of the stabilizing period described in "Structure of the Global Offering." Such activities may affect the market price or value of the Class B Ordinary Shares, the liquidity or trading volume in the Class B Ordinary Shares and the volatility of the price of the Class B Ordinary Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

- the Syndicate Members (other than the Stabilizing Manager or any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and

- the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Certain of the Syndicate Members or their respective affiliates have provided from time to time, and expect to provide in the future, investment banking, loan financing and other services to the Company and certain of its affiliates for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

In addition, the Syndicate Members or their respective affiliates may provide financing to investors to finance their subscriptions of the Offer Shares in the Global Offering.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering.

The listing of the Class B Ordinary Shares on the Main Board of the Stock Exchange is sponsored by the Joint Sponsors. The Joint Sponsors have made an application on behalf of the Company to the Stock Exchange for the listing of, and permission to deal in, the Class B Ordinary Shares to be issued as mentioned in this prospectus.

17,000,000 Offer Shares will initially be made available under the Global Offering comprising:

- the Hong Kong Public Offering of initially 1,700,000 Class B Ordinary Shares (subject to reallocation and the Offer Size Adjustment Option) in Hong Kong as described in "— The Hong Kong Public Offering" below; and

- the International Offering of initially 15,300,000 Class B Ordinary Shares (subject to reallocation, the Offer Size Adjustment Option and the Over-allotment Option), comprising (i) the Class B Ordinary Shares to be offered pursuant to the registration statement on Form F-3, as amended, that was filed with the SEC on September 5, 2025, including the preliminary prospectus dated September 5, 2025 and the final prospectus to be filed with the SEC on or about September 12, 2025 and (ii) the Class B Ordinary Shares to be offered to cornerstone investors who are non-U.S. persons outside the United States in reliance on Regulation S under the Securities Act.

Investors may either (i) apply for Hong Kong Offer Shares under the Hong Kong Public Offering; or (ii) apply for or indicate an interest for International Offer Shares under the International Offering, but may not do both.

The Offer Shares will represent approximately 11.3% of the total Shares in issue immediately following the completion of the Global Offering, assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised. If the Over-allotment Option is exercised in full, the Offer Shares (including Class B Ordinary Shares issued pursuant to the full exercise of the Over-allotment Option) will represent approximately 12.8% of the total Shares in issue (assuming the Offer Size Adjustment Option is not exercised at all) or approximately 14.4% of the total Shares in issue (assuming the Offer Size Adjustment Option is exercised in full) immediately following the completion of the Global Offering.

References in this prospectus to applications, application monies or the procedure for applications relate solely to the Hong Kong Public Offering.

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares initially offered

The Company is initially offering 1,700,000 Offer Shares for subscription by the public in Hong Kong at the Public Offer Price, representing 10.0% of the total number of Offer Shares initially available under the Global Offering. The number of Offer Shares initially offered under the Hong Kong Public Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 1.1% of the total shares in issue of the Company immediately following the completion of the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised and excluding any Class B Ordinary Shares issuable upon exercise or vesting of awards granted under the 2021 Plan).

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions set out in "— Conditions of the Global Offering" below.

Allocation

Allocation of Offer Shares to applicants under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which could mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the total number of Hong Kong Offer Shares available under the Hong Kong Public Offering (after taking into account any reallocation referred to below) will be divided equally into two pools: pool A and pool B, with any odd board lots being allocated to Pool A. The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate subscription price of HK$5 million (excluding the brokerage, the SFC transaction levy, the AFRC transaction levy and the Stock Exchange trading fee payable) or less. The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate subscription price of more than HK$5 million (excluding the brokerage, the SFC transaction levy, the AFRC transaction levy and the Stock Exchange trading fee payable) and up to the total value in pool B.

Applicants should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If any Hong Kong Offer Shares in one (but not both) of the pools are unsubscribed, such unsubscribed Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of the immediately preceding paragraph only, the "price" for Hong Kong Offer Shares means the price payable on application therefor (without regard to the Public Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B and not from both pools. Multiple or suspected multiple applications under the Hong Kong Public Offering and any application for more than 850,000 Hong Kong Offer Shares (being 50.0% of the Hong Kong Offer Shares initially available under the Hong Kong Public Offering) is liable to be rejected.

Reallocation

The Offer Shares to be offered in the Hong Kong Public Offering and the International Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Sponsor-OCs (for themselves and on behalf of the Underwriters) in accordance with Chapter 4.14 of the Guide and paragraph 4.2 of Practice Note 18 of the Listing Rules. Subject to the allocation cap described in the subsequent paragraph, the Sponsor-OCs may in their discretion reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering. In addition, if the Hong Kong Public Offering is not fully subscribed, the Sponsor-OCs will have the discretion (but shall not be under any obligation) to reallocate to the International Offering all or any unsubscribed Hong Kong Offer Shares in such amounts as they deem appropriate.

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Sponsor-OCs deem appropriate. In the event of reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering in the circumstances where (a) the International Offer Shares are fully subscribed or oversubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed irrespective of the number of times, or (b) the International Offer Shares are undersubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed irrespective of the number of times, then up to 850,000 Offer Shares may be reallocated from the International Offering to the Hong Kong Public Offering, so that the total number of Offer Shares available for subscription under the Hong Kong Public Offering will increase up to 2,550,000 Offer Shares, representing 15.0% of the number of Offer Shares initially available under the Global Offering (before any exercise of the Offer Size Adjustment Option and the Over-allotment Option) in accordance with Chapter 4.14 of the Guide for New Listing Applicants.

Given the initial allocation of the Offer Shares to the Hong Kong Public Offering and the International Offering follows the provision of Paragraph 4.2(b) of Practice Note 18 of the Listing Rules, no mandatory clawback or reallocation mechanism is required to increase the number of Offer Shares under the Hong Kong Public Offering to a certain percentage of the total number of Offer Shares offered under the Global Offering.

Applications

Each applicant under the Hong Kong Public Offering will be required to give an undertaking and confirmation in the application submitted by him/her that he/she and any person(s) for whose benefit he/she is making the application has not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares under the International Offering. Such applicant's application is liable to be rejected if such undertaking and/or confirmation is/are breached and/or untrue (as the case may be) or if he/she has been or will be placed or allocated International Offer Shares under the International Offering.

Applicants under the Hong Kong Public Offering may be required to pay, on application (subject to application channels), the maximum Public Offer Price in addition to the brokerage, the SFC transaction levy, the AFRC transaction levy and the Stock Exchange trading fee payable on each Offer Share, amounting to a total of HK$4,605.99 for one board lot of 20 Offer Shares. If the Public Offer Price, as finally determined in the manner described in "— Pricing and Allocation" below, is less than the maximum Public Offer Price, appropriate refund payments (including the brokerage, the SFC transaction levy, the AFRC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants (subject to application channels), without interest. Further details are set out in "How to Apply for Hong Kong Offer Shares."

THE INTERNATIONAL OFFERING

Number of Offer Shares initially offered

The International Offering will consist of an initial offering of 15,300,000 Offer Shares offered by the Company (subject to reallocation, the Offer Size Adjustment Option and the Over-allotment Option), representing 90.0% of the total number of Offer Shares initially available under the Global Offering. The number of Offer Shares initially offered under the International Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 10.2% of the total shares in issue of the Company immediately following the completion of the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised).

Allocation

The International Offering includes the U.S. offering of the Offer Shares in the United States as well as the non-U.S. offering to institutional and professional investors and other investors in jurisdictions outside the United States. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in the subsection headed "Pricing and Allocation" below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Class B Ordinary Shares and/or hold or sell its Class B Ordinary Shares after the Listing. Such allocation is intended to result in a distribution of the Class B Ordinary Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of the Group and the Shareholders as a whole.

The Sponsor-OCs (for themselves and on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Sponsor-OCs so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any allocation of Offer Shares under the International Offering.

Reallocation

The total number of Offer Shares to be issued or sold pursuant to the International Offering may change as a result of the reallocation arrangement described in "— The Hong Kong Public Offering — Reallocation" above and the exercise of the Offer Size Adjustment Option and the Over-allotment Option in whole or in part.

OFFER SIZE ADJUSTMENT OPTION

In order to provide the Company with the flexibility to increase the number of Offer Shares available under the Global Offering to cover additional demand, the Company has an Offer Size Adjustment Option which will allow the Company to issue up to 2,550,000 additional Offer Shares (representing 15.0% of the Offer Shares initially being offered under the Global Offering) (the "**Offer Size Adjustment Option Shares**") at the Public Offer Price or the International Offer Price (as the case may be).

The Offer Size Adjustment Option is contained in the Hong Kong Underwriting Agreement and is exercisable by the Company with the prior written agreement between the Company and the Sponsor-OCs (for themselves and on behalf of the Underwriters) on or before the time of the execution of the Price Determination Agreement. If it is not exercised by such time, then the Offer Size Adjustment Option will lapse.

In considering whether to exercise the Offer Size Adjustment Option, the Company and the Sponsor-OCs will take into account a number of factors, including, among other things:

(i) whether the level of interest expressed by prospective professional and institutional investors during the book-building process under the International Offering is sufficient to cover:

  (a) the total number of Offer Shares, which represents the aggregate of the Offer Shares initially available under the Global Offering and the additional Offer Shares upon any exercise of the Offer Size Adjustment Option; and

  (b) the corresponding number of Offer Shares under the Over-allotment Option;

(ii) the prices at which prospective professional and institutional investors have indicated they would be prepared to acquire the Offer Shares in the course of the book-building process;

(iii) the quality of investors, with a view to establishing a solid professional institutional and investor shareholder base to the benefit of the Company and its Shareholders as a whole;

(iv) the level of subscriptions by the valid applications in the Hong Kong Public Offering; and

(v) general market conditions.

These Offer Size Adjustment Option Shares, if any, will be allocated in such manner as closely as practicable to maintain the proportionality between the Hong Kong Public Offering and the International Offering and the Sponsor-OCs shall allocate additional Shares to be offered by our Company pursuant to the International Offering to the Hong Kong Public Offering in order to maintain such proportionality and the relevant number of Offer Size Adjustment Option Shares shall be allocated to the International Offering to maintain such proportionality, i.e., the initial proportion of 10.0%:90.0% between the Hong Kong Public Offering and the International Offering.

If the Offer Size Adjustment Option is exercised in full, the additional Offer Shares to be issued pursuant thereto will represent approximately 1.7% of our enlarged issued share capital immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised). The dilution effect of the Offer Size Adjustment Option (assuming the Over-allotment Option is not exercised) is set out below:

Number of Shares issued under the Global Offering before the exercise of the Offer Size Adjustment Option (the "Original Subscribers")	Approximate percentage of total issued share capital held by the Original Subscribers before the exercise of the Offer Size Adjustment Option	Number of Shares issued under the Global Offering after the exercise of the Offer Size Adjustment Option in full	Percentage of total issued share capital held by the Original Subscribers after the exercise of the Offer Size Adjustment Option in full
17,000,000	11.28%	19,550,000	12.76%

The Offer Size Adjustment Option will not be associated with any price stabilisation activities of our Shares in the secondary market after the listing of our Class B Ordinary Shares on the Stock Exchange and will not be subject to the Securities and Futures (Price Stabilizing) Rules of the SFO (Chapter 571W of the Laws of Hong Kong).

If the Offer Size Adjustment Option is exercised in full, the additional net proceeds received from the placing of the additional Class B Ordinary Shares allotted and issued will be allocated in accordance with the allocations as disclosed in the section headed "Future Plans and Use of Proceeds" in this prospectus, on a pro rata basis.

Our Company will disclose in the allotment results announcement whether and to what extent the Offer Size Adjustment Option has been exercised, and will confirm in the announcement that, if the Offer Size Adjustment Option is not exercised by the Price Determination Date, the Offer Size Adjustment Option will lapse and cannot be exercised on any future date.

OVER-ALLOTMENT OPTION

In connection with the Global Offering, the Company is expected to grant the Over-allotment Option to the International Underwriters, exercisable by the Sponsor-OCs (on behalf of the International Underwriters).

Pursuant to the Over-allotment Option, the International Underwriters will have the right, exercisable by the Sponsor-OCs (on behalf of the International Underwriters) at any time from the Listing Date until 30 days after the last day for lodging applications under the Hong Kong Public Offering, to require the Company to issue up to an aggregate of 2,550,000 Class B Ordinary Shares, representing 15.0% of the total number of Offer Shares initially available under the Global Offering (assuming the Offer Size Adjustment Option is not exercised at all) or up to an aggregate of 2,932,500 Class B Ordinary Shares, representing 15.0% of the number of Offer Shares available under the Global Offering (assuming the Offer Size Adjustment Option is exercised in full), at the International Offer Price, to cover over-allocations in the International Offering, if any.

If the Offer Size Adjustment Option is not exercised and the Over-allotment Option is exercised in full, the additional Offer Shares to be issued pursuant thereto will represent approximately 1.7% of total shares in issue of the Company immediately following the completion of the Global Offering (excluding any Class B Ordinary Shares issuable upon exercise or vesting of awards granted under the 2021 Plan). If the Offer Size Adjustment Option and the Over-allotment Option are exercised in full, the additional Offer Shares thereto will represent approximately 3.5% of total shares in issue of the Company immediately following the completion of the Global Offering (excluding any Class B Ordinary Shares issuable upon exercise or vesting of awards granted under the 2021 Plan). If the Over-allotment Option is exercised, an announcement will be made by the Company.

STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the securities in the secondary market during a specified period of time, to retard and, if possible, prevent a decline in the initial public market price of the securities below the offer price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements, including those of Hong Kong. In Hong Kong, the price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilizing Manager (or any person acting for it), on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilizing or supporting the market price of the Class B Ordinary Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. However, there is no obligation on the Stabilizing Manager (or any person acting for it) to conduct any such stabilizing action. Such stabilizing action, if taken, (a) will be conducted at the absolute discretion of the Stabilizing Manager (or any person acting for it) and in what the Stabilizing Manager reasonably regards as the best interest of the Company, (b) may be discontinued at any time and (c) is required to be brought to an end within 30 days after the last day for lodging applications under the Hong Kong Public Offering.

Stabilization action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules of the SFO includes (a) over-allocating for the purpose of preventing or minimizing any reduction in the market price of the Class B Ordinary Shares, (b) selling or agreeing to sell the Class B Ordinary Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of the Class B Ordinary Shares, (c) purchasing, or agreeing to purchase, the Class B Ordinary Shares pursuant to the Over-allotment Option in order to close out any position established under paragraph (a) or (b) above, (d) purchasing, or agreeing to purchase, any of the Class B Ordinary Shares for the sole purpose of preventing or minimizing any reduction in the market price of the Class B Ordinary Shares, (e) selling or agreeing to sell any Class B Ordinary Shares in order to liquidate any position established as a result of those purchases and (f) offering or attempting to do anything as described in clauses (b), (c), (d) or (e) above.

Specifically, prospective applicants for and investors in the Offer Shares should note that:

- the Stabilizing Manager (or any person acting for it) may, in connection with the stabilizing action, maintain a long position in the Class B Ordinary Shares;
- there is no certainty as to the extent to which and the time or period for which the Stabilizing Manager (or any person acting for it) will maintain such a long position;
- liquidation of any such long position by the Stabilizing Manager (or any person acting for it) and selling in the open market may have an adverse impact on the market price of the Class B Ordinary Shares;
- no stabilizing action can be taken to support the price of the Class B Ordinary Shares for longer than the stabilization period, which will begin on the Listing Date, and is expected to expire on Saturday, October 11, 2025, being the 30th day after the last day for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, demand for the Class B Ordinary Shares, and therefore the price of the Class B Ordinary Shares, could fall;
- the price of the Class B Ordinary Shares cannot be assured to stay at or above the Public Offer Price by the taking of any stabilizing action; and
- stabilizing bids or transactions effected in the course of the stabilizing action may be made at any price at or below the Public Offer Price and can, therefore, be done at a price below the price paid by applicants for, or investors in, the Offer Shares.

In order to effect stabilization actions, the Stabilizing Manager will arrange cover of up to an aggregate of 2,550,000 Class B Ordinary Shares (representing 15.0% of the initial Offer Shares assuming the Offer Size Adjustment Option is not exercised) or up to an aggregate of 2,932,500 Class B Ordinary Shares (representing 15.0% of the Offer Shares assuming the Offer Size Adjustment Option is exercised in full), through delayed delivery arrangements with investors who have been allocated Offer Shares in the International Offering. The delayed delivery arrangements (if specifically agreed by an investor) relate only to the delay in the delivery of the Offer Shares to such investor and the offer price for the Offer Shares allocated to such investor will be paid before the Listing Date. Both the size of such cover and the extent to which the Over-allotment Option can be exercised will depend on whether arrangements can be made with investors such that a sufficient number of Class B Ordinary Shares can be delivered on a delayed basis. If no investor in the International Offering agrees to the delayed delivery arrangements, no stabilizing actions will be undertaken by the Stabilizing Manager and the Over-allotment Option will not be exercised.

The Company will ensure that an announcement in compliance with the Securities and Futures (Price Stabilizing) Rules of the SFO will be made within seven days of the expiration of the stabilization period.

Over-Allocation

Following any over-allocation of Class B Ordinary Shares in connection with the Global Offering, the Stabilizing Manager (or any person acting for it) may cover such over-allocations by exercising the Over-allotment Option in full or in part, using Class B Ordinary Shares purchased by the Stabilizing Manager (or any person acting for it) in the secondary market at prices that do not exceed the Public Offer Price or a combination of these means.

PRICING AND ALLOCATION

Determining the Pricing of the Offer Shares

The pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be determined on the Price Determination Date, which is expected to be on or before Friday, September 12, 2025 and, in any event, not later than 12:00 noon on Friday, September 12, 2025, and the number of Offer Shares to be allocated under the various offerings will be determined shortly thereafter.

The Public Offer Price will be determined by reference to, among other factors, the closing price of the ADSs on the Nasdaq on the last trading day on or before the Price Determination Date, and the Public Offer Price will not be more than HK$228.00 per Hong Kong Offer Share. The historical prices of our ADSs and trading volume on the Nasdaq are set out below.

Period[1]	High	Low	ADTV[2]
	US$	*US$*	*million ADSs*
Fiscal year ended December 31, 2024	14.70	3.55	1.09
Fiscal year of 2025 (up to the Latest Practicable Date)	27.94	10.41	4.23

Source: Bloomberg

Notes:

(1) We have not declared or paid any dividends on our ADSs or Shares since our inception and up to the Latest Practicable Date, including the periods presented.

(2) Average daily trading volume ("ADTV") represents daily average number of our ADSs traded over the relevant period.

Applicants under the Hong Kong Public Offering may be required to pay, on application (subject to application channel), the maximum Public Offer Price plus brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565%, amounting to a total of HK$4,605.99 for one board lot of 20 Offer Shares.

We may set the International Offer Price at a level higher than the maximum Public Offer Price if (a) the Hong Kong dollar equivalent of the closing trading price of the ADSs on the Nasdaq on the last trading day on or before the Price Determination Date (on a per-Share converted basis) were to exceed the maximum Public Offer Price as stated in this prospectus and/or (b) we believe that it is in the best interest of the Company as a listed company to set the International Offer Price at a level higher than the maximum Public Offer Price based on the level of interest expressed by professional and institutional investors during the book-building process. The International Offer Price will be determined with reference to, among other things, the closing trading price of the ADSs on the Nasdaq on the last trading day on or before the Price Determination Date and the prevailing market condition.

If the International Offer Price is set at or lower than the maximum Public Offer Price, the Public Offer Price must be set at such price which is equal to the International Offer Price. In no circumstances will we set the Public Offer Price above the maximum Public Offer Price as stated in this prospectus or the International Offer Price. The International Underwriters will be soliciting from prospective investors' indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building," is expected to continue up to, and to cease on or about, the last day for lodging applications under the Hong Kong Public Offering.

The Sponsor-OCs (for themselves and on behalf of the Underwriters) may, where they deem appropriate, based on the level of interest expressed by prospective investors during the book-building process in respect of the International Offering, and with our consent, reduce the number of Offer Shares offered below as stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause to be published on our website and the website of the Stock Exchange at **www.hesaitech.com** and **www.hkexnews.hk**, respectively, notices of the reduction.

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares may not be made until the last day for lodging applications under the Hong Kong Public Offering. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change as a result of any such reduction. In the absence of any such notice so published, the number of Offer Shares will not be reduced.

If there is any change to the offer size due to change in the number of Offer Shares offered in the Global Offering (other than pursuant to the reallocation mechanism as disclosed in the sections headed "Structure of the Global Offering — The Hong Kong Public Offering — Reallocation" and "Structure of the Global Offering — The International Offering — Reallocation"), or change to the maximum Public Offer Price as stated in this prospectus, or if the Company becomes aware that there has been a significant change affecting any matter contained in this prospectus or a significant new matter has arisen, the inclusion of information in respect of which would have been required to be in this prospectus if it had arisen before this prospectus was issued, after the issue of this prospectus and before the commencement of dealings in our Class B Ordinary Shares as prescribed under Rule 11.13 of the Listing Rules, we are required to cancel the Global Offering and relaunch the offer with a supplemental prospectus or a new prospectus in FINI.

Announcement of Final Pricing of the Offer Shares

The final pricing of the Offer Shares (including the Public Offer Price and the International Offer Price), the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering, the basis of allocations of the Hong Kong Offer Shares and the results of allocations in the Hong Kong Public Offering are expected to be made available through a variety of channels in the manner described in "How to Apply for Hong Kong Offer Shares — B. Publication of Results."

UNDERWRITING

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms and conditions of the Hong Kong Underwriting Agreement and is subject to, among other things, the Sponsor-OCs (for themselves and on behalf of the Underwriters) and the Company agreeing on the pricing of the Offer Shares.

The Company expects to enter into the International Underwriting Agreement relating to the International Offering on or around the Price Determination Date.

These underwriting arrangements, including the Underwriting Agreements, are summarized in "Underwriting."

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares will be conditional on:

- the Stock Exchange granting approval for the listing of, and permission to deal in, the Class B Ordinary Shares to be issued as mentioned in this prospectus, on the Main Board of the Stock Exchange and such approval not subsequently having been withdrawn or revoked prior to the Listing Date;

- the pricing of the Offer Shares having been agreed between the Sponsor-OCs (for themselves and on behalf of the Underwriters) and the Company;

- the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and

- the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and, in any event, not later than the date which is 30 days after the date of this prospectus.

If, for any reason, the pricing of the Offer Shares is not agreed between the Sponsor-OCs (for themselves and on behalf of the Underwriters) and the Company on or before 12:00 noon on Friday, September 12, 2025, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the dates and times specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by the Company on the websites of the Company and the Stock Exchange at **www.hesaitech.com** and **www.hkexnews.hk**, respectively, on the next day following such lapse. In such a situation, all application monies will be returned, without interest, on the terms set out in "How to Apply for Hong Kong Offer Shares — Refund of Application Monies." In the meantime, all application monies will be held in separate bank account(s) with the receiving bank or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

Share certificates for the Offer Shares will only become valid evidence of title at 8:00 a.m. on Tuesday, September 16, 2025, provided that the Global Offering has become unconditional in all respects at or before that time.

DEALINGS IN THE SHARES

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Tuesday, September 16, 2025, it is expected that dealings in the Class B Ordinary Shares on the Stock Exchange will commence at 9:00 a.m. on Tuesday, September 16, 2025.

The Class B Ordinary Shares will be traded in board lots of 20 Class B Ordinary Shares each and the stock code of the Class B Ordinary Shares will be 2525.

NOTICE TO CAPITAL MARKET INTERMEDIARIES AND PROSPECTIVE INVESTORS PURSUANT TO PARAGRAPH 21 OF THE SFC CODE OF CONDUCT

Important Notice to CMIs (including private banks)

This notice to CMIs (including private banks) is a summary of certain obligations the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the "**Code**") imposes on CMIs, which require the attention and cooperation of other CMIs (including private banks). Certain CMIs may also be acting as the Overall Coordinators for the Global Offering and are subject to additional requirements under the Code.

Paragraph 21.3.3(c) of the Code requires that a CMI should take all reasonable steps to identify whether investors may have any associations with the Company and provide sufficient information to the Overall Coordinators to enable them to assess whether orders placed by these investors may negatively impact the price discovery process.

Prospective investors who are the directors, employees or major shareholders of the Company, a CMI or its group companies would be considered under the Code as having an association ("**Association**") with the Company, the CMI or the relevant group company (as the case may be). CMIs should specifically disclose whether their investor clients have any Association when submitting orders for the Offer Shares. In addition, private banks should take all reasonable steps to identify whether their investor clients may have any Associations with the Company or any CMI (including its group companies) and inform the Underwriters accordingly.

Prospective investors to whom the allocation of Offer Shares will be subject to restrictions or require prior consent from the Stock Exchange under the Listing Rules and other regulatory requirements or guidance issued by the Stock Exchange from time to time (the "**Stock Exchange Requirements**") (e.g. a connected person of a listed issuer) would be considered as "Restricted Investors." Offer Shares may only be allocated to Restricted Investors in accordance with applicable Stock Exchange Requirements. CMIs should specifically disclose whether their investor clients are Restricted Investors when submitting orders for the Offer Shares.

CMIs are informed that the marketing and investor targeting strategy for the Global Offering includes institutional investors, long-only investors, sovereign wealth funds, pension funds, hedge funds, corporates, private banks/broking companies, family offices and high net worth individuals, in each case, subject to the applicable Stock Exchange Requirements and the selling restrictions set out in this prospectus.

CMIs should ensure that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). CMIs should enquire with their investor clients regarding any orders which appear unusual or irregular. CMIs should disclose the identities of all investors when submitting orders for the Offer Shares (except for omnibus orders where underlying investor information should be provided to the Overall Coordinators when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. CMIs should not place "X-orders" into the order book.

CMIs should segregate and clearly identify their own proprietary orders (and those of their group companies, including private banks as the case may be) in the order book and book messages.

CMIs (including private banks) should not offer any rebates to prospective investors or pass on any rebates provided by the Company. In addition, CMIs (including private banks) should not enter into arrangements which may result in prospective investors paying different prices for the Offer Shares.

The Code requires that a CMI disclose complete and accurate information in a timely manner on the status of the order book and other relevant information it receives to targeted investors for them to make an informed decision. In order to do this, those Underwriters in control of the order book should consider disclosing order book updates to all CMIs.

When placing an order for the Offer Shares, private banks should disclose, at the same time, if such order is placed other than on a "principal" basis (whereby it is deploying its own balance sheet for onward selling to investors). Private banks who do not provide such disclosure are hereby deemed to be placing their order on such a "principal" basis. Private banks who disclose that they are placing their order other than on a "principal" basis (i.e. they are acting as an agent) should note that such order may be considered to be an omnibus order pursuant to the Code. Private banks should be aware that if any of their group companies is a CMI of the Global Offering, placing an order on a "principal" basis may require the Underwriters to apply the "proprietary orders" of the Code to such order and will require the Underwriters to apply the "rebates" requirements of the Code to such order.

In relation to omnibus orders, when submitting such orders, CMIs (including private banks) are requested to provide the following underlying investor information, preferably in Excel Workbook format, in respect of each order constituting the relevant omnibus order (failure to provide such information may result in that order being rejected). To the extent information being disclosed by CMIs and investors is personal and/or confidential in nature, CMIs (including private banks) agree and warrant: (a) to take appropriate steps to safeguard the transmission of such information to the Overall Coordinators; and (b) that they have obtained the necessary consents from the underlying investors to disclose such information to the Overall Coordinators. By submitting an order and providing such information to the Overall Coordinators, each CMI (including private banks) further warrants that they and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by the Overall Coordinators and/or any other third parties as may be required by the Code, including to the Company, relevant regulators and/or any other third parties as may be required by the Code, for the purpose of complying with the Code, during the bookbuilding process for the Global Offering. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in the Global Offering. The Underwriters may be asked to demonstrate compliance with their obligations under the Code, and may request other CMIs (including private banks) to provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMIs (including private banks) are required to provide the relevant Underwriters with such evidence within the timeline requested.

Important Notice to Prospective Investors

Prospective investors should be aware that certain intermediaries in the context of the Global Offering of the Offer Shares, including certain Underwriters, are CMIs subject to Paragraph 21 of the Code. This notice to prospective investors is a summary of certain obligations the Code imposes on such CMIs, which require the attention and cooperation of prospective investors. Certain CMIs may also be acting as the Overall Coordinators for the Global Offering and are subject to additional requirements under the Code.

Prospective investors who are the directors, employees or major shareholders of the Company, a CMI or its group companies would be considered under the Code as having an Association with the Company, the CMI or the relevant group company (as the case may be). Prospective investors associated with the Company or any CMI (including its group companies) should specifically disclose this when placing an order for the Offer Shares and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to the Global Offering. Prospective investors who do not disclose their Associations are hereby deemed not to be so associated. Where prospective investors disclose their Associations but do not disclose that such order may negatively impact the price discovery process in relation to the Global Offering, such order is hereby deemed not to negatively impact the price discovery process in relation to the Global Offering.

Prospective investors to whom the allocation of Offer Shares will be subject to restrictions or require prior consent from the Stock Exchange under the Stock Exchange Requirements (e.g. a connected person of a listed issuer) would be considered as "Restricted Investors." Offer Shares may only be allocated to Restricted Investors in accordance with applicable Stock Exchange Requirements. Prospective investors who are Restricted Investors should specifically disclose whether they are Restricted Investors when placing an order for the Offer Shares. Prospective investors who do not disclose they are Restricted Investors are hereby deemed not to be Restricted Investors.

Prospective investors should ensure, and by placing an order prospective investors are deemed to confirm, that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). If a prospective investor is an asset management arm affiliated with any Underwriter, such prospective investor should indicate when placing an order if it is for a fund or portfolio where the Underwriter or its group company has more than 50% interest, in which case it will be classified as a "proprietary order" and subject to appropriate handling by CMIs in accordance with the Code and should disclose, at the same time, if such "proprietary order" may negatively impact the price discovery process in relation to the Global Offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not such a "proprietary order." If a prospective investor is otherwise affiliated with any Underwriter, such that its order may be considered to be a "proprietary order" (pursuant to the Code), such prospective investor should indicate to the relevant Underwriter when placing such order and such orders will be subject to applicable requirements in accordance with the Code. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not such a "proprietary order." Where prospective investors disclose such information but do not disclose that such "proprietary order" may negatively impact the price discovery process in relation to the Global Offering, such "proprietary order" is hereby deemed not to negatively impact the price discovery process in relation to the Global Offering.

Prospective investors should be aware that certain information may be disclosed by CMIs (including private banks) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and consented to the collection, disclosure, use and transfer of such information by the Underwriters and/or any other third parties as may be required by the Code, including to the Company, the Overall Coordinators, relevant regulators and/or any other third parties as may be required by the Code, it being understood and agreed that such information shall only be used for the purpose of complying with the Code, during the bookbuilding process for the Global Offering. Failure to provide such information may result in that order being rejected.

IMPORTANT NOTICE TO INVESTORS OF HONG KONG OFFER SHARES

FULLY ELECTRONIC APPLICATION PROCESS

The Company has adopted a fully electronic application process for the Hong Kong Public Offering and below are the procedures for application.

This prospectus is available at the website of the Stock Exchange at www.hkexnews.hk under the "HKEXnews > New Listings > New Listing Information" section, and the Company's website at www.hesaitech.com.

The contents of this prospectus are identical to the prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

A. APPLICATION FOR HONG KONG OFFER SHARES

1. Who Can Apply

You can apply for Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying for:

- are 18 years of age or older; and
- have a Hong Kong address *(for the **HK eIPO White Form** service only)*;

Unless permitted by the Listing Rules or a waiver and/or consent has been granted by the Stock Exchange to the Company, you cannot apply for any Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying for:

- are an existing Shareholder of the Company;
- are a Director or chief executive of the Company and/or a director or chief executive of any of its subsidiaries;
- are a close associate (as defined in the Listing Rules) of any of the above persons;
- are a connected person (as defined in the Listing Rules) of the Company or will become a connected person of the Company immediately upon the completion of the Global Offering; or
- have been allocated or have applied for or indicated an interest in any International Offer Shares or otherwise participate in the International Offering.

2. Application Channels

The Hong Kong Public Offering period will begin at 9:00 a.m. on Monday, September 8, 2025 and end at 12:00 noon on Thursday, September 11, 2025 (Hong Kong time).

To apply for Hong Kong Offer Shares, you may use one of the following application channels:

Application Channel	Platform	Target Investors	Application Time
HK eIPO White Form service	Apply online via the **HK eIPO White Form** service at www.hkeipo.hk.	Applicants who would like to receive a physical Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in your own name.	From 9:00 a.m. on Monday, September 8, 2025 until 11:30 a.m. on Thursday, September 11, 2025 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Thursday, September 11, 2025.
HKSCC EIPO channel	Your broker or custodian who is a HKSCC Participant will submit electronic application instruction(s) on your behalf through HKSCC's FINI system in accordance with your instruction.	Applicants who would not like to receive a physical Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in the name of HKSCC Nominees, deposited directly into CCASS and credited to your designated HKSCC Participant's stock account.	Contact your broker or custodian for the earliest and latest time for giving such instructions, as this may vary by broker or custodian.

The **HK eIPO White Form** service and the **HKSCC EIPO** channel are facilities subject to capacity limitations and potential service interruptions and you are advised not to wait until the last day of the application period to apply for Hong Kong Offer Shares.

For those applying through the **HK eIPO White Form** service, once you complete payment in respect of any application instructions given by you or for your benefit through the **HK eIPO White Form** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. If you are a person for whose benefit the **electronic application instructions** are given, you shall be deemed to have declared that only one set of **electronic application instructions** has been given for your benefit. If you are an agent for another person, you shall be deemed to have declared that you have only given one set of **electronic application instructions** for the benefit of the person for whom you are an agent and that you are duly authorized to give those instructions as an agent.

For the avoidance of doubt, giving an application instruction under the **HK eIPO White Form** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you apply through the **HK eIPO White Form** service, you are deemed to have authorized the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

By instructing your broker or custodian to apply for the Hong Kong Offer Shares on your behalf through the **HKSCC EIPO** Channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to apply for Hong Kong Offer Shares on your behalf and to do on your behalf all the things stated in this prospectus and any supplement to it.

For those applying through **HKSCC EIPO** channel, an actual application will be deemed to have been made for any application instructions given by you or for your benefit to HKSCC (in which case an application will be made by HKSCC Nominees on your behalf) provided such application instruction has not been withdrawn or otherwise invalidated before the closing time of the Hong Kong Public Offering.

HKSCC Nominees will only be acting as a nominee for you and neither HKSCC nor HKSCC Nominees shall be liable to you or any other person in respect of any actions taken by HKSCC or HKSCC Nominees on your behalf to apply for Hong Kong Offer Shares or for any breach of the terms and conditions of this prospectus.

3. Information Required to Apply

You must provide the following information with your application:

For Individual/Joint Applicants

- Full name(s) as shown on your identity document
- Identity document's issuing country or jurisdiction
- Identity document type, with order of priority:
  - i. HKID card; or
  - ii. National identification document; or
  - iii. Passport; and
- Identity document number

For Corporate Applicants

- Full name(s) as shown on your identity document
- Identity document's issuing country or jurisdiction
- Identity document type, with order of priority:
  - i. LEI registration document; or
  - ii. Certificate of incorporation; or
  - iii. Business registration certificate; or
  - iv. Other equivalent document; and
- Identity document number

Notes:

1. If you are applying through **the HK eIPO White Form** service, you are required to provide a valid e-mail address, a contact telephone number and a Hong Kong address. You are also required to declare that the identity information provided by you follows the requirements as described in Note 2 below. In particular, where you cannot provide a HKID number, you must confirm that you do not hold a HKID card. The number of joint applicants may not exceed four. If you are a firm, the applicant must be in the individual members' names.

2. The applicant's full name as shown on their identity document must be used and the surname, given name, middle and other names (if any) must be input in the same order as shown on the identity document. If an applicant's identity document contains both an English and Chinese name, both English and Chinese names must be used. Otherwise, either English or Chinese names will be accepted. The order of priority of the applicant's identity document type must be strictly followed and where an individual applicant has a valid HKID card (including both Hong Kong Residents and Hong Kong Permanent Residents), the HKID number must be used when making an application to subscribe for Hong Kong Offer Shares. Similarly for corporate applicants, an LEI number must be used if an entity has an LEI certificate.

3. If the applicant is a trustee, the client identification data ("**CID**") of the trustee, as set out above, will be required. If the applicant is an investment fund (i.e. a collective investment scheme, or CIS), the CID of the asset management company or the individual fund, as appropriate, which has opened a trading account with the broker will be required, as above.

4. The maximum number of joint applicants on FINI is capped at 4 in accordance with market practice.

5. If you are applying as a nominee, you must provide: (i) the full name (as shown on the identity document), the identity document's issuing country or jurisdiction, the identity document type; and (ii) the identity document number, for each of the beneficial owners or, in the case(s) of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

6. If you are applying as an unlisted company and (i) the principal business of that company is dealing in securities; and (ii) you exercise statutory control over that company, then the application will be treated as being for your benefit and you should provide the required information in your application as stated above.

   "Unlisted company" means a company with no equity securities listed on the Stock Exchange or any other stock exchange.

   "Statutory control" means you:

   - control the composition of the board of directors of the company;
   - control more than half of the voting power of the company; or
   - hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

For those applying through **HKSCC EIPO** channel, and making an application under a power of attorney, the Company and the Sponsor-OCs have discretion to consider whether to accept it on any conditions they think fit, including evidence of the attorney's authority.

Failing to provide any required information may result in your application being rejected.

4. Permitted Number of Hong Kong Offer Shares for Application

Board lot size	:	20 Class B Ordinary Shares
Permitted number of Hong Kong Offer Shares for application and amount payable on application/successful allotment	:	Hong Kong Offer Shares are available for application in specified board lot sizes only. Please refer to the amount payable associated with each specified board lot size in the table below. The maximum Public Offer Price is HK$228.00 per Class B Ordinary Share. If you are applying through the **HKSCC EIPO** channel, you are required to prefund your application based on the amount specified by your broker or custodian, as determined based on the applicable laws and regulations in Hong Kong.

By instructing your broker or custodian to apply for the Hong Kong Offer Shares on your behalf through the **HKSCC EIPO** channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to arrange payment of the final Public Offer Price, the brokerage, the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy by debiting the relevant nominee bank account at the Designated Bank for your broker or custodian.

If you are applying through the **HK eIPO White Form** service, you may refer to the table below for the amount payable for the number of Class B Ordinary Shares you have selected. You must pay the respective maximum amount payable on application in full upon application for Hong Kong Offer Shares.

No. of Hong Kong Offer Shares applied for	Maximum amount payable[2] on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum amount payable[2] on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum amount payable[2] on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum amount payable[2] on application/ successful allotment
	HK$		*HK$*		*HK$*		*HK$*
20	4,605.99	500	115,149.69	8,000	1,842,395.05	200,000	46,059,876.00
40	9,211.98	600	138,179.63	9,000	2,072,694.42	300,000	69,089,814.00
60	13,817.96	700	161,209.57	10,000	2,302,993.80	400,000	92,119,752.00
80	18,423.95	800	184,239.50	20,000	4,605,987.60	500,000	115,149,690.00
100	23,029.94	900	207,269.44	30,000	6,908,981.40	600,000	138,179,628.00
120	27,635.93	1,000	230,299.38	40,000	9,211,975.20	700,000	161,209,566.00
140	32,241.91	2,000	460,598.75	50,000	11,514,969.00	850,000[1]	195,754,473.00
160	36,847.89	3,000	690,898.15	60,000	13,817,962.80		
180	41,453.89	4,000	921,197.52	70,000	16,120,956.60		
200	46,059.88	5,000	1,151,496.90	80,000	18,423,950.40		
300	69,089.81	6,000	1,381,796.28	90,000	20,726,944.20		
400	92,119.75	7,000	1,612,095.65	100,000	23,029,938.00		

(1) Maximum number of Hong Kong Offer Shares you may apply for and this is 50% of the Hong Kong Offer Shares initially offered.

(2) The amount payable is inclusive of the brokerage, the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) or to the **HK eIPO White Form** Service Provider (for application made through the application channel of the **HK eIPO White Form** service) and the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy are paid to the SFC, the Stock Exchange and the AFRC, respectively.

5. Multiple Applications Prohibited

You or your joint applicant(s) shall not make more than one application for your own benefit, except where you are a nominee and provide the information of the underlying investor in your application as required under the paragraph headed "— A. Applications for Hong Kong Offer Shares — 3. Information Required to Apply" in this section. If you are suspected of submitting or cause to submit more than one application, all of your applications will be rejected.

Multiple applications made either through (i) the **HK eIPO White Form** service, (ii) **HKSCC EIPO** channel, or (iii) both channels concurrently are prohibited and will be rejected. If you have made an application through the **HK eIPO White Form** service or **HKSCC EIPO** channel, you or the person(s) for whose benefit you have made the application shall not apply for any Offer Shares in the Global Offering.

The Hong Kong Share Registrar would record all applications into its system and identify suspected multiple applications with identical names and identification document numbers according to the Best Practice Note on Treatment of Multiple/Suspected Multiple Applications issued by the Federation of Share Registrars Limited.

Since applications are subject to personal information collection statements, identification document numbers displayed are redacted.

6. Terms and Conditions of an Application

By applying for Hong Kong Offer Shares through the **HK eIPO White Form** service or **HKSCC EIPO** channel, you (or as the case may be, HKSCC Nominees will do the following things on your behalf):

(i) undertake to execute all relevant documents and instruct and authorize the Company and/or the Sponsor-OCs to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association, and (if you are applying through the **HKSCC EIPO** channel) to deposit the allotted Hong Kong Offer Shares directly into CCASS for the credit of your designated HKSCC Participant's stock account on your behalf;

(ii) confirm that you have read and understand the terms and conditions and application procedures set out in this prospectus and the designated website of the **HK eIPO White Form** service (or as the case may be, the agreement you entered into with your broker or custodian), and agree to be bound by them;

(iii) (if you are applying through the **HKSCC EIPO** channel) agree to the arrangements, undertakings and warranties under the participant agreement between your broker or custodian and HKSCC and observe the General Rules of HKSCC and the HKSCC Operational Procedures for giving application instructions to apply for Hong Kong Offer Shares;

(iv) confirm that you are aware of the restrictions on offers and sales of Class B Ordinary Shares set out in this prospectus and they do not apply to you, or the person(s) for whose benefit you have made the application;

(v) confirm that you have read this prospectus and any supplement to it and have relied only on the information and representations contained therein in making your application (or as the case may be, causing your application to be made) and will not rely on any other information or representations;

(vi) agree that the Company, the Joint Sponsors, the Sponsor-OCs, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries, the Underwriters, any of their respective directors, officers, employees, partners, agents, advisors and any other parties involved in the Global Offering (the "**Relevant Persons**"), the Hong Kong Share Registrar and HKSCC will not be liable for any information and representations not in this prospectus and any supplement to it;

(vii) agree to disclose the details of your application and your personal data and any other personal data which may be required about you and the person(s) for whose benefit you have made the application to the Company, the Relevant Persons, the Hong Kong Share Registrar, HKSCC, HKSCC Nominees, the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, for the purposes under the paragraphs headed "— G. Personal Data — 3. Purposes" and "— 4. Transfer of personal data" in this section;

(viii) agree (without prejudice to any other rights which you may have once your application (or as the case may be, HKSCC Nominees' application) has been accepted) that you will not rescind it because of an innocent misrepresentation;

(ix) agree that subject to Section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any application made by you or HKSCC Nominees on your behalf cannot be revoked once it is accepted, which will be

evidenced by the notification of the result of the ballot by the Hong Kong Share Registrar by way of publication of the results at the time and in the manner as specified in the paragraph headed "— B. Publication of Results" in this section;

(x) confirm that you are aware of the situations specified in the paragraph headed "— C. Circumstances in which You will not be Allocated Hong Kong Offer Shares" in this section;

(xi) agree that your application or HKSCC Nominees' application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;

(xii) agree to comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Articles of Association and laws of any place outside Hong Kong that apply to your application and that neither the Company nor the Relevant Persons will breach any law inside and/or outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus;

(xiii) confirm that (a) your application or HKSCC Nominees' application on your behalf is not financed directly or indirectly by the Company, any of the Directors, chief executives, substantial shareholder(s) or existing shareholder(s) of the Company or any of its subsidiaries or any of their respective close associates; and (b) you are not accustomed or will not be accustomed to taking instructions from the Company, any of the Directors, chief executives, substantial shareholder(s) or existing shareholder(s) of the Company or any of its subsidiaries or any of their respective close associates in relation to the acquisition, disposal, voting or other disposition of the Class B Ordinary Shares registered in your name or otherwise held by you;

(xiv) warrant that the information you have provided is true and accurate;

(xv) confirm that you understand that the Company and the Sponsor-OCs will rely on your declarations and representations in deciding whether or not to allocate any Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

(xvi) agree to accept Hong Kong Offer Shares applied for or any lesser number allocated to you under the application;

(xvii) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit by giving **electronic application instructions** to HKSCC directly or indirectly or through the **HK eIPO White Form** service or by any one as your agent or by any other person; and

(xix) (if you are making the application as an agent for the benefit of another person) warrant that (1) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person by giving **electronic application instructions** to HKSCC and the **HK eIPO White Form** Service Provider and (2) you have due authority to give **electronic application instructions** on behalf of that other person as its agent.

