Table of Contents

As filed with the Securities and Exchange Commission on October 31, 2019

Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM F-1
REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

EHang Holdings Limited

(Exact name of Registrant as specified in its charter)

Not Applicable
(Translation of Registrant's name into English)

Cayman Islands	**7372**	**Not Applicable**
(State or other jurisdiction of incorporation or organization)	**(Primary Standard Industrial Classification Code Number)**	**(I.R.S. Employer Identification Number)**

Building C, Yixiang Technology Park
No.72 Nanxiang Second Road, Huangpu District
Guangzhou, 510700
People's Republic of China
020-29028899

(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

Cogency Global Inc.
10E 40th Street, 10th Floor
New York, New York 10016
+1 800-221-0102

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

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Approximate date of commencement of proposed sale to the public: as soon as practicable after the effective date of this registration statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933.

Emerging growth company ☒

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 7(a)(2)(B) of the Securities Act. ☐

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	**Proposed maximum aggregate offering price(2)(3)**	**Amount of registration fee**
Class A Ordinary Shares, par value US$0.0001 per share(1)	US$100,000,000	US$12,980.00

(1) American depositary shares issuable upon deposit of ordinary shares registered hereby will be registered under a separate registration statement on Form F-6 (Registration No. 333-). Each American depositary share represents ordinary shares.

(2) Includes Class A ordinary shares that are issuable upon the exercise of the underwriters' over-allotment option. Also includes Class A ordinary shares initially offered and sold outside the United States that may be resold from time to time in the United States either as part of their distribution or within 40 days after the later of the effective date of this registration statement and the date the shares are first bona fide offered to the public. These Class A ordinary shares are not being registered for the purpose of sales outside the United States.

(3) Estimated solely for the purpose of determining the amount of registration fee in accordance with Rule 457(o) under the Securities Act of 1933.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

Table of Contents

The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and we are not soliciting offers to buy these securities in any state where the offer or sale is not permitted.

PROSPECTUS
(Subject to Completion) Dated , 2019.

American Depositary Shares

EHang Holdings Limited

Representing Class A Ordinary Shares

This is an initial public offering of American depositary shares, or ADSs, representing Class A ordinary shares of EHang Holdings Limited.

We are offering ADSs. Each ADS represents Class A ordinary share, par value US$0.0001 per share.

Prior to this offering, there has been no public market for the ADSs or our shares. We will apply to list the ADSs on the Nasdaq Global Market, under the symbol "EH."

Upon the completion of this offering, our issued and outstanding share capital will consist of Class A ordinary shares and Class B ordinary shares. Our founder, Mr. Huazhi Hu, who is also our director and chief executive officer, will beneficially own all of our then issued and outstanding Class B ordinary shares and will be able to exercise % of the total voting power of our issued and outstanding share capital immediately following the completion of this offering assuming the underwriters do not exercise their over-allotment option, or % of the total voting power of our issued and outstanding share capital immediately following the completion of this offering if the underwriters exercise their over-allotment option in full. Holders of Class A ordinary shares and Class B ordinary shares have the same rights except for voting and conversion rights. Each Class A ordinary share is entitled to one vote, and each Class B ordinary share is entitled to ten votes and is convertible into one Class A ordinary share. Class A ordinary shares are not convertible into Class B ordinary shares under any circumstances. Upon any sale, transfer, assignment or disposition of Class B ordinary shares by their holder or a change of ultimate beneficial ownership of any Class B ordinary share to any person other than our founder or an affiliate controlled by our founder, such Class B ordinary shares are automatically and immediately converted into the same number of Class A ordinary shares.

We are an "emerging growth company" under applicable U.S. federal securities laws and are eligible for reduced public company reporting requirements.

Investing in the ADSs involves risks. See "Risk Factors" beginning on page 17.

PRICE US$ PER ADS

	Price to Public	***Underwriting Discounts and Commissions(1)***	***Proceeds to us***
Per ADS	*US$*	*US$*	*US$*
Total	*US$*	*US$*	*US$*

(1) See "Underwriting" for a description of the compensation payable to the underwriters.

We have granted the underwriters the right to purchase up to an additional ADSs to cover over-allotments at the initial public offering price, less underwriting discounts and commissions.

Neither the United States Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities, or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the ADSs against payment in U.S. dollars in New York, New York on or about , 2019.

MORGAN STANLEY *CREDIT SUISSE*

NEEDHAM & COMPANY *TIGER BROKERS*

, 2019.

Table of Contents

Table of Contents

TABLE OF CONTENTS

PROSPECTUS SUMMARY	1	INDUSTRY	101
THE OFFERING	9	BUSINESS	108
SUMMARY CONSOLIDATED FINANCIAL AND OPERATING DATA	13	REGULATION	127
		MANAGEMENT	152
RISK FACTORS	17	PRINCIPAL SHAREHOLDERS	159
SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS	62	RELATED PARTY TRANSACTIONS	161
		DESCRIPTION OF SHARE CAPITAL	162
USE OF PROCEEDS	64	DESCRIPTION OF AMERICAN DEPOSITARY SHARES	173
DIVIDEND POLICY	65	SHARES ELIGIBLE FOR FUTURE SALE	181
CAPITALIZATION	66	TAXATION	183
DILUTION	69	UNDERWRITING	191
ENFORCEABILITY OF CIVIL LIABILITIES	71	EXPENSES RELATED TO THIS OFFERING	202
CORPORATE HISTORY AND STRUCTURE	73	LEGAL MATTERS	203
SELECTED CONSOLIDATED FINANCIAL AND OPERATING DATA	77	EXPERTS	204
		WHERE YOU CAN FIND ADDITIONAL INFORMATION	205
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	81	INDEX TO CONSOLIDATED FINANCIAL STATEMENTS	F-1

You should rely only on the information contained in this prospectus or in any related free-writing prospectus. We have not authorized anyone to provide you with information different from that contained in this prospectus or in any related free-writing prospectus. We are offering to sell, and seeking offers to buy the ADSs, only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of the ADSs.

Neither we nor any of the underwriters has taken any action to permit a public offering of the ADSs outside the United States or to permit the possession or distribution of this prospectus or any filed free writing prospectus outside the United States. Persons outside the United States who come into possession of this prospectus or any filed free writing prospectus must inform themselves about and observe any restrictions relating to the offering of the ADSs and the distribution of the prospectus or any filed free writing prospectus outside the United States.

Until , 2019 (the 25th day after the date of this prospectus), all dealers that buy, sell or trade ADSs, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the obligation of dealers to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

PROSPECTUS SUMMARY

The following summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information and financial statements appearing elsewhere in this prospectus. In addition to this summary, we urge you to read the entire prospectus carefully, especially the risks of investing in the ADSs discussed under "Risk Factors," before deciding whether to invest in the ADSs. This prospectus contains information from an industry report commissioned by us and prepared by Frost & Sullivan, an independent market research firm, to provide information regarding our industry and our market position in China and globally.

Our Mission

Our mission is to make safe, autonomous and eco-friendly air mobility accessible to everyone.

Overview

We are an autonomous aerial vehicle technology platform company. We are pioneering the future of transportation through our proprietarily developed autonomous aerial vehicles, or AAVs, and related commercial solutions. We believe we are the first in the world to launch passenger-grade AAVs, setting a new milestone in the deployment and proliferation of AAV technology.

In today's increasingly populated and interconnected world, traditional modes of urban transportation continue to contribute to congestion and pollution, and they are largely confined to land-based infrastructure. Mobility for the future requires a revolutionary solution. While the sky above has always been a possibility, we brought a safe, cost-effective and easy-to-use air mobility solution one step closer to reality when we unveiled our first passenger-grade AAV in 2016. Our AAVs require minimal space for vertical take-off and landing, enabling urban travel to expand to the three-dimensional space. We believe AAV technology will transform the future of transportation, improving lives and creating new industries.

We design, develop, manufacture, sell and operate AAVs and their supporting systems and infrastructure for a broad range of industries and applications, including passenger transportation, logistics, smart city management and aerial media solutions. We aim to make it safe and convenient for both passengers and goods to take to the air.


Passenger Transportation


Logistics


Smart City Management


Aerial Media

We are the first mover in AAV technology. In January 2016, we unveiled the world's first passenger-grade AAV, EHang 184, a single-seat model, at CES. In March 2018, we delivered a unit of our dual-seat EHang 216 to a customer for testing, training and demonstration purposes. We believe this was the world's first delivery of a passenger-grade AAV. In addition, we have developed a number of non-passenger-grade AAV models suitable for a variety of industrial and commercial applications.

Unlike manually controlled UAVs, our intelligent AAVs can fly and operate autonomously. Our proprietary in-flight operating systems and on-the-ground infrastructure enable reliable and simultaneous control of a large

number of AAVs. The operating systems installed on each AAV consist of an autopilot and flight control system, communication systems, a battery management system and a safety management system. Our on-the-ground infrastructure consists primarily of command-and-control systems, handheld and computer-based control units and AAV charging equipment.

Our strong in-house research and development capabilities underpin our leadership and support our innovation. As of September 30, 2019, our 125-member research and product development team represented more than half of our total employees. Our research and development efforts are led by our founder, chairman and chief executive officer, Mr. Huazhi Hu, one of the pioneers and leaders in the global AAV industry. Our key research and development team includes personnel with strong backgrounds in electrical engineering, aerospace engineering, mechanical engineering, automation, material engineering and software development. As of September 30, 2019, we had 138 issued patents in China, many of which relate to our core technologies, such as flight control and command-and-control systems.

We are collaborating with a number of global industry leaders to develop and commercialize urban air mobility solutions. Our strategic partners include DHL-Sinotrans in last-mile delivery in China, Vodafone GmbH in 5G connectivity and AAV technology innovation in Europe, and FACC in AAV production in Europe.

We strive to design safe, reliable and functional products. At our design and testing center, we have established a multitude of AAV flight tests, including climbing flight tests, high maneuverability tests, speed tests, night flying tests, as well as flight tests in harsh weather conditions. We have conducted over 2,000 passenger-grade AAV flight tests, including in winds of up to 70 kilometers per hour and in fog with a visibility of approximately 50 meters.

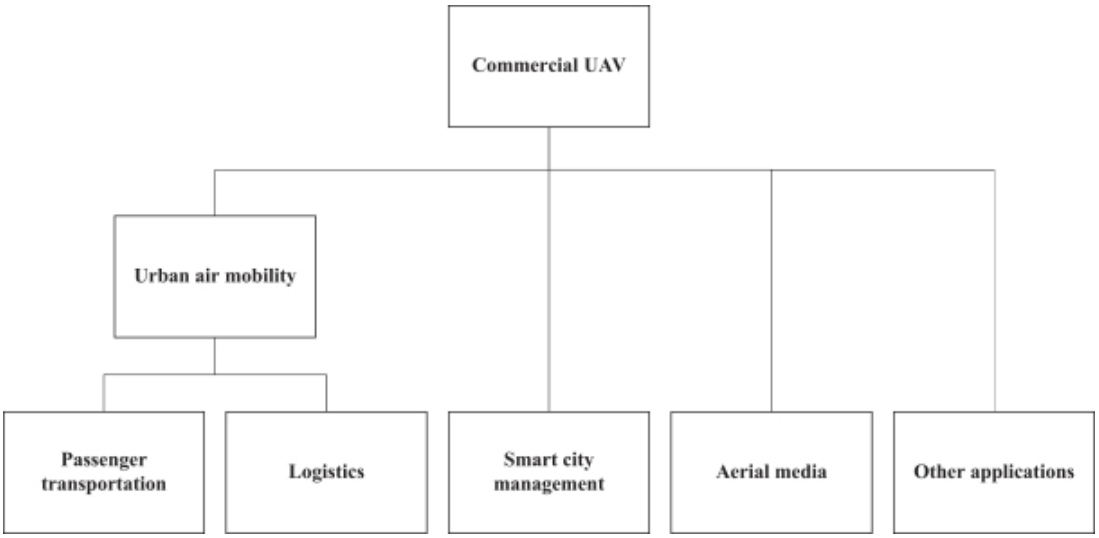
Orders, Delivery and Financial Results

As of the date of this prospectus, we have delivered 38 passenger-grade AAVs for testing, training and demonstration purposes and developed two command-and-control centers for smart city management. As of the date of this prospectus, we have unfilled purchase orders for 28 passenger-grade AAVs.

Our revenues increased by 109.8% from RMB31.7 million in 2017 to RMB66.5 million (US$9.7 million) in 2018. Our net loss decreased by 7.1% from RMB86.6 million in 2017 to RMB80.5 million (US$11.7 million) in 2018. Our revenues decreased by 15.6% from RMB38.4 million in the six months ended June 30, 2018 to RMB32.4 million (US$4.7 million) in the six months ended June 30, 2019, and our net loss increased by 42.1% from RMB26.5 million in the six months ended June 30, 2018 to RMB37.6 million (US$5.5 million) in the six months ended June 30, 2019. In 2018, revenues generated by urban air mobility (which includes passenger transportation and logistics), smart city management and aerial media solutions were RMB3.1 million (US$0.5 million), RMB30.5 million (US$4.4 million) and RMB31.3 million (US$4.6 million), representing 4.7%, 45.8% and 47.0% of our total revenues, respectively. In the first half of 2019, revenues generated from air mobility solutions, our core business, increased significantly to RMB23.9 million (US$3.5 million), representing 73.7% of our total revenues.

Our Industry

A UAV is an aircraft without a human pilot aboard. Commercial uses for UAVs include urban air mobility, smart city management, aerial media, and other applications such as inspection services for agriculture and the oil and gas industry. According to Frost & Sullivan, the global commercial UAV market was US$3.7 billion in 2018 and is expected to grow to US$103.7 billion in 2023, representing a CAGR of 95%. The diagram below illustrates the different commercial uses for UAVs:



AAVs are autonomous UAVs that fly by autopilot or are remotely controlled by computers beyond the visual line of sight, using deep learning based object detection systems, advanced artificial intelligence algorithms and other technologies. We focus on developing and manufacturing AAVs, as well as providing AAV commercial solutions.

Urban air mobility is an emerging form of air transportation that uses UAVs to provide passenger and cargo transport in low-altitude airspace within or around an urban area. The current urban air mobility market can be roughly divided into markets for passenger transportation and logistics. Passenger-grade AAVs are expected to be used in a wide variety of applications, such as daily commuting, sightseeing, search and rescue, and emergency and disaster response. According to Frost & Sullivan, we made the world's first delivery of a passenger-grade AAV in 2018. The logistics urban air mobility market is at an early development stage, with only a few companies having successfully completed their first pilot delivery programs. UAVs are ideal for short- to medium-distance logistics delivery and potentially long-haul transportation. With rising labor cost related to ground transportation and the continued advancement in AAV technology, logistics solutions based on AAVs are expected to become more popular.

Smart city management refers to the deployment of UAVs to perform various tasks in city management, such as fire control, environmental monitoring and traffic management, offering an innovative and intelligent way of providing more precise and efficient public services at lower cost. As technology continues to advance, UAVs are expected to have broader applications in city management.

Aerial media, also known as fleet formation performances, refers to the deployment of a large fleet of light-emitting UAVs to create dynamic 2D or 3D choreographed light shows in the sky. Aerial media is an innovative way of delivering original advertising and entertainment with minimal environmental impact.

Our Strengths

We believe that the following strengths contribute to our success and differentiate us from our competitors:

- pioneer and leader in urban air mobility;
- revolutionary autonomous aerial vehicle technology;
- sophisticated command-and-control system enabling large-fleet operation;
- innovative AAV commercial solutions;
- strong in-house research and development capabilities; and
- visionary, tech-savvy and experienced management team.

Our Strategies

We intend to grow our business by pursuing the following key strategies:

- extend our technological leadership;
- expand development and manufacturing capabilities;
- expand our AAV portfolio and strengthen our platform;
- continue commercialization and promote adoption;
- explore new monetization opportunities; and
- pursue strategic partnerships in production and technology.

We expect China to be the world's largest AAV market in the foreseeable future, and as such it is our primary focus. At the same time, we plan to cooperate with strategic partners or serve customers in other jurisdictions, such as the United States and Europe.

Our Challenges

Our business and successful execution of our strategies are subject to challenges, risks and uncertainties related to our business and our industry, regulation of our business and corporate structure and doing business in China.

Of critical importance is our ability to comply with, and help formulate, applicable legal and regulatory requirements as well as industrial and safety standards that are rapidly evolving. In China, the United States and other jurisdictions relevant to us, the commercial use of our passenger-grade AAVs, and in some cases our non-passenger grade AAVs, is subject to an uncertain or lengthy approval process. We are unable to estimate the average length of time required to obtain the applicable regulatory approvals due to the nascent nature of AAV-related regulations and the lack of relevant precedents. We also cannot be sure that we or our business partners will obtain the required approvals in a timely manner, or at all. We are not aware of any operator having been granted all required approvals for the commercial operations of passenger-grade AAVs in China or the United States. Nor can we predict when these regulations will change, and any new regulations may impose onerous requirements and restrictions. Any negative developments, or the lack of positive developments, in relevant regulations may reduce customer demand for our products and impede the growth of our business.

Other challenges, risks and uncertainties we face include, but are not limited to, our ability to:

- generate market demand for and improve customers' willingness to adopt our passenger-grade AAVs and air mobility solutions;
- mitigate delays in and interruptions to our commercialization plans for passenger-grade AAVs and air mobility solutions and make timely product deliveries;

- successfully complete material sales of our products under framework and conditional agreements;
- overcome technical challenges and manufacture, launch and sell AAVs that perform in line with customer expectations;
- effectively manage our growth or implement our business strategies;
- compete successfully in our industry;
- maintain and enhance our EHang brand;
- successfully defend ourselves in or insure against product liability claims or warranty claims; and
- effectively manage our international sales and operations.

Corporate History and Structure

In December 2014, we incorporated EHang Holdings Limited, or EHang, in the Cayman Islands as our offshore holding company to facilitate offshore financing and listing. In the same month, we established Ehfly Technology Limited, or Ehfly, in Hong Kong, which subsequently became a wholly-owned subsidiary of EHang.

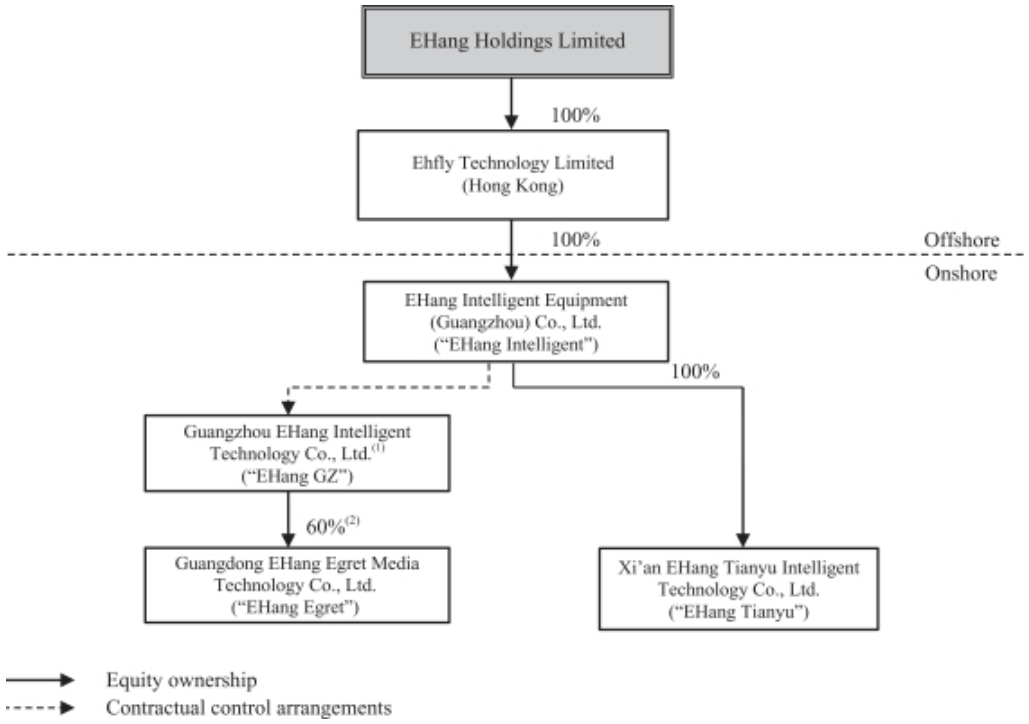
From 2015 to 2018, we established the following significant subsidiaries to conduct our principal business of AAV manufacturing and sales and the provision of AAV commercial solutions and related services.

- In October 2015, Ehfly established a wholly-owned subsidiary in China, EHang Intelligent Equipment (Guangzhou) Co., Ltd., which we refer to as EHang Intelligent or our WFOE in this prospectus. EHang Intelligent is engaged in the research, development, manufacture and sale of AAVs and the research and development of various technologies related to air mobility and intelligent aviation.
- In January 2016, we obtained control over Guangzhou EHang Intelligent Technology Co., Ltd., which we refer to as EHang GZ or the VIE in this prospectus, by entering into a series of contractual arrangements with EHang GZ and its shareholders through EHang Intelligent. EHang GZ is primarily engaged in the research, development, manufacture and sale of AAVs, and the research and development of AAV operating systems and infrastructure.
- In July 2016, EHang GZ established Guangdong EHang Egret Media Technology Co., Ltd., or EHang Egret, to provide aerial media solutions and related services.
- In March 2018, EHang Intelligent established Xi'an EHang Tianyu Intelligent Technology Co., Ltd., or EHang Tianyu, to provide logistics solutions and related services.

As a result of our contractual arrangements with the VIE and its shareholders, EHang is regarded as the primary beneficiary of the VIE, and we treat the VIE and its subsidiaries as our consolidated affiliated entities under U.S. GAAP. We have consolidated the financial results of the VIE and its subsidiaries in our consolidated financial statements in accordance with U.S. GAAP.

Our contractual arrangements with the VIE and its shareholders allow us to (i) exercise effective control over the VIE, (ii) receive substantially all of the economic benefits of the VIE, and (iii) have an exclusive option to purchase or designate any third party to purchase all or part of the equity interests in and assets of the VIE when and to the extent permitted by PRC laws. For more details, including risks associated with the VIE structure, please see "Corporate History and Structure" and "Risk Factors—Risks Relating to Our Corporate Structure."

The chart below summarizes our corporate structure and identifies our significant subsidiaries, the VIE and its significant subsidiaries, as of the date of this prospectus:



Notes:
(1) Messrs. Huazhi Hu and Derrick Yifang Xiong are directors and beneficial owners of our company and hold 95.0% and 5.0% equity interests in EHang GZ, respectively.
(2) The remaining 40.0% equity interest in EHang Egret is held by Mr. Lei Shi, an executive officer of EHang Egret.

Implications of Being an Emerging Growth Company and a Foreign Private Issuer

As a company with less than US$1.07 billion in revenue for our last fiscal year, we qualify as an "emerging growth company" pursuant to the Jumpstart Our Business Startups Act of 2012, as amended, or the JOBS Act. An emerging growth company may take advantage of specified reduced reporting and other requirements compared to those that are otherwise applicable generally to public companies. These provisions include exemption from the auditor attestation requirement under Section 404 of the Sarbanes-Oxley Act of 2002 in the assessment of the emerging growth company's internal control over financial reporting. 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. We do not plan to opt out of such exemptions afforded to an emerging growth company.

We will remain an emerging growth company until the earliest of (a) the last day of the fiscal year during which we have total annual gross revenues of at least US$1.07 billion; (b) the last day of our fiscal year following the fifth anniversary of the completion of this offering; (c) the date on which we have, during the preceding three-year period, issued more than US$1.0 billion in non-convertible debt; or (d) the date on which

we are deemed to be a "large accelerated filer" under the Securities Exchange Act of 1934, as amended, or the Exchange Act, which would occur if the market value of the ADSs that are held by non-affiliates exceeds US$700 million as of the last business day of our most recently completed second fiscal quarter. Once we cease to be an emerging growth company, we will not be entitled to the exemptions provided in the JOBS Act discussed above.

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 of the securities rules and regulations in the United States that are applicable to U.S. domestic issuers. Moreover, the information we are required to file with or furnish to the SEC will be less extensive and less timely compared to that required to be filed with the SEC by U.S. domestic issuers. In addition, 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 Market corporate governance listing standards. These practices may afford less protection to shareholders than they would enjoy if we complied fully with the Nasdaq Global Market corporate governance listing standards.

Corporate Information

Our principal executive offices are located at Building C, Yixiang Technology Park, No.72 Nanxiang Second Road, Huangpu District, Guangzhou 510700, People's Republic of China. Our telephone number at this address is +86 20 29028899. Our registered office in the Cayman Islands is located at the office of Osiris International Cayman Limited, Suite #4-210, Governors Square, 23 Lime Tree Bay Avenue, PO Box 32311, Grand Cayman KY1-1209, Cayman Islands.

Investors should submit any inquiries to the address and telephone number of our principal executive offices. Our main website is *www.ehang.com*. The information contained on our website is not a part of this prospectus. Our agent for service of process in the United States is Cogency Global Inc., located at 10E 40th Street, 10th Floor, New York, NY 10016.

Conventions that Apply to this Prospectus

Unless otherwise indicated or the context otherwise requires, references in this prospectus to:

- "AAVs" are to autonomous UAVs;
- "ADSs" are to the American depositary shares, each of which represents of our Class A ordinary shares;
- "ADRs" are to the American depositary receipts that evidence the ADSs;
- "China" or the "PRC" are to the People's Republic of China, excluding, for the purposes of this prospectus only, Hong Kong, Macau and Taiwan;
- "Class A ordinary shares" refer to our Class A ordinary shares, par value US$0.0001 per share;
- "Class B ordinary shares" refer to our Class B ordinary shares, par value US$0.0001 per share;
- "EHang," "we," "us," "our company" or "our" are to EHang Holdings Limited, our Cayman Islands holding company, and its subsidiaries and consolidated variable interest entities;
- "RMB" or "Renminbi" are to the legal currency of China;
- "shares" or "ordinary shares" are to our ordinary shares, par value US$0.0001 per share, and upon and after the completion of this offering refer to our Class A ordinary shares and Class B ordinary shares;
- "UAVs" are to unmanned aerial vehicles; and
- "US$," "U.S. dollars," "$," or "dollars" are to the legal currency of the United States.

Unless the context indicates otherwise, all information in this prospectus assumes no exercise by the underwriters of their over-allotment option.

Our reporting currency is the Renminbi because our business is mainly conducted in China and substantially all of our revenues are denominated in Renminbi. This prospectus contains translations of Renminbi amounts into U.S. dollars at specific rates solely for the convenience of the reader. The conversion of Renminbi into U.S. dollars in this prospectus is based on the rate certified for customs purposes by the Federal Reserve Bank of New York. Unless otherwise noted, all translations from Renminbi to U.S. dollars and from U.S. dollars to Renminbi in this prospectus were made at a rate of RMB6.8650 to US$1.00, the noon buying rate in effect as of June 28, 2019 set forth in the H.10 statistical release of the U.S. Federal Reserve Board. We make no representation that any Renminbi or U.S. dollar amounts could have been, or could be, converted into U.S. dollars or Renminbi, as the case may be, at any particular rate, the rates stated below, or at all.

THE OFFERING

Offering price	We estimate that the initial public offering price will be between US$ and US$ per ADS.
ADSs offered by us	ADSs (or ADSs if the underwriters exercise their over-allotment option in full).
ADSs outstanding immediately after this offering	ADSs (or ADSs if the underwriters exercise their over-allotment option in full).
Ordinary shares outstanding immediately after this offering	Class A ordinary shares (or Class A ordinary shares if the underwriters exercise their over-allotment option in full and 45,422,663 Class B ordinary shares, excluding Class A ordinary shares issuable upon the exercise of options outstanding under our 2015 Share Incentive Plan as of the date of this prospectus).
The ADSs	Each ADS represents Class A ordinary shares, par value US$0.0001 per share. The depositary will hold Class A ordinary shares underlying your ADSs. You will have rights as provided in the deposit agreement among us, the depositary and owners and holders of ADSs from time to time. We do not expect to pay dividends in the foreseeable future. If, however, we declare dividends on our Class A ordinary shares, the depositary will distribute the cash dividends and other distributions it receives on our Class A ordinary shares after deducting its fees and expenses in accordance with the terms set forth in the deposit agreement. You may surrender your ADSs to the depositary for cancellation in exchange for Class A ordinary shares. The depositary will charge you fees for any cancellation. We may amend or terminate the deposit agreement without your consent. If you continue to hold your ADSs after an amendment to the deposit agreement, you agree to be bound by the deposit agreement as amended. To better understand the terms of the ADSs, you should carefully read the “Description of American Depositary Shares” section of this prospectus. You should also read the deposit agreement, which is

	filed as an exhibit to the registration statement that includes this prospectus.
Class A ordinary shares	We will issue Class A ordinary shares represented by the ADSs in this offering. Our ordinary shares will be divided into Class A ordinary shares and Class B ordinary shares immediately prior to the completion of this offering. Holders of Class A ordinary shares and Class B ordinary shares will have the same rights except for voting and conversion rights. In respect of all matters subject to a shareholder vote, each Class A ordinary share is entitled to one vote, and each Class B ordinary share is entitled to ten votes, voting together as one class. Each Class B ordinary share is convertible into one Class A ordinary share at any time by the holder thereof. Class A ordinary shares are not convertible into Class B ordinary shares under any circumstances. Upon any sale, transfer, assignment or disposition of Class B ordinary shares by their holder or a change of ultimate beneficial ownership of any Class B ordinary share to any person other than our founder, Mr. Huazhi Hu, or an affiliate controlled by our founder, such Class B ordinary shares are automatically and immediately converted into the same number of Class A ordinary shares. All share-based compensation awards, regardless of grant dates, will entitle holders to the equivalent number of Class A ordinary shares once the vesting and exercising conditions on such share-based compensation awards are met.
Over-allotment option	We have granted to the underwriters an option, exercisable within 30 days from the date of this prospectus, to purchase up to an aggregate of additional ADSs.
Use of proceeds	We expect that we will receive net proceeds of approximately US$ million from this offering, assuming an initial public offering price of US$ per ADS, which is the midpoint of the estimated range of the initial public offering price, after deducting underwriting discounts and commissions and estimated offering expenses payable by us. We intend to use the net proceeds from this offering for (i) research and development of products, services and technologies, (ii) selling and marketing, including development of global sales channel, (iii) expanding production capacity, (iv) developing urban air mobility solutions, such as passenger air mobility services and urban air logistics services and (v) general corporate purposes, including supplementing our working capital and pursuing potential strategic investments and acquisitions. See “Use of Proceeds” for more information.
Lock-up	[We, our directors, executive officers, and all of our existing shareholders] have agreed with the underwriters not to sell, transfer or

	dispose of any ADSs, ordinary shares or similar securities for a period of 180 days after the date of this prospectus subject to certain exceptions. In addition, we will not authorize or permit The Bank of New York Mellon, as depositary, to accept any deposit of any Class A ordinary shares or issue any ADSs for 180 days after the date of this prospectus unless we expressly consent to such deposit or issuance and we have agreed not to provide such consent without the prior written consent of the representatives on behalf of the underwriters. The foregoing does not affect the right of ADS holders to cancel their ADSs and withdraw the underlying Class A ordinary shares. See "Shares Eligible for Future Sale" and "Underwriting."
[Directed Share Program	At our request, the underwriters have reserved for sale, at the initial public offering price, up to an aggregate of ADSs offered in this offering (assuming the underwriters exercise their over-allotment option in full) for sale at the initial public offering price to some of our directors, officers, employees, business associates and related persons through a directed share program. The directed ADS program will be administered by . We do not know if these individuals will choose to purchase all or any portion of these reserved ADSs, but any purchases they do make will reduce the number of ADSs that are available to the general public. Any reserved ADSs that are not so purchased will be offered by the underwriters to the general public on the same terms as the other ADSs offered by this prospectus. Certain participants may be subject to the lock-up agreements as described in "Underwriting—Directed ADS Program" elsewhere in this prospectus.]
Listing	We intend to apply to have the ADSs listed on the Nasdaq Global Market under the symbol "EH." The ADSs and shares will not be listed on any other stock exchange or traded on any automated quotation system.
Payment and settlement	The underwriters expect to deliver the ADSs against payment therefor through the facilities of the Depositary Trust Company on , 2019.
Depositary	The Bank of New York Mellon.

The number of ordinary shares that will be issued and outstanding immediately after this offering is based upon 99,676,731 ordinary shares issued and outstanding on an as-converted basis as of the date of this prospectus, excluding:

- Class A ordinary shares issuable upon the vesting of outstanding restricted share units; and
- Class A ordinary shares reserved for future issuance under our 2015 Share Incentive Plan.

Except as otherwise indicated, all information in this prospectus assumes:

- (i) re-designation or conversion of all outstanding ordinary shares and preferred shares (other than ordinary shares and preferred shares held by our founder and his affiliates) into 54,254,068 Class A

ordinary shares, and (ii) re-designation or conversion of all outstanding ordinary shares and preferred shares held by our founder and his affiliates into 45,422,663 Class B ordinary shares, in each case immediately prior to the completion of this offering; and

- no exercise of the underwriters' option to purchase additional ADSs representing Class A ordinary shares.

SUMMARY CONSOLIDATED FINANCIAL AND OPERATING DATA

The following summary consolidated statements of comprehensive loss data for the years ended December 31, 2017 and 2018, summary consolidated balance sheet data as of December 31, 2017 and 2018 and summary consolidated cash flow data for the years ended December 31, 2017 and 2018 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. The following summary consolidated statements of comprehensive loss data for the six months ended June 30, 2018 and 2019, summary consolidated balance sheet data as of June 30, 2019 and summary consolidated cash flow data for the six months ended June 30, 2018 and 2019 have been derived from our unaudited condensed consolidated financial statements included elsewhere in this prospectus. Our consolidated financial statements are prepared and presented in accordance with accounting principles generally accepted in the United States of America, or U.S. GAAP. Our historical results are not necessarily indicative of results expected for future periods. You should read this Summary Consolidated Financial and Operating Data section together with our consolidated financial statements and the related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this prospectus.

The following table presents our summary consolidated statements of comprehensive loss data for the years ended December 31, 2017 and 2018 and the six months ended June 30, 2018 and 2019:

	For the Year Ended December 31,			For the Six Months Ended June 30,		
	2017	2018		2018	2019	
	RMB	RMB	US$	RMB	RMB	US$
	(in thousands)					
Total revenues	**31,695**	**66,487**	**9,685**	**38,357**	**32,385**	**4,717**
Costs of revenues(1)	**(27,511)**	**(32,740)**	**(4,769)**	**(18,011)**	**(13,434)**	**(1,957)**
Gross profit	**4,184**	**33,747**	**4,916**	**20,346**	**18,951**	**2,760**
Operating expenses:						
Sales and marketing expenses(1)	(30,357)	(20,174)	(2,939)	(8,834)	(12,536)	(1,826)
General and administrative expenses(1)	(35,387)	(35,939)	(5,235)	(14,854)	(17,892)	(2,606)
Research and development expenses(1)	(68,669)	(60,276)	(8,780)	(28,015)	(27,576)	(4,017)
Total operating expenses	**(134,413)**	**(116,389)**	**(16,954)**	**(51,703)**	**(58,004)**	**(8,449)**
Other operating income	4,312	8,293	1,208	5,246	1,143	166
Operating loss	**(125,917)**	**(74,349)**	**(10,830)**	**(26,111)**	**(37,910)**	**(5,523)**
Other income/(expense):						
Interest income	174	1,057	154	603	496	72
Interest expenses	—	(564)	(82)	(178)	(299)	(44)
Foreign exchange gain/(loss)	440	70	10	(146)	36	5
Loss on deconsolidation of subsidiaries	(45)	—	—	—	—	—
Other income	44,113	1,690	246	35	153	22
Other expense	(156)	(8,129)	(1,185)	(18)	(26)	(4)
Total other income/(expense)	44,526	(5,876)	(857)	296	360	51
Loss before income tax and share of net loss from an equity investee	**(81,391)**	**(80,225)**	**(11,687)**	**(25,815)**	**(37,550)**	**(5,472)**
Income tax expenses	(5,184)	(76)	(11)	(576)	(78)	(11)
Loss before share of net loss from an equity investee	**(86,575)**	**(80,301)**	**(11,698)**	**(26,391)**	**(37,628)**	**(5,483)**
Share of net loss from an equity investee	—	(162)	(24)	(103)	(10)	(1)
Net loss	**(86,575)**	**(80,463)**	**(11,722)**	**(26,494)**	**(37,638)**	**(5,484)**

Note:
(1) Share-based compensation expense was allocated in costs of revenues and operating expenses as follows:

	For the Year Ended December 31,			For the Six Months Ended June 30,		
	2017	2018		2018	2019	
	RMB	RMB	US$	RMB	RMB	US$
	(in thousands)					
Costs of revenues	1,024	707	103	350	294	43
Sales and marketing expenses	2,851	1,932	281	1,062	591	86
General and administrative expenses	16,400	11,606	1,691	5,785	5,675	827
Research and development expenses	11,889	8,055	1,173	4,277	3,352	488
Total	**32,164**	**22,300**	**3,248**	**11,474**	**9,912**	**1,444**

The following table presents our summary consolidated balance sheet data as of December 31, 2017 and 2018 and June 30, 2019:

	As of December 31,			As of June 30,	
	2017	2018		2019	
	RMB	RMB	US$	RMB	US$
	(in thousands)				
Cash and cash equivalents	61,455	61,519	8,961	60,153	8,762
Accounts receivable, net	6,248	2,538	370	13,256	1,931
Inventories	1,398	3,917	571	8,721	1,270
Cost and estimated earnings in excess of billings	—	18,411	2,682	15,164	2,290
Prepayments and other current assets	22,251	15,369	2,239	22,914	3,338
Property, plant and equipment, net	19,496	19,058	2,776	17,211	2,507
Total assets	**153,298**	**124,671**	**18,161**	**149,661**	**21,800**
Short-term bank loan	—	5,000	728	5,000	728
Accounts payable	13,742	14,659	2,135	17,127	2,495
Accrued expenses and other liabilities	17,920	31,197	4,544	36,510	5,317
Long-term loan	—	—	—	2,123	309
Total liabilities	**38,434**	**62,247**	**9,067**	**67,819**	**9,878**
Total mezzanine equity	**604,741**	**604,741**	**88,091**	**654,468**	**95,334**
Total shareholders' deficit	**(489,877)**	**(542,317)**	**(78,997)**	**(572,626)**	**(83,412)**

The following table presents our summary consolidated cash flow data for the years ended December 31, 2017 and 2018 and the six months ended June 30, 2018 and 2019:

	For the Year Ended December 31,			For the Six Months Ended June 30,		
	2017	2018		2018	2019	
	RMB	RMB	US$	RMB	RMB	US$
	(in thousands)					
Net cash used in operating activities	(38,432)	(43,410)	(6,324)	(29,169)	(39,891)	(5,811)
Net cash (used in)/provided by investing activities	(51,068)	25,751	3,751	9,615	(9,362)	(1,364)
Net cash provided by financing activities	34,300	16,000	2,331	15,000	47,436	6,910
Effect of exchange rate changes on cash and cash equivalents	7,677	1,723	251	586	451	66
Net (decrease)/increase in cash and cash equivalents	(47,523)	64	9	(3,968)	(1,366)	(199)
Cash and cash equivalents at the beginning of the year	108,978	61,455	8,952	61,455	61,519	8,961
Cash and cash equivalents at the end of the year	61,455	61,519	8,961	57,487	60,153	8,762

Non-GAAP Financial Measure

We use adjusted net loss, a non-GAAP financial measure, in evaluating our operating results and for financial and operational decision-making purposes. Adjusted net loss represents net loss excluding share-based compensation expense. There was no income tax impact on our non-GAAP adjustment because the non-GAAP adjustment was recorded in entities located in tax-free jurisdictions, such as the Cayman Islands.

We believe that adjusted net loss helps identify underlying trends in our business that could otherwise be distorted by the effect of share-based compensation expenses that are included in net loss. We believe that adjusted net loss provides useful information about our operating results, enhance the overall understanding of our past performance and future prospects and allow for greater visibility with respect to key metrics used by our management members in their financial and operational decision-making.

Adjusted net loss should not be considered in isolation or construed as an alternative to net loss, net margin or any other measure of performance or as an indicator of our operating performance. Investors are encouraged to review our historical non-GAAP financial measure in conjunction with net loss, the most directly comparable GAAP measure. Adjusted net loss presented here may not be comparable to similarly titled measures presented by other companies. Other companies may calculate similarly titled measures differently, limiting their usefulness as comparative measures to our data. We encourage investors and others to review our financial information in its entirety and not rely on a single financial measure.

The table below sets forth a reconciliation of our net loss to adjusted net loss for the periods indicated.

	For the Year Ended December 31,			For the Six Months Ended June 30,		
	2017	2018		2018	2019	
	RMB	RMB	US$	RMB	RMB	US$
	(in thousands)					
Net loss	(86,575)	(80,463)	(11,722)	(26,494)	(37,638)	(5,484)
Add:						
Share-based compensation expense	32,164	22,300	3,248	11,474	9,912	1,444
Adjusted net loss	(54,411)	(58,163)	(8,474)	(15,020)	(27,726)	(4,040)

RISK FACTORS

An investment in the ADSs involves significant risks. You should consider carefully all of the information in this prospectus, including the risks and uncertainties described below, before making an investment in the ADSs. Any of the following risks could have a material and adverse effect on our business, financial condition and results of operations. In any such case, the market price of the ADSs could decline, and you may lose all or part of your investment.

Risks Relating to Our Business and Industry

Our future growth depends on the demand for, and customers' willingness to adopt, our passenger-grade AAVs and air mobility solutions.

We operate in the new and evolving AAV industry. Our business and operating results depend in large part on the acceptance of and demand for our passenger-grade AAVs and air mobility solutions. The success of these products and services are and will be subject to risks, including with respect to:

- the extent of market reception and adoption of AAVs as transportation and logistics solutions;
- our navigating a new and evolving regulatory environment;
- our timely fulfillment of product orders;
- our ability to produce safe, high-quality and cost-effective AAVs on an ongoing basis;
- the performance of our AAVs relative to customer expectations and customers' interest in and demand for our passenger-grade AAVs and air mobility solutions; and
- our building a well-recognized and respected brand.

Our failure to manage the risks described above may discourage current or potential customers from purchasing our passenger-grade AAVs or using our AAV commercial solutions, and there may be downward price pressure on our AAVs and commercial solutions. If the market for passenger-grade AAVs or air mobility solutions does not develop as we expect or develops more slowly than we expect, our business, prospects, financial condition and operating results will be materially and adversely affected.

In the jurisdictions where we sell and plan to sell our products, the commercial use of our passenger-grade AAVs, and in some cases our non-passenger-grade AAVs, is subject to an uncertain or lengthy approval process; we cannot predict when regulations will change, and any new regulations may impose onerous requirements and restrictions with which we, our AAVs and our potential customers may be unable to comply. As a result, we may be limited in, or completely restricted from, growing our business in the foreseeable future.

We operate in a new and rapidly evolving industry, which is subject to extensive legal and regulatory requirements. As described below, in the jurisdictions relevant to us, the commercial use and delivery of our passenger-grade AAVs is and in the near future is expected to continue to be subject to an uncertain or lengthy approval process. We are unable to estimate the average length of time required to obtain the applicable regulatory approvals due to the nascent nature of AAV-related regulations and the lack of relevant precedents. For example, we are not aware of any operator having been granted all required approvals for the commercial operations of passenger-grade AAVs in China, the United States or elsewhere. In addition, PRC and U.S. regulations impose significant restrictions on our non-passenger-grade AAVs. We cannot predict when these regulations will change, and any new regulations may impose onerous requirements and restrictions.

In China, the Civil Aviation Administration of China, or CAAC, has recently published the Guidance on UAV Airworthiness Assessment Based on Operation Risks, or the UAV Airworthiness Guidance, which is based on the assessment classification and management of operational risks of UAVs. For our passenger-grade AAVs, we have obtained written approval issued by the CAAC for trial flights in certain locations in China for the purpose of evaluating their airworthiness and formulating industry standards on airworthiness of passenger-grade AAVs. However, we are not allowed to engage in commercial operation or pilot operation of our passenger-grade AAVs merely with this approval. In addition, detailed rules or regulations with respect to the airworthiness of AAVs may be promulgated by the end of 2019. We cannot assure you that we will be able to obtain any of the

certificates of airworthiness as required under the detailed rules and regulations in a timely manner or that we can satisfy the relevant requirements or standards under the detailed rules or regulations to be promulgated in the future.

Under the *Pilot Operation Rules (Interim) for Specific Unmanned Aircraft issued by the CAAC* on February 1, 2019, or Interim Rules, to start any specific pilot operation, the prospective operator of certain classes of UAVs must submit an application and be approved by the CAAC. In February 2019, we submitted an application to the CAAC for pilot operation in relation to a customer's use of our EHang 216, a type of our passenger-grade AAVs, in its logistics business. As we have passed the CAAC's preliminary examination and received the notification of acceptance for this application from the CAAC, we currently expect this application to be approved by the end of 2019. However, we cannot assure you that the approval will be granted in time as we expect, or at all. Even if this approval is granted by the CAAC, it cannot be extended to the operations of other customers.

In addition, under the Interim Rules, we may be required to obtain a pilot operation approval for our non-passenger-grade AAVs. In February 2019, we voluntarily submitted an application to the CAAC for pilot operation in relation to two customers' use of our non-passenger-grade AAVs for logistic purposes. We cannot assure you that we will be able to obtain such approval. Even if this approval is granted by the CAAC, it cannot be extended to the operations of other customers or the same customer for other purposes.

Further, we are required to obtain approvals from local divisions of the People's Liberation Army Air Force, or PLAAF for proposed flight routes in connection with our business. As the approvals from the PLAAF are usually granted on a one-off basis or are only valid for a limited period of time and the local divisions of PLAAF may exercise air traffic control under certain circumstances which may restrict us from operating our AAVs from time to time, we cannot assure you that we will be able to obtain such approval for each matter on which we will work on with our customers or partners in the future. If such approval is not granted in a timely manner, we, our customers or partners will not be able to fly the AAVs in the proposed flight routes.

In the United States, the Federal Aviation Administration, or the FAA, is the regulatory agency that oversees the safety of aircraft operations, including unmanned aircraft systems, or UAS, in the national airspace system of the United States, or the NAS. A UAS is any aircraft and its associated elements that are operated without the possibility of direct human intervention from within or on the aircraft. All of our AAVs qualify as UAS.

- ***Large UAS.*** FAA regulations define a "large UAS" as any UAS that weighs 55 pounds or more. Presently FAA regulations do not permit the operation of large UAS in the NAS unless the operator obtains both UAS airworthiness approval as well as operational approval through: (1) a special experimental airworthiness certificate, or SAC, under FAA Order 8130.34D (for the purpose of testing) or (2) an exemption pursuant to the Special Authority for Certain Unmanned Systems located in 49 U.S.C. § 44807, or a Section 44807 Exemption (for testing purposes or commercial operations). If the FAA determines that a proposal to operate a large UAS does not present an unreasonable safety risk, the FAA may issue an SAC or Section 44807 Exemption, as applicable, subject to appropriate limitations determined by the FAA. However, obtaining a SAC can be a lengthy process. In addition, carrying persons or property for hire is prohibited.

  We believe that FAA Order 8130.34D provides a path for an operator to begin testing our passenger AAVs and related systems in the United States. Before granting a SAC, the FAA reviews all aspects of the AAV and related systems to help ensure that the AAV can be operated safely, and as part of this process the FAA may request design, manufacturing, operational or other changes. Notably, carrying persons or property for hire is prohibited. Thus, an SAC may potentially be used to test proposed operational concepts, but would not authorize the carriage of goods or persons for hire. Further, obtaining an SAC can be a lengthy process, and we cannot estimate how long this may take.

  The Section 44807 Exemption grants the FAA the authority to use a risk-based approach to determine whether a UAS can operate safely in the NAS with respect to a specific proposed operation without

complying with those certain operational and airworthiness requirements for which the Section 44807 Exemption is sought. Under this authority, the FAA may grant exemptions to the applicable operating rules, airworthiness requirements and pilot requirements for a specific operation on a case-by-case basis. Note that the FAA has indicated that it may require a UAS to have a type certificate under 49 CFR Part 21 prior to issuing an exemption for a specific operation pursuant to Section 44807. To use our large AAVs for commercial purposes, an operator would require a Section 44807 Exemption that specifically permits such use. We believe that because of the FAA's concern for the safety of users of the NAS and the public, as well as FAA's regard for the privacy-related concerns of the general public, an exemption for commercial use of our passenger AAVs over populated areas may not be granted in the near future until laws and regulations change to permit such use.

- ***Small UAS.*** FAA regulations define a "small UAS" as any UAS that weighs less than 55 pounds. Part 107 of Title 14 of the Code of Federal Regulations, or Part 107, permits the operation of small UAS for commercial purposes, including transporting goods for hire (but not across state lines), provided certain conditions are satisfied, including that the UAS must remain within the visual line of the sight of the pilot, and that the UAS not be operated over persons not involved in the UAS operation (for example, over populated urban areas). Part 107 allows a UAS operator to apply for a waiver of some of the restrictions contained in Part 107, including the restrictions noted above, but does not permit a waiver of the line-of-sight requirement to allow the carriage of property for hire. Thus, under Part 107, an operator may, without seeking any government approvals or waivers, use our small AAVs to conduct the intrastate transportation of goods for hire (i.e., logistics), over unpopulated areas within the line of sight of the pilot. A waiver may be available to allow the delivery of goods for hire over populated areas, but it is uncertain how long it may take to obtain a waiver or whether the FAA would grant one at all.

  Although transporting goods for hire beyond the line of sight of the pilot is not permitted under Part 107, an operator could seek a Section 44807 Exemption to operate under Part 135, for example, as Section 44807 Exemptions are not limited to large UAS. The FAA has granted at least one Section 44807 Exemption for this type of operation using a small UAS. However, it is uncertain how long it may take to obtain an exemption.

  As a result of the forgoing, we and our customers may not be able to commercialize our products, which could limit our sales and our ability to grow our business.

  Note that the description of the regulation of UAS in the United States as provided herein reflects the regulatory landscape with respect to the approval of UAS and UAS operations current as of the date of this prospectus. The FAA's authority, processes and methodologies for the evaluation of UAS operations in the NAS continue to rapidly evolve, and the regulation and processes described herein are subject to change.

As we sell our AAV products internationally, we face challenges in quickly and sufficiently familiarizing ourselves with foreign regulatory environments and policy frameworks. If any new regulation is put in place, or a different interpretation of existing regulation is adopted, our ability to manufacture, market, sell or operate our AAVs or to advertise or deliver air mobility solutions in general may be limited or otherwise affected. Failure to comply with applicable regulations or to obtain, maintain or renew the necessary permits, licenses, registrations or certificates could cause delays in, or prevent us from, manufacturing, marketing, selling and operating our AAV products, meeting product demand and expectations, introducing new products or expanding our service coverage, and could materially and adversely affect our operation results. If we are found to be in violation of applicable laws or regulations, we could be subject to administrative punishment, including fines, injunctions, recalls or asset seizures, as well as potential criminal sanctions, any of which could have a material adverse effect on our business, financial condition, results of operations and prospects.

We may be unable to make timely product deliveries due to limited production capacity.

As of the date of this prospectus, we have unfilled purchase orders for 28 passenger-grade AAVs. Commercial production of our passenger-grade AAVs requires timely and adequate supply of various types of raw materials and components, as well as mass production capacity and efficient manufacturing and assembly. We have limited experience in high-volume manufacturing of our AAVs. We cannot assure you that we will be able to expand our production capacity efficiently and cost-effectively, or to procure sufficient raw materials and components to meet our production volume. While we are looking into expanding our manufacturing capacity through partnerships, such partnerships may not be successful, or we may not be able to do so in a timely manner to fulfill our backlog orders. While we obtain components from multiple sources whenever possible, some of the components used in our AAVs are currently purchased from a single source to improve cost-efficiency. Disruption in the supply of components, whether or not from a single-source supplier, could temporarily disrupt commercial production of our AAVs. We also outsource certain manufacturing activities to third party contract manufacturers. We may experience operational difficulties with our contract manufacturers, including reductions in the availability of production capacity, failure to comply with product specifications, insufficient quality control, failure to meet production deadlines, increases in manufacturing costs and longer lead time.

Any of the foregoing could result in our failure to make timely deliveries to our customers. Such failure would materially and adversely affect our business, results of operations, financial condition and prospects.

Our framework and conditional agreements may not result in material sales of our products

We have entered into a number of long-term agreements with customers and partners relating to the sale of our passenger-grade AAVs. Some of these agreements are conditional, and our counterparty is not obligated to purchase our products unless a number of conditions are satisfied. Under our agreement with a U.S. biotechnology customer, the customer is not required to purchase our AAVs unless our AAVs achieve a number of performance milestones and it obtains required approvals from the FAA and FDA for the commercial operation of our AAVs. We have yet to achieve the performance milestones, which allows the customer to terminate the agreement. Further, it may be time-consuming for the customer to obtain the required approvals, if they are able to do so at all. Some other agreements are framework agreements containing sales targets, but that does not obligate our counterparties to purchase our products at all. We expect the number of orders we receive under these framework agreements to depend on a number of factors, including changes in the regulatory environment, customers' acceptance of and demand for our products and services and our production capacity. For the foregoing reasons, we may not receive any substantial orders from our current or potential customers, and we currently do not expect material deliveries to some of our business partners, including the U.S. biotechnology company and a Norwegian automobile distributor. As our long-term agreements may not result in material sales of our products, our future results of operations may not scale or otherwise meet our current expectations.

We have substantial customer concentration and we have experienced a significant increase in accounts receivable.