B. PUBLICATION OF RESULTS

Results of Allocation

You can check whether you are successfully allocated any Hong Kong Offer Shares through:

Platform		Date/Time
Applying through the **HK eIPO White Form** service or **HKSCC EIPO** channel:		
Website	The designated results of allocation website at **www.tricor.com.hk/ipo/result** or **www.hkeipo.hk/IPOResult** with a "search by ID" function.	24 hours, from 11:00 p.m. on Monday, September 15, 2025 to 12:00 midnight on Sunday, September 21, 2025 (Hong Kong time)
	The full list of (i) wholly or partially successful applicants using the **HK eIPO White Form** service and **HKSCC EIPO** channel, and (ii) the number of Hong Kong Offer Shares conditionally allotted to them, among other things, will be displayed at **www.hkeipo.hk/IPOResult** or **www.tricor.com.hk/ipo/result**.	
	The Stock Exchange's website at **www.hkexnews.hk** and the Company's website at **www.hesaitech.com** which will provide links to the above mentioned websites of the Hong Kong Share Registrar.	No later than 11:00 p.m. on Monday, September 15, 2025 (Hong Kong time)

Platform		Date/Time
Telephone . . .	+852 3691 8488 — the allocation results telephone inquiry line provided by the Hong Kong Share Registrar	between 9:00 a.m. and 6:00 p.m. from Tuesday, September 16, 2025 to Friday, September 19, 2025 (Hong Kong time) on a business day

For those applying through **HKSCC EIPO** channel, you may also check with your broker or custodian from 6:00 p.m. on Friday, September 12, 2025 (Hong Kong time).

HKSCC Participants can log into FINI and review the allotment result from 6:00 p.m. on Friday, September 12, 2025 (Hong Kong time) on a 24-hour basis and should report any discrepancies on allotments to HKSCC as soon as practicable.

Allocation Announcement

The Company expects to announce the results of the final pricing of the Offer Shares (including the Public Offer Price and the International Offer Price), the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocations of Hong Kong Offer Shares on the Stock Exchange's website at **www.hkexnews.hk** and the Company's website at **www.hesaitech.com** by no later than 11:00 p.m. on Monday, September 15, 2025 (Hong Kong time).

C. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED HONG KONG OFFER SHARES

You should note the following situations in which Hong Kong Offer Shares will not be allocated to you or the person(s) for whose benefit you are applying for:

1. If your application is revoked:

Your application or the application made by HKSCC Nominees on your behalf may be revoked pursuant to Section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

2. If the Company or its agents exercise their discretion to reject your application:

The Company, the Sponsor-OCs, the Hong Kong Share Registrar and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

3. If the allocation of Hong Kong Offer Shares is void:

The allocation of Hong Kong Offer Shares will be void if the Stock Exchange does not grant permission to list the Class B Ordinary Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Stock Exchange notifies the Company of that longer period within three weeks of the closing date of the application lists.

4. If:

- you make multiple applications or suspected multiple applications. You may refer to the paragraph headed "— A. Application for Hong Kong Offer Shares — 5. Multiple Applications Prohibited" in this section on what constitutes multiple applications;
- your application instruction is incomplete;
- your payment (or confirmation of funds, as the case may be) is not made correctly;
- the Underwriting Agreements do not become unconditional or are terminated;
- the Company or the Sponsor-OCs believe that by accepting your application, it or the Company would violate applicable securities or other laws, rules or regulations.

5. If there is money settlement failure for allotted Offer Shares:

Based on the arrangements between HKSCC Participants and HKSCC, HKSCC Participants will be required to hold sufficient application funds on deposit with their Designated Bank before balloting. After balloting of Hong Kong Offer Shares, the receiving bank will collect the portion of these funds required to settle each HKSCC Participant's actual Hong Kong Offer Share allotment from their Designated Bank.

There is a risk of money settlement failure. In the extreme event of money settlement failure by a HKSCC Participant (or its Designated Bank), who is acting on your behalf in settling payment for your allotted Offer Shares, HKSCC will contact the defaulting HKSCC Participant and its Designated Bank to determine the cause of failure and request such defaulting HKSCC Participant to rectify or procure to rectify the failure.

However, if it is determined that such settlement obligation cannot be met, the affected Hong Kong Offer Shares will be reallocated to the International Offering. Hong Kong Offer Shares applied for by you through the broker or custodian may be affected to the extent of the settlement failure. In the extreme case, you will not be allocated any Hong Kong Offer Shares

due to the money settlement failure by such HKSCC Participant. None of the Company, the Relevant Persons, the Hong Kong Share Registrar and HKSCC is or will be liable if Hong Kong Offer Shares are not allocated to you due to the money settlement failure.

D. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND OF APPLICATION MONIES

You will receive one Share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made through the **HKSCC EIPO** channel where the Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Offer Shares. No receipt will be issued for sums paid on application.

Share certificates will only become valid evidence of title at 8:00 a.m. on Tuesday, September 16, 2025 (Hong Kong time), provided that the Global Offering has become unconditional, and the right of termination described in the section headed "Underwriting" in this prospectus has not been exercised. Investors who trade Class B Ordinary Shares prior to the receipt of Share certificates or the Share certificates becoming valid evidence of title do so entirely at their own risk.

The right is reserved to retain any Share certificate(s) and (if applicable) any surplus application monies pending clearance of application monies.

The following sets out the relevant procedures and time:

	HK eIPO White Form service	**HKSCC EIPO channel**
Despatch/collection of Share certificate[1]		
For application of 500,000 Hong Kong Offer Shares or more	Collection in person at the Hong Kong Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong	Share certificate(s) will be issued in the name of HKSCC Nominees, deposited into CCASS and credited to your designated HKSCC Participant's stock account

1 Except in the event any Severe Weather Signals (as defined below) in force in Hong Kong in the morning on Monday, September 15, 2025 rendering it impossible for the relevant Share certificates to be dispatched to HKSCC in a timely manner, the Company shall procure the Hong Kong Share Registrar to arrange for delivery of the supporting documents and Share certificates in accordance with the contingency arrangements as agreed between them. You may refer to "— E. Severe Weather Arrangements" in this section.

	HK eIPO White Form service	HKSCC EIPO channel
	Time: from 9:00 a.m. to 1:00 p.m. on Tuesday, September 16, 2025 (Hong Kong time), or any other place or date notified by the Company	No action by you is required
	If you are an individual, you must not authorize any other person to collect for you. If you are a corporate applicant, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation's chop	
	Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar	
	Note: If you do not collect your Share certificate(s) personally within the time above, it/they will be sent to the address specified in your application instructions by ordinary post at your own risk	
For application of less than 500,000 Hong Kong Offer Shares	Your Share certificate(s) will be sent to the address specified in your application instructions by ordinary post at your own risk	
	Date: Monday, September 15, 2025	

	HK eIPO White Form service	HKSCC EIPO channel
Refund mechanism for surplus application monies paid by you		
Date	Tuesday, September 16, 2025	Subject to the arrangement between you and your broker or custodian
Responsible party	Hong Kong Share Registrar	Your broker or custodian
Application monies paid through single bank account	**HK eIPO White Form** e-Auto Refund payment instructions to your designated bank account	Your broker or custodian will arrange refund to your designated bank account subject to the arrangement between you and it
Application monies paid through multiple bank accounts	Refund check(s) will be despatched to the address as specified in your application instructions by ordinary post at your own risk	

E. SEVERE WEATHER ARRANGEMENTS

The Opening and Closing of the Application Lists

The application lists will not open or close on Thursday, September 11, 2025 if, there is/are:

- a tropical cyclone warning signal number 8 or above;
- a black rainstorm warning; and/or
- an Extreme Condition,

(collectively, the "**Severe Weather Signal(s)**"), in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, September 11, 2025.

Instead they will open between 11:45 a.m. and 12:00 noon and/or close at 12:00 noon on the next business day which does not have Severe Weather Signals in force at any time between 9:00 a.m. and 12:00 noon.

Prospective investors should be aware that a postponement of the opening/closing of the application lists may result in a delay in the Listing Date. Should there be any changes to the dates mentioned in the section headed "Expected Timetable" in this prospectus, an announcement will be made and published on the Stock Exchange's website at **www.hkexnews.hk** and the Company's website at **www.hesaitech.com** of the revised timetable.

If a Severe Weather Signal is hoisted on Monday, September 15, 2025, the Hong Kong Share Registrar will make appropriate arrangements for the delivery of the Share certificates to the CCASS Depository's service counter so that they would be available for trading on Tuesday, September 16, 2025.

If a Severe Weather Signal is hoisted on Monday, September 15, 2025, for application of less than 500,000 Hong Kong Offer Shares, the despatch of physical Share certificate(s) will be made by ordinary post when the post office re-opens after the Severe Weather Signal is lowered or canceled (e.g. in the afternoon of Monday, September 15, 2025 or on Tuesday, September 16, 2025).

If a Severe Weather Signal is hoisted on Tuesday, September 16, 2025, for application of 500,000 Hong Kong Offer Shares or more, physical Share certificate(s) will be available for collection in person at the Hong Kong Share Registrar's office after the Severe Weather Signal is lowered or canceled (e.g. in the afternoon of Tuesday, September 16, 2025 or on Wednesday, September 17, 2025.

Prospective investors should be aware that if they choose to receive physical Share certificates issued in their own name, there may be a delay in receiving the Share certificates.

F. ADMISSION OF THE CLASS B ORDINARY SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Class B Ordinary Shares on the Stock Exchange and the Company complies with the stock admission requirements of HKSCC, the Class B Ordinary Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Class B Ordinary Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between Exchange Participants is required to take place in CCASS on the second settlement day after any trading day.

All activities under CCASS are subject to the General Rules of HKSCC and the HKSCC Operational Procedures in effect from time to time.

All necessary arrangements have been made enabling the Class B Ordinary Shares to be admitted into CCASS.

You should seek the advice of your broker or other professional advisor for details of the settlement arrangement as such arrangements may affect your rights and interests.

G. PERSONAL DATA

The following Personal Information Collection Statement applies to any personal data collected and held by the Company, the Hong Kong Share Registrar, the receiving bank and the Relevant Persons about you in the same way as it applies to personal data about applicants other than HKSCC Nominees. This personal data may include client identifier(s) and your identification information. By giving application instructions to HKSCC, you acknowledge that you have read, understood and agree to all of the terms of the Personal Information Collection Statement below.

1. Personal Information Collection Statement

This Personal Information Collection Statement informs the applicant for, and holder of, Hong Kong Offer Shares, of the policies and practices of the Company and the Hong Kong Share Registrar in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

2. Reasons for the collection of your personal data

It is necessary for applicants and registered holders of Hong Kong Offer Shares to ensure that personal data supplied to the Company or its agents and the Hong Kong Share Registrar is accurate and up-to-date when applying for Hong Kong Offer Shares or transferring Hong Kong Offer Shares into or out of their names or in procuring the services of the Hong Kong Share Registrar.

Failure to supply the requested data or supplying inaccurate data may result in your application for Hong Kong Offer Shares being rejected, or in the delay or the inability of the Company or the Hong Kong Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfers of Hong Kong Offer Shares which you have successfully applied for and/or the despatch of Share certificate(s) to which you are entitled.

It is important that applicants for and holders of Hong Kong Offer Shares inform the Company and the Hong Kong Share Registrar immediately of any inaccuracies in the personal data supplied.

3. Purposes

Your personal data may be used, held, processed, and/or stored (by whatever means) for the following purposes:

- processing your application and refund check and **HK eIPO White Form** e-Auto Refund payment instruction(s), where applicable, verification of compliance with the terms and application procedures set out in this prospectus and announcing results of allocation of Hong Kong Offer Shares;

- compliance with applicable laws and regulations in Hong Kong and elsewhere;
- registering new issues or transfers into or out of the names of the holders of the Class B Ordinary Shares including, where applicable, HKSCC Nominees;
- maintaining or updating the register of members of the Company;
- verifying identities of applicants for and holders of the Class B Ordinary Shares and identifying any duplicate applications for the Class B Ordinary Shares;
- facilitating Hong Kong Offer Shares balloting;
- establishing benefit entitlements of holders of the Class B Ordinary Shares, such as dividends, rights issues, bonus issues, etc.;
- distributing communications from the Company and its subsidiaries;
- compiling statistical information and profiles of the holder of the Class B Ordinary Shares;
- disclosing relevant information to facilitate claims on entitlements; and
- any other incidental or associated purposes relating to the above and/or to enable the Company and the Hong Kong Share Registrar to discharge their obligations to applicants and holders of the Class B Ordinary Shares and/or regulators and/or any other purposes to which applicants and holders of the Class B Ordinary Shares may from time to time agree.

4. Transfer of personal data

Personal data held by the Company and the Hong Kong Share Registrar relating to the applicants for and holders of Hong Kong Offer Shares will be kept confidential but the Company and the Hong Kong Share Registrar may, to the extent necessary for achieving any of the above purposes, disclose, obtain or transfer (whether within or outside Hong Kong) the personal data to, from or with any of the following:

- the Company's appointed agents such as financial advisors, receiving bank and overseas principal share registrar;
- HKSCC or HKSCC Nominees, who will use the personal data and may transfer the personal data to the Hong Kong Share Registrar, in each case for the purposes of providing its services or facilities or performing its functions in accordance with its rules or procedures and operating FINI and CCASS (including where applicants for the Hong Kong Offer Shares request a deposit into CCASS);

- any agents, contractors or third-party service providers who offer administrative, telecommunications, computer, payment or other services to the Company or the Hong Kong Share Registrar in connection with their respective business operations;

- the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, including for the purpose of the Stock Exchange's administration of the Listing Rules and the SFC's performance of its statutory functions; and

- any persons or institutions with which the holders of Hong Kong Offer Shares have or propose to have dealings, such as their bankers, solicitors, accountants or brokers etc.

5. Retention of personal data

The Company and the Hong Kong Share Registrar will keep the personal data of the applicants and holders of Hong Kong Offer Shares for as long as necessary to fulfill the purposes for which the personal data was collected. Personal data which is no longer required will be destroyed or dealt with in accordance with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

6. Access to and correction of personal data

Applicants for and holders of Hong Kong Offer Shares have the right to ascertain whether the Company or the Hong Kong Share Registrar holds their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. The Company and the Hong Kong Share Registrar have the right to charge a reasonable fee for the processing of such requests. All requests for access to data or correction of data should be addressed to the Company and the Hong Kong Share Registrar, at their registered address disclosed in the section headed "Corporate Information" in this prospectus or as notified from time to time, for the attention of the company secretary, or the Hong Kong Share Registrar for the attention of the privacy compliance officer.

The following is the text of a report set out on pages I-1 to I-63, received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

Deloitte. 德勤

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF HESAI GROUP, CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED, GUOTAI JUNAN CAPITAL LIMITED, AND CMB INTERNATIONAL CAPITAL LIMITED

Introduction

We report on the historical financial information of Hesai Group (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-63, which comprises the consolidated balance sheets of the Group as of December 31, 2022, 2023 and 2024 and March 31, 2025, the balance sheets of the Company as of December 31, 2022, 2023 and 2024 and March 31, 2025, and the related consolidated statements of operations and comprehensive (loss) income, changes in shareholders' (deficit) equity, and cash flows for each of the three years ended December 31, 2024 and the three months ended March 31, 2025 (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-63 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated September 8, 2025 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 3 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgment, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 3 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's and the Company's financial position as of December 31, 2022, 2023 and 2024 and March 31, 2025, and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 3 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statements of operations and comprehensive loss, changes in shareholders' equity, and cash flows for the three months ended March 31, 2024 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in Note 3 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 3 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 35 to the Historical Financial Information which states that no dividends have been declared or paid by the Company in respect of the Track Record Period.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
September 8, 2025

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The Historical Financial Information in this report was prepared based on previously issued consolidated financial statements of the Group for the Track Record Period (together, the "Underlying Financial Statements"), after making additional disclosures for the purpose of this report. The previously issued consolidated financial statements have been prepared in accordance with the accounting policies which conform with accounting principles generally accepted in the United States of America ("U.S. GAAP") and were audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP (the "DTT"), in accordance with the standards of the Public Company Accounting Oversight Board (United States).

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated. Translations of balances in the consolidated balance sheet, the balance sheet of the Company, consolidated statement of operations and comprehensive (loss) income and consolidated statement of cash flows from RMB into United States Dollars ("US$") as of and for the three months ended March 31, 2025, are solely for the convenience of the readers as described in Note 3.2.

CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2022, 2023 AND 2024 AND MARCH 31, 2025
(Amounts in thousands, except share and per share data and otherwise noted)

	Notes	As of December 31,			As of March 31,	
		2022	2023	2024	2025	
		RMB	*RMB*	*RMB*	*RMB*	*US$*
ASSETS						
Current assets:						
Cash and cash equivalents		913,277	1,554,583	2,838,966	2,826,605	389,517
Restricted cash		–	3,541	3,594	3,589	495
Short-term investments	*4*	945,865	1,586,005	362,195	30,482	4,201
Notes receivable	*5*	–	–	22,341	20,579	2,836
Accounts receivable, net (net of allowance of RMB6,249, RMB49,132, RMB54,972 and RMB52,241 as of December 31, 2022, 2023 and 2024, and March 31, 2025, respectively)	*6*	485,044	524,818	765,027	957,644	131,967
Contract assets, net (net of allowance of RMB459, RMB122, RMB9,901 and RMB9,901 as of December 31, 2022, 2023 and 2024, and March 31, 2025, respectively)		12,600	19,688	9,909	9,909	1,365
Amounts due from related parties	*25(b)*	5,021	5,015	5,039	5,036	694
Inventories	*7*	646,852	495,877	482,137	489,974	67,520
Prepayments and other current assets, net	*8*	126,452	208,082	193,448	212,088	29,227
Total current assets		**3,135,111**	**4,397,609**	**4,682,656**	**4,555,906**	**627,822**
Non-current assets:						
Property and equipment, net	*9*	504,953	871,611	944,218	980,286	135,087
Intangible assets, net	*10*	20,600	78,730	76,554	79,763	10,992
Land-use rights, net	*11*	41,606	40,743	39,879	39,663	5,466
Goodwill		3,823	–	–	–	–
Long-term investments	*12*	31,856	31,811	31,798	31,787	4,380
Operating lease right-of-use assets	*18*	44,349	151,871	114,260	81,928	11,290
Other non-current assets	*13*	57,098	90,168	100,246	58,049	7,999
Total non-current assets		**704,285**	**1,264,934**	**1,306,955**	**1,271,476**	**175,214**
TOTAL ASSETS		**3,839,396**	**5,662,543**	**5,989,611**	**5,827,382**	**803,036**
LIABILITIES, MEZZANINE EQUITY AND SHAREHOLDERS' (DEFICIT) EQUITY						
Current liabilities:						
Short-term borrowings	*14*	–	111,682	345,253	280,266	38,622
Notes payable	*15*	–	7,255	10,096	53,982	7,439
Accounts payable	*16*	206,681	269,439	345,011	346,867	47,800
Contract liabilities		40,378	79,925	32,994	26,978	3,718
Amounts due to related parties	*25(c)*	334,283	340,051	335,253	5,335	735
Accrued warranty liability		17,694	28,425	43,607	48,180	6,639
Accrued expenses and other current liabilities	*17*	356,502	498,324	516,726	360,743	49,712
Total current liabilities		**955,538**	**1,335,101**	**1,628,940**	**1,122,351**	**154,665**

	Notes	As of December 31, 2022	As of December 31, 2023	As of December 31, 2024	As of March 31, 2025	As of March 31, 2025
		RMB	*RMB*	*RMB*	*RMB*	*US$*
Non-current liabilities						
Deferred tax liabilities	*23*	439	–	–	–	–
Operating lease liabilities	*18*	10,139	119,413	98,370	69,796	9,618
Long-term borrowings	*14*	18,472	285,898	269,438	300,288	41,381
Other non-current liabilities		13,075	59,813	61,132	57,813	7,967
Total non-current liabilities		**42,125**	**465,124**	**428,940**	**427,897**	**58,966**
TOTAL LIABILITIES		**997,663**	**1,800,225**	**2,057,880**	**1,550,248**	**213,631**
Commitments and contingencies	*29*					
Mezzanine equity						
Redeemable shares (US$0.0001 par value, 54,551,513, nil, nil and nil shares issued and outstanding as of December 31, 2022, 2023 and 2024, and March 31, 2025, respectively)	*19*	**5,986,910**	–	–	–	–
Shareholders' (deficit) equity						
Class A Ordinary Shares (US$0.0001 par value, 35,000,000, 50,000,000, 50,000,000 and 50,000,000 shares authorized, 30,033,379, 30,033,379, 30,015,905 and 26,998,861 shares issued and outstanding as of December 31, 2022, 2023 and 2024, and March 31, 2025, respectively)	*20*	19	19	19	17	2
Class B Ordinary Shares (US$0.0001 par value, 150,000,000, 900,000,000, 900,000,000 and 900,000,000 shares authorized, 30,949,701, 99,626,332, 101,143,806 and 106,660,850 shares issued, 30,949,701, 96,995,110, 101,143,806 and 105,155,743 shares outstanding as of December 31, 2022, 2023 and 2024, and March 31, 2025, respectively)	*20*	20	67	70	73	11
Additional paid-in capital		–	7,423,862	7,577,113	7,615,445	1,049,436
Subscription receivables		(310,227)	(292,721)	(292,721)	–	–
Accumulated other comprehensive (loss) income		(3,608)	38,440	56,975	88,873	12,247
Accumulated deficit		(2,831,381)	(3,307,349)	(3,409,725)	(3,427,274)	(472,291)
TOTAL SHAREHOLDERS' (DEFICIT) EQUITY		**(3,145,177)**	**3,862,318**	**3,931,731**	**4,277,134**	**589,405**
TOTAL LIABILITIES, MEZZANINE EQUITY AND SHAREHOLDERS' (DEFICIT) EQUITY		**3,839,396**	**5,662,543**	**5,989,611**	**5,827,382**	**803,036**

BALANCE SHEETS OF THE COMPANY
AS OF DECEMBER 31, 2022, 2023 AND 2024 AND MARCH 31, 2025
(Amounts in thousands, except share and per share data and otherwise noted)

	Notes	As of December 31,			As of March 31,	
		2022	2023	2024	2025	
		RMB	*RMB*	*RMB*	*RMB*	*US$*
ASSETS						
Cash and cash equivalents	*3.2*	35,411	363,778	1,056,383	1,323,564	182,392
Short-term investments		–	581,962	–	–	–
Prepayments and other current assets		1,041	8,005	4,100	2,244	309
Investments in subsidiaries	*30(a)*	2,806,201	2,929,800	2,915,337	2,993,763	412,552
Property and equipment, net		7	5	–	–	–
TOTAL ASSETS		**2,842,660**	**3,883,550**	**3,975,820**	**4,319,571**	**595,253**
LIABILITIES, MEZZANINE EQUITY AND SHAREHOLDERS' (DEFICIT) EQUITY						
Amounts due to subsidiaries	*25(b)*	–	14,024	8,997	5,335	735
Accrued expenses and other current liabilities		927	7,208	35,092	37,102	5,113
TOTAL LIABILITIES		**927**	**21,232**	**44,089**	**42,437**	**5,848**
Mezzanine equity						
Redeemable shares (US$0.0001 par value, 54,551,513, nil, nil and nil shares issued and outstanding as of December 31, 2022, 2023 and 2024, and March 31, 2025, respectively)	*19*	5,986,910	–	–	–	–
Shareholders' (deficit) equity						
Class A Ordinary Shares (US$0.0001 par value, 35,000,000, 50,000,000, 50,000,000 and 50,000,000 shares authorized, 30,033,379, 30,033,379, 30,015,905 and 26,998,861 shares issued and outstanding as of December 31, 2022, 2023 and 2024, and March 31, 2025, respectively)	*20*	19	19	19	17	2

	Notes	As of December 31, 2022	As of December 31, 2023	As of December 31, 2024	As of March 31, 2025	
		RMB	*RMB*	*RMB*	*RMB*	*US$*
Class B Ordinary Shares (US$0.0001 par value, 150,000,000, 900,000,000, 900,000,000 and 900,000,000 shares authorized, 30,949,701, 99,626,332, 101,143,806 and 106,660,850 shares issued, 30,949,701, 96,995,110, 101,143,806 and 105,155,743 shares outstanding as of December 31, 2022, 2023 and 2024, and March 31, 2025, respectively)	*20*	20	67	70	73	11
Additional paid-in capital		–	7,423,862	7,577,113	7,615,445	1,049,436
Subscription receivables		(310,227)	(292,721)	(292,721)	–	–
Accumulated other comprehensive (loss) income		(3,608)	38,440	56,975	88,873	12,247
Accumulated deficit		(2,831,381)	(3,307,349)	(3,409,725)	(3,427,274)	(472,291)
TOTAL SHAREHOLDERS' (DEFICIT) EQUITY		**(3,145,177)**	**3,862,318**	**3,931,731**	**4,277,134**	**589,405**
TOTAL LIABILITIES, MEZZANINE EQUITY AND SHAREHOLDERS' (DEFICIT) EQUITY		**2,842,660**	**3,883,550**	**3,975,820**	**4,319,571**	**595,253**

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE (LOSS) INCOME FOR THE YEARS ENDED DECEMBER 31, 2022, 2023 AND 2024 AND THREE MONTHS ENDED MARCH 31, 2024 AND 2025
(Amounts in thousands, except share and per share data and otherwise noted)

	Notes	For the year ended December 31,			Three months ended March 31,		
		2022	2023	2024	2024	2025	
		RMB	RMB	RMB	RMB	RMB	US$
					(unaudited)		
Net revenues	21	**1,202,670**	**1,876,989**	**2,077,157**	**359,120**	**525,302**	**72,389**
Cost of revenues		(730,683)	(1,215,611)	(1,192,572)	(219,898)	(306,067)	(42,177)
Gross profit		**471,987**	**661,378**	**884,585**	**139,222**	**219,235**	**30,212**
Operating expenses:							
Sales and marketing expenses		(104,835)	(148,798)	(193,032)	(41,964)	(50,546)	(6,965)
General and administrative expenses		(201,007)	(320,144)	(316,913)	(68,767)	(54,087)	(7,453)
Research and development expenses		(555,179)	(790,547)	(855,641)	(194,402)	(183,306)	(25,260)
Other operating income, net	22	10,817	26,520	276,093	27,456	35,256	4,858
Total operating expenses		**(850,204)**	**(1,232,969)**	**(1,089,493)**	**(277,677)**	**(252,683)**	**(34,820)**
Loss from operations		**(378,217)**	**(571,591)**	**(204,908)**	**(138,455)**	**(33,448)**	**(4,608)**
Interest income		58,734	99,813	104,401	32,795	20,521	2,828
Interest expenses		–	(3,069)	(12,827)	(2,286)	(5,007)	(690)
Foreign exchange gain (loss), net		20,858	(452)	14,577	1,493	1,024	141
Other (loss) income, net		(2,161)	34	(2,476)	(212)	(694)	(96)
Net loss before income tax and share of loss in equity method investments		**(300,786)**	**(475,265)**	**(101,233)**	**(106,665)**	**(17,604)**	**(2,425)**
Income tax benefit (expenses)	23	66	(658)	(1,130)	(248)	67	9
Share of loss in equity method investment		(45)	(45)	(13)	(12)	(12)	(2)
Net loss		**(300,765)**	**(475,968)**	**(102,376)**	**(106,925)**	**(17,549)**	**(2,418)**
Deemed dividend		(446,419)	–	–	–	–	–
Net loss attributable to ordinary shareholders of the Company		**(747,184)**	**(475,968)**	**(102,376)**	**(106,925)**	**(17,549)**	**(2,418)**
Net loss per share:							
Basic and diluted	26	(6.47)	(3.81)	(0.79)	(0.84)	(0.13)	(0.02)
Weighted average shares used in calculating net loss per share:							
Basic and diluted	26	115,534,593	124,783,013	129,188,125	127,336,569	131,456,631	131,456,631
Net loss		**(300,765)**	**(475,968)**	**(102,376)**	**(106,925)**	**(17,549)**	**(2,418)**
Other comprehensive (loss) income, net of tax of nil:							
Foreign currency translation adjustments		(12,073)	42,048	18,535	3,088	31,898	4,396
Comprehensive (loss) income, net of tax of nil		**(312,838)**	**(433,920)**	**(83,841)**	**(103,837)**	**14,349**	**1,978**

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' (DEFICIT) EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022, 2023 AND 2024
AND THREE MONTHS ENDED MARCH 31, 2024 AND 2025
(Amounts in thousands, except share and per share data and otherwise noted)

	Class A Ordinary Shares		Class B Ordinary Shares		Additional paid-in capital	Subscription receivables	Accumulated deficit	Accumulated other comprehensive income (loss)	Total shareholders' (deficit) equity
	Number	*RMB**	*Number*	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*
Balance as of December 31, 2021	**30,033,379**	**19**	**30,949,701**	**20**	**–**	**(310,227)**	**(2,188,947)**	**8,465**	**(2,490,670)**
Net loss	–	–	–	–	–	–	(300,765)	–	(300,765)
Foreign currency translation	–	–	–	–	–	–	–	(12,073)	(12,073)
Share-based compensation	–	–	–	–	104,750	–	–	–	104,750
Accretion in redemption value of redeemable shares	–	–	–	–	(104,750)	–	(341,669)	–	(446,419)
Balance as of December 31, 2022	**30,033,379**	**19**	**30,949,701**	**20**	**–**	**(310,227)**	**(2,831,381)**	**(3,608)**	**(3,145,177)**
Net loss	–	–	–	–	–	–	(475,968)	–	(475,968)
Foreign currency translation	–	–	–	–	–	–	–	42,048	42,048
Share-based compensation	–	–	–	–	233,958	–	–	–	233,958
Issuance of ordinary shares for initial public offering ("IPO"), net of issuance cost of RMB117,774	–	–	10,125,118	7	1,193,290	–	–	–	1,193,297
Reclassification of redeemable shares to ordinary shares upon IPO	–	–	54,551,513	39	5,986,871	–	–	–	5,986,910

	Class A Ordinary Shares		Class B Ordinary Shares		Additional paid-in capital	Subscription receivables	Accumulated deficit	Accumulated other comprehensive income (loss)	Total shareholders' (deficit) equity
	Number	*RMB**	*Number*	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*
Issuance of ordinary shares upon the exercise of share options and vesting of restricted share units	–	–	1,368,778	1	9,743	–	–	–	9,744
Settlement of subscription receivables in connection the 2021 reorganization	–	–	–	–	–	17,506	–	–	17,506
Balance as of December 31, 2023	**30,033,379**	**19**	**96,995,110**	**67**	**7,423,862**	**(292,721)**	**(3,307,349)**	**38,440**	**3,862,318**
Net loss	–	–	–	–	–	–	(102,376)	–	(102,376)
Foreign currency translation	–	–	–	–	–	–	–	18,535	18,535
Share-based compensation	–	–	–	–	117,199	–	–	–	117,199
Issuance of ordinary shares upon the exercise of share options and vesting of restricted share units	–	–	4,131,222	3	36,052	–	–	–	36,055
Conversion of Class A Ordinary Shares into Class B Ordinary Shares	(17,474)	–	17,474	–	–	–	–	–	–
Balance as of December 31, 2024	**30,015,905**	**19**	**101,143,806**	**70**	**7,577,113**	**(292,721)**	**(3,409,725)**	**56,975**	**3,931,731**

* The amount less than RMB1 is rounded to zero

	Class A Ordinary Shares		Class B Ordinary Shares		Additional paid-in capital	Subscription receivables	Accumulated deficit	Accumulated other comprehensive income (loss)	Total shareholders' (deficit) equity
	Number	*RMB**	*Number*	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*
Balance as of December 31, 2023	**30,033,379**	**19**	**96,995,110**	**67**	**7,423,862**	**(292,721)**	**(3,307,349)**	**38,440**	**3,862,318**
Net loss	–	–	–	–	–	–	(106,925)	–	(106,925)
Foreign currency translation	–	–	–	–	–	–	–	3,088	3,088
Share-based compensation	–	–	–	–	37,634	–	–	–	37,634
Issuance of ordinary shares upon the exercise of share options and vesting of restricted share units	–	–	864,204	1	3,946	–	–	–	3,947
Balance as of March 31, 2024 *(unaudited)*	**30,033,379**	**19**	**97,859,314**	**68**	**7,465,442**	**(292,721)**	**(3,414,274)**	**41,528**	**3,800,062**
Balance as of December 31, 2024	**30,015,905**	**19**	**101,143,806**	**70**	**7,577,113**	**(292,721)**	**(3,409,725)**	**56,975**	**3,931,731**
Net loss	–	–	–	–	–	–	(17,549)	–	(17,549)
Foreign currency translation	–	–	–	–	–	–	–	31,898	31,898
Share-based compensation	–	–	–	–	26,186	–	–	–	26,186
Issuance of ordinary shares upon the exercise of share options and vesting of restricted share units	–	–	994,893	1	12,146	–	–	–	12,147
Conversion of Class A Ordinary Shares into Class B Ordinary Shares	(3,017,044)	(2)	3,017,044	2	–	–	–	–	–
Settlement of subscription receivables in connection the 2021 reorganization	–	–	–	–	–	292,721	–	–	292,721
Balance as of March 31, 2025	**26,998,861**	**17**	**105,155,743**	**73**	**7,615,445**	**–**	**(3,427,274)**	**88,873**	**4,277,134**

* The amount less than RMB1 is rounded to zero

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022, 2023 AND 2024
AND THREE MONTHS ENDED MARCH 31, 2024 AND 2025
(Amounts in thousands, except share and per share data and otherwise noted)

	For the year ended December 31,			Three months ended March 31,		
	2022	2023	2024	2024	2025	
	RMB	*RMB*	*RMB*	*RMB*	*RMB*	*US$*
				(unaudited)		
Cash flows from operating activities:						
Net loss	**(300,765)**	**(475,968)**	**(102,376)**	**(106,925)**	**(17,549)**	**(2,418)**
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:						
Depreciation and amortization	53,634	86,268	131,809	34,892	34,825	4,799
Share-based compensation	105,219	234,624	116,064	37,800	26,186	3,609
(Reversal of) provision for allowance for credit loss	(1,810)	43,004	15,619	823	(2,731)	(376)
Loss from disposal of property and equipment	369	–	1,885	–	1,466	202
Fair value change of short-term investments	4,878	(15,095)	(195)	(4,379)	(464)	(64)
Share of loss in equity method investee	45	45	13	12	12	2
Foreign exchange (gain) loss, net	(5,868)	(9)	(2,591)	(690)	226	31
Non-cash lease expenses	30,260	34,355	37,375	13,217	3,540	488
Inventory write-down	39,431	9,290	2,222	14,016	1,923	265
Gain from disposal of subsidiary	–	(6,129)	–	–	–	–
Changes in operating assets and liabilities:						
Notes receivable	–	–	(22,341)	(717)	1,762	243
Accounts receivable	(390,859)	(90,750)	(243,339)	(45,538)	(190,153)	(26,204)
Contract assets	134,244	(7,088)	–	–	–	–
Inventories	(305,553)	145,977	26,695	(156,486)	(13,630)	(1,878)
Prepayments and other current assets	(33,556)	(82,646)	17,002	(15,376)	(20,074)	(2,766)
Other non-current assets	2,883	(3,178)	2,173	–	(1,482)	(204)
Amounts due to related parties	–	–	(5,026)	–	(3,477)	(479)
Contract liabilities	(91,737)	39,545	(46,942)	(38,341)	(6,014)	(829)
Deferred tax liabilities	(27)	(35)	–	–	–	–
Accounts payable	128,863	61,529	75,012	66,821	1,913	264
Notes payable	–	–	2,841	–	43,886	6,048
Accrued expenses and other current liabilities	(41,074)	80,297	88,907	(112,873)	(110,655)	(15,249)
Operating leases liabilities	(30,103)	(34,595)	(33,758)	(10,917)	(3,181)	(438)
Other non-current liabilities	5,511	37,820	2,454	(3,961)	(3,319)	(457)
Net cash (used in) provided by operating activities	**(696,015)**	**57,261**	**63,503**	**(328,622)**	**(256,990)**	**(35,411)**

	For the year ended December 31,			Three months ended March 31,		
	2022	2023	2024	2024	2025	
	RMB	*RMB*	*RMB*	*RMB*	*RMB*	*US$*
				(unaudited)		
Cash flows from investing activities:						
Purchases of short-term investments	(5,586,764)	(5,100,868)	(2,548,575)	(913,910)	(50,000)	(6,890)
Maturity of short-term investments	6,978,764	4,479,302	3,775,809	1,242,830	382,176	52,665
Purchases of property and equipment	(231,210)	(406,748)	(259,541)	(82,824)	(57,872)	(7,975)
Purchases of intangible assets	(9,180)	(7,925)	(11,817)	(1,237)	(7,077)	(975)
Proceeds from government subsidies after capital expenditure	–	15,893	–	–	–	–
Purchases of equity securities	(30,000)	–	–	–	–	–
Advances to a related party	(1,964)	–	–	–	–	–
Cash inflow from disposal of subsidiary	–	14,407	–	–	–	–
Cash outflow from acquisition of subsidiary, net of cash acquired of RMB571	–	(54,454)	–	–	–	–
Net cash provided by (used in) investing activities	**1,119,646**	**(1,060,393)**	**955,876**	**244,859**	**267,227**	**36,825**
Cash flows from financing activities:						
Cash distribution to former shareholders of Shanghai Hesai in connection with the 2021 Reorganization	–	(17,506)	–	–	(292,721)	(40,338)
Cash contribution from shareholders in connection with the 2021 Reorganization	–	17,506	–	–	292,721	40,338
Proceeds from issuance of ordinary shares of Hesai Group	–	1,225,470	–	–	–	–
Proceeds from long-term borrowings	18,472	264,910	120,275	40,817	32,843	4,526
Repayment of long-term borrowings	–	–	(20,157)	–	–	–
Proceeds from short-term borrowings	–	111,682	234,100	161,750	111,776	15,403
Repayment of short-term borrowings	–	–	(117,682)	(111,682)	(178,800)	(24,639)
Payment of offering costs	(3,296)	(22,828)	–	–	–	–
Proceeds from issuance of ordinary shares upon the exercise of share options	–	2,872	34,139	111	11,939	1,645
Government subsidies received in advance of capital expenditure	–	8,250	–	–	–	–
Net cash provided by (used in) financing activities	**15,176**	**1,590,356**	**250,675**	**90,996**	**(22,242)**	**(3,065)**

	For the year ended December 31,			Three months ended March 31,		
	2022	2023	2024	2024	2025	
	RMB	*RMB*	*RMB*	*RMB*	*RMB*	*US$*
				(unaudited)		
Net increase (decrease) in cash and cash equivalents	**438,807**	**587,224**	**1,270,054**	**7,233**	**(12,005)**	**(1,651)**
Cash, cash equivalents and restricted cash, beginning of the year/period	**449,352**	**913,277**	**1,558,124**	**1,558,124**	**2,842,560**	**391,715**
Effect of foreign exchange rate changes on cash, cash equivalents and restricted cash	25,118	57,623	14,382	1,686	(361)	(52)
Cash, cash equivalents and restricted cash, end of the year/period	**913,277**	**1,558,124**	**2,842,560**	**1,567,043**	**2,830,194**	**390,012**
Cash paid during the year/period for:						
Income taxes (refund received) paid	(1,230)	–	425	–	425	59
Interest (net of capitalized amount of RMB11, RMB4,433, RMB1,511, RMB378 and RMB651 for the years ended December 31, 2022, 2023 and 2024, and three months ended March 31, 2024 and 2025 respectively)	–	3,069	8,054	2,113	5,701	786
Supplemental disclosure of non-cash investing and financing activities:						
Accrued purchases of property and equipment	102,181	179,839	124,333	146,049	90,720	12,502
Accrued offering cost	480	–	–	–	–	–
Decrease in lease liabilities due to partial termination of lease contract	–	–	–	–	28,787	3,967

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the balance sheets that sum to the total of the same such amounts shown in the statement of cash flows:

	As of December 31,			As of March 31,		
	2022	2023	2024	2024	2025	
	RMB	*RMB*	*RMB*	*RMB*	*RMB*	*US$*
				(unaudited)		
Cash and cash equivalents	913,277	1,554,583	2,838,966	1,563,496	2,826,605	389,517
Restricted cash	–	3,541	3,594	3,547	3,589	495
Cash, cash equivalents and restricted cash	**913,277**	**1,558,124**	**2,842,560**	**1,567,043**	**2,830,194**	**390,012**

NOTES TO THE HISTORICAL FINANCIAL INFORMATION
(Amount in Thousands, Except Share and Per Share Data, or otherwise stated)

1. GENERAL INFORMATION

The Company was incorporated under the laws of the Cayman Islands on April 21, 2021. The addresses of the registered office and principal place of business of the Company are set out in "Corporate Information" of the Prospectus.

The Group is primarily engaged in the development, manufacturing and sales of three-dimensional light detection and ranging or LiDAR, solutions.

As of December 31, 2022, 2023 and 2024, March 31, 2025 and date of this report, the Group conducted its business operations across its subsidiaries as follows:

Name of subsidiaries	Date and place of incorporation/ registration/ operations	Registered capital	Paid in capital	Proportion of ownership interest held by the Group					Statutory auditor			Principal activities
				As of December 31,			As of March 31,	As of date of this report	Year ended December 31,			
				2022	2023	2024	2025		2022	2023	2024	
				%	%	%	%	%				
Hesai Hong Kong Limited ("Hesai HK")	May 6, 2021, Hong Kong	One US dollar	One US dollar	100	100	100	100	100	GIL (HK) Limited	GIL (HK) Limited	GIL (HK) Limited	Investment holding
Hesai Technology Co., Ltd. ("Shanghai Hesai")	October 22, 2014, The People's Republic of China (the "PRC")	RMB 1,096,000	RMB 1,096,000	100	100	100	100	100	DTT	DTT	RSM China	Development, Manufacture and sales of LiDAR
Shanghai Hesai Trading Co. Ltd..	May 17, 2019, PRC	RMB1,000	RMB1,000	100	100	100	100	100	DTT	DTT	RSM China	Sales and after- sales service of LiDAR
Hertz Technology Co., Ltd. . . .	October 13, 2022, PRC	RMB222,000	RMB220,946	100	100	100	100	100	DTT	DTT	RSM China	Manufacture of LiDAR
Hesai Inc	October 11, 2017, United States	US$10,000	US$10,000	100	100	100	100	100	N/A *note (iii)*	N/A *note (iii)*	N/A *note (iii)*	Marketing and after-sales service of LiDAR
Oxigraf, Inc. ("Oxigraf"). . .	December 30, 1996, United States	US$2,011	US$2,011	100	– *note (i)*	– *note (i)*	– *note (i)*	– *note (i)*	N/A *note (iii)*	N/A *note (iii)*	N/A *note (iii)*	Manufacture of sensing devices for gas detection
Hesai GmbH . . .	April 22, 2022, Germany	Euro ("EUR") 500	EUR500	100	100	100	100	100	N/A *note (iii)*	N/A *note (iii)*	N/A *note (iii)*	Marketing and after-sales service of LiDAR
Chongqing Hezhi Technology Co., Ltd ("Chongqing Hezhi")	April 4, 2023, PRC	RMB30,000	RMB30,000	N/A	100	100	100	100	N/A *note (ii)*	DTT	RSM China	Development and sales of LiDAR

Name of subsidiaries	Date and place of incorporation/ registration/ operations	Registered capital	Paid in capital	Proportion of ownership interest held by the Group					Statutory auditor			Principal activities
				As of December 31,			As of March 31,	As of date of this report	Year ended December 31,			
				2022	2023	2024	2025		2022	2023	2024	
				%	%	%	%	%				
Hesai Holding PTE LTD ("Hesai Holding PTE") .	June 5, 2023, Singapore	US$5,987	US$5,887	N/A	100	100	100	100	N/A *note (ii)*	DTT	Pannell Ker Forster	Investment holding
Hesai Technology PTE LTD ("Hesai Technology PTE")	June 9, 2023, Singapore	One US dollar	–	N/A	100	100	100	100	N/A *note (ii)*	DTT	Pannell Kerr Forster	Sales and after-sales service of LiDAR
Hesai (Thailand) Limited ("Hesai Thailand") . . .	June 19, 2023, Thailand	Thai Baht ("TBH") 200,100	TBH 200,000	N/A	100	100	100	100	N/A *note (ii)*	DTT	DTT	Manufacture and sales of LiDAR
HESI TECHNOLGYS.A. DE. C.V. ("Hesai Mexico") . . .	July 26, 2023, Mexico	519 US dollar	–	N/A	100	100	100	100	N/A *note (ii)*	N/A *note (iii)*	N/A *note (iii)*	Development of LiDAR
Hesai Korea Co. Ltd. ("Hesai Korea")	September 22, 2023, Korea	Korean won ("KRW") 100,000	KRW 100,000	N/A	100	100	100	100	N/A *note (ii)*	N/A *note (iii)*	N/A *note (iii)*	Sales of LiDAR
Hesai Technology Japan Inc ("Hesai Japan")	September 19, 2023, Japan	Yen ("JPN") 10,000	JPN10,000	N/A	100	100	100	100	N/A *note (ii)*	N/A *note (iii)*	N/A *note (iii)*	Sales of LiDAR
Chongqing Hesai Technology Co., Ltd. ("Chongqing Hesai")	October 30, 2023, PRC	US$10,000	US$10,000	N/A	100	100	100	100	N/A *note (ii)*	DTT	RSM China	Development of LiDAR
Shanghai Hesai Zhineng Keji Co., Ltd ("Shanghai Zhineng") . . .	November 8, 2023, PRC	US$20,000	–	N/A	100	100	100	100	N/A *note (ii)*	DTT	RSM China	Development and sales of LiDAR, Business operation
Fastree3D SA. . .	September 2013, Switzerland	Swiss Franc ("CHF") 429,444	CHF 429,444	N/A	100	100	100	100	N/A *note (ii)*	N/A *note (iii)*	N/A *note (iii)*	Development of LiDAR
American Lidar Inc ("American Lidar")	November 22, 2023, United States	0.5 US dollar	0.5 US dollar	N/A	100	100	100	100	N/A *note (ii)*	N/A *note (iii)*	N/A *note (iii)*	Development of LiDAR
Guangzhou Hesai Technology Co., Ltd. ("Guangzhou Hesai")	July 19, 2024, PRC	RMB1,000	RMB1,000	N/A	N/A	100	100	100	N/A *note (ii)*	N/A *note (ii)*	RSM China	Sales of LiDAR

Name of subsidiaries	Date and place of incorporation/ registration/ operations	Registered capital	Paid in capital	Proportion of ownership interest held by the Group					Statutory auditor			Principal activities
				As of December 31,			As of March 31,	As of date of this report	Year ended December 31,			
				2022	2023	2024	2025		2022	2023	2024	
				%	%	%	%	%				
Firebird Limited. .	December 10, 2024, British Virgin Islands	US$50	-	N/A	N/A	100	100	100	N/A *note (ii)*	N/A *note (ii)*	N/A *note (iii)*	Investment holding
Beijing Hesai Technology Co., Ltd. ("Beijing Hesai")	December 19, 2024, PRC	RMB1,000	-	N/A	N/A	100	100	100	N/A *note (ii)*	N/A *note (ii)*	RSM China	Sales of LiDAR

Note (i): Oxigraf was disposed on November 15, 2023. Please see Note 3 to the Historical Financial Information for detail.

Note (ii): No statutory audited financial statements have been prepared for Chongqing Hezhi, Hesai Holding PTE, Hesai Technology PTE, Hesai Thailand, Hesai Mexico, Hesai Korea, Hesai Japan, Chongqing Hesai, Shanghai Zhineng, Fastree3D SA and American Lidar for the year ended December 31, 2022 as they are incorporated in 2023. No statutory audited financial statements have been prepared for Guangzhou Hertz, Firebird Limited and Beijing Hesai for the years ended December 31, 2022 and 2023 as they are incorporated or acquired in 2024.

Note (iii): No statutory audited financial statements have been prepared for the Company, Hesai Inc., Oxigraf, Hesai GmbH, Hesai Mexico, Hesai Korea, Hesai Japan, Fastree3D SA, American Lidar and Firebird Limited as they are incorporated in the respective jurisdictions where there are no statutory audit requirements, or they are not required to perform statutory audit.

All subsidiaries comprising the Group are limited liabilities companies or corporations and have adopted December 31 as their financial year end date.

The statutory financial statements of the subsidiaries registered in the PRC, whichever applicable, were prepared in accordance with the relevant accounting principles and financial regulations applicable to enterprises established in the PRC.

The statutory financial statements of Hesai HK were prepared in accordance with the applicable Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants.

The statutory financial statements of Hesai Holding PTE and Hesai Technology PTE were prepared in accordance with Singapore Financial Reporting Standards.

The statutory financial statements of Hesai Thailand were prepared in accordance with the Thai Financial Reporting Standards for Non-Publicly Accountable Entities.

2. THE HISTORY OF THE GROUP AND THE GROUP RESTRUCTURING

History of the Group

The Group's history began in October 2014 with the establishment of Shanghai Hesai Photonics Co., Ltd. ("Hesai Photonics"), a limited liability company established in the PRC by Dr. Kai Sun, Dr. Yifan Li and Mr. Shaoqing Xiang (collectively known as the "Founding Shareholders"). In August 2020, Hesai Photonics was converted by its then shareholders into a joint stock company under the PRC law and changed its name to Shanghai Hesai.

2021 Reorganization

In 2021, the Founding Shareholders and all of the investors of Shanghai Hesai undertook an equity restructuring in order to re-domicile its business from the PRC to the Cayman Islands (the "2021 Reorganization"), which was executed in the following steps:

(1) In April 2021, the Company was incorporated in the Cayman Islands to be the holding company of the Group. On May 6, 2021, the Company established Hesai HK, a wholly owned subsidiary to be the intermediate holding company.

(2) In June 2021, the Company through Hesai HK acquired 100% of the equity interest of Shanghai Hesai from the Founding Shareholders and its investors, thus Shanghai Hesai became the wholly owned subsidiary of the Company.

(3) In May and June 2021, the Founding Shareholders subscribed to 30,033,379 Class A Ordinary Shares and the existing investors subscribed to 62,834,548 Class B Ordinary Shares of the Company, on an as-converted basis, at the same proportion of the equity interest they held in Shanghai Hesai.

The main purpose of the 2021 Reorganization was to establish a Cayman Islands holding company for the existing business in preparation for an overseas initial public offering. The Group has accounted for the 2021 Reorganization as transaction between entities with common ownership, which is akin to a reorganization of entities under common control.

Pursuant to a framework agreement entered into by the Founding Shareholders and all of the investors of Shanghai Hesai, the consideration paid by the Company to acquire the equity interest of Shanghai Hesai is to be reinvested in the Company as capital contribution for subscription of ordinary shares at Hesai Group. For the recapitalization in connection with the 2021 Reorganization, only RMB817,847 was required to be settled through cash redemption by Shanghai Hesai and cash investment at the Company level in accordance with foreign currency control regulations within the PRC. An amount of RMB507,620, RMB17,506 and RMB292,721 has been settled in 2021, 2023 and the first quarter of 2025, respectively. All payables or subscription receivables related to the 2021 Reorganization were settled as of March 31, 2025 (Note 25).

Initial Public Offering ("IPO")

In February and March 2023, the Group, in connection with its IPO in the United States, issued 10,125,118 Class B Ordinary Shares with net proceeds of US$179,786 (equivalent to RMB1,225,470).

3. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation of Historical Financial Information

The Historical Financial Information has been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance.

3.2 Summary of significant accounting policies

Basis of Consolidation

The Historical Financial Information presented herein represent the consolidated financial statements of the Company and its subsidiaries. All transactions and balances among the Company and its subsidiaries have been eliminated upon consolidation.

Use of estimates

The preparation of the Historical Financial Information in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial information and the reported amounts of revenues and expenses during the Track Record Period. Actual results could differ from those estimates. On an ongoing basis, the Group's management reviews these estimates based on information that is currently available. Changes in facts and circumstances may cause the Group to revise its estimates. Significant accounting estimates reflected in the Historical Financial Information mainly includes the estimated project progress towards certain services revenue, warranty reserves, incremental borrowing rate of lease liabilities, inventory write-down, allowance for credit losses, the useful lives and impairment of property and equipment, right-of-use assets, intangible assets and land-use rights, valuation of ordinary shares and share-based compensation.

Fair value measurements

The established fair value hierarchy as defined by U.S. GAAP requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels of inputs may be used to measure fair value include:

Level 1 Valuation techniques in which all significant inputs are unadjusted quoted prices from active markets for assets or liabilities that are identical to the assets or liabilities being measured.

Level 2 Valuation techniques in which significant inputs include quoted prices from active markets for assets or liabilities that are similar to the assets or liabilities being measured and/or quoted prices for assets or liabilities that are identical or similar to the assets or liabilities being measured from markets that are not active. Also, model-derived valuations in which all significant inputs and significant value drivers are observable in active markets are Level 2 valuation techniques.

Level 3 Valuation techniques in which one or more significant inputs or significant value drivers are unobservable. Unobservable inputs are valuation technique inputs that reflect the Group's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The Group's financial instruments include cash and cash equivalents, time deposits with maturities between three months and one year included in short-term investments, accounts receivable, notes receivable, contract assets, amounts due from/to related parties, other receivables included in other current assets, accounts payable, notes payable, other current liabilities, and short/long-term borrowings. All carrying amounts of these short-term financial instruments measured at amortized cost approximate their fair values due to their short-term nature. The fair value of long-term borrowings is approximate to their carry amounts because the annual interest rates of such borrowings are the similar to the prevailing market annual interest rate.

The following table presents the assets that are measured at fair value on a recurring basis and are categorized using the fair value hierarchy:

As of December 31, 2022

	Fair Value Measurements at Reporting Date Using		
Description	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
	RMB	*RMB*	*RMB*
Short-term investments – structured financial products	–	945,865	–

As of December 31, 2023

Description	Fair Value Measurements at Reporting Date Using		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	RMB	*RMB*	*RMB*
Short-term investments – structured financial products	–	857,924	–

As of December 31, 2024

Description	Fair Value Measurements at Reporting Date Using		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	RMB	*RMB*	*RMB*
Short-term investments – structured financial products	–	362,195	–

As of March 31, 2025

Description	Fair Value Measurements at Reporting Date Using		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	RMB	*RMB*	*RMB*
Short-term investments – structured financial products	–	30,482	–

The structured financial products with commercial banks in the PRC are financial instruments with variable interest rates indexed mainly to exchange rates and/or price of commodities. In accordance with ASC 820, Fair Value Measurement, the Group elected the fair value option at the date of initial recognition to measure structured financial products at fair value on a recurring basis with changes in the fair value are recorded as interest income in the consolidated statements of operations and comprehensive (loss) income. The fair values of these structured financial products were using Level 2 significant other observable input by applying the interest rate implied by the current quotation of underlying indices. For the years ended December 31, 2022, 2023 and 2024 and three months ended March 31, 2024 and 2025, the Group recorded fair value changes of short-term investments of RMB52,252, RMB30,158, RMB13,586, RMB6,430 (unaudited) and RMB1,190 as interest income in the consolidated statements of operations and comprehensive (loss) income, respectively.

Functional currency and foreign currency translation

The Group uses Renminbi ("RMB") as its reporting currency. The functional currency of the Company and its subsidiaries located outside of PRC is US$, CHF, EUR and other currencies such as TBH, the functional currency of subsidiaries located in PRC is RMB.

Assets and liabilities are translated from each entity's functional currency to the reporting currency at the exchange rate on the balance sheet date. Equity amounts are translated at historical exchange rates, and revenues, expenses, gains and losses are translated using the average rate for the year/period. Translation adjustments are reported as cumulative translation adjustments and are shown as a separate component of accumulated other comprehensive (loss) income in the consolidated statements of changes in shareholders' (deficit) equity.

Monetary assets and liabilities denominated in currencies other than the entity's applicable functional currencies are translated into the functional currencies at the prevailing rates of exchange at the balance sheet date. Nonmonetary assets and liabilities are remeasured into the applicable functional currencies at historical exchange rates. Transactions in currencies other than the applicable functional currencies during the year/period are converted into the functional currencies at the applicable rates of exchange prevailing at the transaction dates. Transaction gains and losses are recognized as foreign exchange gain (loss), net in the consolidated statements of operations and comprehensive (loss) income.

Cash and cash equivalents

The Group classifies cash on hand and cash in bank with original maturities of three months or less, and are unrestricted as to withdrawal or use, as cash and cash equivalents.

Restricted cash

Restricted cash mainly represents the Group's security deposits with respect to the Group's credit card account, withdrawal or use is contractually restricted of these cash balance.

Accounts receivable, net

Accounts receivable mainly consists of amounts due from the Group's customers, which are recorded net of allowance for credit losses. The Group manages customers by six pools — domestic PRC OEM customers, domestic PRC other customers, overseas OEM customers, overseas other customers, customers facing operational difficulties and other special customers. For the purposes of performing ongoing credit evaluation, the customers are aggregated into two portfolio segments by reviewing their credit rating and assessing allowance for credit loss based on expected credit loss model. Category 1 consists of the first four pools customers who have a relatively low credit risk and no default history. Category 2 is for customers facing operational difficulties and other special circumstances who have a relatively higher credit risk. The Group develops a current expected credit loss ("CECL") model based on historical collection experience, the age of the accounts receivable balances, current economic conditions, reasonable and supportable forecasts of future economic conditions, and other factors that may affect its ability to collect from customers. Account receivable balances are written off after all collection efforts have been exhausted. The expected credit loss rates for each Category as of December 31, 2022, 2023 and 2024 and March 31, 2025 are as follows:

	As of December 31,			As of March 31,
	2022	2023	2024	2025
Category 1	0.74%	1.94%	0.83%	0.60%
Category 2	100.00%	100.00%	89.06%	88.60%

Factoring arrangements

The Group entered into factoring agreements with third-party financial institutions. If the Group has transferred substantially all the risks and rewards of ownership of the receivables under the arrangement, the receivables are derecognized since the transaction qualify as a transfer of financial assets to be considered as a sale under ASC 860. In determining whether the Group has transferred substantially all the risks and rewards of ownership, it considers credit risk, late-payment risk and right of recourse. Arrangements in which the Group derecognizes receivables result in changes in trade receivables, which are reflected as cash flows from operating activities. When receivables are sold with limited recourse and substantially all the risks and rewards associated with these receivables are not transferred, receivables are not derecognized. Where the Group does not derecognize the receivables, the cash received from the factor is classified as a financing cash inflow, the settlement of the receivables as an operating cash inflow and the repayment to the factor as a financing cash outflow.

Inventories

Inventories consists of raw materials, work-in-process, and finished goods and are stated at lower of cost or net realizable value. Costs are computed under the weighted average method. Net realizable value is determined as estimated selling prices in the ordinary course of business, less reasonably predictable costs to sell. Valuation of inventories is based on currently available information about expected recoverable value. The estimate is dependent upon factors such as market trends, inventory aging, and historical and forecasted customer demands. Inventory write-down is recorded as cost of revenues.

Property and equipment, net

Property and equipment are stated at cost less accumulated depreciation and impairment. Property and equipment except land are depreciated at rates sufficient to write off its costs less impairment, if any, over the estimated useful lives on a straight-line basis. The estimated useful lives are as follows:

Buildings	20 years
Electronic equipment	3 – 5 years
Machinery and equipment	10 years
Furniture and fixture	5 years
Transportation vehicles	4 years
Leasehold improvements	Over the shorter of the expected lease term or useful lives

Land held by the Group in perpetuity is not depreciated and is stated at cost less impairment.

Interest expenses on outstanding debt are capitalized during the period of significant capital asset construction. Capitalized interest on construction in progress is included within property, plant and equipment, net and is amortized over the life of the related assets.

Intangible assets, net

Intangible assets are recognized and measured at cost upon acquisition. Following the initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. The identifiable intangible assets acquired are amortized on a straight-line basis over the respective useful lives as follows:

Software	3 – 10 years
Technology	3 – 8 years

Land-use rights, net

Land-use rights are recognized and measured at cost upon acquisition. Following the initial recognition, land-use rights are carried at cost less any accumulated amortization and any accumulated impairment losses. According to the land-use rights policy in the PRC, the useful life of land-use rights is 50 years.

Goodwill

Goodwill is not amortized but is tested for impairment on an annual basis, or more frequently if events or changes in circumstances indicate that it might be impaired. The Group's annual testing date is December 31.

The Group recognized goodwill of US$1,982,033, which was assigned to Oxigraf, Inc. as a reporting unit. On November 15, 2023, the Group disposed Oxigraf, Inc., with gain of RMB6.1 million recognized in other operating income, net. The corresponding goodwill was derecognized as part of the disposal.

Long-term investments

Investment in equity method investee

The Group uses equity method to account for common stock investments in entities over which it has significant influence but does not have controlling interests. Under the equity method of accounting, the Group's share of the earnings or losses of the investee companies, impairments, and other adjustments required by the equity method are reflected in the consolidated statements of operations and comprehensive loss. When the Group's share of losses in an investee equals or exceeds its carrying amount of the investment in the investee, the Group does not recognize further losses, unless the Group has guaranteed the obligations of the investee or is otherwise committed to provide further financial support for the investee. An impairment loss is recorded when there has been a loss in value of the investment that is other than temporary.

An impairment charge is recorded if the carrying amount of the investment exceeds its fair value and this condition is determined to be other-than temporary. The Group estimated the fair value of investments in equity investees under discounted cash flow analysis which requires significant judgments, including the estimation of future cash flows, which is dependent on internal forecasts, the estimation of long-term growth rate of a company's business, the estimation of the useful life over which cash flows will occur, and the determination of the weighted average cost of capital. The Group did not record any impairment on its equity method investment during the years ended December 31, 2022, 2023 and 2024 and three months ended March 31, 2024 and 2025.

Equity securities without readily determinable fair value

The Group has elected to measure the investment in equity securities without readily determinable fair value at cost minus impairment, if any, adjusted up or down for observable price changes. Any adjustment to the carrying amount is recorded in other income (loss), net. At each reporting period end, the Group makes a qualitative assessment considering impairment indicators to evaluate whether any of these investments is impaired. If the assessment indicates that the fair value of an investment is less than the carrying value, the investment in equity securities will be written down to its fair value, with the difference between the fair value of the investment and its carrying amount as an impairment loss. No fair value adjustment was recognized for the years ended December 31, 2022, 2023 and 2024 and three months ended March 31, 2024 and 2025.

Impairment of long-lived assets

The Group evaluates its long-lived assets including property and equipment, intangible assets, right-of-use assets and land-use rights for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. When these events occur, the Group evaluates recoverability by comparing the carrying amount of the assets to future undiscounted net cash flows. If the sum of the expected undiscounted cash flows is less than the carrying amount of the assets, the Group recognizes an impairment loss equal to the difference between the carrying amount and fair value of these assets. During the Track Record Period, the Group did not identify any impairment indicator for its long-lived assets as the financial performance and operation results were consistent with its expectation and budget for the given years as a growth company.

Revenue recognition

The Group recognizes revenue from sales of LiDAR products and other products at a point in time when control of the products is transferred to the customers, which generally occurs upon delivery according to the terms of the underlying contracts. Product sales to certain customers may require customer acceptance due to performance acceptance criteria that is considered more than a formality. For these product sales, revenue is recognized upon the expiration of the customer acceptance period. The Group's general terms and conditions for its contracts do not contain a right of return that allows the customer to return products and receive a credit, and therefore the Group does not estimate returns. The Group's standalone selling prices are based on the prices charged to customers for the single performance obligation which is transfer of control of products upon delivery to the customers or upon expiration of the customer acceptance period. Revenue is measured as the amount of consideration expect to receive in exchange for transferring the promised goods, adjusted for any variable consideration such as price concessions or annual price adjustments as estimated at contract inception. The Group estimate variable consideration at the most likely amount they will receive from customers and reduce revenues recognized accordingly. The Group includes estimated amounts in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. The Group estimates of variable consideration and determination of whether to include estimated amounts in the transaction price are based largely on an assessment of their anticipated performance and all information (historical, current and forecasted) that is reasonably available to the Group. The Group adjusts the estimate of revenue at the earlier of when the value of consideration they expect to receive changes or when the consideration becomes fixed. Amounts billed to customers for shipping and handling are included in revenue. Taxes collected from customers and remitted to governmental authorities are excluded from revenue on the net basis of accounting. Accounts receivables are due under normal trade terms, typically within 30 to 90 days.

During the fourth quarter of 2024, certain customers started to negotiate with the Group for sales rebates due to the change in market conditions. After such negotiation, the Group and these customers agreed to provide these customers sales rebates regarding the products previously sold in 2024. The Group recorded these rebates as reductions of revenue in the fourth quarter of 2024 and the amount involved was immaterial to the revenues for year ended December 31, 2024. During the three months ended March 31, 2025, there was no additional sales rebate occurred.

For LiDAR solution that the Group offers customers with a combination of hardware, software, deployment and professional services and engineering design, development and validation service projects, control of the goods and services may be transferred over time or at a point in time depending on the terms of the contract. Control of the goods and services is transferred over time when the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. The Group recognizes revenue over time using an input method based on contract cost incurred to date compared to total estimated contract cost (cost-to-cost) as the services are provided. Otherwise, revenue is recognized at a point in time when the customer obtains control of the goods and services.

Generally, the Group's contracts have original durations less than one year during the Track Record Period. Therefore, the Group utilizes the practical expedient under ASC 606 not disclosing the unsatisfied performance obligations for these contracts.

The Group typically provides standard product warranties on LiDARs. For LiDARs used in Robotics market, such warranties last one or two years. For those used in advanced driver assistance system market, such warranties cover five years or 100 thousand kilometers, whichever comes first. Standard warranties are considered to be assurance type warranties and are not accounted for as separate performance obligations. The Group accrues estimated future warranty costs and charges to cost of revenues in the period that the related revenue is recognized. These estimates are based on historical warranty experience and any known or expected changes in warranty exposure, such as trends of product reliability and costs of repairing and replacing defective products. The Group also provides extended warranties as a service for an additional term ranging one to two additional years. For service type extended warranty contracts, the Group allocates revenue to this performance obligation on a relative standalone selling price basis and recognizes the revenue ratably over time during the effective period of the services. The Group recognized RMB7,702, RMB10,413, RMB8,909, RMB3,250 (unaudited) and RMB1,489 for extended warranty services, for the years ended December 31, 2022, 2023 and 2024 and three months ended March 31, 2024 and 2025, respectively.

Changes in the Group's accrued warranty liability was as follows:

	For the year ended December 31,			Three months ended March 31,	
	2022	2023	2024	2024	2025
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
				(unaudited)	
Balance as of the beginning of the year . .	13,932	17,694	28,425	28,425	43,607
Warranty provision, net . .	8,467	26,247	32,078	5,038	8,447
Consumption	(4,705)	(15,516)	(16,896)	(3,648)	(3,874)
Balance as of the end of the year/period	**17,694**	**28,425**	**43,607**	**29,815**	**48,180**

A contract asset is recorded when the Group has transferred products or services to the customer before payment is received or is due, and the Group's right to consideration is conditional on future performance in the contract. The Group records a contract asset for unbilled receivables for certain customers where the control of the goods or services has been transferred. A contract liability exists when the Group has received consideration but has not transferred the related goods or services to the customer. The Group's contract liabilities mainly consist of payments received from customers before they received the products.

Cost of revenues

Cost of revenues for our products includes the manufacturing cost of LiDAR sensors and other products, which primarily consists of direct material costs, personnel-related costs, purchasing costs, depreciation, amortization and overhead associated with manufacturing operations, accrued warranty costs, shipping costs, licensing fees, and write-downs of excess inventories and obsolete inventories.

Cost of revenues for our services includes cost of LiDAR solution and direct labor costs and related material costs relating to the fulfillment of services.

Research and development expenses

Research and development expenses consist primarily of personnel-related costs directly associated with research and development organization, with the remainder being prototype expenses, third-party engineering and contractor costs, an allocated portion of facility depreciation and IT costs amortization. The Group's research and development costs are related to enhancing and developing additional functionality for its existing products and on new product development, including new releases and upgrades to LiDAR sensors. The Group expenses research and development costs as incurred.

Government grants

Government grants consist of cash subsidies received by the Group from PRC local governments. Grants received as incentives for conducting business in certain local districts with no performance obligation or other restriction as to the use are recognized when cash is received. Grants received with government specified performance obligations are recognized when all the obligations have been fulfilled. Government grants received related to the purchases of long-term assets are used to net the cost of the respective assets.

Loss per share

Basic loss per share is computed by dividing net loss attributable to the holders of ordinary shares by the weighted average number of ordinary shares outstanding during the year/period.

Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue ordinary shares were exercised or converted into ordinary shares. The Group had share options, which could potentially dilute basic earnings per ordinary share in the future. To calculate the number of shares for diluted earnings per ordinary share, the effect of the share options is computed using the treasury stock method.

Share-based compensation

The Group grants share-based awards of the Company to eligible employees and accounts for these share-based awards in accordance with ASC 718, Compensation — Stock Compensation.

Share-based awards that are subject to both the service period and the occurrence of a Qualified IPO as performance condition are measured at the grant date fair value and share-based compensation expenses are recognized for the cumulatively vested amount upon the completion of the Qualified IPO first and then over the remaining requisite service period, net of actual forfeitures, if any.

Share-based awards that are subject to only the service period are measured at the grant date fair value and share-based compensation expenses are recognized on a straight-line basis over the requisite service period of the individual grants. The Group recognizes share-based compensation expenses based on the target number of Class B Ordinary Shares that may be earned pursuant to the award. Forfeitures are recognized as reductions to share-based compensation when they occur.

Prior to IPO, the fair value of the share options granted to employees is determined with the assistance of an independent valuation specialist using widely accepted valuation techniques, including discounted cash flow analysis on the expected future free cash flows and binomial option pricing model.

The Group accounts for the effects of a modification as described in ASC 718. The Group calculates incremental compensation cost of a modification as the excess of the fair value of the modified option over the fair value of the original option immediately before its terms are modified. For vested options, the Group would recognize incremental compensation cost on the date of modification and for unvested options, the Group would recognize, prospectively and over the remaining requisite service period, the sum of the incremental compensation cost and the remaining unrecognized compensation cost for the original award.

Share-based compensation with cash settlement features are classified as liabilities. The percentage of the fair value that is recorded as compensation cost at the end of each period is based on the percentage of the requisite service that has been rendered at that date. Changes in fair value of the liability classified award that occurs during the requisite service period are recognized as compensation costs ratably over time during the services to be rendered.

Income taxes

Current income taxes are provided for in accordance with the laws of the relevant tax authorities.

Deferred income taxes are provided using assets and liabilities method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are determined on the basis of the differences between financial statements and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Deferred tax assets are recognized to the extent that these assets are more likely than not to be realized. In making such a determination, the management consider all positive and negative evidence, including future reversals of projected future taxable income and results of recent operation. Deferred tax assets are then reduced by a valuation allowance through a charge to income tax expense when, in the opinion of management, it is more likely than not that a portion of or all of the deferred tax assets will not be realized.

The Group accounts for uncertainty in income taxes recognized in the Historical Financial Information by applying a two-step process to determine the amount of the benefit to be recognized. First, the tax position must be evaluated to determine the likelihood that it will be sustained upon external examination by the taxing authorities. If the tax position is deemed more-likely-than-not to be sustained (defined as a likelihood of more than fifty percent of being sustained upon an audit, based on the technical merits of the tax position), the tax position is then assessed to determine the amount of benefits to recognize in the Historical Financial Information. The amount of the benefits that may be recognized is the largest amount that has a greater than 50% likelihood of being realized upon ultimate settlement.

Interest and penalties on income taxes will be classified as a component of the provisions for income taxes. The Group did not recognize any income tax due to uncertain tax position or incur any interest and penalties related to potential underpaid income tax expenses for the years ended December 31, 2022, 2023 and 2024 and three months ended March 31, 2024 and 2025.

Leases

The Group leases office space in Shanghai, PRC and California, USA under non-cancelable operating lease agreements that expire at various dates through December 31, 2029.

The Group determines whether an arrangement constitutes a lease and records lease liabilities and right-of-use assets ("ROU assets") on its consolidated balance sheets at the lease commencement date. The Group measures the operating lease liabilities at the commencement date based on the present value of remaining lease payments over the lease term, which is computed using the Group's incremental borrowing rate, an estimated rate the Group would be required to pay for a collateralized borrowing equal to the total lease payments over the lease term. The Group measures the operating lease ROU assets based on the corresponding lease liability adjusted for payments made to the lessor at or before the commencement date, and initial direct costs it incurs under the lease. The Group begins recognizing operating lease expense based on lease payments on a straight-line basis over the lease term after the lessor makes the underlying asset available to the Group. Some of the Group's lease contracts include options to extend the leases for an additional period which has to be agreed with the lessors based on mutual negotiation. After considering the factors that create an economic incentive, the Group does not include renewal option periods in the lease term for which it is not reasonably certain to exercise.

Modification to existing lease agreements, including changes to the lease term or payment amounts, are reviewed to determine whether they result in a separate contract. For modifications that do not result in a separate contract, the Group reviews the lease classification and re-measures the related ROU assets and lease liabilities at the effective date of the modification. The Group recognize the amount of the remeasurement of the lease liabilities as an adjustment to the ROU assets. If the carrying amount of the ROU asset is reduced to zero, the Group will recognize the remaining amount of the remeasurement as operating expenses in the consolidated statements of operations and comprehensive (loss) income.

Comprehensive (loss) income

Comprehensive (loss) income is defined as the change in equity of the Group during a period arising from transactions and other events and circumstances excluding transactions resulting from investments by shareholders and distributions to shareholders. Comprehensive (loss) income is reported in the consolidated statement of operations and comprehensive (loss) income. Accumulated other comprehensive (loss) income, as presented on the accompanying consolidated balance sheets consists of accumulated foreign currency translation adjustments.

Segment

The Chief Executive Officer, Chief Scientist and Chief Technology Officer, namely the "Founding Shareholders", are identified as the chief operating decision maker (CODM).

The Group operates in one operating segment, which includes all activities related to the development, manufacturing, and delivery of LiDAR products. The determination of a single operating segment is consistent with the consolidated financial information regularly provided to the Group's CODM.

As a single reportable segment entity, segment asset information is not used by the CODM to allocate resources. The measure used by CODM to assess performance and make operating decisions is net loss as reported on the Group's consolidated statements of operations. The CODM uses performance measure to monitor budget versus actual results. See Note 21 for a description of the Group's disaggregated revenues by product line and geographic location.

Further, the CODM reviews and utilizes cost of revenues which are presented in the Group's consolidated statements to manage the Group's operation. Additional disaggregated significant segment expenses that are not separately presented on the Group's consolidated statements of operations, are presented below for disaggregated payroll expenses recorded in sales and marketing expenses, general and administrative expenses and research and development expenses which are independently reviewed by our CODM.

The following table presents the significant segment expenses and other segment items regularly reviewed by our CODM:

	For the Year ended December 31,			Three months ended March 31,	
	2022	2023	2024	2024	2025
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
				(unaudited)	
Net Revenues	**1,202,670**	**1,876,989**	**2,077,157**	**359,120**	**525,302**
Less:					
Cost of revenues	730,683	1,215,611	1,192,572	219,898	306,067
Payroll expenses in sales and marketing expenses*	77,736	104,462	124,548	27,821	40,249
Payroll expenses in general and administrative expenses	126,986	175,600	146,239	41,899	30,307
Payroll expenses in research and development expenses	381,700	592,223	594,567	132,817	132,044
Other segment items**	632,749	265,061	121,607	43,610	34,184
Net loss	**(747,184)**	**(475,968)**	**(102,376)**	**(106,925)**	**(17,549)**

* Payroll expenses mainly consist of salaries, bonus, defined contribution plans, other social insurances, share-based compensation and other employee benefits.

** Other segment items primarily include other operating income, net, interest income, interest expenses and other (loss) income, net as reported in Group's consolidated statements of operations and professional service expenses.

Concentration of risks

Concentration of credit risk

Financial instruments that potentially expose the Group to concentration of credit risk consist primarily of cash and cash equivalents, short-term investments, accounts receivable, contract assets, amounts due from related parties, and prepayments and other current assets.

The Group places its cash and cash equivalents and short-term investments in various financial institutions in the PRC, Hong Kong Special Administrative Region, and the United States. The Group believes that no significant credit risk exists as all of the Group's cash and cash equivalents are held with financial institutions that Group's management believes to be high credit quality.

Accounts receivable and contract assets are typically unsecured and are derived from revenue earned from the customers. The Group conducts credit evaluations of customers to whom credit terms are extended. The Group establishes an allowance for credit losses based on CECL model developed by the Group, which considers historical collection experience, the age of the accounts receivable balances, current economic conditions, reasonable and supportable forecasts of future economic conditions, and other factors that may affect its ability to collect from customers.

Prepayments and other current assets mainly consist of deposits of rent, and prepaid expenses, which can be applied for deduction of future payments for expenses. The Group has no significant concentrations of credit risk with respect to its prepayments and other current assets.

Concentration of customers

The following customers accounted for 10% or more of revenue for the years ended December 31, 2022, 2023 and 2024 and three months ended March 31, 2024 and 2025:

	For the year ended December 31,			Three months ended March 31,	
	2022	2023	2024	2024	2025
				(unaudited)	
Customer A	24.3%	25.6%	33.7%	35.2%	20.5%
Customer B	13.7%	28.4%	*	*	*
Customer D	*	*	14.1%	*	24.0%

The following customers accounted for 10% or more of the Group's accounts receivable and contract assets as of December 31, 2022, 2023 and 2024 and March 31, 2025:

	As of December 31,			As of March 31,
	2022	2023	2024	2025
Customer A	61.0%	41.3%	23.5%	28.8%
Customer B	15.3%	10.2%	*	*
Customer C	*	11.2%	*	*
Customer D	*	*	16.8%	17.0%
Customer E	*	*	11.8%	*

Concentration of suppliers

The Group has a supplier accounted for 10% or more of purchases for the years ended December 31, 2022, 2023 and 2024 and three months ended March 31, 2024 and 2025:

	For the year ended December 31,			Three months ended March 31,	
	2022	2023	2024	2024	2025
				(unaudited)	
Supplier A	12.3%	*	*	*	*

Foreign currency risk

A significant portion of Group's cash and cash equivalents and short-term investments are denominated in US$, fluctuations in exchange rates between US$ and RMB may result in foreign exchange gains or losses. The value of US$ is subject to changes in central government policies and to international economic and political developments affecting supply and demand in the China Foreign Exchange Trading System market. The Group has cash and cash equivalents that are denominated in US$, totaling US$51,351, US$131,832, US$295,881 and US$332,056 as of December 31, 2022, 2023 and 2024 and March 31, 2025, respectively.

Recent accounting pronouncements

Under the Jumpstart Our Business Startups Act of 2012, as amended ("the JOBS Act"), the Group meets the definition of an emerging growth company, or EGC as of December 31, 2024, and has elected the extended transition period for complying with new or revised accounting standards, which delays the adoption of these accounting standards until they would apply to private companies. Once the Group ceases to qualify as EGC, it will immediately adopt the new and revised accounting standards already effective for public companies. There are no recent accounting pronouncements which are expected to have a material effect on the Company's consolidated financial statements in the current or any future periods.

In November 2023, the FASB issued ASU 2023-07 "Segment Reporting (Topic 280)" ("ASU 2023-07"), which expands public entities' segment disclosures primarily by requiring disclosure of significant segment expenses that are regularly provided to the chief operating decision maker and included within each reported measure of segment profit or loss, an amount and description of its composition for other segment items. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, with early adoption permitted. The amendments are required to be applied retrospectively to all prior periods presented in an entity's financial statements. The Group adopted ASU 2023-07 for the year ended December 31, 2024.

Convenience translation

The Group's business is primarily conducted in China and most of its revenues are denominated in RMB. However, periodic reports made to shareholders will include current period amounts translated into US$ using the then current exchange rates, for the convenience of the readers. Translations of balances in the consolidated balance sheet, the balance sheet of the Company, consolidated statements of operations and comprehensive (loss) income and consolidated statements of cash flows from RMB into US$ as of and for the three months ended March 31, 2025 are solely for the convenience of the readers and were calculated at the rate of US$1.00=RMB7.2567 representing the noon buying rate set forth in the H.10 statistical release of the United States as of March 31, 2025.

4. SHORT-TERM INVESTMENTS

The following table summarizes the Group's balances of short-term investments:

	As of December 31,			As of March 31,
	2022	2023	2024	2025
	RMB	*RMB*	*RMB*	*RMB*
Structured bank financial products . .	945,865	857,924	362,195	30,482
Time deposit	–	728,081	–	–
Total short-term investments	**945,865**	**1,586,005**	**362,195**	**30,482**

5. NOTES RECEIVABLE

Notes receivable consisted of bank acceptance notes of nil, nil, RMB22,341 and RMB20,579 received from the Group's customers as of December 31, 2022, 2023 and 2024 and March 31, 2025, respectively. These notes within 6 months maturity dates were issued by customers to pay their payable balances to the Group. No credit loss was recognized for the years ended December 31, 2022, 2023 and 2024 and three months ended March 31, 2024 and 2025.

The following is an aged analysis of notes receivable presented based on dates of delivery of goods/rendering of services.

	As of December 31,			As of March 31,
	2022	2023	2024	2025
	RMB	*RMB*	*RMB*	*RMB*
Within 3 months	–	–	6,960	20,579
4 to 6 months	–	–	15,381	–
Total	–	–	**22,341**	**20,579**

6. ACCOUNTS RECEIVABLE, NET

Accounts receivable and expected credit losses as of December 31, 2022, 2023 and 2024 and March 31, 2025 are as follows:

	As of December 31,			As of March 31,
	2022	2023	2024	2025
	RMB	*RMB*	*RMB*	*RMB*
Accounts receivable	491,293	573,950	819,999	1,009,885
Less: allowance for expected credit losses	(6,249)	(49,132)	(54,972)	(52,241)
Total accounts receivable, net	**485,044**	**524,818**	**765,027**	**957,644**

The following is an aged analysis of accounts receivable presented based on dates of delivery of goods/rendering of services.

	As of December 31,			As of March 31,
	2022	2023	2024	2025
	RMB	*RMB*	*RMB*	*RMB*
Within 6 months	477,183	556,142	757,045	948,064
7 months to 1 year	9,964	15,042	41,483	9,140
1 to 2 years	4,008	1,678	19,006	52,681
Over 2 years	138	1,088	2,465	–
	491,293	**573,950**	**819,999**	**1,009,885**
Less: allowance for expected credit losses	(6,249)	(49,132)	(54,972)	(52,241)
Total accounts receivable, net	**485,044**	**524,818**	**765,027**	**957,644**

The roll-forward of the allowance for credit losses related to accounts receivable for the years ended December 31, 2022, 2023 and 2024 and three months ended March 31, 2024 and 2025 consists of the following activity:

	For the year ended December 31,			Three months ended March 31,	
	2022	2023	2024	2024	2025
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
				(unaudited)	
Balance at beginning of year/period	7,294	6,249	49,132	49,132	54,972
(Reversal) provision for expected credit losses	(1,045)	42,883	5,840	823	(2,731)
Balance at end of year/period	**6,249**	**49,132**	**54,972**	**49,955**	**52,241**

7. INVENTORIES

	As of December 31,			As of March 31,
	2022	2023	2024	2025
	RMB	*RMB*	*RMB*	*RMB*
Raw materials	290,121	126,347	191,578	201,930
Work-in-process	180,367	199,153	225,726	226,833
Finished goods	176,364	170,377	64,833	61,211
Inventories	**646,852**	**495,877**	**482,137**	**489,974**

Inventory write-off was RMB39,431, RMB9,290, RMB2,222, RMB14,016 (unaudited) and RMB1,923 respectively, for the years ended December 31, 2022, 2023 and 2024 and three months ended March 31, 2024 and 2025.

8. PREPAYMENTS AND OTHER CURRENT ASSETS, NET

Prepayments and other current assets, net as of December 31, 2022, 2023 and 2024 and March 31, 2025 were as follows:

	As of December 31,			As of March 31,
	2022	2023	2024	2025
	RMB	*RMB*	*RMB*	*RMB*
Advances to suppliers	82,419	120,556	112,385	127,594
Deposits	11,998	22,042	11,033	11,746
Prepaid expenses	10,108	16,372	23,076	40,022
Value-added tax recoverable	6,748	21,888	28,468	24,657
Others	15,179	27,224	18,486	8,069
Total	**126,452**	**208,082**	**193,448**	**212,088**

9. PROPERTY AND EQUIPMENT, NET

Property and equipment, net as of December 31, 2022, 2023 and 2024 and March 31, 2025 are as follows:

	As of December 31,			As of March 31,
	2022	2023	2024	2025
	RMB	*RMB*	*RMB*	*RMB*
Cost				
Land	–	39,312	39,312	40,551
Buildings	–	–	342,673	342,673
Electronic equipment	79,663	114,237	139,418	155,983
Leasehold improvements	63,995	67,677	81,431	80,211
Machinery and equipment	121,614	186,890	350,483	365,954
Furniture and fixture	54,851	78,169	193,190	193,246
Transportation vehicles	4,411	5,400	6,487	7,842
Total cost	**324,534**	**491,685**	**1,152,994**	**1,186,460**
Less: Accumulated depreciation	(84,329)	(154,473)	(274,177)	(304,918)
Property and equipment, net	**240,205**	**337,212**	**878,817**	**881,542**
Construction in progress	264,748	534,399	65,401	98,744
Total	**504,953**	**871,611**	**944,218**	**980,286**

The buildings as of March 31, 2025 represents the Group's new research, development and intelligent manufacturing center in Shanghai, PRC. The Group completed the construction of this center and put it into use in January 2024. Construction in progress as of March 31, 2025 represents the Group's renovation and upgrade of certain production line in Hertz factory. Depreciation expenses were RMB44,856, RMB77,701, RMB116,953, RMB30,895 (unaudited) and RMB30,741 for the years ended December 31, 2022, 2023 and 2024 and three months ended March 31, 2024 and 2025, respectively.

10. INTANGIBLE ASSETS, NET

Intangible assets, net as of December 31, 2022, 2023 and 2024 and March 31, 2025 are as follows:

	As of December 31,			As of March 31,
	2022	2023	2024	2025
	RMB	*RMB*	*RMB*	*RMB*
Software	30,095	38,143	53,750	59,795
Technology	8,390	65,235	61,445	62,477
Total cost	**38,485**	**103,378**	**115,195**	**122,272**
Less: Accumulated amortization	(17,885)	(24,648)	(38,641)	(42,509)
Intangible assets, net	**20,600**	**78,730**	**76,554**	**79,763**

Amortization expenses related to intangible assets were RMB7,914, RMB7,704, RMB13,993, RMB3,781 (unaudited) and RMB3,868 for the years ended December 31, 2022, 2023 and 2024 and three months ended March 31, 2024 and 2025, respectively.

The estimated amortization expenses for each of the five succeeding fiscal years and thereafter are as follows:

	Years ended December 31,
	RMB
2025	9,864
2026	13,182
2027	13,182
2028	12,541
2029 and years after	30,994
Total	**79,763**

11. LAND-USE RIGHTS, NET

In March 2021, the Group acquired a land-use right at a total cost of RMB43,188 for approximately 26,615 square meters of land in Shanghai, the PRC for the construction of a factory. According to the land-use rights policy in the PRC, the Group has a 50-year use right over the land, and it is amortized over this period on a straight-line basis. The Group recorded amortization expenses of RMB864, RMB863, RMB863, RMB216 (unaudited) and RMB216 for the years ended December 31, 2022, 2023 and 2024 and three months ended March 31, 2024 and 2025, respectively. The weighted average remaining lease term was 45.94 years as of March 31, 2025.

12. LONG-TERM INVESTMENTS

	As of December 31,			As of March 31,
	2022	2023	2024	2025
	RMB	*RMB*	*RMB*	*RMB*
Investments in equity securities without readily determinable fair value	30,000	30,000	30,000	30,000
Investments in equity method investee	1,856	1,811	1,798	1,787
Total	**31,856**	**31,811**	**31,798**	**31,787**

13. OTHER NON-CURRENT ASSETS

Other non-current assets as of December 31, 2022, 2023 and 2024 and March 31, 2025 are as follows:

	As of December 31,			As of March 31,
	2022	2023	2024	2025
	RMB	*RMB*	*RMB*	*RMB*
Prepayments for purchase of property and equipment	46,083	77,596	89,847	46,168
Demonstration fleet	4,936	3,819	3,521	3,347
Long-term deposits	3,836	8,612	6,111	7,369
Others	2,243	141	767	1,165
Other non-current assets	**57,098**	**90,168**	**100,246**	**58,049**

Long-term deposits mainly consist of rental deposit for offices and production capacity which will not be collectible within one year.

14. BORROWINGS

The short-term and long-term borrowings as of December 31, 2022, 2023 and 2024 and March 31, 2025 were as follows:

	As of December 31,			As of March 31,
	2022	2023	2024	2025
	RMB	*RMB*	*RMB*	*RMB*
Short-term borrowings:				
Short-term bank borrowings	–	109,900	148,800	51,776
Secured bank borrowings related to discounted notes receivable	–	–	80,000	110,000
Long-term bank borrowings, current portion	–	1,782	116,453	118,490
Total	**–**	**111,682**	**345,253**	**280,266**
Long-term borrowings:				
Long-term bank borrowings	**18,472**	**285,898**	**269,438**	**300,288**

Short-term bank borrowings

In November 2022, Shanghai Hesai entered into a short-term bank credit facility agreement for up to RMB300,000 with an annual interest rate of China's one-year loan prime rate ("LPR") minus 80 bps. The facility of RMB300,000 was expired on November 23, 2023. During the year ended December 31, 2023, the Group drew down RMB109,900 with an annual interest rate of 2.85% and a maturity date of January 16, 2024. During the year ended December 31, 2024, the Group repaid RMB109,900. The outstanding balance were nil, RMB109,900, nil and nil as of December 31, 2022, 2023 and 2024 and March 31, 2025, respectively.

In December 2023, Shanghai Hesai entered into a short-term bank credit facility agreement for up to RMB500,000 with an annual interest rate of China's one-year LPR minus 80 bps. The facility of RMB500,000 will expire on December 12, 2024. During the year ended December 31, 2024, the Group drew down RMB154,800 with an annual interest rate range from 2.65% to 2.70%. The maturity dates ranged from January 31, 2025 to February 6, 2025. During the year ended December 31, 2024, the Group repaid RMB6,000. During the three months ended March 31, 2025, the Group repaid RMB148,800. The outstanding balance were nil, nil. RMB148,800 and nil as of December 31, 2022, 2023 and 2024 and March 31, 2025, respectively. The weighted average interest rate on borrowings under this agreement as of December 31, 2022, 2023 and 2024 and March 31, 2025 was nil, nil, 2.70% and nil, respectively.