Due to the short history of our business and that we have not achieved significant scale, we had and expect to continue to have customer concentration. In 2018, our largest customer accounted for approximately 30% of our revenues. In the first half of 2019, our largest customer accounted for approximately 45% of our revenues. There are inherent risks whenever a large percentage of revenues are concentrated with a limited number of customers. We are unable to predict the future level of demand for our services that will be generated by these customers. In addition, our accounts receivable balance significantly increased from RMB2.5 million (US$0.4 million) as of December 31, 2018 to RMB13.3 million (US$1.9 million) as of June 30, 2019. As of June 30, 2019, accounts receivable from two customers accounted for 66% of our total accounts receivable balance. The credit period for some of our customers, including the largest customer of our AAVs, can be as long as 180 days. If our major customers were to cease purchasing our products or services, cancel existing orders or fail to make payments to us in a timely fashion, our business and results of operation will be materially and adversely affected.

Our technology platform may not perform in line with customer specifications or expectations.

Our technology platform, consisting of our AAVs, in-flight operating systems and on-the-ground infrastructure, may not perform in line with customers' expectations. For example, our AAVs may not be as easy

to operate or maintain as customers expect. In addition, certain orders of our passenger-grade AAVs are conditioned on their meeting defined technical specifications (such as a specified cruising speed, operational range and payload capacity) according to agreed-upon delivery timetables. See "Business—Our AAV Commercial Solutions" for further details. Future customers may also require performance specifications that we are unable to deliver. Some of these target specifications, such as those dependent on battery technology, are constrained by the pace of general technological advancement and the capabilities of our suppliers, which are largely beyond our control.

Our technology platform may contain design or manufacturing defects that result in unsatisfactory performance or require repair. Our technology platform uses a substantial amount of algorithms and software to operate. Software products are inherently complex and often contain defects and errors, especially when first introduced. While we have performed extensive internal testing on our AAV software and hardware systems, we have a limited frame of reference by which to evaluate the long-term performance of our technology platform. There can be no assurance that we will be able to detect and fix any defects in our technology platform before we sell products and services to customers.

If our technology platform is defective or otherwise fails to perform as expected or in accordance with prescribed technical specifications and timetable, our AAVs may experience accidents and we may suffer adverse publicity, order cancellations, revenue declines, delivery delays, product recalls, product liability claims, and significant warranty and other expenses. These consequences could have a material adverse impact on our business, financial condition, operating results and prospects.

We are a relatively young company with a short operating history, and we may not be able to sustain our rapid growth, effectively manage our growth or implement our business strategies.

We have been providing AAV commercial solutions for approximately three years. Although we have experienced growth, our historical performance may not be indicative of our future performance due to our limited operating history. We are currently commercializing our AAVs and air mobility solutions, and have just started accepting orders for our AAVs and delivering them to customers for testing purposes. There is no historical basis for making judgments on the demand for our products and services or our ability to produce and deliver AAVs and air mobility solutions, or to become profitable in the future.

You should consider our business and future prospects in light of the risks and challenges we face as a new entrant to a nascent industry and to overseas markets, including risks and challenges associated with our ability to:

- provide safe, convenient and effective air mobility solutions;
- maintain reliable, secure, high-performance and scalable infrastructure;
- identify suitable facilities to expand manufacturing capacity;
- navigate the evolving and complex regulatory environment across all the markets in which we operate;
- anticipate and adapt to changing market conditions, including technological developments and changes in the competitive landscape, and adjust, manage and execute our marketing and sales activities to cater to local economic and demographic conditions, cultural differences and customer preferences across all our current and future markets;
- successfully market our AAV commercial solutions;
- improve and maintain our operational efficiency; and
- attract, retain and motivate talented employees.

If we fail to address any or all of these risks and challenges, our business may be materially and adversely affected.

As our business grows, we may adjust our product and service offerings. These adjustments may not bring about expected results and may instead have a material and adverse impact on our financial condition and results of operations. For example, we historically manufactured and sold consumer drones while we were developing our passenger-grade AAVs and AAV commercial solutions. Our consumer drone business was not successful. We gradually phased out this business to focus on more innovative products and services. Our revenue structure may continue to evolve in response to market demand. In particular, we expect the relative revenue contribution from air mobility solutions to increase and that from aerial media solutions to decrease in the foreseeable future. Our growth is dependent on the development of such new products and services. We may not accurately identify market needs before we invest in the development of a new product or a new service. In addition, we might face difficulties or delays in the development process, which may result in losses in our market share and competitive advantages.

In pursuit of our growth strategy, we may enter into new strategic relationships to further penetrate our targeted markets. Should these relationships fail to materialize and develop into demand or orders for our products and services, or should we fail to work effectively with these companies, we may lose opportunities to generate sales growth and our business, results of operations and financial condition could be adversely affected.

Our AAVs and AAV commercial solutions are subject to safety standards, and the failure to satisfy such mandated safety standards or failure to design, manufacture and operate safe and high-performance AAVs and related operating systems and infrastructure would have a material adverse effect on our business and operating results.

Sales of our AAVs, including our passenger-grade AAVs and non-passenger-grade AAVs, must comply with applicable standards in the market where they are sold, including standards on design, manufacturing and operation. In China, for example, certain components of our AAVs must pass various tests and undergo a certification process and be affixed with a China Compulsory Certificate, or CCC, before they can be installed on our AAVs. We cannot assure you that we have obtained the CCC for all the components of our AAVs that are listed in the CCC Product Catalogue. Failure to install components with a CCC may prevent us from selling the affected products and negatively affect our manufacturing and sales of AAVs. In the United States, the FAA oversees the safety of aircraft operations in the national airspace system and has the authority to grant airworthiness certificates and related exemptions to AAV products. See “Regulation” for further details. If we fail to have our AAVs satisfy applicable aerial vehicle standards in any jurisdiction where we operate, our business and operating results would be adversely affected. To achieve a high level of safety assurance, we have also established our own AAV safety standards. While we are committed to producing safe and high-quality products, there can be no assurance that our safety technology will be effective in preventing incidents related to product safety, such as accidents involving our AAVs. Failure to ensure the safe operation of our AAVs will affect our reputation and the sales of our AAVs, which will ultimately adversely affect our business operation and financial results.

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

We have incurred net losses in the past. In 2017 and 2018, we had net losses of RMB86.6 million and RMB80.5 million (US$11.7 million), respectively, and we had net operating cash outflows of RMB38.4 million and RMB43.4 million (US$6.3 million), respectively. In the first half of 2019, we had net loss of RMB37.6 million (US$5.5 million) and net operating cash outflows of RMB39.9 million (US$5.8 million). We expect our costs to increase in future periods as we continue to expand our business and operations. We also expect to incur substantial costs and expenses as a result of being a public company.

We cannot assure you that we will be able to generate net profits or positive operating cash flows in the future. Our ability to achieve profitability depends in large part on, among other factors, our ability to increase orders and sales of our AAVs and AAV commercial solutions, achieve economies of scale, establish effective pricing strategies, effectively navigate the regulatory environments in different jurisdictions, and increase

operational efficiency. If we are unable to generate adequate revenues or effectively manage our expenses, we may continue to incur significant losses in the future and may not be able to achieve or subsequently maintain profitability.

We may not be successful in competing in the UAV industry.

We operate in the UAV industry and provide various commercial solutions, including air mobility, smart city management and aerial media solutions. In addition to competing with other UAV companies, we compete with traditional industry players providing similar solutions, such as aircraft and ground transportation service providers. Many of our current and potential competitors, particularly international competitors, have significantly greater financial, technical, manufacturing, marketing and other resources than we do and may be able to devote greater resources to the design, development, manufacturing, distribution, promotion, sale and support of their products.

We expect competition in our industry to intensify in the future in light of increased demand for alternative transportation, continuing globalization and consolidation in the global UAV industry. Factors affecting competition include, among others, ability to innovate, development speed, product quality, reliability, safety and features, pricing and customer service. Increased competition may lead to lower AAV unit sales and increased inventory, which may result in downward price pressure and adversely affect our business, financial condition, operating results and prospects.

Our ability to successfully compete in our industry will be fundamental to our future success in existing and new markets and will affect our market share. If our competitors introduce AAVs or services that are superior in quality or performance and/or lower in price compared with our offerings, we may lose existing customers or be unable to attract new customers at prices that would allow us to generate attractive rates of return on our investment, if at all.

Any significant cybersecurity incident or disruption to our operating systems or our command-and-control centers could subject us to significant reputational, financial, legal and operational consequences.

We depend on our integrated in-flight operating systems and on-the-ground infrastructure to operate our products and services. Any material disruption to or slowdown of our operating systems or infrastructure could cause our AAVs to malfunction or result in outages or delays in our services, which could harm our brand and adversely affect our operating results.

Our command-and-control centers rely on our proprietary cloud database, which stores all of the data we collect. Problems with our command-and-control centers or our telecommunications network providers could adversely affect our services and products. Our telecommunications network providers could decide to cease providing services to us without adequate notice. Any change in service levels of our telecommunications network or any errors, defects, disruptions or other performance problems with our operating systems or infrastructure could harm our brand and potentially affect our user data. If changes in technology cause our operating systems or infrastructure to become obsolete, or if our operating systems or command-and-control centers are inadequate to support our growth, we could lose customers, and our business and operating results could be adversely affected.

We could be subject to breaches of security by hackers. Although we proactively employ multiple measures to defend our systems against intrusions and attacks, our measures may not prevent unauthorized access or use of sensitive data. A breach of our AAV operating systems or command-and-control systems may result in product damages, data losses and, in extreme cases, AAV accidents or hijacking of our AAVs to perform unlawful activities. A cybersecurity breach could harm our reputation and deter our customers and potential customers from using our AAVs. In addition, any such breach could cause us to incur costs to correct the breaches or failures, expose us to uninsured liability, increase our risk of regulatory scrutiny, subject us to lawsuits and result in the imposition of material penalties and fines.

An accident involving an AAV provided by us or another manufacturer could harm the AAV industry.

An accident involving an AAV provided by us or another manufacturer could cause regulatory agencies around the world to tighten restrictions on the use of AAVs, particularly over populated areas, and could cause the public to lose confidence in our products and AAVs generally. There are risks associated with autopilot, flight control, communications and other advanced technologies, and, from time to time, there have been accidents associated with these technologies. The safety of certain cutting-edge technologies depends in part on user interaction, and users may not be accustomed to using such technologies. We could face unfavorable and tightened regulatory control and intervention on the use of autopilot and other advanced technologies and be subject to liability and government scrutiny to the extent accidents associated with our autonomous navigation systems occur. Should a high-profile accident occur resulting in substantial casualty or damages, either involving our AAVs or products offered by other companies, public confidence in and regulatory attitudes toward AAVs could deteriorate. Any of the foregoing could materially and adversely affect our results of operations, financial condition and growth prospects.

We may be compelled to undertake product recalls or take other actions, which could adversely affect our brand image and results of operations.

Our AAVs may not perform in line with customers' expectations. Any product defects, accidents or any other failure of our AAVs to perform as expected could harm our reputation and result in adverse publicity, revenue loss, delivery delays and product recalls, which could harm our brand and reputation. Any product recall or lawsuit seeking significant monetary damages either in excess of or outside of our insurance coverage may have a material adverse effect on our business and financial condition. In the future, we may, voluntarily or involuntarily, initiate a recall if any of our AAVs, including any systems or components sourced from our suppliers, prove to be defective or noncompliant with applicable laws and regulations. Such recalls, whether voluntary or involuntary and whether caused by systems or components engineered or manufactured by us or our suppliers, could incur significant expenses and adversely affect our brand image in our target markets. They may also inhibit or prevent commercialization of our current and future product candidates.

We may become subject to product liability claims or warranty claims, which could harm our financial condition and liquidity if we are not able to successfully defend or insure against such claims.

We may be exposed to significant product liability claims if our AAVs do not perform as expected or malfunction. Any defects, errors, or failures in our products or the misuse of our AAVs, operating systems and infrastructure could also result in injury, death or property damage. Our risks in this area are particularly pronounced given we have limited field experience in the operation of our AAVs. A successful product liability claim against us could require us to pay a substantial monetary award. Moreover, a product liability claim could generate substantial negative publicity about our AAVs and business and inhibit or prevent commercialization of our current and future AAV models. Our insurance coverage might not be sufficient to cover all potential product liability claims. In addition, the same level of insurance coverage may not be available in the future at economical prices, or at all. Even if we are fully insured as it relates to a claim, the claim could nevertheless diminish our brand and divert management's attention and resources, which could have a negative impact on our business, financial condition and result of operations.

We generally provide standard warranties on our AAVs. The term of a warranty is between six months to three years, depending on the product line and the specific part or component. The occurrence of any material defects in our AAVs could make us liable for damages and warranty claims. In addition, we could incur significant costs to correct any defects or other problems, including costs related to product recalls. Warranty claims may also lead to litigation. Any negative publicity related to the perceived quality of our AAVs could affect our brand image, decrease retailer, distributor and customer demand, and adversely affect our operating results and financial condition.

If we fail to successfully develop and commercialize new products, services and technologies that are well received by customers, our operating results may be materially and adversely affected.

Our future growth depends on whether we can continually develop and introduce new generations of our existing AAV product lines and update our operating systems and infrastructure with enhanced functionalities and value-added services. This is particularly important in the current industry landscape where technologies and consumer preferences evolve rapidly, which may shorten the lifecycles of our existing products. We plan to upgrade our current AAV models and introduce new models in order to continue to provide AAVs with the latest technologies. As technological advancements can be complex and costly, we could experience delays in the development and introduction of new products and services in the future.

Our ability to roll out new and innovative products and services depends on a number of factors, including significant investments in research and development, quality control of our products and services and effective management of our supply chain. We may need to devote more resources to the research and development of new or enhanced products, services and technologies, which may reduce our profitability. In addition, our research and development efforts may not yield the benefits we expect to achieve in a timely manner, or at all. To the extent that we are unable to execute our strategy of continuously introducing new and innovative products, diversifying our product portfolio and satisfying consumers' changing preferences, we may not be able to grow our user base, and our competitive position and results of operations may be adversely affected. Even if we are able to keep up with technological changes and develop new models, our prior models may as a result become obsolete sooner than expected, potentially reducing our return on investment.

We have limited experience in managing sales to multiple countries and we are subject to a variety of costs and risks due to our continued international expansion.

In 2018, two of our passenger-grade AAVs were delivered abroad. We have entered into sales contracts with customers outside China. As international expansion is one of our core strategies, we expect our international sales to increase in the future. In markets outside China, we generally have limited or no experience in marketing, selling and deploying our AAVs. International expansion has required and will continue to require us to invest significant capital and other resources, and our efforts may not be successful. International sales and operations are subject to risks such as:

- limited brand recognition;
- costs associated with establishing new distribution networks;
- difficulty in finding qualified partners for overseas distribution;
- inability to anticipate changes in local market conditions, economic landscapes, and consumers' preferences and customs;
- difficulties in staffing and managing foreign operations;
- lack of familiarity with and understanding of the local legal, regulatory and policy frameworks, as well as burdens of complying with a wide variety of local laws and regulations, including those governing personal data protection and safety control;
- political and economic instability;
- trade restrictions;
- differing employment laws and practices, as well as potential labor disruptions;
- the imposition of government controls;
- lesser degrees of intellectual property protection;

- tariffs and customs duties and the classifications of our goods by applicable governmental bodies; and
- a legal system subject to undue influence or corruption.

Additionally, to export our AAVs to certain jurisdictions, we may face challenges in coordinating with both PRC and the applicable foreign governments and regulatory authorities. If we cannot export our AAVs to such jurisdictions, our business, prospects, financial condition and operating results may be materially and adversely impacted.

The failure to manage any of these risks could negatively affect our international business and consequently our overall business and operating results. In addition, the concern over these risks may also prevent us from entering into, or marketing, selling or releasing certain of our AAVs and AAV commercial solutions in, certain markets.

We rely on some third-party distributors for sales, marketing and distribution activities relating to our AAVs.

Some of our business partners are acting as third-party distributors that sell, market and distribute our AAVs to their customers. Accordingly, we may be subject to a number of risks associated with third-party distributors, including a lack of day-to-day control over the activities of third-party distributors selling or using our products and solutions; third-party distributors may terminate their arrangements with us on limited or no notice, or may change the terms of these arrangements in a manner that is unfavorable to us for reasons outside of our control; and any disagreements with our third-party distributors could lead to costly and time-consuming litigation or arbitration. If we fail to establish and maintain satisfactory relationships with our third-party distributors, we may not able to sell, market and distribute our AAVs according to our internal budget and plans, our future revenues and market share may not grow at a pace that we expect, and we could be subject to increases in sales and marketing and other costs which would harm our results of operations and financial condition.

Our operations may be interrupted by production difficulties or delays due to mechanical failures, utility shortages or stoppages, fire, natural disaster or other calamities at or near our facilities.

Production difficulties, such as capacity constraints, mechanical and systems failures and the need for equipment upgrades, may suspend our production and/or reduce our output. There can be no assurance that we will not experience problems with our production facilities in the future or that we will be able to address any such problems in a timely manner. Problems with key equipment in one or more of our production facilities may affect our ability to produce our AAVs or cause us to incur significant expenses to repair or replace such equipment. Scheduled and unscheduled maintenance programs may affect our production output. Any of these could have a material adverse effect on our business, financial condition, results of operations and prospects.

We depend on a continuous supply of utilities, such as electricity and water, to operate our production facilities. Any disruption to the supply of electricity or other utilities may disrupt our production, or cause the deterioration or loss of our inventory. This could adversely affect our ability to fulfill our sales orders and consequently may have an adverse effect on our business and results of operations. In addition, fire, natural disasters, pandemics or extreme weather, including droughts, floods, typhoons or other storms, or excessive cold or heat, could cause power outages, fuel shortages, water shortages, damage to our production, processing or distribution facilities or disruption of transportation channels, any of which could impair or interfere with our operations. We cannot assure you that such events will not happen in the future or that we will be able to take adequate measures to mitigate the likelihood or potential impact of such events, or to effectively respond to such events if they occur.

Our consumers may experience service failures or interruptions due to defects in the software, infrastructure, components or engineering system that compromise our products and services, or due to errors in product installation, any of which could harm our business.

Our products and services may contain undetected defects in the software, infrastructure, components or engineering system. Sophisticated software and applications, such as those adopted and offered by us, often contain “bugs” that can unexpectedly interfere with the software and applications’ intended operations. Our internet services may from time to time experience outages, service slowdowns or errors. Defects may also occur in components or processes used in our products or for our services.

There can be no assurance that we will be able to detect and fix all defects in the hardware, software and services we offer. Failure to do so could result in decreases in sales of our products and services, lost revenues, significant warranty and other expenses, decreases in customer confidence and loyalty, losing market share to our competitors, and harm to our reputation.

Our success depends on the continuing efforts of our key employees, including our senior management members and other key personnel. If we fail to hire, retain and motivate our key employees, we could lose the innovation, collaboration and focus that contribute to our business.

We believe that our success depends substantially on the continued efforts of our key employees, including our senior management members and other qualified and key personnel. We rely on our executive officers, senior management and key employees to generate business and execute programs successfully. In addition, the relationships and reputation that members of our management and key employees have established and maintain with government personnel contribute to our ability to maintain good customer relations and to identify new business opportunities. The loss of any key personnel or our failure to attract additional talent could reduce our employee retention, disrupt our research and development activities and operations, and impair our revenue growth and competitiveness. If one or more of our executive officers or key employees were unable or unwilling to continue their services with us, we might not be able to replace them easily, in a timely manner, or at all, and we might lose the innovation, collaboration and focus that contribute to our business.

Our business and prospects depend significantly on our ability to build our EHang brand.

Our business and prospects are heavily dependent on our ability to build, maintain and strengthen the EHang brand. If we do not continue to establish, maintain and strengthen our brand, we may lose the opportunity to build a critical mass of customers. Promoting and positioning our brand will likely depend significantly on our ability to provide high-quality AAVs and AAV commercial solutions and engage with our customers as intended. In addition, we expect that our ability to develop, maintain and strengthen the EHang brand will also depend heavily on the success of our user development and branding efforts. Such efforts mainly include building a community of engaged online and offline users as well as other branding initiatives, such as AAV shows and events. To promote our brand, we may be required to change our user development and branding practices, which could result in substantially increased expenses. If we do not develop and maintain a strong brand, our business, prospects, financial condition and operating results will be materially and adversely impacted.

Our EHang brand could be subject to adverse publicity if incidents related to our products occur or are perceived to have occurred, whether or not we are at fault. In particular, given the popularity of social media, including WeChat and Weibo in China, any negative publicity, regardless of its truthfulness, could quickly proliferate and harm consumer perceptions of and confidence in our brand. Furthermore, we may be affected by adverse publicity related to our manufacturing or other partners, whether or not such publicity is related to their collaboration with us. Our ability to successfully position our brand could also be adversely affected by perceptions of the quality of our partners' products and services. In addition, from time to time, our AAVs and AAV commercial solutions are evaluated and reviewed by third parties. Any unfavorable reviews could adversely affect consumer perceptions of our AAVs and AAV commercial solutions.

Weather and seasonality may have a material adverse effect on our operations.

Our sales of AAVs and AAV commercial solutions may be affected by weather and seasonality. Our AAV commercial solutions are mainly delivered outdoor. Customers may choose alternative transportation in severe weather conditions in consideration of safety factors, even if our AAVs are able to endure such conditions. As a result, our business, financial condition and operating results may be materially and adversely impacted by the weather conditions. Our operating results may vary from period to period due to many factors, including seasonal factors that may have an effect on the demand for our AAV commercial solutions in the future. As a result, our quarterly results of operations and financial position at the end of a particular quarter may not necessarily be representative of the results we expect at year-end or in other quarters of a year. Our operating results would suffer if we did not achieve revenues consistent with our expectations due to seasonal demand and weather changes because many of our expenses are based on anticipated levels of annual revenues.

Any deterioration of our relationship with our strategic business partners could have a material adverse effect on our operating results.

We collaborate with various business partners to promote our AAVs and AAV commercial solutions. For example, we collaborate with several companies including Yonghui Group to provide logistics services for last-mile delivery. There can be no guarantee that those business partners will continue to collaborate with us in the future. If we are unable to maintain good relationships with our business partners, or the business of our business partners declines, the reach of our products and services may be adversely affected and our ability to maintain and expand our user base may decrease.

Most of the agreements with our business partners do not prohibit them from working with our competitors or from offering competing services. If our partners change their standard terms and conditions in a manner that is detrimental to our business, or if our business partners decide not to continue working with us, or choose to devote more resources to supporting our competitors or their own competing products, we may not be able to find a substitute on commercially favorable terms, or at all, and our competitive advantages may diminish.

We rely on external suppliers for raw materials and certain components and parts used in our AAVs, and do not have control over the quality of these components and parts.

We purchase certain key components and raw materials, such as computers chips, batteries, motors and electronic displays, from external suppliers for use in our operations and production of AAVs. A continuous and stable supply of components and raw materials that meet our standards is crucial to our operations and production. We cannot assure you that we will be able to maintain our existing relationships with our suppliers and continue to be able to stably source key components and raw materials at reasonable prices, or at all. We have integrated our suppliers' technologies within our products such that having to change to an alternative supplier may cause significant disruption to our operations. The supply of key components could be interrupted for any reason, or there could be significant increases in the prices of these key components. Additionally, changes in business conditions, force majeure, governmental changes and other factors beyond our control, or that we do not presently anticipate, could also affect our suppliers' ability to deliver components to us on a timely basis. If any of these events occurs, our business, financial condition, results of operations and prospects may be materially and adversely affected.

We cannot guarantee that the quality of components and parts manufactured by external suppliers will be consistent and maintained at a high standard. Any defects of or quality issues with these components or any noncompliance incidents associated with these third-party suppliers could result in quality issues with our AAVs and hence compromise our brand image and results of operations. In extreme situations, we may be exposed to liabilities as a result of significant damages caused by certain components from external suppliers and we cannot assure you that we will be able to obtain sufficient insurance coverage at an acceptable cost in the future. A successful claim brought against us in excess of our available insurance coverage may have a material adverse effect on our business, financial condition and operating results.

Safety issues or public perceptions of safety issues concerning lithium-ion batteries could have a material adverse impact on our business.

The battery packs installed on our AAVs make use of lithium-ion cells. On rare occasions, lithium-ion cells can rapidly release the energy they contain by venting smoke and flames in a manner that can ignite nearby materials as well as other lithium-ion cells. While the battery packs used for our AAVs are designed to passively contain any single cell's release of energy without spreading to neighboring cells, a field or testing failure of our AAVs could occur, which could result in accidents, casualty or damages, and subject us to lawsuits, product recalls, or redesign efforts. Also, negative public perceptions regarding the suitability of lithium-ion cells for AAV applications or any future incident involving lithium-ion cells, even if such incident does not involve our AAVs, could seriously harm our business. In addition, we store a significant number of lithium-ion cells at our

facilities. Any mishandling of battery cells may cause disruption to the operation of our facilities. While we have implemented safety procedures related to the handling of the cells, a safety issue or fire related to the cells could disrupt our operations. Such damage or injury could lead to adverse publicity and potentially a safety recall.

We rely on third-party logistics providers to deliver our domestic sales orders and certain overseas orders. Inadequate third-party logistics services or failure to mitigate the risks of damage or disruption to our distribution logistics could adversely affect our business.

Our ability to transport and sell our AAVs is critical to our success across our operations. We typically rely on third-party logistics service providers to deliver our domestic sales orders and certain overseas orders. Damage or disruption to our distribution logistics due to disputes, weather, natural disasters, fire, explosions, terrorism, pandemics or labor strikes could impair our ability to distribute or sell our AAVs. Inadequate third-party logistics services could also potentially disrupt our distribution and sales and compromise our business reputation. Failure to take adequate steps to mitigate the likelihood or potential impact of such events, or to effectively manage such events if they occur, could adversely affect our business, financial condition and results of operations, as well as require additional resources to restore our supply chain.

If our business partners, contractors, suppliers, sales agents, dealers or third-party logistics services providers fail to use ethical business practices and comply with applicable laws and regulations, our brand image could be harmed due to negative publicity beyond our own control.

Our reputation is sensitive to allegations of unethical business practices. We do not control the business practices of our business partners, independent contractors and suppliers, sales agents, dealers or third-party logistics services providers. Accordingly, we cannot guarantee their compliance with ethical business practices, such as environmental responsibilities, fair wage practices, and compliance with child labor laws, among others. A lack of demonstrated compliance could lead us to seek alternative suppliers, sales agents or dealers, which could increase our costs and result in delayed delivery of our products, product shortages or other disruptions of our operations. Violation of labor or other laws by our suppliers, business partners, sales agent, dealers or third-party logistics services suppliers or the divergence of their labor or other practices from those generally accepted as ethical in the markets in which we do business could also attract negative publicity, diminish our brand image and reduce demand for our AAVs and AAV commercial solutions.

If customers modify our AAVs or operating systems, the AAVs may not operate properly, which may cause damage, create negative publicity and harm our business.

Our customers may try to modify our AAVs or operating systems for various reasons, which could compromise the performance and safety of our AAVs, as well as the safety of their passengers. During such modifications, they may use third-party parts that may not be compatible with our products. We do not test, nor do we endorse, such modification. In addition, the use of improper external cabling or unsafe charging outlets can expose our customers to injury from AAV malfunctioning. Any injuries or damages resulting from such modifications or misuses could result in adverse publicity, which would negatively affect our brand and harm our business, prospects, financial condition and operating results.

Our business could be adversely affected by security-related concerns of the United States and other countries against Chinese companies and products.

Due to security-related concerns, U.S. government actions targeting exports of certain technologies to China are becoming more pervasive. The U.S. government has in the past issued export restrictions that effectively banned U.S. companies from selling products to ZTE Corporation, and in May 2019 imposed a similar ban on sales of all products to Huawei. In 2018, the U.S. adopted new laws designed to address concerns about the export of emerging and foundational technologies to China. In addition, in May 2019, President Trump issued an executive order that invoked national emergency economic powers to implement a framework to regulate the

acquisition or transfer of information communications technology in transactions that imposed undue national security risks. These actions could lead to additional restrictions on the export of products that include or enable technologies on which we rely. Such restrictions imposed by the United States or any other countries may make it more difficult us to procure or license technological products from these countries, or affect the ability of our PRC suppliers to manufacture and provide us with advanced components, which may increase our costs, impair our products' competitiveness, and have a material adverse effect on our business.

Similar security-related concerns may affect our ability to export our products to the United States and other countries. In May 2019, the US Department of Homeland Security advised American companies about the inherent security risks associated with Chinese-made drones. In a related development, the US government was also reportedly considering placing Chinese surveillance systems providers, including Hikvision Digital Technology and Dahua Technology, on a trade blacklist that would cut off their access to American hi-tech suppliers. We cannot assure you that our AAVs will not be placed on such trade blacklist in the future. If that event occurs, our ability to export our products to the United States will be adversely affected.

We may need to defend ourselves against claims of intellectual property infringement, which may be time-consuming and costly.

Companies, organizations or individuals, including our competitors, may hold or obtain patents, trademarks or other proprietary rights that would prevent, limit or interfere with our ability to make, use, develop, sell or market our AAVs, AAV operating systems and infrastructure or their components, which could make it more difficult for us to operate our business. Companies holding patents or other intellectual property rights may bring suits alleging infringement of such rights by us or otherwise assert their rights against us. Moreover, our applications and uses of trademarks relating to our design, software or artificial intelligence technologies could be found to infringe upon existing trademark ownership and rights. We may also fail to apply for key trademarks in a timely manner. For example, we discovered some precedent registrations by several other Chinese companies of the trademark " 亿航 " (the Chinese characters for our brand, "EHang") for vehicles and bicycles, which fall into the same class of products as remote aerial vehicles and aerospace transportation. Although we received a favorable judgement in a proceeding relating to such precedent registrations, we may continue to face intellectual property infringement claims in the future.

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 AAVs or offering goods or 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 license may not be available on reasonable terms or at all;
- redesign our AAVs, AAV operating systems and infrastructure, components 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, prospects, operating results and financial condition could be materially and adversely affected. In addition, any litigation or claims, even if frivolous, could result in substantial costs, negative publicity and diversion of resources and management attention.

Our intellectual property rights may not protect us effectively.

As of September 30, 2019, we had 138 issued patents and 134 pending patent applications in China, 302 registered trademarks and 122 pending trademark applications in China, and 21 registered copyrights in China in

relation to our technologies. We cannot assure you that our pending patent and trademark applications will be granted. Even if our applications are successful, patents may be contested, circumvented or invalidated in the future.

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

Implementation and enforcement of PRC laws on intellectual property rights have historically been deficient and ineffective. Accordingly, protection of intellectual property rights in China may not be as effective as in the United States or other developed countries. 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. Any unauthorized use of our intellectual property by third parties may adversely affect our current and future revenues and our reputation. 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.

Failure to safeguard personal information could subject us to penalties, damage our reputation and brand, and harm our business and results of operations.

Through our AAVs, EHang Play app and command-and-control centers, we log information about each AAV's use, such as charge time, battery usage, mileage and location information, in order to aid us in vehicle diagnostics, repair and maintenance, as well as to help us customize and optimize the flying experience. Images and videos captured by cameras attached to our AAVs are stored on our servers, servers of third-party cloud storage providers or other servers designated by our customers. Possession and use of our users' flying behavior and data in conducting our business may subject us to legislative and regulatory oversight in China and other jurisdictions, such as the European Union and the United States. For example, in January 2018, the European Union promulgated the General Data Protection Regulation to further protect fundamental rights in privacy and personal information so that members of the general public have more control over their personal information. Regulations in relevant jurisdictions may require us to obtain user consent for the collection of personal information, restrict our use of such personal information and hinder our ability to expand our user base. In the event of a data breach or other unauthorized access to our user data, we may have obligations to notify users about the incident and we may need to provide some form of remedy for the individuals affected by the incident.

If users allege that we have improperly used, released or disclosed their personal information, we could face legal claims and reputational damage. We may incur significant expenses to comply with privacy, consumer protection and security standards and protocols imposed by law, regulation, industry standards or contractual obligations. A major breach of our network security and systems could create serious negative consequences for our business and future prospects, including possible fines, penalties, reduced customer demand for our AAVs, and harm to our reputation and brand. See "Regulation" for further details.

The execution of our business plans requires a significant amount of capital. In addition, our future capital needs may require us to sell additional equity or debt securities that may dilute the equity interests of 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 research and development, expand our manufacturing capacity and roll out new products. We may also need significant capital to maintain our existing property, plant and equipment. Our expected sources of capital include both equity and debt financing. However, financing might not be available to us in a timely manner or on acceptable terms, or at all.

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 plans. These factors may make the timing, amount, terms and conditions of such financing unattractive or unavailable to us. If we are unable to raise sufficient funds, we will have to significantly reduce our spending, delay or cancel our planned activities, substantially change our current corporate structure, or even curtail or discontinue our operations.

In addition, our future capital needs and other business concerns could require us to sell additional equity or debt securities or obtain a credit facility. The sale of additional equity or equity-linked securities could dilute the equity interests of our shareholders. Additional indebtedness would increase our debt-service obligations and may be accompanied by covenants that would restrict our operations or our ability to pay dividends to our shareholders.

We are subject to risks associated with strategic alliances or acquisitions. If we cannot manage the growth of our business or execute our strategies effectively, our business and prospects may be materially and adversely affected.

We have entered into strategic alliances with various business partners, such as Yonghui Group and DHL-Sinotrans, and may in the future enter into joint research and development agreements or co-branding agreements with 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 the third parties and increased 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. If any of these strategic third parties suffers negative publicity or harm to their reputation from events relating to their business, we may also suffer negative publicity or harm to our reputation by virtue of our association with any such third party.

Although we currently do not have any specific acquisition plans, if appropriate opportunities arise, we may acquire additional assets, products, technologies or businesses that are complementary to our existing business. In addition to any required shareholders' approval, we may also have to obtain approvals and licenses from relevant government authorities for the acquisitions and to comply with any applicable PRC laws and regulations, which could result in delays and increased costs, and may derail our business strategy if we fail to do so. 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 business 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. Moreover, the costs of identifying and consummating acquisitions may be significant.

Our business could be adversely affected by trade tariffs or other trade barriers.

Starting from early 2018, the U.S. President announced the imposition of tariffs on certain Chinese goods entering the United States and recently both China and the United States have each imposed additional tariffs.

The United States may also in the future impose tariffs on the importation of consumer products related to our business, such as AAVs. In addition, the European Union has recently imposed tariffs on imports of AAVs originating from the PRC. We plan to export our AAVs to the United States and the European Union. Any new tariffs on AAVs or other relevant products imposed by the United States or the European Union may significantly increase our costs. It is not yet clear what impact these tariffs may have or what actions other governments, including the Chinese government, may take in retaliation. In addition, these developments could have a material adverse effect on global economic conditions and the stability of global financial markets. Any of these factors could have a material adverse effect on our business, financial condition and results of operations.

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

We have limited liability insurance coverage for our products and business operations. We may not be able to secure additional product liability insurance coverage on acceptable terms or at reasonable costs when needed. A successful liability claim against us due to injuries or damages suffered by our users could materially and adversely affect our financial conditions, results of operations and reputation. Even if unsuccessful, such a claim could cause us adverse publicity, require substantial costs to defend, and divert the time and attention of our management. In addition, we do not have any business disruption insurance. Any business disruption could result in substantial cost to us and diversion of our resources. Furthermore, China, the United States or any other jurisdiction relevant to our business may impose requirements for maintaining certain minimum liability or other insurance relating to the operation of AAVs. Such insurance policies could be costly, which would reduce the demand for our AAVs. Alternatively, certain insurance products that would be desirable to AAV operators may not be commercially available, which would increase the risks of operating our AAVs and also reduce the demand for them.

The ongoing bankruptcy proceedings of our former subsidiaries could subject us to adverse consequences.

Two of our former subsidiaries, one in the United States and one in Germany, were established as regional sales offices for our consumer drone business. Due to intense competition in the consumer drone business at the time, we decided to exit the consumer drone markets in these two countries. Both of these entities filed for voluntary bankruptcy as part of the winding up process, and the U.S. entity was deconsolidated from our group in December 2017 and the German entity was deconsolidated from our group in October 2017. The bankruptcy proceedings for both of these entities are still ongoing. Based on the claims registers for these bankruptcy proceedings, these entities are subject to various creditors' claims, which include employment litigation, lease, tax and insurance claims. As these entities were deconsolidated since 2017 and are limited liability companies, our group companies have no direct liability for these claims.

The bankruptcy proceedings are still ongoing. If claimants or trustees decide to assert claims against us to satisfy, among other things, the debt of our former subsidiaries' creditors and any such claims were to prevail, they could have an adverse effect on our results of operations and cash flows. No such claims have been asserted against us to our current knowledge, and there is a risk that there may be such claims in the future. Even if these claims do not result in a liability to us, they could subject us to negative publicity and harm the perception and confidence of our customers and suppliers in our brand and financial condition, which in turn could have a negative effect on our results of operations and cash flows.

We are 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 fines and penalties, collateral consequences, remedial measures and legal expenses, all of which could adversely affect our business, results of operations, financial condition and reputation.

We are 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 our business or sell our products, including the PRC anti-corruption laws and regulations, the U.S. Foreign Corrupt Practices Act, or the FCPA, the U.K. Bribery Act 2010, and other anti-corruption laws and regulations. The FCPA and the UK Bribery Act 2010

prohibit 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. The UK Bribery Act 2010 also prohibits non-governmental "commercial" bribery and soliciting or accepting bribes. The PRC anticorruption laws and regulations prohibit bribery to government agencies, state or government owned or controlled enterprises or entities, to government officials or officials that work for state or government owned enterprises or entities, as well as bribery to non-government entities or individuals. There is uncertainty in connection with the implementation of PRC anti-corruption laws. A violation of these laws or regulations could adversely affect our business, results of operations, financial condition and reputation.

We have direct or indirect interactions with officials and employees of government agencies and state-owned affiliated entities in the ordinary course of business. We have also entered into joint ventures and/or other business partnerships with government agencies and state-owned or affiliated entities. These interactions subject us to an increased level of compliance-related concerns. We are in the process of implementing policies and procedures designed to ensure compliance by us and our directors, officers, employees, representatives, consultants, agents 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, representatives, consultants, agents, 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, results of operations, financial condition and reputation. In addition, changes in economic sanctions laws in the future could adversely impact our business and investments in our shares.

We are involved in litigation from time to time and, as a result, we could incur substantial judgments, fines, legal fees or other costs.

We may be the subject of complaints or litigation from customers, employees or other third parties for various actions. The damages sought against us in some of these litigation proceedings could be substantial. In addition, our subsidiaries in the United States and Germany are currently undergoing bankruptcy proceedings, as we discontinued our consumer drone business in these markets. We may be involved in litigation relating to such bankruptcy proceedings from time to time and we cannot assure you that we will always have meritorious defenses to the plaintiffs' claims. While the ultimate effect of these legal actions cannot be predicted with certainty, our reputation and the result of operations could be negatively impacted. The proceedings we may be involved in from time to time, including the aforementioned bankruptcy proceedings, could incur substantial judgments, fines, legal fees or other costs and have a material adverse effect on our business, financial condition, results of operations and cash flows.

Any financial or economic crisis or perceived threat of such a crisis may materially and adversely affect our business, financial condition and results of operations.

The global financial markets experienced significant disruptions in 2008. The recovery since then has been geographically uneven. New challenges have also emerged, including the escalation of the European sovereign debt crisis since 2011, the hostilities in the Ukraine, the end of quantitative easing by the U.S. Federal Reserve and the economic slowdown in the Eurozone in 2014. It is unclear whether these challenges will be contained and what effects they each may have. There is considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies that have been adopted by the central banks and financial authorities

of some of the world's leading economies, including China's. Economic conditions in China are sensitive to global economic conditions. Recently there have been signs that the rate of China's economic growth is declining. Any prolonged slowdown in China's economic development might lead to tighter credit markets, increased market volatility, sudden drops in business and customer confidence and dramatic changes in business and customer behaviors.

We face risks related to natural disasters, health epidemics and other outbreaks, which could significantly disrupt our operations.

Our business could be adversely affected by epidemics. In recent years, there have been outbreaks of epidemics in China and globally. Our business operations could be disrupted if any of our employees are suspected of having H1N1 flu, avian flu or another epidemic, since it could require our employees to be quarantined and/or our offices to be disinfected. In addition, our results of operations could be adversely affected to the extent that the outbreak harms the Chinese economy in general and the UAV industry in particular.

We are also vulnerable to natural disasters and other calamities such as hurricanes, tornadoes, floods, earthquakes and other adverse weather and climate conditions. Although we have servers that are hosted in an offsite location, our backup system does not capture data on a real-time basis and we may be unable to recover certain data in the event of a server failure. We cannot assure you that any backup systems will be adequate to protect us from the effects of fire, floods, typhoons, earthquakes, power loss, telecommunications failures, break-ins, war, riots, terrorist attacks or similar events. Any of the foregoing events may give rise to interruptions, breakdowns, system failures, technology platform failures or internet failures, which could cause the loss or corruption of data or malfunctions of software or hardware as well as adversely affect our ability to provide services on our platform.

We have granted, and may continue to grant, restricted shares 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 2015 Plan, to incentivize our employees, directors and consultants and align their interests with ours. We recognize expenses in our consolidated statement of loss in accordance with U.S. GAAP. Under our 2015 Plan, we are authorized to grant restricted share units and other types of awards. Under the 2015 Plan, the maximum number of ordinary shares that may be issued pursuant to all awards is 8,867,053. As of June 30, 2019, awards representing the right to receive an aggregate amount of 7,207,335 ordinary shares had been granted and are outstanding, excluding awards that were forfeited or cancelled after the relevant grant dates. As of June 30, 2019, our unrecognized share-based compensation expenses relating to unvested awards, amounted to RMB3.2 million (US$0.5 million).

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 will continue to grant share-based awards to employees in the future. However, the number of shares reserved for issuance under our share incentive plan may not be sufficient to recruit new employees and to compensate existing employees. 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. To attract and retain qualified employees, our expenses associated with share-based compensation may increase, which may have an adverse effect on our results of operations.

If we fail to implement and maintain an effective system of internal controls to remediate our material weaknesses over financial reporting, we may be unable to accurately report our results of operations, meet our reporting obligations or prevent fraud, and investor confidence in our company and the market price of the ADSs may be materially and adversely affected.

Prior to this offering, we have been a private company with limited accounting and financial reporting personnel and other resources with which we address our internal control over financial reporting. In connection

with the audits of our consolidated financial statements as of and for the years ended December 31, 2017 and 2018, we and our independent registered public accounting firm identified two material weaknesses in our internal control over financial reporting. As defined in the standards established by the U.S. Public Company Accounting Oversight Board, or PCAOB, a "material weakness" is a deficiency, or combination of deficiencies in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis.

The material weaknesses that have been identified relate to our lack of sufficient accounting and financial reporting personnel with requisite knowledge of and experience in application of U.S. GAAP and SEC rules, and lack of financial reporting policies and procedures that are commensurate with U.S. GAAP and SEC reporting and compliance requirements. We are in the process of implementing a number of measures to address the material weaknesses and deficiencies that have been identified. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Internal Control Over Financial Reporting." However, we cannot assure you that these measures may fully address the material weaknesses and deficiencies in our internal control over financial reporting or that we may conclude that they have been fully remediated.

Upon completion of this offering, we will become subject to the Sarbanes-Oxley Act of 2002. Section 404 of the Sarbanes-Oxley Act, or Section 404, will require that we 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 our annual report in our second annual report on Form 20-F after becoming a public company. 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. Moreover, even if our management concludes that our internal control over financial reporting is effective, our independent registered public accounting firm, after conducting its own independent testing, may issue an adverse opinion on the effectiveness of internal control over financial reporting because of the existence of a material weakness if it is not satisfied with our internal controls or the level at which our controls are documented, designed, operated or reviewed, or if it interprets the relevant requirements differently from us. In addition, after we become a public company, 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 timely complete our evaluation testing and any required remediation.

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. If we fail to maintain the adequacy of our 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. Generally speaking, if we fail to achieve and maintain an effective internal control environment, it could result in material misstatements in our financial statements and could also impair our ability to comply with applicable financial reporting requirements and related regulatory filings on a timely basis. As a result, our businesses, financial condition, results of operations and prospects, as well as the trading price of the ADSs, may be materially and adversely affected. Additionally, ineffective internal control over financial reporting could expose us to increased 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.

Risks Relating to Our Corporate Structure

If the PRC government finds that the agreements that establish the structure for operating some of our operations in China do not comply with PRC regulations relating to the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations.

We are a Cayman Islands company and our PRC subsidiaries are currently considered to be foreign-invested enterprises. In December 2014, we incorporated EHang in the Cayman Islands as our offshore holding company to facilitate financing and offshore listing. In the same month, we established Ehfly in Hong Kong, which subsequently became our wholly-owned subsidiary. In October 2015, we established EHang Intelligent, our WFOE, wholly owned by Ehfly. In January 2016, we obtained control over EHang GZ through our WFOE by entering into a series of contractual arrangements with EHang GZ, our VIE, and its shareholders, which enable us to (i) exercise effective control over EHang GZ, (ii) receive economic benefits from the VIE that potentially could be significant to our VIE, and (iii) have an exclusive option to purchase all or part of the equity interests and assets in EHang GZ, when and to the extent permitted by PRC laws. As a result of these contractual arrangements, we have control over and are the primary beneficiary of our VIE and hence consolidate their financial results under U.S. GAAP. See “Corporate History and Structure” for further details.

Our PRC legal counsel, Allbright Law Offices, based on its understanding of the relevant laws and regulations, is of the opinion that (i) the ownership structure of our WFOE, our VIE and its subsidiaries are in compliance with applicable PRC laws or regulations and (ii) such contractual arrangements constitute valid, legal and binding obligations enforceable against each party of such agreements in accordance with the terms of each agreement, and will not result in any violation of PRC laws or regulations currently in effect. However, our PRC legal counsel has also advised us that there are substantial uncertainties regarding the interpretation and application of current and future PRC laws, regulations and rules. Accordingly, the PRC regulatory authorities may take a view that is contrary to the opinion of our PRC legal counsel.

If we or our VIE are found to be in violation of any existing or future PRC laws or regulations, or fail to obtain or maintain any of the required permits or approvals, the relevant PRC regulatory authorities would have broad discretion to take action in dealing with such violations or failures, including:

- revoking the business licenses and/or operating licenses of such entities;
- shutting down our servers or blocking our website, or discontinuing or placing restrictions or onerous conditions on our operation through any transactions between our WFOE and our VIE;
- imposing fines, confiscating the income from our WFOE or our VIE, or imposing other requirements with which we or our VIE may not be able to comply;
- requiring us to restructure our ownership structure or operations, including terminating the contractual arrangements with our VIE and deregistering the equity pledges of our VIE, which in turn would affect our ability to consolidate, derive economic interests from, or exert effective control over our VIE;
- restricting or prohibiting our use of the proceeds of this offering to finance our business and operations in China, and taking other regulatory or enforcement actions that could be harmful to our business;
- confiscating any of our income deemed to be obtained through illegal operations;
- discontinuing or placing restrictions or onerous conditions on our operations;
- imposing additional conditions or requirements with which we may not be able to comply; or
- taking other regulatory or enforcement actions against us that could be harmful to our business.

The imposition of any of these penalties would result in a material and adverse effect on our ability to conduct our business. In addition, it is unclear what impact the PRC government actions would have on us and on

our ability to consolidate the financial results of our VIE in our consolidated financial statements, if the PRC government authorities were to find our legal structure and contractual arrangements to be in violation of PRC laws and regulations. If the imposition of any of these government actions causes us to lose our right to direct the activities of our VIE or our right to receive substantially all the economic benefits and residual returns from our VIE and we are not able to restructure our ownership structure and operations in a satisfactory manner, we would no longer be able to exert effective control over or consolidate the financial results of our VIE in our consolidated financial statements. Either of these results, or any other significant penalties that might be imposed on us in this event, would have a material adverse effect on our financial condition and results of operations.

Our business may be significantly affected by the newly enacted Foreign Investment Law.

On March 15, 2019, the National People's Congress promulgated the Foreign Investment Law, which will take effect on January 1, 2020 and replace the trio of existing laws regulating foreign investment in China, namely, the PRC Equity Joint Venture Law, the PRC Cooperative Joint Venture Law and the Wholly Foreign-owned Enterprise Law, together with their implementation rules and ancillary regulations. Since the Foreign Investment Law is newly enacted, uncertainties still exist in relation to its interpretation and implementation. The Foreign Investment Law does not explicitly classify whether variable interest entities that are controlled via contractual arrangements would be deemed as foreign invested enterprises if they are ultimately "controlled" by foreign investors. However, it has a catch-all provision under definition of "foreign investment" to include investments made by foreign investors in China through means stipulated by laws or administrative regulations or other methods prescribed by the State Council. Therefore, it still leaves leeway for future laws, administrative regulations or provisions to provide for contractual arrangements as a form of foreign investment.

The Foreign Investment Law grants national treatment to foreign invested entities, except for those foreign invested entities that operate in industries deemed to be either "restricted" or "prohibited" in the "negative list" to be published. Because the "negative list" has yet to be published, it is unclear as to whether it will differ from the Negative List currently in effect. The Foreign Investment Law provides that only foreign invested entities operating in foreign restricted or prohibited industries will require entry clearance and other approvals that are not required by PRC domestic entities or foreign invested entities operating in other industries. In the event that our VIE and its subsidiaries through which we operate our business are not treated as domestic investment and our operations carried out through such VIE and its subsidiaries are classified in the "restricted" or "prohibited" industry in the "negative list" under the Foreign Investment Law, such contractual arrangements may be deemed as invalid and illegal, and we may be required to unwind such contractual arrangements and/or dispose of such business.

Furthermore, if future laws, administrative regulations or provisions mandate further actions to be taken by companies with respect to existing contractual arrangements, we may face substantial uncertainties as to whether we can complete such actions in a timely manner, or at all. In addition, the Foreign Investment Law provides that existing foreign invested enterprises established according to the existing laws regulating foreign investment may maintain their structure and corporate governance within five years after the implementation of the Foreign Investment Law, which means that we may be required to adjust the structure and corporate governance of certain of our PRC entities then. Failure to take timely and appropriate measures to cope with any of these or similar regulatory compliance challenges could materially and adversely affect our current corporate structure, corporate governance and business operations.

We rely on contractual arrangements with our VIE and its shareholders for a large portion of our business operations, which may not be as effective as direct ownership in providing operational control.

Our VIE contributed 74.9% and 95.4% of our consolidated revenues for the years ended December 31, 2017 and 2018, respectively. It contributed 93.9% and 24.7% of our consolidated revenues for the six months ended June 30, 2018 and 2019, respectively. We have relied on and expect to continue to rely on contractual

arrangements with our WFOE, our VIE and its shareholders to conduct certain of our key businesses. These contractual arrangements may not be as effective as direct ownership in providing us with control over our VIE. For example, our WFOE, our VIE and its shareholders could breach their contractual arrangements with us by, among other things, failing to conduct the operations of our VIE in an acceptable manner or taking other actions that are detrimental to our interests.

If we had direct ownership of our VIE, we would be able to exercise our rights as shareholders to effect changes in the directors and senior management of our VIE, which in turn could implement changes, subject to any applicable fiduciary obligations, at the management and operational level. However, under the current contractual arrangements, we rely on the performance by our VIE and its respective shareholders of their obligations under the contracts to exercise control over our VIE. However, the shareholders of our consolidated VIE may not act in the best interests of our company or may not perform their obligations under these contracts. Such risks exist throughout the period in which we intend to operate certain portions of our business through the contractual arrangements with our VIE. If any dispute relating to these contracts remains unresolved, we will have to enforce our rights under these contracts through the operations of PRC laws and arbitrations, litigations and other legal proceedings and therefore will be subject to uncertainties in the PRC legal system. See "—Any failure by our VIE or its shareholders to perform their obligations under our contractual arrangements with them would have a material and adverse effect on our business." Therefore, our contractual arrangements with our VIE may not be as effective in ensuring our control over the relevant portion of our business operations as direct ownership would be.

Any failure by our VIE or its shareholders to perform their obligations under our contractual arrangements with them would have a material and adverse effect on our business.

EHang Intelligent has entered into a series of contractual arrangements with our VIE and its shareholders. For a description of these contractual arrangements, see "Corporate History and Structure." If our VIE or its shareholders fail to perform their respective obligations under the contractual arrangements, we may have to incur substantial costs and expend additional resources to enforce such arrangements. We may also have to rely on legal remedies under PRC laws, including seeking specific performance or injunctive relief, and claiming damages, the effectiveness of which may not be enforceable under PRC laws. For example, if the shareholders of our VIE refuse to transfer their equity interest in our VIE to us or our designee if we exercise the purchase option pursuant to these contractual arrangements, or if they otherwise act in bad faith toward us, then we may have to take legal actions to compel them to perform their contractual obligations.

All of the agreements under our contractual arrangements are governed by PRC laws and provide for the resolution of disputes through arbitration in China. Accordingly, these contracts would be interpreted in accordance with PRC laws and any disputes would be resolved in accordance with PRC legal procedures. The legal system in the PRC is not as developed as in some other jurisdictions, such as the United States. As a result, uncertainties in the PRC legal system could limit our ability to enforce these contractual arrangements. See "—Risks Relating to Doing Business in China—Uncertainties in the interpretation and enforcement of PRC laws and regulations could limit the legal protections available to you and us." Meanwhile, there are very few precedents and little formal guidance as to how contractual arrangements in the context of a VIE should be interpreted or enforced under PRC laws. There remain significant uncertainties regarding the ultimate outcome of such arbitration should legal action become necessary. In addition, under PRC laws, rulings by arbitrators are final, parties cannot appeal the arbitration results in courts, and if the losing parties fail to carry out the arbitration awards within a prescribed time limit, the prevailing parties may only enforce the arbitration awards in PRC courts through arbitration award recognition proceedings, which would require additional expenses and delays. In the event we are unable to enforce these contractual arrangements, or if we suffer significant delays or other obstacles in the process of enforcing these contractual arrangements, we may not be able to exert effective control over our VIE, and our ability to conduct our business may be negatively affected.

The shareholders of our VIE may have potential conflicts of interest with us, which may materially and adversely affect our business and financial condition.