In November 2024, Shanghai Hesai entered into a short-term bank facility agreement for up to RMB500,000 with an annual interest rate of China's one-year LPR minus 90 bps. The facility of RMB500,000 will expire on November 19, 2027. During the three months ended March 31, 2025, the Group drew down RMB26,136 with an annual interest of 2.20%. The maturity dates ranged from February 27 to March 4, 2026. The outstanding balance were nil, nil, nil and RMB26,136 as of December 31, 2022, 2023 and 2024 and March 31, 2025, respectively.

In January 2025, Shanghai Hesai entered into a short-term bank facility agreement for up to RMB200,000 with an annual interest rate of China's one-year LPR minus 91 bps. The facility of RMB200,000 will expire on October 27, 2025. During the three months ended March 31, 2025, the Group drew down RMB25,640 with an annual interest of 2.19% and a maturity date of March 6, 2026. The outstanding balance were nil, nil, nil and RMB25,640 as of December 31, 2022, 2023 and 2024 and March 31, 2025, respectively.

The Group has RMB648,224 unused short-term bank facility as of March 31, 2025.

Secured bank borrowings related to discounted notes receivable

During the year ended 2024 and three months ended March 31, 2025, the Group factored certain intercompany notes receivable with a total face value of RMB80,000 and RMB60,000 to several domestic banks for total proceeds of RMB79,300 and RMB59,297, respectively, at effective interest rates ranging from 0.98% to 2.03%. As these factoring of notes receivables was with recourse, the transactions did not qualify as a transfer of financial assets and were recognized as secured bank borrowings included in short-term borrowings. The total intercompany notes receivable pledged for secured bank borrowings was nil, nil, RMB80,000 and RMB110,000 as of December 31, 2022, 2023 and 2024 and March 31, 2025, respectively.

Long-term bank borrowings

In November 2022, Shanghai Hesai entered into a two-year facility of RMB700,000 with an annual interest rate of China's LPR minus 100 bps. The facility will expire on December 4, 2024. The usage of credit facility is restricted to the purchasing of property and equipment for the production facility under construction in Jiading, Shanghai. The credit facility is secured by Shanghai Hesai's land-use rights and new research, development and intelligent manufacturing center with a total book value of RMB533,524 as of March 31, 2025. During the year ended December 31, 2022, Shanghai Hesai drew down RMB18,472. During the year ended December 31, 2023, Shanghai Hesai drew down RMB261,345. During the year ended December 31, 2024, Shanghai Hesai drew down RMB18,570. As of December 31, 2022, the outstanding balance was RMB18,472. As of December 31, 2023, the outstanding balance was RMB279,817. As of December 31, 2024 and March 31, 2025, the outstanding balance was RMB298,387 of which RMB89,516 will be repaid within one year and had been reclassified to short-term borrowings. The weighted average interest rate on borrowings under this agreement as of December 31, 2022, 2023 and 2024 and March 31, 2025 was 2.45%, 2.65%, 2.65% and 2.65%, respectively. The maturity dates of the remaining long-term portion ranged from June 4, 2026 to December 3, 2027.

In October 2023, Zhejiang Hertz entered into a one-year facility of RMB110,000 with an annual interest rate of China's LPR minus 60 bps. The facility will expire on October 17, 2024. The usage of credit facility is restricted to the purchasing of property and equipment for Hertz factory in Hangzhou, Zhejiang, the borrowing was guaranteed by Shanghai Hesai. During the year ended December 31, 2023, Zhejiang Hertz drew down RMB5,347. During the year ended December 31, 2024, Zhejiang Hertz drew down RMB70,069 and RMB21,542 was repaid. As of December 31, 2023, the outstanding balance was RMB5,347 of which RMB1,782 will be repaid within one year and had been reclassified to short-term borrowings. As of December 31, 2024 and March 31, 2025, the outstanding balance was RMB53,874 of which RMB26,937 will be repaid within one year and had been reclassified to short-term borrowings. The weighted average interest rate on borrowings under this agreement as of December 31, 2022, 2023 and 2024 and March 31, 2025 was nil, 2.85%, 2.83% and 2.83%, respectively. The maturity dates of the remaining long-term portion ranged from April 17, 2026 to October 17, 2026.

In September 2024, Zhejiang Hertz entered into a five-year facility of RMB150,000 with an annual interest rate of 2.50% per annum. The facility will expire on September 17, 2029. The usage of credit facility is restricted to the purchasing of property and equipment for Hertz factory in Hangzhou, Zhejiang, the borrowing was guaranteed by Shanghai Hesai. During the year ended December 31, 2024, Zhejiang Hertz drew down RMB31,637. During the three months ended March 31, 2025, Zhejiang Hertz drew down RMB32,843. As of December 31, 2024, the outstanding balance was RMB31,637. As of March 31, 2025, the outstanding balance was RMB64,480. The maturity date was September 17, 2029.

In December 2023, the Group acquired a Swiss company and assumed the long-term borrowings of CHF299 (equivalent to RMB2,516) the company borrowed in 2020, which will mature in 2030. During the year ended December 31, 2024, the Group repaid CHF50. As of December 31, 2023 and 2024, the outstanding balance was CHF299 (equivalent to RMB2,516) and CHF249 (equivalent to RMB1,993), respectively. As of March 31, 2025, the outstanding balance was CHF249 (equivalent to RMB2,037) of which all the amounts will be repaid within one year ahead of its original maturity date and had been reclassified to short-term borrowings.

The Group has RMB141,646 unused long-term bank facility as of March 31, 2025. The principal maturities of the long-term borrowings as of December 31, 2022, 2023 and 2024 and March 31, 2025 are as follows:

	As of December 31,			As of March 31,
	2022	2023	2024	2025
	RMB	*RMB*	*RMB*	*RMB*
2025	5,542	85,728	–	–
2026	5,542	85,728	116,453	116,453
2027	7,388	111,926	119,355	119,355
2028 and after	–	2,516	33,630	64,480
Total	**18,472**	**285,898**	**269,438**	**300,288**

15. NOTES PAYABLE

The Group issued short-term notes payable to settle part of payments to the construction and raw material suppliers.

The following is an aged analysis of notes payable presented based on the invoice date.

	As of December 31,			As of March 31,
	2022	2023	2024	2025
	RMB	*RMB*	*RMB*	*RMB*
Within 3 months	–	6,899	6,305	50,190
4 to 6 months	–	356	3,791	3,792
Total	–	**7,255**	**10,096**	**53,982**

16. ACCOUNTS PAYABLE

The following is an aged analysis of accounts payable presented based on the invoice date.

	As of December 31,			As of March 31,
	2022	2023	2024	2025
	RMB	*RMB*	*RMB*	*RMB*
Within 6 months	206,379	268,908	344,802	345,344
7 months to 1 year	73	302	–	1,253
1 to 2 years	229	–	–	61
Over 2 years	–	229	209	209
Total	**206,681**	**269,439**	**345,011**	**346,867**

The average credit period on purchases of goods is 90 days.

17. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities as of December 31, 2022, 2023 and 2024 and March 31, 2025 are as follows:

	As of December 31,			As of March 31,
	2022	2023	2024	2025
	RMB	*RMB*	*RMB*	*RMB*
Salaries and welfare payables	166,923	195,014	232,927	88,325
Payables for purchase of property and equipment	102,181	179,839	124,333	90,720
Accrued expenses	41,558	65,159	111,877	121,941
Current portion of operating lease liabilities	34,975	34,993	16,103	17,686
VAT and other tax payables	5,903	19,847	28,563	39,356
Advances from employees	4,962	3,472	2,923	2,715
Total	**356,502**	**498,324**	**516,726**	**360,743**

18. LEASES

The Group has operating leases for offices and factories. The Group recognized ROU assets of RMB44,349, RMB151,871, RMB114,260 and RMB81,928 and corresponding current operating lease liabilities of RMB34,975, RMB34,993, RMB16,103 and RMB17,686 in accrued expenses and other current liabilities, and long-term operating lease liabilities of RMB10,139, RMB119,413, RMB98,370 and RMB69,796, as of December 31, 2022, 2023 and 2024 and March 31, 2025, respectively. The weighted average remaining lease term was approximately 4.64 years as of March 31, 2025, and the weighted average discount rate were 4.25%, 2.85%, 2.70% 2.77% and 2.55% for the years ended December 31, 2022, 2023 and 2024 and three months ended March 31, 2024 and 2025, respectively.

For the years ended December 31, 2022, 2023 and 2024 and three months ended March 31, 2024 and 2025, operating lease expenses were RMB34,596, RMB37,878, RMB39,517, RMB14,288 (unaudited) and RMB4,174, respectively.

The maturities of lease liabilities as of December 31, 2022, 2023 and 2024 and March 31, 2025 were as follows:

	As of December 31,			As of March 31,
	2022	2023	2024	2025
	RMB	*RMB*	*RMB*	*RMB*
2023	36,025	–	–	–
2024	7,145	38,305	–	–
2025	3,282	25,951	18,963	14,986
2026	–	24,672	24,672	18,502
2027	–	24,877	24,672	18,502
2028	–	27,139	27,139	20,352
2029	–	24,877	27,139	20,352
Total lease payment	**46,452**	**165,821**	**122,585**	**92,694**
Less: imputed interest	(1,338)	(11,415)	(8,112)	(5,212)
Present value of minimum operating lease payments	**45,114**	**154,406**	**114,473**	**87,482**
Less: Current operating lease liabilities	(34,975)	(34,993)	(16,103)	(17,686)
Long-term operating lease liabilities	**10,139**	**119,413**	**98,370**	**69,796**

Cash paid for amounts included in the measurement of operating lease liabilities for the years ended December 31, 2022, 2023 and 2024 and three months ended March 31, 2024 and 2025 were RMB28,136, RMB35,982, RMB35,900, RMB11,988 (unaudited) and RMB3,815, respectively. Right-of-use assets obtained in exchange for the operating lease liabilities in non-cash transactions for the years ended December 31, 2022, 2023 and 2024 and three months ended March 31, 2024 and 2025 were RMB37,414, RMB133,661, nil, nil (unaudited) and nil, respectively.

Pursuant to the lease agreement dated in February 2025, the Group's certain leased space was decreased, which led to partial termination of the lease contract. The difference between the decrease in the carrying amount of the lease liabilities and the proportionate decrease in the carrying amount of the right-of-use assets was recorded as deduction of operating lease expenses of RMB1,743 in consolidated statements of comprehensive (loss) income. The decrease of lease liabilities constituted a non-cash financing activity of RMB28,787.

19. REDEEMABLE SHARES

Since its establishment, Hesai Photonics has received several rounds of equity financing in the form of Series A+/B/B+/C-1/C-2/C-3 redeemable equity from external investors from March 2017 to July 2019. On August 1, 2020, in conjunction with the conversion of Hesai Photonics into a joint stock company Shanghai Hesai, all the outstanding redeemable equity was converted into ordinary shares of Shanghai Hesai at no consideration, all in the same proportion as the percentage of equity interest they held in Hesai Photonics. In the second quarter of 2021, the Group signed agreements (the "Side Letters") with certain Series A+/B/B+/C-1/C-2/C-3 shareholders and Series D shareholders holding 54,551,513 Class B Ordinary Shares, whereby the Group has agreed to provide an option for these shareholders to re-designate their ordinary shares to preferred shares in the event that the Company fails to complete an overseas IPO within twelve months following the dates of the agreements. Among all the preferred rights associated with the shares, the agreements provide the investors with the right to redeem if a Qualified-IPO has not been consummated by December 31, 2022. The redemption price of the redeemable shares shall be the issue price plus a compound interest rate of 8% per annum for each year such redeemable shares was outstanding, calculated from the date of payment of consideration for subscription through the date of redemption thereof (and calculated on a pro rata basis in case of a partial year) plus all declared but unpaid dividends thereon up to the date of actual payment of such redemption price, proportionally adjusted for share subdivisions, share dividends, reorganizations, reclassifications, consolidations or mergers. The redemption right is exercised in the sequence of Series D, Series C+, Series C-1/C-2/C-3, Series B+, Series B, and Series A+ redeemable shares.

The Company has accounted for these agreements as material amendments such that extinguishment accounting is applied to these shares at the agreement dates. Given these shares are redeemable upon an event not solely within the control of the Company, the Company has reclassified the 54,551,513 Class B Ordinary Shares from permanent equity to mezzanine equity at their current fair values and the difference is recorded as deemed dividend in the amount of RMB2,131,572, by charging against retained earnings, or in the absence of retained earnings, by charges against additional paid-in capital. Once additional paid-in-capital has been exhausted, additional charges are recorded by increasing the accumulated deficit. Except for Series D shares, all of the other series shares have carrying value higher than their respective redemption value, as such, no accretion to redemption value is recorded. For Series D shares, the change in redemption value is RMB79,758 and RMB446,419, which are recorded as deemed dividends for the years ended December 31, 2021 and 2022, respectively.

Upon the completion of the Company's IPO in United States on February 9, 2023, 54,551,513 redeemable shares were reclassified into 54,551,513 Class B Ordinary Shares on a one-on-one basis in accordance with the terms stipulated by the Side Letters.

20. ORDINARY SHARES

Holders of Class A Ordinary Shares and Class B Ordinary Shares of the Company have the same rights, except for voting rights. Holders of Class A Ordinary Shares are entitled to ten votes per share in all shareholders' meetings, while holders of Class B Ordinary Shares are entitled to one vote per share.

In February and March 2023, 54,551,513 redeemable shares were reclassified into Class B Ordinary Shares upon IPO and the Company issued 10,125,118 Class B Ordinary Shares in connection with its IPO in the United States.

In August 2023 and March 2025, 4,000,000 and 2,500,000 Class B Ordinary Shares were issued, respectively, to the Company's depositary bank, Deutsche Bank, reserved for future issuances of shares upon the exercises of share options or vesting of restricted shares under the 2021 share incentive plan (the "2021 Plan"). These shares are considered to be issued and not outstanding until such a time when the issuance occur for the exercise of share options or vesting of restricted shares.

In the fourth quarter of 2024 and the first quarter of 2025, 17,474 and 3,017,044 Class A Ordinary Shares held by certain founders were sold to third party investors and converted into Class B Ordinary Shares, respectively.

21. NET REVENUES

The following table presents the Group's net revenues for the years ended December 31, 2022, 2023 and 2024 and three months ended March 31, 2024 and 2025.

	For the year ended December 31,			Three months ended March 31,	
	2022	2023	2024	2024	2025
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
				(unaudited)	
Product revenues					
LiDAR products	1,122,237	1,735,254	1,946,775	350,596	508,177
Other revenues	29,630	29,636	19,259	2,381	2,476
Service revenues					
Engineering design, development and validation services	43,101	100,493	100,290	2,291	12,649
Other services	7,702	11,606	10,833	3,852	2,000
Total	**1,202,670**	**1,876,989**	**2,077,157**	**359,120**	**525,302**

The following table summarizes the Group's revenues recognized at a point in time or over time:

	For the year ended December 31,			Three months ended March 31,	
	2022	2023	2024	2024	2025
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
				(unaudited)	
Revenues recognized at a point in time	1,175,758	1,783,803	2,038,302	359,120	525,302
Revenues recognized over time	26,912	93,186	38,855	–	–
Total	**1,202,670**	**1,876,989**	**2,077,157**	**359,120**	**525,302**

The following table summarizes the Group's revenues disaggregated by the different geographic location.

	For the year ended December 31,			Three months ended March 31,	
	2022	2023	2024	2024	2025
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
				(unaudited)	
Revenues by geographic location					
Mainland China	697,294	991,912	1,542,793	228,883	423,271
North America	358,549	748,147	280,874	73,778	67,382
Europe	86,153	70,500	161,095	35,565	18,255
Other regions	60,674	66,430	92,395	20,894	16,394
Total	**1,202,670**	**1,876,989**	**2,077,157**	**359,120**	**525,302**

The movements of the Group's accounts receivable and contract balances are as follows:

	Accounts receivable	Contract assets	Contract liabilities
	RMB	*RMB*	*RMB*
Ending Balance as of January 1, 2022	**85,821**	**146,537**	**122,603**
Increase (decrease), net	399,223	(133,937)	(82,225)
Ending Balance as of December 31, 2022	**485,044**	**12,600**	**40,378**
Increase (decrease), net	39,774	7,088	39,547
Ending Balance as of December 31, 2023	**524,818**	**19,688**	**79,925**
Increase (decrease), net	240,209	(9,779)	(46,931)
Ending Balance as of December 31, 2024	**765,027**	**9,909**	**32,994**
Increase (decrease), net	192,617	–	(6,016)
Ending Balance as of March 31, 2025	**957,644**	**9,909**	**26,978**

Revenues with amount of RMB109,120, RMB37,111, RMB72,585, RMB38,341 (unaudited) and RMB6,016 were recognized in the years ended December 31, 2022, 2023 and 2024 and three months ended March 31, 2024 and 2025, respectively, that were included in the balance of contract liabilities at the beginning of each year.

22. OTHER OPERATING INCOME, NET

The following table presents the Group's other operating income, net for the years ended December 31, 2022, 2023 and 2024 and three months ended March 31, 2024 and 2025.

	For the year ended December 31,			Three months ended March 31,	
	2022	2023	2024	2024	2025
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
				(unaudited)	
Project-based payment	–	–	203,319	–	–
Government grants	10,825	14,280	71,174	20,034	30,098
Gain from disposing of subsidiary	–	6,129	–	–	–
Gain from transferring patents	–	6,111	–	–	–
Others	(8)	–	1,600	7,422	5,158
Total	**10,817**	**26,520**	**276,093**	**27,456**	**35,256**

In October 2024, the Group received a one-off project-based payment of US$28,754 (equivalent to RMB203,319) from a leading global OEM headquartered in the United States ("the OEM customer"). This payment was intended to compensate the Group for the investments in research and development, as well as the actual costs of work-in-progress and raw materials incurred in connection with a contract with the OEM customer entered in March 2023. This contract, originally set to remain effective through December 2025, was terminated by the OEM customer due to the suspension of the relevant project by it.

Government grants mainly consist of the value-added tax benefits, operating subsidies and production line construction subsidies received from PRC local governments.

23. INCOME TAXES

United States

The applicable income tax rate of United States where the Company's subsidiaries having significant operations for the years ended December 31, 2022, 2023 and 2024 and three months ended March 31, 2024 and 2025 is 27.98%, which is a blended state and federal rate.

PRC

The PRC Enterprise Income Tax Law ("EIT Law"), which became effective on January 1, 2008, applies a uniform enterprise income tax ("EIT") rate of 25% to both foreign-invested enterprises ("FIEs") and domestic enterprises. Certified High and New Technology Enterprises ("HNTE") are entitled to a favorable statutory tax rate of 15%, but need to re-apply every three years. During this three-year period, an HNTE must conduct a qualification self-review each year to ensure it meets the HNTE criteria and is eligible for the 15% preferential tax rate for that year. If an HNTE fails to meet the criteria for qualification as an HNTE in any year, the enterprise cannot enjoy the 15% preferential tax rate in that year, and must instead use the regular 25% EIT rate.

Shanghai Hesai applied for the HNTE qualification and received approval in December 2019, and such qualification was renewed in November 2022 for 2022 to 2024. Shanghai Hesai was entitled to continue to enjoy the beneficial tax rate of 15% as an HNTE for the years ended December 31, 2022, 2023 and 2024 and three months ended March 31, 2025. Zhejiang Hertz applied for the HNTE qualification in December 2024 and was entitled to enjoy the beneficial tax rate of 15% as an HNTE for the years ended December 31, 2024, 2025 and 2026. While Shanghai Hesai and Zhejiang Hertz are in accumulated tax loss status as of March 31, 2025, the aforesaid tax benefits are not utilized.

According to relevant laws and regulations promulgated by the State Administration of Tax of the PRC, enterprises engaging in R&D activities are entitled to claim 200% of their qualified research and development expenses so incurred as tax deductible expenses when determining their assessable profits for 2021 and afterwards ("Super Deduction") when enterprise engage in manufacturing business. The additional deduction of qualified research and development expenses can only be claimed directly in the annual EIT filing and subject to the approval from the relevant tax authorities.

Withholding tax on undistributed dividends

Under the EIT Law enacted by the National People's Congress of the PRC, dividends generated after January 1, 2008 and payable by a foreign investment enterprise in the PRC to its foreign investors who are non-resident enterprises are subject to a 10% withholding tax, unless any such foreign investor's jurisdiction of incorporation has a tax treaty with the PRC that provides for a different withholding arrangement.

In accordance with accounting guidance, all undistributed earnings are presumed to be transferred to the parent company and are subject to the withholding taxes. All FIEs are subject to the withholding tax from January 1, 2008. The presumption may be overcome if the Group has sufficient evidence to demonstrate that the undistributed dividends will be re-invested and the remittance of the dividends will be postponed indefinitely. The Group did not record any dividend withholding tax, as it has no retained earnings for any of the years presented.

The EIT Law also provides that an enterprise established under the laws of a foreign country or region but whose "de facto management body" is located in the PRC be treated as a resident enterprise for PRC tax purposes and consequently be subject to the PRC income tax at the rate of 25% for its global income. The Implementing Rules of the EIT Law merely define the location of the "de facto management body" as "the place where the exercising, in substance, of the overall management and control of the production and business operation, personnel, accounting, properties, etc., of a non-PRC company is located." Based on a review of surrounding facts and circumstances, the Group does not believe that it is likely that its operations outside of the PRC will be considered a resident enterprise for PRC tax purposes. However, due to limited guidance and implementation history of the EIT Law, there is uncertainty as to the application of the EIT Law. Should the Company be treated as a resident enterprise for PRC tax purposes, the Company will be subject to PRC income tax on worldwide income at a uniform tax rate of 25%. The Company is not subject to any other uncertain tax position.

The current and deferred portion of income tax expenses included in the consolidated statements of operations and comprehensive (loss) income are as follows:

	For the year ended December 31,			Three months ended March 31,	
	2022	2023	2024	2024	2025
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
				(unaudited)	
Current tax expenses (benefits)	2	13	1,130	248	(67)
Deferred tax (benefits) expenses	(68)	645	–	–	–
Income tax (benefits) expenses	**(66)**	**658**	**1,130**	**248**	**(67)**

Net loss before income tax by tax jurisdiction:

	For the year ended December 31,			Three months ended March 31,	
	2022	2023	2024	2024	2025
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
				(unaudited)	
Net loss before income tax from PRC operations	(251,302)	(480,479)	(25,325)	(98,502)	(840)
Net (loss) profit before income tax from non-PRC operations	(49,529)	5,169	(75,921)	(8,175)	(16,776)
Total net loss before income tax	**(300,831)**	**(475,310)**	**(101,246)**	**(106,677)**	**(17,616)**

A reconciliation between the effective income tax rate and the PRC statutory income tax rate is as follows:

	For the year ended December 31,			Three months ended March 31,	
	2022	2023	2024	2024	2025
				(unaudited)	
Statutory income tax rate	25.00%	25.00%	25.00%	25.00%	25.00%
Effect of different tax rate of different jurisdictions	(3.09)%	(0.79)%	8.00%	(2.70)%	11.87%
Non-deductible expenses*	(6.12)%	(12.42)%	(17.37)%	(10.45)%	(37.45)%
Effect of super deduction on R&D expenses	41.00%	37.21%	105.66%	26.77%	186.09%
Tax-free income	–	0.32%	0.38%	0.26%	0.01%
Effect of change of valuation allowance	(56.77)%	(49.46)%	(122.79)%	(39.11)%	(185.14)%
Income tax expenses	**0.02%**	**(0.14)%**	**(1.12)%**	**(0.23)%**	**0.38%**

* Non-deductible expenses mainly consist of share-based compensation.

Deferred tax assets and deferred tax liabilities

	As of December 31,			As of March 31,
	2022	2023	2024	2025
	RMB	*RMB*	*RMB*	*RMB*
Deferred tax assets				
– Net operating loss carry forwards	373,215	547,908	712,079	748,671
– Deductible temporary differences	31,348	71,706	79,736	81,617
– Deferred revenue	6,294	19,620	15,283	14,453
Less: valuation allowance	(410,857)	(639,234)	(807,098)	(844,741)
Total deferred tax assets	–	–	–	–
Deferred tax liabilities				
– Identifiable intangible assets from business combination	439	–	–	–
Total deferred tax liabilities	**439**	–	–	–

Movement of valuation allowance

Movement of valuation allowance is as follow:

	For the year ended December 31,			Three months ended March 31,	
	2022	2023	2024	2024	2025
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
				(unaudited)	
Balance at beginning of the year/period	241,485	410,857	639,234	639,234	807,098
Addition	169,372	228,377	167,864	51,470	37,643
Total	**410,857**	**639,234**	**807,098**	**690,704**	**844,741**

For the years ended December 31, 2022, 2023 and 2024 and three months ended March 31, 2024 and 2025, the Group had net operating loss carry forwards of approximately RMB1,492,808, RMB2,221,545, RMB2,883,551, RMB2,419,187 (unaudited) and RMB3,046,803, respectively, which mainly arose from the subsidiaries established in the PRC and United States. The loss carry forwards will expire during the period from 2026 to 2035, while the federal loss carry forwards for US entities do not expire and can be carried forward indefinitely. The Group had provided a full valuation allowance for the deferred tax assets as of December 31, 2022, 2023 and 2024 and March 31, 2025, as management determined that deferred tax assets were not more likely than not to be realizable in future tax years based on all available evidence.

24. SHARE-BASED COMPENSATION

In June 2021, the Board of Directors of the Company approved the 2021 Plan, which authorized the issuance of all awards to purchase up to 16,365,047 ordinary shares to the Group's employees, directors, and consultants, as determined by the Board of Directors of the Company.

Employee share options

On March 10, 2025 under the 2021 Plan, the Company granted 372,780 share options to certain employees, the vesting schedule of the awards include:

(1) Twenty-five percent (25%) of the 372,780 options to be vested on each of the first, second, third and fourth anniversaries of the vesting commencement date.

The binomial option pricing model was applied in determining the estimated fair value of the options granted. The model requires the input of subjective assumptions. The following table presents the assumptions used to estimate the fair values of the share options granted for the years ended December 31, 2022, 2023 and 2024 and three months ended March 31, 2024 and 2025:

	For the year ended December 31,			Three months ended March 31,	
	2022	2023	2024	2024	2025
				(unaudited)	
Expected volatility	74.00% – 80.00%	82.00% – 85.00%	84.00% – 89.00%	84.00% – 85.00%	99.00%
Risk-free interest rate (per annum)	1.94% – 3.83%	3.57% – 4.47%	3.74% – 4.50%	4.30% – 4.32%	4.10%
Expected dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%
Employee forfeiture rate (per annum)	3.80% – 3.92%	2.40% – 7.50%	7.50% – 13.30%	7.50%	15.60%
Exercise multiples	2.50	2.50	2.50	2.50	2.50
Expected term	7.00	7.00	7.00	7.00	7.00
Fair value of underlying ordinary share (per share)	US$18.11 – 19.91	US$7.95 – 15.47	US$3.62 – 5.06	US$3.62 – 4.39	US$16.01
Fair value of awards on valuation date	US$12.93 – 17.11	US$5.38 – 10.51	US$3.11 – 4.74	US$3.14 – 4.63	US$13.83

(1) Expected volatility

Expected volatility was estimated based on historical volatility of comparable companies for the period before the valuation date with length commensurate to contractual life of the share option.

(2) Risk-free interest rate (per annum)

Risk-free interest rate was estimated based on the US Government Bond around the valuation date.

(3) Expected dividend yield

The dividend yield was estimated as zero based on the plan to retain profit for corporate expansion and no dividend will be distributed in the near future.

(4) Employee forfeiture rate (per annum)

Employee forfeiture rate was estimated by the management using employee resignation statistics.

(5) Exercise multiple

Assumption on exercise multiple is made with reference to academic research.

(6) Expected term

The expected term was the life of options extracted from option agreements.

(7) Fair value of underlying ordinary share (per share)

The fair value was the Group's stock price on valuation date.

The following table summarizes the activities of the Group's share options classified as equity for the three months ended March 31, 2025:

	Number of options	Weighted average exercise price	Weighted average grant date fair value	Weighted average remaining contract life	Aggregate intrinsic value
		RMB	*RMB*	*Years*	*RMB*
Outstanding at January 1, 2025	**9,917,509**	**11.52**	**42.10**	**5.41**	**887,259**
Granted	372,780	25.33	99.38	–	–
Forfeited	273,765	10.10	–	–	–
Exercised	942,508	12.74	–	–	84,552
Outstanding at March 31, 2025	**9,074,016**	**10.09**	**43.02**	**5.04**	**881,695**
Vested and expected to vest as of March 31, 2025	**9,074,016**	**10.09**	**43.02**	**5.04**	**881,695**
Exercisable as of March 31, 2025	**2,838,448**	**11.43**	**48.10**	**3.68**	**271,860**

The weighted-average grant-date fair value of options granted during the years 2022, 2023, and 2024 and three months ended March 31, 2024 and 2025 was RMB121.62, RMB55.08, RMB25.34, RMB22.53 (unaudited) and RMB99.38, respectively. The total intrinsic value of options exercised during the years ended December 31, 2022, 2023, and 2024 and three months ended March 31, 2024 and 2025, was nil, RMB74,380, RMB370,257, RMB38,098 (unaudited) and RMB84,552, respectively.

Total compensation expense recognized for the years ended December 31, 2022, 2023 and 2024 and three months ended March 31, 2024 and 2025 was RMB104,750, RMB228,312, RMB109,391, RMB36,000 (unaudited) and RMB24,502, respectively.

As of March 31, 2025, there was RMB209,250 of unrecognized compensation expenses, which is expected to be recognized over a weighted average period of 2.83 years.

Restricted share units ("RSUs")

On February 7 and March 10, 2025 under the 2021 Plan, the Company granted 22,166 RSUs to eligible management team, the vesting schedule of the awards include:

(1) Fifty percent (50%) of the 17,858 RSUs to be vested on each of the first and second anniversaries of the vesting commencement date.

(2) Twenty-five percent (25%) of the 4,308 RSUs to be vested on each of the first, second, third and fourth anniversaries of the vesting commencement date.

The following table summarizes the activities of the Group's RSUs classified as equity for the three months ended March 31, 2025:

	Numbers of RSUs	Weighted average grant date fair value
		RMB
Outstanding at January 1, 2025	**550,347**	**38.25**
Granted	22,166	118.90
Forfeited	20,623	30.54
Vested	52,385	45.27
Outstanding at March 31, 2025	**499,505**	**41.42**

The Group did not grant RSUs during the years 2022. The weighted-average grant-date fair value of share units granted during the years 2023 and 2024 and three months ended March 31, 2024 and 2025 was RMB76.52, RMB31.22, RMB27.75 (unaudited) and RMB118.90, respectively. The total intrinsic value of share units exercised during the years ended December 31, 2023 and 2024 and three months ended March 31, 2024 and 2025 was RMB2,252, RMB7,789, RMB1,281 (unaudited) and RMB5,626. Total compensation expense recognized for the years ended December 31, 2023 and 2024 and three months ended March 31, 2024 and 2025 was RMB5,646, RMB6,507, RMB1,633 (unaudited) and RMB1,684.

As of March 31, 2025, there was RMB20,171 of unrecognized compensation expenses, which is expected to be recognized over a weighted average period of 2.48 years.

Tandem award

In May 2022, the Company granted an employee with a share option award of 60,000 shares with a per share exercise price of US$18.65, which is based on the fair value of the ordinary share at the date of the grant. The options will vest ratably over a four-year period with 25% vested every year. The option agreement includes a provision whereby the grantee can choose to receive cash payment at US$8 per share for any options that are vested but not exercised if his employment upon termination of employment when such grantee continuously work for the Group for four years. Exercise of share options cancels the cash award, and the cash redemption cancels all the vested share options. The Company considered this award as a combination grant of a cash settlement component with compensation cost measured based on the combined value.

This tandem award was originally classified as liability. In April 2024, share options were exercised and converted into equity. Total compensation expense recognized for the years ended December 31, 2022, 2023 and 2024 and three months ended March 31, 2024 and 2025 was RMB469, RMB666, RMB166, RMB166 (unaudited) and nil, respectively.

Share-based compensation for all employee share options, restricted share units and tandem award

The Group recorded share-based compensation expense of RMB105,219, RMB234,624, RMB116,064, RMB37,800 (unaudited) and RMB26,186 for the years ended December 31, 2022, 2023 and 2024 and three months ended March 31, 2024 and 2025, respectively, which were classified in the accompanying consolidated statements of operations as follows:

	For the year ended December 31,			Three months ended March 31,	
	2022	2023	2024	2024	2025
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
				(unaudited)	
Cost of revenues	8,037	16,245	6,932	2,249	1,935
Sales and marketing expenses	6,291	20,682	12,972	2,782	4,158
General and administrative expenses	48,998	63,326	27,776	14,948	4,193
Research and development expenses	41,893	134,371	68,384	17,821	15,900
Total	**105,219**	**234,624**	**116,064**	**37,800**	**26,186**

25. RELATED PARTY TRANSACTIONS

Major related parties that transacted with the Group and their respective relationship to the Group listed as below:

Name of the related parties	Relationship
Mr. Kai Sun	Founding Shareholder
Mr. Yifan Li	Founding Shareholder
Mr. Shaoqing Xiang	Founding Shareholder
Mr. Minglie Hu	Shareholder
Mr. Min Ai	Shareholder
Shanghai Leyi Technology L.P	An affiliate of the shareholder of the Group

(a) For the years ended December 31, 2022, 2023 and 2024 and three months ended March 31, 2024 and 2025, significant related party transactions were as follows:

	For the year ended December 31,			Three months ended March 31,	
	2022	2023	2024	2024	2025
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
				(unaudited)	
Payment for equity acquisition consideration					
Founding Shareholders and certain shareholders	–	17,506	–	–	292,721
Total	–	**17,506**	–	–	**292,721**

	For the year ended December 31,			Three months ended March 31,	
	2022	2023	2024	2024	2025
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
				(unaudited)	
Subscription consideration received from shareholders					
Founding Shareholders and certain shareholders	–	17,506	–	–	292,721
Total	–	**17,506**	–	–	**292,721**

(b) The amounts due from related parties for the end of each Track Record Period represent the proceeds receivable from an affiliate of the shareholder of the Group for exercises of employee share options which are non-trade in nature. The amounts have been settled as of the date of this report.

(c) The amounts due to related parties represent:

	As of December 31,			As of March 31,
	2022	2023	2024	2025
	RMB	*RMB*	*RMB*	*RMB*
Amounts due to related parties, net of allowance				
Founding Shareholders and certain shareholders *(i)*	334,283	326,028	326,256	–
An affiliate of the shareholder of the Group *(ii)*	–	14,023	8,997	5,335
Total	**334,283**	**340,051**	**335,253**	**5,335**

Notes:

(i) In May 2021, as an integrated step of the 2021 Reorganization, in order to comply with certain PRC foreign currency control rules and regulations, the Founding Shareholders and certain investors are in the process of applying for permissions to pay the subscription consideration to the Company. Once they obtained the approval to pay the subscription receivables at Cayman Company level, the Group will then settle the consideration payable for the acquisition of their equity interests in Shanghai Hesai to facilitate their payment of the subscription receivable for the ordinary shares of the Company as part of the reorganization. The amounts due to Founding Shareholders and certain shareholders are non-trade in nature. An amount of RMB507,620, RMB17,506 and RMB292,721 has been settled in 2021, 2023 and the first quarter of 2025, respectively. All payables or subscription receivables related to the 2021 Reorganization were settled as of March 31, 2025.

(ii) The balances are non-trade, interest free, repayable on demand and have been settled as of the date of this report.

26. LOSS PER SHARE

The following table sets forth the computation of basic and diluted losses per share for the years and periods indicated:

	For the year ended December 31,			Three months ended March 31,	
	2022	2023	2024	2024	2025
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
				(unaudited)	
Numerator					
Net loss	(300,765)	(475,968)	(102,376)	(106,925)	(17,549)
Deemed dividend	(446,419)	–	–	–	–
Net loss attributable to ordinary shareholders of the Company	**(747,184)**	**(475,968)**	**(102,376)**	**(106,925)**	**(17,549)**

	For the year ended December 31,			Three months ended March 31,	
	2022	2023	2024	2024	2025
				(unaudited)	
Denominator					
Weighted average number of ordinary shares outstanding-basic and diluted	115,534,593	124,783,013	129,188,125	127,336,569	131,456,631
Basic and diluted net loss per share attributable to ordinary shareholders (RMB)	(6.47)	(3.81)	(0.79)	(0.84)	(0.13)

For the years ended December 31, 2022, 2023 and 2024 and three months ended March 31, 2024 and 2025, the following share options were excluded from the calculation of diluted net loss per ordinary share, as their inclusion would have been anti-dilutive for the period prescribed.

	For the year ended December 31,			Three months ended March 31,	
	2022	2023	2024	2024	2025
				(unaudited)	
Shares issuable upon exercise of share options.	9,608,634	10,191,721	9,917,509	11,141,927	9,074,016
Shares issuable upon vest of restricted share units .	–	153,321	550,347	309,644	499,505
Shares issuable upon exercise of tandem award	60,000	60,000	–	60,000	–
Total	**9,668,634**	**10,405,042**	**10,467,856**	**11,511,571**	**9,573,521**

27. EMPLOYEE BENEFIT

Mainland China Contribution Plan

Full time employees of the Group in the PRC participate in a government-mandated defined contribution plan pursuant to which certain pension benefits, unemployment insurance, employee housing fund and other welfare benefits are provided to employees. PRC labor regulations require that the Group to accrue for these benefits based on a certain percentage of the employees' salaries. The total contribution for such employee benefits were RMB82,877, RMB122,844, RMB133,066, RMB28,149 (unaudited) and RMB32,010 for the years ended December 31, 2022, 2023 and 2024 and three months ended March 31, 2024 and 2025, respectively. The Group has no ongoing obligation to its employees subsequent to its contributions to the PRC plan.

28. STATUTORY RESERVES AND RESTRICTED NET ASSETS

The Group's entities in the PRC are required under PRC laws to distribute its after-tax profits of the current year and set aside at least 10% of its after-tax profits each year, if any, to fund certain statutory reserve funds until such reserve funds reach 50% of their registered capital. The statutory reserve funds are not distributable as cash dividends. The Group has no statutory reserve balance as of December 31, 2022, 2023 and 2024 and March 31, 2025.

The PRC entities with the Group are restricted from transferring their net assets to the Company, which include paid-in capital and statutory reserves. As of March 31, 2025, the balance of restricted net assets was RMB3,363,394.

29. COMMITMENTS AND CONTINGENCIES

Capital expenditure commitments related to the manufacturing facilities and investment commitments.

Future minimum capital payment under non-cancelable agreements are as follow:

	As of March 31, 2025
	RMB
The remaining of 2025	188,878

Royalty fee commitments

The Group is obligated to make royalty payments to a third party from 2020 through 2030. For each year starting from 2023, the royalty payment is determined to be the greater amount of a base payment of US$3.0 million (except for the year of 2030, where the base payment shall be US$0.3 million) or amount calculated based on a tiered percentage of net revenues. In particular, the percentage should be 4%, 3% and 2% for the net revenues of rotational scanning product from US$0 to US$425,000, from US$425,000 to US$2,925,000, and from US$2,925,000 to above, respectively. Net sales do not include (a) taxes, tariffs, customs duties, excise, or other governmental charges (except income tax) levied and that are separately stated in an invoice, (b) reasonable charges for freight or insurance that are separately stated in an invoice and borne by the Group or its affiliates.

The actual royalty fees for the years ended December 31, 2022, 2023 and 2024 and three months ended March 31, 2024 and 2025 were RMB18,044, RMB35,288, RMB24,542, RMB6,869 (unaudited) and RMB6,522, respectively.

Contingencies

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

On April 7, 2023, the Company and certain of its officers, directors, authorized U.S. representative, and IPO underwriters were named as defendants in a putative securities class action filed with federal court, alleging that the Company made false and misleading statements in its IPO registration statement.

On April 11, 2023, Ouster Inc. ("Ouster") filed a complaint against the Company with the United States District Court for the District of Delaware ("Delaware Action") for alleged patent infringement relating to the production, use, sale and/or importation of certain LiDAR systems and/or components thereof. In March 2025, the District Court of Delaware dismissed Ouster's complaint without any conditions, financial settlement or injunctive relief imposed.

The Group does not believe that any currently pending legal or administrative proceeding to which the Group is a party will have a material adverse effect on the financial statements. As of March 31, 2025, the accrued contingent liability was nil.

30. PARENT COMPANY ONLY CONDENSED FINANCIAL INFORMATION

The parent company only condensed financial information has been provided pursuant to the requirements of Rule 12-04(a) and 5-04(c) of SEC Regulation S-X when the restricted net assets of consolidated subsidiaries exceed 25 percent of consolidated net assets as of the end of the most recently completed fiscal year. The Company does not include condensed financial information as to the changes in deficit as such financial information is the same as the consolidated statements of changes in shareholders' deficit.

Condensed balance sheets of parent company

	As of December 31,		
	2022	2023	2024
	RMB	*RMB*	*RMB*
ASSETS			
Cash and cash equivalents	35,411	363,778	1,056,383
Short-term investments	–	581,962	–
Prepayments and other current assets	1,041	8,005	4,100
Investments in subsidiaries	2,806,201	2,929,800	2,915,337
Property and equipment, net	7	5	–
TOTAL ASSETS	**2,842,660**	**3,883,550**	**3,975,820**
LIABILITIES, MEZZANINE EQUITY AND SHAREHOLDERS' (DEFICIT) EQUITY			
Amounts due to subsidiaries	–	14,024	8,997
Accrued expenses and other current liabilities	927	7,208	35,092
TOTAL LIABILITIES	**927**	**21,232**	**44,089**
Mezzanine equity			
Redeemable shares (US$0.0001 par value, 54,551,513, nil, nil and nil shares issued and outstanding as of December 31, 2022, 2023 and 2024 and March 31, 2025, respectively)	**5,986,910**	–	–
Shareholders' (deficit) equity			
Class A Ordinary Shares (US$0.0001 par value, 35,000,000, 50,000,000, 50,000,000 and 50,000,000 shares authorized, 30,033,379, 30,033,379, 30,015,905 and 26,998,861 shares issued and outstanding as of December 31, 2022, 2023 and 2024, and March 31, 2025, respectively)	19	19	19
Class B Ordinary Shares (US$0.0001 par value, 150,000,000, 900,000,000, 900,000,000 and 900,000,000 shares authorized, 30,949,701, 99,626,332, 101,143,806 and 106,660,850 shares issued, 30,949,701, 96,995,110, 101,143,806 and 105,155,743 shares outstanding as of December 31, 2022, 2023 and 2024, and March 31, 2025, respectively)	20	67	70
Additional paid-in capital	–	7,423,862	7,577,113
Subscription receivables	(310,227)	(292,721)	(292,721)
Accumulated other comprehensive (loss) income	(3,608)	38,440	56,975
Accumulated deficit	(2,831,381)	(3,307,349)	(3,409,725)
TOTAL SHAREHOLDERS' (DEFICIT) EQUITY	**(3,145,177)**	**3,862,318**	**3,931,731**
TOTAL LIABILITIES, MEZZANINE EQUITY AND SHAREHOLDERS' (DEFICIT) EQUITY	**2,842,660**	**3,883,550**	**3,975,820**

Condensed statements of operations and comprehensive loss for the years ended December 31, 2022, 2023 and 2024

	For the year ended December 31,		
	2022	2023	2024
	RMB	*RMB*	*RMB*
Net revenues	–	–	–
Sales and marketing expenses	–	–	(6,741)
General and administrative expenses	(37,105)	(98,099)	(67,475)
Interest income	–	42,402	50,754
Foreign exchange gain (loss)	2	(12)	(9)
Equity in deficit of subsidiaries	(263,662)	(420,259)	(78,905)
Net Loss	**(300,765)**	**(475,968)**	**(102,376)**
Deemed dividend	(446,419)	–	–
Net loss attributable to ordinary shareholders of the Company	**(747,184)**	**(475,968)**	**(102,376)**
Net Loss	**(300,765)**	**(475,968)**	**(102,376)**
Comprehensive (loss) income, net of tax of nil:			
Foreign currency translation adjustments	(12,073)	42,048	18,535
Comprehensive (loss) income	**(312,838)**	**(433,920)**	**(83,841)**

Condensed statements of cash flows for the years ended December 31, 2022, 2023 and 2024

	For the year ended December 31,		
	2022	2023	2024
	RMB	*RMB*	*RMB*
Cash flows from operating activities:			
Net loss	**(300,765)**	**(475,968)**	**(102,376)**
Adjustments to reconcile net loss to net cash used in (provided by) operating activities:			
Depreciation and amortization	2	3	3
Loss from equity in deficit of subsidiaries	263,662	420,259	78,905
Share-based compensation	33,342	42,379	11,922
Fair value change of short-term investments	–	(12,500)	12,500
Foreign exchange (gain) loss, net	(2)	12	9
Changes in operating assets and liabilities:			
Prepayments and other current assets	(545)	(1,544)	3,905
Accrued expenses and other current liabilities	2,611	6,281	27,885
Net cash (used in) provided by operating activities	**(1,695)**	**(21,078)**	**32,753**
Cash flows from investing activities:			
Purchases of short-term investments	–	(742,287)	(309,349)
Maturity of short-term investments	–	176,302	878,812
Purchases of property and equipment	(10)	–	–
Payment and collection of loans to and investments in subsidiaries	–	(379,237)	55,792
Net cash (used in) provided by investing activities	**(10)**	**(945,222)**	**625,255**
Cash flows from financing activities:			
Cash contribution from shareholders in connection with the 2021 Reorganization	–	17,506	–
Proceeds from issuance of ordinary shares	–	1,225,470	–
Payment of offering costs	–	(22,828)	–
Proceeds from issuance of ordinary shares upon the exercise of share options	–	2,872	34,139
Collection and payments of amounts due to subsidiaries	–	14,024	(15,710)

	For the year ended December 31,		
	2022	2023	2024
	RMB	*RMB*	*RMB*
Net cash provided by financing activities	**–**	**1,237,044**	**18,429**
Net (decrease) increase in cash and cash equivalents	**(1,705)**	**270,744**	**676,437**
Cash and cash equivalents, beginning of the year	**36,160**	**35,411**	**363,778**
Effect of foreign exchange rate changes on cash and cash equivalents	956	57,623	16,168
Cash and cash equivalents, end of the year	**35,411**	**363,778**	**1,056,383**
Supplemental disclosure of non-cash financing activities:			
Accrued offering cost	480	–	–

(a) The condensed financial information has been prepared using the same accounting policies as set out in the Historical Financial Information except that the equity method has been used to account for investments in its subsidiaries. For the parent company, the Company records its investments in subsidiaries under the equity method of accounting as prescribed in ASC 323, Investments — Equity Method and Joint Ventures. Such investments are presented on the balance sheets of the Company as "Investment in subsidiaries" and the subsidiaries' loss as "Loss from equity in deficit of subsidiaries" on the condensed statements of operations and comprehensive (loss) income. Ordinarily under the equity method, an investor in an equity method investee would cease to recognize its share of the losses of an investee once the carrying value of the investment has been reduced to nil absent an undertaking by the investor to provide continuing support and fund losses. For the purpose of this parent company only condensed financial information, the parent company has continued to reflect its share, based on its proportionate interest, of the losses of subsidiaries regardless of the carrying value of the investment even though the parent company is not obligated to provide continuing support or fund losses.

(b) As of December 31, 2022, 2023 and 2024, there were no material contingencies, significant provisions of long-term obligations, guarantees of the Company.

31. DIRECTORS' EMOLUMENTS

Directors' and chief executive's remuneration for the Track Record Period, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, is as follows:

	For the year ended December 31,			Three months ended March 31,	
	2022	2023	2024	2024	2025
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
				(unaudited)	
Salaries, allowances and benefits in kind	5,302	6,110	5,653	1,692	1,209
Performance related bonuses	3,551	9,737	6,600	1,627	1,621
Share-based compensation expense	43,301	45,979	14,412	11,178	651
Contributions to retirement benefits scheme	252	272	284	72	72
Total paid salaries, bonuses and other benefits	**52,406**	**62,098**	**26,949**	**14,569**	**3,553**

The emoluments of the directors of the Company on a named basis for the year ended December 31, 2022 are as follows:

	Salaries, allowances and benefits in kind	Performance related bonuses	Share-based compensation expense	Contributions to retirement benefits scheme	Total paid salaries, bonuses, and other benefits
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
Dr. Yifan Li *(note (i))*	834	989	–	63	1,886
Dr. Kai Sun *(note (ii))*	821	989	–	63	1,873
Mr. Shaoqing Xiang *(note (iii))*	821	989	–	63	1,873
Mr. Louis T. Hsieh *(note (iv))*	2,000	241	42,349	–	44,590
Ms. Cailian Yang *(note (v))*	826	343	952	63	2,184
	5,302	**3,551**	**43,301**	**252**	**52,406**

The emoluments of the directors of the Company on a named basis for the year ended December 31, 2023 are as follows:

	Salaries, allowances and benefits in kind	Performance related bonuses	Share-based compensation expense	Contributions to retirement benefits scheme	Total paid salaries, bonuses, and other benefits
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
Dr. Yifan Li *(note (i))*	886	1,101	–	68	2,055
Dr. Kai Sun *(note (ii))*	884	1,101	–	68	2,053
Mr. Shaoqing Xiang *(note (iii))*	893	1,101	–	68	2,062
Mr. Louis T. Hsieh *(note (iv))*	2,000	5,972	42,172	–	50,144
Ms. Cailian Yang *(note (v))*	654	462	2,871	68	4,055
Ms. Yi Zhang *(note (vi))*	529	–	624	–	1,153
Dr. Jie Chen *(note (vi))*	264	–	312	–	576
	6,110	**9,737**	**45,979**	**272**	**62,098**

The emoluments of the directors of the Company on a named basis for the year ended December 31, 2024 are as follows:

	Salaries, allowances and benefits in kind	Performance related bonuses	Share-based compensation expense	Contributions to retirement benefits scheme	Total paid salaries, bonuses, and other benefits
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
Dr. Yifan Li *(note (i))*	1,312	1,695	–	71	3,078
Dr. Kai Sun *(note (ii))*	939	1,907	–	71	2,917
Mr. Shaoqing Xiang *(note (iii))*	943	1,909	–	71	2,923
Mr. Louis T. Hsieh *(note (iv))*	725	333	11,922	–	12,980
Ms. Cailian Yang *(note (v))*	667	756	1,445	71	2,939
Ms. Yi Zhang *(note (vi))*	711	–	697	–	1,408
Dr. Jie Chen *(note (vi))*	356	–	348	–	704
	5,653	**6,600**	**14,412**	**284**	**26,949**

The emoluments of the directors of the Company on a named basis for the three months ended March 31, 2024 are as follows:

	Salaries, allowances and benefits in kind	Performance related bonuses	Share-based compensation expense	Contributions to retirement benefits scheme	Total paid salaries, bonuses, and other benefits
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
Unaudited					
Dr. Yifan Li *(note (i))*	310	401	–	18	729
Dr. Kai Sun *(note (ii))*	225	477	–	18	720
Mr. Shaoqing Xiang *(note (iii))*	229	477	–	18	724
Mr. Louis T. Hsieh *(note (iv))*	500	83	10,558	–	11,141
Ms. Cailian Yang *(note (v))*	162	189	359	18	728
Ms. Yi Zhang *(note (vi))*	177	–	174	–	351
Dr. Jie Chen *(note (vi))*	89	–	87	–	176
	1,692	**1,627**	**11,178**	**72**	**14,569**

The emoluments of the directors of the Company on a named basis for the three months ended March 31, 2025 are as follows:

	Salaries, allowances and benefits in kind	Performance related bonuses	Share-based compensation expense	Contributions to retirement benefits scheme	Total paid salaries, bonuses, and other benefits
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
Dr. Yifan Li *(note (i))*	296	526	–	18	840
Dr. Kai Sun *(note (ii))*	237	427	–	18	682
Mr. Shaoqing Xiang *(note (iii))*	240	474	–	18	732
Ms. Cailian Yang *(note (v))*	167	194	389	18	768
Ms. Yi Zhang *(note (vi))*	179	–	175	–	354
Dr. Jie Chen *(note (vi))*	90	–	87	–	177
	1,209	**1,621**	**651**	**72**	**3,553**

Notes:

i. Dr. Yifan Li is the Co-Founder of the Group and has served as chief executive officer and director since inception.

ii. Dr. Kai Sun is the Co-Founder of the Group and has served as chief scientist and director since inception.

iii. Mr. Shaoqing Xiang is the Co-Founder of the Group and has served as chief technology officer and director since inception.

iv. Mr. Louis T. Hsieh had served as global chief financial officer since April 2021 and director since June 2021, he resigned from the position for personal and family reasons on May 13, 2024.

v. Ms. Cailian Yang has served as vice president of operations and director since November 2017.

vi. Ms. Yi Zhang and Dr. Jie Chen were appointed as independent directors on January 30, 2023.

The directors' emoluments shown above were paid for their services in connection with the management of the affairs of the Group. Additionally, there was no arrangement under which a director waived or agreed to waive any remuneration during the Track Record Period.

32. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group included 1 director for the years ended December 31, 2022, 2023 and 2024, and 3 directors for the three months ended March 31, 2024 and 2025, respectively, details of whose remuneration are set out in Note 31 above. Details of the remuneration of the remaining non-director employees are as follows:

	For the year ended December 31,			Three months ended March 31,	
	2022	2023	2024	2024	2025
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
				(unaudited)	
Salaries, allowances and benefits in kind	6,489	6,222	6,154	767	782
Performance related bonuses	1,489	3,727	6,642	648	626
Contributions to retirement benefits scheme	245	336	276	35	86
Share-based compensation	6,291	21,548	7,691	1,956	1,019
Total paid salaries, bonuses and other benefits	**14,514**	**31,833**	**20,763**	**3,406**	**2,513**

The number of the highest paid employees who are not the directors of the Company whose remuneration fell within the following bands is as follows:

	For the year ended December 31,			Three months ended March 31,	
	2022	2023	2024	2024	2025
	No. of employees	No. of employees	No. of employees	No. of employees	No. of employees
				(unaudited)	
HK$900,001 to HK$1,000,000	–	–	–	1	–
HK$1,000,001 to HK$1,500,000	–	–	–	–	2
HK$2,000,001 to HK$2,500,000	–	–	–	1	–
HK$2,500,001 to HK$3,000,000	1	–	–	–	–
HK$4,000,001 to HK$4,500,000	2	–	–	–	–
HK$4,500,001 to HK$5,000,000	–	1	1	–	–
HK$5,000,001 to HK$5,500,000	–	–	1	–	–
HK$5,500,001 to HK$6,000,000	1	1	1	–	–
HK$6,500,001 to HK$7,000,000	–	1	–		
HK$7,000,001 to HK$7,500,000	–	–	1	–	–
HK$18,000,001 to HK$18,500,000	–	1	–	–	–
	4	4	4	2	2

During the Track Record Period, no emoluments were paid by the Group to the directors of the Company or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office.

33. RECONCILIATION BETWEEN U.S. GAAP AND INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Historical Financial Information is prepared in accordance with U.S. GAAP, which differ in certain respects from International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board. The differences in operating leases, long-term investments and inventory write-downs during the Track Record Period are immaterial and will not be reconciled, and the effects of material differences between the Historical Financial Information prepared under U.S. GAAP and IFRSs are as follows:

Reconciliation of Consolidated Statements of Operations and Comprehensive (Loss) Income

	For the year ended of December 31, 2022					
		IFRS adjustments				
Consolidated Statement of Operations and Comprehensive (Loss) income (Extract)	Amounts as reported under U.S. GAAP	Classification and measurement of redeemable shares	Share-based compensation	Listing expense	Subscription receivables	Amounts as reported under IFRSs
		(Note (a))	*(Note (b))*	*(Note (c))*	*(Note (d))*	
	RMB	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*
Cost of revenues	(730,683)	–	(4,467)	–	–	(735,150)
Sales and marketing expenses	(104,835)	–	(4,968)	–	–	(109,803)
General and administrative expenses	(201,007)	–	(14,060)	(6,078)	–	(221,145)
Research and development expenses	(555,179)	–	(27,929)	–	–	(583,108)
Other income (loss), net	(2,161)	(20,723)	–	–	–	(22,884)
Net loss	(300,765)	(20,723)	(51,424)	(6,078)	–	(378,990)
Deemed dividend	(446,419)	446,419	–	–	–	–
Net loss attributable to ordinary shareholders of the Company	(747,184)	425,696	(51,424)	(6,078)	–	(378,990)
Other comprehensive income (loss)						
Foreign currency translation adjustments	(12,073)	(622,093)	–	–	28,387	(605,779)
Comprehensive (loss) income	(312,838)	(642,816)	(51,424)	(6,078)	28,387	(984,769)

	For the year ended of December 31, 2023					
		IFRS adjustments				
Consolidated Statement of Operations and Comprehensive (Loss) income (Extract)	Amounts as reported under U.S. GAAP	Classification and measurement of redeemable shares	Share-based compensation	Listing expense	Subscription receivables	Amounts as reported under IFRSs
		(Note (a))	*(Note (b))*	*(Note (c))*	*(Note (d))*	
	RMB	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*
Cost of revenues	(1,215,611)	–	(1,904)	–	–	(1,217,515)
Sales and marketing expenses	(148,798)	–	(13,297)	–	–	(162,095)
General and administrative expenses	(320,144)	–	17,028	(20,770)	–	(323,886)
Research and development expenses	(790,547)	–	(2,115)	–	–	(792,662)
Other income (loss), net	34	149,435	–	–	–	149,469
Net loss	(475,968)	149,435	(288)	(20,770)	–	(347,591)
Net loss attributable to ordinary shareholders of the Company	(475,968)	149,435	(288)	(20,770)	–	(347,591)
Other comprehensive income (loss)						
Foreign currency translation adjustments	42,048	182,341	–	–	3,933	228,322
Comprehensive (loss) income	(433,920)	331,776	(288)	(20,770)	3,933	(119,269)

Consolidated Statement of Operations and Comprehensive (Loss) income (Extract)	For the year ended of December 31, 2024			
	Amounts as reported under U.S. GAAP	IFRS adjustments		Amounts as reported under IFRSs
		Share-based compensation	Subscription receivables	
		(Note (b))	*(Note (d))*	
	RMB	*RMB*	*RMB*	*RMB*
Cost of revenues	(1,192,572)	1,317	–	(1,191,255)
Sales and marketing expenses	(193,032)	(5,531)	–	(198,563)
General and administrative expenses	(316,913)	10,142	–	(306,771)
Research and development expenses	(855,641)	351	–	(855,290)
Net loss	**(102,376)**	**6,279**	**–**	**(96,097)**
Net loss attributable to ordinary shareholders of the Company	**(102,376)**	**6,279**	**–**	**(96,097)**
Other comprehensive income (loss)				
Foreign currency translation adjustments	18,535	–	4,807	23,342
Comprehensive (loss) income	**(83,841)**	**6,279**	**4,807**	**(72,755)**

Consolidated Statement of Operations and Comprehensive (Loss) income (Extract)	For the three months ended of March 31, 2024 (unaudited)			
	Amounts as reported under U.S. GAAP	IFRS adjustments		Amounts as reported under IFRSs
		Share-based compensation	Subscription receivables	
		(Note (b))	*(Note (d))*	
	RMB	*RMB*	*RMB*	*RMB*
Cost of revenues	(219,898)	289	–	(219,609)
Sales and marketing expenses	(41,964)	(2,845)	–	(44,809)
General and administrative expenses	(68,767)	5,537	–	(63,230)
Research and development expenses	(194,402)	(3,720)	–	(198,122)
Net loss	**(106,925)**	**(739)**	**–**	**(107,664)**
Net loss attributable to ordinary shareholders of the Company	**(106,925)**	**(739)**	**–**	**(107,664)**
Other comprehensive income (loss)				
Foreign currency translation adjustments	3,088	–	559	3,647
Comprehensive (loss) income	**(103,837)**	**(739)**	**559**	**(104,017)**

Consolidated Statement of Operations and Comprehensive (Loss) income (Extract)	For the three months ended of March 31, 2025			
	Amounts as reported under U.S. GAAP	IFRS adjustments		Amounts as reported under IFRSs
		Share-based compensation	Subscription receivables	
		(Note (b))	*(Note (d))*	
	RMB	*RMB*	*RMB*	*RMB*
Cost of revenues	(306,067)	606	–	(305,461)
Sales and marketing expenses	(50,546)	418	–	(50,128)
General and administrative expenses	(54,087)	765	–	(53,322)
Research and development expenses	(183,306)	2,525	–	(180,781)
Net loss	**(17,549)**	**4,314**	**–**	**(13,235)**
Net loss attributable to ordinary shareholders of the Company	**(17,549)**	**4,314**	**–**	**(13,235)**

Consolidated Statement of Operations and Comprehensive (Loss) income (Extract)	For the three months ended of March 31, 2025			
	Amounts as reported under U.S. GAAP	IFRS adjustments		Amounts as reported under IFRSs
		Share-based compensation	Subscription receivables	
		(Note (b))	*(Note (d))*	
	RMB	*RMB*	*RMB*	*RMB*
Other comprehensive income (loss)				
Foreign currency translation adjustments .	31,898	–	(33,179)	(1,281)
Comprehensive (loss) income	**14,349**	**4,314**	**(33,179)**	**(14,516)**

Reconciliation of Consolidated Balance Sheets

Consolidated Balance Sheet (Extract)	As of December 31, 2022					
	Amounts as reported under U.S. GAAP	IFRS adjustments				Amounts as reported under IFRSs
		Classification and measurement of redeemable shares	Share-based compensation	Listing expense	Subscription receivables	
		(Note (a))	*(Note (b))*	*(Note (c))*	*(Note (d))*	
	RMB	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*
Prepayments and other current assets	126,452	–	–	(8,593)	335,722	453,581
Total assets	**3,839,396**	–	–	**(8,593)**	**335,722**	**4,166,525**
Financial liabilities at fair value through profit or loss	–	7,369,985	–	–	–	7,369,985
Total liabilities.	**997,663**	**7,369,985**	–	–	–	**8,367,648**
Mezzanine equity	**5,986,910**	**(5,986,910)**	–	–	–	–
Shareholders' (deficit) equity						
Additional paid-in capital	–	79,758	105,216	–	–	184,974
Subscription receivables	(310,227)	–	–	–	310,227	–
Accumulated other comprehensive (loss) income.	(3,608)	(561,480)	–	–	25,495	(539,593)
Accumulated deficit	(2,831,381)	(901,353)	(105,216)	(8,593)	–	(3,846,543)
Total shareholders' deficit	**(3,145,177)**	**(1,383,075)**	–	**(8,593)**	**335,722**	**(4,201,123)**

Consolidated Balance Sheet (Extract)	As of December 31, 2023					
	Amounts as reported under U.S. GAAP	IFRS adjustments				Amounts as reported under IFRSs
		Classification and measurement of redeemable shares	Share-based compensation	Listing expense	Subscription receivables	
		(Note (a))	*(Note (b))*	*(Note (c))*	*(Note (d))*	
	RMB	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*
Prepayments and other current assets	208,082	–	–	–	322,149	530,231
Total assets	**5,662,543**	–	–	–	**322,149**	**5,984,692**
Shareholders' (deficit) equity						
Additional paid-in capital	7,423,862	1,577,476	105,504	29,363	–	9,136,205
Subscription Receivables.	(292,721)	–	–	–	292,721	–
Accumulated other comprehensive (loss) income.	38,440	(379,139)	–	–	29,428	(311,271)
Accumulated deficit	(3,307,349)	(1,198,337)	(105,504)	(29,363)	–	(4,640,553)
Total shareholders' equity	**3,862,318**	–	–	–	**322,149**	**4,184,467**

Consolidated Balance Sheet (Extract)	As of December 31, 2024					
		IFRS adjustments				
	Amounts as reported under U.S. GAAP	Classification and measurement of redeemable shares	Share-based compensation	Listing expense	Subscription receivables	Amounts as reported under IFRSs
		(Note (a))	(Note (b))	(Note (c))	(Note (d))	
	RMB	RMB	RMB	RMB	RMB	RMB
Prepayments and other current assets	193,448	–	–	–	326,956	520,404
Total assets	**5,989,611**	–	–	–	**326,956**	**6,316,567**
Shareholders' (deficit) equity						
Additional paid-in capital	7,577,113	1,577,476	99,225	29,363	–	9,283,177
Subscription receivables	(292,721)	–	–	–	292,721	–
Accumulated other comprehensive (loss) income	56,975	(379,139)	–	–	34,235	(287,929)
Accumulated deficit	(3,409,725)	(1,198,337)	(99,225)	(29,363)	–	(4,736,650)
Total shareholders' equity	**3,931,731**	–	–	–	**326,956**	**4,258,687**

Consolidated Balance Sheet (Extract)	As of March 31, 2025				
		IFRS adjustments			
	Amounts as reported under U.S. GAAP	Classification and measurement of redeemable shares	Share-based compensation	Listing expense	Amounts as reported under IFRSs
		(Note (a))	(Note (b))	(Note (c))	
	RMB	RMB	RMB	RMB	RMB
Shareholders' (deficit) equity					
Additional paid-in capital	7,615,445	1,577,476	94,911	29,363	9,317,195
Accumulated other comprehensive (loss) income	88,873	(379,139)	–	–	(290,266)
Accumulated deficit	(3,427,274)	(1,198,337)	(94,911)	(29,363)	(4,749,885)
Total shareholders' equity	**4,277,134**	–	–	–	**4,277,134**

Notes:

(a) Classification and measurement of redeemable shares

Under U.S. GAAP, the Group classified the redeemable shares as mezzanine equity in the consolidated balance sheets because they were redeemable at the holders' option upon the occurrence of certain deemed liquidation events that outside the Group's control. The redeemable shares were recorded initially at fair value, net of issuance costs. The Group recognized accretion as deemed dividend to the respective redemption value of the redeemable shares over the period starting from issuance date to the earliest redemption date. The accretion was recognized and charged against retained earnings, or in the absence of retained earnings, by charges against additional paid-in capital. Once additional paid-in-capital has been exhausted, additional charges are recorded by increasing the accumulated deficit.

Under IFRSs, the redeemable shares, which were contingently redeemable at the option of the holders, were classified as financial liabilities. The redeemable shares were designated as financial liabilities at fair value through profit or loss, which were initially and subsequently measured at fair value. Subsequent to initial recognition, the Group considered that the amounts of changes in fair value of the redeemable shares that were attributed to changes in credit risk of the redeemable shares recognized in other comprehensive income (loss) were insignificant. The amount of change in the fair value of the financial liability was presented as other income (loss) in consolidated statements of operations and comprehensive (loss) income.

Due to the difference in classification of redeemable shares under U.S. GAAP and IFRSs, the reconciliation includes the decrease of mezzanine equity of RMB5,986,910, nil, nil and nil as of December 31, 2022, 2023 and 2024 and March 31, 2025, respectively. In relation to the accretion of mezzanine equity under U.S. GAAP, the reconciliation includes the decrease of accretions of RMB446,419, nil, nil, nil and nil in the consolidated statements of operations and comprehensive (loss) income for the years ended December 31, 2022, 2023 and 2024 and three months ended March 31, 2024 and 2025, respectively and also increase in additional paid-in capital of RMB79,758, RMB1,577,476, RMB1,577,476, RMB1,577,476 and RMB1,577,476 and decrease in accumulated deficit, for the accretion impact that exhausted the additional paid-in capital, of RMB901,353, RMB1,198,337, RMB1,198,337 and RMB1,198,337 in the consolidated balance sheets as of December 31, 2022, 2023 and 2024 and March 31, 2025, respectively.

In regard of the classification of financial liability under IFRSs, the reconciliation includes the increase of financial liabilities of RMB7,369,985, nil, nil and nil in the consolidated balance sheets as of December 31, 2022, 2023 and 2024 and March 31, 2025, respectively. Thus, the reconciliation also includes the fair value change of the redeemable shares of RMB20,723, RMB149,435, nil, nil and nil, and foreign currency translation differences of RMB622,093, RMB182,341, nil, nil and nil in the consolidated statements of operations and comprehensive (loss) income for the years ended December 31, 2022, 2023 and 2024 and three months ended March 31, 2024 and 2025, respectively.

All the redeemable shares of the Company were converted into ordinary shares upon the completion of the Company's IPO in United States on February 9, 2023. Consequently, there was no such reconciliation item in classification and measurement of redeemable shares between U.S. GAAP and IFRSs subsequently.

(b) Share-based compensation

Under U.S. GAAP, the Group has elected to recognize compensation expense using the straight-line method for all employee equity awards granted with graded vesting over the requisite service period. Additionally, the Group has chosen to account for forfeitures when they occur.

Under IFRSs, the accelerated method is required to recognize compensation expense for all employee equity awards granted with graded vesting. Forfeitures must be estimated, and share-based compensation expenses were recognized net of estimated forfeitures.

Accordingly, the reconciliation includes differences in operating cost and expenses of RMB51,424, RMB288, RMB6,279, RMB739 and RMB4,314 for the years ended December 31, 2022, 2023 and 2024 and three months ended March 31, 2024 and 2025, respectively.

(c) Listing expense

Under U.S. GAAP, specific incremental costs considered directly attributable to the offering of equity securities ("listing expenses") may be deferred and capitalized against the gross proceeds of the offering.

Under IFRSs, only those listing expenses considered directly attributable to the issuance of new shares to investors can be capitalized. Those listing expenses considered directly attributable to the listing of existing shares on a stock exchange are not considered transaction costs that qualify for capitalization. Such costs should be expensed as incurred instead.

Accordingly, the reconciliation includes an expense recognition difference in the consolidated statements of operations and comprehensive (loss) income of RMB6,078, RMB20,770, nil, nil and nil for the years ended December 31, 2022, 2023 and 2024 and three months ended March 31, 2024 and 2025, respectively and a difference in shareholders' deficit of RMB8,593, RMB29,363, RMB29,363 and RMB29,363 as of December 31, 2022, 2023 and 2024 and March 31, 2025, respectively, in relation to the listing expenses incurred during the IPO and listing of the Company's ADSs on the Nasdaq in February 2023.

(d) Receivables from shareholders

Under U.S. GAAP, shareholders' subscription consideration to the Company's equity that has not been paid is accounted for as a contra-equity account in subscription receivables using the historical exchange rates.

Under IFRSs, such shareholders' subscription consideration is recognized as a financial asset measured at amortized cost. Financial asset is a monetary item measured into the reporting currency using the exchange rate at the balance sheet date.

Accordingly, the reconciliation includes reclassification of subscription receivables of RMB310,227 to prepayments and other current assets as of December 31, 2022, 2023 and 2024 and March 31, 2025, respectively and recognition of foreign currency translation differences of RMB28,387, RMB3,933, RMB4,807, RMB559 and RMB33,179 in the consolidated statements of operations and comprehensive (loss) income for the years ended December 31, 2022, 2023 and 2024 and three months ended March 31, 2024 and 2025, respectively.

34. SUBSEQUENT EVENTS

The Group has the following material subsequent events from April 1, 2025 and up to the date of this report:

In April, May and August 2025, the Group granted a total of 44,161, 778,233, 80,300, 284,084 and 13,400 share options at the exercise price of US$0.10, US$2.60, US$4.29, US$4.66 and US$5.15, respectively, and 10,342 RSUs to certain employees under the 2021 Plan, with the vesting period of 4 years. Based on the Company's preliminary assessment, the aggregate fair value of the share options and RSUs granted amounted to approximately RMB129,780.

In April 2025, the Company, through a partnership, indirectly subscribed approximately 10% equity interest in an early-stage technological company (the "Investee"), an associate of Founding Shareholders of the Group, for a cash consideration of US$13.9 million, equivalent to approximately RMB100,000.

In May 2025, the Group entered into an intellectual property licensing and transfer agreement (the "IP Licensing and Transfer Agreement") with a subsidiary of the Investee, pursuant to which (i) the subsidiary of the Investee agreed to acquire certain of the Group's internally-generated know-how at a consideration of approximately RMB36,967, which was determined based on the appraised value of such internally-generated know-how assessed by an independent third-party professional valuation firm, and (ii) the Group agreed to transfer such internally-generated know-how to the subsidiary of the Investee and grant to it licenses for the use for a period up to the completion of such acquisition. The transfer has been completed in August 2025.

In August 2025, the Company, through a partnership, indirectly disposed its entire equity interest in the Investee to two independent third-party investors for a cash consideration of US$38.4 million, equivalent to RMB275,286. The gain on the indirect disposal of the Investee after deduction of the related taxes and expenses would be approximately US$20.7 million, equivalent to RMB148,358.

35. DIVIDENDS

No dividends have been declared or paid by the Company in respect of the Track Record Period.

36. SUBSEQUENT FINANCIAL INFORMATION

No audited financial statements have been prepared by the Group, the Company or any of the companies now comprising the Group in respect of any period subsequent to March 31, 2025 and up to the date of this report.

The following is the text of a report set out on pages IA-1 to IA-2, received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. The information set out on pages IA-3 to IA-29 is the unaudited condensed consolidated financial statements of the Group as of and for the six months ended June 30, 2025, and does not form part of the Accountants' Report as set out in Appendix I to this prospectus, and is included herein for information purpose only.

Deloitte. 德勤

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors of Hesai Group
(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of Hesai Group (the "Company") and its subsidiaries (together, the "Group") set out on pages IA-3 to IA-29, which comprise the condensed consolidated balance sheet as of June 30, 2025 and the related condensed consolidated statement of operations and comprehensive (loss) income, changes in shareholders' equity and cash flows for the six-month period then ended, and certain explanatory notes. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("HRSRE 2410") issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consist of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with U.S. GAAP.

Other Matter

We draw attention to the fact that the comparative condensed consolidated statement of operations and comprehensive loss, changes in shareholders' equity and cash flows for the six-month period ended June 30, 2024 and the relevant explanatory notes included in these condensed consolidated financial statements have not been reviewed in accordance with HKSRE 2410.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
September 8, 2025

CONDENSED CONSOLIDATED BALANCE SHEET
AS OF JUNE 30, 2025
(Amounts in thousands, except share and per share data and otherwise noted)

	Notes	As of December 31, 2024	As of June 30, 2025	
		RMB	*RMB*	*US$*
		(audited)	*(unaudited)*	*(unaudited)*
ASSETS				
Current assets:				
Cash and cash equivalents		2,838,966	2,734,345	381,700
Restricted cash		3,594	4,079	569
Short-term investments	*3*	362,195	110,514	15,427
Notes receivable		22,341	33,020	4,609
Accounts receivable, net (net of allowance of RMB54,972 and RMB59,213 as of December 31, 2024 and June 30, 2025, respectively)	*4*	765,027	1,057,372	147,603
Contract assets, net (net of allowance of RMB9,901 and RMB9,901 as of December 31, 2024 and June 30, 2025, respectively)		9,909	9,909	1,383
Amounts due from related parties		5,039	–	–
Inventories	*5*	482,137	599,252	83,652
Prepayments and other current assets, net	*6*	193,448	273,777	38,218
Total current assets		**4,682,656**	**4,822,268**	**673,161**
Non-current assets:				
Property and equipment, net	*7*	944,218	1,014,431	141,609
Intangible assets, net		76,554	89,844	12,542
Land-use rights, net		39,879	39,447	5,507
Long-term investments	*8*	31,798	131,776	18,395
Operating lease right-of-use assets		114,260	92,580	12,924
Other non-current assets		100,246	71,739	10,014
Total non-current assets		**1,306,955**	**1,439,817**	**200,991**
TOTAL ASSETS		**5,989,611**	**6,262,085**	**874,152**

	Notes	As of December 31, 2024	As of June 30, 2025	
		RMB	RMB	US$
		(audited)	(unaudited)	(unaudited)
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Short-term borrowings	9	345,253	478,230	66,758
Notes payable		10,096	120,498	16,821
Accounts payable	10	345,011	461,879	64,476
Contract liabilities		32,994	31,669	4,421
Amounts due to related parties	15	335,253	–	–
Accrued warranty liability		43,607	57,605	8,041
Accrued expenses and other current liabilities	11	516,726	365,951	51,084
Total current liabilities		**1,628,940**	**1,515,832**	**211,601**
Non-current liabilities				
Operating lease liabilities	12	98,370	77,313	10,792
Long-term borrowings	9	269,438	273,435	38,170
Other non-current liabilities		61,132	40,271	5,622
Total non-current liabilities		**428,940**	**391,019**	**54,584**
TOTAL LIABILITIES		**2,057,880**	**1,906,851**	**266,185**
Commitments and contingencies	17			
Shareholders' equity				
Class A Ordinary Shares (US$0.0001 par value, 50,000,000 shares authorized, 30,015,905 and 26,998,861 shares issued and outstanding as of December 31, 2024 and June 30, 2025, respectively)		19	17	2
Class B Ordinary Shares (US$0.0001 par value, 900,000,000 shares authorized, 101,143,806 and 106,660,850 shares issued, 101,143,806 and 105,877,327 shares outstanding as of December 31, 2024 and June 30, 2025, respectively)		70	73	11
Additional paid-in capital		7,577,113	7,651,112	1,068,054
Subscription receivables		(292,721)	–	–
Accumulated other comprehensive income		56,975	87,220	12,175
Accumulated deficit		(3,409,725)	(3,383,188)	(472,275)
TOTAL SHAREHOLDERS' EQUITY		**3,931,731**	**4,355,234**	**607,967**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**5,989,611**	**6,262,085**	**874,152**

CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS AND COMPREHENSIVE (LOSS) INCOME FOR THE SIX MONTHS ENDED JUNE 30, 2025

(Amounts in thousands, except share and per share data and otherwise noted)

	Notes	Six months ended June 30,		
		2024	2025	
		RMB	RMB	US$
		(unaudited)	(unaudited)	(unaudited)
Net revenues	13	**817,982**	**1,231,690**	**171,937**
Cost of revenues		(471,934)	(711,977)	(99,388)
Gross profit		**346,048**	**519,713**	**72,549**
Operating expenses:				
Sales and marketing expenses		(97,709)	(92,857)	(12,962)
General and administrative expenses		(134,913)	(117,807)	(16,445)
Research and development expenses		(393,011)	(382,525)	(53,398)
Other operating income, net		45,354	62,880	8,778
Total operating expenses		**(580,279)**	**(530,309)**	**(74,027)**
Loss from operations		**(234,231)**	**(10,596)**	**(1,478)**
Interest income		56,392	41,488	5,792
Interest expenses		(5,620)	(11,552)	(1,613)
Foreign exchange gain, net		5,038	7,960	1,111
Other income (loss), net		71	(713)	(100)
Net (loss) income before income tax and share of loss in equity method investments		**(178,350)**	**26,587**	**3,712**
Income tax expenses		(615)	(27)	(4)
Share of loss in equity method investment		(19)	(23)	(3)
Net (loss) income attributable to ordinary shareholders of the Company		**(178,984)**	**26,537**	**3,705**
(Losses) Earnings per share:				
Basic	16	(1.40)	0.20	0.03
Diluted	16	(1.40)	0.19	0.03
Weighted average shares used in computation:				
Basic	16	128,208,174	131,937,885	131,937,885
Diluted	16	128,208,174	138,952,264	138,952,264
Net (loss) income		**(178,984)**	**26,537**	**3,705**
Other comprehensive income, net of tax of nil:				
Foreign currency translation adjustments		6,021	30,245	4,222
Comprehensive (loss) income, net of tax of nil		**(172,963)**	**56,782**	**7,927**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2025
(Amounts in thousands, except share and per share data and otherwise noted)

	Class A Ordinary Shares		Class B Ordinary Shares		Additional paid-in capital	Subscription receivables	Accumulated deficit	Accumulated other comprehensive income	Total Shareholders' equity
	Number	*RMB*	*Number*	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*
Balance as of December 31, 2023	**30,033,379**	**19**	**96,995,110**	**67**	**7,423,862**	**(292,721)**	**(3,307,349)**	**38,440**	**3,862,318**
Net loss	–	–	–	–	–	–	(178,984)	–	(178,984)
Foreign currency translation	–	–	–	–	–	–	–	6,021	6,021
Share-based compensation	–	–	–	–	65,962	–	–	–	65,962
Issuance of Ordinary Shares upon the exercise of share options and vesting of restricted share units	–	–	2,729,425	2	17,379	–	–	–	17,381
Balance as of June 30, 2024 *(unaudited)*	**30,033,379**	**19**	**99,724,535**	**69**	**7,507,203**	**(292,721)**	**(3,486,333)**	**44,461**	**3,772,698**
Balance as of December 31, 2024	**30,015,905**	**19**	**101,143,806**	**70**	**7,577,113**	**(292,721)**	**(3,409,725)**	**56,975**	**3,931,731**
Net income	–	–	–	–	–	–	26,537	–	26,537
Foreign currency translation	–	–	–	–	–	–	–	30,245	30,245
Share-based compensation	–	–	–	–	55,384	–	–	–	55,384
Issuance of Ordinary Shares upon the exercise of share options and vesting of restricted share units	–	–	1,716,477	1	18,615	–	–	–	18,616
Conversion of Class A Ordinary Shares into Class B Ordinary Shares	(3,017,044)	(2)	3,017,044	2	–	–	–	–	–
Settlement of subscription receivables in connection the 2021 Reorganization	–	–	–	–	–	292,721	–	–	292,721
Balance as of June 30, 2025 *(unaudited)*	**26,998,861**	**17**	**105,877,327**	**73**	**7,651,112**	**–**	**(3,383,188)**	**87,220**	**4,355,234**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED JUNE 30, 2025

(Amounts in thousands, except share and per share data and otherwise noted)

	Six months ended June 30,		
	2024	2025	
	RMB	*RMB*	*US$*
	(unaudited)	*(unaudited)*	*(unaudited)*
Cash flows from operating activities:			
Net (loss) income	**(178,984)**	**26,537**	**3,705**
Adjustments to reconcile net (loss) income to net cash used in operating activities:			
Depreciation and amortization	61,419	77,477	10,815
Share-based compensation	66,294	55,384	7,731
Provision for allowance for credit loss	823	7,862	1,097
Loss from disposal of property and equipment	8,729	1,466	205
Fair value change of short-term investments	1,240	(319)	(45)
Share of loss in equity method investee	19	23	3
Foreign exchange (gain) loss, net	(994)	806	113
Non-cash lease expenses	24,797	9,206	1,285
Inventory write-down	25,900	18,333	2,559
Changes in operating assets and liabilities:			
Notes receivable	(4,250)	(10,679)	(1,491)
Accounts receivable	(174,091)	(301,382)	(42,071)
Inventories	(207,435)	(141,694)	(19,780)
Prepayments and other current assets	(34,334)	(74,571)	(10,410)
Amounts due from related parties	–	5,039	703
Other non-current assets	–	(1,738)	(243)
Amounts due to related parties	–	(8,997)	(1,256)
Contract liabilities	(35,490)	(1,323)	(185)
Accounts payable	91,225	116,876	16,315
Notes payable	20,924	110,402	15,412
Accrued expenses and other current liabilities	(22,060)	(125,547)	(17,526)
Operating leases liabilities	(11,324)	(7,733)	(1,079)
Other non-current liabilities	(5,770)	(20,860)	(2,912)
Net cash used in operating activities	**(373,362)**	**(265,432)**	**(37,055)**

	Six months ended June 30,		
	2024	2025	
	RMB	*RMB*	*US$*
	(unaudited)	*(unaudited)*	*(unaudited)*
Cash flows from investing activities:			
Purchases of short-term investments	(3,185,144)	(180,000)	(25,127)
Maturity of short-term investments	4,263,392	432,000	60,304
Purchases of property and equipment	(135,906)	(114,874)	(16,036)
Purchases of intangible assets	(2,982)	(17,744)	(2,477)
Purchases of equity securities	–	(100,000)	(13,959)
Net cash provided by investing activities	**939,360**	**19,382**	**2,705**
Cash flows from financing activities:			
Cash distribution to former shareholders of Shanghai Hesai in connection with the 2021 Reorganization	–	(292,721)	(40,862)
Cash contribution from shareholders in connection with the 2021 Reorganization	–	292,721	40,862
Proceeds from long-term borrowings	56,632	64,216	8,964
Repayment of long-term borrowings	(8,077)	(58,225)	(8,128)
Proceeds from short-term borrowings	168,263	311,777	43,522
Repayment of short-term borrowings	(111,682)	(180,794)	(25,238)
Payment of offering costs	–	(12,242)	(1,709)
Proceeds from issuance of Ordinary Shares upon the exercise of share options	12,951	18,217	2,543
Net cash provided by financing activities	**118,087**	**142,949**	**19,954**
Net increase (decrease) in cash and cash equivalents	**684,085**	**(103,101)**	**(14,396)**
Cash, cash equivalents and restricted cash, beginning of the period	**1,558,124**	**2,842,560**	**396,806**
Effect of foreign exchange rate changes on cash, cash and cash equivalents and restricted cash	1,985	(1,035)	(141)
Cash, cash equivalents and restricted cash, end of the period	**2,244,194**	**2,738,424**	**382,269**

	Six months ended June 30,		
	2024	2025	
	RMB	*RMB*	*US$*
	(unaudited)	*(unaudited)*	*(unaudited)*
Cash paid during the period for:			
Income taxes	–	425	59
Interest (net of capitalized amount of RMB756 and RMB651 for the six months ended June 30, 2024 and 2025, respectively)	5,537	11,668	1,629
Supplemental disclosure of non-cash investing and financing activities:			
Accrued purchases of property and equipment	163,304	118,185	16,498
Accrued offering cost	–	11,281	1,575
Decrease in lease liabilities due to partial termination of lease contract	–	28,787	4,019
Increase in right-of-use assets in exchange for leases liabilities	–	16,324	2,279

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the balance sheet that sum to the total of the same such amounts shown in the statement of cash flows:

	As of June 30,		
	2024	2025	
	RMB	*RMB*	*US$*
	(unaudited)	*(unaudited)*	*(unaudited)*
Cash and cash equivalents	2,240,631	2,734,345	381,700
Restricted cash	3,563	4,079	569
Cash, cash equivalents and restricted cash	**2,244,194**	**2,738,424**	**382,269**

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Amount in thousands, except share and per share data and otherwise noted)

1. GENERAL INFORMATION

Hesai Group (the "Company") was incorporated under the laws of the Cayman Islands on April 21, 2021. The addresses of the registered office and principal place of business of the Company are set out in "Corporate Information" of the prospectus the Company date September 8, 2025 (the "Prospectus").

The Company together with its subsidiaries (collectively, the "Group") engaged in the development, manufacturing and sales of three-dimensional light detection and ranging or LiDAR, solutions.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of presentation

The condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). In addition, the condensed consolidated financial statements include applicable disclosure required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance. Certain information and note disclosure normally included in annual financial statements prepared in accordance with U.S. GAAP have been condensed or omitted. Accordingly, these condensed consolidated financial statements should be read in conjunction with the Historical Financial Information for the years ended December 31, 2022, 2023 and 2024 and three months ended March 31, 2025 included in the Accountants' Report as set out in Appendix I to the Prospectus. The operating results presented for interim periods are not necessarily indicative of the results that may be expected for any other interim period or for the entire year.

2.2 Summary of significant accounting policies

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2025 are the same as those presented in the Group's annual financial statements for the year ended December 31, 2024.

Use of estimates

The preparation of condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. On an ongoing basis, the Group's management reviews these estimates based on information that is currently available. Changes in facts and circumstances may cause the Group to revise its estimates. Significant accounting estimates reflected in the Group's condensed consolidated financial statements mainly include the estimated project progress towards certain services revenue, warranty reserves, incremental borrowing rates of lease liabilities, inventory write-down, allowance for credit losses, the useful lives and impairment of property and equipment, intangible assets and land-use rights, valuation of share-based compensation.

Fair value measurements

The established fair value hierarchy as defined by U.S. GAAP requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels of inputs may be used to measure fair value include:

Level 1 Valuation techniques in which all significant inputs are unadjusted quoted prices from active markets for assets or liabilities that are identical to the assets or liabilities being measured.

Level 2 Valuation techniques in which significant inputs include quoted prices from active markets for assets or liabilities that are similar to the assets or liabilities being measured and/or quoted prices for assets or liabilities that are identical or similar to the assets or liabilities being measured from markets that are not active. Also, model-derived valuations in which all significant inputs and significant value drivers are observable in active markets are Level 2 valuation techniques.

Level 3 Valuation techniques in which one or more significant inputs or significant value drivers are unobservable. Unobservable inputs are valuation technique inputs that reflect the Group's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The Group's financial instruments include cash and cash equivalents, time deposits with maturities between three months and one year included in short-term investments, accounts receivable, notes receivable, contract assets, amounts due from/to related parties, other receivables included in other current assets, accounts payable, notes payable, other current liabilities, and short/long-term borrowings. All carrying amounts of these short-term financial instruments measured at amortized cost approximate their fair values due to their short-term nature. The fair value of long-term borrowings is approximate to their carry amounts because the annual interest rates of such borrowings are the similar to the prevailing market annual interest rate.

The following table presents the assets that are measured at fair value on a recurring basis and are categorized using the fair value hierarchy:

As of December 31, 2024 (audited)

	Fair Value Measurements at Reporting Date Using		
Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	RMB	*RMB*	*RMB*
Short-term investments – structured financial products	–	362,195	–

As of June 30, 2025 (unaudited)

	Fair Value Measurements at Reporting Date Using		
Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	RMB	*RMB*	*RMB*
Short-term investments – structured financial products	–	110,514	–

The structured financial products with commercial banks in the PRC are financial instruments with variable interest rates indexed mainly to exchange rates and/or price of commodities. In accordance with ASC 820, Fair Value Measurement, the Group elected the fair value option at the date of initial recognition to measure structured financial products at fair value on a recurring basis with changes in the fair value are recorded as interest income in the condensed consolidated statement of operations and comprehensive (loss) income. The fair values of these structured financial products were using Level 2 significant other observable input by applying the interest rate implied by the current quotation of underlying indices. For the six months ended June 30, 2024 and 2025, the Group recorded fair value changes of short-term investments of RMB10,110 (unaudited) and RMB1,994 (unaudited) as interest income in the condensed consolidated statement of operations and comprehensive (loss) income, respectively.