The shareholders of our VIE include Mr. Huazhi Hu and Mr. Derrick Yifang Xiong, who are also directors, officers and beneficial owners of our company. Conflicts of interest may arise from them in their roles as directors, officers and beneficial owners of our company and as shareholders of our consolidated affiliated entity. These shareholders may breach, or cause our VIE to breach, or refuse to renew, the existing contractual arrangements we have with them and our VIE, which would have a material and adverse effect on our ability to effectively control our VIE and receive economic benefits from them. For example, the shareholders may be able to cause our agreements with our VIE to be performed in a manner adverse to us by, among other things, failing to remit payments due under the contractual arrangements to us on a timely basis. We cannot assure you that when conflicts of interest arise any or all of these shareholders will act in the best interests of our company or such conflicts will be resolved in our favor.

Currently, we do not have any arrangements to address potential conflicts of interest between these shareholders and our company, except that we could exercise our purchase option under the exclusive option agreements with these shareholders to request them to transfer all of their equity interests in our VIE to a PRC entity or individual designated by us, to the extent permitted by PRC laws. For the shareholders who are also our directors and executive officers, we rely on them to abide by the laws of the Cayman Islands and China, which provide that directors owe a fiduciary duty to the company that requires them to act in good faith and in what they believe to be the best interests of the company and not to use their position for personal gain. There is currently no specific and clear guidance under PRC laws that addresses any conflict between PRC laws and laws of Cayman Islands in respect of any conflict relating to corporate governance. The shareholders of our VIE have executed powers of attorney to appoint our WFOE to vote on their behalf and exercise voting rights as shareholders of our VIE, and such rights were reassigned to us in February 2019. If we cannot resolve any conflicts of interest or disputes between us and the shareholders of our VIE, we would have to rely on legal proceedings, which may be expensive, time-consuming and disruptive to our operations. There is also substantial uncertainty as to the outcome of any such legal proceedings.

The shareholders of our VIE may be involved in personal disputes with third parties or other incidents that may have an adverse effect on their respective equity interests in our VIE and the validity or enforceability of our contractual arrangements with its shareholders. For example, in the event that any of the shareholders of our VIE divorces his or her spouse, the spouse may claim that the equity interest of our VIE held by such shareholder is part of their community property and should be divided between such shareholder and his or her spouse. If such claim is supported by the court, the relevant equity interest may be obtained by the shareholder's spouse or another third party who is not subject to obligations under our contractual arrangements, which could result in a loss of the effective control over our VIE by us. Similarly, if any of the equity interests of our VIE is inherited by a third party with whom the current contractual arrangements are not binding, we could lose our control over our VIE or have to maintain such control by incurring unpredicted costs, which could cause significant disruption to our business and operations and harm our financial condition and results of operations.

Contractual arrangements in relation to our VIE may be subject to scrutiny by the PRC tax authorities and they may determine that we or our VIE and their subsidiaries, owe additional taxes, which could negatively affect our financial condition and the value of your investment.

Under applicable PRC laws and regulations, arrangements and transactions among related parties may be subject to audit or challenge by the PRC tax authorities. The Enterprise Income Tax Law requires every enterprise in China to submit its annual enterprise income tax return together with a report on transactions with its related parties to the relevant tax authorities. The tax authorities may impose reasonable adjustments on taxation if they have identified any related party transactions that are inconsistent with arm's length principles. We may face material and adverse tax consequences if the PRC tax authorities determine the contractual arrangements among EHang Intelligent, EHang GZ and shareholders of EHang GZ were not entered into on an

arm's length basis in such a way as to result in an impermissible reduction in taxes under applicable PRC laws, rules and regulations, and adjust the income of our VIE in the form of a transfer pricing adjustment. A transfer pricing adjustment could, among other things, result in a reduction of expense deductions recorded by our VIE for PRC tax purposes, which could increase our tax expenses. In addition, the PRC tax authorities may impose late payment fees and other penalties on our VIE for the adjusted but unpaid taxes according to the applicable regulations. Our financial position could be materially and adversely affected if our VIE's tax liabilities increase or if it is required to pay late payment fees and other penalties.

We may lose the ability to use and enjoy assets held by our VIE that are material to the operation of certain portion of our business if the VIE goes bankrupt or becomes subject to a dissolution or liquidation proceeding.

As part of our contractual arrangements with our VIE, our VIE and its subsidiaries hold certain assets that are material to the operation of certain portion of our business, including permits, domain names and most of our IP rights. If our VIE goes bankrupt and all or part of its assets become subject to liens or rights of third-party creditors, we may be unable to continue some or all of our business activities, which could materially and adversely affect our business, financial condition and results of operations. Under the contractual arrangements, our VIE may not, in any manner, sell, transfer, mortgage or dispose of its assets or legal or beneficial interests in the business without our prior consent. If our consolidated affiliated entity undergoes a voluntary or involuntary liquidation proceeding, the independent third-party creditors may claim rights to some or all of these assets, thereby hindering our ability to operate our business, which could materially and adversely affect our business, financial condition and results of operations.

Risks Relating to Doing Business in China

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

A majority of our revenues are expected to be derived in China in the near future and most of our operations, including all of our manufacturing, is conducted in China. Accordingly, our business, prospects, financial condition and results of operations may be influenced to a significant degree by political, economic and social conditions in China generally and by continued economic growth in China as a whole. The Chinese economy differs from the economies of most developed countries in many respects, including the degree of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. Although the PRC government has implemented measures emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of improved corporate governance in business enterprises, a substantial portion of productive assets in China is still owned by the government. In addition, the Chinese government continues to play a significant role in regulating industry development by imposing industrial policies. The Chinese government also exercises significant control over China's economic growth through strategically allocating resources, controlling the payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies.

While the Chinese economy has experienced significant growth over the past decades, growth has been uneven, both geographically and among various sectors of the economy, and the rate of growth has been slowing since 2012. Any adverse changes in economic conditions in China, in the policies of the Chinese government or in the laws and regulations in China could have a material adverse effect on the overall economic growth of China. As a result, changes in economic conditions and government policies could adversely affect our business and operating results, lead to reduction in demand for our services and adversely affect our competitive position.

Uncertainties in the interpretation and enforcement of PRC laws and regulations could limit the legal protections available to you and us.

The PRC legal system is a civil law system based on written statutes. Unlike the common law system, prior court decisions may be cited for reference but have limited precedential value in China. Our PRC legal system is

evolving rapidly, but its current slate of laws may not be sufficient to cover all aspects of the economic activities in China, including such activities that relate to or have an impact on our business. Implementation and interpretations of laws, regulations and rules are not always undertaken in a uniform matter and enforcement of these laws, regulations and rules involves uncertainties.

From time to time, we may have to resort to administrative and court proceedings to enforce our legal rights. However, since PRC administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to evaluate the outcome of administrative and court proceedings and the level of protection we enjoy than in more developed legal systems. Furthermore, the PRC legal system is based in part on government policies and internal rules (some of which are not published in a timely manner or at all) that may have a retroactive effect. As a result, we may not always be aware of any potential violation of these policies and rules until sometime after the violation. Such uncertainties, including unpredictability towards the scope and effect of our contractual, property (including intellectual property) and procedural rights, and any failure to respond to changes in the regulatory environment in China could materially and adversely affect our business and impede our ability to continue our operations.

We may be adversely affected by the complexities, uncertainties and changes in PRC regulations on technology companies.

The PRC government imposes licensing and permit requirements for companies in the technology industry. These laws, regulations and even such announcements are relatively new and evolving, and their interpretation and enforcement involve significant uncertainties. As a result, in certain circumstances it may be difficult to determine what actions or omissions may be deemed to be in violation of applicable laws and regulations.

In addition, our mobile application, EHang Play is regulated by the Administrative Provisions on Mobile Internet Applications Information Services, or the App Provisions, promulgated by the Cyberspace Administration of China, or the CAC, effective on August 1, 2016. According to the App Provisions, the providers of mobile applications shall not create, copy, publish or distribute information and content that is prohibited by laws and regulations. However, we cannot assure that all the information or content displayed on, retrieved from or linked to our mobile applications complies with the requirements of the App Provisions at all times. If our mobile applications were found to be violating the App Provisions, we may be subject to administrative penalties, including warnings, service suspensions or removal of our mobile applications from relevant mobile application stores, which may materially and adversely affect our business and operating results.

The interpretation and application of existing PRC laws, regulations and policies and possible new laws, regulations or policies relating to the technology industry, particularly the policies relating to new energy vehicles, have created substantial uncertainties regarding the legality of existing and future foreign investments in, and the businesses and activities of, internet businesses in China, including our business. We cannot assure you that we have obtained all the permits or licenses required for conducting our business in China or will be able to maintain or renew our existing licenses or obtain new ones.

Increases in labor costs and enforcement of stricter labor laws and regulations in the PRC may adversely affect our business and our profitability.

China’s overall economy and the average wage level in China have increased in recent years and are expected to continue to grow. The average wage level for our employees has also increased in recent years. We expect that our labor costs, including wages and employee benefits, will continue to increase. Unless we are able to pass on these increased labor costs to our customers, our profitability and results of operations may be materially and adversely affected.

In addition, we have been subject to stricter regulatory requirements in terms of entering into labor contracts with our employees and paying various statutory employee benefits, including pensions, housing funds, medical

insurance, work-related injury insurance, unemployment insurance and maternity insurance to designated government agencies for the benefit of our employees. Pursuant to the PRC Labor Contract Law and its implementation rules, employers are subject to stricter requirements in terms of signing labor contracts, minimum wages, paying remuneration, determining the term of employee's probation and unilaterally terminating labor contracts. In the event that we decide to terminate some of our employees or otherwise change our employment or labor practices, the PRC Labor Contract Law and its implementation rules may limit our ability to effect those changes in a desirable or cost-effective manner, which could adversely affect our business and results of operations.

In October 2010, the Standing Committee of the National People's Congress promulgated the PRC Social Insurance Law, which came into effect on July 1, 2011. In April 1999, the State Council promulgated the Regulations on the Administration of Housing Funds, which was amended in March 2002. Companies registered and operating in China are required under the Social Insurance Law and the Regulations on the Administration of Housing Funds to, apply for social insurance registration and housing fund deposit registration within 30 days of their establishment and, to pay for their employees different social insurance including pension insurance, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance to the extent required by law. Recently, the PRC government enhanced its measures relating to social insurance collection, which lead to stricter enforcement. We could be subject to orders by the competent labor authorities for rectification and failure to comply with the orders which may further subject us to administrative fines.

As the interpretation and implementation of labor-related laws and regulations are still evolving, we cannot assure you that our employment practices do not and will not violate labor-related laws and regulations in China, which may subject us to labor disputes or government investigations. We cannot assure you that we have complied or will be able to comply with all labor-related laws and regulations including those relating to obligations to make social insurance payments and contribute to the housing provident funds. We have not fully paid the social insurance payment and housing provident funds for all of our employees as required by applicable PRC regulations. In addition, we have made social insurance payments and contribute to the housing provident funds for some of our employees through the third party agents, which should be paid by us directly under the applicable PRC regulations We may be required to make up the contributions for our employees, and may be further subjected to late fees payment and administrative fines, resulting in financial conditions and results of operations to be adversely affected.

We 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 adverse effect on our ability to conduct our business.

We are a holding company, and we rely on dividends and other distributions on equity paid by our PRC subsidiaries for our cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to our shareholders and service any debt we may incur. If our PRC subsidiaries incur debt on their own behalf in the future, the instruments governing the debt may restrict its ability to pay dividends or make other distributions to us.

Under PRC laws and regulations, wholly foreign-owned enterprises in China, such as EHang Intelligent, may pay dividends only out of their respective accumulated after-tax profits as determined in accordance with PRC accounting standards and regulations. In addition, a wholly foreign-owned enterprise is required to set aside at least 10% of its accumulated after-tax profits each year, if any, to fund certain statutory reserve funds, until the aggregate amount of such funds reaches 50% of its registered capital. At its discretion, a wholly foreign-owned enterprise may allocate a portion of its after-tax profits based on PRC accounting standards to staff welfare and bonus funds. These reserve funds and staff welfare and bonus funds are not distributable as cash dividends.

Our ability to pay dividends is primarily dependent on receiving distributions of funds from our PRC subsidiaries, our VIE and its subsidiaries. Relevant PRC statutory laws and regulations permit payments of

dividends by our PRC subsidiaries, our VIE and its subsidiaries only out of their retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. The results of operations reflected in the consolidated financial statements prepared in accordance with U.S. GAAP differ from those reflected in the statutory financial statements of our PRC subsidiaries, our VIE and its subsidiaries.

In response to the persistent capital outflow and the Renminbi's depreciation against the U.S. dollar, the People's Bank of China and the State Administration of Foreign Exchange, or SAFE, have implemented a series of capital control measures, including stricter vetting procedures for China-based companies to remit foreign currency for overseas acquisitions, dividend payments and shareholder loan repayments. The PRC government may continue to strengthen its capital controls and EHang Intelligent dividends and other distributions may be subjected to tighter scrutiny in the future. Any limitation on the ability of our PRC subsidiaries to pay dividends or make other distributions to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends, or otherwise fund and conduct our business.

PRC regulation of loans to and direct investment in PRC entities by offshore holding companies and governmental control of currency conversion may delay or prevent us from using the proceeds of our offshore offerings to make loans to or make additional capital contributions to our PRC subsidiaries, our VIE and its subsidiaries, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

We are an offshore holding company conducting our operations in China through our PRC subsidiaries, VIE and its subsidiaries. We may make loans to our PRC subsidiaries, VIE and its subsidiaries, or we may make additional capital contributions to our PRC subsidiaries, or we may establish new PRC subsidiaries and make capital contributions to these new PRC subsidiaries, or we may acquire offshore entities with business operations in China in an offshore transaction.

Most of these activities are subject to PRC regulations and approvals. For example, loans by us to our wholly owned PRC subsidiaries to finance their activities cannot exceed statutory limits and must be registered with the local counterpart of the State Administration of Foreign Exchange, or SAFE. If we decide to finance our wholly owned PRC subsidiaries by means of capital contributions, these capital contributions are subject to the requirement of making necessary filings in the Foreign Investment Comprehensive Management Information System and registration with other governmental authorities in China. Due to the restrictions imposed on loans in foreign currencies extended to any PRC domestic companies, we are not likely to make such loans to the VIE, which is a PRC domestic company. SAFE promulgated Circular on the Reforming of the Management Method of the Settlement of Foreign Currency Capital of Foreign-invested Enterprises, or SAFE Circular 19, effective on June 1, 2015, in replacement of the Circular on the Relevant Issues Concerning the Launch of Reforming Trial of the Administration Model of the Settlement of Foreign Currency Capital of Foreign-Invested Enterprises, the Notice From the State Administration of Foreign Exchange on Relevant Issues Concerning Strengthening the Administration of Foreign Exchange Businesses, and the Circular on Further Clarification and Regulation of the Issues Concerning the Administration of Certain Capital Account Foreign Exchange Businesses. 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 banks 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 China, it also reiterates the principle that RMB capital 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. Thus, it is unclear whether SAFE will permit such capital to be used for equity investments in China in actual practice. SAFE promulgated the Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account, or SAFE Circular 16, effective on June 9, 2016, 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 significantly limit our ability to transfer any foreign currency we hold, including the net proceeds from this offering, to our PRC subsidiaries, which may adversely affect our liquidity and our ability to fund and expand our business in China.

In light of the various requirements imposed by PRC regulations on loans to and direct investment in PRC entities by offshore holding companies, we cannot assure you that we will be able to complete the necessary government registrations or obtain the necessary government approvals on a timely basis, if at all, with respect to future loans by us to our PRC subsidiaries or with respect to future capital contributions by us to our PRC subsidiary. If we fail to complete such registrations or obtain such approvals, our ability to use the proceeds we received from our initial public offering and to capitalize or otherwise fund our PRC operations may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

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

The SAFE promulgated the Circular on Relevant Issues Relating to Domestic Resident's Investment and Financing and Round-Trip Investment through Special Purpose Vehicles, or SAFE Circular 37, in July 2014 that requires PRC 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 with such PRC residents or entities' legally owned assets or equity interests in domestic enterprises or offshore assets or interests. On February 13, 2015, SAFE issued SAFE Circular No. 13, which took effect on June 1, 2015, pursuant to which, the power to accept SAFE registration was delegated from local SAFE to local qualified banks where the assets or interest in the domestic entity was located. SAFE Circular 37 is issued to replace the Notice on Relevant Issues Concerning Foreign Exchange Administration for PRC Residents Engaging in Financing and Roundtrip Investments via Overseas Special Purpose Vehicles, or SAFE Circular 75.

If our shareholders who are PRC residents or entities do not complete their registration pursuant to SAFE Circular 37 as required, our PRC subsidiaries may be prohibited from distributing their profits and proceeds from any reduction in capital, share transfer or liquidation to us, and we may be restricted in our ability to contribute additional capital to our PRC subsidiaries. Moreover, failure to comply with the SAFE registration described above could result in liability under PRC laws for evasion of applicable foreign exchange restrictions.

We have used our best efforts to notify PRC residents or entities who directly or indirectly hold shares in our Cayman Islands holding company and who are known to us as being PRC residents to complete the foreign exchange registrations. However, we may not be informed of the identities of all the PRC residents or entities holding direct or indirect interest in our company, nor can we compel our beneficial owners to comply with SAFE registration requirements. We cannot assure you that all other shareholders or beneficial owners of ours who are PRC residents or entities 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 the ability of our PRC subsidiaries to make distributions or pay dividends to us or affect our ownership structure, which could adversely affect our business and prospects.

The M&A Rules and certain other PRC regulations establish complex procedures for some acquisitions of Chinese companies by foreign investors, which could make it more difficult for us to pursue growth through acquisitions in China.

The Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors, or the M&A Rules, adopted by six PRC regulatory agencies in August 2006 and amended in September 2009, and some 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, including requirements in some instances that shall obtained an approval from the MOFCOM in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise. Moreover, the Anti-Monopoly Law requires that the MOFCOM shall be notified in advance of any concentration of undertaking if certain thresholds are triggered. In addition, the security review rules issued by the MOFCOM that became effective in September 2011 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 the rules prohibit any activities attempting to bypass a security review, including by structuring the transaction through a proxy or contractual control arrangement. In the future, we may grow our business by acquiring complementary businesses. Complying with the requirements of the above-mentioned regulations and other relevant rules to complete such transactions could be time consuming, and any required approval processes, including obtaining approval from the MOFCOM or its local counterparts may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share.

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

The value of the Renminbi against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in political and economic conditions in China and by China's foreign exchange policies. On July 21, 2005, the PRC government changed its decade-old policy of pegging the value of the Renminbi to the U.S. dollar, and the Renminbi appreciated more than 20% against the U.S. dollar over the following three years. Between July 2008 and June 2010, this appreciation halted and the exchange rate between the Renminbi and the U.S. dollar remained within a narrow band. Since June 2010, the Renminbi has fluctuated against the U.S. dollar, at times significantly and unpredictably. On November 30, 2015, the Executive Board of the International Monetary Fund (IMF) completed the regular five-year review of the basket of currencies that make up the Special Drawing Right, or the SDR, and decided that with effect from October 1, 2016, Renminbi is determined to be a freely usable currency and will be included in the SDR basket as a fifth currency, along with the U.S. dollar, the Euro, the Japanese yen and the British pound. With the development of the foreign exchange market and progress towards interest rate liberalization and Renminbi internationalization, the PRC government may in the future announce further changes to the exchange rate system and we cannot assure you that the Renminbi will not appreciate or depreciate significantly in value against the U.S. dollar in the future. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between the Renminbi and the U.S. dollar in the future.

Significant revaluation of the Renminbi may have a material and adverse effect on your investment. For example, to the extent that we need to convert U.S. dollars we receive from this offering into Renminbi for our operations, appreciation of the Renminbi against the U.S. dollar would have an adverse effect on the Renminbi amount we would receive from the conversion. Conversely, if we decide to convert our 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. dollar against the Renminbi would have a negative effect on the U.S. dollar amount available to us.

Very limited hedging options are available in China to reduce our exposure to exchange rate fluctuations. To date, we have not entered into any material hedging transactions in an effort to reduce our exposure to foreign

currency exchange risk. While we may decide to enter into hedging transactions in the future, the availability and effectiveness of these hedges may be limited and we may not be able to adequately hedge our exposure or at all. In addition, our currency exchange losses may be magnified by PRC exchange control regulations that restrict our ability to convert Renminbi into foreign currency.

Governmental control of currency conversion may limit our ability to utilize our operating revenues effectively and affect the value of your investment.

The PRC government imposes controls on the convertibility of the Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. We receive substantially all of our revenues in Renminbi. Under our current corporate structure, our Cayman Islands holding company may rely 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 and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval of SAFE if certain procedural requirements are complied with. Specifically, under the existing exchange restrictions, without prior approval of SAFE, cash generated from the operations of our PRC subsidiaries in China may be used to pay dividends to our company. However, approval from or registration with appropriate government authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses, such as the repayment of loans denominated in foreign currencies. As a result, we need to obtain SAFE approval to use cash generated from the operations of our PRC subsidiaries and consolidated affiliated entities to pay off their respective debt in a currency other than Renminbi owed to entities outside China, or to make other capital expenditure payments outside China in a currency other than Renminbi.

The PRC government has imposed more restrictive foreign exchange policies and stepped up scrutiny of major outbound capital movements including overseas direct investments. More restrictions and substantial vetting processes are put in place by SAFE to regulate cross-border transactions falling under the capital account. For example, if a person (i) uses Renminbi to pay amounts due that should be settled in a foreign currency or (ii) makes payments in Renminbi on behalf of a third party in exchange for repayments in a foreign currency, such person may be subject to a fine of not more than 30% of the illegal payment. In severe cases, the fine could be increased to 100% of the illegal payment. If any of our shareholders or affiliates to whom SAFE regulations are applicable violates any of the foreign exchange policies, it may be subject to penalties from the relevant PRC authorities. Historically, certain minority shareholders invested in our company through payments in Renminbi to our VIE in lieu of payments in U.S. dollars outside of the PRC. In an uncertain event that we are deemed to have participated in our shareholders' actions that are not in compliance with the relevant foreign exchange policies by the PRC regulatory authorities, we could be subject to restrictions on our ability to convert foreign currencies into Renminbi or vice versa, as well as monetary penalties. If the PRC foreign exchange control system prevents us from converting foreign currencies into Renminbi or vice versa, our ability to obtain sufficient foreign currencies to satisfy our foreign currency demands may be materially and adversely affected. For example, we may not be able to pay dividends in foreign currencies to our shareholders, including holders of our ADSs, and we may also encounter difficulties in remitting proceeds from our overseas financings and our revenue from the transactions with our overseas customers.

Failure to comply with PRC regulations regarding the registration requirements for employee stock ownership plans or share option 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 may submit applications to SAFE or its local branches for the foreign exchange registration with respect to offshore special purpose companies. In the meantime, our directors, executive officers and other employees who are PRC citizens or who are non-PRC residents residing in the PRC for a continuous

period of not less than one year, and who have been granted incentive share awards by us, may follow the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly-Listed Company, promulgated by the SAFE in 2012. Pursuant to the 2012 SAFE notices, PRC citizens and non-PRC citizens who reside in China for a continuous period of not less than one year who participate in any stock incentive plan of an overseas publicly listed company, are required to register with SAFE through a domestic qualified agent, which could be the PRC subsidiary of such overseas listed company, and complete certain other procedures. In addition, an overseas entrusted institution must be retained to handle matters in connection with the exercise or sale of stock options and the purchase or sale of shares and interests. 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 granted restricted share units will be subject to these regulations when our company becomes an overseas listed company upon the completion of this offering. Failure to complete the SAFE registrations may subject us to fines, and legal sanctions and may also limit our ability to contribute additional capital into our PRC subsidiaries and limit the ability of our PRC subsidiaries to distribute dividends to us. We also face regulatory uncertainties that could restrict our abilities to adopt additional incentive plans for our directors, executive officers and employees under PRC laws.

The State Administration of Taxation, or SAT, has issued certain circulars concerning employee share options and restricted shares. If our employees fail to pay or we fail to withhold their income taxes according to relevant laws and regulations, we may face sanctions imposed by the tax authorities or other PRC governmental authorities.

Discontinuation of any of the preferential tax treatments and government subsidies or imposition of any additional taxes and surcharges could adversely affect our financial condition and results of operations.

Each of EHang Intelligent, EHang GZ and EHang Egret was qualified as a high and new technology enterprise, or HNTE, in November 2016, November 2018 and December 2017, respectively, and is eligible for a 15% preferential tax rate, which will expire in November 2019, November 2021 and December 2020 accordingly. The discontinuation of any of the preferential income tax treatment that we currently enjoy could have a material and adverse effect on our result of operations and financial condition. We cannot assure you that we will be able to maintain or lower our current effective tax rate in the future.

Our PRC subsidiaries have received various financial subsidies from PRC local government authorities. The financial subsidiaries result from discretionary incentives and policies adopted by PRC local government authorities. The discontinuation of such financial subsidies or imposition of any additional taxes could adversely affect our financial condition and results of operations.

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

Under the PRC Enterprise Income Tax 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 PRC 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, production, personnel, accounts and properties of an enterprise. In 2009, the State Administration of Taxation issued a circular, known as SAT Circular 82, 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 China. 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 State Administration of Taxation’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

China 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 of 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 China is a PRC resident enterprise for PRC tax purposes. However, the tax resident status of an enterprise is subject to determination by the 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 the enterprise income tax on our global income at the rate of 25% and we will be required to comply with PRC enterprise income tax reporting obligations. In addition, gains realized sale or other disposition of the ADSs or ordinary shares may be subject to PRC tax at a rate of 10% (in the case of non-PRC enterprise) or 20% in the case of non-PRC individuals (in each case, subject to the provisions of any applicable tax treaty), if such gains are deemed to be from PRC sources. These rates may be reduced by an applicable tax treaty, but it is unclear whether non-PRC shareholders of EHang Intelligent would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that EHang Intelligent is treated as a PRC resident enterprise. Any such PRC tax may reduce the returns on your investment in the ADSs.

We may not be able to obtain certain benefits under the relevant tax treaty on dividends paid by our PRC subsidiaries to us through our Hong Kong subsidiary.

We are a holding company incorporated under the laws of the Cayman Islands and as such rely on dividends and other distributions on equity from our PRC subsidiaries to satisfy part of our liquidity requirements. Pursuant to the PRC Enterprise Income Tax Law, a withholding tax rate of 10% currently applies to dividends paid by a PRC "resident enterprise" to a foreign enterprise investor, unless any such foreign investor's jurisdiction of incorporation has a tax treaty with China that provides for preferential tax treatment. Pursuant to the Arrangement between the Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Tax Evasion on Income, such withholding tax rate may be lowered to 5% if a Hong Kong resident enterprise owns no less than 25% of a PRC enterprise. Furthermore, the Administrative Measures for Non-Resident Enterprises to Enjoy Treatments under Tax Treaties, which became effective in August 2015, require non-resident enterprises to determine whether they are qualified to enjoy the preferential tax treatment under the tax treaties and file relevant report and materials with the tax authorities. There are also other conditions for enjoying the reduced withholding tax rate according to other relevant tax rules and regulations. See "Taxation—People's Republic of China Taxation." As of June 30, 2019, our PRC subsidiaries and the VIE located in the PRC reported accumulated loss and therefore they had no retained earnings for offshore distribution. In the future, we intend to re-invest all earnings, if any, generated from our PRC subsidiaries for the operation and expansion of our business in China. Should our tax policy change to allow for offshore distribution of our earnings, we would be subject to a significant withholding tax. We cannot assure you that our determination regarding our qualification to enjoy the preferential tax treatment could be challenged by the relevant tax authority and we may be unable to complete the necessary filings with the relevant tax authority and enjoy the preferential withholding tax rate of 5% under the arrangement with respect to dividends to be paid by our PRC subsidiary to our Hong Kong subsidiary.

We face uncertainty with respect to indirect transfers of equity interests in PRC resident enterprises by their non-PRC holding companies.

In February 2015, the State Administration of Taxation issued the Public Notice Regarding Certain Enterprise Income Tax Matters on Indirect Transfer of Properties by Non-Resident Enterprises, or SAT Public Notice 7. SAT Public Notice 7 extends its tax jurisdiction to not only indirect transfers but also transactions involving transfer of other taxable assets, through the offshore transfer of a foreign intermediate holding

company. In addition, SAT Public Notice 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 Public Notice 7 also brings challenges to both the foreign transferor and transferee (or other person who is obligated to pay for the transfer) of the taxable assets. Where a non-resident enterprise conducts an "indirect transfer" by transferring the taxable assets indirectly by disposing of the equity interests of an overseas holding company, the non-resident enterprise being the transferor, or the transferee, or the PRC entity which directly owned the taxable assets must report to the relevant tax authority such indirect transfer. 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% (subject to available preferential tax treatment under applicable tax treaties or similar arrangements) for the transfer of equity interests in a PRC resident enterprise. 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. The SAT Bulletin 37 further clarifies the practice and procedure of the withholding of nonresident enterprise income tax.

We face uncertainties on the reporting and consequences of future private equity financing transactions, share exchanges or other transactions involving the transfer of shares in our company by investors that are non-PRC resident enterprises. The PRC tax authorities may pursue such non-resident enterprises with respect to a filing or the transferees with respect to withholding obligation, and request our PRC subsidiaries to assist in the filing. As a result, we and non-resident enterprises in such transactions may risk being subject to filing obligations or being taxed under SAT Public Notice 7 and SAT Bulletin 37, and may be required to expend valuable resources to comply with them or to establish that we and our non-resident enterprises should not be taxed under these regulations, which may have a material adverse effect on our financial condition and results of operations.

If the custodians or authorized users of controlling non-tangible assets of our company, including our corporate chops and seals, fail to fulfill their responsibilities, or misappropriate or misuse these assets, our business and operations could be materially and adversely affected.

Under PRC law, legal documents for corporate transactions are executed using the chops or seal of the signing entity or with the signature of a legal representative whose designation is registered and filed with the relevant branch of the Administration of Industry and Commerce.

Although we usually utilize chops to enter into contracts, the designated legal representatives of each of our PRC subsidiaries, VIE and its subsidiaries have the apparent authority to enter into contracts on behalf of such entities without chops and bind such entities. All designated legal representatives of our PRC subsidiaries, variable interest entity and its subsidiaries are members of our senior management team who have signed employment agreements with us or our PRC subsidiaries, VIE and its subsidiaries under which they agree to abide by various duties they owe to us. In order to maintain the physical security of our chops and chops of our PRC entities, we generally store these items in secured locations accessible only by the authorized personnel in the legal or finance department of each of our subsidiaries, VIE and its subsidiaries. Although we monitor such authorized personnel, there is no assurance such procedures will prevent all instances of abuse or negligence. Accordingly, if any of our authorized personnel misuse or misappropriate our corporate chops or seals, we could encounter difficulties in maintaining control over the relevant entities and experience significant disruption to our operations. If a designated legal representative obtains control of the chops in an effort to obtain control over any of our PRC subsidiaries, VIE or its subsidiaries, we or our PRC subsidiaries, VIE and its subsidiaries would need to pass a new shareholders or board resolution to designate a new legal representative and we would need to take legal action to seek the return of the chops, apply for new chops with the relevant authorities, or otherwise seek legal redress for the violation of the representative's fiduciary duties to us, which could involve significant time

and resources and divert management attention away from our regular business. 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.

Our leased property interest may be defective and our right to lease the properties may be challenged, which could cause significant disruption to our business.

We lease all the premises used in our operations from third parties. We require the landlords' cooperation to effectively manage the condition of such premises, buildings and facilities. In the event that the condition of the office premises, buildings and facilities deteriorates, or if any or all of our landlords fail to properly maintain and renovate such premises, buildings or facilities in a timely manner or at all, the operation of our offices could be materially and adversely affected.

Moreover, certain lessors have not provided us with valid ownership certificates or authorization of sublease for our leased properties. Under the relevant PRC laws and regulations, if the lessors are unable to obtain certificate of title because such properties were built illegally or failed to pass the inspection or other reasons, such lease contracts may be recognized as void and as a result, we may be required to vacate the relevant properties. In addition, if our lessors are not the owners of the properties and they have not obtained consents from the owners or their lessors or permits from the relevant government authorities, our leases could be invalidated. If this occurs, we may have to renegotiate the leases with the owners or the parties who have the right to lease the properties, and the terms of the new leases may be less favorable to us, or we may be required to vacate the relevant properties if the terms of the new leases are not reached. Furthermore, certain leased properties may be recalled anytime by the lessors, and we may not pursue any recovery from such lessors due to the agreed terms between the company and the lessors, which may cause monetary lost to the company.

Under PRC laws, all lease agreements are required to be registered with the local housing authorities. We have not registered certain of our lease agreements with the relevant government authorities. Failure to complete these required registrations may expose our landlords, lessors and us to potential monetary fines.

The audit report included in this prospectus is prepared by an auditor who is not inspected by the Public Company Accounting Oversight Board and, as such, our investors are deprived of the benefits of such inspection.

Our independent registered public accounting firm that issues the audit report included in this prospectus, as auditors of companies that are traded publicly in the United States and a firm registered with the U.S. Public Company Accounting Oversight Board, or the PCAOB, is required by the laws of the United States to undergo regular inspections by the PCAOB to assess its compliance with U.S. laws and professional standards. Because our auditors are located in China, a jurisdiction where the PCAOB is currently unable to conduct inspections without the approval of the PRC authorities, our auditors are not currently inspected by the PCAOB. On December 7, 2018, the SEC and the PCAOB issued a joint statement highlighting continued challenges faced by the U.S. regulators in their oversight of financial statement audits of U.S.-listed companies with significant operations in China. The joint statement reflects a heightened interest in an issue that has vexed U.S. regulators in recent years. However, it remains unclear what further actions the SEC and PCAOB will take to address the problem.

Inspections of other firms that the PCAOB has conducted outside China have identified deficiencies in those firms' audit procedures and quality control procedures, which may be addressed as part of the inspection process to improve future audit quality. This lack of PCAOB inspections in China prevents the PCAOB from regularly evaluating our auditor's audits and its quality control procedures. As a result, investors may be deprived of the benefits of PCAOB inspections.

The inability of the PCAOB to conduct inspections of auditors in China makes it more difficult to evaluate the effectiveness of our auditor's audit procedures or quality control procedures as compared to auditors outside

of China that are subject to PCAOB inspections. Investors may lose confidence in our reported financial information and procedures and the quality of our consolidated financial statements.

Proceedings instituted by the SEC against the "big four" PRC-based accounting firms, including our independent registered public accounting firm, could result in financial statements being determined to not be in compliance with the requirements of the Exchange Act.

Starting in 2011 the Chinese affiliates of the "big four" accounting firms, including our independent registered public accounting firm, were affected by a conflict between U.S. and Chinese law. Specifically, for certain U.S.-listed companies operating and audited in mainland China, the SEC and the PCAOB sought to obtain from the Chinese firms access to their audit work papers and related documents. The firms were, however, advised and directed that under Chinese law, they could not respond directly to the U.S. regulators on those requests, and that requests by foreign regulators for access to such papers in China had to be channeled through the CSRC.

In late 2012, this impasse led the SEC to commence administrative proceedings under Rule 102(e) of its Rules of Practice and also under the Sarbanes-Oxley Act of 2002 against the Chinese accounting firms, including our independent registered public accounting firm. A first instance trial of the proceedings in July 2013 in the SEC's internal administrative court resulted in an adverse judgment against the firms. The administrative law judge proposed penalties on the firms including a temporary suspension of their right to practice before the SEC, although that proposed penalty did not take effect pending review by the Commissioners of the SEC. On February 6, 2015, before a review by the Commissioner had taken place, the firms reached a settlement with the SEC. Under the settlement, the SEC accepts that future requests by the SEC for the production of documents will normally be made to the CSRC. The firms will receive matching Section 106 requests, and are required to abide by a detailed set of procedures with respect to such requests, which in substance require them to facilitate production via the CSRC. If they fail to meet specified criteria, the SEC retains authority to impose a variety of additional remedial measures on the firms depending on the nature of the failure. Remedies for any future noncompliance could include, as appropriate, an automatic six-month bar on a single firm's performance of certain audit work, commencement of a new proceeding against a firm, or in extreme cases the resumption of the current proceeding against all four firms. If additional remedial measures are imposed on the Chinese affiliates of the "big four" accounting firms, including our independent registered public accounting firm, in administrative proceedings brought by the SEC alleging the firms' failure to meet specific criteria set by the SEC with respect to requests for the production of documents, we could be unable to timely file future financial statements in compliance with the requirements of the Exchange Act.

In the event that the SEC restarts the administrative proceedings, depending upon the final outcome, listed companies in the United States with major PRC operations may find it difficult or impossible to retain auditors in respect of their operations in the PRC, which could result in financial statements being determined to not be in compliance with the requirements of the Exchange Act, including possible delisting. Moreover, any negative news about any such future proceedings against these audit firms may cause investor uncertainty regarding China-based, U.S.-listed companies and the market price of our common stock may be adversely affected.

If our independent registered public accounting firm was denied, even temporarily, the ability to practice before the SEC and we were unable to timely find another registered public accounting firm to audit and issue an opinion on our financial statements, our financial statements could be determined not to be in compliance with the requirements of the Exchange Act. Such a determination could ultimately lead to the delisting of the ADSs from Nasdaq Stock Market or deregistration from the SEC, or both, which would substantially reduce or effectively terminate the trading of the ADSs in the United States.

Risks Relating to the ADSs and This Offering

An active trading market for our ordinary shares or the ADSs may not develop and the trading price of the ADSs may fluctuate significantly.

We have applied to list the ADSs on the Nasdaq Stock Market. Prior to the completion of this offering, there has been no public market for the ADSs or our ordinary shares, and we cannot assure you that a liquid public market for the ADSs will develop. If an active public market for the ADSs does not develop following the completion of this offering, the market price and liquidity of the ADSs may be materially and adversely affected. The initial public offering price for the ADSs will be determined by negotiation between us and the underwriters based upon several factors, and the trading price of the ADSs after this offering could decline below the initial public offering price. As a result, investors in our securities may experience a significant decrease in the value of their ADSs.

The trading price of the ADSs is likely to be volatile, which could result in substantial losses to investors.

The trading price of the ADSs is likely to be volatile and could fluctuate widely due to multiple factors, some of which are beyond our control. 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 China that have listed their securities in the United States. In addition to market and industry factors, the price and trading volume for the ADSs may be highly volatile for factors specific to our own operations, including the following:

- variations in our revenues, earnings and cash flows;
- regulatory developments affecting us, our customers, or our industry;
- announcements of studies and reports relating to the quality of our products and service offerings or those of our competitors;
- announcements of new investments, acquisitions, strategic partnerships or joint ventures by us or our competitors;
- announcements of new products or service offerings and expansions by us or our competitors;
- changes in financial estimates by securities analysts;
- detrimental adverse publicity about us, our products or services or our industry;
- additions or departures of key personnel;
- detrimental negative publicity about us, our management or our industry;
- release of lock-up or other transfer restrictions on our outstanding equity securities or sales of additional equity securities; and
- actual or potential litigation or regulatory investigations.

Any of these factors may result in large and sudden changes in the volume and price at which the ADSs will trade.

In the past, shareholders of public companies have often brought securities class action suits against companies following periods of instability in the market price of their securities. If we were involved in a class action suit, it could divert a significant amount of our management's attention and other resources from our business and operations and require us to incur significant expenses to defend the suit, which could harm our results of operations. Any such class action suit, whether or not successful, could harm our reputation and restrict our ability to raise capital in the future. In addition, if a claim is successfully made against us, we may be required to pay significant damages, which could have a material adverse effect on our financial condition and results of operations.

Our proposed dual-class share structure with different voting rights will limit your ability to influence corporate matters and could discourage others from pursuing any change of control transactions that holders of our Class A ordinary shares and ADSs may view as beneficial.

Immediately prior to the completion of this offering, we expect to create a dual-class structure such that our ordinary shares will consist of Class A ordinary shares and Class B ordinary shares. In respect of matters requiring the votes of shareholders, holders of Class B ordinary shares will be entitled to ten votes per share, while holders of Class A ordinary shares will be entitled to one vote per share based on our proposed dual-class share structure. We will sell Class A ordinary shares represented by the ADSs in this offering. Each Class B ordinary share is convertible into one Class A ordinary share at any time by its holder, while Class A ordinary shares are not convertible into Class B ordinary shares under any circumstances. Upon any sale of Class B ordinary shares by their holder or a change of ultimate beneficial ownership of any Class B ordinary share to any person other than our founder, Mr. Huazhi Hu, or an affiliate controlled by our founder, such Class B ordinary shares are automatically and immediately converted into the same number of Class A ordinary shares.

Immediately prior to the completion of this offering, our founder will beneficially own all of our issued Class B ordinary shares. These Class B ordinary shares will constitute approximately % of our total issued and outstanding share capital immediately after the completion of this offering and % of the aggregate voting power of our total issued and outstanding share capital immediately after the completion of this offering due to the disparate voting powers associated with our dual-class share structure, assuming the underwriters do not exercise their over-allotment option. See "Principal Shareholders."

If securities or industry analysts do not publish research or reports about our business, or if they adversely change their recommendations regarding the ADSs, the market price for the ADSs and trading volume could decline.

The trading market for the 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 ADSs, the market price for the 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 of the ADSs to decline.

The sale or availability for sale of substantial amounts of the ADSs could adversely affect their market price.

Sales of substantial amounts of the ADSs in the public market after the completion of this offering, or the perception that these sales could occur, could adversely affect the market price of the ADSs and could materially impair our ability to raise capital through equity offerings in the future. The ADSs sold in this offering will be freely tradable without restriction or further registration under the Securities Act of 1933, as amended, or the Securities Act, and shares held by our existing shareholders may also be sold in the public market in the future subject to the restrictions in Rule 144 and Rule 701 under the Securities Act and the applicable lock-up agreements. There will be ADSs (equivalent to Class A ordinary shares) outstanding immediately after this offering, or ADSs (equivalent to Class A ordinary shares) if the underwriters exercise their option to purchase additional ADSs in full. In connection with this offering, we, our officers, directors and existing shareholders [and certain of our restricted share units holders] have agreed not to sell any ordinary shares or ADSs for 180 days after the date of this prospectus without the prior written consent of the underwriters, subject to certain exceptions. However, the underwriters may release these securities from these restrictions at any time, subject to applicable regulations of the Financial Industry Regulatory Authority, Inc. We cannot predict what effect, if any, market sales of securities held by our significant shareholders or any other shareholder or the availability of these securities for future sale will have on the market price of the ADSs. See "Underwriting" and "Shares Eligible for Future Sale" for a more detailed description of the restrictions on selling our securities after this offering.

Because we do not expect to pay dividends in the foreseeable future after this offering, you must rely on price appreciation of the ADSs for a return on your investment.

We currently intend to retain most, if not all, of our available funds and any future earnings after this offering 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 the ADSs as a source for any future dividend income.

Our board of directors has discretion as to whether to distribute dividends, subject to certain restrictions under Cayman Islands law, namely that our company may only pay dividends out of profits or share premium, 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. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our board of directors. Even if our board of directors 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 flow, 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 of directors. Accordingly, the return on your investment in the ADSs will likely depend entirely upon any future price appreciation of the ADSs. There is no guarantee that the ADSs will appreciate in value after this offering or even maintain the price at which you purchased the ADSs. You may not realize a return on your investment in the ADSs and you may even lose your entire investment in the ADSs.

We have not determined a specific use for a portion of the net proceeds from this offering and we may use these proceeds in ways with which you may not agree.

We have not determined a specific use for a portion of the net proceeds of this offering, and our management will have considerable discretion in deciding how to apply these proceeds. You will not have the opportunity to assess whether the proceeds are being used appropriately before you make your investment decision. You must rely on the judgment of our management regarding the application of the net proceeds of this offering. We cannot assure you that the net proceeds will be used in a manner that would improve our results of operations or increase our ADS price, nor that these net proceeds will be placed only in investments that generate income or appreciate in value.

The approval of the China Securities Regulatory Commission may be required in connection with this offering under PRC law.

The M&A Rules, which were adopted in August 2006 by six PRC regulatory agencies, including the CSRC, and amended in September 2009, purport to require offshore special purpose vehicles that are controlled by PRC companies 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, and if CSRC approval is required, it is uncertain whether it would be possible for us to obtain the approval and any failure to obtain or delay in obtaining CSRC approval for this offering would subject us to sanctions imposed by the CSRC and other PRC regulatory agencies.

Our PRC counsel, Allbright Law Offices, has advised us that, based on its understanding of the current PRC laws and regulations, we will not be required to submit an application to the CSRC for the approval of the listing and trading of the ADSs on Nasdaq Stock Market because (i) the CSRC currently has not issued any definitive rule or interpretation concerning whether offerings like ours under this prospectus are subject to this regulation, (ii) the Company established EHang Intelligent, as foreign-invested enterprises by means of direct investment and not through a merger or requisition of the equity or assets of a “PRC domestic company” as such term is defined under the M&A Rule, and (iii) no explicit provision in the M&A Rules classifies the respective contractual arrangements among our PRC subsidiaries, our consolidated affiliated entity and its respective shareholders as a type of acquisition transaction falling under the M&A Rules.

However, we cannot assure you that relevant PRC government agencies, including the CSRC, would reach the same conclusion as our PRC counsel, and hence we may face regulatory actions or other sanctions from the CSRC or other PRC regulatory agencies. If the CSRC or other relevant PRC regulatory authorities subsequently determine that a prior CSRC approval is required, we may face regulatory actions or other sanctions from the CSRC or other PRC regulatory authorities. These regulatory agencies may impose fines and penalties on our operations in China, limit our ability to pay dividends outside of China, limit our operating privileges in China, delay or restrict the repatriation of the proceeds from this offering into China or take other actions that could have a material adverse effect on our business, financial condition, results of operations and prospects, as well as the trading price of the ADSs. The CSRC or other PRC regulatory agencies also may take actions requiring us, or making it advisable for us, to halt this offering before settlement and delivery of the ADSs offered hereby. Consequently, if you engage in market trading or other activities in anticipation of and prior to settlement and delivery, you do so at the risk that settlement and delivery may not occur. In addition, if the CSRC or other regulatory agencies later promulgate new rules or explanations requiring that we obtain their approvals for this offering, we may be unable to obtain a waiver of such approval requirements, if and when procedures are established to obtain such a waiver. Any uncertainties and/or negative publicity regarding such approval requirement could have a material adverse effect on the trading price of the ADSs.

Our post-offering 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 ADSs.

We have adopted a post-offering memorandum and articles of association that will become effective immediately prior to the completion of this offering. Our post-offering memorandum and articles of association will contain provisions which could 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 and ADS holders of an opportunity to sell their shares or ADSs 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 transactions. Our board of directors 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, in the form of ADS or otherwise. 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 of directors decides to issue preferred shares, the price of the ADSs may fall and the voting and other rights of the holders of our ordinary shares and ADSs may be materially and adversely affected.

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

We are an exempted company incorporated under the laws of the Cayman Islands. Our corporate affairs are governed by our memorandum and articles of association, the Companies Law (2018 Revision) of the Cayman Islands 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 the United States. In particular, the Cayman Islands has a less developed body of securities laws than 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, Cayman Islands companies may not have standing to initiate a shareholder derivative action in a federal court of the United States.

Shareholders of Cayman Islands exempted companies like us have no general rights under Cayman Islands law to inspect corporate records (other than the memorandum and articles of association and any special resolutions passed by such companies, and the registers of mortgages and charges of such companies) or to obtain copies of lists of shareholders of these companies. Our directors have discretion under our 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 of directors or our controlling shareholders than they would as public shareholders of a company incorporated in the United States. For a discussion of significant differences between the provisions of the Companies Law of the Cayman Islands and the laws applicable to companies incorporated in the United States and their shareholders, see "Description of Share Capital—Differences in Corporate Law."

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

We are a Cayman Islands exempted company and substantially all of our assets are located outside of the United States. All of our current operations are conducted in China. In addition, most of our current directors and officers are nationals and residents of countries other than the United States. As a result, it may be difficult or impossible for you to bring an action against us or against these individuals in the United States in the event that you believe that your rights have been infringed under the U.S. federal securities laws or otherwise. Even if you are successful in bringing an action of this kind, the laws of the Cayman Islands and of China may render you unable to enforce a judgment against our assets or the assets of our directors and officers. For more information regarding the relevant laws of the Cayman Islands and China, see "Enforceability of Civil Liabilities."

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 how the Class A ordinary shares which are represented by your ADSs are voted.

Holders of ADSs do not have the same rights as our registered shareholders. As a holder of the 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 which are carried by the underlying Class A ordinary shares represented by your ADSs indirectly by giving voting instructions to the depositary in accordance with the provisions of the deposit agreement. Under the deposit agreement, you may vote only by giving voting instructions to the depositary. If we instruct the depositary to ask for your instructions, then upon receipt of your voting instructions, the depositary will try, as far as is practicable, to vote the underlying Class A ordinary shares which are represented by your ADSs in accordance with your instructions. If we do not instruct the depositary to ask for your instructions, the depositary may still vote in accordance with instructions you give, but it is not required to do so. You will not be able to directly exercise your right to vote with respect to the underlying Class A ordinary shares represented by your ADSs unless you cancel and withdraw such shares and become the registered holder of such shares prior to the record date for the general meeting.

Under our post-offering memorandum and articles of association that will become effective immediately prior to completion of this offering, the minimum notice period required to be given by our company to our registered shareholders to convene a general meeting will be ten calendar days. When a general meeting is convened, you may not receive sufficient advance notice of the meeting to withdraw the underlying Class A 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 post-offering articles of association that will become effective prior to the completion of this offering, 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 Class A ordinary shares represented by your ADSs and 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. If we ask for your instructions, the depositary will notify you of the upcoming vote and will arrange to deliver our voting materials to you. We have agreed to give the depositary at least [45] days' prior notice of shareholder meetings. Nevertheless, 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 Class A 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 Class A ordinary shares represented by your ADSs are voted and you may have no legal remedy if the underlying Class A ordinary shares represented by your ADSs are not voted as you requested.

The depositary for the ADSs will give us a discretionary proxy to vote our Class A ordinary shares underlying your ADSs if you do not vote at shareholders' meetings, which could adversely affect your interests.

Under the deposit agreement for the ADSs, if you do not vote, the depositary may give us a discretionary proxy to vote the Class A ordinary shares underlying your ADSs at shareholders' meetings if:

- we have timely provided the depositary with notice of meeting and related voting materials;
- we have instructed the depositary that we wish a discretionary proxy to be given;
- we have informed the depositary that there is no substantial opposition as to a matter to be voted on at the meeting; and
- 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 if you do not vote at shareholders' meetings, you cannot prevent the Class A ordinary shares underlying your ADSs from being voted, except under the circumstances described above. This may make it more difficult for shareholders to influence the management of our company. Holders of our ordinary shares are not subject to this discretionary proxy.

You may not receive dividends or other distributions on our ordinary shares and you may not receive any value for them, if it is illegal or impractical to make them available to you.

The depositary of the ADSs has agreed to distribute, subject to the terms of the deposit agreement, the cash dividends or other distributions it or the custodian receives on our Class A ordinary shares or other deposited securities underlying the ADSs, after deducting its fees and expenses. You will receive these distributions in proportion to the number of Class A ordinary shares your ADSs represent. However, the depositary is not responsible if it decides that it is unlawful or impractical to make a distribution available to any holders of ADSs. For example, it would be unlawful to make a distribution to a holder of ADSs if it consists of securities that require registration under the Securities Act but that are not properly registered or distributed under an applicable exemption from registration. The depositary may also determine that it is not feasible to distribute certain property. Additionally, the value of certain distributions may be less than the cost of distribution. In these cases, the depositary may determine not to distribute such property. We have no obligation to register under U.S. securities laws any ADSs, ordinary shares, rights or other securities received through such distributions. We also have no obligation to take any other action to permit the distribution of ADSs, ordinary shares, rights or anything else to holders of ADSs. This means that you may not receive distributions we make on our ordinary shares or any value for them if it is illegal or impractical for us to make them available to you. These restrictions may cause a material decline in the value of the ADSs.

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 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, or "for record date or processing purposes" in emergencies, and on weekends and public holidays. The depositary may refuse to deliver, transfer or register transfers of the 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.

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 United States 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; and
- the selective disclosure rules by issuers of material nonpublic information under Regulation FD.

We will be 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 Stock Market. Press releases relating to financial results and material events will also be furnished to the SEC on Form 6-K. However, the information we are required to file with or furnish to the SEC will be 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.

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.

We will incur increased costs as a result of being a public company, particularly after we cease to qualify as an "emerging growth company."

Upon completion of this offering, we will become a public company and expect to 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 SEC and the Nasdaq Stock Market, impose various requirements on the corporate governance practices of public companies. As a company with less than US$1.07 billion in revenues for our last fiscal year, we qualify as an "emerging growth company" pursuant to the JOBS Act. An emerging growth company may take advantage of specified reduced reporting and other requirements that are otherwise applicable generally to public companies. These provisions include exemption from the auditor attestation requirement under Section 404 of the Sarbanes-Oxley Act of 2002 in the assessment of the emerging growth company's internal control over financial reporting. The JOBS Act also permits an emerging growth company to delay adopting new or revised accounting standards until such time as those standards apply to private companies. We will rely on such exemption provided by the JOBS Act. As a result, our financial statements may not be comparable to companies that comply with public company effective dates.

We expect these rules and regulations to increase our legal and financial compliance costs and to make some corporate activities more time-consuming and costly. After we are no longer an "emerging growth company," we expect to incur significant expenses and devote substantial management effort toward ensuring compliance with the requirements of Section 404 of the Sarbanes-Oxley Act of 2002 and the other rules and regulations of the SEC. For example, as a result of becoming a public company, we will need to increase the number of independent directors and adopt policies regarding internal controls and disclosure controls and procedures. We also expect that operating as a public company will make it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. In addition, we will incur additional costs associated with our public company reporting requirements. It may also be more difficult for us to find qualified persons to serve on our board of directors or as executive officers. We are currently evaluating and monitoring developments with respect to these rules and regulations, and we cannot predict or estimate with any degree of certainty the amount of additional costs we may incur or the timing of such costs.

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 Stock Market corporate governance listing standards; these practices may afford less protection to shareholders than they would enjoy if we comply fully with the Nasdaq Stock Market corporate governance listing standards.

As a Cayman Islands company listed on Nasdaq Global Market, we are subject to the Nasdaq Stock Market corporate governance listing standards. However, Nasdaq Stock 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 Stock Market corporate governance listing standards. If we choose to follow home country practice in the future, our shareholders may be afforded less protection than they would otherwise enjoy under the Nasdaq Stock Market corporate governance listing standards applicable to U.S. domestic issuers.

We may be a passive foreign investment company, which could result in adverse U.S. federal income tax consequences to U.S. investors owning the ADSs or Class A ordinary shares.

A non-U.S. corporation, such as our company, will be considered a passive foreign investment company, or "PFIC," for any taxable year if either (i) at least 75% of its gross income is passive income or (ii) at least 50% of the value of its assets (based on an average of the quarterly values of the assets during a taxable year) is attributable to assets that produce or are held for the production of passive income. A separate determination must be made after the close of each taxable year as to whether a non-U.S. corporation is a PFIC for that year. Although the law in this regard is not entirely clear, we treat our VIE and its subsidiaries as being owned by us for U.S. federal income tax purposes because we control its management decisions and are entitled to substantially all of the economic benefits associated with it. As a result, we consolidate its results of operations in our consolidated U.S. GAAP financial statements. If it were determined, however, that we are not the owner of our consolidated affiliated entity for U.S. federal income tax purposes, we would likely be treated as a PFIC for the current taxable year and any subsequent taxable year.

Assuming that we are the owner of our consolidated affiliated entity for U.S. federal income tax purposes, and based upon our current and projected income and assets, including the proceeds from this offering, and projections as to the value of our assets, we do not expect to be a PFIC for the current taxable year or the foreseeable future. However, no assurance can be given in this regard because the determination of whether we will be or will become a PFIC is a factual determination made annually that will depend, in part, upon the composition of our income and assets. Fluctuations in the market price of the ADSs may cause us to be 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 from time to time (which may be volatile). If our market capitalization subsequently declines, we may be or become a PFIC for the current taxable year or future taxable years. Furthermore, the composition of our income and assets may also be affected by how, and how quickly, we use our liquid assets and the cash raised in this offering. 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 for any taxable year during which a U.S. Holder (as defined in "Taxation—United States Federal Income Tax Considerations—General") holds an ADS or a Class A ordinary share, certain adverse U.S. federal income tax consequences could apply to the U.S. Holder. See "Taxation—United States Federal Income Tax Considerations—Passive Foreign Investment Company Considerations."

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that reflect our current expectations and views of future events. The forward-looking statements are contained principally in the sections entitled "Prospectus Summary," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and "Business." Known and unknown risks, uncertainties and other factors, including those listed under "Risk Factors," may cause our actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements.

You can identify some of these forward-looking statements by words or phrases, such as "may," "will," "expect," "anticipate," "aim," "estimate," "intend," "plan," "believe," "is/are likely to," "potential," "continue" or other similar expressions. We have based these forward-looking statements largely on our current expectations and projections about future events that we believe may affect our financial condition, results of operations, business strategy and financial needs. These forward-looking statements include statements relating to:

- our goals and strategies;
- our future business development, financial conditions and results of operations;
- the expected growth of the PRC and global UAV industry;
- our expectations regarding the demand for and market acceptance of our products and services;
- our expectations regarding our relationships with distributors, customers, component suppliers, strategic partners and other stakeholders;
- our expectations regarding our capacity to develop, manufacture and delivery AAV products in fulfilment of our contractual commitments;
- competition in our industry;
- our proposed use of proceeds; and
- relevant government policies and regulations relating to our industry.

These forward-looking statements involve various risks and uncertainties. Although we believe that our expectations expressed in these forward-looking statements are reasonable, our expectations may later be found to be incorrect. Our actual results could be materially different from our expectations. Important risks and factors that could cause our actual results to be materially different from our expectations are generally set forth in "Prospectus Summary—Our Challenges," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business," "Regulation" and other sections in this prospectus. You should read thoroughly this prospectus and the documents that we refer to with the understanding that our actual future results may be materially different from and worse than what we expect. We qualify all of our forward-looking statements by these cautionary statements.

This prospectus contains certain data and information that we obtained from various government and private publications. Statistical data in these publications also include projections based on a number of assumptions. The markets for UAVs and related commercial solutions may not grow at the rate projected with currently available data and information, or at all. Failure to grow at the projected rate may have a material and adverse effect on our business and the market price of the ADSs. In addition, the rapidly evolving nature of this industry results in significant uncertainties for any projections or estimates relating to the growth prospects or future condition of our market. Furthermore, if any one or more of the assumptions underlying the relevant statistical data are later found to be incorrect, actual results may differ from the projections based on these assumptions. You should not place undue reliance on these forward-looking statements.

The forward-looking statements made in this prospectus relate only to events or information as of the date on which the statements are made in this prospectus. Except as required by law, we undertake no obligation to

update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events. You should read this prospectus and the documents that we refer to in this prospectus and have filed as exhibits to the registration statement, of which this prospectus is a part, completely and with the understanding that our actual future results may be materially different from what we expect.

USE OF PROCEEDS

We estimate that we will receive net proceeds from this offering of approximately US$, or approximately US$ if the underwriters exercise their over-allotment option in full, after deducting underwriting discounts and commissions and the estimated offering expenses payable by us. These estimates are based upon an assumed initial public offering price of US$ per ADS, which is the midpoint of the price range shown on the front page of this prospectus. A US$1.00 increase (decrease) in the assumed initial public offering price of US$ per ADS would increase (decrease) the net proceeds to us from this offering by US$, assuming the number of ADSs offered by us, as set forth on the front cover of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated expenses payable by us.

The primary purposes of this offering are to create a public market for our shares for the benefit of all shareholders, retain talented employees by providing them with equity incentives, and obtain additional capital. We plan to use the net proceeds of this offering as follows:

- Approximately % for research and development of products, services and technologies.
- Approximately % for selling and marketing, including development of sales channels globally.
- Approximately % for expanding production capacity.
- Approximately % for developing urban air mobility solutions, such as passenger air mobility services and urban air logistics services.
- Approximately % for general corporate purposes, including supplementing our working capital and pursuing potential strategic investments and acquisitions, although we have not identified any specific investment or acquisition opportunities at this time.

The foregoing represents our current intentions based upon our present plans and business conditions to use and allocate the net proceeds of this offering. Our management, however, will have significant flexibility and discretion to apply the net proceeds of this offering. If an unforeseen event occurs or business conditions change, we may use the proceeds of this offering differently than as described in this prospectus. See “Risk Factors—Risks Relating to the ADSs and This Offering—We have not determined a specific use for a portion of the net proceeds from this offering and we may use these proceeds in ways with which you may not agree.”

Pending any use described above, we plan to invest the net proceeds in short-term, interest-bearing, debt instruments or demand deposits.

In using the proceeds of this offering, we are permitted under PRC laws and regulations as an offshore holding company to provide funding to our PRC subsidiaries only through loans or capital contributions and to the VIE only through loans, subject to satisfaction of applicable government registration and approval requirements. We cannot assure you that we will be able to obtain these government registrations or approvals on a timely basis, if at all. See “Risk Factors—Risks Relating to Doing Business in China—PRC regulation of loans to and direct investment in PRC entities by offshore holding companies and governmental control of currency conversion may delay or prevent us from using the proceeds of our offshore offerings to make loans to or make additional capital contributions to our PRC subsidiaries, our VIE and its subsidiaries, which could materially and adversely affect our liquidity and our ability to fund and expand our business.”

DIVIDEND POLICY

Our board of directors 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 of directors. 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, 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 of directors may deem relevant.

We do not have any present plan to pay any cash dividends on our ordinary shares in the foreseeable future after this offering. We currently intend to retain most, if not all, of our available funds and any future earnings to operate and expand our business.

We are a holding company incorporated in the Cayman Islands. We may rely on dividends from our subsidiaries in China for our cash requirements, including any payment of dividends to our shareholders. PRC regulations may restrict the ability of our PRC subsidiaries to pay dividends to us. See “Regulation—PRC Regulation—Dividend Distribution.”

If we pay any dividends on our ordinary shares, we will pay those dividends which are payable in respect of the Class A 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 our ADS holders in proportion to the Class A 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. See “Description of American Depositary Shares.” Cash dividends on our ordinary shares, if any, will be paid in U.S. dollars.

CAPITALIZATION

The following table sets forth our capitalization as of June 30, 2019:

- on an actual basis;
- on a pro forma basis to reflect (i) the re-designation of 44,046,729 ordinary shares and the conversion of 1,375,934 preferred shares beneficially owned by our founder into 45,422,663 Class B ordinary shares on a one-for-one basis immediately prior to the completion of this offering, (ii) the re-designation of all the remaining issued and outstanding ordinary shares into 12,745,071 Class A ordinary shares on a one-for-one basis immediately prior to the completion of this offering, and (iii) the automatic conversion of all the remaining issued and outstanding preferred shares into 37,682,167 Class A ordinary shares on a one-for-one basis upon the completion of this offering, as if each of the foregoing had occurred on June 30, 2019; and
- on a pro forma as adjusted basis to reflect (i) the issuance of a total of 3,826,830 ordinary shares on July 25, 2019 and August 22, 2019 for settlement of restricted share units, (ii) the re-designation of 44,046,729 ordinary shares and the conversion of 1,375,934 preferred shares beneficially owned by our founder into 45,422,663 Class B ordinary shares on a one-for-one basis immediately prior to the completion of this offering, (iii) the re-designation of all the remaining issued and outstanding ordinary shares into 16,571,901 Class A ordinary shares on a one-for-one basis immediately prior to the completion of this offering, (iv) the automatic conversion of all the remaining issued and outstanding preferred shares into 37,682,167 Class A ordinary shares on a one-for-one basis upon the completion of this offering and (v) the sale of Class A ordinary shares in the form of ADSs by us in this offering at an assumed initial public offering price of US$ per ADS, which is the mid-point of the estimated range of the initial public offering price shown on the front cover of this prospectus, after deducting the underwriting discounts and commissions and estimated offering expenses payable by us, assuming the underwriters do not exercise the over-allotment option, as if each of the foregoing had occurred on June 30, 2019.

You should read this table together with our consolidated financial statements and the related notes included elsewhere in this prospectus and the information under "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	As of June 30, 2019					
	Actual		Pro Forma		Pro Forma As Adjusted(1)	
	RMB	US$	RMB	US$	RMB	US$
			(in thousands)			
Mezzanine equity and shareholders' deficit						
Series Seed 1 convertible preferred shares (US$0.0001 par value; 7,281,000 shares authorized, issued and outstanding as of December 31, 2018 and June 30, 2019, respectively)	10,008	1,458	—	—		
Series Seed 2 convertible preferred shares (US$0.0001 par value; 7,281,000 shares authorized, issued and outstanding as of December 31, 2018 and June 30, 2019, respectively)	9,606	1,399	—	—		
Series Seed 3 convertible preferred shares (US$0.0001 par value; 1,456,200 shares authorized, issued and outstanding as of December 31, 2018 and June 30, 2019, respectively)	2,037	297	—	—		
Series A redeemable convertible preferred shares (US$0.0001 par value; 8,119,032 shares authorized, issued and outstanding as of December 31, 2018 and June 30, 2019, respectively)	76,166	11,095	—	—		
Series B redeemable convertible preferred shares (US$0.0001 par value; 12,152,247 shares authorized, 11,172,291 shares issued and outstanding as of December 31, 2018 and June 30, 2019, respectively)	376,359	54,823	—	—		
Series C redeemable convertible preferred shares, (US$0.0001 par value; 22,552,207 shares authorized, 2,559,181 and 3,748,678 shares issued and outstanding as of December 31, 2018 and June 30, 2019, respectively)	180,292	26,262	—	—		
Total mezzanine equity	**654,468**	**95,334**	**—**	**—**		

	As of June 30, 2019					
	Actual		Pro Forma		Pro Forma As Adjusted(1)	
	RMB	US$	RMB	US$	RMB	US$
	(in thousands)					
Shareholders' (deficit)/equity:						
Ordinary shares	35	5				
Class A ordinary shares			34	5		
Class B ordinary shares			28	4		
Additional paid-in capital(2)	99,072	14,431	753,513	109,761		
Statutory reserves	485	71	485	71		
Accumulated deficit	(683,330)	(99,538)	(683,330)	(99,538)		
Accumulated other comprehensive income	9,300	1,355	9,300	1,355		
Total EHang Holdings Limited shareholders' (deficit)/equity	**(574,438)**	**(83,676)**	**80,030**	**11,658**		
Non-controlling interests	1,812	264	1,812	264		
Total shareholders' (deficit)/equity	**(572,626)**	**(83,412)**	**81,842**	**11,922**		
Total capitalization	**81,842**	**11,922**	**81,842**	**11,922**		

Notes:

(1) The pro forma as adjusted information discussed above is illustrative only. Our additional paid-in capital, total shareholders' deficit and total mezzanine equity and shareholders' deficit following the completion of this offering are subject to adjustment based on the actual initial public offering price and other terms of this offering determined at pricing.

(2) A US$1.00 increase (decrease) in the assumed initial public offering price of US$ per share, which is the midpoint of the estimated range of the initial public offering price shown on the front cover of this prospectus, would increase (decrease) each of additional paid-in capital, total shareholders' deficit/equity, total equity and total capitalization by US$ million.

DILUTION

If you invest in the ADSs, your interest will be diluted to the extent of the difference between the initial public offering price per ADS and our net tangible book value per ADS after this offering. Dilution results from the fact that the initial public offering price per ordinary share is substantially in excess of the book value per ordinary share attributable to the existing shareholders for our presently outstanding ordinary shares.

Our net tangible book value as of June 30, 2019 was approximately US$, or US$ per ordinary share and US$ per ADS. Net tangible book value represents the amount of our total consolidated tangible assets, less the amount of our total consolidated liabilities. Dilution is determined by subtracting net tangible book value per ordinary share, after giving effect to the additional proceeds we will receive from this offering, from the assumed initial public offering price of US$ per ordinary share, which is the midpoint of the estimated initial public offering price range set forth on the front cover of this prospectus adjusted to reflect the ADS-to-ordinary share ratio, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

Without taking into account any other changes in net tangible book value after June 30, 2019, other than to give effect to our sale of the ADSs offered in this offering at the assumed initial public offering price of US$ per ADS, which is the midpoint of the estimated initial public offering price range, after deduction of the underwriting discounts and commissions and estimated offering expenses payable by us, our pro forma as adjusted net tangible book value as of June 30, 2019 would have been US$, or US$ per ordinary share and US$ per ADS. This represents an immediate increase in net tangible book value of US$ per ordinary share and US$ per ADS to the existing shareholders and an immediate dilution in net tangible book value of US$ per ordinary share and US$ per ADS to investors purchasing ADSs in this offering. The following table illustrates such dilution:

	Per Ordinary Share	Per ADS
Assumed initial public offering price	US$	US$
Net tangible book value as of June 30, 2019	US$	US$
Pro forma net tangible book value after giving effect to the conversion of our preferred shares	US$	US$
Pro forma as adjusted net tangible book value after giving effect to the conversion of our preferred shares and this offering	US$	US$
Amount of dilution in net tangible book value to new investors in this offering	US$	US$

A US$1.00 increase (decrease) in the assumed initial public offering price of US$ per ADS would increase (decrease) our pro forma as adjusted net tangible book value after giving effect to this offering by US$, the pro forma as adjusted net tangible book value per ordinary share and per ADS after giving effect to this offering by US$ per ordinary share and US$ per ADS and the dilution in pro forma as adjusted net tangible book value per ordinary share and per ADS to new investors in this offering by US$ per ordinary share and US$ per ADS, assuming no change to the number of ADSs offered by us as set forth on the front cover of this prospectus, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

The following table summarizes, on a pro forma as adjusted basis as of June 30, 2019, the differences between existing shareholders and the new investors with respect to the number of ordinary shares (in the form of ADSs or shares) purchased from us, the total consideration paid and the average price per ordinary share and per ADS paid before deducting the underwriting discounts and commissions and estimated offering expenses payable by us. The total number of ordinary shares does not include ordinary shares underlying the ADSs issuable upon the exercise of the over-allotment option granted to the underwriters.

	Ordinary Shares Purchased		Total Consideration		Average Price Per Ordinary Share	Average Price Per ADS
	Number	Percent	Amount	Percent		
Existing shareholders			US$	%	US$	US$
New investors			US$	%	US$	US$
Total			US$	100.0%		

The pro forma as adjusted information discussed above is illustrative only. Our net tangible book value following the completion of this offering is subject to adjustment based on the actual initial public offering price of the ADSs and other terms of this offering determined at pricing.

The discussion and tables above assume no request by holders of restricted share units to register their vested restricted share units as of the date of this prospectus. As of the date of this prospectus, there are 3,380,505 ordinary shares issuable upon requests from holders of restricted share units. To the extent that any of these restricted share units are vested, there will be further dilution to new investors.

ENFORCEABILITY OF CIVIL LIABILITIES

We are incorporated under the laws of the Cayman Islands as an exempted company with limited liability. We are incorporated in the Cayman Islands to take advantage of certain benefits associated with being a Cayman Islands exempted company, such as:

- political and economic stability;
- an effective judicial system;
- a favorable tax system;
- the absence of exchange control or currency restrictions; and
- the availability of professional and support services.

However, certain disadvantages accompany incorporation in the Cayman Islands. These disadvantages include but are not limited to:

- the Cayman Islands has a less developed body of securities laws as compared to the United States and these securities laws provide significantly less protection to investors as compared to the United States; and
- Cayman Islands companies may not have standing to sue before the federal courts of the United States.

Our constituent documents do not contain provisions requiring that disputes, including those arising under the securities laws of the United States, between us, our officers, directors and shareholders, be arbitrated.

Substantially all of our operations are conducted in China, and substantially all of our assets are located in China. A majority of our directors and executive officers are nationals or residents of jurisdictions other than the United States and most of their assets are located outside the United States. As a result, it may be difficult for a shareholder to effect service of process within the United States upon these individuals, or to bring an action against us or these individuals in the United States, or to enforce against us or them judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States.

We have appointed Cogency Global Inc., located at 10E 40th Street, 10th Floor, New York, New York 10016, as our agent upon whom process may be served in any action brought against us under the securities laws of the United States.

Maples and Calder (Hong Kong) LLP, our counsel as to Cayman Islands law, has advised us that there is uncertainty as to whether the courts of the Cayman Islands would (i) recognize or enforce judgments of U.S. courts obtained against us or our directors or officers that are predicated upon the civil liability provisions of the federal securities laws of the United States or the securities laws of any state in the United States, or (ii) entertain original actions brought in the Cayman Islands against us or our directors or officers that are predicated upon the federal securities laws of the United States or the securities laws of any state in the United States.

Maples and Calder (Hong Kong) LLP has informed us that although there is no statutory enforcement in the Cayman Islands of judgments obtained in the federal or state courts of the United States (and the Cayman Islands are not a party to any treaties for the reciprocal enforcement or recognition of such judgments), the courts of the Cayman Islands will, at common law, recognize and enforce a foreign money judgment of a foreign court of competent jurisdiction without any re-examination of the merits of the underlying dispute based on the principle that a judgment of a competent foreign court imposes upon the judgment debtor an obligation to pay the liquidated sum for which such judgment has been given, provided such judgment (i) is final and conclusive, (ii) is not in respect of taxes, a fine or a penalty; and (iii) was not obtained in a manner and is not of a kind the enforcement of which is contrary to natural justice or the public policy of the Cayman Islands. However, the

Cayman Islands courts are unlikely to enforce a judgment obtained from the U.S. courts under civil liability provisions of the U.S. federal securities law if such judgment is determined by the courts of the Cayman Islands to give rise to obligations to make payments that are penal or punitive in nature. A Cayman Islands court may stay enforcement proceedings if concurrent proceedings are being brought elsewhere.

Allbright Law Offices, our counsel as to PRC law, has advised us that there is uncertainty as to whether the courts of China would:

- recognize or enforce judgments of United States courts obtained against us or our directors or officers predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States; or
- entertain original actions brought in each respective jurisdiction against us or our directors or officers predicated upon the securities laws of the United States or any state in the United States.

Allbright Law Offices has further advised us that the recognition and enforcement of foreign judgments are provided for under the PRC Civil Procedures Law. PRC courts may recognize and enforce foreign judgments in accordance with the requirements of the PRC Civil Procedures Law based either on treaties between China and the country where the judgment is made or on principles of reciprocity between jurisdictions. China does not have any treaties or other form of reciprocity with the United States or the Cayman Islands that provide for the reciprocal recognition and enforcement of foreign judgments. In addition, according to the PRC Civil Procedures Law, courts in the PRC will not enforce a foreign judgment against us or our directors and officers if they decide that the judgment violates the basic principles of PRC law or national sovereignty, security or public interest. As a result, it is uncertain whether and on what basis a PRC court would enforce a judgment rendered by a court in the United States or in the Cayman Islands. Under the PRC Civil Procedures Law, foreign shareholders may originate actions based on PRC law against a company in China for disputes if they can establish sufficient nexus to the PRC for a PRC court to have jurisdiction, and meet other procedural requirements, including, among others, the plaintiff must have a direct interest in the case, and there must be a concrete claim, a factual basis and a cause for the suit.

It will be, however, difficult for U.S. shareholders to originate actions against us in the PRC in accordance with PRC laws because we are incorporated under the laws of the Cayman Islands and it will be difficult for U.S. shareholders, by virtue only of holding the ADSs or ordinary shares, to establish a connection to the PRC for a PRC court to have jurisdiction as required under the PRC Civil Procedures Law.

CORPORATE HISTORY AND STRUCTURE

In December 2014, we incorporated EHang in the Cayman Islands as our offshore holding company to facilitate offshore financing and listing. In the same month, we established Ehfly.

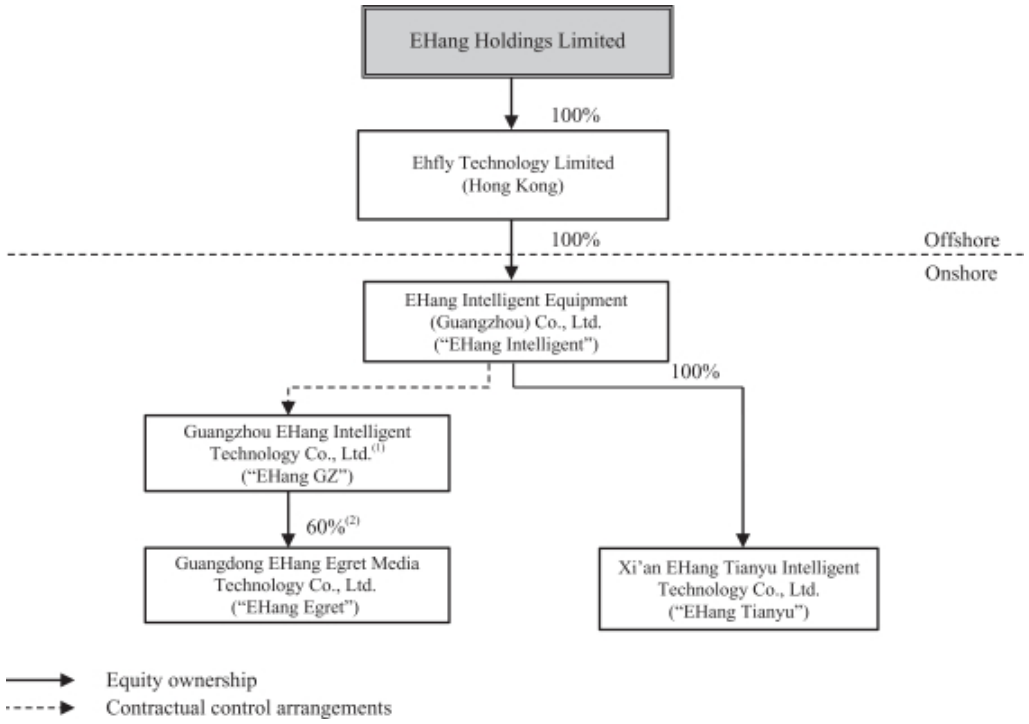
From 2015 to 2018, we established the following principal subsidiaries to conduct our principal business of AAV manufacturing and sales and the provision of AAV commercial solutions and related services:

- In October 2015, Ehfly established a wholly-owned subsidiary in China, EHang Intelligent, our WFOE. EHang Intelligent is engaged in the research, development, manufacture and sale of AAVs, and the research and development of software, communication technology and autonomous control technology related to air mobility and intelligent aviation.
- In January 2016, we obtained control over EHang GZ, our VIE, through EHang Intelligent by entering into a series of contractual arrangements with EHang GZ and its shareholders. EHang GZ is primarily engaged in the research, development, manufacture and sale of AAVs, and the research and development of AAV operating systems and infrastructure.
- In July 2016, EHang GZ established EHang Egret, to provide aerial media solutions and related services.
- In March 2018, EHang Intelligent established EHang Tianyu, to provide logistics solutions and related services.

As a result of our contractual arrangements with the VIE and its shareholders, we are regarded as the primary beneficiary of the VIE, and we treat it and its subsidiaries as our consolidated affiliated entities under U.S. GAAP. We have consolidated the financial results of the VIE and its subsidiaries in our consolidated financial statements in accordance with U.S. GAAP.

Our contractual arrangements with the VIE and its shareholders allow us to (i) exercise effective control over the VIE, (ii) receive substantially all of the economic benefits of the VIE that potentially could be significant to the VIE and absorb losses of the VIE that could potentially could be significant to the VIE, and (iii) have an exclusive option to purchase or designate any third party to purchase all or part of the equity interests in and assets of the VIE when and to the extent permitted by PRC law. For more details, including risks associated with the VIE structure, please see “Risk Factors—Risks Relating to Our Corporate Structure.”

The chart below summarizes our corporate structure and identifies our significant subsidiaries, the VIE and its significant subsidiaries, as of the date of this prospectus:



Notes:
(1) Messrs. Huazhi Hu and Derrick Yifang Xiong are directors and beneficial owners of our company and hold 95.0% and 5.0% equity interests in EHang GZ, respectively.
(2) The remaining 40.0% equity interest in EHang Egret is held by Mr. Lei Shi, an executive officer of EHang Egret.

Contractual Agreements with our VIE and its Shareholders

The following is a summary of the currently effective contractual arrangements by and among our WFOE, the VIE and its respective shareholders.

Contractual Agreements that Provide Us with Effective Control over the VIE

Power of Attorney and Shareholders Voting Proxy. Each of the shareholders of EHang GZ has executed an irrevocable power of attorney and irrevocable shareholders voting proxy on January 29, 2016 (which were subsequently amended on November 30, 2018), to irrevocably authorize EHang Intelligent, our WFOE, to act as his attorney-in-fact to exercise all of his rights as a shareholder of EHang GZ, including, but not limited to, the right to (i) attend shareholders' meetings, (ii) vote on any resolution that requires a shareholder vote pursuant to the applicable laws and memorandum and article of association of EHang GZ, such as the sale and transfer of all or part of the equity interests owned by such shareholder, (iii) designate and appoint directors, and senior management. The power of attorney will remain effective continuously since January 29, 2016, and our WFOE is entitled to re-authorize or assign its rights relating to the equity interests to any other person or entity at its own discretion and without providing prior notice or obtaining prior consent from EHang GZ. In February 22, 2019,

our WFOE reassigned its rights under the power of attorney to us. The shareholders voting proxy will remain effective for 20 years and can be renewed at our WFOE's sole discretion.

Loan Agreement. Pursuant to the special agreement in respect of the contribution of registered capital of EHang GZ (referred to as the "loan agreement" in this prospectus), dated February 22, 2019, among our WFOE, and each of the shareholders of EHang GZ, our WFOE has granted interest-free loans with an aggregate amount of RMB60 million to the shareholders of EHang GZ for the sole purpose of providing funds necessary for the capital injection to EHang GZ. The loans shall be repaid by the shareholders of EHang GZ through a transfer of their equity interests in EHang GZ to our WFOE, in proportion to the amount of the loans to be repaid. As of the date of this prospectus, the full amount of these loans remains outstanding.

Share Pledge Agreement. Pursuant to the share pledge agreement, dated January 29, 2016 and subsequently amended on February 22, 2019, among our WFOE and each of the shareholders of EHang GZ, the shareholders of EHang GZ have pledged the 100% of equity interests in EHang GZ to our WFOE, to guarantee the performance by such shareholders of their obligations under the master agreements, which include the exclusive consulting and services agreement and the exclusive option agreements described below. In the event of a breach by any of EHang GZ's shareholders of their contractual obligations under the master agreements, our WFOE, as pledgee, will have the right to retain all or part of the pledged equity interests in EHang GZ. The shareholders of EHang GZ also undertake that, without the prior written consent of our WFOE, they will not create any encumbrance on or otherwise transfer or dispose of their respective equity interests in EHang GZ. The share pledge agreement will remain effective until all the contractual obligations have been satisfied in full under the master agreements. We have registered such shares with the relevant authorities in accordance with PRC regulations.

Agreement that Allows Us to Receive Economic Benefits from the VIE

Exclusive Consulting and Services Agreement. Pursuant to the exclusive consulting and services agreement, dated January 29, 2016 and subsequently amended on November 30, 2018, between our WFOE and EHang GZ, our WFOE has the exclusive right to provide EHang GZ and its subsidiaries with consulting and services, including but not limited to those relating to the development, manufacturing and sales of intelligent aerial vehicles. Without our WFOE's prior written consent, EHang GZ cannot, directly or indirectly, accept any consulting services subject to this agreement from any third party. EHang GZ agrees to pay our WFOE a service fee equal to 100% of the consolidated net profits of the EHang GZ after EHang GZ turns profitable on a cumulative basis and after netting off certain expenses. Our WFOE has the sole discretion in determining the service fee charged to EHang GZ under this agreement. Our WFOE has the exclusive ownership of all the intellectual property rights created as a result of the performance of the exclusive consulting and services agreement to the extent permitted by applicable PRC laws. The exclusive technology consulting and services agreement will remain effective for ten years, unless otherwise terminated by our WFOE with a 30 days notice at any time, or by EHang GZ if our WFOE is in gross negligence.

Agreement that Provides Us with the Option to Purchase the Equity Interests in the VIE

Exclusive Option Agreements. Pursuant to the exclusive option agreements, dated January 29, 2016 and subsequently amended on November 30, 2018 and June 6, 2019, among our WFOE, EHang GZ and each of the shareholders of EHang GZ, each such shareholder has irrevocably granted our WFOE an exclusive option to purchase all or part of his equity interests in EHang GZ. Our company or designated person may exercise such options at the lowest price permitted under the applicable PRC laws. Any proceeds received by the shareholders of EHang GZ from the exercise of the options shall be remitted to our WFOE or its designated party, to the extent permitted under the applicable PRC laws. The shareholders of EHang GZ undertake that, without our WFOE's prior written consent, they will not, among other things, (i) create any pledge or encumbrance on their equity interests in EHang GZ, and (ii) transfer or otherwise dispose of their equity interests in EHang GZ. The exclusive option agreements will remain effective until all equity interests in EHang GZ have been transferred to our WFOE or our designated person. The WFOE may terminate the agreement at its sole discretion.

In the opinion of Allbright Law Offices, our PRC legal counsel:

- the ownership structures of our WFOE, our VIE and its subsidiaries are in compliance with applicable PRC laws and regulations; and
- such contractual arrangements constitute valid, legal and binding obligations enforceable against each party of such agreements in accordance with the terms of each agreement, and will not result in any violation of PRC laws or regulations currently in effect.

However, our PRC legal counsel has also advised us that there are substantial uncertainties regarding the interpretation and application of current and future PRC laws, regulations and rules; accordingly, the PRC regulatory authorities may take a view that is contrary to the opinion of our PRC legal counsel. It is uncertain whether any new PRC laws or regulations relating to variable interest entity structures will be adopted or if adopted, what they would provide. If we or the VIE is found to be in violation of any existing or future PRC laws or regulations, or fail to obtain or maintain any of the required permits or approvals, the relevant PRC regulatory authorities would have broad discretion to take action in dealing with such violations or failures. See “Risk Factors—Risks Relating to Our Corporate Structure—If the PRC government finds that the agreements that establish the structure for operating some of our operations in China do not comply with PRC regulations relating to the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations”.

SELECTED CONSOLIDATED FINANCIAL AND OPERATING DATA

The following selected consolidated statements of comprehensive loss data for the years ended December 31, 2017 and 2018, selected consolidated balance sheet data as of December 31, 2017 and 2018 and selected consolidated cash flow data for the years ended December 31, 2017 and 2018 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. The following selected consolidated statements of comprehensive loss data for the six months ended June 30, 2018 and 2019, selected consolidated balance sheet data as of June 30, 2019 and selected consolidated cash flow data for the six months ended June 30, 2018 and 2019 have been derived from our unaudited condensed consolidated financial statements included elsewhere in this prospectus. Our consolidated financial statements are prepared and presented in accordance with accounting principles generally accepted in the United States of America, or U.S. GAAP. Our historical results are not necessarily indicative of results expected for future periods. You should read this Selected Consolidated Financial and Operating Data section together with our consolidated financial statements and the related notes and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included elsewhere in this prospectus.

The following table presents our selected consolidated statements of comprehensive loss data for the years ended December 31, 2017 and 2018 and the six months ended June 30, 2018 and 2019:

	For the Year Ended December 31,			For the Six Months Ended June 30,		
	2017	2018		2018	2019	
	RMB	RMB	US$	RMB	RMB	US$
	(in thousands)					
Total revenues	**31,695**	**66,487**	**9,685**	**38,357**	**32,385**	**4,717**
Costs of revenues(1)	**(27,511)**	**(32,740)**	**(4,769)**	**(18,011)**	**(13,434)**	**(1,957)**
Gross profit	**4,184**	**33,747**	**4,916**	**20,346**	**18,951**	**2,760**
Operating expenses:						
Sales and marketing expenses(1)	(30,357)	(20,174)	(2,939)	(8,834)	(12,536)	(1,826)
General and administrative expenses(1)	(35,387)	(35,939)	(5,235)	(14,854)	(17,892)	(2,606)
Research and development expenses(1)	(68,669)	(60,276)	(8,780)	(28,015)	(27,576)	(4,017)
Total operating expenses	**(134,413)**	**(116,389)**	**(16,954)**	**(51,703)**	**(58,004)**	**(8,449)**
Other operating income	4,312	8,293	1,208	5,246	1,143	166
Operating loss	**(125,917)**	**(74,349)**	**(10,830)**	**(26,111)**	**(37,910)**	**(5,523)**
Other income/(expense):						
Interest income	174	1,057	154	603	496	72
Interest expenses	—	(564)	(82)	(178)	(299)	(44)
Foreign exchange gain/(loss)	440	70	10	(146)	36	5
Loss on deconsolidation of subsidiaries	(45)	—	—	—	—	—
Other income	44,113	1,690	246	35	153	22
Other expense	(156)	(8,129)	(1,185)	(18)	(26)	(4)
Total other income/(expense)	**44,526**	**(5,876)**	**(857)**	**296**	**360**	**51**
Loss before income tax and share of net loss from an equity investee	**(81,391)**	**(80,225)**	**(11,687)**	**(25,815)**	**(37,550)**	**(5,472)**
Income tax expenses	(5,184)	(76)	(11)	(576)	(78)	(11)
Loss before share of net loss from an equity investee	**(86,575)**	**(80,301)**	**(11,698)**	**(26,391)**	**(37,628)**	**(5,483)**
Share of net loss from an equity investee	—	(162)	(24)	(103)	(10)	(1)
Net loss	**(86,575)**	**(80,463)**	**(11,722)**	**(26,494)**	**(37,638)**	**(5,484)**

Note:

(1) Share-based compensation expense was allocated in costs of revenues and operating expenses as follows:

	For the Year Ended December 31,			For the Six Months Ended June 30,		
	2017	2018		2018	2019	
	RMB	RMB	US$	RMB	RMB	US$
	(in thousands)					
Costs of revenues	1,024	707	103	350	294	43
Sales and marketing expenses	2,851	1,932	281	1,062	591	86
General and administrative expenses	16,400	11,606	1,691	5,785	5,675	827
Research and development expenses	11,889	8,055	1,173	4,277	3,352	488
Total	**32,164**	**22,300**	**3,248**	**11,474**	**9,912**	**1,444**

The following table presents our selected consolidated balance sheet data as of December 31, 2017 and 2018 and June 30, 2019:

	As of December 31,			As of June 30,	
	2017	2018		2019	
	RMB	RMB	US$	RMB	US$
	(in thousands)				
Cash and cash equivalents	61,455	61,519	8,961	60,153	8,762
Accounts receivable, net	6,248	2,538	370	13,256	1,931
Cost and estimated earnings in excess of billings	—	18,411	2,682	15,164	2,209
Inventories	1,398	3,917	571	8,721	1,270
Prepayments and other current assets	22,251	15,369	2,239	22,914	3,338
Property, plant and equipment, net	19,496	19,058	2,776	17,211	2,507
Total assets	**153,298**	**124,671**	**18,161**	**149,661**	**21,800**
Short-term bank loan	—	5,000	728	5,000	728
Accounts payable	13,742	14,659	2,135	17,127	2,495
Accrued expenses and other liabilities	17,920	31,197	4,544	36,510	5,317
Long-term loan	—	—	—	2,123	309
Total liabilities	**38,434**	**62,247**	**9,067**	**67,819**	**9,878**
Total mezzanine equity	**604,741**	**604,741**	**88,091**	**654,468**	**95,334**
Total shareholders' deficit	**(489,877)**	**(542,317)**	**(78,997)**	**(572,626)**	**(83,412)**

The following table presents our selected consolidated cash flow data for the years ended December 31, 2017 and 2018 and the six months ended June 30, 2018 and 2019:

	For the Year Ended December 31,			For the Six Months Ended June 30,	
	2017	2018		2018	2019
	RMB	RMB	US$	RMB	RMB	US$
	(in thousands)					
Net cash used in operating activities	(38,432)	(43,410)	(6,324)	(29,169)	(39,891)	(5,811)
Net cash (used in)/provided by investing activities	(51,068)	25,751	3,751	9,615	(9,362)	(1,364)
Net cash provided by financing activities	34,300	16,000	2,331	15,000	47,436	6,910
Effect of exchange rate changes on cash and cash equivalents	7,677	1,723	251	586	451	66
Net (decrease)/increase in cash and cash equivalents	(47,523)	64	9	(3,968)	(1,366)	(199)
Cash and cash equivalents at the beginning of the period	108,978	61,455	8,952	61,455	61,519	8,961
Cash and cash equivalents at the end of the period	61,455	61,519	8,961	57,487	60,153	8,762

Non-GAAP Financial Measure

We use adjusted net loss, a non-GAAP financial measure, in evaluating our operating results and for financial and operational decision-making purposes. Adjusted net loss represents net loss excluding share-based compensation expense. There was no income tax impact on our non-GAAP adjustment because the non-GAAP adjustment was recorded in entities located in tax-free jurisdictions, such as the Cayman Islands.

We believe that adjusted net loss helps identify underlying trends in our business that could otherwise be distorted by the effect of certain expenses that we are included in net loss. We believe that adjusted net loss provides useful information about our operating results, enhance the overall understanding of our past performance and future prospects and allow for greater visibility with respect to key metrics used by our management members in their financial and operational decision-making.

Adjusted net loss should not be considered in isolation or construed as an alternative to net loss, net margin or any other measure of performance or as an indicator of our operating performance. Investors are encouraged to review our historical non-GAAP financial measure in conjunction with net loss, the most directly comparable GAAP measure. Adjusted net loss presented here may not be comparable to similarly titled measures presented by other companies. Other companies may calculate similarly titled measures differently, limiting their usefulness as comparative measures to our data. We encourage investors and others to review our financial information in its entirety and not rely on a single financial measure.

The table below sets forth a reconciliation of our net loss to adjusted net loss for the periods indicated.

	For the Year Ended December 31,			For the Six Months Ended June 30,		
	2017	2018		2018	2019	
	RMB	RMB	US$	RMB	RMB	US$
	(in thousands)					
Net loss	(86,575)	(80,463)	(11,722)	(26,494)	(37,638)	(5,484)
Add:						
Share-based compensation expense	32,164	22,300	3,248	11,474	9,912	1,444
Adjusted net loss	(54,411)	(58,163)	(8,474)	(15,020)	(27,726)	(4,040)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our consolidated financial statements and related notes included elsewhere in this prospectus. Our actual results and the timing of selected events may differ materially from those we currently anticipate as a result of many factors, including those we describe under "Risk Factors" and elsewhere in this prospectus. See "Special Note Regarding Forward-Looking Statements."

Overview

We are an autonomous aerial vehicle technology platform company. We are pioneering the future of transportation through our proprietarily developed AAVs and related commercial solutions. We believe we are the first in the world to launch passenger-grade AAVs, setting a new milestone in the deployment and proliferation of AAV technology.

We design, develop, manufacture, sell and operate AAVs and their supporting systems and infrastructure for a broad range of industries and applications, including passenger transportation, logistics and aerial media solutions. We aim to make it safe and convenient for both passengers and goods to take to the air.

We delivered our first passenger-grade AAV to a customer in March 2018. As of the date of this prospectus, we have delivered 38 passenger-grade AAVs, developed two command-and-control centers for smart city management and completed over 70 aerial media performances. As of the date of this prospectus, we have unfilled purchase orders for 28 passenger-grade AAVs. As we continue to refine and commercialize our passenger-grade AAVs and air mobility solutions, we believe we will be able to capture addressable markets across multiple industries and develop AAV commercial applications in new industries.

Our revenues increased by 109.8% from RMB31.7 million in 2017 to RMB66.5 million (US$9.7 million) in 2018. Our net loss decreased by 7.1% from RMB86.6 million in 2017 to RMB80.5 million (US$11.7 million) in 2018. Our revenues decreased by 15.6% from RMB38.4 million in the six months ended June 30, 2018 to RMB32.4 million (US$4.7 million) in the six months ended June 30, 2019, and our net loss increased by 42.1% from RMB26.5 million in the six months ended June 30, 2018 to RMB37.6 million (US$5.5 million) in the six months ended June 30, 2019. In the first half of 2019, revenues generated from air mobility solutions, our core business, increased significantly to RMB23.9 million (US$3.5 million), representing 73.7% of our total revenues.

Key Components of Results of Operations

Revenues

We generate revenues from air mobility solutions, smart city management solutions, aerial media solutions and others. The following table sets forth a breakdown of our total revenues in absolute amounts and percentages of our total revenues for the periods presented:

	For the Year Ended December 31,					For the Six Months Ended June 30,				
	2017		2018			2018		2019		
	RMB	%	RMB	US$	%	RMB	%	RMB	US$	%
	(in thousands, except for percentages)									
Revenues:										
Air mobility solutions	—	—	3,109	453	4.7	2,340	6.1	23,863	3,476	73.7
Smart city management solutions	1,229	3.9	30,455	4,436	45.8	18,610	48.5	124	18	0.4
Aerial media solutions	18,197	57.4	31,275	4,556	47.0	16,633	43.4	7,774	1,132	24.0
Others	12,269	38.7	1,648	240	2.5	774	2.0	624	91	1.9
Total	**31,695**	**100.0**	**66,487**	**9,685**	**100.0**	**38,357**	**100.0**	**32,385**	**4,717**	**100.0**

Revenues are recognized net of return allowances and VAT. Return allowances, which reduce total revenues, are estimated based on historical experience.

Air mobility solutions. Revenues from air mobility solutions consist of revenues from (i) sales of passenger-grade AAVs and (ii) provision of logistics services. We recognize revenues from sales of passenger-grade AAVs when the AAVs are delivered and collectability is reasonably assured. We determine collectability by performing a credibility assessment of the customers based on their past payment records or operating results. Our revenues from air mobility solutions have been and, at least in 2019, are expected to be mainly derived from sales of passenger-grade AAVs for testing, training and demonstration purposes. Before regulatory approvals for the commercial operations of our AAVs have been obtained in China and/or other relevant jurisdictions, customer demand will likely be limited in volume. Currently we are working to obtain such approvals in China, and are assisting a customer in Europe in taking steps toward applying for such approvals. However, we are unable to predict the timing of such approvals.

Smart city management solutions. Smart city management solutions mainly include (i) design and development of command-and-control systems and related facilities, and (ii) sale of AAVs and other related products. For design and development of command-and-control systems and related facilities, we recognize revenues using a percentage of completion method. We typically enter into project contracts with customers, according to which they pay project fees based on the agreed schedule. As we provide smart city management solutions on a project basis with high individual transaction values, revenues from smart city management solutions may be more concentrated in certain years or periods, and therefore are subject to greater period-to-period fluctuations.

Aerial media solutions. We recognize revenues from aerial media solutions when the aerial media performance is fulfilled by us. The service fee for each performance is determined mainly by the length of performance, complexity, number of AAVs involved, manpower and regulatory requirements.

Others. We generate other revenues mainly from stand-alone sales of consumer drones and their components and spare parts. We recognize revenues from others when the consumer drones are delivered and the title and risk of the drones have been transferred to the customers. We started to phase out our consumer drone business in late 2016.

We expect that our revenues will continue to increase as we continue to fulfill existing orders for passenger-grade AAVs and perform our logistics contracts, secure new orders for our air mobility solutions, expand our smart city management and aerial media solutions and expand our commercial solutions and sales network. We expect that revenues generated from air mobility solutions will increase substantially in both domestic and international markets.

Costs of revenues

Costs of revenues mainly consist primarily of aerial vehicles material and manufacturing costs, construction costs of smart city management solutions, depreciation, rental fees, payroll and related costs of operations.

We expect that our costs of revenues will increase in the foreseeable future as we increase our AAV sales volume and expand our commercial solutions business.

Operating expenses

Our total operating expenses consist of sales and marketing expenses, general and administrative expenses and research and development expenses. The following table sets forth the components of our total operating expenses by amounts and percentages of operating expenses for the periods presented:

	For the Year Ended December 31,					As of June 30,				
	2017		2018			2018		2019		
	RMB	%	RMB	US$	%	RMB	%	RMB	US$	%
	(in thousands, except for percentage)									
Sales and marketing expenses	30,357	22.6	20,174	2,939	17.3	8,834	17.1	12,536	1,826	21.6
General and administrative expenses	35,387	26.3	35,939	5,235	30.9	14,854	28.7	17,892	2,606	30.9
Research and development expenses	68,669	51.1	60,276	8,780	51.8	28,015	54.2	27,576	4,017	47.5
Total operating expenses	**134,413**	**100.0**	**116,389**	**16,954**	**100.0**	**51,703**	**100.0**	**58,004**	**8,449**	**100.0**

Sales and marketing expenses. Our sales and marketing expenses primarily consist of advertising and promotion expenses, payroll and related expenses for personnel in sales and marketing.

General and administrative expenses. Our general and administrative expenses mainly consist of payroll and related costs for employees in general corporate functions, professional fees and other general corporate expenses, as well as expenses associated with the use by these functions of facilities and equipment, such as depreciation and rental expenses.

Research and development expenses. Our research and development expenses mainly consist of payroll and benefits for our research and development personnel, as well as expenses associated with our research and development activities. Research and development expenses constitute the largest component of our total operating expenses.

Other operating income

Other operating income mainly consists of financial subsidies that we received from provincial and local governments for operating our business in their jurisdictions in compliance with certain promoted policies.

Other income

In 2017, other income primarily represented income we received for a series of facilitating services in the acquisition of the land use right on behalf of a third-party buyer. We recorded a gain of RMB44.0 million, which represented the cash consideration and the fair value of the equity interests received, and we accounted for the 5% equity interest as a cost method investment.

Other expense

Other expense mainly consists of a one-off impairment loss relating to an investment in 2018.

Taxation

Cayman Islands

We are an exempted company incorporated in the Cayman Islands. Under the current laws of the Cayman Islands, we are not subject to tax on income or capital gain arising in Cayman Islands.

Hong Kong

Our wholly-owned subsidiary, Ehfly, incorporated in Hong Kong, is subject to 16.5% Hong Kong profit tax on its taxable income generated from operations in Hong Kong. Ehfly is exempted from the Hong Kong income tax on its foreign-derived income. In addition, payments of dividends from Ehfly to our company are not subject to any withholding tax in Hong Kong. No provision for Hong Kong profits tax was made as we had no estimated assessable profit that was subject to Hong Kong profits tax during 2017 or 2018.

PRC

Under the Enterprise Income Tax Law, or the EIT Law, our PRC subsidiaries, the VIE and its subsidiaries are subject to a statutory income tax rate of 25%. EHang Intelligent, EHang GZ and EHang Egret have each been qualified as a high and new technology enterprise, or HNTE, since December 2017, November 2016 and November 2018 respectively, and are eligible for a 15% preferential tax rate, which will expire in December 2020, November 2019 and November 2021 accordingly.

The EIT law also imposes a withholding income tax of 10% on dividends distributed by a foreign invested enterprise, or FIE, to its immediate holding company outside China, if such immediate holding company is considered as a non-resident enterprise without any establishment or place within China or if the received dividends have no connection with the establishment or place of such immediate holding company within China, unless such immediate holding company's jurisdiction of incorporation has a tax treaty with China that provides for a different withholding arrangement. According to the Arrangement Between Mainland China and Hong Kong Special Administrative Region on the Avoidance of Double Taxation and Prevention of Fiscal Evasion in August 2006, dividends paid by an FIE in China to its immediate holding company in Hong Kong will be subject to withholding tax at a rate of no more than 5%, if the immediate holding company owns at least 25% of the equity interest of the FIE and satisfies all other requirements under the tax arrangement and receives approval from the relevant tax authority. We did not record any dividend withholding tax, as our PRC entities have no retained earnings in the periods presented. See "Risk Factors—Risks Relating to Doing Business in China—We may not be able to obtain certain benefits under relevant tax treaty on dividends paid by our PRC subsidiaries to us through our Hong Kong subsidiary."

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 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, property, etc., of a non-PRC company is located." Based on a review of surrounding facts and circumstances, we do not believe that it is likely that our operations outside the PRC should be considered a resident enterprise for PRC tax purposes. If our holding company in the Cayman Islands or any of our subsidiaries outside China were deemed to be a "resident enterprise" under the EIT Law, it would be subject to enterprise income tax on its worldwide income at a rate of 25%. See "Risk Factors—Risks Relating to Doing Business in China—If we are classified as a PRC resident enterprise for PRC income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC shareholders or ADS holders."

Under the EIT Law, research and development expenses that have not formed intangible assets are included in the profit and loss account for the current year. Besides deducting the actual amount of research and development expenses incurred, according to the Notice on Raising the Ratio of Deduction of Research and Development Expenses effective on September 20, 2018, an enterprise is allowed an additional 75% deduction of the amount in calculating its taxable income for the relevant year. For research and development expenses that have formed intangible assets, the tax amortization is based on 175% of the costs of the intangible assets.

Dividends, interests, rent or royalties payable by our PRC subsidiaries, to non-PRC resident enterprises, and proceeds from any such non-resident enterprise investor's disposition of assets (after deducting the net value of

such assets) shall be subject to 10% withholding tax, unless the respective non-PRC resident enterprise's jurisdiction of incorporation has a tax treaty or arrangements with PRC that provides for a reduced withholding tax rate or an exemption from withholding tax.

Results of Operations

The following table sets forth a summary of our consolidated results of operations for the periods presented, both in absolute amounts and as percentages of our total revenues, for the periods presented. This information should be read together with our consolidated financial statements and related notes included elsewhere in this prospectus. The results of operations in any particular period are not necessarily indicative of our future trends.