Revenue recognition

The Group recognizes revenue from sales of LiDAR products and other products at a point in time when control of the products is transferred to the customers, which generally occurs upon delivery according to the terms of the underlying contracts. Product sales to certain customers may require customer acceptance due to performance acceptance criteria that is considered more than a formality. For these product sales, revenue is recognized upon the expiration of the customer acceptance period. The Group's general terms and conditions for its contracts do not contain a right of return that allows the customer to return products and receive a credit, and therefore the Group does not estimate returns. The Group's standalone selling prices are based on the prices charged to customers for the single performance obligation which is transfer of control of products upon delivery to the customers or upon expiration of the customer acceptance period. Revenue is measured as the amount of consideration expect to receive in exchange for transferring the promised goods, adjusted for any variable consideration such as price concessions or annual price adjustments as estimated at contract inception. The Group estimate variable consideration at the most likely amount they will receive from customers and reduce revenues recognized accordingly. The Group includes estimated amounts in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. The Group estimates of variable consideration and determination of whether to include estimated amounts in the transaction price are based largely on an assessment of their anticipated performance and all information (historical, current and forecasted) that is reasonably available to the Group. The Group adjusts the estimate of revenue at the earlier of when the value of consideration they expect to receive changes or when the consideration becomes fixed. Amounts billed to customers for shipping and handling are included in revenue. Taxes collected from customers and remitted to governmental authorities are excluded from revenue on the net basis of accounting. Accounts receivables are due under normal trade terms, typically within 30 to 90 days.

For LiDAR solution that the Group offers customers with a combination of hardware, software, deployment and professional services and engineering design, development and validation service projects, control of the goods and services may be transferred over time or at a point in time depending on the terms of the contract. Control of the goods and services is transferred over time when the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. The Group recognizes revenue over time using an input method based on contract cost incurred to date compared to total estimated contract cost (cost-to-cost) as the services are provided. Otherwise, revenue is recognized at a point in time when the customer obtains control of the goods and services.

The Group typically provides standard product warranties on LiDARs. For LiDARs used in Robotics market, such warranties last one or two years. For those used in advanced driver assistance system market, such warranties cover five years or 100 thousand kilometers, whichever comes first. Standard warranties are considered to be assurance type warranties and are not accounted for as separate performance obligations. The Group accrues estimated future warranty costs and charges to cost of revenues in the period that the related revenue is recognized. These estimates are based on historical warranty experience and any known or expected changes in warranty exposure, such as trends of product reliability and costs of repairing and replacing defective products. The Group also provides extended warranties as a service for an additional term ranging one to two additional years. For service type extended warranty contracts, the Group allocates revenue to this performance obligation on a relative standalone selling price basis and recognizes the revenue ratably over time during the effective period of the services. The Group recognized RMB5,719 (unaudited) and RMB3,006 (unaudited) for extended warranty services, for the six months ended June 30, 2024 and 2025, respectively.

Changes in the Group's accrued warranty liability was as follows:

	Six months ended June 30,	
	2024	2025
	RMB	*RMB*
	(unaudited)	*(unaudited)*
Balance as of the beginning of the period	28,425	43,607
Warranty provision, net	11,416	20,264
Consumption	(6,314)	(6,266)
Balance as of the end of the period	33,527	57,605

Segment

The Chief Executive Officer, Chief Scientist and Chief Technology Officer, namely the "Founding Shareholders", are identified as the chief operating decision maker ("CODM").

The Group operates in one operating segment, which includes all activities related to the development, manufacturing, and delivery of LiDAR products. The determination of a single operating segment is consistent with the consolidated financial information regularly provided to the Group's CODM.

As a single reportable segment entity, segment asset information is not used by the CODM to allocate resources. The measure used by CODM to assess performance and make operating decisions is net (loss) income as reported on the Group's condensed consolidated statement of operations. The CODM uses performance measure to monitor budget versus actual results. See Note 13 for a description of the Group's disaggregated revenues by product line and geographic location.

Further, the CODM reviews and utilizes cost of revenues which are presented in the Group's condensed consolidated statement of operations to manage the Group's operation. Additional disaggregated significant segment expenses that are not separately presented on the Group's condensed consolidated statement of operations, are presented below for disaggregated payroll expenses recorded in sales and marketing expenses, general and administrative expenses and research and development expenses which are independently reviewed by the CODM.

The following table presents the significant segment expenses and other segment items regularly reviewed by the CODM:

	Six months ended June 30,	
	2024	2025
	RMB	*RMB*
	(unaudited)	*(unaudited)*
Net Revenues	**817,982**	**1,231,690**
Less:		
Cost of revenues	471,934	711,977
Payroll expenses in sales and marketing expenses*	63,589	70,067
Payroll expenses in general and administrative expenses	75,658	62,250
Payroll expenses in research and development expenses	274,247	269,330
Other segment items**	111,538	91,529
Net (loss) income	**(178,984)**	**26,537**

* Payroll expenses mainly consist of salaries, bonus, defined contribution plans, other social insurances, share-based compensation and other employee benefits.

** Other segment items primarily include other operating income, net, interest income, interest expenses, other income (loss), net and professional service expenses as reported in Group's condensed consolidated statement of operations.

Concentration of risks

Concentration of credit risk

Financial instruments that potentially expose the Group to concentration of credit risk consist primarily of cash and cash equivalents, short-term investments, accounts receivable, contract assets, amounts due from related parties, and prepayments and other current assets.

The Group places its cash and cash equivalents and short-term investments in various financial institutions in the PRC, Hong Kong Special Administrative Region, and the United States. The Group believes that no significant credit risk exists as all of the Group's cash and cash equivalents are held with financial institutions that Group's management believes to be high credit quality.

Accounts receivable and contract assets are typically unsecured and are derived from revenue earned from the customers. The Group conducts credit evaluations of customers to whom credit terms are extended. The Group establishes an allowance for credit losses based on CECL model developed by the Group, which considers historical collection experience, the age of the accounts receivable balances, current economic conditions, reasonable and supportable forecasts of future economic conditions, and other factors that may affect its ability to collect from customers. The Group aggregated its customers into two portfolio segments. Category 1 consists of customers who have a relatively low credit risk and no default history. Category 2 is for customers facing operational difficulties and other special circumstances who have a relatively higher credit risk. The expected credit loss rates for each Category as of December 31, 2024 and June 30, 2025 are as follows:

	As of December 31, 2024	As of June 30, 2025
	(audited)	*(unaudited)*
Category 1	0.83%	0.79%
Category 2	89.06%	98.67%

Prepayments and other current assets mainly consist of deposits of rent, and prepaid expenses, which can be applied for deduction of future payments for expenses. The Group has no significant concentrations of credit risk with respect to its prepayments and other current assets.

Concentration of customers

The following customers accounted for 10% or more of revenue for the six months ended June 30, 2024 and 2025:

	Six months ended June 30,	
	2024	2025
	(unaudited)	*(unaudited)*
Customer A	32.4%	23.7%
Customer B	*	21.0%

The following customers accounted for 10% or more of the Group's accounts receivable and contract assets as of December 31, 2024 and June 30, 2025:

	As of December 31, 2024	As of June 30, 2025
	(audited)	*(unaudited)*
Customer A	23.5%	27.7%
Customer B	16.8%	14.0%
Customer C	11.8%	*

Convenience translation

The Group's business is primarily conducted in China and most of its revenues are denominated in RMB. However, periodic reports made to shareholders will include current period amounts translated into US$ using the then current exchange rates, for the convenience of the readers. Translations of balances in the condensed consolidated balance sheet, condensed consolidated statement of operations and comprehensive (loss) income and condensed consolidated statement of cash flows from RMB into US$ as of and for the six months ended June 30, 2025 are solely for the convenience of the readers and were calculated at the rate of US$1.00=RMB7.1636 representing the noon buying rate set forth in the H.10 statistical release of the United States as of June 30, 2025.

3. SHORT-TERM INVESTMENTS

The following table summarizes the Group's balances of short-term investments:

	As of December 31, 2024	As of June 30, 2025
	RMB	*RMB*
	(audited)	*(unaudited)*
Structured bank financial products	362,195	110,514

4. ACCOUNTS RECEIVABLE, NET

Accounts receivable and expected credit losses as of December 31, 2024 and June 30, 2025 are as follows:

	As of December 31, 2024	As of June 30, 2025
	RMB	*RMB*
	(audited)	*(unaudited)*
Accounts receivable	819,999	1,116,585
Less: allowance for expected credit losses	(54,972)	(59,213)
Total accounts receivable, net	**765,027**	**1,057,372**

The following is an aged analysis of accounts receivable presented based on dates of delivery of goods/rendering of services.

	As of December 31, 2024	As of June 30, 2025
	RMB	*RMB*
	(audited)	*(unaudited)*
Within 6 months	757,045	1,047,066
7 months to 1 year	41,483	13,402
1 to 2 years	19,006	55,473
Over 2 years	2,465	644
Total	819,999	1,116,585
Less: allowance for expected credit losses	(54,972)	(59,213)
Total accounts receivable, net	**765,027**	**1,057,372**

The roll-forward of the allowance for credit losses related to accounts receivable for the year ended December 31, 2024 and the six months ended June 30, 2025 consists of the following activity:

	For the year ended December 31,	For the six months ended June 30,
	2024	2025
	RMB	*RMB*
	(audited)	*(unaudited)*
Balance at beginning of year/period	49,132	54,972
Provision for expected credit losses	5,840	7,862
Write-off	–	(3,621)
Balance at end of year/period	**54,972**	**59,213**

5. INVENTORIES

	As of December 31,	As of June 30,
	2024	2025
	RMB	*RMB*
	(audited)	*(unaudited)*
Raw materials	191,578	333,231
Work-in-process	225,726	195,970
Finished goods	64,833	70,051
Total	**482,137**	**599,252**

Inventory write-off was RMB25,900 (unaudited) and RMB18,333 (unaudited) respectively, for the six months ended June 30, 2024 and 2025.

6. PREPAYMENTS AND OTHER CURRENT ASSETS, NET

Prepayments and other current assets, net as of December 31, 2024 and June 30, 2025 were as follows:

	As of December 31,	As of June 30,
	2024	2025
	RMB	*RMB*
	(audited)	*(unaudited)*
Advances to suppliers	112,385	151,158
Deposits	11,033	10,897
Prepaid expenses	23,076	46,661
Value-added tax recoverable	28,468	45,611
Others	18,486	19,450
Total	**193,448**	**273,777**

7. PROPERTY AND EQUIPMENT, NET

Property and equipment, net as of December 31, 2024 and June 30, 2025 are as follows:

	As of December 31, 2024	As of June 30, 2025
	RMB	*RMB*
	(audited)	*(unaudited)*
Cost		
Land	39,312	41,902
Buildings	342,673	342,717
Electronic equipment	139,418	184,656
Leasehold improvements	81,431	89,822
Machinery and equipment	350,483	393,044
Furniture and fixture	193,190	200,427
Transportation vehicles	6,487	8,024
Total cost	1,152,994	1,260,592
Less: Accumulated depreciation	(274,177)	(340,722)
Property and equipment, net	878,817	919,870
Construction in progress	65,401	94,561
Total	**944,218**	**1,014,431**

The buildings as of June 30, 2025 represents the Group's new research, development and intelligent manufacturing center in Shanghai, PRC. The Group completed the construction of this center and put it into use in January 2024. Construction in progress as of June 30, 2025 represents the Group's renovation and upgrade of certain production line in Hertz factory. Depreciation expenses were RMB58,512 (unaudited) and RMB67,628 (unaudited) for the six months ended June 30, 2024 and 2025, respectively.

8. LONG-TERM INVESTMENTS

	As of December 31, 2024	As of June 30, 2025
	RMB	*RMB*
	(audited)	*(unaudited)*
Investments in equity securities without readily determinable fair value	30,000	130,000
Investments in equity method investee	1,798	1,776
Total	**31,798**	**131,776**

In April 2025, the Company, through a partnership, indirectly subscribed approximately 10% equity interest in an early-stage technological company (the "Investee"), an associate of Founding Shareholders of the Group, for a cash consideration of US$13.9 million, equivalent to approximately RMB100,000. The Group recorded this investment in equity securities without readily determinable fair value.

9. BORROWINGS

The short-term and long-term borrowings as of December 31, 2024 and June 30, 2025 were as follows:

	As of December 31, 2024	As of June 30, 2025
	RMB	*RMB*
	(audited)	*(unaudited)*
Short-term borrowings:		
Short-term bank borrowings	148,800	51,776
Secured bank borrowings related to discounted intercompany notes receivable	80,000	310,000
Long-term bank borrowings, current portion	116,453	116,454
Total	**345,253**	**478,230**
Long-term borrowings:		
Long-term bank borrowings	**269,438**	**273,435**

The principal maturities of the long-term borrowings as of December 31, 2024 and June 30, 2025 are as follows:

	As of December 31, 2024	As of June 30, 2025
	RMB	*RMB*
	(audited)	*(unaudited)*
2026	116,453	58,227
2027	119,355	119,355
2028 and after	33,630	95,853
Total	**269,438**	**273,435**

10. ACCOUNTS PAYABLE

The following is an aged analysis of accounts payable presented based on the invoice date.

	As of December 31, 2024	As of June 30, 2025
	RMB	*RMB*
	(audited)	*(unaudited)*
Within 6 months	344,802	459,459
7 months to 1 year	–	2,056
1 to 2 years	–	155
Over 2 years	209	209
Total	**345,011**	**461,879**

The average credit period on purchases of goods is 90 days.

11. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities as of December 31, 2024 and June 30, 2025 are as follows:

	As of December 31, 2024	As of June 30, 2025
	RMB	*RMB*
	(audited)	*(unaudited)*
Salaries and welfare payables	232,927	131,363
Payables for purchase of property and equipment	124,333	118,185
Accrued expenses	111,877	65,209
Current portion of operating lease liabilities	16,103	21,933
VAT and other tax payables	28,563	26,736
Advances from employees	2,923	2,525
Total	**516,726**	**365,951**

12. LEASES

The Group has operating leases for offices and factories. For the six months ended June 30, 2024 and 2025, operating lease expenses were RMB26,727 (unaudited) and RMB10,502 (unaudited), respectively.

The maturities of lease liabilities as of December 31, 2024 and June 30, 2025 were as follows:

	As of December 31, 2024	As of June 30, 2025
	RMB	*RMB*
	(audited)	*(unaudited)*
2025	18,963	12,227
2026	24,672	24,411
2027	24,672	24,411
2028	27,139	23,799
2029	27,139	20,352
Total lease payment	**122,585**	**105,200**
Less: imputed interest	(8,112)	(5,954)
Present value of minimum operating lease payments	**114,473**	**99,246**
Less: Current operating lease liabilities	(16,103)	(21,933)
Long-term operating lease liabilities	**98,370**	**77,313**

13. NET REVENUES

The following table presents the Group's net revenues for the six months ended June 30, 2024 and 2025.

	Six months ended June 30,	
	2024	2025
	RMB	*RMB*
	(unaudited)	*(unaudited)*
Product revenues		
LiDAR products	759,881	1,205,621
Other products	3,662	4,467
Service revenues		
Engineering design, development and validation services	47,419	16,843
Other services	7,020	4,759
Total	**817,982**	**1,231,690**

The following table summarizes the Group's revenues recognized at a point in time or over time:

	Six months ended June 30,	
	2024	2025
	RMB	*RMB*
	(unaudited)	*(unaudited)*
Revenues recognized at a point in time	817,982	1,231,690

The following table summarizes the Group's revenues disaggregated by the different geographic location.

	Six months ended June 30,	
	2024	2025
	RMB	*RMB*
	(unaudited)	*(unaudited)*
Revenues by geographic location		
Mainland China	527,895	998,299
North America	146,419	142,906
Europe	110,057	59,599
Other regions	33,611	30,886
Total	**817,982**	**1,231,690**

14. SHARE-BASED COMPENSATION

Employee share options

On March 10, April 22 and May 26, 2025 under the 2021 Plan, the Company granted 1,228,800 share options to certain employees, the vesting schedule of the awards include:

(1) Twenty-five percent (25%) of the 1,186,212 options to be vested on each of the first, second, third and fourth anniversaries of the vesting commencement date.

(2) One forty-eighth (1/48) of the 42,588 options to be vested on each calendar month, from the first full calendar month following the vesting commencement date though the forty-eighth (48th) month.

The binomial option pricing model was applied in determining the estimated fair value of the options granted. The model requires the input of subjective assumptions. The following table presents the assumptions used to estimate the fair values of the share options granted for the six months ended June 30, 2024 and 2025:

	Six months ended June 30,	
	2024	2025
	(unaudited)	*(unaudited)*
Expected volatility	84.00% – 86.00%	99.00% – 103.00%
Risk-free interest rate (per annum)	4.25% – 4.50%	4.10% – 4.22%
Expected dividend yield	0.00%	0.00%
Employee forfeiture rate (per annum)	7.50% – 11.30%	15.06% – 15.63%
Exercise multiples	2.50	2.50
Expected term	7.00	7.00
Fair value of underlying Ordinary Share (per share)	US$3.62 – 4.53	US$13.09 – 21.26
Fair value of awards on valuation date	US$3.14 – 4.44	US$11.65 – 17.11

The following table summarizes the activities of the Group's share options classified as equity for the six months ended June 30, 2025:

	Number of options	Weighted average exercise price	Weighted average grant date fair value	Weighted average remaining contract life	Aggregate intrinsic value
		RMB	*RMB*	*Years*	*RMB*
Outstanding at January 1, 2025	**9,917,509**	**11.52**	**42.10**	**5.41**	**887,259**
Granted	1,228,800	21.00	93.06	–	–
Forfeited	407,283	10.89	–	–	–
Exercised	1,620,230	11.66	–	–	150,805
Outstanding at June 30, 2025 (unaudited)	**9,118,796**	**12.24**	**47.39**	**5.32**	**878,390**
Vested and expected to vest as of June 30, 2025 (unaudited)	**9,118,796**	**12.24**	**47.39**	**5.32**	**878,390**
Exercisable as of June 30, 2025 (unaudited)	**2,512,610**	**16.32**	**49.41**	**3.65**	**240,140**

The weighted-average grant-date fair value of options granted during the six months ended June 30, 2024 and 2025 was RMB24.49 (unaudited) and RMB93.06 (unaudited), respectively. The total intrinsic value of options exercised during the six months ended June 30, 2024 and 2025, was RMB30,010 (unaudited) and RMB150,805 (unaudited), respectively.

Total compensation expense recognized for the six months ended June 30, 2024 and 2025 was RMB62,746 (unaudited) and RMB51,997 (unaudited), respectively.

As of June 30, 2025, there was RMB252,394 (unaudited) of unrecognized compensation expenses, which is expected to be recognized over a weighted average period of 3.07 years.

Restricted share units ("RSUs")

On February 7, March 10 and April 22, 2025 under the 2021 Plan, the Company granted 30,608 RSUs to eligible management team, the vesting schedule of the awards include:

(1) Fifty percent (50%) of the 17,858 RSUs to be vested on each of the first and second anniversaries of the vesting commencement date.

(2) Twenty-five percent (25%) of the 12,750 RSUs to be vested on each of the first, second, third and fourth anniversaries of the vesting commencement date.

The following table summarizes the activities of the Group's RSUs classified as equity for the six months ended June 30, 2025:

	Numbers of RSUs	Weighted average grant date fair value
		RMB
Outstanding at January 1, 2025	**550,347**	**38.25**
Granted	30,608	112.50
Forfeited	42,579	39.43
Vested	96,247	47.98
Outstanding at June 30, 2025 (unaudited)	**442,129**	**41.16**

The weighted-average grant-date fair value of share units granted during the six months ended June 30, 2024 and 2025 was RMB28.52 (unaudited) and RMB112.50 (unaudited), respectively. The total intrinsic value of share units exercised during the six months ended June 30, 2024 and 2025 was RMB1,066 (unaudited) and RMB10,337 (unaudited), respectively.

Total compensation expense recognized for the six months ended June 30, 2024 and 2025 was RMB3,216 (unaudited) and RMB3,387 (unaudited), respectively.

As of June 30, 2025, there was RMB15,753 (unaudited) of unrecognized compensation expenses, which is expected to be recognized over a weighted average period of 2.57 years.

Tandem award

In April 2024, share options were exercised and converted into equity. Total compensation expense recognized for the six months ended June 30, 2024 and 2025 was RMB332 (unaudited) and nil (unaudited), respectively.

Share-based compensation for all employee share options, restricted share units and tandem award

The Group recorded share-based compensation expense of RMB66,294 (unaudited) and RMB55,384 (unaudited) for the six months ended June 30, 2024 and 2025, respectively, which were classified in the condensed consolidated statement of operations as follows:

	Six months ended June 30,	
	2024	2025
	RMB	*RMB*
	(unaudited)	*(unaudited)*
Cost of revenues	3,933	4,258
Sales and marketing expenses	6,547	8,784
General and administrative expense	20,419	8,756
Research and development expenses	35,395	33,586
Total	**66,294**	**55,384**

15. RELATED PARTY TRANSACTIONS

Major related parties that transacted with the Group and their respective relationship to the Group listed as below:

Name/Identity of the related parties	Relationship
Mr. Kai Sun	Founding Shareholder
Mr. Yifan Li	Founding Shareholder
Mr. Shaoqing Xiang	Founding Shareholder
Shanghai Leyi Technology L.P	An affiliate of the shareholder of the Group
Investee	An associate of Founding Shareholders of the Group

(a) Other than disclosed in Note 8, for the six months ended June 30, 2024 and 2025, significant related party transactions and balances were as follows:

	Six months ended June 30,	
	2024	2025
	RMB	*RMB*
	(unaudited)	*(unaudited)*
Payment for equity acquisition consideration		
Founding Shareholders and certain shareholders	–	292,721
Total	–	**292,721**

	Six months ended June 30,	
	2024	2025
	RMB	*RMB*
	(unaudited)	*(unaudited)*
Subscription consideration received from shareholders		
Founding Shareholders and certain shareholders	–	292,721
Total	–	**292,721**

(b) Transaction with the Investee

In May 2025, the Group entered into an intellectual property licensing and transfer agreement (the "IP Licensing and Transfer Agreement") with a subsidiary of the Investee newly acquired as disclosed in Note 8, pursuant to which (i) the subsidiary of the Investee agreed to acquire certain of the Group's internally-generated know-how at a consideration of approximately RMB36,967, which was determined based on the appraised value of such internally-generated know-how assessed by an independent third-party professional valuation firm, and (ii) the Group agreed to transfer such internally-generated know-how to the subsidiary of the Investee and grant to it licenses for the use for a period up to the completion of such acquisition. The transfer has been completed in August 2025.

(c) Amounts due from related parties

The amounts represent the proceeds receivable from an affiliate of the shareholder of the Group for exercises of employee share options which are non-trade in nature. The amounts have been settled as of June 30, 2025.

(d) Amounts due to related parties

	As of December 31, 2024	As of June 30, 2025
	RMB	*RMB*
	(audited)	*(unaudited)*
Amounts due to related parties, net of allowance		
Founding Shareholders and certain shareholders	326,256	–
An affiliate of the shareholder of the Group	8,997	–
Total	**335,253**	–

In May 2021, as an integrated step of the 2021 Reorganization, in order to comply with certain PRC foreign currency control rules and regulations, the Founding Shareholders and certain investors are in the process of applying for permissions to pay the subscription consideration to the Company. Once they obtained the approval to pay the subscription receivables at Cayman Company level, the Group will then settle the consideration payable for the acquisition of their equity interests in Shanghai Hesai to facilitate their payment of the subscription receivable for the ordinary shares of the Company as part of the reorganization. An amount of nil and RMB292,721 has been settled for the six months ended June 30, 2024 and 2025, respectively. The above amounts are non-trade, interest free, repayable on demand and have been settled as of June 30, 2025.

16. (LOSSES) EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted (losses) earnings per share for the periods indicated:

	Six months ended June 30,	
	2024	2025
	RMB	*RMB*
	(unaudited)	*(unaudited)*
Numerator		
Net (loss) income attributable to ordinary shareholders of the Company – basic and diluted	(178,984)	26,537
Denominator		
Weighted average number of ordinary shares outstanding – basic	128,208,174	131,937,885
Incremental weighted-average ordinary shares from assumed exercise of share options and nonvested restricted stocks	–	7,014,379
Weighted average number of ordinary shares outstanding – diluted	128,208,174	138,952,264
(Losses) Earnings per share – basic	**(1.40)**	**0.20**
(Losses) Earnings per share – diluted	**(1.40)**	**0.19**

For the six months ended June 30, 2024 and 2025, the following share options, restricted share units and tandem award were excluded from the calculation of diluted net (loss) income per ordinary share, as their inclusion would have been anti-dilutive for the period prescribed.

	Six months ended June 30,	
	2024	2025
	(unaudited)	*(unaudited)*
Shares issuable upon exercise of share options	9,641,534	141,024
Shares issuable upon vest of restricted share units	307,492	–
Shares issuable upon exercise of tandem award	60,000	–
Total	**10,009,026**	**141,024**

17. COMMITMENTS AND CONTINGENCIES

Capital expenditure commitments related to the manufacturing facilities

Future minimum capital payment under non-cancelable agreements are as follow:

	As of June 30, 2025
	RMB
	(unaudited)
The remaining of 2025	88,376

Royalty fee commitments

The Group is obligated to make royalty payments to a third party from 2020 through 2030. The actual royalty fees for the six months ended June 30, 2024 and 2025 were RMB12,268 (unaudited) and RMB14,228 (unaudited), respectively.

Contingencies

The Group does not believe that any currently pending legal or administrative proceeding to which the Group is a party will have a material adverse effect on the financial statements. As of June 30, 2025, the accrued contingent liability was nil.

18. RECONCILIATION BETWEEN U.S. GAAP AND INTERNATIONAL FINANCIAL REPORTING STANDARDS

The condensed consolidated financial statements are prepared in accordance with U.S. GAAP, which differ in certain respects from International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board. The differences in operating leases and inventory write-downs during the interim period are immaterial and will not be reconciled, and the effects of material differences between condensed consolidated financial statements prepared under U.S. GAAP and IFRSs are as follows:

Reconciliation of Condensed Consolidated Statement of Operations and Comprehensive (Loss) Income

	For the six months ended June 30, 2024 (unaudited)			
		IFRS adjustments		
Condensed Consolidated Statement of Operations and Comprehensive (Loss) income (Extract)	Amounts as reported under U.S. GAAP	Share-based compensation	Subscription receivables	Amounts as reported under IFRSs
		(Note (b))	*(Note (d))*	
	RMB	*RMB*	*RMB*	*RMB*
Cost of revenues	(471,934)	(325)	–	(472,259)
Sales and marketing expenses	(97,709)	(1,653)	–	(99,362)
General and administrative expenses	(134,913)	6,728	–	(128,185)
Research and development expenses	(393,011)	(4,730)	–	(397,741)
Net loss attributable to ordinary shareholders of the Company	**(178,984)**	**20**	**–**	**(178,964)**
Other comprehensive income				
Foreign currency translation adjustments	6,021	–	2,006	8,027
Comprehensive loss	**(172,963)**	**20**	**2,006**	**(170,937)**

Condensed Consolidated Statement of Operations and Comprehensive income (Extract)	For the six months ended June 30, 2025 (unaudited)					
		IFRS adjustments				
	Amounts as reported under U.S. GAAP	Share-based compensation	Listing expense	Subscription receivables	Long-term investments	Amounts as reported under IFRSs
		(Note (b))	(Note (c))	(Note (d))	(Note (e))	
	RMB	RMB	RMB	RMB	RMB	RMB
Cost of revenues	(711,977)	589	–	–	–	(711,388)
Sales and marketing expenses	(92,857)	(440)	–	–	–	(93,297)
General and administrative expenses	(117,807)	1,328	(20,470)	–	–	(136,949)
Research and development expenses	(382,525)	4,937	–	–	–	(377,588)
Other operating income, net	62,880	–	–	–	79,595	142,475
Net income attributable to ordinary shareholders of the Company	**26,537**	**6,414**	**(20,470)**	**–**	**79,595**	**92,076**
Other comprehensive income						
Foreign currency translation adjustments	30,245	–	–	(33,179)	–	(2,934)
Comprehensive income	**56,782**	**6,414**	**(20,470)**	**(33,179)**	**79,595**	**89,142**

Reconciliation of Condensed Consolidated Balance Sheet

Condensed Consolidated Balance Sheet (Extract)	As of December 31, 2024 (audited)					
		IFRS adjustments				
	Amounts as reported under U.S. GAAP	Classification and measurement of redeemable shares	Share-based compensation	Listing expense	Subscription receivables	Amounts as reported under IFRSs
		(Note (a))	(Note (b))	(Note (c))	(Note (d))	
	RMB	RMB	RMB	RMB	RMB	RMB
Prepayments and other current assets, net	193,448	–	–	–	326,956	520,404
Total assets	**5,989,611**	**–**	**–**	**–**	**326,956**	**6,316,567**
Shareholders' equity						
Additional paid-in capital	7,577,113	1,577,476	99,225	29,363	–	9,283,177
Subscription receivables	(292,721)	–	–	–	292,721	–
Accumulated other comprehensive income (loss)	56,975	(379,139)	–	–	34,235	(287,929)
Accumulated deficit	(3,409,725)	(1,198,337)	(99,225)	(29,363)	–	(4,736,650)
Total shareholders' equity	**3,931,731**	**–**	**–**	**–**	**326,956**	**4,258,687**

Condensed Consolidated Balance Sheet (Extract)	As of June 30, 2025 (unaudited)					
		IFRS adjustments				
	Amounts as reported under U.S. GAAP	Classification and measurement of redeemable shares	Share-based compensation	Listing expense	Long-term investments	Amounts as reported under IFRSs
		(Note (a))	*(Note (b))*	*(Note (c))*	*(Note (e))*	
	RMB	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*
Prepayments and other current assets, net	273,777	–	–	(20,470)	–	253,307
Long-term investments	131,776	–	–	–	79,595	211,371
Total assets	**6,262,085**	**–**	**–**	**(20,470)**	**79,595**	**6,321,210**
Shareholders' equity						
Additional paid-in capital	7,651,112	1,577,476	92,811	29,363	–	9,350,762
Accumulated other comprehensive income (loss)	87,220	(379,139)	–	–	–	(291,919)
Accumulated deficit	(3,383,188)	(1,198,337)	(92,811)	(49,833)	79,595	(4,644,574)
Total shareholders' equity	**4,355,234**	**–**	**–**	**(20,470)**	**79,595**	**4,414,359**

Notes:

(a) Classification and measurement of redeemable shares

Under U.S. GAAP, the Group classified the redeemable shares as mezzanine equity in the condensed consolidated balance sheet because they were redeemable at the holders' option upon the occurrence of certain deemed liquidation events that outside the Group's control. The redeemable shares were recorded initially at fair value, net of issuance costs. The Group recognized accretion as deemed dividend to the respective redemption value of the redeemable shares over the period starting from issuance date to the earliest redemption date. The accretion was recognized and charged against retained earnings, or in the absence of retained earnings, by charges against additional paid-in capital. Once additional paid-in-capital has been exhausted, additional charges are recorded by increasing the accumulated deficit.

Under IFRSs, the redeemable shares, which were contingently redeemable at the option of the holders, were classified as financial liabilities. The redeemable shares were designated as financial liabilities at fair value through profit or loss, which were initially and subsequently measured at fair value. Subsequent to initial recognition, the Group considered that the amounts of changes in fair value of the redeemable shares that were attributed to changes in credit risk of the redeemable shares recognized in other comprehensive income (loss) were insignificant. The amount of change in the fair value of the financial liability was presented as other income (loss) in condensed consolidated statement of operations and comprehensive (loss) income.

Due to the difference in classification of redeemable shares under U.S. GAAP and IFRSs, the reconciliation includes the increase in additional paid-in capital of RMB1,577,476 and decrease in accumulated deficit, for the accretion impact that exhausted the additional paid-in capital, of RMB1,198,337 in the condensed consolidated balance sheet as of December 31, 2024 and June 30, 2025, respectively.

(b) Share-based compensation

Under U.S. GAAP, the Group has elected to recognize compensation expense using the straight-line method for all employee equity awards granted with graded vesting over the requisite service period. Additionally, the Group has chosen to account for forfeitures when they occur.

Under IFRSs, the accelerated method is required to recognize compensation expense for all employee equity awards granted with graded vesting. Forfeitures must be estimated, and share-based compensation expenses were recognized net of estimated forfeitures.

Accordingly, the reconciliation includes differences in operating cost and expenses of RMB20 and RMB6,414 for the six months ended June 30, 2024 and 2025, respectively.

(c) Listing expense

Under U.S. GAAP, specific incremental costs considered directly attributable to the offering of equity securities ("listing expenses") may be deferred and capitalized against the gross proceeds of the offering.

Under IFRSs, only those listing expenses considered directly attributable to the issuance of new shares to investors can be capitalized. Those listing expenses considered directly attributable to the listing of existing shares on a stock exchange are not considered transaction costs that qualify for capitalization. Such costs should be expensed as incurred instead.

Accordingly, the reconciliation includes an expense recognition difference in the condensed consolidated statement of operation and comprehensive (loss) income of nil and RMB20,470 for the six months ended June 30, 2024 and 2025, respectively and a difference in shareholders' equity of RMB29,363 and RMB49,833 as of December 31, 2024 and June 30, 2025, respectively, in relation to the listing expenses incurred during the initial public offering and listing of the Company's ADSs on the Nasdaq in February 2023 and the listing on the Hong Kong Main Board of the Stock Exchange.

(d) Receivables from shareholders

Under U.S. GAAP, shareholders' subscription consideration to the Company's equity that has not been paid is accounted for as a contra-equity account in subscription receivables using the historical exchange rates.

Under IFRSs, such shareholders' subscription consideration is recognized as a financial asset measured at amortized cost. Financial asset is a monetary item measured into the reporting currency using the exchange rate at the balance sheet date.

Accordingly, the reconciliation includes reclassification of subscription receivables of RMB310,227 to prepayments and other current assets as of December 31, 2024 and June 30, 2025, respectively and recognition of foreign currency translation differences of RMB2,006 and RMB33,179 in the condensed consolidated statement of operations and comprehensive (loss) income for the six months ended June 30, 2024 and 2025, respectively.

(e) Long-term investments

Under U.S. GAAP, for equity securities, the investment without readily determinable fair values could be measured by applying an accounting policy choice. The Group elects the measurement alternative to record these equity investments without readily determinable fair values at cost, less impairment, and plus or minus subsequent adjustments for observable price changes.

Under IFRSs, these investments were classified as financial assets at fair value through profit or loss and measured at fair value with changes in fair value recognized through profit or loss. Fair value changes of these long-term equity investments were recognized in the profit or loss. Furthermore, deferred tax arising from change in fair value change would be recognized accordingly.

Accordingly, the reconciliation includes increases in other income (loss), net of nil and RMB79,595 due to the fair value increase of the Group's long-term investments during the six months ended June 30, 2024 and 2025, respectively.

19. DIVIDENDS

No dividends have been declared or paid by the Company in respect of the six months ended June 30, 2024 and 2025, respectively.

20. SUBSEQUENT EVENTS

The Group has the following material subsequent events from July 1, 2025 and up to the date of this report:

In August 2025, the Company, through a partnership, indirectly disposed its entire equity interest in the Investee as disclosed in Note 8 to two independent third-party investors for a cash consideration of US$38.4 million, equivalent to RMB275,286. The gain on the indirect disposal of the Investee after deduction of the related taxes and expenses would be approximately US$20.7 million, equivalent to RMB148,358.

In August 2025, the Group granted a total of 1,573, 45,101, 284,084 and 13,400 share options at the exercise price of US$0.10, US$2.60, US$4.66 and US$5.15, respectively, and 1,900 RSUs to certain employees under the 2021 Plan, with the vesting period of 4 years. Based on the Company's preliminary assessment, the aggregate fair value of the share options and RSUs granted amounted to approximately RMB51,670.

21. APPROVAL OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements have been approved and authorized for issue by the board of the directors of the Company on September 8, 2025.

The information set out in this appendix does not form part of the accountants' report on the historical financial information of the Group for each of the three years ended December 31, 2024 and for the three months ended March 31, 2025 (the "Track Record Period") (the "Accountants' Report") prepared by the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong as set out in Appendix I to this prospectus, and is included herein for information purposes only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountants' Report set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP ATTRIBUTABLE TO ORDINARY SHAREHOLDERS OF THE COMPANY

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to ordinary shareholders of the Company prepared in accordance with Rule 4.29 of the Listing Rules is set out below to illustrate the effect of the Global Offering (as defined in the Prospectus) on the unaudited consolidated tangible assets of the Group attributable to ordinary shareholders of the Company as of March 31, 2025 as if the Global Offering had taken place on that date.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to ordinary shareholders of the Company as of March 31, 2025 has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to ordinary shareholders of the Company as of March 31, 2025 or any future dates following the Global Offering. It is prepared based on the audited consolidated net tangible assets of the Group attributable to ordinary shareholders of the Company as of March 31, 2025 as derived from the Accountants' Report in Appendix I to this Prospectus, and adjusted as described below.

	Audited consolidated net tangible assets of the Group attributable to ordinary shareholders of the Company as of March 31, 2025	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to ordinary shareholders of the Company as of March 31, 2025	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to ordinary shareholders of the Company as of March 31, 2025 per Share	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to ordinary shareholders of the Company as of March 31, 2025 per ADS	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to ordinary shareholders of the Company as of March 31, 2025 per Share	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to ordinary shareholders of the Company as of March 31, 2025 per ADS
	RMB'000	*RMB'000*	*RMB'000*	*RMB*	*RMB*	*HK$*	*HK$*
	Note 1	*Note 2*		*Note 3*	*Note 4*	*Note 5*	*Note 5*
Based on the indicative offer price of HK$228.00 per Offer Share . . .	4,197,371	3,389,941	7,587,312	50.87	50.87	55.61	55.61

Notes:

(1) The unaudited consolidated net tangible assets of the Group attributable to ordinary shareholders of the Company as of March 31, 2025 are based on consolidated net assets of the Group attributable to ordinary shareholders of the Company as of March 31, 2025 of approximately RMB4,277,134,000, after netting off intangible assets of the Group as of March 31, 2025 of approximately RMB79,763,000 as shown in the Accountants' Report set out in Appendix I to this prospectus.

(2) The estimated net proceeds from the Global Offering are based on 17,000,000 Offer Shares at the indicative offer share price of HK$228.00 (equivalent to RMB208.55) per Offer Share after deduction of the estimated listing expenses and share issue costs (including underwriting fees and other related expenses) expected to be incurred by the Company subsequent to March 31, 2025 and without taking into account any allotment and issuance of any Shares upon the exercise of the Offer Size Adjustment Option and/or the Over-allotment Option, 946,293 Class B Ordinary Shares issued upon the vesting of restricted share units ("RSUs") and the exercise of options under the 2021 Plan between April 1, 2025 and August 29, 2025, the Latest Practicable Date, and 558,814 Class B Ordinary Shares (as of August 29, 2025) issued to Depositary for bulk issuance of ADSs reserved for future issuances upon the exercise or vesting of awards granted under the 2021 Plan, and any issuance or repurchase of Shares and/or ADSs by the Company. For the purpose of calculating the estimated net proceeds from the Global Offering, the translation of Hong Kong dollars into Renminbi was made at the exchange rate of HK$1.00 to RMB0.9148, which is derived from the respective exchange rate of Hong Kong dollars and Renminbi against U.S. Dollars on August 29, 2025 set forth in the H.10 statistical release of the Federal Reserve Board. No representation is made that Hong Kong dollars have been, could have been or may be converted to Renminbi, or vice versa, at that rate or at any other rates or at all.

(3) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to ordinary shareholders of the Company per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 149,154,604 Shares are in issue assuming that the Global Offering had been completed on March 31, 2025, without taking into account any allotment and issuance of any Shares upon the exercise of the Offer Size Adjustment Option and/or the Over-allotment Option, 946,293 Class B Ordinary Shares issued upon the vesting of RSUs and the exercise of options under the 2021 Plan between April 1, 2025 and August 29, 2025, and 558,814 Class B Ordinary Shares (as of August 29, 2025) issued to Depositary for bulk issuance of ADSs reserved for future issuances upon the exercise or vesting of awards granted under the 2021 Plan, and any issuance or repurchase of Shares and/or ADSs by the Company.

(4) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to ordinary shareholders of the Company per ADS is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that one ADS represents one Share.

(5) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to ordinary shareholders of the Company to reflect any trading result or other transactions of the Group entered into subsequent to March 31, 2025. In particular, the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to ordinary shareholders of the Company as shown on II-1 have not been adjusted to illustrate the effect of the indirect disposal of equity interest as disclosed in the Note 20 "Subsequent Events" to Appendix IA in this prospectus.

After taking into account the net gain on the indirect disposal of equity interest of approximately RMB148,358,000 as disclosed in the Note 20 "Subsequent Events" to Appendix IA in this prospectus, assuming that the indirect disposal had been completed as of March 31, 2025, and the estimated net proceeds from the Global Offering at the indicative offer price of HK$228.00 (equivalent to RMB208.55) per Offer Share, the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to ordinary shareholders of the Company would have been approximately RMB7,735,670,000 and the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to ordinary shareholders of the Company per ordinary share and per ADS would have been RMB51.87 and RMB51.87 (equivalent to HK$56.70 and HK$56.70), respectively.

(6) For the purpose of this unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to ordinary shareholders of the Company, the balances stated in Renminbi are converted into Hong Kong dollars at the exchange rate of RMB1.00 to HK$1.0932, which is derived from the respective exchange rate of Hong Kong dollars and Renminbi against U.S. Dollars on August 29, 2025 set forth in the H.10 statistical release of the Federal Reserve Board. No representation is made that Hong Kong dollars have been, could have been or may be converted to Renminbi, or vice versa, at that rate or at any other rates or at all.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of the independent reporting accountants' assurance report received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this prospectus.

Deloitte. 德勤

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Hesai Group

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Hesai Group (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets as at March 31, 2025 and related notes as set out on pages II-1 to II-2 of Appendix II to the prospectus issued by the Company dated September 8, 2025 (the "Prospectus"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages II-1 to II-2 of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed Global Offering (as defined in the Prospectus) on the Group's financial position as at March 31, 2025 as if the proposed Global Offering had taken place at March 31, 2025. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's historical financial information for each of the three years ended December 31, 2024 and the three months ended March 31, 2025, on which an accountants' report set out in Appendix I to the Prospectus has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1 "Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements" issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at March 31, 2025 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
September 8, 2025

SUMMARY OF THE CONSTITUTION OF THE COMPANY

1 Memorandum of Association

The Memorandum of Association of the Company was conditionally adopted on 28 January 2023 and effective on 13 February 2023 and states, inter alia, that the liability of the members of the Company is limited, that the objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Act or any other law of the Cayman Islands.

The Memorandum of Association is on display on the websites of the Stock Exchange and the Company as specified in Appendix V in the section headed "Documents Delivered to the Registrar of Companies in Hong Kong and on Display".

2 Articles of Association

The Articles of Association of the Company were conditionally adopted on 28 January 2023 and effective on 13 February 2023 and include provisions to the effect set out below.

Notwithstanding the current provisions of the Articles, the Company undertakes to comply with (a) the applicable articles requirements under Chapter 8A of, and Appendix A1 to, the Listing Rules that are not currently met by the Articles and (b) the requirement that where a general meeting is postponed by the directors, the specific date, time and place of the postponed meeting must be specified, before the Articles are formally amended in the Post-Listing GM such that immediately upon the Listing, the Company will be subject to, and will fully comply with, such articles requirements as if they have already been incorporated into the existing Articles upon the Listing (save for certain specified exceptions). For further details, please see the section headed "Waivers and Exemption — Requirements Relating to the Articles of Association of the Company".

2.1 Ordinary Shares

The Company's Ordinary Shares are divided into Class A Ordinary Shares and Class B Ordinary Shares. Holders of Class A Ordinary Shares and Class B Ordinary Shares will have the same rights except for voting and conversion rights. Ordinary Shares are issued in registered form. Shareholders who are non-residents of the Cayman Islands may freely hold and vote their shares.

Each Class A Ordinary Share is convertible into one Class B Ordinary Share at any time by the holder thereof. Class B Ordinary Shares are not convertible into Class A Ordinary Shares under any circumstances.

Upon any direct or indirect sale, transfer, assignment or disposition of such number of Class A Ordinary Shares by the holder thereof or the direct or indirect transfer or assignment of the voting power attached to such number of Class A Ordinary Shares through voting proxy or otherwise to any person that is neither an Affiliate of such holder nor another holder of Class A Ordinary Shares or an Affiliate of such another holder, such Class B Ordinary Shares shall be automatically and immediately converted into an equal number of Class A Ordinary Shares.

2.2 Dividends

The holders of Ordinary Shares are entitled to such dividends as may be declared by the Board. In addition, shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by the directors. Under Cayman Islands law, dividends may be declared and paid only out of funds legally available therefor, namely out of either profit or the Company's share premium account, and provided further that a dividend may not be paid if this would result in the Company being unable to pay its debts as they fall due in the ordinary course of business.

Dividends received by each Class B Ordinary Share and Class A Ordinary Share in any dividend distribution shall be the same.

Any dividend unclaimed after a period of six calendar years from the date of declaration of such dividend may be forfeited by the Board and, if so forfeited, shall revert to the Company.