	For the Year Ended December 31,					For the Six Months Ended June 30,				
	2017		2018			2018		2019		
	RMB	%	RMB	US$	%	RMB	%	RMB	US$	%
	(in thousands, except for percentage)									
Total revenues	**31,695**	**100.0**	**66,487**	**9,685**	**100.0**	**38,357**	**(100.0)**	**32,385**	**4,717**	**100.0**
Costs of revenues(1)	**(27,511)**	**(86.8)**	**(32,740)**	**(4,769)**	**(49.2)**	**(18,011)**	**(47.0)**	**(13,434)**	**(1,957)**	**(41.5)**
Gross profit	**4,184**	**13.2**	**33,747**	**4,916**	**50.8**	**20,346**	**53.0**	**18,951**	**2,760**	**58.5**
Operating expenses:										
Sales and marketing expenses(1)	(30,357)	(95.8)	(20,174)	(2,939)	(30.3)	(8,834)	(23.0)	(12,536)	(1,826)	(38.7)
General and administrative expenses(1)	(35,387)	(111.6)	(35,939)	(5,235)	(54.1)	(14,854)	(38.7)	(17,892)	(2,606)	(55.2)
Research and development expenses(1)	(68,669)	(216.7)	(60,276)	(8,780)	(90.7)	(28,015)	(73.0)	(27,576)	(4,017)	(85.2)
Total operating expenses	**(134,413)**	**(424.1)**	**(116,389)**	**(16,954)**	**(175.1)**	**(51,703)**	**(134.8)**	**(58,004)**	**(8,449)**	**(179.1)**
Other operating income	4,312	13.6	8,293	1,208	12.5	5,246	13.7	1,143	166	3.5
Operating loss	**(125,917)**	**(397.3)**	**(74,349)**	**(10,830)**	**(111.8)**	**(26,111)**	**(68.1)**	**(37,910)**	**(5,523)**	**(117.1)**
Other income/(expense):										
Interest income	174	0.5	1,057	154	1.6	603	1.6	496	72	1.5
Interest expenses	—	—	(564)	(82)	(0.8)	(178)	(0.5)	(299)	(44)	(0.9)
Foreign exchange gain/(loss)	440	1.4	70	10	0.1	(146)	(0.4)	36	5	0.1
Loss on deconsolidation of subsidiaries	(45)	(0.1)	—	—	—	—	—	—	—	—
Other income	44,113	139.2	1,690	246	2.5	35	0.1	153	22	0.5
Other expense	(156)	(0.5)	(8,129)	(1,185)	(12.2)	(18)	(0.0)	(26)	(4)	(0.1)
Total other income/(expense)	**44,526**	**140.5**	**(5,876)**	**(857)**	**(8.8)**	**296**	**0.8**	**360**	**51**	**1.1**
Loss before income tax and share of net loss from an equity investee	**(81,391)**	**(256.8)**	**(80,225)**	**(11,687)**	**(120.7)**	**(25,815)**	**(67.3)**	**(37,550)**	**(5,472)**	**(115.9)**
Income tax expenses	(5,184)	(16.4)	(76)	(11)	(0.1)	(576)	(1.5)	(78)	(11)	(0.2)

	For the Year Ended December 31,					For the Six Months Ended June 30,				
	2017		2018			2018		2019		
	RMB	%	RMB	US$	%	RMB	%	RMB	US$	%
	(in thousands, except for percentage)									
Loss before share of net loss from an equity investee	**(86,575)**	**(273.2)**	**(80,301)**	**(11,698)**	**(120.8)**	**(26,391)**	**(68.8)**	**(37,628)**	**(5,483)**	**(116.2)**
Share of net loss from an equity investee	—	—	(162)	(24)	(0.2)	(103)	(0.3)	(10)	(1)	(0.0)
Net loss	**(86,575)**	**(273.2)**	**(80,463)**	**(11,722)**	**(121.0)**	**(26,494)**	**(69.1)**	**(37,638)**	**(5,484)**	**(116.2)**

Note:
(1) Share-based compensation was allocated in operating expenses as follows:

	For the Year Ended December 31,			For the Six Months Ended June 30,		
	2017	2018		2018	2019	
	RMB	RMB	US$	RMB	RMB	US$
	(in thousands)					
Costs of revenues	1,024	707	103	350	294	43
Sales and marketing expenses	2,851	1,932	281	1,062	591	86
General and administrative expenses	16,400	11,606	1,691	5,785	5,675	827
Research and development expenses	11,889	8,055	1,173	4,277	3,352	488
Total	**32,164**	**22,300**	**3,248**	**11,474**	**9,912**	**1,444**

Six Months Ended June 30, 2019 Compared to Six Months Ended June 30, 2018

Revenues

Our total revenues decreased by 15.6% from RMB38.4 million in the six months ended June 30, 2018 to RMB32.4 million (US$4.7 million) in the six months ended June 30, 2019, primarily attributable to decreases in revenues from smart city management solutions and aerial media solutions, partially offset by a significant increase in revenues generated from air mobility solutions, our core business.

Revenues from air mobility solutions, our core business, significantly increased by 919.8% from RMB2.3 million in the six months ended June 30, 2018 to RMB23.9 million (US$3.5 million) in the six months ended June 30, 2019, as we continued to commercialize our passenger-grade AAVs and air mobility solutions. We sold 17 passenger-grade AAVs in the six months ended June 30, 2019, compared with three in the six months ended June 30, 2018.

Revenues from smart city management solutions decreased by 99.3% from RMB18.6 million in the six months ended June 30, 2018 to RMB124 thousand (US$18 thousand) in the six months ended June 30, 2019. We provided smart city management solutions in two major command-and-control center projects in the first half of 2018 but were not engaged in any such projects in the first half of 2019. As we provide smart city management solutions on a project basis with high individual transaction values, revenues from smart city management solutions may be more concentrated in certain years or periods, and therefore are subject to greater period-to-period fluctuations.

Revenues from aerial media solutions decreased by 53.3% from RMB16.6 million in the six months ended June 30, 2018 to RMB7.8 million (US$1.1 million) in the six months ended June 30, 2019, primarily due to the smaller average scale of our aerial media solution projects in the first half of 2019. One particularly large project in the first half of 2018 accounted for nearly half of our revenues from aerial media solutions during that period. The decrease in revenues was also in part due to increasing price competition in China's aerial media market.

Costs of revenues

Our costs of revenues decreased by 25.4% from RMB18.0 million in the six months ended June 30, 2018 to RMB13.4 million (US$2.0 million) in the six months ended June 30, 2019, primarily due to a substantial decrease in costs related to our smart city management solutions business, as we did not launch new command-and-control center development projects in the first half of 2019.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit decreased by 6.9% from RMB20.3 million in the six months ended June 30, 2018 to RMB19.0 million (US$2.8 million) in the six months ended June 30, 2019. Our gross profit margin increased from 53.0% in the six months ended June 30, 2018 to 58.5% in the six months ended June 30, 2019, primarily due to the rapid growth of our air mobility solutions business, which had a relatively high gross profit margin.

Operating expenses

Our operating expenses increased by 12.2% from RMB51.7 million in the six months ended June 30, 2018 to RMB58.0 million (US$8.4 million) in the six months ended June 30, 2019, primarily due to increases in sales and marketing expenses as well as general and administrative expenses.

Sales and marketing expenses. Sales and marketing expenses increased by 41.9% from RMB8.8 million in the six months ended June 30, 2018 to RMB12.5 million (US$1.8 million) in the six months ended June 30, 2019, primarily due to increases in advertising and promotion expenses, employee compensation and travel expenses related to our increased marketing efforts to promote our air mobility solutions globally.

General and administrative expenses. General and administrative expenses increased by 20.5% from RMB14.9 million in the six months ended June 30, 2018 to RMB17.9 million (US$2.6 million) in the six months ended June 30, 2019, primarily due to increases in employee compensation and travel expenses.

Research and development expenses. Research and development expenses decreased slightly by 1.6% from RMB28.0 million in the six months ended June 30, 2018 to RMB27.6 million (US$4.0 million) in the six months ended June 30, 2019.

Other operating income

Other operating income decreased by 78.2% from RMB5.2 million in the six months ended June 30, 2018 to RMB1.1 million (US$0.2 million) in the six months ended June 30, 2019, primarily due to a decrease in government subsidies.

Interest income

We recorded interest income of RMB496 thousand (US$72 thousand) in the six months ended June 30, 2019, compared with RMB603 thousand in the six months ended June 30, 2018, both of which consisted primarily of interest earned from our cash and cash equivalents and short-term investments.

Interest expenses

We recorded interest expenses of RMB299 thousand (US$44 thousand) in the six months ended June 30, 2019 and RMB178 thousand in the six months ended June 30, 2018, both of which were related to a bank loan and loans from third parties.

Income tax expenses

Our income tax expenses decreased from RMB576 thousand in the six months ended June 30, 2018 to RMB78 thousand (US$11 thousand) in the six months ended June 30, 2019. We did not have significant income tax expenses because most of our subsidiaries and consolidated affiliated entities were loss making in the six months ended June 30, 2018 and 2019.

Net loss

As a result of the foregoing, our net loss increased by 42.1% from RMB26.5 million in the six months ended June 30, 2018 to RMB37.6 million (US$5.5 million) in the six months ended June 30, 2019.

Year ended December 31, 2018 compared with year ended December 31, 2017

Revenues

Our total revenues increased by 109.8% from RMB31.7 million in 2017 to RMB66.5 million (US$9.7 million) in 2018, primarily attributable to the substantial increases in revenues generated from smart city management solutions and aerial media solutions.

Revenues from smart city management solutions significantly increased from RMB1.2 million in 2017 to RMB30.5 million (US$4.4 million) in 2018, primarily due to the significant revenues from two major command-and-control center development projects, one in Shaoguan and one in Lianyungang, which we started in 2018.

Revenues from aerial media solutions increased by 71.9% from RMB18.2 million in 2017 to RMB31.3 million (US$4.5 million) in 2018, primarily due to an increase in the number of aerial media performances from 19 in 2017 to 32 in 2018.

To a lesser extent, the increase in our revenues was also due to the increase in our passenger-grade AAV sales and provision of logistics services. We started generating revenues from logistics services in 2018 through our cooperation with Yonghui Group and other business partners.

The revenue increases described above were partially offset by a decrease in other revenues, mainly consumer drone sales, from RMB12.3 million in 2017 to RMB1.6 million (US$0.2 million) in 2018, as we continued to phase out this part of our business.

Costs of revenues

Our costs of revenues increased by 19.0% from RMB27.5 million in 2017 to RMB32.7 million (US$4.8 million) in 2018, primarily due to the substantial increase in costs related to our smart city management solutions, as we worked on two major development projects in 2018.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased significantly from RMB4.2 million in 2017 to RMB33.7 million (US$4.9 million) in 2018. Our gross profit margin increased from 13.2% in 2017 to 50.8% in 2018 primarily due to the gradual discontinuation of our loss-making consumer drone business and the rapid growth of our aerial media solutions business, which has a relatively high gross profit margin.

Operating expenses

Our operating expenses decreased by 13.4% from RMB134.4 million in 2017 to RMB116.4 million (US$17.0 million) in 2018, primarily due to the decreases in sales and marketing expenses as well as research and development expenses.

Sales and marketing expenses. Sales and marketing expenses decreased by 33.5% from RMB30.4 million in 2017 to RMB20.2 million (US$2.9 million) in 2018, primarily due to the reduction in sales and marketing expenses by our operating entities in the United States and Germany. These entities were primarily engaged in consumer drone sales. We closed down the operations of these entities by the end of 2017 as we shifted our strategic focus to passenger-grade AAVs and AAV commercial solutions.

General and administrative expenses. General and administrative expenses were largely stable, increasing by 1.6% from RMB35.4 million in 2017 to RMB35.9 million (US$5.2 million) in 2018.

Research and development expenses. Research and development expenses decreased by 12.2% from RMB68.7 million in 2017 to RMB60.3 million (US$8.8 million) in 2018 primarily because we incurred extra expenses in 2017 in relation to a customized chip design project that was contracted to a third-party development team.

Other operating income

Other operating income increased by 92.3% from RMB4.3 million in 2017 to RMB8.3 million (US$1.2 million) in 2018, primarily due to an increase in financial subsidies that we received from PRC local governments, particularly in connection with our research and development and other operating activities.

Interest income

We recorded interest income of RMB1.1 million (US$0.2 million) in 2018 and RMB0.2 million in 2017, both of which consisted primarily of interest earned from our cash and cash equivalents and short-term investments.

Interest expenses

We did not incur interest expenses in 2017. We recorded interest expenses of RMB0.6 million (US$0.08 million) in 2018, which were related to a bank loan and loans from third parties.

Other income

Other income decreased from RMB44.1 million in 2017 to RMB1.7 million (US$0.2 million) in 2018, because most of our other income in 2017 was derived from a series of facilitating services in the acquisition of the land use right from the Guangzhou government on behalf of a third-party buyer.

Other expenses

Other expenses increased from RMB0.2 million in 2017 to RMB8.1 million (US$1.2 million) in 2018, because we recorded a one-off impairment loss relating to an investment in 2018.

Income tax expenses

Our income tax expenses decreased from RMB5.2 million in 2017 to RMB76 thousand (US$11 thousand) in 2018. We did not have significant income tax expenses because most of our subsidiaries and consolidated

affiliated entities were loss making in 2017 and 2018. The income tax expenses in 2017 were primarily in connection with the withholding tax accrued for the facilitating services provided to a third party in connection with its acquisition of a certain land use right.

Net loss

As a result of the foregoing, our net loss decreased by 7.1% from RMB86.6 million in 2017 to RMB80.5 million (US$11.7 million) in 2018.

Liquidity and Capital Resources

Cash flows and working capital

We had net cash used in operating activities of RMB38.4 million and RMB43.4 million (US$6.3 million) in 2017 and 2018, respectively. We had net cash used in operating activities of RMB39.9 million (US$5.8 million) in the six months ended June 30, 2019. Our primary sources of liquidity have been proceeds from issuance of preferred share, customer advances and short-term bank borrowings. As of June 30, 2019, we had RMB60.2 million (US$8.8 million) in cash and cash equivalents, of which approximately 24% were held in Renminbi and the remainder was held in U.S. dollars and other currencies. Our cash and cash equivalents consist primarily of cash in bank and financial products, which are unrestricted as to withdrawal and use, and which have original maturities of three months or less.

We believe our cash on hand will be sufficient to meet our current and anticipated needs for general corporate purposes for at least the next 12 months. However, we may need additional cash resources in the future if we experience changes in business conditions or other developments, or if we pursue opportunities for investment, acquisition, capital expenditure or similar actions. If we determine that our cash requirements exceed the amount of cash we have on hand, we may seek to issue equity or equity linked securities or obtain debt financing. The issuance and sale of additional equity would result in further dilution to our shareholders. The incurrence of indebtedness would result in increased fixed obligations and could result in covenants that would restrict our operations. We cannot assure you that financing will be available in amounts or on terms acceptable to us, if at all. In utilizing the proceeds we expect to receive from this offering, we may make additional capital contributions to our PRC subsidiaries, establish new PRC subsidiaries and make capital contributions to these new PRC subsidiaries, make loans to our PRC subsidiaries, or acquire offshore entities with operations in China in offshore transactions. However, most of these uses are subject to PRC regulations. See “Risk Factors—Risks Relating to Doing Business in China—PRC regulation of loans to and direct investment in PRC entities by offshore holding companies and governmental control of currency conversion may delay or prevent us from using the proceeds of our offshore offerings to make loans to or make additional capital contributions to our PRC subsidiaries, our VIE and its subsidiaries, which could materially and adversely affect our liquidity and our ability to fund and expand our business” and “Use of Proceeds.”

A majority of our revenues have been, and we expect they are likely to continue to be, in the form of 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 PRC subsidiaries are allowed to pay dividends in foreign currencies to us without prior SAFE approval by following certain routine procedural requirements. However, current PRC regulations permit our PRC subsidiaries to pay dividends to us only out of its accumulated profits, if any, determined in accordance with Chinese accounting standards and regulations. Our PRC subsidiaries are required to set aside at least 10% of its after-tax profits after making up previous years’ accumulated losses each year, if any, to fund certain reserve funds until the total amount set aside reaches 50% of its registered capital. These reserves are not distributable as cash dividends. Historically, our PRC subsidiaries have not paid dividends to us, and it will not be able to pay

dividends until it generates accumulated profits. Furthermore, capital account transactions, which include foreign direct investment and loans, must be approved by and/or registered with SAFE, its local branches and certain local banks.

As a Cayman Islands exempted company and offshore holding company, we are permitted under PRC laws and regulations to provide funding to our PRC subsidiaries only through loans or capital contributions, subject to the approval of government authorities and limits on the amount of capital contributions and loans. This may delay us from using the proceeds from this offering to make loans or capital contributions to our PRC subsidiaries. We expect to invest substantially all of the proceeds from this offering into our PRC operations for research and development, selling and marketing, expanding production capacity and general corporate purposes within the business scopes of our PRC subsidiaries, our VIE and its subsidiaries. See "Risk Factors—Risks Relating to Doing Business in China—PRC regulation of loans to and direct investment in PRC entities by offshore holding companies and governmental control of currency conversion may delay or prevent us from using the proceeds of our offshore offerings to make loans to or make additional capital contributions to our PRC subsidiaries, our VIE and its subsidiaries, which could materially and adversely affect our liquidity and our ability to fund and expand our business."

The following table sets forth a summary of our cash flows for the periods presented:

	For The Year Ended December 31,			For the Six Months Ended June 30,		
	2017	2018		2018	2019	
	RMB	RMB	US$	RMB	RMB	US$
	(in thousands)					
Net cash used in operating activities	(38,432)	(43,410)	(6,324)	(29,169)	(39,891)	(5,811)
Net cash (used in)/provided by investing activities	(51,068)	25,751	3,751	9,615	(9,362)	(1,364)
Net cash provided by financing activities	34,300	16,000	2,331	15,000	47,436	6,910
Effect of exchange rate changes on cash and cash equivalents	7,677	1,723	251	586	451	66
Net (decrease)/increase in cash and cash equivalents	(47,523)	64	9	(3,968)	(1,366)	(199)
Cash and cash equivalents at the beginning of the year	108,978	61,455	8,952	61,455	61,519	8,961
Cash and cash equivalents at the end of the year	61,455	61,519	8,961	57,487	60,153	8,762

Operating activities

Net cash used in operating activities in the six months ended June 30, 2019 was RMB39.9 million (US$5.8 million). This amount was primarily attributable to net loss of RMB37.6 million (US$5.5 million), adjusted to add back certain non-cash expenses, principally share-based compensation of RMB9.9 million (US$1.4 million) and depreciation and amortization of RMB2.8 million (US$0.4 million), and further adjusted by a net increase of RMB14.8 million (US$2.1 million) in working capital that affected operating cash flows. The net increase in working capital was primarily attributable to an increase of RMB10.5 million (US$1.5 million) in accounts receivable, an increase of RMB4.8 million (US$0.7 million) in inventories, a decrease of RMB4.3 million (US$0.6 million) in advances from customer, and an increase of RMB2.0 million (US$0.3 million) in prepayments and other current assets, and partially offset by a decrease of RMB3.2 million (US$0.5 million) in cost and estimated earnings in excess of billings and an increase of RMB2.5 million (US$0.4 million) in accounts payable. The increases in accounts receivable, inventories, prepayments and other current assets and accounts payable were all primarily due to the growth of our air mobility solutions business. The decrease in customer advances was primarily due to our delivery of AAVs that were ordered in 2018. The decrease in cost and

estimated earnings in excess of billings was due to incremental billings made in connection with two completed smart city management projects.

Net cash used in operating activities in 2018 was RMB43.4 million (US$6.3 million). This amount was primarily attributable to net loss of RMB80.5 million (US$11.7 million), adjusted to add back certain non-cash expenses, principally share-based compensation of RMB22.3 million (US$3.2 million), one-time impairment loss relating to an investment of RMB8.0 million (US$1.2 million) and depreciation and amortization of RMB5.6 million (US$0.8 million), and further adjusted by a net decrease of RMB0.7 million (US$0.1 million) in working capital that affected operating cash flows. The net decrease in working capital was primarily attributable to a decrease of RMB7.3 million (US$1.1 million) in prepayments and other current assets, an increase of RMB6.0 million (US$0.9 million) in accrued expenses and other liabilities, and an increase of RMB4.7 million (US$0.7 million) in customer advances, and partially offset by an increase of RMB18.4 million (US$2.7 million) in cost and estimated earnings in excess of billings. The increases in cost and estimated earnings in excess of billings, accrued expenses and other liabilities, and customer advances were all primarily due to the growth of our business. The decrease in prepayments and other current assets was primarily due to the refund of recoverable value-added taxes from tax authorities.

Net cash used in operating activities in 2017 was RMB38.4 million. This amount was primarily attributable to net loss of RMB86.6 million, adjusted to add back certain non-cash expenses, principally share-based compensation of RMB32.2 million and depreciation and amortization of RMB4.4 million, and further adjusted by a net decrease of RMB14.1 million in working capital that affected operating cash flows. The net decrease in working capital was primarily attributable to a decrease of RMB25.6 million in inventories, a decrease of RMB7.3 million in prepayments and other current assets, and an increase of RMB4.9 million in unrecognized tax benefit, partially offset by a decrease of RMB18.4 million in accounts payable and a decrease of RMB8.8 million in accrued expenses and other liabilities. The decreases in inventories, prepayments and other current assets, accounts payable, and accrued expenses and other liabilities were all primarily due to the gradual discontinuation of our consumer drone business. The increase in unrecognized tax benefit was due to accrued withholding taxes for services we provided to a third party in its acquisition of certain land use right in 2017.

Investing activities

Net cash used in investing activities in the six months ended June 30, 2019 was RMB9.4 million (US$1.4 million), consisting of net purchase of short-term investments of RMB8.5 million (US$1.2 million) and purchase of property, plant and equipment of RMB0.9 million (US$0.1 million).

Net cash provided by investing activities in 2018 was RMB25.8 million (US$3.8 million), consisting primarily of proceeds from short-term investments on maturity, net of new purchase of short-term investments, of RMB39.0 million (US$5.7 million), partially offset by an investment as passive investor of RMB8.0 million (US$1.2 million) and purchase of property and equipment of RMB4.9 million (US$0.7 million).

Net cash used in investing activities in 2017 was RMB51.1 million, consisting of net purchase of short-term investments of RMB39.0 million and purchase of property and equipment of RMB11.8 million.

Financing activities

Net cash provided by financing activities in the six months ended June 30, 2019 was RMB47.4 million (US$6.9 million), all attributable to proceeds from issuance of series C redeemable convertible preferred shares in February 2019.

Net cash provided by financing activities in 2018 was RMB16.0 million (US$2.3 million), attributable to net proceeds from loans from third parties of RMB7.0 million (US$1.0 million), proceeds from a short-term bank

loan of RMB5.0 million (US$0.7 million) and issuance of a subsidiary's shares to a non-controlling interest holder of RMB4.0 million (US$0.6 million).

Net cash provided by financing activities in 2017 was RMB34.3 million, all attributable to proceeds from issuance of redeemable and convertible preferred shares.

Capital expenditures

Our capital expenditures were RMB11.8 million and RMB5.2 million (US$0.8 million) in 2017 and 2018, respectively, and were RMB2.9 million and RMB0.9 million (US$0.1 million) in the six months ended June 30, 2018 and 2019, respectively. They were mainly used for the purchase of property and equipment for the research and development of our AAV products, as well as our operating systems and infrastructure. We plan to fund our future capital expenditures with our existing cash balance and proceeds from this offering. We will continue to make capital expenditures to meet the expected growth of our business, including for improvement and installation of equipment at our own manufacturing facility in Guangzhou, for research and development and the expansion of our sales.

Borrowing

In March 2018, China Construction Bank extended us a short-term unsecured loan in total amount of RMB5.0 million with annual interest rate of 5.87%. The loan is guaranteed by our director, Mr. Huazhi Hu, and his spouse. As of June 30, 2019, the outstanding loan amount was RMB5.0 million (US$0.7 million).

Contractual obligations

The following table sets forth our contractual obligations as of December 31, 2018:

	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
			(in RMB thousands)		
Operating lease commitments	13,030	7,479	4,774	777	—

Our operating lease commitments relate to our leases of offices for business operation. We lease offices under non-cancelable operating lease arrangements with initial terms in excess of one year.

As disclosed in our consolidated financial statements included elsewhere in this prospectus, we recognized unrecognized tax benefits. The final outcome of the tax uncertainty is dependent upon various matters including tax examinations, interpretation of tax laws or expiration of statutes of limitation. However, due to the uncertainties associated with the status of examinations, including the protocols of finalizing audits by the relevant tax authorities, there is a high degree of uncertainty regarding the future cash outflows associated with these tax uncertainties.

Other than as shown above, we did not have any significant capital and other commitments, long-term obligations or guarantees as of December 31, 2018.

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.

Internal Control Over Financial Reporting

Prior to this offering, we have been a private company with limited accounting and financial reporting personnel and other resources to address our internal controls and procedures. In connection with the audits of our consolidated financial statements as of and for the years ended December 31, 2017 and 2018, we and our independent registered public accounting firm identified two material weaknesses in our internal control over financial reporting. As defined in the standards established by the Public Company Accounting Oversight Board of the United States, 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 the company's annual or interim financial statements will not be prevented or detected on a timely basis.

The material weaknesses that have been identified relate to our lack of sufficient accounting and financial reporting personnel with requisite knowledge and experience in application of United States generally accepted accounting principles and Securities and Exchange Commission rules, and lack of financial reporting policies and procedures that are commensurate with U.S. GAAP and SEC reporting and compliance requirements.

We are in the process of implementing a number of measures to address these material weaknesses identified, including (i) hiring additional accounting and financial reporting personnel with U.S. GAAP and SEC reporting experience, (ii) expanding the capabilities of existing accounting and financial reporting personnel through continuous training and education in the accounting and reporting requirements under U.S. GAAP, and SEC rules and regulations, (iii) developing, communicating and implementing an accounting policy manual for our accounting and financial reporting personnel for recurring transactions and period-end closing processes, and (iv) establishing effective monitoring and oversight controls for non-recurring and complex transactions to ensure the accuracy and completeness of the Company's consolidated financial statements and related disclosures. See "Risk Factors—Risks Relating to Our Business—If we fail to implement and maintain an effective system of internal controls to remediate our material weaknesses over financial reporting, we may be unable to accurately report our results of operations, meet our reporting obligations or prevent fraud, and investor confidence and the market price of the ADSs may be materially and adversely affected."

As a company with less than US$1.07 billion in revenue for our last fiscal year, we qualify as an "emerging growth company" pursuant to the JOBS Act. An emerging growth company may take advantage of specified reduced reporting and other requirements that are otherwise applicable generally to public companies. These provisions include exemption from the auditor attestation requirement under Section 404 of the Sarbanes-Oxley Act of 2002 in the assessment of the emerging growth company's internal control over financial reporting. 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. We will not "opt out" of such exemptions afforded to an emerging growth company.

Holding Company Structure

Our Company, EHang, is a holding company with no material operations of its own. We conduct our operations primarily through our WFOE, our VIE and their respective subsidiaries in China. As a result, EHang's ability to pay dividends depends upon dividends paid by our WFOE. If our WFOE or any newly formed PRC subsidiaries 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 subsidiary in China is permitted to pay dividends to us only out of its retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. Under PRC law, each of our WFOE, our VIE and their respective subsidiaries in China is required to set aside at least 10% of its after-tax profits each year, if any, to contribute to certain statutory reserve funds until the cumulative amount of such reserve funds reaches 50% of its registered capital. As of June 30, 2019, the total registered capital of our WFOE, our VIE and their respective subsidiaries in China amounted to RMB590.8 million (US$85.9 million), implying a maximum total amount of RMB295.4 million

(US$43.0 million) in statutory reserve funds to be set aside from their after-tax profits, if any. Our WFOE, our VIE and their respective subsidiaries in China had set aside a cumulative amount of RMB485 thousand (US$71 thousand) for such statutory reserve funds as of June 30, 2019. We believe that setting aside such additional amount will not have a material adverse impact on our business or liquidity because (i) a company is not required to set aside any amount for its statutory reserve fund until it has positive after-tax profits; (ii) the amount to be set aside annually is only 10% of a company's after-tax profits, if any, and (iii) pursuant to the PRC Company Law, the statutory reserve funds can be used for offsetting a company's losses, expanding its business operations and increasing its capital. In addition, our wholly foreign-owned subsidiary in China may allocate a portion of its after-tax profits based on PRC accounting standards to enterprise expansion funds and staff bonus and welfare funds at its discretion, and our VIE may allocate a portion of its after-tax profits based on PRC accounting standards to a surplus fund at its discretion. The statutory reserve funds and the discretionary funds are not distributable as cash dividends. Remittance of dividends by a wholly foreign-owned company out of China is subject to examination by the banks designated by SAFE. Our WFOE has not paid dividends and will not be able to pay dividends until it generates accumulated profits and meets the requirements for statutory reserve funds.

Quantitative and Qualitative Disclosures about Market Risk

Foreign currency exchange rate risk

As of June 30, 2019, a majority of our revenues and expenses were denominated in RMB. We expect that in the future a substantial portion of our revenues will be denominated in foreign currencies as our business and operations expand in overseas markets. As a result, we are exposed to increased foreign exchange risks for U.S. dollar and other currencies. In addition, the value of your investment in the ADSs will be affected by the exchange rate between U.S. dollar and Renminbi because the value of our business is effectively denominated in RMB, while the ADSs will be traded in U.S. dollars.

The value of Renminbi against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in political and economic conditions and the foreign exchange policy adopted by the PRC government. On July 21, 2005, the PRC government changed its policy of pegging the value of the Renminbi to the U.S. dollar. Following the removal of the U.S. dollar peg, the Renminbi appreciated more than 20% against the U.S. dollar over the following three years. Between July 2008 and June 2010, this appreciation halted and the exchange rate between the Renminbi and the U.S. dollar remained within a narrow band. Since June 2010, the PRC government has allowed the Renminbi to appreciate slowly against the U.S. dollar again, and it has appreciated more than 10% since June 2010. On August 11, 2015, the People's Bank of China announced plans to improve the central parity rate of the Renminbi against the U.S. dollar by authorizing market-makers to provide parity to the China Foreign Exchange Trading Center operated by the People's Bank of China with reference to the interbank foreign exchange market closing rate of the previous day, the supply and demand for foreign currencies as well as changes in exchange rates of major international currencies. Effective from October 1, 2016, the International Monetary Fund added Renminbi to its Special Drawing Rights currency basket. Such change and additional future changes may increase volatility in the trading value of the Renminbi against foreign currencies. The PRC government may adopt further reforms of its exchange rate system, including making the Renminbi freely convertible in the future. Accordingly, it is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between Renminbi and the U.S. dollar in the future.

To the extent that we need to convert U.S. dollars into Renminbi for our operations, appreciation of Renminbi against the U.S. dollar would reduce 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, servicing our outstanding debt, or for other business purposes, appreciation of the U.S. dollar against the Renminbi would reduce the U.S. dollar amounts available to us.

We estimate that we will receive net proceeds of approximately US$ million from this offering if the underwriters do not exercise their option to purchase additional ADSs, after deducting underwriting discounts

and commissions and the estimated offering expenses payable by us, based on underwriting discounts and commissions and the estimated offering expenses payable by us, based on the initial offering price of US$ per ADS. Assuming that we convert the full amount of the net proceeds from this offering into Renminbi, a 10% appreciation of the U.S. dollar against Renminbi, from the exchange rate of RMB6.8650 for US$1.00 as of June 28, 2019 to a rate of RMB7.5515 for US$1.00, would result in an increase of RMB million in our net proceeds from this offering. Conversely, a 10% depreciation of the U.S. dollar against the RMB, from the exchange rate of RMB6.8650 for US$1.00 as of June 28, 2019 to a rate of RMB6.1785 to US$1.00 would result in a decrease of RMB million in our net proceeds from this offering.

Interest rate risk

We have not been exposed to material risks due to changes in interest rates, and we have not used any derivative financial instruments to manage our interest risk exposure.

After completion of this offering, we may invest the net proceeds we receive from the offering 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.

Inflation

Since our inception, inflation in China has not materially affected our results of operations. According to the National Bureau of Statistics of China, the year-over-year percent changes in the consumer price index for December 2017 and 2018 and June 2019 were increases of 1.8%, 1.9% and 2.7%, respectively. Although we have not been materially affected by inflation in the past, we may be affected if China experiences higher rates of inflation in the future.

Seasonality

Because of our rapid growth, our business has not experienced any clear pattern of seasonality thus far. We may, however, experience more pronounced seasonality in the future.

Critical Accounting Policies

We prepare our consolidated 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 estimates and assumptions.

The following descriptions of critical accounting policies, judgments and estimates should be read in conjunction with our consolidated financial statements and other disclosures included in this prospectus. The selection of critical accounting policies, the judgments and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in conditions and assumptions are factors that should be considered when reviewing our financial statements. We believe the following accounting policies involve the most significant judgments and estimates used in the preparation of our financial statements.

Consolidation of variable interest equity

The consolidated financial statements include the financial statements of our company, our subsidiaries, the VIE and the subsidiaries of the VIE. All significant inter-company transactions and balances between our

company, our PRC subsidiaries, the VIE and the subsidiaries of the VIE have been eliminated upon consolidation. We have conducted a substantial portion of our business in China through our VIE, EHang GZ and its subsidiaries. We have effective control of our VIE through a series of contractual arrangements, including exclusive option agreements, share pledge agreements, exclusive consulting and service agreement, loan agreement, power of attorney and shareholders voting proxy, and their supplemental agreements.

Pursuant to the power of attorney entered into between the shareholders of the VIE, the VIE and our WFOE, each of the shareholders of the VIE authorized the WFOE to act on behalf of the shareholders of the VIE as our exclusive agent and attorney with respect to all matters concerning the VIE's equity interests, including but not limited to: (i) attend shareholders' meetings of the VIE; (ii) exercise all the shareholders' rights, including voting rights; and (iii) designate and appoint the senior management members of the VIE.

The proxy is irrevocable and continuously valid from the date of execution. Our WFOE is entitled to re-authorize or assign its rights related to the equity interest to any other person or entity at its own discretion and without giving prior notice to the shareholders of the VIE or obtaining their consents. In 2019, our WFOE reassigned its rights under the power of attorney to us.

As a result, we treat the VIE and its subsidiaries as our consolidated affiliated entities under U.S. GAAP and consolidated the financial results of the VIE and its respective subsidiaries in our consolidated financial statements accordingly. Revenues generated by the VIE and its subsidiaries accounted for approximately 74.9% and 95.4% of our consolidated total, for which we are the primary beneficiary, revenues for the years ended December 31, 2017 and 2018, respectively. Revenues generated by the VIE and its subsidiaries, of which we are the primary beneficiary, accounted for approximately 93.9% and 24.7% of our consolidated total, revenues for the six months ended June 30, 2018 and 2019, respectively.

Any changes in PRC laws and regulations that affect our ability to control the VIE might preclude us from consolidating the entity in the future. We will continually evaluate whether we are the primary beneficiary of our VIE as facts and circumstances change.

Revenue recognition

Our revenues are primarily derived from the sale of AAVs and related commercial solutions, mainly including air mobility solutions, smart city management solutions, and aerial media solutions. Revenue is recognized only when the price is fixed or determinable, persuasive evidence of an arrangement exists, the service is performed or the good is delivered and collectability of the related fee is reasonably assured under ASC 605-10 ("ASC 605-10"), *Revenue Recognition: Overall*.

For arrangements that involve multiple elements of both products and services, we evaluate at the inception of the arrangement whether the individual deliverables qualify as separate units of accounting.

In order to treat deliverables in a multiple deliverable arrangement as separate units of accounting, the deliverables must have standalone value to the customer. For each unit of accounting, we allocate arrangement consideration based on the selling price for each unit of account in accordance with ASC 605-25 ("ASC 605-25"), Revenue Recognition: Multiple-Element Arrangements. The allocation of selling price among the separate units of accounting may impact the timing of revenue recognition, but will not change the total revenue recognized on the arrangement. We establish the selling price used for each deliverable based on the vendor-specific objective evidence ("VSOE") of selling price, or third-party evidence ("TPE") of selling price if VSOE of selling price is not available, or best estimate of selling price ("BESP") if neither VSOE nor TPE of selling price is available. The customers do not have general right of returns on the delivered items.

We do not separately bill our customers for shipping and handling fees and charges. We elect to record the costs incurred for shipping and handling in sales and marketing expenses in our consolidated statements of

comprehensive loss. Such costs were not significant for the years ended December 31, 2017 and 2018, and for the six months ended June 30, 2018 and 2019.

Air mobility solutions

We recognize passenger-grade AAVs sales based on firm customer orders with fixed terms and conditions, including price, net of discounts, if any. We recognize revenue when delivery has occurred and collectability is determined to be reasonably assured. We determined that delivery has occurred when the goods are delivered to the customers and we receive acknowledgement of receipts. We further determined that collectability is reasonably assured by performing an assessment of credibility of our customers based on their past payment records or operating results, if applicable. We generally do not provide our customers with any price protection and only provide the right of return for defective goods in connection with our warranty policy.

Smart city management solutions

Revenues generated from designing, building, and delivering customized integrated command-and-control centers are recognized over the contractual terms based on the percentage of completion method. The contracts for designing, building and delivering customized integrated command-and-control centers are legally enforceable and binding agreements between us and customers. The duration of contracts depends on the contract size and ranges from six months to one year, excluding the warranty period. In accordance with ASC 605-35 ("ASC 605-35"), *Revenue Recognition—Construction-Type and Production-Type Contracts*, recognition is based on an estimate of the income earned to date, less income recognized in earlier periods. Extent of progress toward completion is measured using the cost-to-cost method where the progress (the percentage-of-completion) is determined by dividing costs incurred to date by the total amount of costs expected to be incurred for the command-and-control center contract. Revisions in the estimated total costs of command-and-control center contracts are made in the period in which the circumstances requiring the revision become known. Provisions, if any, are made in the period when anticipated losses become evident on uncompleted contracts.

We review and update the estimated total costs of command-and-control center contracts periodically. We account for revisions to contract revenue and estimated total costs of command-and-control center contracts, including the impact due to approved change orders, in the period in which the facts that cause the revision become known as changes in estimates. Unapproved change orders are considered claims. Claims are recognized only when they have been awarded by customers.

Aerial media solutions

We generate revenue by providing aerial media performance services which allow multiple smart control-based UAVs to demonstrate and transform their formation to display diversified messages and images in specific airspace, that is tailor made based on different branding or advertising requirements. We use self-produced drones and customizes the fleet formation performances based on customer's needs and availability of airspace approval in the area. The performance is usually completed within a day and revenue is recognized when the service is delivered.

Others

We generate other revenues mainly from stand-alone sales of consumer drones and their components and spare parts. Revenues are recognized when the consumer drones are delivered and the title and risk of the drones have been transferred to the customers. We started to phase out the consumer drone business in late 2016.

Income taxes

We follow the liability method of accounting for income taxes in accordance with ASC 740 ("ASC 740"), *Income Taxes*. Under this method, deferred tax assets and liabilities are determined based on the difference

between the financial reporting and tax bases of assets and liabilities using enacted tax rates that will be in effect in the period in which the differences are expected to reverse. We record a valuation allowance to offset deferred tax assets if based on the weight of available evidence, it is more-likely-than-not that some portion, or all, of the deferred tax assets will not be realized. The effect on deferred taxes of a change in tax rate is recognized in tax expense in the period that includes the enactment date of the change in tax rate.

We accounted for uncertainties in income taxes in accordance with ASC 740. Interest and penalties arising from underpayment of income taxes shall be computed in accordance with the related PRC tax law. The amount of interest expense is computed by applying the applicable statutory rate of interest to the difference between the tax position recognized and the amount previously taken or expected to be taken in a tax return. Interest and penalties recognized in accordance with ASC 740 are classified in the consolidated statements of comprehensive loss as income tax expense.

Share-based compensation

We apply ASC 718 ("ASC 718"), *Compensation—Stock Compensation* to account for our employee share-based payments. In accordance with ASC 718, we determine whether an award should be classified and accounted for as a liability award or an equity award. All of our share-based awards granted to employees are restricted share units and classified as equity awards.

We have elected to recognize compensation expense using the straight-line method for share-based awards granted with service conditions that have a graded vesting schedule. We, with the assistance of an independent third party valuation firm, determined the grant date fair value of the restricted share unit using an income approach. We early adopted Accounting Standard Update ("ASU") ASU 2016-09—*Compensation—Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting* on January 1, 2017 and elected to account for forfeitures as they occur. There was no material cumulative-effect adjustment to opening retained earnings.

We adopted the 2015 Plan that was approved by the board of directors. Under the 2015 Plan, the aggregate number of ordinary shares that may be issued pursuant to all share-based awards (including restricted shares, restricted share units and share options) is 8,867,053 ordinary shares and can be increased up to a number that is equal to 15% of the then total outstanding shares on a fully diluted basis at the discretion of our board of directors.

Our board of directors granted a total of 7,737,335 restricted share unit to our employees under the 2015 Plan and no awards were subsequently granted in 2017 and 2018. The RSUs are subject to service conditions and vest over a four-year period starting from an individual's employment date.

The following table sets forth the information relating to the restricted share units unvested in the years ended December 31, 2017 and 2018 and the six months ended June 30, 2019:

	Number of restricted share units	Weighted-average fair value on grant date (US$)
Year ended December 31, 2017	3,197,626	2.0941
Year ended December 31, 2018	1,557,176	2.0941
Six months ended June 30, 2019	938,876	2.0941

Share based compensation expenses recognized for restricted share units for the years ended December 31, 2017 and 2018 were RMB32.2 million and RMB22.3 million (US$3.2 million), respectively. Share based compensation expenses recognized for restricted share units for the six months ended June 30, 2018 and 2019

were RMB11.5 million and RMB9.9 million (US$1.4 million), respectively. The total fair value of restricted share units vested during the years ended December 31, 2017 and 2018 was US$4.8 million and US$3.3 million, respectively. The total fair value of restricted share units vested during the six months ended June 30, 2018 and 2019 was US$1.7 million and US$1.4 million, respectively. As of June 30, 2019, there was RMB3.2 million (US$0.5 million) of unrecognized share based compensation cost related to restricted share units which is expected to be recognized over a weighted average vesting period of 0.31 years.

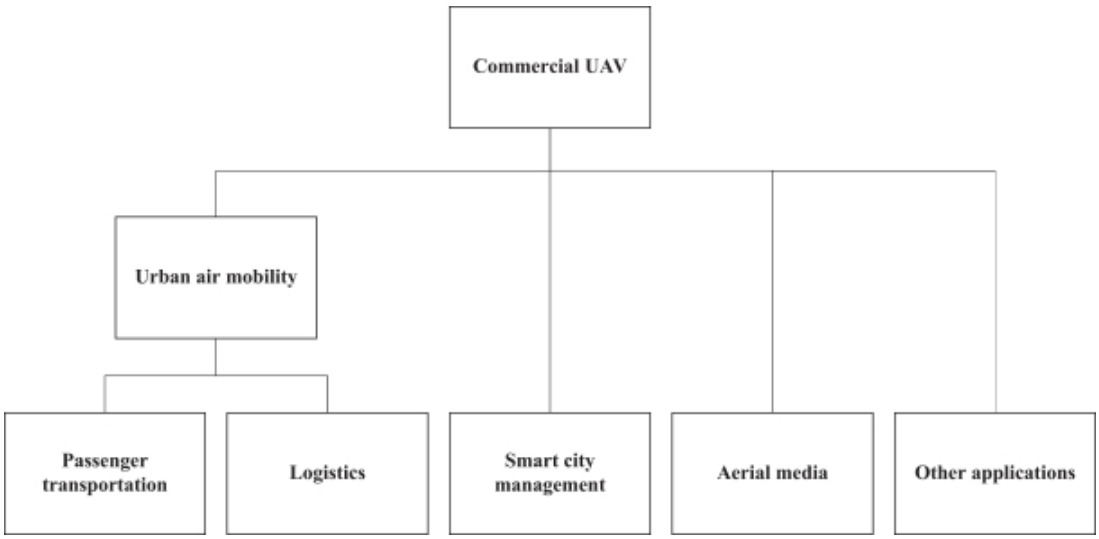
Recently Issued Accounting Pronouncements

A list of recently issued accounting pronouncements that are relevant to us is included in Note 2 to our consolidated financial statements included elsewhere in this prospectus.

INDUSTRY

Overview of Commercial UAV Market

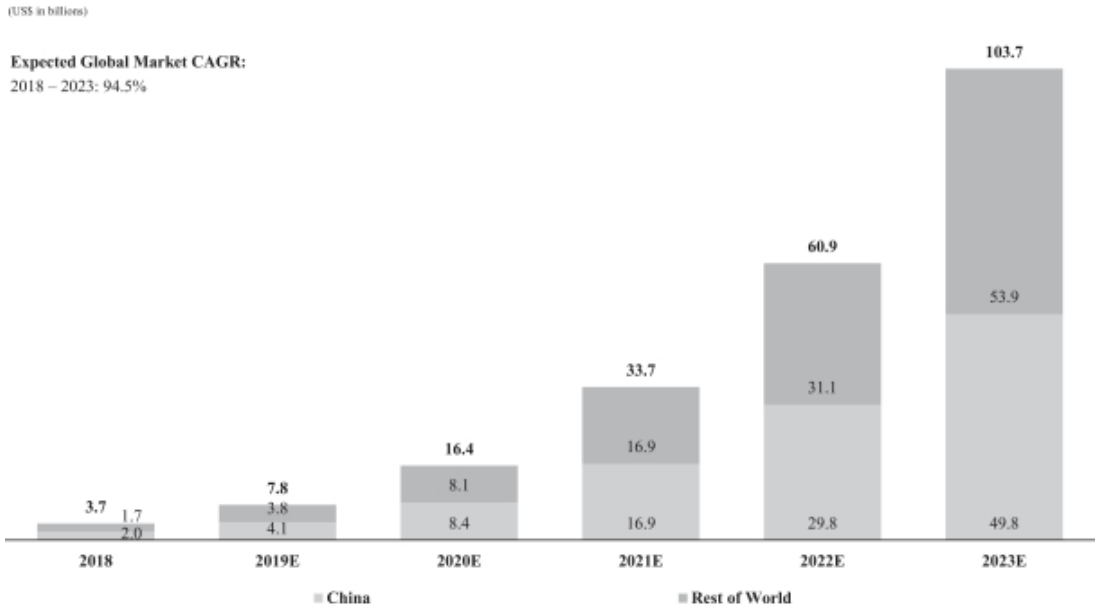
A UAV is an aircraft without a human pilot aboard. Commercial uses for UAVs include urban air mobility, smart city management, aerial media and other applications, such as inspection services for agriculture and the oil and gas industry. The diagram below illustrates the different categories of commercial uses for UAVs:



Most UAVs are ground-piloted by human operators, but the push for UAVs to fulfill large commercial scale applications has led to the development of AAVs, autonomous UAVs that fly by autopilot or are remotely controlled by computers beyond the visual line of sight, using autopilot and flight control systems, deep learning based object detection systems, advanced artificial intelligence algorithms and other technologies.

According to Frost & Sullivan, the global commercial UAV market was US$3.7 billion in 2018 and is expected to grow to US$103.7 billion in 2023, representing a CAGR of 95%. China is leading the commercial UAV market and is expected to account for 48% of the global market in 2023. The chart below sets forth the commercial UAV market size for China and the rest of the world:

Commercial UAV Market Size



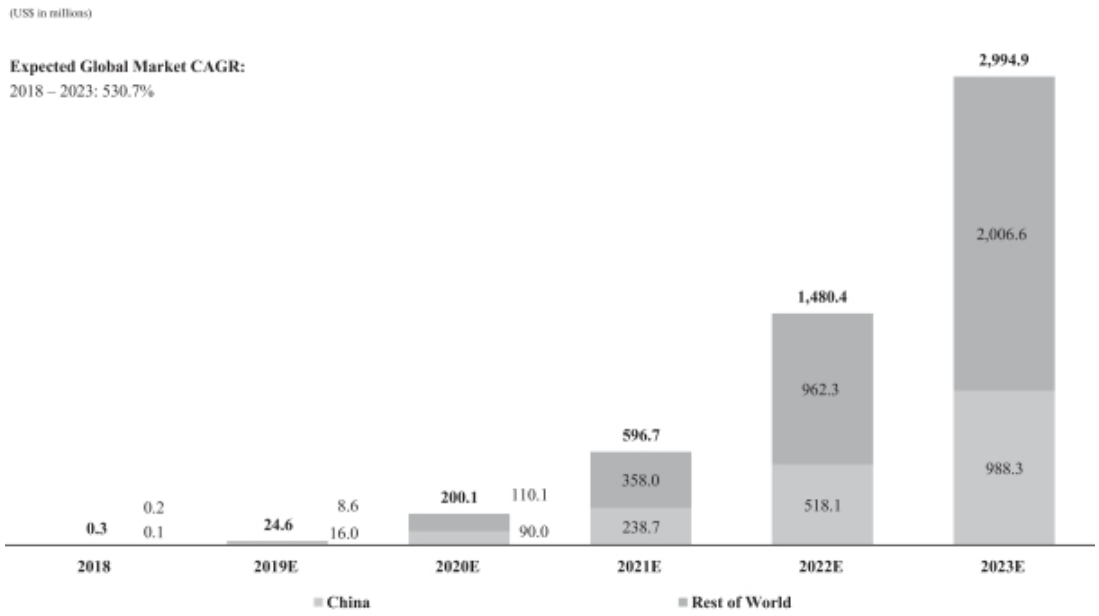
Urban Air Mobility

Urban air mobility is an emerging form of air transportation service that uses UAVs to provide passenger transportation and logistics services in low-altitude airspace within or around an urban area.

Passenger Transportation

Passenger-grade AAVs have the potential to provide an alternate, fast, safe, efficient and environmentally-friendly means of transportation, particularly for short- to medium-distance travel. According to Frost & Sullivan, the global passenger urban air mobility market is expected to grow at a CAGR of 531% from US$0.3 million in 2018 to US$3.0 billion in 2023. Passenger-grade AAVs are expected to be used in a wide variety of scenarios, such as daily commuting, sightseeing, search and rescue, and emergency and disaster response.

Global Passenger Urban Air Mobility Market Size(1)



Note:

(1) Includes the sale of hardware and supporting software, and the provision of passenger-grade AAV related services.

The key drivers for the future growth of the passenger urban air mobility market include:

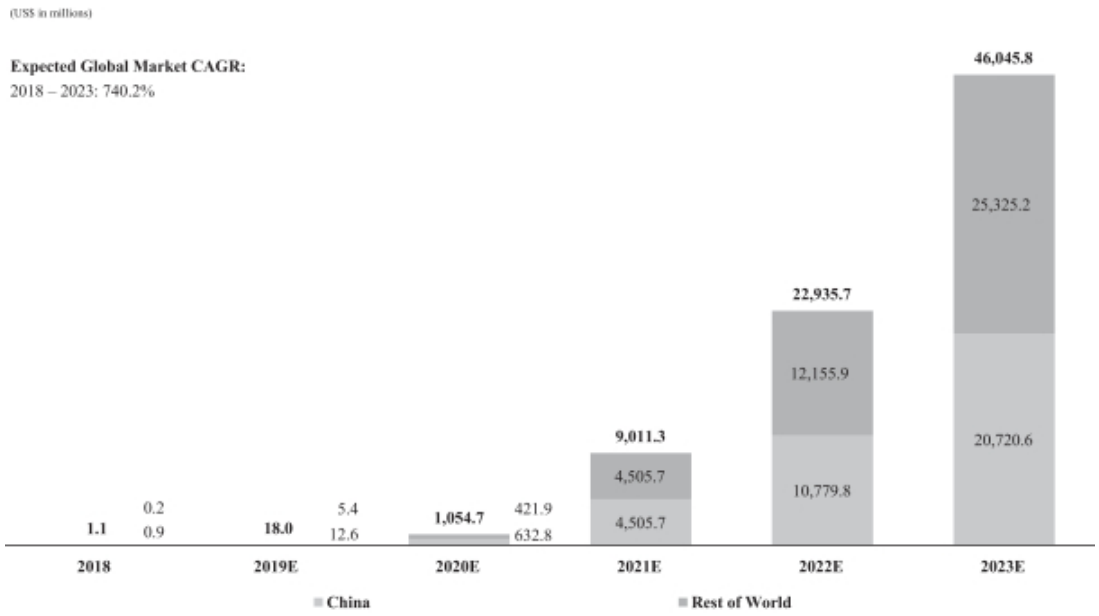
- Increasing traffic congestion;
- Advancement of technologies in aviation and battery;
- Increasing public acceptance of urban air mobility;
- Developing telecommunication and ground infrastructure; and
- Increasing public awareness of environmental protection.

Logistics

UAVs are ideal for short- to medium-distance logistics delivery and potentially long-haul transportation. The logistics urban air mobility market is at a nascent stage, with several companies having successfully completed their first pilot delivery programs. With rising labor costs related to ground transportation and the continued advancement in AAV technology, logistics solutions based on AAVs are expected to become more popular in the future.

According to Frost & Sullivan, the global logistics urban air mobility market is expected to reach US$46.0 billion by 2023 and China is projected to be the largest logistics urban air mobility market in the world in 2023, accounting for 45% of the global logistics UAV market.

Logistics Urban Air Mobility Market Size



The key drivers of the logistics urban air mobility market include:

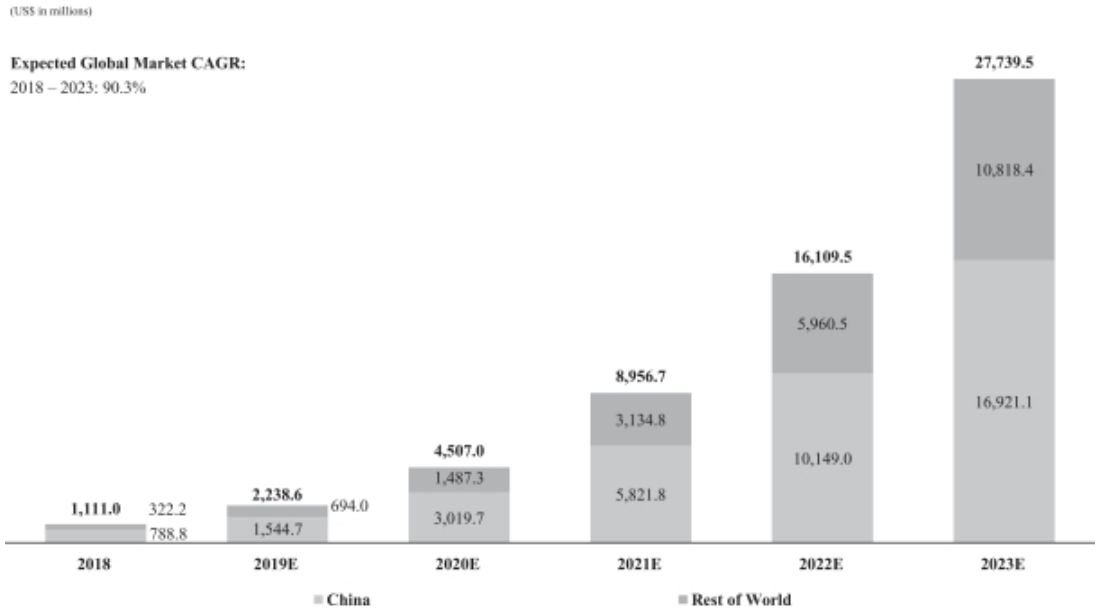
- Growing prevalence of e-commerce;
- Unmet logistics demands in remote areas;
- Technological upgrades in key components and control systems;
- Increasing traffic congestion; and
- Developing telecommunication and ground infrastructure support.

Smart City Management Solutions

UAVs can be deployed to perform various tasks in city management. Governments in China and overseas have applied UAVs in fire control, environmental monitoring, power line inspection, traffic management and others. As technology continues to advance, UAVs are expected to have broader applications in city management.

According to Frost & Sullivan, the market size of UAV-based smart city management solutions in China is expected to increase from US$788.8 million in 2018 to US$16.9 billion in 2023, and the corresponding global market size is expected to increase from US$1.1 billion in 2018 to US$27.7 billion 2023, representing a CAGR of 90%.

Smart City Management Market Size



The growth of the smart city management solutions market is mainly driven by the following factors:

- Increasing demand for higher-quality public services;
- Governmental cost-saving and efficiency initiatives; and
- Continuous technological upgrades in internet of things, or IoT, cloud computing, battery technology, calculation speed of chips, intelligent sensors, embedded software and smart recognition technology, among others.

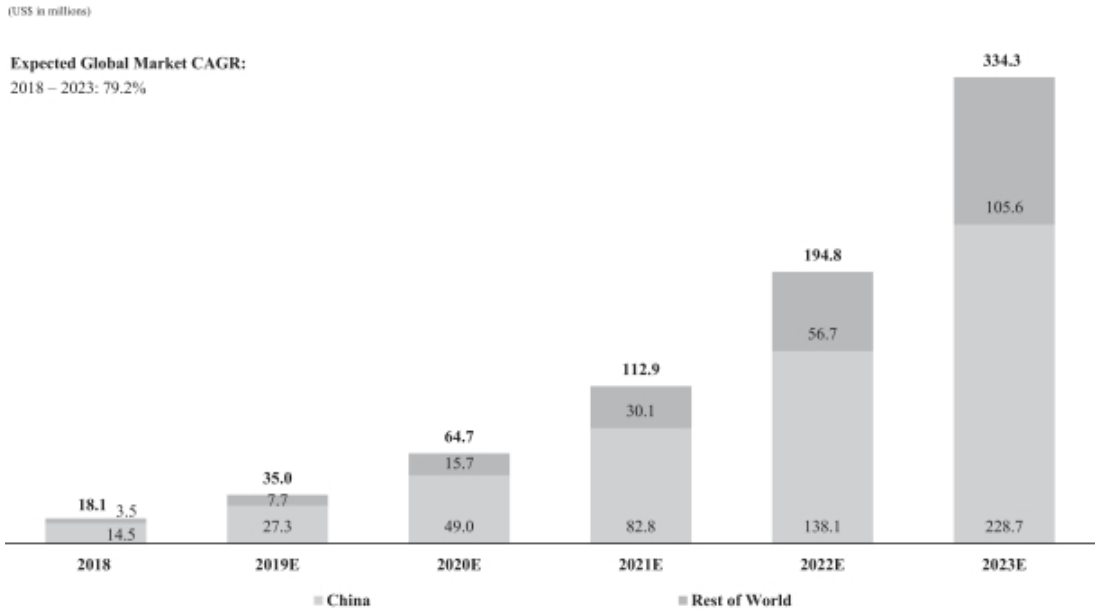
Governments have shown growing demand for more automated, one-stop solutions that integrate UAV applications in various public services, enabling centralized management, cost reduction and higher operating efficiency.

Aerial Media Solutions

Aerial media solutions, also known as fleet formation performances, refer to using large fleets of light-emitting UAVs, to create dynamic 2D or 3D choreographed light shows in the sky. Aerial media is an innovative way of delivering original advertising and entertainment with minimal environmental impact. Aerial media has been used in advertisements and large-scale celebratory events. Compared to traditional firework performances, aerial media is more original, versatile and environmentally friendly.

The aerial media solutions market is expanding rapidly, especially in China. According to Frost & Sullivan, the global aerial media solutions market reached US$18.1 million in 2018 and is expected to increase to US$334.3 million in 2023, representing a CAGR of 79%. China is expected to account for 68.4% of the global aerial media solutions market in 2023.

Aerial Media Solutions Market Size



The growth of the aerial media solutions market is mainly driven by the following factors:

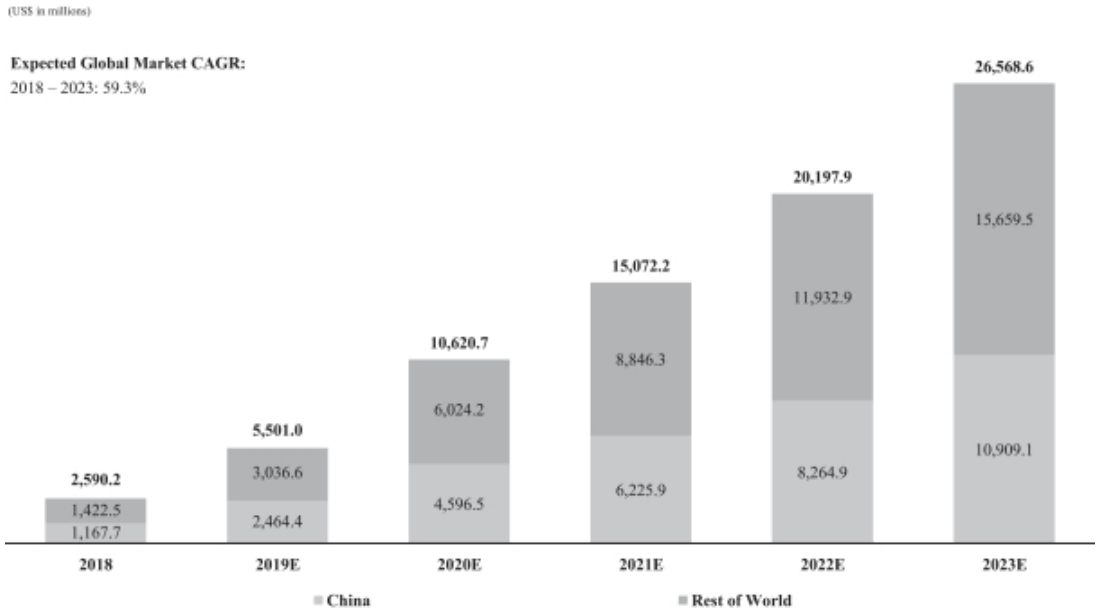
- Continued advancement in UAV technologies that enable complex, large-scale UAV fleet formations;
- Growing public environmental awareness; and
- Demands for more innovative, novel, impactful form of advertisement and entertainment.

Aerial media solutions require advanced technology, particularly on the capability to program and control a large fleet of UAVs simultaneously. Other core technological requirements for aerial media solutions include precise positioning, safety mechanisms, diverse formation patterns, electronic fences, communication redundancy, remote control and battery life.

Other Applications

Commercial UAVs have a variety of other potential applications that will continue to expand as technology advances. Some of the more prevalent applications include oil pipeline inspection, forest inspection, and agricultural applications. According to Frost & Sullivan, the global market for these other applications reached US$2.6 billion in 2018 and is expected to increase to US$26.6 billion in 2023, representing a CAGR of 59%.

Commercial UAV in Other Applications Market Size



BUSINESS

Mission

Our mission is to make safe, autonomous and eco-friendly air mobility accessible to everyone.

Overview

We are an autonomous aerial vehicle technology platform company. We are pioneering the future of transportation through our proprietarily developed AAVs and related commercial solutions. We believe we are the first in the world to launch passenger-grade AAVs, setting a new milestone in AAV technology.

In today's increasingly populated and interconnected world, traditional modes of urban transportation continue to contribute to congestion and pollution, and they are largely confined to land-based infrastructure. Mobility for the future requires a revolutionary solution. While the sky above has always been a possibility, we brought a safe, cost-effective and easy-to-use air mobility solution one step closer to reality when we unveiled our first passenger-grade AAV in 2016. Our AAVs require minimal space for vertical take-off and landing, enabling urban travel to expand to the three-dimensional space. We believe AAV technology will transform the future of transportation, improving lives and creating new industries.

We design, develop, manufacture, sell and operate AAVs and their supporting systems and infrastructure for a broad range of industries and applications, including passenger transportation, logistics, smart city management and aerial media solutions. We aim to make it safe and convenient for both passengers and goods to take to the air.

Passenger Transportation

Logistics

Smart City Management

Aerial Media Solutions

We are the first mover in AAV technology. In January 2016, we unveiled the world's first passenger-grade AAV, EHang 184, a single-seat model, at CES. In March 2018, we delivered a unit of our dual-seat EHang 216

to a customer for testing, training and demonstration purposes. We believe this was the world's first delivery of a passenger-grade AAV. In addition, we have developed a number of non-passenger-grade AAV models suitable for a variety of industrial and commercial applications.

Unlike manually controlled UAVs, our intelligent AAVs can fly and operate autonomously. Our proprietary in-flight operating systems and on-the-ground infrastructure enable reliable and simultaneous control of a large number of AAVs. The operating systems installed on each AAV consist of an autopilot and flight control system, communication systems, a battery management system and a safety management system. Our on-the-ground infrastructure consists primarily of command-and-control systems, handheld and computer-based control units and AAV charging equipment.

We strive to design safe, reliable and functional products. At our design and testing center, we have established a multitude of AAV flight tests, including climbing flight tests, high maneuverability tests, speed tests, night flying tests, as well as flight tests in harsh weather conditions. We have conducted over 2,000 passenger-grade AAV flight tests, including in winds of up to 70 kilometers per hour and in fog with a visibility of approximately 50 meters.

Significant Market Opportunities

The market opportunities created by our technology are significant. According to Frost & Sullivan, the nascent global passenger-grade AAV market is expected to grow from US$0.3 million in 2018 to US$3.0 billion in 2023, and the global addressable market for AAV commercial solutions is expected to grow from US$3.7 billion in 2018 to US$103.7 billion in 2023. To capture the significant growth potential in the AAV market, we strive to continue to innovate and expand the boundaries for air-based mobility.

Orders, Delivery and Financial Results

As of the date of this prospectus, we have delivered 38 passenger-grade AAVs for testing, training and demonstration purposes, developed two command-and-control centers for smart city management, and completed over 70 aerial media performances. As of the date of this prospectus, we have unfilled purchase orders for 28 passenger-grade AAVs.

Our revenues increased by 109.8% from RMB31.7 million in 2017 to RMB66.5 million (US$9.7 million) in 2018. Our net loss decreased by 7.1% from RMB86.6 million in 2017 to RMB80.5 million (US$11.7 million) in 2018. Our revenues decreased by 15.6% from RMB38.4 million in the six months ended June 30, 2018 to RMB32.4 million (US$4.7 million) in the six months ended June 30, 2019, and our net loss increased by 42.1% from RMB26.5 million in the six months ended June 30, 2018 to RMB37.6 million (US$5.5 million) in the six months ended June 30, 2019. In 2018, revenues generated by urban air mobility (which includes passenger transportation and logistics), smart city management and aerial media solutions were RMB3.1 million (US$0.5 million), RMB30.5 million (US$4.4 million) and RMB31.3 million (US$4.5 million), representing 4.7%, 45.8% and 47.0% of our total revenues, respectively. In the first half of 2019, revenues generated from air mobility solutions, our core business, increased significantly to RMB23.9 million (US$3.5 million), representing 73.7% of our total revenues.

What Sets Us Apart

We believe the following characteristics set us apart:

Pioneer and Leader in Urban Air Mobility

We are a pioneer in AAV technology. We unveiled the world's first passenger-grade AAV in January 2016 and reached a commercialization milestone by delivering the world's first passenger-grade AAV in March 2018.

We were the first to receive regulatory approval for passenger-grade AAV trial flights in China and are working with Chinese regulatory bodies to develop passenger-grade AAV airworthiness standards and related regulations. We believe our AAV solutions are one of the most advanced in our industry.

Revolutionary Autonomous Aerial Vehicle Technology

We have spent over five years developing and optimizing our proprietary AAV technology to achieve a compelling combination of safety, ease of use and performance. Our AAVs can fly and operate autonomously, which allows for more efficient operations as compared with helicopters or manually controlled UAVs. Our proprietary design and technologies, such as full redundancy and distributed electric propulsion, make our AAVs safe, reliable and eco-friendly.

Sophisticated Command-and-Control System Enabling Large-Fleet Operation

Our command-and-control system integrates with our in-flight operating systems and on-the-ground infrastructure to enable the simultaneous control of a large number of AAVs in a safe, accurate and autonomous manner. This system works seamlessly with different types of AAVs to deliver highly customized solutions for different use cases.

Innovative AAV Commercial Solutions

Our solutions have gained traction in industries including passenger transportation, logistics, smart city management and aerial media solutions. As of the date of this prospectus, we have delivered 38 passenger-grade AAVs for testing, training and demonstration purposes, developed two command-and-control centers for smart city management, and completed over 70 aerial media performances. As of the date of this prospectus, we have unfilled purchase orders for 28 passenger-grade AAVs. In October 2019, we also entered into an agreement to establish a command-and-control center in the international airport of Baku, the capital of Azerbaijan.

Strong In-house Research and Development Capabilities

Our strong in-house research and development capabilities underpin our leadership and support our innovation. As of September 30, 2019, our 125-member research and product development team represented more than half of our total employees. Our key research and development team includes personnel with strong backgrounds in electrical engineering, aerospace engineering, mechanical engineering, automation, material engineering and software development. As of September 30, 2019, we had 138 issued patents in China, many of which relate to our core technologies, such as flight control and command-and-control systems.

Visionary, Tech-savvy and Experienced Management Team

Our success has been driven by a passionate, visionary, tech-savvy and entrepreneurial management team with a unique combination of aviation, internet and software expertise. Our founder, chairman and chief executive officer, Mr. Huazhi Hu, is one of the pioneers and leaders in the global AAV industry. As a Tsinghua University-trained software engineer, Mr. Hu has amassed substantial experience in the development of command-and-control systems. He was one of the key architects and lead developers behind certain large-scale command-and-control systems, such as that for the 2008 Beijing Olympic Games.

Our Strategies

We intend to pursue the following strategies to achieve our mission:

Extend Our Technological Leadership

We plan to continue to invest in technological innovation to cement our leadership in AAV technologies and establish ourselves as the industry benchmark for AAV commercial solutions. We will continue to attract talent from around the world to expand our talent pool and drive innovation.

Expand Development and Manufacturing Capabilities

We plan to expand our existing engineering and manufacturing facilities and develop new ones in China. We may also develop manufacturing facilities in other countries or cooperate with local manufacturing partners to fulfill orders from international customers.

Expand Our AAV Portfolio and Strengthen Our Platform

We plan to continue to expand our AAV portfolio and optimize our existing AAV models. We will develop future AAV models for different uses. We will continue to develop our technology platform and ancillary products and services to strengthen our ability to provide end-to-end AAV commercial solutions that address the needs of our customers.

Continue Commercialization and Promote Adoption

We believe that urban air mobility will be an important part of global transportation in the future. We will continue to commercialize our AAV technology and solutions and promote their adoption worldwide, not only through the sale of our AAVs, but also through offering services such as passenger air mobility services and urban air logistics services. As we continue to improve the regulatory acceptance, production scale and on-the-ground infrastructure of passenger-grade AAVs, we plan to pilot urban air mobility services with predetermined routes as a precursor to more flexible, on-demand services networks. We plan to work closely with partners and regulatory agencies to foster and grow the commercial AAV market. In particular, we are in discussions with multiple cities around the world to establish urban air mobility services for both passengers and goods.

Explore New Monetization Opportunities

We plan to explore new monetization opportunities by leveraging our AAV technology platform. For example, we may charge recurring fees for our operational and maintenance services for our AAVs. We may also enter into revenue sharing arrangements with customers to capture greater business opportunities.

Pursue Strategic Partnerships in Production and Technology

We intend to explore and pursue suitable strategic partnerships that can strengthen our production and technological capabilities. We may co-develop new AAV models in collaboration with international industry leaders. For example, in October 2019, we entered into a strategic partnership with Vodafone GmbH, or Vodafone, the German affiliate of Vodafone Group, a mobile telecommunications conglomerate, to advance urban air mobility solutions in Germany and Europe. Under the agreement, Vodafone will exclusively provide 5G connectivity to all our AAVs operating in Europe by equipping them with Vodafone SIM cards, and we will become Vodafone's exclusive AAV technology innovation partner in Europe.

Our Business

Our business is built on our technology platform comprising our AAVs and AAV operating systems and infrastructure through which we provide AAV commercial solutions.

Our AAVs

Our AAVs consist of single-seat and dual-seat passenger-grade AAVs, and non-passenger-grade AAVs. Our passenger-grade AAV models, including EHang 216 and EHang 116, are designed for short- to medium-distance air transportation. Our non-passenger-grade AAV models, including Falcon B, GD 2.0X and V100, are designed for a variety of commercial applications, such as logistics, smart city management and aerial media solutions.

We strive to design safe, reliable and functional AAVs. We adopt aerodynamic designs in our AAV construction to reduce wind resistance and to maximize safety. Our AAVs are constructed using carbon fiber, composite materials and aviation-grade aluminum alloy to ensure strength, safety and high-level performance.

For our passenger-grade AAVs, we adopt a distributed electric propulsion configuration with 16 independent motors and propellers coaxially mounted on eight arms. We have designed a modularized structure with an upper cabin for passengers and goods and a lower compartment to house major components and sub-systems to ensure structural safety and ease of customization for different applications.

Passenger-grade AAVs

We have developed three models of passenger-grade AAVs, EHang 184, EHang 216 and EHang 116. In January 2016, we announced EHang 184, a single-seat model and the world's first passenger-grade AAV. In 2018, we announced EHang 216, our dual-seat passenger-grade AAV model, and EHang 116, our enhanced single-seat passenger-grade AAV model, which replaced the EHang 184. Our passenger-grade AAVs can also be customized for large-payload logistics services to meet market demand.

The following table sets forth selected information about our passenger-grade AAVs that are currently in production:

	EHang 216	**EHang 116**
		
Commercialization Status	As of the date of this prospectus, 37 units have been delivered to customers for testing, training and demonstration purposes. Currently we are working to obtain regulatory approvals for commercial operations in China, and are assisting a customer in Europe in taking steps toward applying for such approvals. However, we are unable to predict the timing of such approvals.	As of the date of this prospectus, one unit has been delivered to a customer for testing and training purposes. Currently we are working to obtain regulatory approvals for commercial operations in China, and are assisting a customer in Europe in taking steps toward applying for such approvals. However, we are unable to predict the timing of such approvals.
Design	Dual seats, 16 independent motors and propellers over eight arms	Single seat, 16 independent motors and propellers over eight arms
Applications	Passenger transportation, logistics and others	Passenger transportation, logistics and others
Specifications		
Maximum speed	130 km/h	130 km/h
Cruising speed	100 km/h	100 km/h
Designed flight time with maximum payload	21 minutes	19 minutes
Designed flight distance with maximum payload	35 km	31 km
Maximum payload	220 kg	140 kg
Maximum altitude (above sea level)	3,000 meters	3,000 meters
Time to full charge (standard charging)	£ 120 minutes	£ 120 minutes

Each of our streamlined passenger-grade AAVs is equipped with a large panoramic windshield for wide vision and two gull-wing doors. The interior design of our AAVs boasts simplicity, comfort and convenience. Passengers can select their destinations from several pre-programmed options through an intuitive operating interface embedded in a 12-inch control panel in front of their seats.

Passenger Cabin

Operating Interface

Non-passenger-grade AAVs

We offer small and medium-sized non-passenger-grade multi-rotor AAVs, including Falcon B, GD 2.0X, and V100. They are designed to operate below 1,000 meters, are capable of resisting unfavorable environmental conditions and fulfilling a variety of commercial missions. We are also developing large non-passenger grade AAVs with fixed wings, such as EH580 and FS200, which are designed for long-distance and heavy-payload applications.

The following table sets forth selected information about our non-passenger-grade AAVs that are currently in production:

	Falcon B	**GD 2.0X**	**V100**
			
Design	Four-arm co-axial octorotor configuration	Quadrotor configuration	Quadrotor & fixed-wing hybrid configuration
Applications	Surveillance, fire extinguishment, and last-mile delivery	Surveillance and last-mile delivery	Surveillance, power line inspection and medium-range delivery
Operating modes	Standalone operations; command-and-control center operated	Standalone operations; command-and-control center operated	Standalone operations; command-and-control center operated
Specifications			
Maximum speed	80 km/h	40 km/h	100 km/h
Designed flight time with maximum payload	17 minutes	19 minutes	1 hour
Designed flight distance with maximum payload	19 km	10 km	80 km
Maximum payload	5 kg	0.45 kg	2 kg
Time to full charge	£ 90 minutes	£ 90 minutes	£ 90 minutes

Non-passenger-grade AAVs are used in our smart city management and aerial media solutions. We sell non-passenger-grade AAVs on a standalone basis or together with our command-and-control centers in our smart city management solutions.

Our AAV Operating Systems and Infrastructure

We have proprietary in-flight operating systems installed in our AAVs and on-the-ground infrastructure that we have designed to allow our AAVs to operate in various scenarios. Our AAV operating systems and infrastructure for different AAV commercial solutions share the same underlying technological architecture.

Our AAV operating systems include an autopilot and flight control system, a communication system, a battery management system and a safety management system, among other things. The AAV operating systems are installed on each of our AAVs to enable autopilot, navigation, real-time control and performance adjustment. Human control can be exercised from the ground using smartphones, tablets or computers as well as through our command-and-control system, meeting the varied demands of our customers.

- *Autopilot and Flight Control System, Including Course Correction and Traffic Avoidance.* The autopilot and flight control system enables the autonomous operation of our AAVs without a human operator and helps to ensure that our AAVs fly in a pre-determined inverted U-shape path from the origin to the destination with precise vertical take-off and landing. Our autopilot and flight control system collects and analyzes data from sensors installed on our AAVs, including accelerometers, gyroscopes, magnetic compass, barometers, visual sensors, Global Navigation Satellite System (GNSS) receivers and millimeter wave radars. Informed by the extensive data collected by these sensors, our AAVs use advanced algorithms to make intelligent navigation decisions, including correcting courses, adapting to weather conditions and avoiding obstacles during flight.

- *Communication System.* We have developed proprietary network protocols based on advanced communication technologies to support cloud-based information exchanges between our AAVs and ground control. We install our proprietary communication module with LTE transceivers on our AAVs to take full advantage of high-speed wireless networks. We use an ultra-long-distance transmission link for the communication of controls and flight data between our AAV and command-and-control centers in real time.

  Our communication system is secured with data-encryption technologies for data security. We also use redundant data transmission links, which enable us to switch to a backup communication system if the primary system is breached.

- *Battery Management System.* Our intelligent battery management system, or BMS, is an industrial-grade solution that monitors all parameters of AAV batteries, including temperature, capacity and voltage. The core of our BMS is the self-adaptive smart battery management algorithm that optimizes the balance between performance and battery life and provides accurate predictions based on data and analysis of flight status. To ensure effective management of battery performance and battery life, an onboard battery management unit transmits real-time BMS data to the flight control system and command-and-control centers.

- *Safety Management System.* Our AAVs use full-redundancy safety technology in their flight control systems, sensors, propulsion systems and battery management systems. Our proprietary redundancy control algorithms are based on a real-time voting mechanism. Our passenger-grade AAVs are designed with distributed electric propulsion, or DEP, an advanced propulsion technology defined by NASA with an aim of achieving the highest level of safety through redundancy and efficiency. In the event of malfunction of certain parts of our AAVs, the operating systems automatically activate the backup components to ensure proper functioning and performance of our AAVs.

Our infrastructure consists of command-and-control centers, handheld and computer-based control units, and AAV charging equipment, among other things. Although some of our non-passenger-grade AAVs can be

operated on a standalone basis, the full functionalities of our AAVs require the support of our infrastructure. For early adopters of our air mobility solutions, we generally provide them with the required software free of charge. We may start charging customers for such software and related services in the future. For smart city management, we can provide customers with all required software and hardware products as a turnkey solution.

- *Command-and-Control System.* We have extensive expertise in command-and-control systems. According to Frost & Sullivan, we were the first company to successfully build an integrated command-and-control center for smart city operation and management that centrally coordinates a wide range of AAV applications. Powered by advanced low-altitude AAV control technology, our command-and-control systems allow for adaptability and scalability. Through continuous uplinks maintained between AAVs and the command-and-control center, our system can simultaneously control more than 1,000 non-passenger-grade AAVs with precision and accuracy to complete pre-defined actions and movements.

  Our command-and-control system can accurately monitor flight status, dispatch air traffic, effect pre-warning and contingency measures, control the AAV network and record flight data. The system ensures that our AAVs fly in predetermined routes and maintain smooth and efficient operation even in extreme weather. It also has the capability to monitor and detect irregularity in the status and operation of our AAVs and to activate contingency measures to restrict and limit actions or movements of our AAVs in emergency situations.

- *EHang Play App.* For standalone operations, some of our non-passenger-grade AAVs, such as GD 2.0X, can also be individually controlled by our smartphone- or tablet-based controller app.

- *Charging Equipment.* Our passenger-grade AAVs can be charged with our charging stations. We have also developed a charging platform powered by fast charging technology for our non-passenger-grade AAVs. The waterproof and dustproof charging platform can monitor real-time charging status and battery health. Our charging platform is expected to be put into service as a part of our smart city management solutions and we plan to initially deploy these platforms in Chinese cities, such as Lianyungang and Shaoguan, in 2019.

Command-and-Control System

Command-and-Control Center

Charging Platform

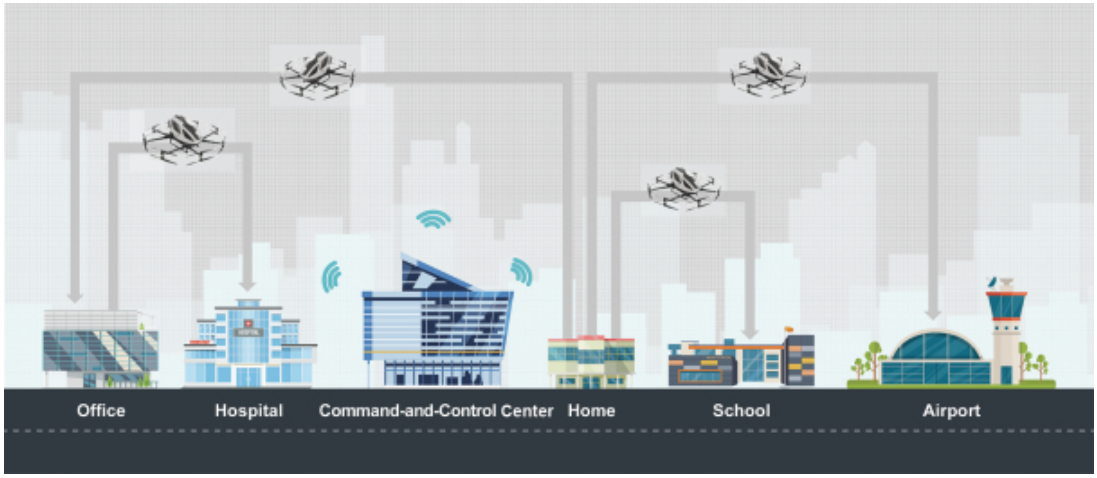
Our AAV Commercial Solutions

Urban Air Mobility

Passenger Transportation

Our passenger-grade AAVs offer a safe and efficient option for short- to medium-distance transportation. They fly autonomously and land with precision. With an intuitive and user-friendly application system on board, passengers can select their destinations from several pre-programmed options.

The following illustration sets forth the vision of our passenger transportation solution:



As of the date of this prospectus, we have delivered 23 passenger-grade AAVs to a tourism operator, which it intends to use for sightseeing.

Logistics

Both our non-passenger-grade and passenger-grade AAVs are capable of providing logistics services, with a focus on last-mile deliveries. Our AAVs are designed to operate a few hundred feet above the ground to carry and deliver goods and cargo. In addition to offering AAVs, we also design and develop customized logistics solutions and command-and-control systems on the back-end. The target customers of our logistics solutions are logistics or delivery service providers.


Partnership with Yonghui

Partnership with DHL

- *Cooperation with Yonghui*. In June 2018, we entered into a cooperation agreement with Yonghui Superstores, or Yonghui Group, one of China's largest supermarket chains, for a pilot project for smart retailing and aerial grocery delivery services. Our cooperation with Yonghui Group marked the first urban UAV logistics/delivery air routes approved by authorities in China, according to Frost & Sullivan. In June 2018, we and Yonghui Group began pilot services at its Super Species Guangzhou M+Park Store, a 600-square-meter smart retail store dedicated to providing fresh foods to adjacent residential communities.
- *Cooperation with DHL-Sinotrans*. In February 2019, we entered into a comprehensive unmanned delivery service contract with DHL-Sinotrans, a joint venture between DHL Express and Chinese

logistics company Sinotrans. In May 2019, we announced that DHL-Sinotrans and we jointly launched a fully automated and intelligent smart drone delivery solution to tackle the last-mile delivery challenges in urban areas of China. In the same month, we started delivery services with our Falcon B AAVs for a DHL-Sinotrans customer along a customized flight route of approximately 8 kilometers.

Smart City Management Solutions

Lianyungang Command-and-Control Center

Shaoguan Command-and-Control Center

Our smart city management solutions encompass, among other things, traffic management, public safety surveillance, emergency response and disaster relief, and forest fire inspection. We adapt our non-passenger-grade AAVs to capture live videos and images generated by attached cameras and electro-optical, infrared or other sensors. These videos and images are wirelessly transmitted to the command-and-control systems we develop for our municipal customers, enabling the operators to receive crucial information 24/7 and, to a large extent, regardless of weather conditions. Through smart city management solutions, we provide a platform for the monitoring and management of ordinary municipal functions and public facilities and utilities, as well as dealing with emergencies. According to Frost & Sullivan, we are the first company to successfully build integrated command-and-control centers that centralize and coordinate a wide range of UAV applications simultaneously.

Traffic management. Our non-passenger-grade AAVs can be used for assisting with traffic management. They are capable of monitoring traffic flows during peak hours and detecting traffic accidents with high-definition (HD) cameras, as well as directing traffic with loudspeaker and headlamp modules. With the HD zooming camera and gimbal modules, our non-passenger-grade AAVs can recognize car plate numbers and identify vehicles.

Emergency response & disaster relief. Using infrared cameras, our AAVs can perform critical tasks as emergencies or disasters unfold, including transmitting real-time image and video captures and, most valuably, spotting survivors and people in need of urgent help. Our AAVs can also be deployed to deliver sustenance and other relief supplies, such as rescue ropes and life jackets, in areas that are too dangerous or difficult for ground-based rescuers to reach. In addition, where communication is required but unavailable, our AAVs can be utilized as temporary communication bases. Our AAVs also play an important role in the aftermath of disasters. They can perform functions such as assessing damages to buildings and utilities, and monitoring the status of critical infrastructure including roads, bridges and levees.

Forest fire inspection. Our AAVs add significant value to forest firefighting activities. Our AAVs can be widely used in forest surveillance, forest fire monitoring and other scenarios. Our non-passenger-grade AAVs can conduct large-scale routine forest inspections and provide high-resolution live feedback and infrared video recording. They can monitor fire in locations that are too dangerous or difficult for people to access. In addition to surveillance, our AAVs can also carry and transport emergency supplies to firefighters.

Other industrial applications. Customers can choose from a broad line-up of non-passenger-grade AAVs based on the desired freight size, distance and frequency of delivery. Our other industrial applications include (i) aerial mapping; (ii) public safety surveillance and inspection; (iii) three-dimensional modeling; (iv) remote asset inspection; and (v) news reporting. Leveraging our state-of-the-art technology, we expected our AAVs will be used in an increasing number of scenarios to address different customer needs.

As of September 30, 2019, we had built and delivered a command-and-control center for smart city management in each of Lianyungang and Shaoguan, two medium-sized cities in China. For each of the Shaoguan project and the Lianyungang project, our smart city management solutions provide, among others, traffic management, public safety surveillance, environmental inspection, emergency response and certain law enforcement services. These two command-and-control centers are currently operated by the employees of the respective customers. We provide training and other technical support to facilitate a smooth transition. We plan to offer customers operational services for subscription fees should they choose to outsource the operations of the command-and-control centers. We also sell AAVs to some smart city management customers on a standalone basis. These AAVs can be used to perform tasks such as traffic management under the control of our EHang Play mobile app.

In October 2019, we entered into an agreement to establish a command-and-control center in the international airport of Baku, the capital of Azerbaijan. Under the agreement, we will develop and deploy an unmanned aerial system traffic management system, or UTM system, which is expected to be fully integrated with the national air traffic control system. The UTM system can be used to monitor and control unauthorized UAV traffic on the airport's premises, minimizing the risk of disrupting the normal operations of civil aviation posed by the increasingly widespread use of UAVs. The command-and-control center will also equip the local air navigation services with technologies including 3D mapping and terrain scanning to support airfield design and aerial navigation map development.

Aerial Media Solutions


70th Anniversary of the PRC


21st Anniversary of Hong Kong SAR


Guangzhou Fortune Global Forum


Nanjing Youth Olympic Lantern Festival

We are a leading provider of aerial media solutions in China, according to Frost & Sullivan. In providing aerial media solutions, we manage and choreograph a fleet of AAVs into a series of moving images. Empowered by our broad range of proprietary navigation technology, operating systems and infrastructure, we are able to present smooth and mesmerizing AAV formations, synchronized movement and accurate display of two-dimensional and three-dimensional configurations, brand logos or messages. Our remote command-and-control capacity and auto formation flight system support diverse flight missions with varying degrees of difficulty. We utilize real-time kinematic satellite-based navigation technology, or RTK-GPS technology, to achieve centimeter-level positioning precision for our AAVs.

We enter into service agreements with our customers for provision of aerial media solutions. We normally require a prepayment equaling 50-80% of the total contract price upon signing, with the rest to be paid upon the completion of the performance. We or our customer obtain the necessary licenses and permits for performing at the selected venue.

As of the date of this prospectus, we have completed over 70 aerial media performances. Some of these performances were part of large-scale events, such as the 70th Anniversary Celebration of the Establishment of the People's Republic of China, the 21st Anniversary Celebration of the Establishment of the Hong Kong SAR, the 2017 Fortune Global Forum, Air Show China 2018 and the 2019 Nanjing Youth Olympic Lantern Festival. We have also performed aerial advertising campaigns for large corporations and various television networks in China. Our aerial media live performance in Xi'an set the Guinness World Record in April 2018 for the most AAVs in a drone performance show with over 1,300 AAVs.

Regulatory Approvals Relating to our Passenger-grade AAVs

We operate in a new and rapidly evolving industry, which is subject to extensive legal and regulatory requirements. While regulations governing this industry are evolving, currently in the jurisdictions where we sell and plan to sell our products, the commercial use of our passenger-grade AAVs, and in some cases our non-passenger-grade AAVs, is subject to an uncertain or lengthy approval process. In order for our customers to use our passenger-grade AAVs, we are working on obtaining, or working closely with our customers, to obtain relevant approvals and permits in the jurisdictions where we sell and plan to sell our products. We are unable to estimate the average length of time required to obtain the applicable regulatory approvals due to the nascent nature of AAV-related regulations and the lack of relevant precedents. For example, we are not aware of any operator having been granted all required approvals for the commercial operations of passenger-grade AAVs in China or the United States. See "Risk Factors—Risks Relating to Our Business and Industry—In the jurisdictions where we sell and plan to sell our products, the commercial use of our passenger-grade AAVs, and in some cases of our non-passenger-grade AAVs, is subject to an uncertain or lengthy approval process; we cannot predict when regulations will change, and any new regulations may impose onerous requirements and restrictions with which we, our AAVs and our potential customers may be unable to comply. As a result, we may be limited in, or completely restricted from, growing our business in the foreseeable future."

In China, with respect to our passenger-grade AAV business, currently, certain approvals from the CAAC and the PLAAF are required for the operation of certain AAVs. However, it is unclear whether we would be allowed to engage in commercial operation of our passenger-grade AAVs merely with these approvals. Please see below the approvals that are material to our operations in China.

Approval on airworthiness. The UAV Airworthiness Guidance recently published by the CACC has established a UAV airworthiness framework that is based on the assessment, classification and management of operational risks of UAVs. Under this framework, we have obtained written approval issued by the CAAC for trial flights of passenger-grade AAVs in certain locations in China for the purpose of evaluating their airworthiness and formulating industry standards on airworthiness of passenger-grade AAVs. The approval will expire on December 31, 2019. However, currently there are no detailed rules or regulations with respect to the airworthiness of AAVs. According to the UAV Airworthiness Guidance, the detailed rules and regulations on

airworthiness are expected to be promulgated by the end of 2019. As advised by our PRC legal adviser, if detailed rules or regulations are promulgated in the future, we may be required to obtain a certificate of airworthiness pursuant to the relevant requirements and standards thereof.

Approval for AAV pilot operation. Pursuant to the Interim Rules, a prospective operator of certain classes of UAVs must submit an application for pilot operation. Our passenger-grade AAVs fall within these UAV classes. In February 2019, we submitted an application for pilot operation in relation to a customer's use of our EHang 216 for logistics purposes in Taizhou, Zhejiang Province and have passed the preliminary examination carried out by the CAAC. If such application is approved by the CAAC, we plan to provide logistics solutions for this customer in connection with the AAVs which were purchased or will be purchased by this customer from us. We also plan to apply for pilot operations for our other customers' use of our passenger-grade AAVs in China and provide them with urban air mobility solutions as and when appropriate. As our passenger-grade AAVs gradually gain market acceptance and regulatory acknowledgement, we may encourage our customers to apply for pilot operations on their own in the future.

Approval for airspace. We are required to obtain approvals from local divisions of the PLAAF for proposed flight routes in connection with our business. The approvals from the PLAAF are usually granted on a one-off basis or are only valid for a limited period of time.

Approval for commercial operation of AAVs. Currently there are no detailed rules or regulations with respect to commercial operations of passenger-grade AAVs, and as advised by our PRC legal advisor, it is unclear whether the relevant regulators in China would permit commercial operations of passenger-grade AAVs under the current regulatory framework. We are closely monitoring the regulatory developments, if any, in this area. In the event that any detailed rules or regulations are promulgated in the future, we will use our best endeavors to comply with the requirements thereof.

See "Regulation—PRC Regulation" for further details.

We plan to export our passenger-grade AAVs to the United States and provide air mobility solutions in collaboration with local partners. In April 2016, we entered into a development and purchase agreement with a U.S. biotechnology company for orders of passenger-grade AAVs for transportation of organs and emergency medical supplies. The agreement does not obligate such customer to commence purchasing AAVs until the FAA permits their intended use to transport organs and the Food and Drug Administration approves such customer's transplant products. We cannot estimate when the regulators will grant the necessary approvals.

See "Regulation—U.S. Regulation" for further details.

Our Research and Development Capabilities

Our in-house design, development and engineering capabilities underpin our leadership and support the advancement of our platform. Our design is characterized by unabated efforts to improve safety, reliability and functionality. We have a dedicated research, design and development team in Guangzhou. Our team consists of members with strong backgrounds in the fields of electrical engineering, aerospace engineering, mechanical engineering, automation, material engineering and software development. Our key researchers are mainly graduates of top universities. Our research and development team focuses on core research development, engineering technology, hardware development, and command and dispatch systems. We also have a dedicated software technology group to lead the research and development of AAV software and algorithms.

Our success has been driven by a passionate, visionary, tech-savvy and entrepreneurial management team with a unique combination of aviation, internet and software expertise. Our founder, chairman and chief executive officer, Mr. Huazhi Hu, is one of the pioneers and leaders in the global AAV industry. As a Tsinghua University-trained software engineer, Mr. Hu has amassed substantial experience in the development of command-and-control systems. He was one of the key architects and lead developers behind certain large-scale command-and-control systems, such as that for the 2008 Beijing Olympics.

At our design and testing center, we have pioneered a multitude of AAV flight tests, including climbing flight tests, high-maneuver flight tests, speed flight tests, night flight tests, as well as flight tests in harsh weather conditions, including low visibility, typhoon and fog. We have conducted over 2,000 passenger-grade AAV flight tests, including in strong winds of up to 70 kilometers per hour and in fogs with a visibility of approximately 50 meters. These tests help us shorten the design and engineering process and progress from the design phase to full-scale production while delivering highly reliable and quality AAVs.

Manufacturing, Quality Control and Supply Chain

Manufacturing

We adopt a lean and efficient production strategy across our business, focusing on effective prototyping, manufacturing, supply chain management, final assembly, integration, quality and final acceptance testing. Our current manufacturing base is in Guangzhou. It spans a total area of 8,750 square meters and houses facilities for our production. To ensure high levels of quality and reliability, our dedicated manufacturing team, in close collaboration with our design and engineering arm, manages and conducts the design, engineering and production of key proprietary AAV components, such as electronic speed controllers, and performs final assembly of our AAV products onsite.

In November 2018, we established a production partnership with Austria-based FACC, a major supplier to global aircraft companies, to support us with high-quality aerospace manufacturing capability focusing on the European markets. Our production partners are subject to rigorous selection and review procedures. All of our production system operations incorporate internal and external quality programs and processes to ensure our required standards for acceptance rates, reduce lead times and lower cost.

Quality Control

Our quality control efforts focus on designing and producing products and implementing processes that will ensure high levels of safety and reliability. We have a dedicated quality control team that works with our engineering arm and our suppliers to ensure that the product designs meet safety requirements and functional specifications. Together with our supplier review committee, our quality control team also collaborates with our suppliers to ensure that their processes and systems are capable of delivering the parts and components we need at the required quality levels, on time and within budgets.

We are committed to a high level of quality assurance. Since 2017, our quality management system has been certified to AS9100D, a quality standard widely recognized in the global aerospace industry.

Our AAVs are produced with strict product quality control. Our quality control team undertakes robust inspections of our production lines in accordance with internal guidelines and assessment criteria. We also conduct licensed flight tests for our AAVs under a variety of conditions, which have proven to be an efficient and effective means for us to assess the quality and airworthiness of our products. Data and results generated from flight tests are carefully studied and analyzed to inform any process of alteration or improvement that may follow. In conjunction with our provision of a broad range of after-sales services and assistance to our customers, our AAV quality control management extends beyond the point of sale as we continue tracking the performance and quality of our AAVs.

We require our suppliers to maintain high-quality deliverables and to comply with specified industry standards. Parts and components sourced from our suppliers must be marked with Conformité Européenne markings, certified by the China Compulsory Certification or the Underwriters Laboratory, and/or approved by the Federation of Communications Commission. We regularly monitor the performance of our suppliers using parameters such as supplier defect rates, production and delivery performance, as well as inventory management.

Supply Chain

We adopt a strict reviewing mechanism to ensure quality and stability of our supply chain. We also aim to fully engage with our suppliers to foster long-standing and strong partnership with qualified suppliers. Our production facilities are located in the Pearl River Delta area, a world-leading manufacturing hub, giving us easy access to a large number of high-quality suppliers. Our passenger-grade AAVs are generally manufactured on specific orders and we have been able to effectively manage our inventory level. Historically, we have not experienced significant delays in the supply or availability of our key raw materials or components provided by our suppliers, nor have we experienced a significant price increases for raw materials or components. We do not anticipate any such delays or significant price increases in 2019.

After-sales Services

We offer a broad range of after-sale services including return and replacement of selected products, maintenance, operational and technical support, software updates and post-sale training and consulting services. We believe these services are critical to ensure the safe operation of our AAVs.

Services for Passenger-grade AAVs

We provide after-sales services for customers of our passenger-grade AAVs. For EHang 216, for example, we currently offer free installation and training programs thereafter to prepare our customers for its safe operation. The term of our warranty for passenger-grade AAVs is six months to three years depending on the specific parts and components. Within the warranty period, customers are entitled to free on-site repair and maintenance services, while costs for accessories and maintenance fees beyond the warranty will be charged separately. We offer paid on-site services after one year, and we charge on-site service fees. We also provide our customers with lifetime maintenance and operation consulting services through our website, over the telephone and via email. We do not provide warranties to guarantee that the AAVs will perform as expected or in accordance with published specifications or provide expected benefits.

Services for Non-passenger-grade AAVs

Subject to specified conditions, we generally allow our customers to return any non-passenger-grade AAVs within seven days or to request for replacements within 15 days after purchase.

The term of our warranty for non-passenger-grade AAVs is from six to twelve months depending on the product line and the specific parts and components. The warranty on certain components of our AAVs, such as batteries, is covered by our suppliers' back-to-back warranty and we are entitled to have the suppliers replace or repair these defective components at their costs.

Services for Command-and-Control Centers

For our AAV commercial solutions, we provide a full spectrum of services. To facilitate the efficient operation of our AAV command-and-control centers, we provide, among others, system operation and maintenance training, service support, engineering support, inspection and repair, technical consulting support, and data and documentation assistance. Our customers enjoy services throughout the operational life of our command-and-control centers. Most of these services are performed on-site.

We continue to maintain and upgrade our AAV software infrastructure to enhance the functionality, reliability and safety of our AAVs. We regularly inspect, maintain and upgrade the fundamental communication network and transmission system to ensure the smooth communication between our AAVs and our command-and-control centers.

Marketing and Sales

Marketing

We aim to promote awareness of our EHang brand globally. Our AAVs are marketed to customers through online events as well as offline promotional and advertising activities.

We conduct online marketing through our websites, domestic and international social media, online video platforms and e-commerce platforms, among others. We conduct joint online marketing campaigns with other well-known companies, and our social media accounts on YouTube, Twitter, WeChat, Weibo, Instagram and Facebook to distribute original content to, and interact with, our followers and existing users. We believe that our successful marketing has helped us attract news coverage in major global online media and magazines, including Time, Forbes and Fortune.

We organize new product launches, company milestone media events, aviation exhibitions and other offline marketing events. As of September 30, 2019, we had organized and participated in over 160 product exhibitions in China, the United States, the European Union, the Middle East, Japan and Southeast Asia to demonstrate our products and interact with our users. We also take part in aviation and technology exhibitions, such as the China International Aviation and Aerospace Exhibition and the Consumer Electronic Show. Through participation in these events, we not only have the opportunities to directly interact with our users and enhance our connection with our customers, but also generate greater awareness of the EHang brand.

Sales

We have established a targeted direct sales network to sell our AAVs and offer our AAV commercial solutions to our customers. We have expanded our direct sales efforts to include international markets, including the European Union and the Middle East. As of September 30, 2019, our direct sales team consisted of 12 sales representatives for the PRC market and 11 for international markets.

Our direct sales force utilizes marketing initiatives to create awareness of the benefits of our AAVs and AAV commercial solutions. We intend to make investments to build and expand our sales and marketing organization by increasing the number of sales representatives in existing and new markets. We are also in discussion with existing and potential business partners in the PRC and abroad to complement our direct sales efforts with sales to distributors and franchise arrangements.

On top of our sales in the PRC, we have exported our AAVs to the European Union and the Middle East. We strive to ensure that our exported products comply with the regulatory and safety standards of the local markets.

Contracts with Our Customers and Partners

We have entered into a number of long-term framework and conditional agreements with our business partners relating to the sale of passenger-grade AAVs. These business partners include several PRC AAV distributors, a U.S. biotechnology company, a Norwegian automobile distributor, and a Taiwanese yacht manufacturer and operator. Each framework or conditional agreement generally sets forth a target or expected sale quantity over a multi-year period. There is one agreement, the one with a U.S. biotechnology company and the only one among our agreements with customers, pursuant to which purchases are explicitly conditioned on our meeting certain deadlines for specified performance milestones and the receipt of applicable regulatory approvals. We have yet to achieve the performance milestones, which allows the customer to terminate the agreement. In some other agreements, the sales targets are non-binding. See “Risk Factors—Risks Relating to Our Business and Industry—Our framework and conditional agreements may not result in material sales of our products.” Specifically, currently in China, the United States and other jurisdictions relevant to us, the commercial use of our passenger-grade AAVs, and in some cases our non-passenger grade AAVs, is subject to an uncertain or lengthy approval process. None of our business partners has obtained the regulatory approval for the commercial operations of our passenger-grade AAVs. We are unable to estimate the average length of time

required to obtain the applicable regulatory approvals due to the nascent nature of AAV-related regulations and the lack of relevant precedents. We also cannot be sure that we or our business partners will obtain the required approvals in a timely manner, or at all. We are not aware of any operator having been granted all required approvals for the commercial operations of passenger-grade AAVs in China, the United States or elsewhere. Nor can we predict when these regulations will change, and any new regulations may impose onerous requirements and restrictions. Before regulatory approvals for the commercial operations of our passenger-grade AAVs have been obtained in China and/or other relevant jurisdictions, customer demand will likely be limited in volume. For the foregoing reasons, we may not receive any substantial orders from our current or potential customers, and we currently do not expect material deliveries to some of our business partners, including the U.S. biotechnology company and the Norwegian automobile distributor.

Our customers place purchase orders taking into account the terms of the relevant framework agreement, if applicable, and the customer's procurement requirements. For passenger-grade AAVs, our customers are generally required to prepay 10% to 40% of the total purchase price soon after a purchase order is placed. Under our standard purchase order, we start production after the prepayment is made, and production is generally expected to take three to six months. Upon completion of production, we will deliver the AAVs when we receive the full payment from the customer. As of the date of this prospectus, we have unfilled purchase orders for 28 passenger-grade AAVs.

In addition, we collaborate with business partners to provide trial logistics services. As of September 30, 2019, major contracts relating to our logistics services included:

- *Cooperation Agreement with Yonghui Group.* In June 2018, we entered into a cooperation agreement with Yonghui Superstores, or Yonghui Group, one of China's largest supermarket chains, for a pilot project on smart retailing and aerial grocery delivery services. Under the cooperation agreement, we provide Yonghui Group with non-passenger-grade AAVs, training and technical support, whereas Yonghui Group operates the delivery services using our AAVs and services. The pilot project was successfully completed in September 2018, after which we formed a formal one-year cooperation with Yonghui Group for its delivery services. We charge Yonghui services fees based on the number of deliveries made, subject to a minimum monthly fee.
- *Contract with DHL-Sinotrans*. In February 2019, we entered into a comprehensive unmanned delivery service contract with DHL-Sinotrans, a joint venture of DHL Express and Chinese logistics company Sinotrans. Pursuant to this contract, we provide DHL-Sinotrans with a set of tailored software products, hardware products and services to complete the unmanned deliveries designated by DHL-Sinotrans. For products and services provided for each delivery route, DHL-Sinotrans agreed to make progressive payments to us, including a 30% prepayment before our production, a 65% payment within 30 days after the installment of our equipment and a 5% payment after the one-year warranty period.

Competition

We operate in the UAV industry, and provide various commercial solutions, including air mobility, smart city management and aerial media solutions. In addition, we compete with traditional industry players providing similar solutions, such as helicopter and ground transportation service providers. We believe the primary competitive factors in our markets include technological innovation, safety, quality, user experience, and operational and manufacturing efficiency.

We believe we are a leader in passenger air mobility solutions. A number of other companies are also developing passenger-grade AAVs, but to our knowledge, none of these companies have delivered passenger-grade AAVs as of the date of this prospectus. In other areas of our business, including logistics, smart city management and aerial media solutions, we also face several major competitors. We believe that we are strategically positioned in the commercial UAV market with exceptional technology, innovation capabilities and leading positions in providing integrated smart city management solutions and aerial media solutions.

Intellectual Property

We have significant capabilities in the areas of AAVs engineering, development and design and we have developed a number of proprietary systems and technologies. Our success depends in part on our ability to protect our core technology and intellectual property. We rely on a combination of patents, patent applications, trade secrets, know-how, copyrights, trademarks, intellectual property licenses and other contractual rights to establish and protect our proprietary rights in our technology. In addition, we have entered into confidentiality and non-disclosure agreements with our employees and business partners. The agreements we entered into with our employees provide that all software, inventions, developments, works of authorship and trade secrets created by them during the course of their employment are our property.

As of September 30, 2019, we had 138 issued patents in China and 134 pending patent applications, 302 registered trademarks in China and 21 registered copyrights in relation to our technology in China. We intend to continue to file additional intellectual property applications with respect to our technology.

Employees

We had 215, 193, 207 and 233 employees as of December 31, 2016 and 2017, 2018 and September 30, 2019, respectively. As of September 30, 2019, we had 215 employees located in Guangzhou, 15 employees located in Xi'an and three employees located in Beijing. The following table sets forth the number of our employees categorized by function as of September 30, 2019:

Function	Number	% of Total Employees
Research and product development department	125	53.6%
Marketing and sales department	33	14.2%
Fleet formation department	42	18.0%
General administration department	33	14.2%
Total number of employees	**233**	**100.0%**

As required by laws and regulations in China, we participate in various employee social security plans that are organized by municipal and provincial governments, including housing, pension, medical insurance and unemployment insurance. We are required under PRC law to make contributions to an employee benefit plan at a specified percentage of the salaries, bonuses and certain allowances of our employees, up to a maximum amount specified by the local government from time to time. See "Risk Factors—Risks Relating to Doing Business in China—Increases in labor costs and enforcement of stricter labor laws and regulations in the PRC may adversely affect our business and our profitability.

We typically enter into standard employment and confidentiality agreements with our key employees. In addition, we enter into confidentiality and non-compete agreements with senior management and intellectual property assignment agreements with core technical personnel.

Our success depends on our ability to attract, retain and motivate qualified employees that share our values and vision. We believe that we maintain a good working relationship with our employees. As of the date of this prospectus, we have no material labor disputes and we believe that we maintain a good working relationship with our employees.

Facilities

Our headquarters is located in Guangzhou, China, where we lease and occupy our office space with an aggregate floor area of approximately 72,885 square meters from unrelated third parties under operating lease agreements. A substantial majority of our employees are based at our headquarters in Guangzhou.

As of the date of this prospectus, we do not currently own any of our facilities. The following table sets forth the location, approximate size, primary use and lease expiration date of our major leased facilities.

Location	Approximate Size in Square Meters	Primary Use	Lease Expiration Date
Guangzhou			
Yixiang Technology Park	14,937	office, research and development, and manufacturing	June 30, 2020
No. 11 Aoti Road	57,550	office, research and development, and testing	March 30, 2020
Haixinsha area	398	office	July 31, 2020

We believe that our existing facilities are generally adequate to meet our current needs, but we expect to seek additional space as needed to accommodate our future growth.