2.3 Voting Rights

Holders of Class A Ordinary Shares and Class B Ordinary Shares vote together as a single class on all matters submitted to a vote of the shareholders, except as may otherwise be required by law or provided for in the Memorandum and Articles of Association. In respect of matters requiring shareholders' vote, on a show of hands, each shareholder is entitled to one vote and on a poll, each Class B Ordinary Share is entitled to one vote, and each Class A Ordinary Share is entitled to ten votes. Voting at any shareholders' meeting is by show of hands unless a poll is demanded. A poll may be demanded by the chairman of such meeting or any shareholder present in person or by proxy with a right to attend and vote at such meeting holding not less than ten percent of the votes attaching to the Ordinary Shares.

An ordinary resolution to be passed by the shareholders requires the affirmative vote of a simple majority of the votes cast by those shareholders entitled to vote who are present in person or by proxy at a general meeting. Holders of the Ordinary Shares may, among other things, divide or consolidate their shares by ordinary resolution. A special resolution requires the affirmative vote of no less than two-thirds of the votes cast by those shareholders entitled to vote who are present in person or by proxy at a general meeting. A special resolution will be required for important matters such as a change of name or making changes to the

Memorandum and Articles of Association. Both ordinary resolutions and special resolutions may also be passed by a unanimous written resolution signed by all the shareholders of the Company, as permitted by the Companies Act and the Memorandum and Articles of Association.

2.4 Transfer of Shares

Any of the shareholders may transfer all or any of his or her Ordinary Shares by an instrument of transfer in writing and in the usual or common form or any other form approved by the Board.

However, the Board may, in its absolute discretion, decline to register any transfer of any Ordinary Share which is not fully paid up or on which the Company has a lien. The Board may also decline to register any transfer of any Ordinary Share unless:

(a) the instrument of transfer is lodged with the Company, accompanied by the certificate for the Ordinary Shares to which it relates and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer;

(b) the instrument of transfer is in respect of only one class of shares;

(c) the instrument of transfer is properly stamped, if required;

(d) in the case of a transfer to joint holders, the transfer is not to more than four joint holders; or

(e) a fee of such maximum sum as the Designated Stock Exchange (as defined in the Articles of Association) may determine to be payable, or such lesser sum as the Board may from time to time require, is paid to the Company in respect thereof.

If the directors refuse to register a transfer they are required, within three months after the date on which the instrument of transfer was lodged with the Company, to send to each of the transferor and the transferee notice of such refusal.

2.5 Liquidation

On a winding up of the Company, if the assets available for distribution among the shareholders shall be more than sufficient to repay the whole of the share capital at the commencement of the winding up, the surplus will be distributed among the shareholders in proportion to the par value of the shares held by them at the commencement of the winding up, subject to a deduction from those shares in respect of which there are monies due, of all monies

payable to the Company for unpaid calls or otherwise. If the assets available for distribution are insufficient to repay all of the paid-up capital, the assets will be distributed so that the losses are borne by the shareholders in proportion to the par value of the shares held by them.

2.6 Redemption, Repurchase and Surrender of Shares

The Company may issue shares on terms that such shares are subject to redemption, at the option of the Company or at the option of the holders thereof, on such terms and in such manner as may be determined, before the issue of such shares, by the Board or by an ordinary resolution of the shareholders. The Company may also repurchase any of the Company's shares provided that the manner and terms of such purchase have been approved by the Board or by ordinary resolution of the shareholders, or are otherwise authorized by the Memorandum and Articles of Association. Under the Companies Act, the redemption or repurchase of any share may be paid out of the Company's profits or out of the proceeds of a fresh issue of shares made for the purpose of such redemption or repurchase, or out of capital (including share premium account and capital redemption reserve) if the Company can, immediately following such payment, pay its debts as they fall due in the ordinary course of business. In addition, under the Companies Act no such share may be redeemed or repurchased (a) unless it is fully paid up, (b) if such redemption or repurchase would result in there being no shares outstanding, or (c) if the Company has commenced liquidation. In addition, the Company may accept the surrender of any fully paid share for no consideration.

2.7 Variation of Rights of Shares

The rights attaching to any class of shares may, subject to any rights or restrictions for the time being attached to any class, be materially adversely varied with the consent in writing of the holders of at least two-thirds (2/3) of the issued shares of that class, or with the sanction of an ordinary resolution passed at a separate meeting of the holders of the shares of that class.

2.8 General Meetings of Shareholders

Shareholders' general meetings may be held in such place within or outside the Cayman Islands as the Board considers appropriate.

As a Cayman Islands exempted company, the Company is not obliged by the Companies Act to call shareholders' annual general meetings. The Memorandum and Articles of Association provide that we may in each year hold a general meeting as our annual general meeting.

Shareholders' annual general meetings and any other general meetings of the shareholders may be convened by a majority of the Board or the chairman of the Board. The Board shall give not less than seven calendar days' notice of a shareholders' meeting to those persons whose

names appear as members in the Company's register of members on the date the notice is given (or on any other date determined by the directors to be the record date for such meeting) and who are entitled to vote at the meeting.

Cayman Islands law provides shareholders with only limited rights to requisition a general meeting, and does not provide shareholders with any right to put any proposal before a general meeting. However, these rights may be provided in a company's articles of association. The Memorandum and Articles of Association allow one or more shareholder holding shares representing in aggregate not less than one-third of the aggregate number of votes attaching to the issued and outstanding shares of the Company entitled to vote at general meetings, to requisition an extraordinary general meeting, in which case the directors are obliged to call such meeting and to put the resolutions so requisitioned to a vote at such meeting; however, the Memorandum and Articles of Association do not provide the shareholders with any right to put any proposals before annual general meetings or extraordinary general meetings not called by such shareholders.

2.9 Appointment and Removal of Directors

The Articles of Association provide that unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than three, the exact number of Directors to be determined from time to time by the Board.

The Board may, by the affirmative vote of a simple majority of the Directors present and voting at a Board meeting, or the Company may by Ordinary Resolution appoint any person to be a Director. In addition, the Board may, by the affirmative vote of a simple majority of the remaining Directors present and voting at a Board meeting, appoint any person as a Director to fill a casual vacancy on the Board or as an addition to the existing Board. An appointment of a Director may be on terms that the Director shall automatically retire from office (unless he has sooner vacated office) at the next or a subsequent annual general meeting or upon any specified event or after any specified period in a written agreement between the Company and the Director, if any; but no such term shall be implied in the absence of express provision. Any Director whose term of office expired shall be eligible for re-election at a meeting of the Shareholders or re-appointment by the Board.

There is no shareholding qualification for Directors nor is there any specific age limit for Directors.

The office of a Director shall be vacated if the Director:

(a) becomes bankrupt or makes any arrangement or composition with his creditors;

(b) dies or is found to be or becomes of unsound mind;

(c) resigns his office by notice in writing to the Company;

(d) without special leave of absence from the Board, he is absent from meetings of the Board for three consecutive meetings, and the Board resolves that his office be vacated; or

(e) is removed from office pursuant to any other provision of the Articles.

2.10 Proceedings of the Board

The quorum necessary for the transaction of the business of the Directors may be fixed by the Directors and unless so fixed shall be a majority of the then existing Directors then in office, including the Chairman (as defined in the Articles of Association); provided, however, a quorum shall nevertheless exist at a meeting at which a quorum would exist but for the fact that the Chairman is voluntarily absent from the meeting and notifies the Board of his decision to be absent from that meeting, before or at the meeting.

The Directors may meet together (whether within or outside the Cayman Islands) for the despatch of business, adjourn and otherwise regulate their meetings and proceedings as they think fit. Questions arising at any meeting shall be decided by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

2.11 Changes in Share Capital

The Company may by ordinary resolution:

(a) increase the share capital by such sum, to be divided into shares of such classes and amount, as the resolution shall prescribe;

(b) increase its share capital by new shares of such amount as it thinks expedient;

(c) consolidate and divide all or any of its share capital into shares or larger amount than its existing shares;

(d) subdivide its existing shares, or any of them, into shares of an amount smaller than that fixed by the Memorandum, provided that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in case of the share from which the reduced share is derived; and

(e) cancel any shares that, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so canceled.

2.12 Directors' Power to Issue Shares

Subject to the provisions, if any, in the Memorandum and Articles of Association and to any direction that may be given by the Company in a general meeting, the Directors may in their absolute discretion and without approval of the shareholders, issue shares, grant rights over existing shares or issue other securities in one or more series as they deem necessary and appropriate and determine designations, powers, preferences, privileges and other rights, including dividend rights, conversion rights, terms of redemption and liquidation preferences, any or all of which may be greater than the powers and rights associated with the shares held by existing shareholders, at such times and on such other terms as they think proper.

2.13 Directors Borrowing Powers

The Board may exercise all the powers of the Company to raise or borrow money and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof and to issue debentures, debenture stock and other such securities whenever money is borrowed or as security for any debt, liability or obligation of the Company or of any third party.

2.14 Disclosure of Interest in Contracts with the Company or any of our Subsidiaries

A Director who is in any way, whether directly or indirectly, interested in a contract or transaction or proposed contract or transaction with the Company shall declare the nature of his interest at a meeting of the Directors. A general notice given to the Directors by any Director to the effect that he is a member of any specified company or firm and is to be regarded as interested in any contract or transaction which may thereafter be made with that company or firm shall be deemed a sufficient declaration of interest in regard to any contract so made or transaction so consummated.

Subject to the rules of the Designated Stock Exchange (as defined in the Articles of Association) and disqualification by the chairman of the relevant Board meeting, a Director may vote in respect of any contract or transaction or proposed contract or transaction notwithstanding that he may be interested therein and if he does so his vote shall be counted and he may be counted in the quorum at any meeting of the Directors at which any such contract or transaction or proposed contract or transaction shall come before the meeting for consideration.

2.15 Remuneration of Directors

The remuneration of the Directors may be determined by the Directors or by ordinary resolution.

The Directors shall be entitled to be paid their traveling, hotel and other expenses properly incurred by them in going to, attending and returning from meetings of the Directors, or committee of the Directors, or general meetings of the Company, or otherwise in connection with the business of the Company, or to receive such fixed allowance in respect thereof as may be determined by the Directors from time to time, or a combination partly of one such method and partly the other.

2.16 Restriction on Ownership of Securities

There are no provisions in the Articles of Association relating to restrictions on ownership of the Company's shares or securities.

SUMMARY OF CAYMAN ISLANDS COMPANY LAW AND TAXATION

1 Introduction

The Companies Act is derived, to a large extent, from the older Companies Acts of England, although there are significant differences between the Companies Act and the current Companies Act of England. Set out below is a summary of certain provisions of the Companies Act, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of corporate law and taxation which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

2 Incorporation

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 21 April 2021 under the Companies Act. As such, its operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the size of its authorized share capital.

3 Share Capital

The Companies Act permits a company to issue ordinary shares, preference shares, redeemable shares or any combination thereof.

The Companies Act provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premia on those shares shall be transferred to an account called the "share premium account". At the option of a company, these provisions may not apply to premia on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancelation of shares in any other company and issued at a premium. The Companies Act provides that the share premium

account may be applied by a company, subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation:

(a) paying distributions or dividends to members;

(b) paying up unissued shares of the company to be issued to members as fully paid bonus shares;

(c) in the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Act);

(d) writing-off the preliminary expenses of the company;

(e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; and

(f) providing for the premium payable on redemption or purchase of any shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Act provides that, subject to confirmation by the Grand Court of the Cayman Islands, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, by special resolution reduce its share capital in any way.

Subject to the detailed provisions of the Companies Act, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder. In addition, such a company may, if authorized to do so by its articles of association, purchase its own shares, including any redeemable shares. The manner of such a purchase must be authorized either by the articles of association or by an ordinary resolution of the company. The articles of association may provide that the manner of purchase may be determined by the directors of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any member of the company holding shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and to act in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

4 Dividends and Distributions

With the exception of section 34 of the Companies Act, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands in this area, dividends may be paid only out of profits. In addition, section 34 of the Companies Act permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 3 above for details).

5 Shareholders' Suits

The Cayman Islands courts can be expected to follow English case law precedents. The rule in *Foss v. Harbottle* (and the exceptions thereto which permit a minority shareholder to commence a class action against or derivative actions in the name of the company to challenge (a) an act which is *ultra vires* the company or illegal, (b) an act which constitutes a fraud against the minority where the wrongdoers are themselves in control of the company, and (c) an action which requires a resolution with a qualified (or special) majority which has not been obtained) has been applied and followed by the courts in the Cayman Islands.

6 Protection of Minorities

In the case of a company (not being a bank) having a share capital divided into shares, the Grand Court of the Cayman Islands may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Grand Court shall direct.

Any shareholder of a company may petition the Grand Court of the Cayman Islands which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

Claims against a company by its shareholders must, as a general rule, be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

The English common law rule that the majority will not be permitted to commit a fraud on the minority has been applied and followed by the courts of the Cayman Islands.

7 Disposal of Assets

The Companies Act contains no specific restrictions on the powers of directors to dispose of assets of a company. As a matter of general law, in the exercise of those powers, the directors must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the company.

8 Accounting and Auditing Requirements

The Companies Act requires that a company shall cause to be kept proper books of account with respect to:

(a) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;

(b) all sales and purchases of goods by the company; and

(c) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

9 Register of Members

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as its directors may from time to time think fit. There is no requirement under the Companies Act for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

10 Inspection of Books and Records

Members of a company will have no general right under the Companies Act to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

11 Special Resolutions

The Companies Act provides that a resolution is a special resolution when it has been passed by a majority of at least two-thirds of such members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of which notice

specifying the intention to propose the resolution as a special resolution has been duly given, except that a company may in its articles of association specify that the required majority shall be a number greater than two-thirds, and may additionally so provide that such majority (being not less than two-thirds) may differ as between matters required to be approved by a special resolution. Written resolutions signed by all the members entitled to vote for the time being of the company may take effect as special resolutions if this is authorized by the articles of association of the company.

12 Subsidiary Owning Shares in Parent

The Companies Act does not prohibit a Cayman Islands company acquiring and holding shares in its parent company provided its objects so permit. The directors of any subsidiary making such acquisition must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the subsidiary.

13 Mergers and Consolidations

The Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (b) "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorized by (a) a special resolution of each constituent company and (b) such other authorization, if any, as may be specified in such constituent company's articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

14 Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by (a) 75% in value of shareholders, or (b) a majority in number representing 75% in value of creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the Grand Court of the Cayman Islands. Whilst a

dissenting shareholder would have the right to express to the Grand Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Grand Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management and if the transaction were approved and consummated the dissenting shareholder would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of his shares) ordinarily available, for example, to dissenting shareholders of United States corporations.

15 Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Grand Court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Grand Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

16 Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

17 Restructuring

A company may present a petition to the Grand Court of the Cayman Islands for the appointment of a restructuring officer on the grounds that the company:

(a) is or is likely to become unable to pay its debts; and

(b) intends to present a compromise or arrangement to its creditors (or classes thereof) either pursuant to the Companies Act, the law of a foreign country or by way of a consensual restructuring.

The Grand Court may, among other things, make an order appointing a restructuring officer upon hearing of such petition, with such powers and to carry out such functions as the court may order. At any time (i) after the presentation of a petition for the appointment of a restructuring officer but before an order for the appointment of a restructuring officer has been

made, and (ii) when an order for the appointment of a restructuring officer is made, until such order has been discharged, no suit, action or other proceedings (other than criminal proceedings) shall be proceeded with or commenced against the company, no resolution to wind up the company shall be passed, and no winding up petition may be presented against the company, except with the leave of the court. However, notwithstanding the presentation of a petition for the appointment of a restructuring officer or the appointment of a restructuring officer, a creditor who has security over the whole or part of the assets of the company is entitled to enforce the security without the leave of the court and without reference to the restructuring officer appointed.

18 Liquidation

A company may be placed in liquidation compulsorily by an order of the court, or voluntarily (a) by a special resolution of its members if the company is solvent, or (b) by an ordinary resolution of its members if the company is insolvent. The liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories (shareholders)), settle the list of creditors and discharge the company's liability to them, rateably if insufficient assets exist to discharge the liabilities in full, and to settle the list of contributories and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

19 Stamp Duty on Transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

20 Taxation

Pursuant to section 6 of the Tax Concessions Act (As Revised) of the Cayman Islands, the Company may obtain an undertaking from the Financial Secretary of the Cayman Islands:

(a) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations; and

(b) in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable:

(i) on or in respect of the shares, debentures or other obligations of the Company; or

(ii) by way of the withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Act (As Revised).

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties that are applicable to any payments made by or to the Company.

21 Exchange Control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

22 General

Maples and Calder (Hong Kong) LLP, the Company's legal advisors on Cayman Islands law, have sent to the Company a letter of advice summarizing aspects of Cayman Islands company law. This letter, together with a copy of the Companies Act, is on display on the websites as referred to in the section headed "Documents on display" in Appendix V. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he/she is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation

Our Company was incorporated under the laws of the Cayman Islands as an exempted company with limited liability on April 21, 2021 under the name "Hesai Group."

Our registered office address is at the offices of Maples Corporate Services Limited at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. Accordingly, our Company's corporate structure and Memorandum and Articles are subject to the relevant laws of the Cayman Islands. A summary of our Memorandum and Articles is set out in Appendix III.

Our registered place of business in Hong Kong is at Room 1922, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong. We were registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on May 19, 2025 with the Registrar of Companies in Hong Kong. Ms. Nelly Au-Yeung has been appointed as the authorized representative of our Company for the acceptance of service of process in Hong Kong. The address for service of process is Room 1922, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong.

As at the date of this document, our Company's head office was located at 10th Floor, Building A, No. 658 Zhaohua Road, Changning District, Shanghai 200050, People's Republic of China.

2. Changes in share capital of our Company

Upon incorporation, our Company had an authorized share capital of US$100,000 divided into 1,000,000,000 ordinary shares with a par value of US$0.0001 each.

The following sets out the changes in our Company's issued share capital within the two years immediately preceding the date of this document:

(a) On April 30, 2024, our Company issued 1,500,000 Class B Ordinary Shares to the Depositary in connection with the exercise of share options by Mr. Louis T. Hsieh under the 2021 Plan.

(b) On March 4, 2025, our Company issued 2,500,000 Class B Ordinary Shares to the Depositary for bulk issuance of ADSs reserved for future issuances upon the exercise or vesting of awards granted under the 2021 Plan.

Save as disclosed above, there has been no alteration in the share capital of our Company within the two years immediately preceding the date of this document.

3. Changes in the share capital of our subsidiaries

A summary of the corporate information and the particulars of our subsidiaries are set out in Note 1 to the Accountants' Report as set out in Appendix I.

The following sets out the changes in the share capital of our subsidiaries during the two years immediately preceding the date of this document:

(a) Hertz Technology Co., Ltd

On March 7, 2024, Hesai Hong Kong Limited subscribed for RMB72,000,000 in the registered capital of Hertz Technology Co., Ltd.

(b) Hesai (Thailand) Limited

On May 23, 2025, Hesai (Thailand) Limited increased its registered share capital from THB200,100,000 to THB388,760,000 by issuing 1,886,600 shares to Hesai Holding Pte. Ltd.

(c) HESAI TECHNOLOGY S.A. DE C.V.

On July 19, 2023, HESAI TECHNOLOGY S.A. DE C.V. issued 49,999 shares to Hesai Holding Pte. Ltd. and 1 share to Hesai Technology Pte. Ltd.

(d) HESAI TECHNOLOGY JAPAN INC. (株式会社禾賽科技日本)

On September 19, 2023, HESAI TECHNOLOGY JAPAN INC. issued 1,000 shares to Hesai Holding Pte. Ltd.

(e) Hesai Korea Co. Ltd.

On September 22, 2023, Hesai Korea Co. Ltd. issued 20,000 shares to Hesai Holding Pte. Ltd.

(f) American Lidar Inc

On December 27, 2023, American Lidar Inc issued 5,000 shares to Hesai Holding Pte. Ltd.

(g) Fastree3D SA

In December 2023, Hesai Holding Pte. Ltd. acquired 100% equity interests of Fastree3D SA.

(h) Hesai GmbH

On January 5, 2024, Hesai Hong Kong Limited transferred all equity interests of Hesai GmbH to Hesai Holding Pte. Ltd.

Save as disclosed above, there has been no alteration in the share capital of any of the subsidiaries of our Company within the two years immediately preceding the date of this document.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this document that are or may be material:

(a) a cornerstone investment agreement dated September 4, 2025 entered into among our Company, HHLR Advisors, Ltd., China International Capital Corporation Hong Kong Securities Limited, Guotai Junan Capital Limited, Guotai Junan Securities (Hong Kong) Limited and CMB International Capital Limited, with respect to a subscription of Offer Shares at the International Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$50.0 million;

(b) a cornerstone investment agreement dated September 4, 2025 entered into among our Company, Taikang Life Insurance Co., Ltd, China International Capital Corporation Hong Kong Securities Limited, Guotai Junan Capital Limited, Guotai Junan Securities (Hong Kong) Limited and CMB International Capital Limited, with respect to a subscription of Offer Shares at the International Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$28.0 million;

(c) a cornerstone investment agreement dated September 4, 2025 entered into among our Company, WT Asset Management Limited, China International Capital Corporation Hong Kong Securities Limited, Guotai Junan Capital Limited, Guotai Junan Securities (Hong Kong) Limited and CMB International Capital Limited, with respect to a subscription of Offer Shares at the International Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$30.0 million;

(d) a cornerstone investment agreement dated September 4, 2025 entered into among our Company, Grab Inc., China International Capital Corporation Hong Kong Securities Limited, Guotai Junan Capital Limited, Guotai Junan Securities (Hong Kong) Limited, CMB International Capital Limited and DBS Asia Capital Limited, with respect to a subscription of Offer Shares at the International Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$10.0 million;

(e) a cornerstone investment agreement dated September 4, 2025 entered into among our Company, Hongda Group (Hong Kong) Co., Limited, China International Capital Corporation Hong Kong Securities Limited, Guotai Junan Capital Limited, Guotai Junan Securities (Hong Kong) Limited, CMB International Capital Limited and Futu Securities International (Hong Kong) Limited, with respect to a subscription of Offer Shares at the International Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$20.0 million;

(f) a cornerstone investment agreement dated September 4, 2025 entered into among our Company, Commando Global Fund, China International Capital Corporation Hong Kong Securities Limited, Guotai Junan Capital Limited, Guotai Junan Securities (Hong Kong) Limited and CMB International Capital Limited, with respect to a subscription of Offer Shares at the International Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$10.0 million; and

(g) the Hong Kong Underwriting Agreement.

2. Intellectual Property Rights

(a) Trademarks

As at the Latest Practicable Date, we had registered the following trademarks that we considered to be or may be material to our business:

No.	Trademark	Registered Owner	Place of registration	Class	Registered Number	Expiry Date
1. . .	禾赛科技	Shanghai Hesai	PRC	39	45756919	January 6, 2031
2. . .	禾赛科技	Shanghai Hesai	PRC	16	45767744	January 6, 2031
3. . .	禾赛 HESAI	Shanghai Hesai	PRC	39	45738646	January 6, 2031
4. . .	禾赛 HESAI	Shanghai Hesai	PRC	16	45767700	January 13, 2031
5. . .	MISSION BEYOND VISION	Shanghai Hesai	PRC	9	45912820	June 27, 2031
6. . .	MISSION BEYOND VISION	Shanghai Hesai	PRC	9	45929761	June 27, 2031

No.	Trademark	Registered Owner	Place of registration	Class	Registered Number	Expiry Date
7. . .		Shanghai Hesai	PRC	35	45757277	July 06, 2031
8. . .		Shanghai Hesai	PRC	39	45741485	January 13, 2031
9. . .		Shanghai Hesai	PRC	16	45755921	January 6, 2031
10. . .		Shanghai Hesai	PRC	39	45746929	January 13, 2031
11. . .		Shanghai Hesai	PRC	16	45755960	January 6, 2031
12. . .		Shanghai Hesai	PRC	35	42419090	March 13, 2031
13. . .		Shanghai Hesai	PRC	35	42404400	February 27, 2031
14. . .		Shanghai Hesai	United States	9	5817044	July 30, 2029
15. . .		Shanghai Hesai	European Union	9	017893457	April 30, 2028
16. . .		Shanghai Hesai	United States	9	5817043	July 30, 2029
17. . .		Shanghai Hesai	European Union	9	017893453	April 30, 2028
18. . .		Shanghai Hesai	PRC	9	29286124A	March 20, 2029

No.	Trademark	Registered Owner	Place of registration	Class	Registered Number	Expiry Date
19. . .	禾赛	Shanghai Hesai	PRC	9	29286124	February 6, 2029
20. . .	HESAI	Shanghai Hesai	PRC	9	29289587	April 20, 2029
21. . .	HESAI	Shanghai Hesai	PRC	9	29289569	February 6, 2030
22. . .	禾赛	Shanghai Hesai	PRC	9	29292441	February 27, 2030
23. . .	禾赛 HESAI	Shanghai Hesai	PRC	9	29285821A	March 20, 2029
24. . .	禾赛 HESAI	Shanghai Hesai	PRC	9	29285821	February 6, 2030
25. . .	HESAI	Shanghai Hesai	PRC	9	22042508	January 13, 2028
26. . .	禾赛	Shanghai Hesai	PRC	9	22042424	January 13, 2028
27. . .	禾赛科技 禾赛科技 禾赛科技	Hesai Group	Hong Kong	9	306506596	March 21, 2034
28. . .	HESAI HESAI HESAI	Hesai Group	Hong Kong	9	306506604	March 21, 2034
29. . .	HESAI HESAI	Hesai Group	Hong Kong	9	306506613	March 21, 2034
30. . .	HESAI	Shanghai Hesai	PRC	9	68678442	August 13, 2033
31. . .	HESAI	Shanghai Hesai	PRC	9	44470156	November 27, 2030

No.	Trademark	Registered Owner	Place of registration	Class	Registered Number	Expiry Date
32...		Shanghai Hesai	PRC	35	34929001	October 6, 2029
33...		Shanghai Hesai	PRC	9	29288011	September 27, 2029
34...		Shanghai Hesai	PRC	35	29288057	April 20, 2029
35...	HESAI	Shanghai Hesai	PRC	9	68669842	September 6, 2033
36...	HESAI	Shanghai Hesai	PRC	35	68678768	June 20, 2033
37...	HESAI PandarXT	Shanghai Hesai	PRC	9	47630264	April 13, 2031
38...	HESAI PandarQT	Shanghai Hesai	PRC	9	44489504	November 13, 2030
39...	HESAI Pandar40M	Shanghai Hesai	PRC	9	44103435	December 13, 2030
40...		Shanghai Hesai	PRC	41	45772170	February 27, 2031
41...		Shanghai Hesai	PRC	41	45742488	April 6, 2031
42...		Shanghai Hesai	PRC	37	29288470	April 20, 2029
43...		Shanghai Hesai	PRC	42	29281593	February 27, 2029
44...	HESAI	Shanghai Hesai	PRC	12	22042789	January 13, 2028
45...	HESAI	Shanghai Hesai	PRC	35	29284294	February 20, 2029

No.	Trademark	Registered Owner	Place of registration	Class	Registered Number	Expiry Date
46. . .	HESAI	Shanghai Hesai	PRC	37	29284005	January 20, 2029
47. . .	HESAI	Shanghai Hesai	PRC	42	29288514	January 13, 2029
48. . .	禾赛	Shanghai Hesai	PRC	12	22042859	January 13, 2028
49. . .	禾赛	Shanghai Hesai	PRC	35	29284273	April 27, 2029
50. . .	禾赛	Shanghai Hesai	PRC	37	29291746	January 20, 2029
51. . .	禾赛	Shanghai Hesai	PRC	38	29287924	January 13, 2029
52. . .	禾赛	Shanghai Hesai	PRC	42	29285236	January 13, 2029
53. . .	禾赛 HESAI	Shanghai Hesai	PRC	35	29290347	April 20, 2029
54. . .	禾赛 HESAI	Shanghai Hesai	PRC	37	29282852	January 13, 2029
55. . .	禾赛 HESAI	Shanghai Hesai	PRC	38	29284920	January 13, 2029
56. . .	禾赛 HESAI	Shanghai Hesai	PRC	42	29286326	January 13, 2029
57. . .	HESAI	Shanghai Hesai	United Kingdom	9	UK00917893453	April 30, 2028
58. . .		Shanghai Hesai	United Kingdom	9	UK00917893457	April 30, 2028
59. . .		Shanghai Hesai	PRC	12	22042797	February 13, 2028
60. . .	Pandar GT	Shanghai Hesai	PRC	9	28756118	January 20, 2029
61. . .	Pandar GT	Shanghai Hesai	PRC	12	28749550	December 13, 2028

No.	Trademark	Registered Owner	Place of registration	Class	Registered Number	Expiry Date
62. . .	HESAI PandarQT	Shanghai Hesai	PRC	12	40700502	June 13, 2030
63. . .	PandarQT	Shanghai Hesai	PRC	9	40702978	May 6, 2030
64. . .	PandarQT	Shanghai Hesai	PRC	12	40684087	May 6, 2030
65. . .	禾赛贸易	Shanghai Hesai	PRC	37	41856734	June 20, 2030
66. . .	禾赛贸易	Shanghai Hesai	PRC	37	41857956	February 13, 2031
67. . .	HESAI Pandar128	Shanghai Hesai	PRC	9	42043090	October 6, 2030
68. . .	HESAI Pandar128	Shanghai Hesai	PRC	12	42048600	August 20, 2030
69. . .	MISSION BEYOND VISION	Shanghai Hesai	PRC	16	42537234	September 6, 2030
70. . .	MISSION BEYOND VISION	Shanghai Hesai	PRC	35	42521174	August 13, 2030
71. . .	MISSION BEYOND VISION	Shanghai Hesai	PRC	41	42548128	August 20, 2030
72. . .	MISSION BEYOND VISION	Shanghai Hesai	PRC	16	42543488	October 6, 2030
73. . .	MISSION BEYOND VISION	Shanghai Hesai	PRC	35	42525675	August 6, 2030
74. . .	MISSION BEYOND VISION	Shanghai Hesai	PRC	41	42522588	August 13, 2030
75. . .	HESAI Pandar40M	Shanghai Hesai	PRC	12	44099090	October 6, 2030
76. . .	HESAI PandarXT	Shanghai Hesai	PRC	12	47642087	February 13, 2031
77. . .	PandarXT	Shanghai Hesai	PRC	9	47628747A	March 6, 2031

No.	Trademark	Registered Owner	Place of registration	Class	Registered Number	Expiry Date
78. . .	PandarXT	Shanghai Hesai	PRC	12	47652836	February 13, 2031
79. . .	pandar	Shanghai Hesai	United Kingdom	9	UK00917893456	April 30, 2028
80. . .	pandar	Shanghai Hesai	European Union	9	17893456	April 30, 2028
81. . .	MISSION BEYOND VISION	Shanghai Hesai	PRC	12	45918088	June 27, 2031
82. . .	MISSION BEYOND VISION	Shanghai Hesai	PRC	37	45904657	June 27, 2031
83. . .	MISSION BEYOND VISION	Shanghai Hesai	PRC	39	45906582	June 27, 2031
84. . .	MISSION BEYOND VISION	Shanghai Hesai	PRC	42	45932806	June 27, 2031
85. . .	MISSION BEYOND VISION	Shanghai Hesai	PRC	12	45937806	June 27, 2031
86. . .	MISSION BEYOND VISION	Shanghai Hesai	PRC	37	45919649	June 27, 2031
87. . .	MISSION BEYOND VISION	Shanghai Hesai	PRC	39	45903152	June 27, 2031
88. . .	MISSION BEYOND VISION	Shanghai Hesai	PRC	42	45932015	June 27, 2031
89. . .	禾赛贸易	Shanghai Hesai	PRC	37	45372059	September 13, 2031
90. . .	PandarXT	Shanghai Hesai	PRC	9	51413757	October 6, 2031
91. . .	HESAI PandarQT	Shanghai Hesai	PRC	9	44244988	March 6, 2032
92. . .	禾小赛	Shanghai Hesai	PRC	39	63089311	August 27, 2032

No.	Trademark	Registered Owner	Place of registration	Class	Registered Number	Expiry Date
93. . .	禾小赛	Shanghai Hesai	PRC	9	63098574	August 27, 2032
94. . .	禾小赛	Shanghai Hesai	PRC	12	63111544	August 27, 2032
95. . .	HESAI	Shanghai Hesai	PRC	12	68666985	June 20, 2033
96. . .	HESAI	Shanghai Hesai	PRC	35	68686276	June 20, 2033
97. . .	HESAI	Shanghai Hesai	PRC	37	68683155	June 20, 2033
98. . .	HESAI	Shanghai Hesai	PRC	41	68685173	June 20, 2033
99. . .	HESAI	Shanghai Hesai	PRC	42	68673394	June 20, 2033
100. .	HESAI	Shanghai Hesai	PRC	12	68678451	June 20, 2033
101. .	HESAI	Shanghai Hesai	PRC	37	68678781	June 20, 2033
102. .	HESAI	Shanghai Hesai	PRC	41	68676602	June 20, 2033
103. .	HESAI	Shanghai Hesai	PRC	42	68670010	June 20, 2033
104. .		Shanghai Hesai	PRC	9	73114369	January 27, 2034
105. .		Shanghai Hesai	PRC	42	73103442	January 27, 2034
106. .		Shanghai Hesai	PRC	9	68179918	November 6, 2033
107. .	HESAI	Shanghai Hesai	PRC	9	68188153	September 6, 2033
108. .	禾赛	Shanghai Hesai	PRC	9	68191723	September 6, 2033
109. .	HESAI PandarQT	Shanghai Hesai	PRC	9	40694613	February 6, 2032

(b) Patents

As at the Latest Practicable Date, we had registered the following patents which we considered to be or may be material to our business:

No.	Patent	Patentee	Place of registration	Patent number	Grant date	Expiry date
1. . .	Driving circuit, driving method and radar system (驅動電路、驅動方法和雷達器系統)	Shanghai Hesai	PRC	ZL201910770034.1	March 19, 2021	August 20, 2039
2. . .	Laser diode driving circuit and laser radars (激光器驅動電路及激光雷達)	Shanghai Hesai	PRC	ZL202110351247.8	August 4, 2023	March 31, 2041
3. . .	Synchronous circuits, data processing chips and radars (同步電路、數據處理芯片及雷達)	Shanghai Hesai	PRC	ZL202110149364.6	May 5, 2023	February 3, 2041
4. . .	Adaptive emitter and receiver for LiDAR systems	Shanghai Hesai	United States	US-10983197-B1	April 20, 2021	March 13, 2040
5. . .	A type of laser radar (一種激光雷達)	Shanghai Hesai	PRC	ZL201711026936.1	December 29, 2020	October 27, 2037
6. . .	A coded laser transceiver, a distance measuring device and a laser radar system (一種編碼激光收發裝置、測距裝置以及激光雷達系統)	Shanghai Hesai	PRC	ZL201810678690.4	April 24, 2020	June 27, 2038
7. . .	Multi-line laser radar and detection method using multi-line laser radars (多線激光雷達以及使用多線激光雷達進行探測的方法)	Shanghai Hesai	PRC	ZL202110788412.6	April 25, 2023	June 19, 2037
8. . .	Calibration method and calibration structure applicable to laser radars (可用於激光雷達的校準方法以及裝校結構)	Shanghai Hesai	PRC	ZL201910816149.X	November 19, 2021	August 30, 2039

No.	Patent	Patentee	Place of registration	Patent number	Grant date	Expiry date
9. . .	SiPM receiver and l dynamic threshold adjustment method and laser radar (SiPM接收器和激光雷達的動態閾值調節方法以及激光雷達)	Shanghai Hesai	PRC	ZL201910817891.2	August 23, 2022	August 30, 2039
10. .	Multi-line laser radar	Shanghai Hesai	United States	US-10845472-B2	November 24, 2020	May 16, 2038
11. .	Scanner control for LiDAR systems	Shanghai Hesai	United States	US-11668802-B2	June 6, 2023	February 10, 2041
12. .	A laser radar system (一種激光雷達系統)	Shanghai Hesai	PRC	ZL201910072138.5	November 3, 2020	January 25, 2039
13. .	Receiving module and including its laser radar (接收模組以及包括其的激光雷達)	Shanghai Hesai	PRC	ZL201911079332.2	November 27, 2020	November 7, 2039
14. .	Multi-line laser radar based on multiple lasers (基於多個激光器的多線激光雷達)	Shanghai Hesai	PRC	ZL201710463616.6	September 8, 2023	June 19, 2037
15. .	Multi-line laser radar	Shanghai Hesai	United States	US-11543503-B2	January 3, 2023	October 28, 2039
16. .	LiDAR system and method	Shanghai Hesai	United States	US-10444356-B2	October 15, 2019	October 16, 2038
17. .	Noise recognition method and laser radar system applicable to laser radar (可用於激光雷達的噪點識別方法以及激光雷達系統)	Shanghai Hesai	PRC	ZL201910322878.X	May 22, 2020	April 22, 2039
18. .	Adaptive coding for LiDAR systems	Shanghai Hesai	United States	US-11686827-B2	June 27, 2023	September 30, 2038
19. .	Laser radar and its control method (激光雷達及其控制方法)	Shanghai Hesai	PRC	ZL202111141058.4	February 3, 2023	August 8, 2039

No.	Patent	Patentee	Place of registration	Patent number	Grant date	Expiry date
20.	Receiving device, laser radar and method for reducing interference signal of laser radar receiving device (接收裝置、激光雷達及降低激光雷達接收裝置干擾信號的方法)	Shanghai Hesai	PRC	ZL202011313801.5	September 23, 2022	November 20, 2040
21.	Method for measuring reflectivity of target object using laser radar and laser radar (使用激光雷達測量目標物反射率的方法及激光雷達)	Shanghai Hesai	PRC	ZL202110474761.0	March 17, 2023	April 29, 2041
22.	Laser radar and method for measuring distance using laser radar (激光雷達及使用激光雷達測距的方法)	Shanghai Hesai	PRC	ZL202010889458.2	May 23, 2023	August 28, 2040

(c) Copyrights

As at the Latest Practicable Date, we had registered the following copyrights which we considered to be material in relation to our Group's business:

No.	Copyright Name	Version	Registration number	Registration Date
1.	Radar assembly system software (雷達總裝系統軟件)	V1.0.6	2020SR0438086	May 12, 2020
2.	Hesai Radar Point Cloud Display Application Software (禾賽雷達雷達點雲顯示應用軟件)	V1.0	2016SR394842	December 26, 2016
3.	PandarView 2	2.0.90	2022SR1382728	September 29, 2022
4.	Radar program interface automated verification software (雷達程序接口自動化驗證軟件)	V2.1	2020SR0267720	March 18, 2020
5.	Radar program interface automated verification software (雷達溫循測試系統軟件)	V1.0	2020SR0122204	February 10, 2020

No.	Copyright Name	Version	Registration number	Registration Date
6. . .	Radar application layer messaging software (雷達應用層消息通訊軟件)	V1.0	2020SR0267725	March 18, 2020
7. . .	Radar Unified Diagnostic Tool Software (雷達統一診斷工具軟件)	V1.0	2023SR1209929	October 11, 2023
8. . .	Radar host computer software (雷達上位機軟件)	V3.0.1	2023SR1212476	October 11, 2023
9. . .	Radar application layer fault processing module software (雷達應用層故障處理模塊軟件)	V1.0	2023SR1213466	October 11, 2023
10. .	Hesai sensor data acquisition system (禾賽傳感器數據採集系統)	V1.0	2025SR0268709	February 17, 2025

(d) Domain Names

As at the Latest Practicable Date, we had registered the following internet domain names which we considered to be or may be material in relation to our Group's business:

No.	Domain Name	Registered Owner	Expiry Date
1. . . .	Hesaitech.com	Shanghai Hesai	October 3, 2027

Save as aforesaid, as of the Latest Practicable Date, there were no other intellectual property rights which were material in relation to our business.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS

1. Particulars of Directors' service contracts and appointment letters

(a) Executive Directors

Each of our executive Directors has entered into a director agreement with our Company on September 4, 2025. The term of appointment shall be for an initial term of three years from the date of this prospectus or until the third annual general meeting of our Company after the date of this prospectus, whichever is sooner (subject to re-election as and when required under the Articles of Association). Either party may terminate the agreement by giving not less than 3 months' written notice.

(b) Independent non-executive Directors

Each of our independent non-executive Directors has entered into an appointment letter with our Company on September 4, 2025. The term of appointment shall be for an initial term of three years from the date of this prospectus or until the third annual general meeting of our Company after the date of this prospectus, whichever is sooner (subject to re-election as and when required under the Articles of Association). Either party may terminate the agreement by giving not less than 30 days' written notice.

2. Remuneration of Directors

Remuneration and benefits in kind of approximately RMB52.4 million, RMB62.1 million, RMB26.9 million and RMB3.6 million in aggregate (including equity-based payments, amounting to RMB43.3 million, RMB46.0 million, RMB14.4 million and RMB0.7 million for the same periods, respectively) were paid and granted by our Group to our Directors in respect of for the fiscal years ended December 31, 2022, 2023 and 2024 and the three months ended March 31, 2025.

Under the arrangements currently in force, our Directors will be entitled to receive remuneration and benefits in kind which, for the fiscal year ending December 31, 2025, is expected to be approximately RMB14 million in aggregate (excluding discretionary bonus).

None of our Directors has or is proposed to have a service contract with our Company other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

3. Disclosure of interests

(a) Interests and short positions of our Directors and chief executives in the share capital of our Company and its associated corporations following completion of the Global Offering

Immediately following completion of the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised and no Shares are issued under the Share Incentive Plan between the Latest Practicable Date and upon the completion of the Global Offering), the interests and/or short positions (as applicable) of our Directors and chief executives in the shares, underlying shares and debentures of our Company and its associated corporations, within the meaning of Part XV of the SFO, which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions (as applicable) which he/she is taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, will be as follows:

Interests in our Company

Name of Director or chief executive	Nature of interest	Number and class of securities	Approximate percentage of interest in our Company immediately after the Global Offering[1]
Dr. Yifan Li[2]	Interest through controlled corporations	8,879,636 Class A Ordinary Shares	5.89%
Dr. Kai Sun[3]	Interest through controlled corporations	9,228,622 Class A Ordinary Shares	6.13%
Mr. Shaoqing Xiang[4]	Interest through controlled corporations	8,890,603 Class A Ordinary Shares and 165,031 Class B Ordinary Shares	6.01%
Ms. Cailian Yang[5] . .	Beneficial interest	403,706 Class B Ordinary Shares	0.27%
Ms. Yi Zhang[6]	Beneficial interest	22,432 Class B Ordinary Shares	0.01%
Dr. Jie Chen[7]	Beneficial interest	11,217 Class B Ordinary Shares	0.01%

Notes:

(1) The calculation is based on the total number of 26,998,861 Class A Ordinary Shares and 121,347,250 Class B Ordinary Shares in issue immediately after completion of the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised and no Shares are issued under the Share Incentive Plan between the Latest Practicable Date and upon completion of the Global Offering, and assuming no Class A Ordinary Shares are converted into Class B Ordinary Shares).

(2) Represents (i) 8,879,636 Class A Ordinary Shares held by ALBJ Limited, a company limited by shares incorporated in the British Virgin Islands. ALBJ Limited is wholly owned by Asian LBJ Limited, which is wholly owned by Dr. Yifan Li.

(3) Represents (i) 9,228,622 Class A Ordinary Shares held by Fermat Star Limited, a company limited by shares incorporated in the British Virgin Islands. Fermat Star Limited is wholly owned by Rock Ocean Limited, which is wholly owned by Dr. Kai Sun.

(4) Represents (i) 8,890,603 Class A Ordinary Shares held by Galbadia Limited, a company limited by shares incorporated in the British Virgin Islands, and (ii) 165,031 Class B Ordinary Shares in the form of ADSs controlled by Mr. Shaoqing Xiang through Galbadia Limited. Galbadia Limited is wholly owned by Balamb Limited, which is wholly owned by Mr. Shaoqing Xiang.

(5) Represents (i) Ms. Cailian Yang's entitlement to receive up to 281,074 Class B Ordinary Shares pursuant to the exercise of options granted to her under the 2021 Plan, subject to the conditions (including but not limited to vesting conditions) of those options, and (ii) 122,632 Class B Ordinary Shares in the form of ADSs beneficially owned by Ms. Cailian Yang.

(6) Represents 22,432 Class B Ordinary Shares underlying the restricted share units granted to Ms. Yi Zhang.

(7) Represents 11,217 Class B Ordinary Shares underlying the restricted share units granted to Dr. Jie Chen.

(b) Interests and short positions discloseable under Divisions 2 and 3 of Part XV of the SFO

For information on the persons who will, immediately following the completion of the Global Offering and taking no account of any Shares which may be issued pursuant to the exercise of the options granted under the Share Incentive Plan, having or be deemed or taken to have beneficial interests or short position in our Shares or underlying shares which would fall to be disclosed to our Company under the provisions of 2 and 3 of Part XV of the SFO, or directly or indirectly be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group, please see the section headed "Substantial Shareholders."

4. Disclaimers

(a) Save as disclosed in the section headed "— Further Information about Our Directors — Particulars of Directors' service contracts and appointment letters" above in this Appendix, there are no existing or proposed service contracts (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)) between the Directors and any member of the Group.