Insurance

We maintain various types of insurance, employer's liability insurance, to protect assets in the event of any accident that might cause significant losses. We also purchase insurance policies that are either legally compulsory or required by our customers. For example, we maintain third-party liability insurance for UAVs, which is required for our UAV commercial operation license. We have civil liability insurance with coverage and conditions that our management considers appropriate. For example, we maintain aviation product liability insurance, which covers bodily injury or property damage caused by defects in our products. In addition, we maintain product liability insurance covering some of our distributors. In relation to our passenger-grade AAVs, we have maintained airplane body and flight insurance to cover damages to our AAVs and third-party liabilities. We do not maintain business interruption insurance or key-man insurance. We believe that our insurance coverage is adequate to cover our key assets, facilities and liabilities.

Legal Proceedings

From time to time, we may be involved in disputes and legal or administrative proceedings in the ordinary course of our business, including actions with respect to breach of contract, labor and employment claims, copyright, trademark, patent infringement, bankruptcy and other matters. We are not a party to any material ongoing legal or administrative proceedings.

Our German subsidiary, EHang GmbH, filed for bankruptcy in July 2017 and our U.S. subsidiary, EHang, Inc., filed a voluntary Chapter 7 bankruptcy petition in December 2017. These entities were initially established as sales offices, and were closed after we decided to exit the consumer drone market in these two countries. These two entities were deconsolidated in 2017. These bankruptcy procedures are ongoing.

REGULATION

This section sets forth a summary of the most significant rules and regulations that affect our business activities in China and the United States.

PRC Regulation

General Administration of Civil Aviation and Airspace Control

On October 30, 1995, the National People's Congress of the PRC adopted the *Civil Aviation Law of the PRC*, or the Civil Aviation Law, which was subsequently amended on April 24, 2015, November 7, 2016, November 4, 2017 and December 29, 2018. The Civil Aviation Law sets forth the general principle and rules for administration of civil aviation as well as for domestic airspace control. Pursuant to this law, the CAAC, which is a State Council department, is currently in charge of civil aviation and has the general authority to supervise and administer civil aviation activities nationwide. The CAAC may promulgate regulations concerning civil aviation activities in accordance with laws enacted and decisions issued by the State Council and within the limits of the CAAC's authority. According to the Civil Aviation Law, the state has complete and exclusive sovereignty over the airspace above its territory. The division of airspace must take account of the needs of civil aviation, national defense and security, as well as the interests of the public, so as to ensure the reasonable, sufficient and efficient use of airspace. Detailed measures for airspace control will be formulated by the State Council and the Central Military Commission, or the CMC. In addition, pursuant to the Civil Aviation Law, the detailed rules of UAVs promulgated by the State Council and the CMC shall be followed.

Design, Manufacturing and Airworthiness Standard for UAVs

The Civil Aviation Law contains rules and regulations on airworthiness for all civil aircrafts other than those used for flight missions by the military force, customs offices and police departments. The law mandates that the design of engines, screw propellers and apparatuses used in civil aircrafts must be approved with a Model Certificate, whereas the production and maintenance of engines, screw propellers and apparatuses used in civil aircrafts require a Production Certificate and a Maintenance Certificate, respectively. While the CAAC has laid out specific approval procedures to give substance to the airworthiness standard prescribed by the Civil Aviation Law, none of these procedures is currently applicable to or carried out for UAVs. Consequently, there is no practicable means for us to submit any application for airworthiness approval from the CAAC under the Civil Aviation Law.

The nascent status of the UAV industry is accompanied by a lack of targeted laws and regulations and the relevant legislative and administrative bodies are in the process of laying the first brick for a future regulatory framework governing, among others, the design, manufacturing and the overall airworthiness of UAVs. On January 25, 2019, the CAAC published the *Guidance on UAV Airworthiness Assessment Based on Operational Risks*, or the UAV Airworthiness Guidance, pursuant to which we are one of the airworthiness assessment pilots and would help the CAAC in developing UAV airworthiness standards and assessment rules. According to the UAV Airworthiness Guidance, the UAV airworthiness framework will be based on the assessment, classification and management of operational risks. Operational risks will be categorized into three levels: low, medium and high. UAV operational risks contemplate predominantly the risk of collision in the event of loss of control, including (1) damage resulting from UAV crashes or collisions with any individual or object on the ground; (2) in-air collisions, such as with aircrafts or other UAVs; and (3) other risks or damage, such as property losses or any adverse effect on the environment or humans. The UAV Airworthiness Guidance envisages that the UAV airworthiness framework will initially be established in 2019. Detailed rules, procedures and standards relating to the assessment of UAV airworthiness are currently being researched and drafted. The test flights of our passenger-grade AAVs have been supported with approvals obtained from the Aircraft Certificate Department of the CAAC based on the UAV Airworthiness Guidance. The approval will expire on December 31, 2019. A formal certificate relating to airworthiness will be awarded if the relevant UAV satisfies the requirement of the airworthiness assessment framework.

According to the *Guideline for the Standardization of UAV Systems (2017 to 2018)* jointly issued by the National Standardization Administration, the Ministry of Science and Technology, the Ministry of Industry and Information Technology, or the MIIT, the Ministry of Public Security, the Ministry of Agriculture, the General Administration of Sport, the National Energy Administration and the CAAC on June 13, 2017, the development of non-military use UAV systems standard will be staggered into two phases. In the first phase, from 2017 to 2018, the focus is on answering market demand for UAV systems, providing support to industry-wise supervision, and initiating the development of standards for UAV systems. The second phase, from 2019 to 2020, envisions an incremental development of more than 300 UAV system standards. A range of standards in the regulatory pipeline under this guideline, includes safety standards, research and development standards and operational standards, as well as standards for systems, infrastructure, subassemblies and components of non-military use UAV.

The CAAC has also published a draft bill of the *Interim Measures for Flight Administration of Unmanned Aerial Vehicl*e on January 26, 2018, setting out airworthiness requirements for medium-sized and large UAVs. A medium-sized UAV refers to a vehicle with a take-off weight between 25 kilograms and 150 kilograms, or an empty weight of more than 15 kilograms. A large UAV refers to a vehicle with a take-off weight of more than 150 kilograms. Based on the draft bill, our passenger-grade and non-passenger grade AAVs will likely be categorized as medium-sized or large UAVs and the relevant airworthiness requirements will be mandatorily applied. In such event, we will be required to apply for relevant airworthiness approvals in accordance with procedures to be specified by the CAAC. It is nevertheless still unclear in what form and when such draft bill will come into effect. Further, the MIIT published a draft bill of the *Unmanned Aerial Vehicle Manufacture Enterprise Requirements* on November 23, 2018 for public consultation, which is intended to regulate enterprises that manufacture UAVs. According to this draft, a manufacturer of UAVs shall, among others, ensure safe production in accordance with law, maintain in possession intellectual property rights in respect of the manufactured UAVs, and produce UAVs that are capable of automatic landing, returning or taking other emergency measures in case of malfunction.

On May 14, 2019, CAAC published a discussion draft of the *Guideline for the Promotion of the Development of Civil Use Unmanned Aviation*, or the Draft UA Guideline, for public review and comments. The Draft UA Guideline encourages test and demonstration operations based on demands from different areas and also encourages the UAV companies to expand the business models of unmanned aviation and the scope of business licenses based on safe operation. The Draft UA Guideline also stipulates that, in order to set standards and rules for airworthiness and air traffic management, key research related to planning and operation of public flight routines in low airspace for UAVs will be conducted and pilot operations will be organized for vertical take-off and landing passengers and logistics UAVs.

Pending the enactment of the foregoing bills and the necessary judiciary and administrative interpretations and clarifications on some of the existing guidelines, the CAAC has put in place interim measures to allow for and regulate the testing of various forms of UAVs, including both our passenger-grade and non-passenger grade AAVs.

Real-Name Registration of UAVs

As a manufacturer and seller of UAVs, we are also required to collect certain information relating to our products and our customers and to submit such information to the relevant regional authorities pursuant to the *Circular of the General Office of the Ministry of Industry and Information Technology on Information Filing for Civil Unmanned Aerial Vehicle Production Enterprise and Products*, which took effect on May 22, 2017. We are currently working with the regional authorities to complete the required procedure for both our passenger-grade and non-passenger-grade AAVs. We are also obligated to provide information relating to our AAV products and purchasers starting from June 2017 and pursuant to the *Administrative Provisions on the Real-name Registration of Private Unmanned Aerial Vehicles* issued by the CAAC. Information to be reported includes (i) the name, registered address and contact information of us as the manufacturer; (ii) the name and model detail of our AAV

products; (iii) the empty weight and maximum take-off weight of our AAV products; (iv) the categorization of our AAV products in accordance with the CAAC guidelines, and (v) the name and contact information of purchasers of our AAVs. These administrative provisions regulate the use of private UAVs with a maximum take-off weight of 0.25 kilograms and above within the territory of the PRC, and direct owners of such private UAVs to register their UAVs on a real-name basis. Non-compliance will result in restrictions on the use of the relevant UAVs and penalties. We have historically complied with these requirements for both our passenger-grade and non-passenger-grade AAVs.

Operations of AAVs

Airspace Control

According to the *General Flight Rules* issued by the State Council and the CMC on October 18, 2007 and took effect on November 22, 2007, the overall flight control within the territory of the PRC is under the unified organization of and enforcement by the People's Liberation Army Air Force, and the various flight control departments shall exercise air traffic control in accordance with their respective responsibilities. Prior application must be filed and approval be obtained before any flight can be conducted within the PRC territory, including test flights for our passenger-grade AAVs, and take-offs relating to our aerial media solutions and logistics services.

We are required to obtain clearance from the local counterpart of the People's Liberation Army Air Force for the flight route for our AAVs. Subject to any difference in policies adopted by the local authorities, approval for airspace and flight plan is normally granted by the local flight control department of the military. The flight plan shall also be filed with the local public security department and the CAAC. As an example of the general observations above, on November 19, 2018, the CAAC issued the *Flight Management Implementing Rule for UAVs in the Shenzhen Area*, under which the South Military Zone Air Force is responsible for the piloting of UAVs within the municipal area of Shenzhen. An enterprise or individual who seeks a flight task approval shall file the application with the flight control department of the South Military Zone Air Force five days prior to such flight. The flight control department of the South Military Zone Air Force, after consulting the CAAC and the public security department, may grant its approval two days prior to the flight. After such approval and except for certain flights of mini-UAV with an empty weight of less than 0.25 kilogram, subject to certain other conditions, or small-UAV with an empty weight of less than 4 kilograms, subject to certain other conditions, a flight plan must be submitted via a designated reporting platform no later than 3:00 pm on the day prior to the flight and the flight control department of the South Military Zone Air Force will respond no later than 9:00 pm on the same day of filing and will distribute the relevant information to the public security department and the CAAC. Generally, for the flight of our AAVs, we have established prior communications with the local flight control department, the public security authority and the local counterpart of the CAAC in seeking the necessary approvals and have ensured compliance with their respective instructions in all material respects.

Pilot Operations

The Flight Standard Department, the Aircraft Certificate Department and the Airspace Control Industry Administration Office of the CAAC, jointly issued the *Pilot Operation Rules (Interim) for Specific Unmanned Aircraft*, or the Interim Rules, on February 1, 2019, pursuant to which, unmanned aircrafts are classified into nine categories based on their empty weight and takeoff gross weight. In particular, Class I captures unmanned aircrafts with empty weight and takeoff gross weight between 0 to 1.5 kg (including 1.5 kg); Class II captures unmanned aircrafts with empty weight between 1.5 kg and 4 kg (including 4 kg) and takeoff gross weight between 1.5 kg and 7 kg (including 7 kg); Class III captures unmanned aircrafts with empty weight between 4 kg and 15 kg (including 15 kg) and takeoff gross weight between 7 kg and 25 kg (including 25 kg); Class IV captures unmanned aircrafts with empty weight between 15 kg and 116 kg (including 116 kg) and takeoff gross weight between 25 kg and 150 kg (including 150 kg); Class XI captures unmanned aircrafts with empty weight between 116 kg and 5,700 kg (including 5,700 kg) and takeoff gross weight between 150 kg and 5,700 kg (including 5,700 kg); Class XII captures unmanned aircrafts with empty weight and takeoff gross weight in

excess of 5,700 kg. The Interim Rules are applicable to Class IV unmanned aircrafts, Class III unmanned aircrafts with high risks and the pilot operation of which would need a pre-assessment in the belief of the authority, Class XI and Class XII unmanned aircrafts with low risks and in relation to which the authority believes a pilot operation assessment is sufficient. According to the classification above, our passenger-grade AAV belongs to Class XI and Falcon B of non-passenger grade AAV belongs to Class III. According to the Interim Rules, the applicant for the pilot operation of any UAV that falls within any of the foregoing applicable classes shall first submit a proposal for initial discussion and application with the CAAC and shall then conduct a pre-pilot operation safety evaluation based on specific operation risk assessment. The applicant shall subsequently verify the operation risks based on its initial operation, following which the CAAC shall issue the relevant approval if its assessment team confirms that the risks of pilot operation can be appropriately controlled and are acceptable. Upon its receipt, the applicant shall maintain the approval, together with the operation rules and a complete manual for the CAAC's inspection and supervision. The pilot operation will be suspended or terminated under certain circumstances, such as any non-compliance with the approved letter, the presence of uncontrollable operation risks and the voluntary surrender by the applicant. Operation records relating to pilot operations shall be maintained, including operation manual, list of unmanned aircraft, maintenance record of aircraft, and qualification of personnel. The applicant shall also purchase insurance policy for third party liabilities. In addition, "risks" is defined under the Interim Rules to take into account both the frequencies (or probabilities) of the events and the level of severity. It also includes both ground risks and risks in air. We are the first applicant for the pilot operation of certain types of our passenger-grade AAVs in relation to a customer's use for logistics purpose. We have passed preliminary assessment carried out by CAAC and CAAC has issued the notification of acceptance for the application, which means that our application is currently under review. A formal approval for specific unmanned aircraft pilot operation will be issued at a later stage.

In addition, test flights of our passenger-grade AAVs must be and have been supported with approvals obtained from the Aircraft Certificate Department of the CAAC, despite an unclear legislative source for such requirement. We are approved under these approvals to conduct flight trials for the purpose of evaluating the airworthiness of our EHang 216, assessing their operational risks, as well as improving experience with and developing proper airworthiness standard for passenger-grade AAVs. We are allowed to continue our testing until December 31, 2019 and will be submitting testing results and outcomes to the Aircraft Certificate Department, the submission of which may potentially be necessary to renew our testing permits or to apply for the relevant certificate related to airworthiness pursuant to the then applicable laws and regulations. The CAAC confirms that we are involved in the procedure above evaluating the airworthiness of passenger-grade AAVs, assessing their operational risks, as well as improving experience with and developing proper airworthiness standard for passenger-grade AAVs.

UAV Commercial Operation License

The *Administrative Measures for Commercial Flight Activities of Unmanned Aerial Vehicle for Civil Use (Interim)* promulgated by CAAC on March 21, 2018 and taking effect on June 1, 2018, asserts jurisdiction over the commercial operation of any UAV with empty weight of more than 0.25 kilograms and regulates a broad range of UAV activities including aerial spraying, photography, aerial performance flight and UAV operator training. The company operating the regulated activities must first obtain an UAV Commercial Operation License from CAAC for using UAVs in such activities, and the applicant shall meet certain criteria including (a) the applicant shall be a corporation having a PRC national as its legal representative; (b) the applicant shall possess at least one (1) UAV and shall have completed registration of such UAV(s) with CAAC; and (c) the applicant shall have purchased third party liability insurance policy for the relevant UAVs. We have obtained the necessary operation licenses for aerial media solutions purpose while our AAVs for logistic services and passengers transportation do not come under the jurisdiction of the *Administrative Measures for Operational Flight Activities of Civil Unmanned Aerial Vehicle (Interim).* However, in the northwest region of China, the *Administrative Measures for Logistics Services of Civil Unmanned Aerial Vehicle in Northwest Region (Interim)* promulgated by CAAC Northwest Regional Administration on April 3, 2019, stipulates that the company operates logistic services in Shaanxi Province, Gansu Province, Ningxia Province and Qinghai Province by

UAVs shall obtain an operating license for logistic service from CAAC Northwest Regional Administration. Other local CAAC administrations in other regions of China have not issued relevant rules yet. We are not operating logistic services in northwest region of China at the current stage. We may be required to obtain the Commercial Operation License for logistic service if we operate logistic services in Northwest region in the future.

Pilot and Operator License

On August 31, 2018, the Flight Standard Department of the CAAC issued the *Regulations on the Administration of Civil Unmanned Aerial Vehicles Pilots*, according to which a UAV pilot must obtain the relevant UAV pilot license depending on the type and specifications of the UAV operated. In relation to the operation of UAV systems and that of UAVs in clusters, at scale or otherwise in a distributed manner, the operator itself is exempted from the need of a UAV pilot license, pending the stipulation of separate and specific management measures. Distributed operation refers to the mode of operating UAV systems through a collection of multiple sub-units and communication nodes and their deployment to multiple sites or terminals for collaborative operation. Three of our employees have obtained class III pilot licenses and class IV pilot licenses, which satisfied the requirement to operate our non-passenger grade AAVs. However, to the extent our AAVs are operated and controlled through distributed operation (such as during the delivery of our aerial media and smart management solutions), we are not required to obtain any pilot license.

In addition, the draft bill of the *Interim Measures for Flight Administration of Unmanned Aerial Vehicle* published by the CAAC on January 26, 2018 stipulates that any unit or individual that organizes UAV flight activities in a distributed manner shall be subject to safety review and obtain a safe operation license. The individual operator of UAV systems or clusters or distributed operations are however exempted for such licensing requirement. We may be required to obtain the safe operation license for certain component of our business once the above draft bill comes into effect.

Operators of our AAVs may be subject to additional licensing requirements. On December 29, 2015, the CAAC issued the *Rules on Operation of Light and Small Unmanned Aircraft (Pilot)*, pursuant to which, pilot of specified UAVs shall meet certain qualification, and are prohibited from consumption of alcohol and drugs as well as careless piloting. Our pilots have complied with all the above requirements.

Import and Export

On December 31, 2005, the Ministry of Commerce and the General Administration for Customs jointly issued the *Measures for the Administration on Import and Export License for Dual-use Items and Technologies*, pursuant to which a license is required for the exportation of any dual-use goods, products and technologies of the PRC included in a control list issued by the Ministry of Commerce on December 28, 2017. Notably, certain types of UAVs are subject to the foregoing export license requirements, such as UAVs with (a) a maximum endurance time of 1 hour, (b) maximum endurance time of half an hour and the ability to take-off and conduct stable flight against a wind speed of no less than 46.3 kilometer/hour; (c) aircraft range equal to or higher than 300 kilometers; (d) automatic controlling system and navigation capability containing aerosol preparation for planting with volume of 20 liters or being capable of installing aerosol preparation system for planting with volumes of 20 liters after designing and modification. We may be required to obtain the necessary license for the exportation of certain of our AAVs.

Wireless Communication

Our AAVs and remote control center has installed certain radio transmission equipment and telecommunication equipment. For radio transmission equipment, pursuant to the Regulations on the Administration of Radio in the PRC promulgated by the State Council and CMC, with effect from December 1, 2016, radio transmission equipment produced or imported for the purpose of sale and use in the PRC shall

comply with laws and regulations in respect of product quality and administration of state radio, as well as other applicable national standards. Except for micro power short-distance radio transmission equipment, for any production or import of other radio transmission equipment for domestic sale and use, an application for model confirmation shall be filed with the radio regulatory authority of the state. According to Telecommunications Regulation of PRC promulgated by State Counsel on September 25, 2000, amended in July 2014 and February 2016, the government stipulates a network connection licensing system for telecommunications equipment. The telecommunications equipment accessing a public telecommunications network shall comply with the national standards, and obtain a network access certificate. We purchase certain equipment and models with Transmission Equipment Type Approval Certificate and Network Access Certificate from our supplier.

Bidding and Construction

Our undertaking of the development of command-and-control centers is subject to bidding laws and constructions laws.

On December 27, 2017, the Standing Committee of the National People's Congress promulgated the *Bidding Law of the PRC*. The Bidding Law provides that two or more legal persons or other organizations may form a consortium to bid jointly as one bidder. Each member of a consortium shall have the relevant capability to undertake the bidding project; where the qualification criteria for bidders are imposed either by State regulations or terms of the bidding documents, each member of a consortium shall satisfy the corresponding qualification criteria. The consortium members shall each sign a joint bidding agreement to clearly specify the work and responsibilities to be undertaken by each party, and submit the joint bidding agreement to the bid inviter together with the bid.

On November 1, 1997, the Standing Committee of the National People's Congress promulgated the *Construction Law of PRC*, which was amended on April 22, 2011 and April 23, 2019. The Construction Law provides that construction enterprises, survey units, design units and project supervision units engaging in construction activities shall be classified under different qualification grades based on certain criteria such as their registered capital, technical professionals team, technical equipment owned and track records of completed construction projects, etc., and may engage in construction activities within the scope permitted for their qualification grade upon passing examination of qualifications and obtaining the qualification certificate for the corresponding grade. Contractor of construction projects shall also possess a qualification certificate. Construction enterprises are prohibited from contracting projects beyond the scope of business permitted for their qualification grade or in any form in the name of another construction enterprise. A construction enterprise must not allow another organization or individual to use their qualification certificate or business license to contract any form of construction projects. According to the Construction Law, Contractors contracting projects without obtaining a qualification certificate shall be clamped down and be subject to a fine; illegal income, if any, shall be confiscated.

We entered into certain construction agreements in relation to our smart city management projects without having obtained the necessary construction qualifications. These projects are bidden jointly with qualified entity and sub-contracted to qualified entity. If we are found to have violated the applicable bidding laws and construction laws, we may be subject to fine. We are planning to obtain qualification and will cooperate with other partner with qualification for current smart city management projects.

Product Liability and Tort Liability

Pursuant to the *Product Quality Law of the PRC*, which was promulgated on February 22, 1993 and subsequently amended on July 8, 2000, August 27, 2009 and December 29, 2018, the production or sale of products that do not meet applicable health and safety standards and requirements is prohibited. Products must not pose unreasonable dangers to human or property. Where a defective product causes physical injury to a person or damage to property, the aggrieved party may make a claim for compensation from the producer or the

seller of the product. Producers and sellers of non-compliant products may be ordered to cease production and sale of such products, subject to fines and/or revocation of business license. Non-compliant products, as well as earnings attributable to the sales of such products may also be confiscated.

In addition, pursuant to the *Tort Law of the PRC*, promulgated by the Standing Committee of the National People's Congress on December 26, 2009 and taking effect since July 1, 2010, the manufacturer of defective products that cause damage shall bear tort liability. Where defects are discovered after the relevant products are put in circulation, the manufacturer and the seller shall promptly adopt remedial measures such as warnings and product recalls, failing which, the manufacturer and the seller will be liable for tort claims.

Consumer Rights Protection

Our business is subject to a variety of consumer protection laws, including the *PRC Consumer Rights and Interests Protection Law*, as amended on October 25, 2013, which imposes stringent obligations on business operators. Failure to comply with these consumer protection laws could subject us to administrative sanctions, such as the issuance of warning, confiscation of income, imposition of fines, order to cease business operations, revocation of business licenses, as well as potential civil and criminal liabilities.

Internet Information Security and Privacy Protection

In November 2016, the Standing Committee of the National People's Congress, or the SCNPC, promulgated the *Cyber Security Law of the PRC*, or the Cyber Security Law, which became effective on June 1, 2017. The Cyber Security Law requires that a network operator, which includes, among others, internet information services providers, to take technical measures and/or other necessary measures in accordance with applicable laws, regulations and national and industrial standards, to ensure the safe and stable operation of its networks. We are considered an "internet information service provider" as we operate website and mobile application and providing certain internet services mainly through our mobile application. The Cyber Security Law further requires internet information service providers to formulate contingency plans for network security incidents, report to competent departments immediately upon the occurrence of any incident endangering cyber security and take corresponding remedial measures. Internet information service providers are also required to maintain the integrity, confidentiality and availability of network data. The Cyber Security Law reaffirms the basic principles and requirements specified in other existing laws and regulations on personal data protection, such as the requirements on the collection, use, processing, storage and disclosure of personal data, and internet information service providers being required to take technical and other necessary measures to ensure the security of the personal information they have collected and prevent the personal information from being divulged, damaged or lost. Any violation of the Cyber Security Law may subject the internet information service provider like us to warnings, fines, confiscation of illegal gains, revocation of licenses, cancellation of filings, shutdown of websites or criminal liabilities.

Intellectual Property Rights

Patent Law

According to the *Patent Law of the PRC* (as amended in 2008), the State Intellectual Property Office is responsible for administering patent laws in the PRC. The provincial, autonomous region and municipal level patent administration departments are responsible for the administration of patent laws within their respective jurisdictions. The Chinese patent system adopts a first-to-file principle, which means that when more than one person files patent applications with respect to the same invention, the person who files the application first will obtain the patent of the invention. To be patentable, an invention or a utility model must meet three criteria: novelty, inventiveness and practicability. A patent is valid for twenty years in the case of an invention and ten years in the case of a utility models or designs.

Regulations on Copyright

The *Copyright Law of the PRC*, or the Copyright Law, which took effect on June 1, 1991 and was amended in 2001 and in 2010, provides that 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. The Copyright Law as revised in 2010 extends copyright protection to internet activities, products disseminated over the internet and software products. In addition, the Copyright Law provides for a voluntary registration system administered by the China Copyright Protection Center, or the CPCC. According to the Copyright Law, an infringer of the copyrights shall be subject to various civil liabilities, which include ceasing infringement activities, making apology to the copyright owners and compensating the copyright owners for his/her loss. Infringers of copyright may also be subject to fines and/or administrative or criminal liabilities in severe situations.

Pursuant to the *Computer Software Copyright Protection Regulations* promulgated by the State Council on December 20, 2001 and amended on January 30, 2013, software copyright owner may complete registration formalities with a software registration authority recognized by the State Council's copyright administrative department. The software copyright owner may authorize others to exercise that copyright, and is entitled to receive remuneration.

Trademark Law

Trademarks are protected by the *Trademark Law of the PRC* which was adopted on August 23, 1982 and subsequently amended in 1993, 2001, 2013 and 2019 (to take effect on November 1, 2019) as well as by the *Implementation Regulations of the PRC Trademark Law* adopted by the State Council in 2002 and as most recently amended on April 29, 2014. The Trademark Office under the State Administration for Industry and Commerce takes charge of trademark registrations. The Trademark Office grants a ten-year term to registered trademarks which term may be renewed for another ten-year period upon request by the trademark owner. A trademark registrant may license its registered trademarks to another party by entering into trademark license agreements, which must be filed with the Trademark Office for its record. As with trademark registrations, the Trademark Law has adopted a first-to-file principle. If a trademark applied for is identical or similar to another trademark which has already been registered or subject to a preliminary examination and approval for use on the same or similar kinds of products or services, such trademark application may be rejected. Any person applying for the registration of a trademark may not injure existing trademark rights first obtained by others, nor may any person register in advance a trademark that has already been used by another party and has already gained a "sufficient degree of reputation" through such party's use.

Regulations on Domain Names

The MIIT promulgated the *Measures on Administration of Internet Domain Names*, or the Domain Name Measures, on August 24, 2017, which took effect on November 1, 2017 and replaced the *Administrative Measures on China Internet Domain Name*s promulgated by the MIIT on November 5, 2004. According to the Domain Name Measures, the MIIT is in charge of the administration of PRC internet domain names. The domain name registrations follows a first-to-file principle. Applicants for registration of domain names must provide the true, accurate and complete information of their identities to domain name registration service institutions. The applicants will become the holders of such domain names upon the completion of the registration procedures.

Foreign Investment

The Foreign Investment Law

On March 15, 2019, the National People's Congress approved the Foreign Investment Law, which will take effect on January 1, 2020 and replace three existing laws on foreign investments in China, namely, the *PRC*

Equity Joint Venture Law, the PRC Cooperative Joint Venture Law and the *Wholly Foreign-owned Enterprise Law*, together with their implementation rules and ancillary regulations. The *Foreign Investment Law* embodies an expected PRC regulatory trend to rationalize its foreign investment regulatory regime in line with prevailing international practice and the legislative efforts to unify the corporate legal requirements for both foreign and domestic invested enterprises in China. The *Foreign Investment Law* establishes the basic framework for the access to, and the promotion, protection and administration of foreign investments in view of investment protection and fair competition.

According to the *Foreign Investment Law*, "foreign investment" refers to investment activities directly or indirectly conducted by one or more natural persons, business entities, or otherwise organizations of a foreign country (collectively referred to as "foreign investor") within China, and the investment activities include the following situations: (i) a foreign investor, individually or collectively with other investors, establishes a foreign-invested enterprise within China; (ii) a foreign investor acquires stock shares, equity shares, shares in assets, or other like rights and interests of an enterprise within China; (iii) a foreign investor, individually or collectively with other investors, invests in a new project within China; and (iv) investments in other means as provided by laws, administrative regulations, or the State Council.

According to the *Foreign Investment Law*, the State Council will publish or approve to publish a catalogue for special administrative measures, or the "negative list." The *Foreign Investment Law* grants national treatment to foreign invested entities, except for those foreign invested entities that operate in industries deemed to be either "restricted" or "prohibited" in the "negative list". Because the "negative list" has yet to be published, it is unclear whether it will differ from the current *Special Administrative Measures for Market Access of Foreign Investment (Negative List)*. The *Foreign Investment Law* provides that foreign invested entities operating in foreign restricted or prohibited industries will require market entry clearance and other approvals from relevant PRC governmental authorities.

Furthermore, the *Foreign Investment Law* provides that foreign invested enterprises established according to the existing laws regulating foreign investment may maintain their structure and corporate governance within five years after the implementing of the *Foreign Investment Law*.

In addition, the *Foreign Investment Law* also provides several protective rules and principles for foreign investors and their investments in the PRC, including, among others, that local governments shall abide by their commitments to the foreign investors; foreign-invested enterprises are allowed to issue stocks and corporate bonds; except for special circumstances, in which case statutory procedures shall be followed and fair and reasonable compensation shall be made in a timely manner, expropriation or requisition of the investment of foreign investors is prohibited; mandatory technology transfer is prohibited; and the capital contributions, profits, capital gains, proceeds out of asset disposal, licensing fees of intellectual property rights, indemnity or compensation legally obtained, or proceeds received upon settlement by foreign investors within China, may be freely remitted inward and outward in RMB or a foreign currency. Also, foreign investors or the foreign investment enterprise should be imposed legal liabilities for failing to report investment information in accordance with the requirements.

Foreign Investment Industries Guidance Catalogue

On June 28, 2017, the Ministry of Commerce of the People's Republic of China, or the MOFCOM, and the National Development and Reform Commission, or the NDRC, jointly promulgated the *Guidance Catalogue of Industries for Foreign Investment (Revised in 2017)*, or the Catalogue, which came into effect on July 28, 2017. The Catalogue includes the Catalogue of Industries for Encouraging Foreign Investment, or the Encouraged Catalogue, and the Special Administrative Measures for Access of Foreign Investment (Negative List), or the Negative List. The Encourage Catalogue sets forth the industries and economic activities that foreign investment in China is encouraged to be engaged in. The Negative List sets forth the prohibited or restricted industries or economic activities for foreign investment in China. The Encouraged Catalogue was amended on June 30, 2019,

and the Negative List was amended on June 28, 2018 and June 30, 2019. Any industry not listed in the Encouraged Catalogue and the Negative List is a permitted industry. Pursuant to the Negative List, a company that designs and manufactures UAVs can be wholly owned by foreign investors.

The establishment, operation and management of corporate entities in the PRC are governed by the *PRC Company Law*, which was initially promulgated by the SCNPC on December 29, 1993 and was most recently amended on October 26, 2018. The current PRC Company Law came into effect on October 26, 2018. The PRC Company Law generally governs two types of companies—limited liability companies and joint stock limited companies. The PRC Company Law also applies to foreign-invested companies that are also subject to the operation of other laws and regulations applicable to foreign investment. Regulations on the procedures of establishment, approval and record-filing, registered capital requirements, foreign exchange, accounting practices, taxation and labor matters relating to a wholly foreign-owned enterprise are contained in the *Wholly Foreign-owned Enterprise Law of the PRC*, or the WFOE Law, promulgated on April 12, 1986 and amended on October 31, 2000 and September 3, 2016, as well as the *Rules for the Implementation of the WFOE Law*, promulgated on December 12, 1990 and amended on April 12, 2001 and February 19, 2014. According to the 2016 amendment of the WFOE law, for wholly foreign-owned enterprises which are not regulated by special administrative measures for admission stipulated by the State Council their establishment, operational term and extension, division merger and other major changes shall be filed for record.

Pursuant to the *Provisional Administrative Measures for Record-filing of the Establishment and Change of Foreign-invested Enterprises*, or the Provisional Measures, promulgated by MOFCOM on October 8, 2016 (as amended), establishment and modifications of foreign invested enterprises which are not subject to the approval under the special administrative measures for admission stipulated by the State Council shall be filed with the delegated commercial authorities.

Foreign Exchange

General Administration of Foreign Exchange

Under the *PRC Foreign Currency Administration Rules* promulgated on January 29, 1996 and most recently amended on August 5, 2008 and various regulations issued by the State Administration of Foreign Exchange, or the SAFE, and other relevant PRC government authorities, Renminbi is convertible into other currencies for current account items, such as trade-related receipts and payments and payment of interest and dividends. The conversion of Renminbi into other currencies and remittance of the converted foreign currency outside the PRC for capital account items, such as direct equity investments, loans and repatriation of investment, require the prior approval from the SAFE or its local office.

Payments for transactions that take place within the PRC must be made in Renminbi. Unless otherwise approved, PRC companies may not repatriate foreign currency payments received from abroad or retain the same abroad. Foreign-invested enterprises may retain foreign exchange in accounts with designated foreign exchange banks under the current account items subject to a cap set by the SAFE or its local office. Foreign exchange proceeds under the current accounts may be either retained or sold to a financial institution engaged in settlement and sale of foreign exchange pursuant to relevant SAFE rules and regulations. For foreign exchange proceeds under the capital accounts, approval from the SAFE is generally required for the retention or sale of such proceeds to a financial institution engaged in settlement and sale of foreign exchange.

Pursuant to the *Circular of the SAFE on Further Improving and Adjusting Foreign Exchange Administration Policies for Direct Investments*, or the SAFE Circular No. 59 promulgated by the SAFE on November 19, 2012, which became effective on December 17, 2012 and was further amended on May 4, 2015, and again October 10, 2018, approval of the SAFE is not required for opening a foreign exchange account and depositing foreign exchange into the accounts relating to the direct investments. The SAFE Circular No. 59 also simplified foreign

exchange-related registration required for foreign investors to acquire equity interests in PRC companies and further improved the administration on foreign exchange settlement for foreign-invested enterprises.

The *Circular on Further Simplifying and Improving the Foreign Currency Management Policy on Direct Investments*, or the SAFE Circular No. 13, effective from June 1, 2015, removes the requirement of administrative approvals for foreign exchange registration of direct domestic investments and direct overseas investments and simplifies the procedure of foreign exchange-related registration. Pursuant to the SAFE Circular No. 13, the investors shall register with banks for direct domestic investment and direct overseas investments.

The *Circular on Reforming the Management Approach regarding the Settlement of Foreign Exchange of Foreign-invested Enterprises*, or the SAFE Circular No. 19, which was promulgated by the SAFE on March 30, 2015 and became effective on June 1, 2015, provides that a foreign-invested enterprise may, according to its actual business needs, settle with a bank the portion of the foreign exchange capital in its capital account for which the relevant foreign exchange administration has confirmed monetary capital contribution rights and interests (or for which the bank has registered the injection of the monetary capital contribution into the account). Pursuant to the SAFE Circular No. 19, for the time being, foreign-invested enterprises are allowed to settle 100% of their foreign exchange capital on a discretionary basis; a foreign-invested enterprise shall truthfully use its capital for its own operational purposes within the scope of business; where an ordinary foreign-invested enterprise makes domestic equity investment with the amount of foreign exchanges settled, the invested enterprise must first go through domestic re-investment registration and open a corresponding account for foreign exchange settlement pending payment with the foreign exchange administration or the bank at the place where it is registered.

The *Circular on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts*, or the SAFE Circular No. 16, which was promulgated by the SAFE and became effective on June 9, 2016, provides that enterprises registered in the PRC may also convert their foreign debts from foreign currency into Renminbi on a self-discretionary basis. The SAFE Circular No. 16 also provides an integrated standard for conversion of foreign exchange under capital account items (including but not limited to foreign currency capital and foreign debts) on a self-discretionary basis, which applies to all enterprises registered in the PRC.

According to the Provisional Measures, the SAFE Circular No. 13, the *Administrative Rules on the Company Registration* that was promulgated by the State Council on June 24, 1994 and amended on February 6, 2016, and other laws and regulations governing foreign invested enterprises and company registrations, the establishment of a foreign invested enterprise and any capital increases and other major changes in a foreign invested enterprise shall be registered with a designated bank at the place of its registration and the State Administration for Market Regulation, or the SAMR, or its local counterparts, and be filed via the foreign investment comprehensive administrative system, or the FICMIS, if such foreign invested enterprise does not involve special access administrative measures prescribed by the PRC government.

Loans by the Foreign Companies to their PRC Subsidiaries

A loan made by foreign investors to a foreign invested enterprise in which it has an equity interest is considered to be foreign debt in China and is regulated by various laws and regulations, including the *Regulation of the People's Republic of China on Foreign Exchange Administration*, the *Interim Provisions on the Management of Foreign Debts*, the *Statistical Monitoring of Foreign Debts Tentative Provisions*, the *Detailed Rules for the Implementation of Provisional Regulations on Statistics and Supervision of External Debt*, and the *Administrative Measures for Registration of Foreign Debts*. Under these rules and regulations, a shareholder loan in the form of foreign debt made to a PRC entity does not require the prior approval of the SAFE. However, such foreign debt must be registered with and recorded by the SAFE or its local branches within fifteen business days after execution of the relevant agreement. Pursuant to these rules and regulations, the balance of the foreign debts of a foreign invested enterprise shall not exceed the difference between the total investment and the registered capital of the foreign invested enterprise, or Total Investment and Registered Capital Balance.

Pursuant to the Interim Provisions of the State Administration for Industry and Commerce on the Ratio of the Registered Capital to the Total Investment of a Sino-Foreign Equity Joint Venture Enterprise, promulgated by SAMR on February 17, 1987 and taking effect on March 1, 1987, with respect to a sino-foreign equity join venture, the registered capital shall be (i) no less than 7/10 of its total investment, if the total investment is US$3 million or under US$3 million; (ii) no less than 1/2 of its total investment, if the total investment is ranging from US$3 million to US$10 million (including US$10 million), provided that the registered capital shall not be less than US$2.1 million if the total investment is less than US$4.2 million; (iii) no less than 2/5 of its total investment, if the total investment is ranging from US$10 million to US$30 million (including US$30 million), provided that the registered capital shall not be less than US$5 million if the total investment is less than US$12.5 million; and (iv) no less than 1/3 of its total investment, if the total investment exceeds US$30 million, provided that the registered capital shall not be less than US$12 million if the total investment is less than US$36 million.

On January 11, 2017, the People's Bank of China, or the PBOC promulgated the Notice of the People's Bank of China on Matters concerning the Macro-Prudential Management of Full-Covered Cross-Border Financing, or the PBOC Notice No. 9. Pursuant to the PBOC Notice No. 9, within a transition period of one year from January 11, 2017, the foreign invested enterprises may adopt the currently valid foreign debt management mechanism, or Current Foreign Debt Mechanism, or the mechanism as provided in the PBOC Notice No. 9, or Notice No. 9 Foreign Debt Mechanism, at their own discretions. The PBOC Notice No. 9 provides that enterprises may conduct independent cross-border financing in Renminbi or foreign currencies as required. Pursuant to the PBOC Notice No. 9, the outstanding cross-border financing of an enterprise (the outstanding balance drawn, here and below) shall be calculated using a risk-weighted approach, or Risk-Weighted Approach, and shall not exceed the specified upper limit, namely: risk-weighted outstanding cross-border financing £ the upper limit of risk-weighted outstanding cross-border financing. Risk-weighted outstanding cross-border financing = Soutstanding amount of Renminbi and foreign currency denominated cross-border financing * maturity risk conversion factor * type risk conversion factor + Soutstanding foreign currency denominated cross-border financing * exchange rate risk conversion factor. Maturity risk conversion factor shall be one (1) for medium and long-term cross-border financing with a term of more than one year and 1.5 for short-term cross-border financing with a term of no less than one (1) year. Type risk conversion factor shall be one (1) for on-balance-sheet financing and one (1) for off-balance-sheet financing (contingent liabilities) for the time being. Exchange rate risk conversion factor shall be 0.5. The PBOC Notice No. 9 further provides that the upper limit of risk-weighted outstanding cross-border financing for enterprises shall be 200% of its net assets, or Net Asset Limits. Enterprises shall file with the SAFE in its capital item information system after entering into the relevant cross-border financing contracts and prior to three (3) business days before drawing any money from the foreign debts.

Based on the foregoing, if we provide funding to our wholly foreign owned subsidiaries through shareholder loans, the balance of such loans shall not exceed the Total Investment and Registered Capital Balance and we will need to register such loans with the SAFE or its local branches in the event that the Current Foreign Debt Mechanism applies, or the balance of such loans shall be subject to the Risk-Weighted Approach and the Net Asset Limits and we will need to file the loans with the SAFE in its information system in the event that the Notice No. 9 Foreign Debt Mechanism applies. According to the PBOC Notice No. 9, after a transition period of one year from January 11, 2017, the PBOC and the SAFE will determine the cross-border financing administration mechanism for the foreign-invested enterprises after evaluating the overall implementation of the PBOC Notice No. 9. As of the date hereof, neither the PBOC nor the SAFE has promulgated and made public any further rules, regulations, notices or circulars in this regard. It is uncertain which mechanism will be adopted by the PBOC and the SAFE in the future and what statutory limits will be imposed on us when providing loans to our PRC subsidiaries.

Offshore Investment by PRC Residents

Pursuant to the SAFE's Notice on Relevant Issues Concerning Foreign Exchange Administration for PRC Residents to Engage in Financing and Round-Trip Investment via Overseas Special Purpose Vehicles and its

subsequent amendments, supplements or implementation rules, or SAFE Circular 75, issued on October 21, 2005, a PRC resident (whether a natural person or a legal person) shall register with the local branch of the SAFE before it establishes or controls an overseas special purpose vehicle, or an SPV, with assets or equity interests in a PRC company, for the purpose of overseas equity financing. On July 4, 2014, SAFE issued the SAFE's Notice on Relevant Issues Concerning Foreign Exchange Administration for PRC Residents to Engage in Outbound Investment and Financing and Round-trip Investments via Special Purpose Vehicles, or the SAFE Circular 37, which superseded SAFE Circular 75. According to SAFE Circular 37, the PRC domestic resident shall apply for SAFE registration for overseas investment before paying capital to SPV by using his, her or its legal assets whether overseas or domestic. The SPV is defined as "offshore enterprise directly established or indirectly controlled by the domestic residents (including domestic institutions and individuals) with their legally owned assets and equity of the domestic enterprise, or legally owned offshore assets or equity, for the purpose of offshore investment and financing". In addition, in the event that the SPV undergoes changes of its basic information such as the individual shareholder, name, operation term, etc., or material events including increase or decrease in investment amount by domestic individual shareholder, equity transfer or swap, mergers, spin-off, etc., the domestic resident shall timely complete the change of foreign exchange registration formality for offshore investment.

According to the SAFE Circular 37, failure to make such registration or truthfully disclose actual controllers of the round-trip enterprises may subject PRC residents to fines of up to RMB300,000 in case of domestic institutions or RMB50,000 in case of domestic individuals. If the registered or beneficial shareholders of the offshore holding company who are PRC residents do not complete their registration with the local SAFE branches, the relevant PRC subsidiary may be prohibited from distributing their profits and proceeds from any reduction in capital, share transfer or liquidation to the offshore company, and the offshore company may be restricted in its ability to contribute additional capital to its PRC subsidiary. Moreover, failure to comply with the SAFE registration and amendment requirements described above could result in liability under PRC laws for violating applicable foreign exchange restrictions.

Our founders, Mr. Huazhi Hu and Mr. Derrick Yifang Xiong have both completed their registration under the SAFE Circular 37. We, however, cannot provide any assurances that all of our shareholders who are PRC residents will file all applicable registrations or update previously filed registrations as required by these SAFE regulations. The failure or inability of our PRC resident shareholders to comply with the registration procedures may subject the PRC resident shareholders to fines and legal sanctions, restrict our cross-border investment activities, or limit our PRC subsidiaries' ability to distribute dividends to or obtain foreign exchange-dominated loans from our company.

Dividend Distribution

The principal laws and regulations regulating the distribution of dividends by foreign-invested enterprises in the PRC include the *PRC Company Law*, as amended in 2004, 2005, 2013 and 2018, the *Wholly Foreign-owned Enterprise Law* promulgated in 1986 and amended in 2000 and 2016 and its implementation regulations promulgated in 1990 and subsequently amended in 2001 and 2014, the *Sino-foreign Equity Joint Venture Law of the PRC* promulgated in 1979 and subsequently amended in 1990, 2001 and 2016 and its implementation regulations promulgated in 1983 and subsequently amended in 1986, 1987, 2001, 2011 and 2014, and the *Sino-foreign Cooperative Joint Venture Law of the PRC* promulgated in 1988 and amended in 2000, 2016 and 2017 and its implementation regulations promulgated in 1995 and amended in 2014 and 2017. Under the current regulatory regime in the PRC, foreign-invested enterprises may pay dividends only out of their retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. A PRC company is required to set aside as statutory reserve funds of at least 10% of its after-tax profit, until the cumulative amount of such reserve funds reaches 50% of its registered capital unless laws regarding foreign investment provide otherwise. A PRC company shall not 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.

Taxation

Enterprise Income Tax

On March 16, 2007, the SCNPC promulgated the *Enterprise Income Tax Law of the PRC* which was amended on February 24, 2017 and December 29, 2018. On December 6, 2007, the State Council enacted the *Regulations for the Implementation of the Enterprise Income Tax Law*, or collectively, the EIT Law. The EIT Law came into effect on January 1, 2008. Under the EIT Law, both resident enterprises and non-resident enterprises are subject to tax in the PRC. Resident enterprises are defined as enterprises that are established in China in accordance with PRC laws, or that are established in accordance with the laws of foreign countries but are actually or in effect controlled from within the PRC. Non-resident enterprises are defined as enterprises that are organized under the laws of foreign countries and whose actual management is conducted outside the PRC, but have established institutions or premises in the PRC, or have no such established institutions or premises but have income generated from inside the PRC. Under the EIT Law and relevant implementing regulations, a uniform corporate income tax rate of 25% is applied. However, if non-resident enterprises have not formed permanent establishments or premises in the PRC, or if they have formed permanent establishment or premises in the PRC but there is no actual relationship between the relevant income derived in the PRC and the established institutions or premises set up by them, enterprise income tax is set at the rate of 10% with respect to their income sourced from inside the PRC. According to the EIT Law and relevant regulations, subject to the approval of competent tax authorities, the income tax of an enterprise that has been determined to be a high and new technology enterprise shall be reduced to a preferential rate of 15%.

Value-added Tax

The *Provisional Regulations of the PRC on Value-added Tax* was promulgated by the State Council on December 13, 1993 and came into effect on January 1, 1994 and was subsequently amended from time to time, and the *Detailed Rules for the Implementation of the Provisional Regulations of the PRC on Value-added Tax* (Revised in 2011) was promulgated by the Ministry of Finance, or the MOF, on December 25, 1993 and subsequently amended on December 15, 2008 and October 28, 2011, or collectively, VAT Law. According to the VAT Law and the Order 691, all enterprises and individuals engaged in the sale of goods, the provision of processing, repair and replacement services, sale of services, intangible assets, real property and the importation of goods within the territory of the PRC are taxpayers of VAT.

On November 19, 2017, the State Council promulgated the *Decisions on Abolishing the Provisional Regulations of the PRC on Business Tax and Amending the Provisional Regulations of the PRC on Value-added Tax*, or the Order 691. The VAT tax rates generally applicable are simplified as 17%, 11%, 6% and 0%, and the VAT tax rate applicable to the small-scale taxpayers is 3%. Pursuant to the *Circular of the Ministry of Finance and the State Administration of Taxation on Adjusting Value-added Tax Rates* promulgated on April 4, 2018 by the Ministry of Finance and the State Administration of Taxation, which became effective on May 1, 2018, where a taxpayer engages in a taxable sales activity for the value-added tax purpose or imports goods, the previous applicable 17% and 11% tax rates are adjusted to be 16% and 10%, respectively. Pursuant to *Announcement on Policies for Deepening the VAT Reform* issued by the PRC Ministry of Finance, the PRC State Taxation Administration and the General Administration of Customs (“Announcement No. 39”) on March 20, 2019 and effective on April 1, 2019, the previous rate of 16% or 10% are adjusted to be 13% or 9%, respective, for taxpayer’s general sale activities or imports.

Tax on Indirect Transfer

On February 3, 2015, the SAT issued the *Circular on Issues of Enterprise Income Tax on Indirect Transfers of Assets by Non-PRC Resident Enterprises*, or the SAT Circular 7. Pursuant to the SAT Circular 7, an “indirect transfer” of assets, including equity interests in a PRC resident enterprise, by non-PRC resident enterprises, may be recharacterized and treated as a direct transfer of PRC taxable assets, if such arrangement does not have a

reasonable commercial purpose and was established for the purpose of avoiding payment of PRC enterprise income tax. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax. When determining whether there is a "reasonable commercial purpose" of the transaction arrangement, features to be taken into consideration include, *inter alia*, whether the main value of the equity interest of the relevant offshore enterprise derives directly or indirectly from PRC taxable assets; whether the assets of the relevant offshore enterprise mainly consists of direct or indirect investment in China or if its income is mainly derived from China; and whether the offshore enterprise and its subsidiaries directly or indirectly holding PRC taxable assets have real commercial nature which is evidenced by their actual function and risk exposure. According to the SAT Circular 7, where the payer fails to withhold any or sufficient tax, the transferor shall declare and pay such tax to the tax authority by itself within the statutory time limit. Late payment of applicable tax will subject the transferor to default interest. The SAT Circular 7 does not apply to transactions of sale of shares by investors through a public stock exchange where such shares were acquired on a public stock exchange. On October 17, 2017, the SAT issued the *Circular on Issues of Tax Withholding regarding Source of Non-PRC Resident Enterprise Income Tax*, or the SAT Circular 37, which further elaborates on the relevant implemental rules regarding the calculation, reporting and payment obligations of the withholding tax by the non-resident enterprises.

Employment and Social Welfare

Labor Contract Law

The *Labor Contract Law of the PRC*, or the Labor Contract Law, which was promulgated on January 1, 2008 and amended on December 28, 2012, is primarily aimed at regulating rights and obligations of employer and employee relationships, including the establishment, performance and termination of labor contracts. Pursuant to the Labor Contract Law, labor contracts shall be concluded in writing if labor relationships are to be or have been established between employers and employees. Employers are prohibited from forcing employees to work in excess of certain time limit and employers shall pay employees for overtime work in accordance with national regulations. In addition, employee wages shall be no lower than the local minimum wages and must be paid to employees in a timely manner**.**

Interim Provisions on Labor Dispatch

Pursuant to the *Interim Provisions on Labor Dispatch* promulgated by the Ministry of Human Resources and Social Security on January 24, 2014, which became effective on March 1, 2014, dispatched workers are entitled to the same pay as the fulltime employees for the same nature of work. Employers are allowed to use dispatched workers for temporary, auxiliary or substitutive positions, and the number of dispatched workers must not exceed 10% of the total number of employees.

Social Insurance and Housing Fund

As required under the Regulation of Insurance for Labor Injury implemented on January 1, 2004 and amended in 2010, the Provisional Measures for Maternity Insurance of Employees of Corporations implemented on January 1, 1995, the Decisions on the Establishment of a Unified Pension Insurance Program for Pension Insurance of the State Council issued on July 16, 1997, the Decisions on the Establishment of the Medical Insurance Program for Urban Workers of the State Council promulgated on December 14, 1998, the Unemployment Insurance Measures promulgated on January 22, 1999 and the Social Insurance Law of the PRC implemented on July 1, 2011 and amended on December 29, 2018, employers are required to provide their employees in the PRC with welfare benefits covering pension insurance, unemployment insurance, maternity insurance, labor injury insurance and medical insurance. These payments are made to local administrative authorities. Any employer that fails to make social insurance contributions may be ordered to rectify the non-compliance and pay the required contributions within a prescribed time limit and be subject to a late fee. If the employer still fails to rectify the failure to make the relevant contributions within the grace period, it may be subject to a fine ranging from one (1) to three (3) times the amount overdue.

In accordance with the *Regulations on the Management of Housing Fund* which was promulgated by the State Council in 1999 and amended in 2002 and 2019, employers must register at the designated administrative centers and open bank accounts for depositing employees' housing funds. An employee and his/her employer are also required to pay and deposit certain percentage of the monthly average salary of such employee as housing funds in the preceding year in full and on time.

Employee Stock Incentive Plan

Pursuant to the Notice of Issues Related to the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Listed Company, or the SAFE Circular 7, which was issued by the SAFE on February 15, 2012, if PRC "domestic individuals" (both PRC residents and non-PRC residents who reside in China for a continuous period of not less than one year, excluding foreign diplomatic personnel and representatives of international organizations) participate in any stock incentive plan of an overseas listed company, a PRC domestic qualified agent, which could be the PRC subsidiary of such overseas listed company, shall, among others things, file, on behalf of such individual, an application with the SAFE to conduct the SAFE registration with respect to such stock incentive plan, and obtain approval for an annual allowance with respect to the purchase of foreign exchange in connection with stock holding or stock option exercises. In addition, the SAFE Circular 37 also provides certain requirements and procedures of foreign exchange registration in relation to equity incentive plan of SPV before listing. In this regard, if a non-listed SPV grants equity incentives to its directors, supervisors, senior officers or other employees in its domestic subsidiaries, the relevant domestic individual residents may register with the SAFE before exercising their rights.