(b) None of the Directors or the experts named in the subsection headed "Other Information — Consent of Experts" below in this Appendix has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

(c) Save as disclosed in the section headed "Underwriting — Underwriting Arrangements and Expenses — International Offering — Commissions and Expenses", in connection with the Underwriting Agreements, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any Shares in or debentures of the Company within the two years ended on the date of this prospectus.

(d) None of the Directors is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of the Group taken as a whole.

(e) Save as disclosed in the section headed "Substantial Shareholders" and the subsection headed "— Further Information about Our Directors — Disclosure of Interests" above in this Appendix, taking no account of any Shares which may be taken up under the Global Offering and allotted and issued pursuant to the Share Incentive Plan, so far as is known to any Director or chief executive of the Company, no other person (other than a Director or chief executive of the Company) will,

immediately following completion of the Global Offering, have interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or (not being a member of the Group), be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

(f) Save as disclosed in the section headed "Substantial Shareholders" and the subsection headed "— Further Information about Our Directors — Disclosure of Interests" above in this Appendix, none of the Directors or chief executive of the Company has any interests or short positions in the Shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered into the register referred to therein, or will be required, pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange once the Shares are listed thereon.

D. SHARE INCENTIVE PLAN

1. The 2021 PLAN

Summary

We adopted the 2021 Plan in June 2021 and pursuant to the resolutions of the Board on September 3, 2025, the Board has approved amendments to take effect upon the Listing. The terms of the 2021 Plan as amended and restated will be governed by Chapter 17 of the Listing Rules (but for the avoidance of doubt, Awards granted pursuant to the 2021 Plan prior to the Listing Date will not be subject to the provisions of the Listing Rules).

We have applied to the Stock Exchange and the SFC, respectively for, (i) a waiver from strict compliance with the disclosure requirements under Rule 17.02(1)(b) of the Listing Rules and paragraph 27 of Appendix IA to the Listing Rules; (ii) a waiver from strict compliance with the requirements under the Note (1) to Rule 17.03E of the Listing Rules in relation to the exercise price of Options to be granted after the Listing, and (iii) an exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance from strict compliance with the disclosure requirements of paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance. See the section headed "Waivers and Exemption — Waiver and Exemption in relation to the Share Incentive Plan" and "Waivers and Exemption — Exercise Price of Options to be Granted pursuant to the Share Incentive Plan after the Listing" for more information.

The following is a summary of the principal terms of the 2021 Plan of the Company (as amended and restated from the Listing Date).

(a) Purpose

The purpose of the 2021 Plan is to promote the success and enhance the value of the Group by linking the personal interests of the directors, employees, and consultants to those of the Company's shareholders and by providing such individuals with an incentive for outstanding performance to generate superior returns to the Company's shareholders.

(b) Who may join

Those eligible to participate in the 2021 Plan include employees, consultants and directors of the Company or a subsidiary of the Company, as determined by the Committee (as defined below) (the "**Participants**"). Consultants refer to persons providing services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long term growth of the Group as determined by the Committee. The Committee may, from time to time, select from among all Participants to whom awards in the form of share options ("**Options**"), restricted Shares ("**Restricted Shares**"), restricted share units ("**Restricted Share Units**") or any other type of awards, in the form of cash or otherwise (collectively, "**Awards**"), will be granted and will determine the nature and amount of each Award.

(c) Maximum number of Shares

The maximum aggregate number of Class B Ordinary Shares which may be issued and/or transferred in respect of all Awards that may be granted pursuant to the 2021 Plan and any other share incentive schemes of the Company in aggregate is 15,010,089 Class B Ordinary Shares, representing less than 10% of the total number of Shares in issue (excluding treasury shares) as at the Listing Date (the "**Plan Limit**") or the relevant date of approval of the refreshment of the Plan Limit. Further, Awards lapsed in accordance with the terms of the 2021 Plan and Awards that were previously granted under the 2021 Plan prior to the Listing Date will not be counted for the purpose of the Plan Limit.

The total number of Class B Ordinary Shares which may be issued and/or transferred in respect of all Awards that may be granted pursuant to this Plan and any other share incentive schemes of the Company to consultants (the "**Consultants Sublimit**") is 750,504, representing less than 0.5% of the total number of Shares in issue (excluding treasury shares) as at the Listing Date or the relevant date of approval of the refreshment of the Consultants Sublimit. The Consultants Sublimit shall in any event be within the Plan Limit. Further, Awards lapsed in accordance with the terms of the 2021 Plan and Awards that were previously granted under the 2021 Plan prior to the Listing Date will not be counted for the purpose of the Consultants Sublimit.

Unless approved by the Shareholders of the Company in general meeting in accordance with the Listing Rules, any grant of Awards to a Participant that would result in the Shares issued and to be issued and/or transferred in respect of all Awards granted to such Participant (excluding any Awards lapsed in accordance with the provisions of the 2021 Plan) in any 12-month period shall not exceed 1% of the total number of Shares in issue (excluding treasury shares).

The grant of Awards to a Director, chief executive or substantial shareholder of the Company, or any of their respective associates, must comply with the approval requirements set out in Rule 17.04(1) of the Listing Rules. The nominating and corporate governance committee must make a recommendation on any grant of Awards to a Director who is a WVR Beneficiary. Where any grant of Awards (excluding grant of Options) to a Director (other than an Independent Non-executive Director) or chief executive of the Company, or any of their associates would result in the Shares issued and to be issued in respect of all Awards granted (excluding any Awards lapsed in accordance with the 2021 Plan) to such person in the 12-month period up to and including the date of such grant, representing in aggregate over 0.1% of the total number of Shares in issue (excluding treasury shares), such further grant of awards must be approved by shareholders in general meeting in the manner set out in Rule 17.04(4) of the Listing Rules. The Company must send a circular to the shareholders setting out matters required under Rule 17.04(5) of the Listing Rules.

Where any grant of Awards to an independent non-executive Director or a substantial shareholder of the Company, or any of their respective associates, would result in the Shares issued and to be issued in respect of all Awards granted (excluding any Awards lapsed in accordance with the 2021 Plan) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the total number of Shares in issue, such further grant of Awards must be approved by shareholders in general meeting in the manner set out in Rule 17.04(4) of the Listing Rules. The Company must send a circular to the shareholders setting out matters required under Rule 17.04(5) of the Listing Rules.

(d) Administration

The 2021 Plan shall be administered by the Board or a committee of one or more members of the Board and/or one or more executive officers of the Company (the "**Committee**") to whom the Board shall delegate the authority to grant or amend Awards to Participants other than any of the Committee members, independent directors and executive officers of the Company.

Subject to any specific designation in the 2021 Plan, the Committee has the exclusive power, authority and discretion to:

(i) designate Participants to receive Awards;

(ii) determine the type or types of Awards to be granted to each Participant;

(iii) determine the number of Awards to be granted and the number of Shares to which an Award will relate;

(iv) determine the terms and conditions of any Award granted pursuant to the 2021 Plan, including, but not limited to, the exercise price, grant price, or purchase price, any restrictions or limitations on the Award, any schedule for lapse of forfeiture restrictions or restrictions on the exercisability of an Award, and accelerations or waivers thereof, and any provisions related to non-competition and recapture of gain on an Award, based in each case on such considerations as the Committee in its sole discretion determines;

(v) determine whether, to what extent, and pursuant to what circumstances an Award may be settled in, or the exercise price of an Award may be paid in, cash, Shares, other Awards, or other property, or an Award may be canceled, forfeited, or surrendered;

(vi) prescribe the form of each Award Agreement, which need not be identical for each Participant;

(vii) decide all other matters that must be determined in connection with an Award;

(viii) establish, adopt, or revise any rules and regulations as it may deem necessary or advisable to administer the Plan;

(ix) interpret the terms of, and any matter arising pursuant to, the Plan or any Award Agreement;

(x) amend the terms and conditions of Award Agreements; and

(xi) make all other decisions and determinations that may be required pursuant to the 2021 Plan or as the Committee deems necessary or advisable to administer the 2021 Plan, including design and adopt from time to time new types of Awards that are in compliance with applicable laws.

(e) Grant of Awards

The Committee is authorized to grant Awards in the form of Options, Restricted Shares or Restricted Share Units to Participants in accordance with the terms of the 2021 Plan. Awards granted will be evidenced by a written agreement, contract, or other instrument or document, including through electronic medium (the "**Award Agreement**"), setting forth the terms, conditions and limitations for each Award which may include the term of an Award, the provisions applicable in the event the Participant's employment or service terminates, and the Company's authority to unilaterally or bilaterally amend, modify, suspend, cancel or rescind an Award.

(f) Term of the 2021 Plan

The 2021 Plan commenced on June 28, 2021 ("**2021 Plan Effective Date**") and shall continue in effect until the tenth anniversary of the 2021 Plan Effective Date unless sooner terminated under the terms of the 2021 Plan. Any Awards that are outstanding on the tenth anniversary of the 2021 Plan Effective Date shall remain in force according to the terms of the 2021 Plan and the applicable Award Agreement.

(g) No Award Rights

No Award gives the Participant any of the rights of a shareholder of the Company (including but not limited to right to vote, receive dividends, right to transfer or liquidation right) unless and until Shares are in fact issued to such person in connection with such Award.

(h) Performance Objectives

The Committee, in its discretion, shall set performance objectives or other vesting criteria which, depending on the extent to which they are met, will determine the number or value of the Awards that will be granted or paid out to the Participants.

(i) Termination for Cause

"Cause" with respect to a Participant means (unless otherwise expressly provided in the applicable Award Agreement, or another applicable contract with the Participant that defines such term for purposes of determining the effect that a "for cause" termination has on the Participant's Awards) a termination of employment or service based upon a finding by the Group, acting in good faith and based on its reasonable belief at the time, that the Participant:

(i) has been negligent in the discharge of his or her duties to the Group, has refused to perform stated or assigned duties or is incompetent in or (other than by reason of a disability or analogous condition) incapable of performing those duties;

(ii) has been dishonest or committed or engaged in an act of theft, embezzlement or fraud, a breach of confidentiality, an unauthorized disclosure or use of inside information, customer lists, trade secrets or other confidential information;

(iii) has breached a fiduciary duty, or willfully and materially violated any other duty, law, rule, regulation or policy of the Group; or has been convicted of, or plead guilty or nolo contendere to, a felony or misdemeanor (other than minor traffic violations or similar offenses);

(iv) has materially breached any of the provisions of any agreement with the Group;

(v) has engaged in unfair competition with, or otherwise acted intentionally in a manner injurious to the reputation, business or assets of the Group; or

(vi) has improperly induced a vendor or customer to break or terminate any contract with the Group or induced a principal for whom the Group acts as agent to terminate such agency relationship.

A termination for cause shall be deemed to occur (subject to reinstatement upon a contrary final determination by the Committee) on the date on which the Group first delivers written notice to the Participant of a finding of termination for cause.

(j) Options

(i) Exercise price

The exercise price per Share subject to an Option shall be determined by the Committee and set forth in the Award Agreement which may be a fixed price, or a variable price related to the fair market value of the Shares; *provided* that the exercise price per Share subject to an Option shall be at least the higher of the following: (i) where the Options granted are exercisable into ADSs and the exercise price is determined in U.S. dollars, (a) the closing price of the Company's ADSs on Nasdaq on the date of grant, which must be Nasdaq business day; and (b) the average closing price of the Company's ADSs on Nasdaq for the five Nasdaq trading days immediately preceding the date of grant; or (ii) where the Options granted are exercisable into the Shares and the exercise price is determined in Hong Kong dollars, (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the grant date which should be a business day of the Stock Exchange, or (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the grant date. Subject to the provisions of the 2021 Plan, the exercise price per Share subject to an Option may be amended or adjusted in the absolute discretion of the Committee, the determination of which shall be final, binding and conclusive.

(ii) Vesting period, time and conditions of exercise

The Committee shall determine the time or times at which an Option may be exercised in whole or in part, including exercise prior to vesting; provided that (i) the vesting period of any Option shall not be less than 12 months and (ii) the exercise term of any Option granted under the 2021 Plan shall not exceed the seventh (7th) anniversary of the date on which the vesting of the Option commences, except as otherwise determined by the Committee. The Committee shall also determine any conditions, if any, that must be satisfied before all or part of an Option may be exercised.

(iii) Lapsed Options

Except as otherwise determined by the Committee at the time of the grant of the Award or thereafter, on the 90th day following the termination of employment or service, Options that are at that time unexercised shall automatically lapse in accordance with the Award Agreement.

(iv) Forfeiture

Except as otherwise determined by the Committee at the time of the grant of the Award or thereafter, upon the termination of employment or service resulting from specified causes under the 2021 Plan as referred to in the subsection headed "— (i) Termination for Cause" above, Options that are at that time unexercised shall be forfeited in accordance with the Award Agreement; *provided, however*, the Committee may (a) provide in any Award Agreement that forfeiture conditions relating to Options will be waived in whole or in part in the event of terminations resulting from specified causes, and (b) in other cases waive in whole or in part forfeiture conditions relating to Options.

(v) Payment

The Committee shall determine the methods by which the exercise price of an Option may be paid, the form of payment, including, without limitation (i) cash or check denominated in U.S. Dollars, (ii) to the extent permissible under the applicable laws, cash or check in Renminbi, (iii) cash or check denominated in any other local currency as approved by the Committee, (iv) Shares held for such period of time as may be required by the Committee in order to avoid adverse financial accounting consequences and having a fair market value on the date of delivery equal to the aggregate exercise price of the Option or exercised portion thereof, (v) after the closing of the first sale to the general public of the Shares pursuant to a registration statement filed with and declared effective by the U.S. SEC under the U.S. Securities Act, the delivery of a notice that the Participant has placed a market sell order with a broker with respect to Shares then issuable upon exercise of the Option, and that the broker has been directed to pay a sufficient portion of the net

proceeds of the sale to the Company in satisfaction of the Option exercise price; provided that payment of such proceeds is then made to the Company upon settlement of such sale, (vi) other property acceptable to the Committee with a fair market value equal to the exercise price, or (vii) any combination of the foregoing.

Notwithstanding any other provision of the 2021 Plan to the contrary, no Participant who is a member of the Board or an "executive officer" of the Company within the meaning of Section 13(k) of the U.S. Securities Exchange Act of 1934 (the "**U.S. Exchange Act**") shall be permitted to pay the exercise price of an Option in any method which would violate Section 13(k) of the U.S. Exchange Act.

(k) Restricted Shares

(i) Issuance and restrictions

Restricted Shares shall be subject to such restrictions on transferability and other restrictions as the Committee may impose (including, without limitation, limitations on the right to vote Restricted Shares or the right to receive dividends on the Restricted Shares). These restrictions may lapse separately or in combination at such times, pursuant to such circumstances, in such instalments, or otherwise, as the Committee determines at the time of the grant of the Award or thereafter.

(ii) Forfeiture/repurchase

Except as otherwise determined by the Committee at the time of the grant of the Award or thereafter, upon termination of employment or service during the applicable restriction period, Restricted Shares that are at that time subject to restrictions shall be forfeited or repurchased in accordance with the Award Agreement; provided, however, that the Committee may (a) provide in any Restricted Share Award Agreement that restrictions or forfeiture and repurchase conditions relating to Restricted Shares will be waived in whole or in part in the event of terminations resulting from specified causes as referred to in the subsection headed "— (i) Termination for Cause" above, and (b) in other cases waive in whole or in part restrictions or forfeiture and repurchase conditions relating to Restricted Shares.

(iii) Certificates for Restricted Shares

Restricted Shares granted pursuant to the 2021 Plan may be evidenced in such manner as the Committee shall determine. If certificates representing Restricted Shares are registered in the name of the Participant, certificates must bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such Restricted Shares, and the Company may, at its discretion, retain physical possession of the certificate until such time as all applicable restrictions lapse.

(iv) Removal of restrictions

Except as otherwise provided in the 2021 Plan, Restricted Shares granted under the 2021 Plan shall be released from escrow as soon as practicable after the last day of the period of restriction. The Committee, in its discretion, may accelerate the time at which any restrictions shall lapse or be removed. After the restrictions have lapsed, the Participant shall be entitled to have any legend or legends removed from his or her Share certificate, and the Shares shall be freely transferable by the Participant, subject to applicable legal restrictions. The Committee (in its discretion) may establish procedures regarding the release of Shares from escrow and the removal of legends, as necessary or appropriate to minimize administrative burdens on the Company.

(l) Restricted Share Units

(i) Vesting period, form and timing of payment of Restricted Share Units

At the time of grant, the Committee shall specify the date or dates on which the Restricted Share Units shall become fully vested and nonforfeitable. Subject to the Listing Rules and unless otherwise decided by the Committee, in principle, the vesting period shall not be less than 12 months. Upon vesting, the Committee, in its sole discretion, may pay Restricted Share Units in the form of cash, Shares or a combination thereof.

(ii) Forfeiture/repurchase

Except as otherwise determined by the Committee at the time of the grant of the Award or thereafter, upon termination of employment or service during the applicable restriction period, Restricted Share Units that are at that time unvested shall be forfeited or repurchased in accordance with the Award Agreement; provided, however, the Committee may (a) provide in any Restricted Share Unit Award Agreement that restrictions or forfeiture and repurchase conditions relating to Restricted Share Units will be waived in whole or in part in the event of terminations resulting from specified causes as referred to in the subsection headed "— (i) Termination for Cause" above, and (b) in other cases waive in whole or in part restrictions or forfeiture and repurchase conditions relating to Restricted Share Units.

(m) Transferability

Unless otherwise expressly provided in the 2021 Plan, by applicable laws, stock exchange rules and by the Award Agreement, all Awards are non-transferable, except for any transfer to a vehicle (such as a trust or a private company) for the benefit of the Participant and any of his or her family members where the Stock Exchange has granted a waiver.

(n) Restriction on the time of grant of Awards

Upon the Listing, the Company will not grant any Awards in the following circumstances: (i) after inside information has come to the knowledge of the Company until (and including) the trading day after the Company has announced the information; (ii) during the period commencing one month immediately before the earlier of (a) the date of the Board meeting (or such date is first notified to the Stock Exchange under the Listing Rules) for approving the results of the Company for any year, half-year, quarterly or any other interim period; and (b) the deadline for the Company to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period, and ending on the date of the results announcement. No Awards will be granted by our Company during any period of delay in publishing a results announcement.

(o) Adjustments

In the event of any dividend, share split, combination or exchange of Shares, amalgamation, arrangement or consolidation, spin-off, recapitalization or other distribution (other than normal cash dividends) of Company assets to its shareholders, or any other change affecting the Shares or the share price of a Share, the Committee shall make such proportionate adjustments, if any, as the Committee in its discretion may deem appropriate to reflect such change with respect to (a) the aggregate number and type of shares that may be issued under the 2021 Plan; (b) the terms and conditions of any outstanding Awards (including, without limitation, any applicable performance targets or criteria with respect thereto); and (c) the grant or exercise price per share for any outstanding Awards under the 2021 Plan. Any adjustment required as a result of a rights issue, sub-division, consolidation of shares or reduction of capital of the Company must give the grantee the same proportion of the equity capital, rounded to the nearest whole share, as that to which that grantee was previously entitled prior to the capitalization, but no such adjustment may be made to the extent that a Share would be issued at less than its nominal value (if any). For the avoidance of doubt, any issue of securities as consideration in a transaction may not be regarded as a circumstance requiring adjustment.

(p) Amendment, Modification and Termination

Subject to any applicable laws or stock exchange rules, the Board may terminate, amend or modify the 2021 Plan; provided, however, that (a) to the extent necessary and desirable to comply with applicable laws or stock exchange rules, the Company shall obtain shareholder approval of any amendment to the 2021 Plan in such a manner and to such a degree as required; (b) shareholder approval is required for any amendment to the 2021 Plan that increases the number of Shares available under the 2021 Plan (other than any adjustment as provided by provisions of the 2021 Plan) or permits the Committee to extend the term of the 2021 Plan; (c) any alterations to the terms and conditions of this Plan which are of a material nature or any alterations to the provisions relating to the matters set out in Rule 17.03 of the Listing Rules to the advantage of participants must be approved by shareholders of the Company in general meeting; (d) any change to the terms of Awards granted to a Participant must be approved by the Board, the Compensation Committee, the independent non-executive Directors and/or the Shareholders of the Company (as the case may be) if the initial grant of the Awards was approved by the Board, Compensation Committee, the independent non-executive Directors and/or the Shareholders of the Company (as the case may be), unless such

alterations take effect automatically under the terms of the 2021 Plan; (e) any change to the authority of the Directors or scheme administrators to alter the terms of the 2021 Plan must be approved by Shareholders of the Company in general meeting; (f) no amendment, alteration, suspension or termination of the 2021 Plan shall materially and adversely affect any Award previously granted pursuant to the 2021 Plan, unless mutually agreed otherwise between the grantee and the Committee, which agreement must be in writing and signed by the grantee and the Company; and (g) the amended terms of the 2021 Plan or the Awards must still comply with the relevant requirements of the applicable laws and stock exchange rules, including Chapter 17 of the Listing Rules.

(q) Effect of termination

In the event that Board terminates the 2021 Plan in accordance with the relevant provisions under the 2021 Plan, any Award granted pursuant to the 2021 Plan, which remain unvested or which have vested but not yet been exercised or in respect of which Shares have not yet been issued to the Participants at the time of termination, shall remain in full force and effect according to the provisions of the 2021 Plan and the applicable Award Agreement.

Outstanding Options and Restricted Share Units Granted

As of the Latest Practicable Date, assuming that the Offer Size Adjustment Option and the Over-allotment Option are not exercised and no further Shares are issued under the 2021 Plan between the Latest Practicable Date and the Listing Date, the total number of outstanding Awards (including Options and Restricted Share Units) granted under the 2021 Plan amounted to in total 9,574,894 Class B Ordinary Shares, representing approximately 6.36% of the issued and outstanding Shares immediately following the completion of the Global Offering. These outstanding Awards comprised 9,135,243 outstanding Options and 439,651 Restricted Share Units, representing approximately 6.06% and 0.29% of the issued and outstanding Shares immediately following the completion of the Global Offering, respectively, and are issuable by the Company upon the exercise or vesting of the Awards.

As at the Latest Practicable Date, the outstanding Options were held by 767 grantees under the 2021 Plan. All the Options under the 2021 Plan were granted between July 3, 2021 and August 29, 2025 (both days inclusive). The exercise price of the outstanding Options granted under the 2021 Plan ranges from US$0.01 to US$5.15 per Class B Ordinary Share. No consideration was payable for the grants of Options under the 2021 Plan.

Assuming that (i) the Offer Size Adjustment Option and the Over-allotment Option are not exercised, (ii) no further Shares are issued under the 2021 Plan between the Latest Practicable Date and the completion of the Global Offering, and (iii) the outstanding Options will not be settled by the 558,814 Class B Ordinary Shares (as of the Latest Practicable Date) issued to the Depositary for bulk issuance of ADSs reserved for future issuances upon the exercise or vesting of awards granted under the 2021 Plan, upon full vesting and exercise of all outstanding Options granted under the 2021 Plan, the shareholding of our Shareholders immediately following completion of the Global Offering will be diluted by approximately 5.94%. Given that the Company is loss-making for the year ended December 31, 2024, there is no dilution effect on our loss per Share.

The table below shows the details of the outstanding Options granted to the Directors, members of the senior management and connected persons of the Company under 2021 Plan, as of the Latest Practicable Date:

Name	Position	Address	Date of Grant	Vesting Period[1]	Expiry Date	Exercise Price (per Share in US$)	Considerations Paid for the Grant of Options	Number of Class B Ordinary Shares Underlying Options Granted	Approximate percentage of equity interest of the issued Shares immediately after completion of Global Offering[2]	Approximate percentage of voting interest of the issued Shares immediately after completion of Global Offering[3]
Ms. Cailian Yang	Executive Director, Vice President of Operations and Joint Company Secretary	Building 4, No. 508 Deyuan South Road, Jiading District, Shanghai	July 3, 2021	July 3, 2021	July 3, 2028	2.10	Nil	181,042	0.12%	0.05%
			November 22, 2021	August 31, 2022 - August 31, 2025	November 22, 2028	3.30	Nil	37,766	0.03%	0.01%
			June 5, 2023	May 1, 2024 - May 1, 2027	June 5, 2030	1.63	Nil	27,273	0.02%	0.01%
			June 5, 2023	June 1, 2023 - May 1, 2027	June 30, 2030	1.63	Nil	2,993	0.00%	0.00%
			November 18, 2024	January 31, 2026 - January 31, 2029	November 18, 2031	0.90	Nil	32,000	0.02%	0.01%
Mr. Peng Fan	Chief Financial Officer	2/F, Hong Garden, 37 Ho Man Tin Street, Ho Man Tin, Kowloon, Hong Kong	November 18, 2024	February 1, 2025 - January 1, 2029	November 18, 2031	0.90	Nil	13,168	0.01%	0.00%
			November 18, 2024	January 31, 2026 - January 31, 2029	November 18, 2031	0.90	Nil	40,000	0.03%	0.01%
Total:	2 grantees							334,242	0.22%	0.09%

Notes:

(1) The exercise period of the Options granted shall commence from the date on which the relevant Options become vested and end on the expiry date, subject to the terms of the relevant Share Incentive Plan and the award agreement signed by the grantee. The Options granted to Ms. Cailian Yang on July 3, 2021 vested on the same date.

(2) Assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised and no further Shares are issued under the 2021 Plan between the Latest Practicable date and the completion of the Global Offering.

(3) Assuming that (i) the Offer Size Adjustment Option and the Over-allotment Option are not exercised, (ii) no further Shares are issued under the 2021 Plan between the Latest Practicable Date and the completion of the Global Offering and (iii) no Class A Ordinary Shares are converted into Class B Ordinary Shares, and excluding the 558,814 Class B Ordinary Shares (as of the Latest Practicable Date) issued to the Depositary for bulk issuance of ADSs reserved for future issuances upon the exercise or vesting of awards granted under the 2021 Plan. The percentage takes into account the weighted voting rights of the Class A Ordinary Shares, which carry 10 votes per Share in relation to resolutions at the general meetings of the Company save in respect to the Reserved Matters.

The table below shows the details of the outstanding Options granted to employees of our Group (who are not Directors or senior management) to subscribe for 180,000 Shares or above as of the Latest Practicable Date, under the 2021 Plan:

Name	Position	Address	Date of Grant	Vesting Period[1]	Expiry Date	Consideration Paid for the Grant of Option	Exercise Price (per Share in US$)	Number of Class B Ordinary Shares Underlying Options Granted	Approximate percentage of equity interest of the issued Shares immediately after completion of Global Offering[2]	Approximate percentage of voting interest of the issued Shares immediately after completion of Global Offering[3]
Tianjian Hu	Vice President of Human Resources	No. 84, Lane 2555, Hongmei South Road, Minhang District, Shanghai, PRC	November 22, 2021	August 31, 2022 - August 31, 2025	November 22, 2028	Nil	3.3	3,779	0.00%	0.00%
			December 24, 2022	December 24, 2023 - December 24, 2026	December 24, 2029	Nil	3.73	9,217	0.01%	0.00%
			May 30, 2023	March 1, 2024 - March 1, 2027	May 30, 2030	Nil	1.75	2,273	0.00%	0.00%
			June 5, 2023	June 1, 2023 - May 1, 2027	June 5, 2030	Nil	1.63	4,192	0.00%	0.00%
			February 26, 2024	February 26, 2025 - February 26, 2028	February 26, 2031	Nil	0.72	100,761	0.07%	0.03%
			May 23, 2024	June 1, 2024 - May 1, 2028	May 23, 2031	Nil	0.1	18,754	0.01%	0.00%
			November 18, 2024	January 31, 2026 - January 31, 2029	November 18, 2031	Nil	0.9	72,000	0.05%	0.02%
			November 18, 2024	February 1, 2025 - January 1, 2029	November 18, 2031	Nil	0.9	13,354	0.01%	0.00%

Name	Position	Address	Date of Grant	Vesting Period[1]	Expiry Date	Consideration Paid for the Grant of Option	Exercise Price (per Share in US$)	Number of Class B Ordinary Shares Underlying Options Granted	Approximate percentage of equity interest of the issued Shares immediately after completion of Global Offering[2]	Approximate percentage of voting interest of the issued Shares immediately after completion of Global Offering[3]
Hui Yin . . .	Vice President of ASIC Development	Building 57, Lane 1199, Gudai Road, Minhang District, Shanghai, PRC	July 3, 2021	July 3,2021	July 3, 2028	Nil	2.41	24,070	0.02%	0.01%
			November 22, 2021	August 31, 2022 - August 31, 2025	November 22, 2028	Nil	3.3	26,966	0.02%	0.01%
			March 21, 2023	March 15, 2024 - March 15, 2027	March 21, 2030	Nil	3.8	50,200	0.03%	0.01%
			May 30, 2023	March 1, 2024 - March 1, 2027	May 30, 2030	Nil	1.75	955	0.00%	0.00%
			June 5, 2023	May 1, 2024 - May 1, 2027	June 5, 2030	Nil	1.63	26,512	0.02%	0.01%
			June 5, 2023	June 1, 2023 - May 01, 2027	June 5, 2030	Nil	1.63	2,514	0.00%	0.00%
			May 23, 2024	June 1, 2024 - May 01, 2028	May 23, 2031	Nil	0.1	13,684	0.01%	0.00%
			November 18, 2024	January 31, 2026 - January 31, 2029	November 18, 2031	Nil	0.9	40,000	0.03%	0.01%
			November 18, 2024	February 1, 2025 - January 01, 2029	November 18, 2031	Nil	0.9	9,975	0.01%	0.00%
Lantu Tian. .	Vice President of Quality and Supply Chain	No. 63, Tianlin 12th Village, Xuhui District, Shanghai, PRC	November 18, 2024	January 31, 2026 - January 31, 2029	November 18, 2031	Nil	0.9	40,000	0.03%	0.01%
			November 18, 2024	February 1, 2025 - January 01, 2029	November 18, 2031	Nil	0.9	15,846	0.01%	0.00%
			November 25, 2024	August 9, 2025 - August 09, 2028	November 25, 2031	Nil	0.95	130,000	0.09%	0.03%

Name	Position	Address	Date of Grant	Vesting Period[1]	Expiry Date	Consideration Paid for the Grant of Option	Exercise Price (per Share in US$)	Number of Class B Ordinary Shares Underlying Options Granted	Approximate percentage of equity interest of the issued Shares immediately after completion of Global Offering[2]	Approximate percentage of voting interest of the issued Shares immediately after completion of Global Offering[3]
Feng Liang	Vice President of Research and Development	No. 19, Block 7, Grand Shanghai International Garden, Lane 1555, Caobao Road, Minhang District, Shanghai, PRC	November 22, 2021	August 31, 2022 - August 31, 2025	November 22, 2028	Nil	3.3	12,779	0.01%	0.00%
			May 30, 2023	March 1, 2024 - March 1, 2027	May 30, 2030	Nil	1.75	2,819	0.00%	0.00%
			June 5, 2023	June 1, 2023 - May 01, 2027	June 5, 2030	Nil	1.63	3,495	0.00%	0.00%
			June 5, 2023	May 1, 2024 - May 01, 2027	June 5, 2030	Nil	1.63	3,750	0.00%	0.00%
			February 26, 2024	February 26, 2025 - February 26, 2028	February 26, 2031	Nil	0.72	72,927	0.05%	0.02%
			May 23, 2024	June 1, 2024 - May 1, 2028	May 23, 2031	Nil	0.1	10,125	0.01%	0.00%
			November 18, 2024	January 31, 2026 - January 31, 2029	November 18, 2031	Nil	0.9	68,000	0.05%	0.02%
			November 18, 2024	February 1, 2025 - January 01, 2029	November 18, 2031	Nil	0.9	7,790	0.01%	0.00%
Total: . . . 4 grantees								786,737	0.52%	0.20%

Notes:

(1) The exercise period of the Options granted shall commence from the date on which the relevant Options become vested and end on the expiry date, subject to the terms of the relevant Share Incentive Plan and the award agreement signed by the grantee.

(2) Assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised and no further Shares are issued under the 2021 Plan between the Latest Practicable date and the completion of the Global Offering.

(3) Assuming that (i) the Offer Size Adjustment Option and the Over-allotment Option are not exercised, (ii) no further Shares are issued under the 2021 Plan between the Latest Practicable Date and the completion of the Global Offering and (iii) no Class A Ordinary Shares are converted into Class B Ordinary Shares, and excluding the 558,814 Class B Ordinary Shares (as of the Latest Practicable Date) issued to the Depositary for bulk issuance of ADSs reserved for future issuances upon the exercise or vesting of awards granted under the 2021 Plan. The percentage takes into account the weighted voting rights of the Class A Ordinary Shares, which carry 10 votes per Share in relation to resolutions at the general meetings of the Company save in respect to the Reserved Matters.

The table below shows the details of the outstanding Options granted to the remaining 761 grantees, who are not Directors, members of the senior management or connected persons of the Company, under the 2021 Plan:

Category by Number of Underlying Class B Ordinary Shares	Number of Grantees	Date of Grant	Vesting Period[1]	Expiry Date	Exercise Price (per Share in US$)	Considerations Paid for the Grant of Options	Number of Class B Ordinary Shares Underlying Options Granted	Approximate percentage of equity interest of the issued Shares immediately after completion of Global Offering[2]	Approximate percentage of voting interest of the issued Shares immediately after completion of Global Offering[3]
100,001 to 179,999.	10	July 3 2021-November 18, 2024	July 3, 2021-January 31, 2029	July 3, 2028-November 18, 2031	0.1-3.8	Nil	1,288,580	0.86%	0.33%
10,001 to 100,000 .	154	July 3, 2021-August 14, 2025	July 3, 2021-August 31, 2029	January 19, 2026-August 14, 2032	0.01-4.66	Nil	4,082,514	2.71%	1.04%
1 to 10,000 . . .	597	July 3, 2021-August 29, 2025	July 3, 2021-August 31, 2029	October 6, 2025-August 29, 2032	0.1-5.15	Nil	2,643,170	1.75%	0.67%
Subtotal:	(761 grantees)						8,014,264	5.32%	2.04%

Notes:

(1) The exercise period of the Options granted shall commence from the date on which the relevant Options become vested and ended on the expiry date, subject to the terms of the relevant Share Incentive Plan and the award agreement signed by the grantee.

(2) Assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised and no further Shares are issued under the Share Incentive Plan between the Latest Practicable Date and the completion of the Global Offering.

(3) Assuming that (i) the Offer Size Adjustment Option and the Over-allotment Option are not exercised, (ii) no further Shares are issued under the 2021 Plan between the Latest Practicable Date and the completion of the Global Offering and (iii) no Class A Ordinary Shares are converted into Class B Ordinary Shares, and excluding the 558,814 Class B Ordinary Shares (as of the Latest Practicable Date) issued to the Depositary for bulk issuance of ADSs reserved for future issuances upon the exercise or vesting of awards granted under the 2021 Plan. The percentage takes into account the weighted voting rights of the Class A Ordinary Shares, which carry 10 votes per share in relation to resolutions at the general meetings of the Company save in respect to the Reserved Matters.

As of the Latest Practicable Date, the outstanding Restricted Share Units were held by 15 grantees under the 2021 Plan, and the purchase price of the Restricted Share Units granted under the 2021 Plan was nil per Share.

The table below shows the details of the outstanding Restricted Share Units granted to Directors, senior management and connected persons of our Company under the 2021 Plan, as of the Latest Practicable Date:

Name	Position	Date of Grant	Vesting Period	Purchase Price (per Share in US$)	Number of Class B Ordinary Shares Underlying Awards Granted	Approximate percentage of equity interest of the issued Shares immediately after completion of Global Offering[1]	Approximate percentage of voting interest of the issued Shares immediately after completion of Global Offering[2]
Ms. Yi Zhang. . .	Independent Non-executive Director	February 7, 2025	February 7, 2026 - February 7, 2027	Nil	11,905	0.01%	0.00%
Dr. Jie Chen . . .	Independent Non-executive Director	February 7, 2025	February 7, 2026 - February 7, 2027	Nil	5,953	0.00%	0.00%
Mr. Peng Fan. . .	Chief Financial Officer	November 25, 2024	September 19, 2025 - September 19, 2028	Nil	200,000	0.13%	0.05%
Total:	3 grantees				217,858	0.14%	0.06%

Notes:

(1) Assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised and no further Shares are issued under the Share Incentive Plan between the Latest Practicable Date and the completion of the Global Offering.

(2) Assuming that (i) the Offer Size Adjustment Option and the Over-allotment Option are not exercised, (ii) no further Shares are issued under the 2021 Plan between the Latest Practicable Date and the completion of the Global Offering and (iii) no Class A Ordinary Shares are converted into Class B Ordinary Shares, and excluding the 558,814 Class B Ordinary Shares (as of the Latest Practicable Date) issued to the Depositary for bulk issuance of ADSs reserved for future issuances upon the exercise or vesting of awards granted under the 2021 Plan. The percentage takes into account the weighted voting rights of the Class A Ordinary Shares, which carry 10 votes per share in relation to resolutions at the general meetings of the Company save in respect to the Reserved Matters.

The table below shows the details of the outstanding Restricted Share Units granted to the remaining 12 grantees, who are not Directors, members of the senior management of the Company or connected persons of the Company under the 2021 Plan, as of the Latest Practicable Date:

Category by Number of Underlying Class B Ordinary Shares	Number of grantees	Date of Grant	Vesting Period	Purchase Price (per Share in US$)	Number of Class B Ordinary Shares Underlying Awards Granted	Approximate percentage of equity interest of the issued Shares immediately after completion of Global Offering[1]	Approximate percentage of voting interest of the issued Shares immediately after completion of Global Offering[2]
50,001 to 100,000	2	May 30, 2023 - November 18, 2024	April 18, 2023 - May 1, 2028	Nil	141,153	0.09%	0.04%
1 to 50,000	10	May 30, 2023 - August 29, 2025	April 3, 2024 - July 24, 2029	Nil	80,640	0.05%	0.02%
Total:	12 grantees				221,793	0.15%	0.06%

Notes:

(1) Assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised and no further Shares are issued under the Share Incentive Plan between the Latest Practicable Date and the completion of the Global Offering.

(2) Assuming that (i) the Offer Size Adjustment Option and the Over-allotment Option are not exercised, (ii) no further Shares are issued under the 2021 Plan between the Latest Practicable Date and the completion of the Global Offering and (iii) no Class A Ordinary Shares are converted into Class B Ordinary Shares, and excluding the 558,814 Class B Ordinary Shares (as of the Latest Practicable Date) issued to the Depositary for bulk issuance of ADSs reserved for future issuances upon the exercise or vesting of awards granted under the 2021 Plan. The percentage takes into account the weighted voting rights of the Class A Ordinary Shares, which carry 10 votes per share in relation to resolutions at the general meetings of the Company save in respect to the Reserved Matters.

E. OTHER INFORMATION

1. Estate duty

Our Directors have been advised that no material liability for estate duty is likely to fall upon any member of Our Group.

2. Litigation

Save as disclosed in the section headed "Business — Compliance and Legal Proceedings", no member of our Group is engaged in any litigation, arbitration or claim of materials importance, and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against our Company that would have a material effect on our Company's results of operations or financial condition.

3. Joint Sponsors

Each of the Joint Sponsors satisfies the independence criteria applicable to the sponsor set out in Rule 3A.07 of the Listing Rules.

Pursuant to the engagement letter entered into between the Company and the Joint Sponsors, the Joint Sponsors' fees payable by us to the Joint Sponsors in respect of their services as sponsors in connection with the Listing on the Stock Exchange is US$650,000.

4. Consent of Experts

This document contains statements made by the following parties.

Name	Qualification
China International Capital Corporation Hong Kong Securities Limited	A licensed corporation to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO
Guotai Junan Capital Limited	A licensed corporation under the SFO to conduct Type 6 (advising on corporate finance) regulated activities as defined under the SFO
CMB International Capital Limited	A licensed corporation under the SFO to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO
Fangda Partners	Qualified PRC Lawyers
Maples and Calder (Hong Kong) LLP	Cayman Islands attorney-at-law
Deloitte Touche Tohmatsu	Certified Public Accountants under Professional Accountants Ordinance (Cap. 50) and Registered Public Interest Entity Auditor under Financial Reporting Council Ordinance (Cap. 588)
China Insights Industry Consultancy Limited	Industry consultant

As at the Latest Practicable Date, none of the experts named above has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

Each of the experts above has given and has not withdrawn its consent to the issue of this document with the inclusion of its report and/or letter and/or legal opinion and/or opinion (as the case may be) and references to its name included in the form and context in which it respectively appears.

5. Binding effect

This document shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance so far as applicable.

6. Bilingual document

The English language and Chinese language versions of this document are being published separately in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

7. Preliminary expenses

The Company did not incur any material preliminary expenses in relation to the incorporation of our Company.

8. Other Disclaimers

(a) Within the two years immediately preceding the date of this prospectus, save as disclosed in the section headed "History, Development and Corporate Structure — Major Shareholding Changes of Our Company and Shanghai Hesai", no share or loan capital or debenture of our Company or any of our subsidiaries has been issued or agreed to be issued or is proposed to be issued for cash or as fully or partly paid other than in cash or otherwise.

(b) There are no founder, management or deferred shares nor any debentures in our Company or any of our subsidiaries.

(c) Save as disclosed in this Appendix, no share or loan capital or debenture of our Company of any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option.

(d) Save as disclosed in the subsection headed "B. Further Information about our Business — 1. Summary of Material Contracts" above in this Appendix, none of our Directors, proposed Director or experts (as named in this prospectus), have any interest, direct or indirect, in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to, any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group.

(e) We do not have any promoter. No cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the Global Offering and the related transactions described in this prospectus within the two years immediately preceding the date of this prospectus.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were, among other documents:

(a) the written consents referred to under the section headed "Statutory and General Information — E. Other Information — 4. Consent of Experts" in Appendix IV; and

(b) a copy of each of the material contracts referred to in the section headed "Statutory and General Information — B. Further Information about Our Business — 1. Summary of Material Contracts" in Appendix IV.

DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the Stock Exchange's website at **www.hkexnews.hk** and our Company's website at **www.hesaitech.com** during a period of 14 days from the date of this prospectus:

(a) the Memorandum and the Articles;

(b) the Accountants' Report and the report on the unaudited pro forma financial information of our Group from Deloitte Touche Tohmatsu, the texts of which are set out in Appendices I and II;

(c) condensed consolidated financial statements of our Group for the six months ended June 30, 2025 from Deloitte Touche Tohmatsu, the texts of which are set out in Appendix IA;

(d) the audited consolidated financial statements of our Company for the three financial years ended December 31, 2022, 2023 and 2024;

(e) the PRC legal opinion issued by Fangda Partners, our legal advisor as to PRC law, in respect of certain general corporate matters and property interests in the PRC of our Group;

(f) the letter of advice prepared by Maples and Calder (Hong Kong) LLP, our legal advisor on Cayman Islands law, summarizing the constitution of the Company and certain aspects of the Cayman Islands law referred to in Appendix III;

(g) the Cayman Companies Act;

(h) the industry report issued by China Insights Industry Consultancy Limited, the summary of which is set forth in the section headed "Industry Overview;"

(i) the written consents referred to under the section headed "Statutory and General Information — E. Other Information — 4. Consent of Experts" in Appendix IV;

(j) the material contracts referred to in "Statutory and General Information — Further Information about Our Business — Summary of Material Contracts" in Appendix IV;

(k) the service contracts and the letters of appointment with our Directors referred to in "Statutory and General Information — Further Information about our Directors — Particulars of Directors' service contracts and appointment letters" in Appendix IV; and

(l) the terms of the 2021 Plan.

DOCUMENT AVAILABLE FOR INSPECTION

A list of grantees under the 2021 Plan will be available for inspection at the office of Cleary Gottlieb Steen & Hamilton (Hong Kong) at 37th Floor, Hysan Place, 500 Hennessy Road, Causeway Bay, Hong Kong during normal business hours from 9:00 a.m. to 5:00 p.m. up to and including the date which is 14 days from the date of this prospectus.

HESAI

灼识咨询
China Insights Consultancy

86 21 2356 0288
86 21 2356 0299
www.cninsights.com

To: The Board of Directors
Hesai Group
PO Box 309
Ugland House
Grand Cayman, KY1-1104
Cayman Islands

8 September 2025

Dear Sirs,

Re: Hesai Group (the "Company") – Global Offering and Listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange")

We refer to the prospectus of the Company dated 8 September 2025 (the "**Prospectus**") in connection with the Company's proposed global offering and proposed listing of its Class B ordinary shares on the Main Board of the Stock Exchange.

Unless otherwise stated, capitalized terms used in this letter shall have the same meaning as terms defined in the Prospectus.

We hereby give, and confirm that we have not withdrawn:

(i) our written consent to the issue of the Prospectus by the Company, with the inclusion therein of all references to our name, our qualifications and the opinions given by us as set out in the Prospectus, in the form and context in which they respectively appear in the Prospectus; and

(ii) our written consent to a statement of the aforesaid in the Prospectus.

We hereby further consent to (i) this letter being released to the Registrar of Companies in Hong Kong and the Stock Exchange and referring to it in the Prospectus, and (ii) a copy of this letter being made available on display as described in the section headed "Documents Delivered to the Registrar of Companies in Hong Kong and On Display" in Appendix V to the Prospectus.

[Signature page to follow]

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Yours faithfully,

For and on behalf of
China Insights Industry Consultancy Limited

Name: Leon Zhao
Title: Partner

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