In addition, the SAT has issued certain circulars concerning employee stock options and restricted shares. Under these circulars, employees working in the PRC who exercise stock options or are granted restricted shares will be subject to PRC individual income tax. The PRC subsidiaries of an overseas listed company are required to file documents related 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 PRC subsidiaries fail to withhold income tax in accordance with relevant laws and regulations, the PRC subsidiaries may face sanctions imposed by the tax authorities or other PRC governmental authorities.

M&A Rules and Overseas Listing

On August 8, 2006, six (6) PRC governmental and regulatory agencies, including the MOFCOM and the China Securities Regulatory Commission, or the CSRC, promulgated the *Rules on Acquisition of Domestic Enterprises by Foreign Investors*, or the M&A Rules that became effective on September 8, 2006 and was revised on June 22, 2009, governing the mergers and acquisitions of domestic enterprises by foreign investors. The M&A Rules, among other things, require that if an overseas company established or controlled by PRC companies or individuals, or PRC Citizens, intends to acquire equity interests or assets of any other PRC domestic company affiliated with the PRC Citizens, such acquisition must be submitted to the MOFCOM for approval. The M&A Rules also require that an offshore SPV, or an SPV formed for overseas listing purposes and controlled directly or indirectly by PRC companies or individuals, shall obtain the approval of the CSRC prior to overseas listing and trading of such SPV's securities on an overseas stock exchange.

Environmental Protection and Work Safety

Environmental Protection

Pursuant to the *Environmental Protection Law of the PRC* 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 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.

Environmental protection authorities impose various administrative penalties on persons or enterprises in violation of the *Environmental Protection Law*. Such penalties include warnings, fines, orders to rectify within the prescribed period, orders to cease construction, orders to restrict or suspend production, orders to make recovery, orders to disclose relevant information or make an announcement, 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 *Tort Law of the PRC*. In addition, environmental organizations may also bring lawsuits against any entity that discharges pollutants detrimental to the public welfare.

Work Safety

Under relevant construction safety laws and regulations, including the *Work Safety Law of the PRC* which was promulgated by the SCNPC on June 29, 2002, amended on August 27, 2009, August 31, 2014, and effective as of December 1, 2014, production and operating business entities must establish objectives and measures for work safety and improve the working environment and 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 the employees with protective equipment that meets the national standards or industrial standards. Automobile and components manufacturers are subject to the aforementioned environment protection and work safety requirements.

Fire Control

Pursuant to the *Fire Safety Law of the PRC* promulgated by the SCNPC on April 29, 1998, amended on October 28, 2008 and April 23, 2019 and which became effective on April 23, 2019 and the *Provisions on Supervision and Administration of Fire Protection of Construction Projects* promulgated by the Ministry of Public Security of the PRC on April 30, 2009, implemented on May 1, 2009 and later amended on July 17, 2012, which became effective on November 1, 2012, the construction entity of a large-scale crowded venue (including the construction of a manufacturing factory that 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 complete the filing for fire prevention design and the fire safety completion inspection and acceptance procedures within seven business days after obtaining the construction work permit and 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 shall be subject to (i) orders to suspend the construction of projects, use of such projects or operation of relevant business; and (ii) a fine ranging between RMB30,000 and RMB300,000.

U.S. Regulation

The Federal Aviation Administration, or the FAA, one of several modal organizations within the Department of Transportation, or the DOT, is the regulatory agency in the United States with authority to oversee the safety of aircraft operations in the national airspace system of the United States, or the NAS. By statute, the Congress of the United States, or the US Congress, has vested the FAA with authority to regulate airspace use, management and efficiency, air traffic control, safety, navigational facilities, and aircraft. By contrast, the DOT retains regulatory control over all economic authority granted to commercial operations of aircraft (including for goods or passenger transportation for hire) within the United States. Thus, in addition to any FAA approvals and authorization required for operation of aircraft within the NAS, each aircraft operator conducting commercial operations must also be issued and hold economic authority (or an exemption) from the DOT. Unmanned aircraft systems, or UAS, are considered a category of aircraft for purposes of regulation by the FAA and the DOT. Our

AAVs are classified as UAS and their operations are therefore subject to the approval by both the FAA and the DOT.

Note that the description of the regulation of UAS in the United States as provided herein reflects the regulatory landscape with respect to the approval of UAS and UAS operations current as of the date of this document. FAA's authority, processes and methodologies for the evaluation of UAS operations in the NAS continues to rapidly evolve, and the regulation and processes described herein are subject to change.

FAA Regulation of UAS

With respect to UAS operations in the NAS, the FAA currently has the authority to promulgate and enforce restrictions regarding (i) the types of flights that may be conducted; (ii) the equipment that may be used to conduct those flights; and (iii) the training required. The regulatory framework applicable to a particular UAS operation is determined by whether (a) the UAS is used by a government agency, for commercial purposes, or as a model aircraft; and (b) whether at takeoff the UAS (including any attachments) weighs less than 55 pounds (Small UAS), or equal to or more than 55 pounds (Large UAS). Importantly, FAA currently considers AAVs to be UAS – the remote pilot requirement for UAS can be satisfied by a person who supervises an autonomous operation but who does not physically guide the aircraft. Our passenger-grade AAVs are classified as Large UAS.

Small UAS

Small UAS can be operated for commercial purposes under the recently enacted Part 107 of Title 14 of the Code of Federal Regulations, or Part 107. Importantly, Part 107 explicitly does not permit "air carrier operations," meaning generally the transport of property over state borders (i.e. interstate operations). However, under Part 107, property can be transported within state borders. UAS operations under Part 107 are subject to a number of operational limitations, including, for example, that the UAS: (i) must remain within the visual line of sight of either the pilot in command or a visual observer, if any; (ii) may not be operated over persons not involved in the UAS operation; (iii) may not be operated at night, and (iv) not be operated within certain restricted airspace (e.g. airspace in close proximity to airports, public stadiums, national parks, etc.). However, §107.200 of Part 107 provides for a mechanism whereby a potential UAS operator can apply to the FAA for a waiver of some of the restrictions described in Part 107, including the restrictions listed in this paragraph. While exemptions to certain restrictions and limitation under Part 107 may be applied for and granted by FAA, Part 107 expressly provides that the beyond visual line of sight restriction cannot be waived if the purpose of the authorized operation is to transport goods.

It should also be noted that certain other restrictions do apply, and the FAA will not waive these restrictions. For example, the UAS must be operated by a pilot holding a remote pilot airman certificate. This certificate can be obtained by demonstrating aeronautical knowledge by either (i) passing an initial aeronautical knowledge test; or (ii) holding a Part 61 pilot certificate, completing a flight review once every 24 months, and completing a UAS training course. Pilots must also be at least 16 years of age and vetted by the United States Transportation Security Administration.

The FAA has also been directed by the US Congress, and is actively engaged in the rulemaking process required, to revise Part 107 to expand the scope of permissible commercial operations by Small UAS without the need to apply to the FAA for a waiver under §107.200. See "—Recent and Pending Federal Legislation and Regulation" below.

Large UAS

Large UAS can be operated in the NAS for testing purposes by obtaining authority from FAA pursuant to a special airworthiness certificate in the experimental category, or an SAC. The specific requirements and process

for obtaining an SAC are described in FAA Order 8130.34D – Airworthiness Certification of Unmanned Aircraft Systems and Optionally Piloted Aircraft. If the FAA determines the proposed operation does not present an unreasonable safety risk, the FAA will issue an SAC with operating limitations applicable to the particular UAS or the proposed operation, as applicable. With respect to operational authority, it is important to note that the FAA will only grant an SAC for the purposes of research and development (R&D), showing compliance with regulations, crew training, exhibition, and/or market survey. Carrying persons or property for compensation or hire is prohibited. Thus, an SAC might be beneficial for the purposes of obtaining authority to test proposed operational concepts, but would not ultimately authorize the carriage of packages or persons for compensation.

By contrast, Large UAS can be operated in the NAS for commercial purposes by obtaining two types of authority addressed below.

First, a manufacturer must obtain a type certificate (and ultimately a production certificate and airworthiness certificate) from the FAA pursuant to 14 CRF Part 21 with respect to the UAS.

Alternatively, if the FAA will consent, the operator may obtain an exemption to all type certification and airworthiness requirements pursuant to an exemption granted under the Special Authority for Certain Unmanned Systems located in 49 U.S.C. § 44807, or a Section 44807 Exemption. By way of background, the Section 44807 Exemption grants the FAA the authority to use a risk-based approach to determine whether a UAS can operate safely in the NAS with respect to a specific proposed operation without complying with those certain airworthiness and operational requirements for which the Section 44807 Exemption is sought. As recently as December 2018, the FAA strongly encourages allowing 90 days for processing of applicable waivers and exemptions. It should also be noted here that the FAA will only grant Section 44807 exemptions for UAS under the operational control of the petitioner (person or organization). Exemptions to operate a UAS will not be granted to a UAS manufacturer unless the manufacturer intends to maintain operational control of the UAS. To receive this type of exemption, the operator must demonstrate that the applicable aircraft can be safely operated in the NAS.

Second, an operator must obtain FAA approval for a specific proposed operation, such as the provision of urban air mobility services. In general, the FAA will issue such approval in the form of a Section 44807 Exemption. To obtain a Section 44807 Exemption, an applicant must submit a description of the precise scope of operations to be conducted, the UAS the applicable petitioner intends to use, the flight and communication procedures that will be used, the safety procedures that will be implemented, and training for all personnel involved in the UAS operations.

Lastly, in addition to the authority obtained pursuant to either an SAC or a Section 44807 Exemption, petitioners pursuing authority to either test a UAS or operate a UAS commercially must also obtain authority from the FAA to conduct operations in specific airspace within the NAS. All petitioners who are granted either a SAC or a Section 44807 Exemption by the FAA also simultaneously receive a Blanket Certificate of Authorization, or the Blanket COA. This Blanket COA gives an operator the authority to operate Small UAS under daytime Visual Flight Rule conditions at specific altitudes (such as below 400 feet) and outside of certain distances from airports and heliports. Blanket COAs are valid for a set period of time, typically two years. Operators holding either a SAC or a Section 44807 Exemption, and seeking to conduct operations which have been approved by the FAA, but which are in airspace that is outside of the limited scope permitted by the Blanket COA, such as operations above 400 feet, by Large UAS or within close proximity to an airport or other controlled or restricted airspace, will need to apply to the FAA for a Standard Certificate of Authorization, or the Standard COA. The provision of air mobility solutions does not fall within the permitted scope of the Blanket COA and will require a Standard COA alongside an SAC or a Section 44807 Exemption, as applicable.

The process and requirements for submitting a petition to the FAA in order to obtain a Standard COA are set forth in FAA Joint Order 7200.23A: Unmanned Aircraft Systems (UAS) Operations in the National Airspace System (NAS), or the Joint Order. According to the Joint Order, electronic applications should be submitted at

least 60 business days before the proposed start of UAS operations requiring a Standard COA. The proponent must submit an application for a Standard COA using the online application system. Waiver processing times will vary depending on the complexity of the request. The Standard COA will typically describe the airspace and geographic location in which the proposed operations are permitted, as well as the duration of its effectiveness, which is commonly two years.

Registration

Both Small UAS and Large UAS operating in the NAS must be registered with the FAA. Operators of UAS conducting flights under Part 107 can register their UAS through the FAA's "FAADroneZone" website. Operators of Large UAS can register their UAS by filing FAA Form 8050-1 with the FAA.

Airspace Considerations

Within the NAS, the FAA has created two categories of airspace: regulatory and non-regulatory, and each category can be further classified into four types: controlled, uncontrolled, special use, and other airspace. The categories and types of airspace are dictated by the complexity or density of aircraft movements, nature of the operations conducted within the airspace, the level of safety required, and national and public interest. The permissibility of UAS operations and the regulations that apply vary with respect to each category and type of airspace.

UAS Traffic Management

The FAA, the National Aeronautics and Space Administration, or NASA, and other federal partner agencies are collaborating on two related efforts to create and fully implement a framework to manage UAS operations in the NAS. First, the FAA and NASA are developing the Unmanned Aircraft System Traffic Management, which is a "traffic management" ecosystem for UAS operations that is separate from, but complementary to, the FAA's Air Traffic Management system. Research and testing will identify airspace operations requirements to enable safe visual and beyond visual line-of-sight UAS flights in low-altitude airspace.

As part of this effort, the FAA has developed an internet-based platform known as the Low Altitude Authorization and Notification Capability, or the LAANC. The purpose of the LAANC platform is to automate and thus expedite the process for UAS operators to both notify the FAA of flights within five miles of an airport and submit requests to obtain FAA authorization to fly in restricted classes of airspace. This platform, which is already partially implemented, will ultimately enable the FAA to more rapidly issue requested authorizations and waivers.

UAS Test Sites

In response to direction from the US Congress in the FAA Modernization and Reform Act of 2012, the FAA ultimately selected seven applicants to establish Test Sites to support UAS integration into the NAS. While they are not the mandatory experimental sites for UAS commercial operators, the Test Sites provide an avenue and a venue to conduct more advanced UAS research and test operational concepts. Data and other information related to the operation of UAS generated by the Test Sites will ultimately enable the FAA to develop regulations and operational procedures for future commercial and civil use of the NAS.

Each Test Site has established relationships with the FAA and an existing facility or location that can host the testing of proposed UAS operations. Each Test Site has established credibility with the FAA and may prove helpful in facilitating and expediting the FAA's validation and evaluation of any data produced during testing.

UAS Integration Pilot Program

The DOT first announced the creation of the UAS Integration Pilot Program (IPP) in October 2017 consistent with a Presidential Memorandum directing the DOT to create the program. The IPP objectives include

accelerating the safe integration of low altitude operations of UAS into the NAS by testing and validating new concepts with respect to beyond visual line of sight operations in a controlled environment, focusing on detect and avoid technologies, command and control links, navigation, weather and human factors. In particular, the DOT has explained that the FAA will use the data provided by the IPP "to advance the overall state of the industry, including the development of enabling regulations that will increase other types of routine UAS operations, such as: (1) beyond line-of-sight flights; (2) operations over people; and (3) package delivery. Consistent with this direction, the FAA has indicated that it will rely on the IPP to provide data and insight on expanded UAS operations that will help the agency continue its regulatory agenda to allow expanded operations through incremental rulemakings.

DOT Regulatory Overview

In order to engage directly or indirectly in air transportation, and in addition to the FAA authority described above, each UAS operator is required to hold economic authority granted by the DOT, either in the form of a "certificate of public convenience and necessity" or in the form of an exemption from the certificate requirement. Air transportation includes transportation of property by aircraft for compensation across state boundaries.

In May 2018, the DOT announced procedures to streamline the grant of economic authority to UAS operators proposing to deliver "goods" as an "air taxi." Under these simplified procedures, UAS operators seeking goods delivery authority must: (1) be a U.S. citizen; (2) maintain liability insurance as required by FAA rules; and (3) register with the DOT. As of the date of this prospectus, the DOT has not pronounced any guidance regarding UAS-based passenger transportation for compensation.

Federal Communications Commission (FCC)

The FCC governs and regulates radio frequency spectrum. Both the ground-based control transmitter and the airborne video transmitter of UAS come under FCC regulation. Any petition for exemption submitted to the FAA must also describe the radio frequency spectrum used for control of the UAS and associated equipment that is part of the UAS, such as sensors, cameras, and whether it complies with FCC or other appropriate government oversight agency requirements. Thus, before submitting any petition to the FAA, an applicant should ensure that its UAS use certified radio frequencies in the proper strength as specified by the FCC. Furthermore, the security of the communication links between the ground station and the AAV shall be ensured so that unauthorized persons are prevented from gaining control of the AAVs.

State/Local Law

Though the FAA establishes the applicable rules and regulations with respect to the operation of UAS in the NAS, operators must still comply with state and local laws regarding privacy and public safety. As an example of the type of law that must be followed, in June 2018 the Colorado legislature passed, and the governor signed, HB18-1314 prohibiting a UAS operator from "knowingly" obstructing a peace officer, firefighter, or emergency medical services provider in the performance of their duties. Other state and local entities may try to regulate takeoff and landing areas, noise abatement and other aspects of operating UAS within their jurisdictions. Many of these state and local laws or regulations may however be in conflict with the federal laws and regulations which govern all operations of aircraft (and therefore UAS) in the NAS, and, therefore may be unenforceable in whole or in part.

Recent and Pending Federal Legislation and Regulation

The FAA has continued to develop regulations to expand the scope of permitted UAS operations in the NAS. The FAA has made public two draft documents according to the announcement by U.S. Secretary of Transportation Elaine L. Chao on January 15, 2019, which were published in the Federal Register on February 13, 2019. The first of these documents is a draft notice of a proposed rulemaking that would

significantly expand the scope of permitted commercial UAS operations under Part 107 by allowing operations at night and over people without first obtaining a waiver from the FAA. In the second, the FAA published an Advance Notice of Proposed Rulemaking on the "Safe and Secure Operations of Small Unmanned Aircraft Systems." Additionally, the 2018 Act specifically required the FAA to release new regulations authorizing for-profit package delivery by Small UAS on or before October 4, 2019, but the FAA has yet to promulgate such regulations as of the date of this prospectus. The 2018 Act also provided that while the new rules are pending, UAS operators may avail themselves of existing processes to obtain authority for the delivery of goods, which presumably includes the air taxi exemption process, as described above, that the DOT is currently using for UAS. Finally, please note that the FAA has recently announced that its remote identification rulemaking for UAS, originally scheduled for publication in July 2019, will now be published in December 2019.

In 2018, H.R. 7395 attempted to facilitate the delivery of medical supplies by UAS for the purposes of improving medical care for rural populations and for patients in need of immediate attention. Although this bill did not ultimately become law in 2018, it is possible that similar legislation may be introduced in the future.

Import of AAVs into the United States

In general, the importation of our AAVs into the United States should comply with the normal importation and customs procedures, while some unique aspect of the AAVs may require additional analysis and/or licenses, such as the AAVs containing banned or otherwise restricted materials or technology or constituting a product that could be considered as munitions, etc.

European Regulation

European Union Regulation Related to UAS

The main regulation of the European Union, or the EU, in the field of aviation is Regulation (EU) 2018/1139, which is generally referred to as the Basic Regulation by the European Union Aviation Safety Agency, or EASA. It was adopted by the European Parliament and the European Council on July 4, 2018 and entered into force on September 11, 2018. It repealed and replaced the previous Basic Regulation, Regulation (EC) No 216/2008.

Under the previous Basic Regulation, civil UAS with an operating mass of no more than 150 kg were regulated by each EU member state. On December 22, 2017, the member states endorsed an agreement reached with the European Parliament for the revision of the previous Basic Regulation, extending the competence of the EU to all UAS, except those used for state operations, such as military, customs, police and firefighting, and defining the essential requirements to ensure the safety of UAS. The agreement led to the adoption of the current Basic Regulation. The current Basic Regulation includes a new mandate for EASA in the domain of UAS and urban air mobility. It enables EASA to prepare rules for all sizes of civil UAS and harmonize standards for the commercial market across Europe.

Pursuant to the Basic Regulation, the European Commission published a delegated act, Regulation (EU) 2019/945, and an implementing act, Regulation (EU) 2019/947, on June 11, 2019. These regulations aim to protect the safety and privacy of EU citizens while enabling the free circulation of UAS and a level playing field within the EU. They include technical as well as operational requirements for UAS. Both regulations entered into force on July 1, 2019, although Regulation (EU) 2019/947 will not become applicable until July 1, 2020 to give member states and operators time to prepare for and implement it.

With the recent regulations described above, the EU has established a regulatory framework that divides UAS operations into three categories according to the level of risks involved: "open," "specific," and "certified."

The "Open" Category

Operations in the "open" category are those considered to impose low safety risks. To be classified in the "open" category, operations must meet certain technical requirements, including, among others:

- the unmanned aircraft must have a maximum take-off mass, or MTOM, of less than 25 kg;
- the remote pilot must ensure that the unmanned aircraft is kept at a safe distance from people and that it is not flown over assemblies of people;
- with limited exceptions, the remote pilot must keep the unmanned aircraft in visual line of slight, or VLOS, at all times;
- the unmanned aircraft is generally required to be maintained within 120 meters from the closest point of the surface of the earth; and
- the unmanned aircraft may not carry dangerous goods or drop any material.

If UAS operations fall into the "open" category, they can be conducted without any operational authorization.

The "Specific" Category

Operations in the "specific" category are those considered to impose medium safety risks. When operations do not meet the requirements to be classified in the "open" or the "certified" category (described below), they fall into the "specific" category.

For operations falling into the "specific" category, a UAS operator is generally required to obtain an operational authorization from the competent authority in the EU member state where it is registered. To apply for such authorization, the operator must perform a risk assessment and submit it together with the application, including adequate mitigating measures. Ground risks that must be considered include, among others, VLOS or beyond visual line of sight, or BVLOS, population density of the overflown areas, flying over an assembly of people, and the dimension characteristics of the unmanned aircraft. Air risks that must be considered include, among others, the airspace volume used for the operation, the class of the airspace, and the impact on other air traffic and air traffic management. If the competent authority considers the operational risks are adequately mitigated, it shall issue an operational authorization.

However, for operations that comply with certain defined standard scenarios, the operator does not need to obtain an operational authorization, but only needs to submit an operational declaration of such compliance to the competent authority of the member state. EASA is expected to publish guidance material and a proposal for two standard scenarios (urban VLOS and rural BVLOS) in October 2019.

In addition, UAS operators meeting certain requirements are eligible to apply for a light UAS operator certificate, or LUC. These requirements include, among others, maintaining a safety management system corresponding to the size of the organization, to the nature and complexity of its activities, taking into account the hazards and associated risks inherent in these activities. If an LUC is granted, the holder will not be required to apply for an operational authorization or submit an operational declaration for operations falling into the "specific" category.

The "Certified" Category

Operations in the "certified" category are those considered to impose higher safety risks than the other categories. The design, production and maintenance of UAS shall be certified if the UAS

- has a characteristic dimension of three meters or more, and is designed to be operated over assemblies of people;

- is designed for transporting people; or
- is designed for the purpose of transporting dangerous goods and requiring a high level of robustness to mitigate the risks for third parties in case of accident.

If the UAS is certified pursuant to the criteria above and the operation does involve flying over assemblies of people, the transport of people or carriage of dangerous goods that may result in high risk for third parties in case of accident, then the operation falls into the "certified" category. In addition, UAS operations shall be classified as "certified" if the competent authority, in evaluating an application for operational authorization for operations in the "specific" category, considers that the risk of the operation cannot be adequately mitigated without the certification of the UAS and of the UAS operator and, where applicable, without the licensing of the remote pilot.

For operations falling into the "certified" category, classical aviation rules apply. In other words, the UAS involved are treated similarly as manned aircraft. They are certified for their airworthiness and have more stringent operational restrictions. The processing time for applications for approvals under classical aviation rules varies among the EU member states. EASA plans to develop amendments to the existing regulations applicable to manned aviation for UAS operations in the "certified" category. The future EASA rules are expected to provide all the requirements to allow UAS operations with comparable procedures applied today to manned aircraft without increasing the level of risk to third parties on the ground and in the air.

Registration of UAS and UAS Operators

Under Regulation (EU) 2019/947, which will become applicable from July 1, 2020, EU member states shall establish and maintain accurate registration systems for UAS whose design is subject to certification and for UAS operators whose operations may present a risk to safety, security, privacy, and protection of personal data or environment. In addition, UAS operators must also register themselves when operating in the "specific" category and, if certain types of unmanned aircraft are used, in the "open" category.

In registration of UAS whose design is subject to certification, information solicited include the manufacturer's name, the manufacturer's designation of the unmanned aircraft, the unmanned aircraft's serial number, and the name and contact information of the person under whose name the unmanned aircraft is registered. The owner of an unmanned aircraft whose design is subject to certification shall register the unmanned aircraft. An unmanned aircraft cannot be registered in more than one member state at a time.

In registration of UAS operators, information solicited include names and identification information, contact information, an insurance policy number if required by law, a confirmation by legal persons as to the competency of operational personnel, and, as applicable, operational authorizations, LUCs, or operational declarations with confirmation by the competent authority. UAS operators shall register themselves in the member state where they have their residence for natural persons or where they have their principal place of business for legal persons. A UAS operator cannot be registered in more than one member state at a time.

Norwegian Regulation Related to UAS

Norway is not an EU member state. However, as a member of the European Economic Area, Norway implements relevant EU legislation in its domestic regulations. Norway is also an EASA member state.

Before July 1, 2020, UAS operations in Norway are governed by the Act of 11 June 1993 No 101 on aviation, or the Norwegian Aviation Act, and the Regulation on aircraft that do not have a pilot on board etc. ("Forskrift om luftfartøy som ikke har fører om bord mv."), or the Norwegian UAS Regulation. Under the Norwegian UAS Regulation, UAS undertakings are divided into three categories, RO 1, RO 2 and RO 3.

An RO 1 undertaking is an undertaking in which aircraft with an MTOM of up to 2.5 kg and a maximum speed of up to 60 knots will be operated exclusively within VLOS during daylight hours and subject to fixed safety distances. RO 1 operators must notify the Civil Aviation Authority – Norway, or CAA Norway, before starting up any new undertaking. Such notification shall contain information about the undertaking's name, address and contact information, as well as information about the type of aircraft that will be used.

An RO 2 undertaking is an undertaking in which aircraft with an MTOM of up to 25 kg and a maximum speed of up to 80 knots will be used for VLOS or extended visual line of sight, or EVLOS, operations during daylight hours and subject to fixed safety distances. RO 2 operators must obtain a license from CAA Norway before starting up an undertaking. The application must be accompanied by a risk analysis and an operations manual.

An RO 3 undertaking is an undertaking in which the aircraft a) have an MTOM of 25 kg or more, or b) have a maximum speed of over 80 knots, or c) is operated by a turbine engine, or d) will be used for BVLOS operations at altitudes of more than 120 meters, or e) will operate in controlled airspace at altitudes of more than 120 meters, or f) will operate over or in the vicinity of crowds of people with certain exceptions for aircraft with an MTOM of 250 grams or less. RO 3 operators must obtain a license from the CAA Norway before starting up an undertaking. The application must be accompanied by a risk analysis and an operations manual.

The operator may only use aircraft or systems approved by CAA Norway for the relevant type of operation. The operator must document the aircraft's airworthiness. The application must be accompanied by documentation of the system design, control system, type of components, technical safety systems and completed test programs that show that the aircraft and system can carry out the relevant type of operation. CAA Norway may recognize aircraft, systems and components approved or certified by other aviation authorities. Based on a consultation with CAA Norway, in general the processing time for applications for approval for RO 3 operators is four weeks provided that all required documentation is included in the application.

The goal of the CAA Norway is to implement the new EU UAS regulations, including Regulation (EU) 2019/945 and Regulation (EU) 2019/947, in Norway from July 1, 2020. CAA Norway estimates that the new set of rules will not limit the scope of drone operations in Norway, but there will be new and additional requirements for registration, documentation and competence for operators. The new EU rules will replace the categories of RO 1, RO 2 and RO 3. Registered operators will however be able to operate under these categories until July 1, 2021.

MANAGEMENT

Directors and Executive Officers

The following table sets forth information regarding our directors and executive officers as of the date of this prospectus.

Directors and Executive Officers	Age	Position/Title
Huazhi Hu	42	Founder, Chairman and Chief Executive Officer
Derrick Yifang Xiong	30	Co-founder, Director and Chief Marketing Officer
Jenny Hongwei Lee	47	Director
Haoxiang Hou	30	Independent Director
Conor Chia-hung Yang	56	Independent Director Appointee*
Richard Jian Liu	45	Chief Financial Officer
Edward Huaxiang Xu	43	Chief Strategy Officer

Note:
* Mr. Conor Chia-hung Yang has accepted appointment as our independent director, effective upon the SEC's declaration of effectiveness of our registration statement on Form F-1 of which this prospectus is a part.

Mr. Huazhi Hu has been the founder, chief executive officer and the chairman of the board of directors since the inception of our company. Mr. Hu founded our predecessor company, Beijing Yihang Chuangshi Technology Co., Ltd. in 2005, a leader in providing large-scale command-and-control systems. Mr. Hu also worked as the chief technology officer at Beijing 999 Emergency Rescue Center in charge of the development of the emergency command & control center between 2008 and 2010, and worked at Beijing Jindian Group as a vice president overseeing information management between 2006 and 2008. Mr. Hu is a recipient of the Technology Innovation Award presented at the Living Legends of Aviation event in 2019. Mr. Hu attended Tsinghua University majoring in computer science from 1992 to 1997.

Mr. Derrick Yifang Xiong has been the co-founder, director and chief marketing officer since the inception of our company. Mr. Xiong has extensive experience in sales and marketing and in-depth insights into the smart hardware industry. He oversees our brand promotion and product marketing. Since our inception, Mr. Xiong has been actively engaged in promoting our various products domestically and internationally. Mr. Xiong has also been developing new businesses and exploring strategic collaboration opportunities for the company. Mr. Xiong was named on the "Forbes China List of 30 Under 30 Rising Stars of Entrepreneurism" in 2015 by Forbes. Mr. Xiong received his bachelor's degree in electrical and electronic engineering from Nanyang Technological University in 2012 and his master of management degree from Duke University in 2013.

Ms. Jenny Hongwei Lee has served as our director since March 2015 and will serve as our director until the end of June 2020. Ms. Lee has served as the managing partner of GGV Capital since 2005. Prior to that, she had operations and finance work experience at JAFCO Asia from August 2002 to April 2005, at Morgan Stanley from July 2001 to July 2002 and at Singapore Technologies Aerospace from July 1995 to September 1999. Ms. Lee also serves as a director of Niu Technologies (Nasdaq: NIU), LAIX Inc. (NYSE: LAIX), SATS Ltd. (SGX: S58) and various private companies. Ms. Lee received her bachelor of science degree from Cornell University in 1994, her master's degree in electrical engineering from Northwestern University in 1995, and her master's degree in business administration from Kellogg School of Management in 2001.

Mr. Haoxiang Hou has served as our director since August 2015. Mr. Hou has served as a senior partner, managing director and member of the investment committee of GP Lingang Hi-tech Fund since January 2017, where he plays a key role in fundraising and investment in new energy and new material sectors. Prior to that, he served as a vice president of investment at GP TMT Fund from 2015 to 2016. Mr. Hou was named on the list of "China Top 30 Venture Capitalists Under the Age of 30 in 2018" by Forbes. Mr. Hou received his bachelor's degree in information security and international finance and his master's degree in business administration from Shanghai Jiao Tong University in 2011 and 2015, respectively.

Mr. Conor Chia-hung Yang will serve as our director commencing from the SEC's declaration of effectiveness of our registration statement on Form F-1, of which this prospectus is a part. Mr. Yang is a co-

founder of Black Fish Financial Group Limited, or Black Fish, and has served as its president since November 2017. Prior to joining Black Fish, Mr. Yang was the chief financial officer of Tuniu Corporation, a Nasdaq-listed company, from January 2013 to November 2017, the chief financial officer of E-Commerce China Dangdang Inc., a previously NYSE-listed company, from March 2010 to July 2012, and the chief financial officer of AirMedia Group Inc., a Nasdaq-listed company, from March 2007 to March 2010. Mr. Yang was the chief executive officer of RockMobile Corporation from 2004 to 2007. From 1999 to 2004, Mr. Yang served as the chief financial officer of the Asia Pacific region for CellStar Asia Corporation. Mr. Yang was an executive director of Goldman Sachs (Asia) L.L.C. from 1997 to 1999. Prior to that, Mr. Yang was a vice president of Lehman Brothers Asia Limited from 1994 to 1996 and an associate at Morgan Stanley Asia Limited from 1992 to 1994. Mr. Yang currently serves as an independent director of China Online Education Group (NYSE: COE) and AirMedia Group Inc. (Nasdaq: AMCN). Mr. Yang received his master's degree in business administration from the University of California, Los Angeles in 1992 and his bachelor's degree from Fu Jen University in Taiwan in 1985.

Mr. Richard Jian Liu has served as our chief financial officer since May 2017. Mr. Liu joined our company as a vice president of finance in August 2015. Prior to joining us, Mr. Liu served as group vice president of finance and chief financial officer of the New Business Group at 21Vianet Group, Inc. (Nasdaq: VNET) from May 2014 to August 2015. From March 2008 to May 2014, he also served as the chief financial officer at several industry-leading companies, including Ecoplast Technologies Inc., China Polypeptide Group, Inc. and China Energy Recovery, Inc. Prior to that, he worked as a senior consultant at Arthur Andersen LLP, a public accounting firm, in its China offices between 1996 to 2000. Mr. Liu received his bachelor's degree in engineering from Shanghai Jiao Tong University in 1996 and his master's degree in business administration from the Anderson Graduate School of Management at the University of California, Los Angeles in 2003. Mr. Liu is a member of Chinese Institute of Certified Public Accountants.

Mr. Edward Huaxiang Xu has served as our chief strategy officer since July 2019. Prior to joining us, Mr. Xu served as Head of Asia (ex-Japan) Transportation Research at Morgan Stanley Asia Limited. During his 15-year career as an equity research analyst at Morgan Stanley, he covered China's aerospace and transportation industries extensively, including airlines, logistics, airports, and railways, among others. Mr. Xu is a CFA charterholder. He obtained his bachelor's degree in English information management from Beijing Foreign Studies University in 1998 and his master's degree in business administration from University of Illinois at Urbana-Champaign in 2003.

Board of Directors

Our board of directors will consist of five directors upon the SEC's declaration of effectiveness of our registration statement on Form F-1, of which this prospectus is a part. A director is not required to hold any shares in our company by way of qualification. A director may vote with respect to any contract or transaction, or proposed contract or transaction in which he is whether directly or indirectly, materially interested provided (a) such director, if his interest in such contract or transaction is material, has declared the nature of his interest at the earliest meeting of the board at which it is practicable for him to do so, either specifically or by way of a general notice, and (b) if such contract or arrangement is a transaction with a related party, such transaction has been approved by the audit committee in accordance with the Nasdaq rules. The directors may exercise all the powers of the company to borrow money, mortgage or charge its undertaking, property and assets (present or future) and uncalled capital or any part thereof, and issue debentures, debenture stock, bonds or other securities whether outright or as collateral security for any obligation of the company or of any third party. None of our non-executive directors has a service contract with us that provides for benefits upon termination of service.

Committees of the Board of Directors

We will establish three committees under the board of directors immediately upon the effectiveness of our registration statement on Form F-1, of which this prospectus is a part: an audit committee, a compensation committee and a nominating and corporate governance committee. We will adopt a charter for each of the three committees. Each committee's members and functions are described below.

Audit Committee. Our audit committee will consist of Conor Chia-hung Yang, Haoxiang Hou and Derrick Yifang Xiong. Conor Chia-hung Yang will be the chairman of our audit committee. We have determined that each of Conor Chia-hung Yang and Haoxiang Hou satisfies the "independence" requirements of Rule 5605(c)(2) of the Listing Rules of the Nasdaq Stock Market and Rule 10A-3 under the Exchange Act, as amended. We have determined that Conor Chia-hung Yang qualifies as an "audit committee financial expert." The audit committee will oversee our accounting and financial reporting processes and the audits of the financial statements of our company. The audit committee will be responsible for, 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.

Compensation Committee. Our compensation committee will consist of Haoxiang Hou, Jenny Hongwei Lee and Conor Chia-hung Yang. Haoxiang Hou will be the chairman of our compensation committee. We have determined that each of Haoxiang Hou and Conor Chia-hung Yang satisfies the "independence" requirements of Rule 5605(c)(2) of the Listing Rules of the Nasdaq Stock Market. The compensation committee will assist 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 compensation committee will be responsible for, among other things:

- reviewing and approving, or recommending to the board for its approval, the compensation for our chief executive officer and other executive officers;
- reviewing and recommending to the board for determination with respect to the compensation of our non-employee directors;
- reviewing periodically and approving any incentive compensation or equity plans, programs or similar arrangements; and
- selecting compensation consultant, legal counsel or other adviser only after taking into consideration all factors relevant to that person's independence from management.

Nominating and Corporate Governance Committee. Our nominating and corporate governance committee will consist of Huazhi Hu and Haoxiang Hou. Huazhi Hu will be the chairperson of our nominating and corporate governance committee. We have determined that Haoxiang Hou satisfies the "independence" requirements of Rule 5605(c)(2) of the Listing Rules of the Nasdaq Stock Market. The nominating and corporate governance committee will assist the board of directors in selecting individuals qualified to become our directors and in determining the composition of the board and its committees. The nominating and corporate governance committee will be responsible for, among other things:

- selecting and recommending to the board nominees for election by the shareholders or appointment by the board;
- reviewing annually with the board the current composition of the board with regards to characteristics such as independence, knowledge, skills, experience and diversity;

- making recommendations on the frequency and structure of board meetings and monitoring the functioning of the committees of the board; and
- advising the board periodically with regards to significant developments in the law and practice of corporate governance as well as our compliance with applicable laws and regulations, and making recommendations to the board on all matters of corporate governance and on any remedial action to be taken.

Duties of Directors

Under Cayman Islands law, our directors owe fiduciary duties to our company, including a duty of loyalty, a duty to act honestly, and a duty to act in what they consider in good faith to be in our best interests. Our directors must also exercise their powers only for a proper purpose. Our directors also due to our company a duty to exercise skills they actually possess and such care and diligence that a reasonably prudent person would exercise in comparable circumstances. It was previously considered that a director need not exhibit in the performance of his duties a greater degree of skill than may reasonably be expected from a person of his knowledge and experience. However, English and Commonwealth Courts have moved toward an objective standard with regards to the registered skill and care and these authorized are likely to be followed in the Cayman Islands. In fulfilling their duty of care to us, our directors must ensure compliance with our memorandum and articles of association, as amended and restated from time to time. Our company has the right to seek damages if a duty owed by our directors is breached. In certain limited exceptional circumstances, a shareholder may have the right to seek damages in our name if a duty owed by our directors is breached.

Our board of directors has all the powers necessary for managing, and for directing and supervising, our business affairs. The functions and powers of our board of directors include, among others:

- convening shareholders' annual and extraordinary general meetings and reporting its work to shareholders at such meetings;
- declaring dividends and distributions;
- appointing officers and determining the term of office of the officers;
- exercising the borrowing powers of our company and mortgaging the property of our company; and
- approving the transfer of shares in our company, including the registration of such shares in our share register.

Terms of Directors and Officers

Our directors may be elected by a resolution of our board of directors or by an ordinary resolution of our shareholders. Unless otherwise determined by our company in general meeting, our company shall have not less than three (3) directors, and there shall be no maximum number of directors. Our directors are not subject to a term of office and hold office until such time as they are removed from office by ordinary resolution of the shareholders or by the board. A director's office will be vacated if the director (i) becomes bankrupt or makes any arrangement or composition with his creditors; (ii) dies or is found by our company to be or becomes of unsound mind; (iii) resigned his office by notice in writing to the company; (iv) without special leave of absence from our board, is absent from three consecutive board meetings; or (v) is removed from office pursuant to any other provisions of the company's post-offering amended and restated memorandum and articles of association.

Our officers are elected by and serve at the discretion of the board of directors.

Employment Agreements and Indemnification Agreements

We have entered into employment agreements with each of our executive officers. We may terminate employment for cause, at any time, without advance notice or remuneration, for certain acts of the executive

officer, such as conviction or plea of guilty to a felony or any crime involving moral turpitude, negligent or dishonest acts to our detriment, or misconduct or a failure to perform agreed duties. In such case of termination by us, we will provide severance payments to the executive officer as expressly required by applicable law of the jurisdiction where the executive officer is based. The executive officer may resign at any time with a 30 days' advance written notice.

Each executive officer has agreed to hold, both during and after the termination or expiry of his or her employment agreement, in strict confidence and not to use, except as required in the performance of his or her duties in connection with the employment or pursuant to applicable law, any of our confidential information or trade secrets, any confidential information or trade secrets of our clients or prospective clients, or the confidential or proprietary information of any third party received by us and for which we have confidential obligations. The executive officers have also agreed to disclose in confidence to us all inventions, designs and trade secrets which they conceive, develop or reduce to practice during the executive officer's employment with us and to assign all right, title and interest in them to us, and assist us in obtaining and enforcing patents, copyrights and other legal rights for these inventions, designs and trade secrets. In addition, each executive officer has agreed to be bound by non-competition and non-solicitation restrictions during the term of his or her employment and typically for one year following the last date of employment.

We have also entered into indemnification agreements with each of our directors and executive officers. Under these agreements, we agree to indemnify our directors and executive officers against certain liabilities and expenses incurred by such persons in connection with claims made by reason of their being a director or officer of our company.

Compensation of Directors and Executive Officers

For the fiscal year ended December 31, 2018, we paid an aggregate of approximately RMB1.8 million (US$0.3 million) in cash to our directors and executive officers. We are not required under Cayman Islands law to disclose, and we have not otherwise disclosed, the compensation of our directors and executive officers on an individual basis. We have not set aside or accrued any amount to provide pension, retirement or other similar benefits to our directors and executive officers. Our PRC subsidiaries and VIE are required by law to make contributions equal to certain percentages of each employee's salary for his or her pension insurance, medical insurance, unemployment insurance and other statutory benefits and a housing provident fund.

2015 Share Incentive Plan

Our board of directors approved the 2015 Plan, to attract and retain the best available personnel, provide additional incentives to employees, directors and consultants, and promote the success of our business. The maximum aggregate number of ordinary shares that may be issued under the 2015 Plan pursuant to all awards under the 2015 Plan is 8,867,053 ordinary shares and can be increased up to a number that is equal to 15% of the then total outstanding shares on a fully diluted basis at the discretion of the board of the directors. As of the date of this prospectus, awards to purchase [3,910,505] ordinary shares have been granted and are outstanding, excluding awards that were forfeited or cancelled after the relevant grant dates.

The following paragraphs describe the principal terms of the 2015 Plan.

Types of Awards. The 2015 Plan permits the awards of options, restricted shares and restricted share units.

Plan Administration. Our board of directors or a committee of one or more members of the board of directors will administer the 2015 Plan. The committee or the full board of directors, as applicable, will determine the participants to receive awards, the type and number of awards to be granted to each participant, and the terms and conditions of each award grant.

Award Agreement. Awards granted under the 2015 Plan are evidenced by an award agreement that sets forth the terms, conditions and limitations for each award which may include the term of an award, the provisions applicable in the event the grantee's employment or service terminates, and our authority to unilaterally or bilaterally amend, modify, suspend, cancel or rescind an award.

Eligibility. We may grant awards to our employees, consultants and directors, as determined by our board of directors or a committee of one or more members of the board of directors.

Vesting Schedule. In general, the plan administrator determines the vesting schedule, which is specified in the relevant award agreement.

Transfer Restrictions. Awards may not be transferred in any manner by the participant other than in accordance with the exceptions provided in the 2015 Plan or the relevant award agreement or otherwise determined by the plan administrator, such as transfers by will or the laws of descent and distribution.

Termination and Amendment of the 2015 Plan. Unless terminated earlier, the 2015 Plan has a term of ten years. With the approval of our board of directors, the plan administrator has the authority to terminate, amend or modify the 2015 Plan. However, without the prior written consent of the participant, no such action may adversely affect in any material way any award previously granted pursuant to the 2015 Plan.

The following table summarizes, as of the date of this prospectus, the awards granted under our 2015 Plan to an executive officer of us and our other employees, excluding awards that were settled, forfeited or canceled after the relevant grant dates.

Name	Class A Ordinary Shares Underlying Restricted Share Units	Date of Grant	Date of Expiration
Edward Huaxiang Xu	*	July 1, 2019	June 30, 2029
Other employees	4,151,040	August 1, 2015 ~ December 19, 2016	July 31, 2025 ~ December 18, 2026

* Less than one percent of our total outstanding shares.

2019 Share Incentive Plan

Our board of directors approved the 2019 Plan, to attract and retain the best available personnel, provide additional incentives to employees, directors and consultants, and promote the success of our business. The 2019 Plan will become effective upon the completion of the Company's initial public offering in 2019. The maximum aggregate number of ordinary shares that may be issued under the 2019 Plan pursuant to all awards under the 2019 Plan is 5,455,346 ordinary shares and can be increased up to a number that is equal to 15% of the then total outstanding shares on a fully diluted basis at the discretion of the board of the directors.

The following paragraphs describe the principal terms of the 2019 Plan.

Types of Awards. The 2019 Plan permits the awards of options, restricted shares and restricted share units.

Plan Administration. Our board of directors or a committee of one or more members of the board of directors will administer the 2019 Plan. The committee or the full board of directors, as applicable, will determine the participants to receive awards, the type and number of awards to be granted to each participant, and the terms and conditions of each award grant.

Award Agreement. Awards granted under the 2019 Plan are evidenced by an award agreement that sets forth the terms, conditions and limitations for each award which may include the term of an award, the provisions applicable in the event the grantee's employment or service terminates, and our authority to unilaterally or bilaterally amend, modify, suspend, cancel or rescind an award.

Eligibility. We may grant awards to our employees, consultants and directors, as determined by our board of directors or a committee of one or more members of the board of directors.

Vesting Schedule. In general, the plan administrator determines the vesting schedule, which is specified in the relevant award agreement.

Transfer Restrictions. Awards may not be transferred in any manner by the participant other than in accordance with the exceptions provided in the 2019 Plan or the relevant award agreement or otherwise determined by the plan administrator, such as transfers by will or the laws of descent and distribution.

Termination and Amendment of the 2019 Plan. Unless terminated earlier, the 2019 Plan has a term of ten years. With the approval of our board of directors, the plan administrator has the authority to terminate, amend or modify the 2019 Plan. However, without the prior written consent of the participant, no such action may adversely affect in any material way any award previously granted pursuant to the 2019 Plan.

PRINCIPAL SHAREHOLDERS

Except as specifically noted, the following table sets forth information with respect to the beneficial ownership of our ordinary shares as of the date of this prospectus by:

- each of our directors and executive officers; and
- each person known to us to beneficially own more than 5% of our ordinary shares on an as-converted basis.

The calculations in the table below are based on 99,676,731 ordinary shares on an as-converted basis outstanding as of the date of this prospectus, and 54,254,068 Class A ordinary shares and 45,422,663 Class B ordinary shares issued and outstanding immediately after the completion of this offering, assuming the underwriters do not exercise their over-allotment option.

Beneficial ownership is determined in accordance with the rules and regulations of the SEC. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, we have included shares that the person has the right to acquire within 60 days, including through the exercise of any option, warrant or other right or the conversion of any other security. These shares, however, are not included in the computation of the percentage ownership of any other person.

	Ordinary Shares Beneficially Owned Prior to This Offering		Ordinary Shares Beneficially Owned After This Offering				
	Number	%	Class A Ordinary Shares	Class B Ordinary Shares	Total Ordinary Shares on an as-Converted Basis	% of Beneficial Ownership	% of Aggregate Voting Power***
Directors and Executive Officers:**							
Huazhi Hu(1)	45,422,663	45.6					
Derrick Yifang Xiong(2)	3,365,313	3.4					
Jenny Hongwei Lee(3)	10,779,686	10.8					
Haoxiang Hou	*	*					
Conor Chia-Hung Yang†	—	—					
Richard Jian Liu(4)	1,300,000	1.3					
Edward Huaxiang Xu	—	—					
All Directors and Executive Officers as a Group	61,094,196	61.3					
Principal Shareholders:							
Genesis Rising Limited(1)	45,422,663	45.6					
Ballman Inc.(5)	7,056,077	7.1					
Entities affiliated with GGV(3)	10,779,686	10.8					
Zhen Partners Fund II, L.P.(6)	7,556,187	7.6					

Notes:

* Less than 1% of our total outstanding shares.

** Messrs. Huazhi Hu, Derrick Yifang Xiong, Shang-Wen Hsiao, Richard Jian Liu and Edward Huaxiang Xu's business address is Building C, Yixiang Technology Park, No.72 Nanxiang Second Road, Huangpu District, Guangzhou 510700, People's Republic of China. Ms. Jenny Hongwei Lee's business address is Unit 3015, 2 IFC, 8 Century Avenue, Pudong District, Shanghai, People's Republic of China. Mr. Haoxiang Hou's business address is 40/F, One Lujiazui, No.68 Yin Cheng Road, Pudong District, Shanghai, People's Republic of China.

*** For each person and group included in this column, percentage of voting power is calculated by dividing the voting power beneficially owned by such person or group by the voting power of all of our outstanding Class A and Class B ordinary shares as a single class. Each holder of Class B ordinary shares is entitled to ten votes per share, and while each holder of our Class A ordinary shares is entitled to one vote per share on all matters submitted to them for a vote. Our Class A ordinary shares and Class B ordinary shares vote together as a single class on all matters submitted to a vote of our shareholders. Our Class B ordinary shares are convertible at any time by the holders thereof into Class A ordinary shares on a one-for-one basis.

† Mr. Conor Chia-hung Yang has accepted the appointment as our independent director, effective upon the SEC's declaration of effectiveness of our registration statement on Form F-1 of which this prospectus is a part.

(1) Represents 44,046,729 ordinary shares and 1,375,934 series B preferred shares held by Genesis Rising Limited, a British Virgin Island company. Genesis Rising Limited is wholly owned by Mr. Huazhi Hu. The registered address of Genesis Rising Limited is Start Chambers, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, British Virgin Island. All the ordinary shares and preferred shares held by Genesis Rising Limited will be re-designated and re-classified as, or automatically converted to, as the case may be, Class B ordinary shares immediately prior to the completion of this offering.

(2) Represents 3,365,313 ordinary shares held by Xavier Rising Limited, a British Virgin Island company. Xavier Rising Limited is wholly owned by Mr. Derrick Yifang Xiong. The registered address of Xavier Rising Limited is Start Chambers, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, British Virgin Islands. All the ordinary shares held by Xavier Rising Limited will be re-designated and re-classified as Class A ordinary shares immediately prior to the completion of this offering.

(3) Represents (i) 2,920,898 ordinary shares, 6,149,954 series A preferred shares and 1,327,225 series B preferred shares held by GGV Capital V L.P., a Delaware limited partnership; and (ii) 107,197 ordinary shares, 225,703 series A preferred shares and 48,709 series B preferred shares held by GGV Capital V Entrepreneurs Fund L.P., a Delaware. limited partnership. GGV Capital V L.L.C. is the general partner of GGV Capital V L.P. and GGV Capital V Entrepreneurs Fund L.P. Glenn Solomon, Jixun Foo, Jenny Hongwei Lee, Jeff Richards, and Hans Tung are the managing directors of GGV Capital V L.L.C. and have the shared voting and investment control over these shares. The registered address of GGV Capital V L.P. and GGV Capital V Entrepreneurs Fund L.P. is 108 West 13th Street, Wilmington, Delaware, 19801, County of New Castle, USA. All the preferred shares held by GGV Capital V L.P. and GGV Capital V Entrepreneurs Fund L.P. will be automatically converted to Class A ordinary shares immediately prior to the completion of this offering.

(4) Represents 1,300,000 ordinary shares held by JM Elegance Holdings Limited, a British Virgin Island company. JM Elegance Holdings Limited is wholly owned by Mr. Richard Jian Liu. The registered address of JM Elegance Holdings Limited is Drake Chambers, P.O. Box 3321, Road Town, Tortola, British Virgin Islands. All the ordinary shares held by Richard Jian Liu will be re-designated and re-classified as Class A ordinary shares immediately prior to the completion of this offering.

(5) Represents 6,059,863 ordinary shares and 996,214 series A preferred shares held by Ballman Inc., a British Virgin Island company. Ballman Inc. is wholly owned by Mr. Shang-Wen Hsiao. The registered address of Ballman Inc. is Kingston Chambers, PO Box 173, Road Town, Tortola, British Virgin Islands. All the ordinary shares held by Ballman Inc. will be re-designated and reclassified as Class A ordinary shares immediately prior to the completion of this offering. All the preferred shares held by Ballman Inc. will be automatically converted to Class A ordinary shares immediately prior to the completion of this offering.

(6) Represents 7,281,000 series seed preferred shares and 275,187 series B preferred shares held by Zhen Partners Fund II, L.P., a Cayman Islands limited partnership. The general partner of Zhen Partners Fund II, L.P. is Zhen Partners Management (MTGP) II, L.P., whose general partner is Zhen Partners Management (TTGP) II, Ltd. Zhen International Ltd., wholly owned by Rosy Glow Holdings Limited, holds 51% equity interest in Zhen Partners Management (TTGP) II, Ltd. Best Belief PTC Limited, trustee of The Best Belief Family Trust, holds 100% equity interest in Rosy Glow Holdings Limited. Mr. Xiaoping Xu is the settlor of the Best Belief Family Trust and has the shared voting and investment control over these shares. The registered address of Zhen Partners Fund II, L.P. is P.O. Box 10008, Willow House, Cricket Square, Grand Cayman, KY1-1001, Cayman Islands. All the preferred shares held by Zhen Partners Fund II, L.P. will be automatically converted to Class A ordinary shares immediately prior to the completion of this offering.

As of the date of this prospectus, 16,268,222 of our shares are held by record holders in the United States.

We are not aware of any arrangement that may, at a subsequent date, result in a change of control of our company.

Significant Changes in Percentage Ownership

We are not aware of any arrangement that may, at a subsequent date, result in a change of control of our company.

RELATED PARTY TRANSACTIONS

Contractual Arrangements with the VIE and its Shareholders

See “Corporate History and Structure—Contractual Agreements with our VIE and its Shareholders.”

Shareholders Agreement

See “Description of Share Capital—History of Securities Issuances.”

Employment Agreements and Indemnification Agreements

See “Management—Employment Agreements and Indemnification Agreements—Shareholders’ Agreement.”

Share Incentive Plan

See “Management—2015 Share Incentive Plan.”

Private Placements

See “Description of Share Capital—History of Securities Issuances.”

Transaction with Mr. Huazhi Hu

In March 2018, we provided a short-term loan in the amount of RMB425,000 (US$61,908) to a company controlled by our founder and director, Mr. Huazhi Hu. The loan was repaid in January 2019.

In January 2019, we provided a short-term loan in the amount of RMB425,000 (US$61,908) to Mr. Huazhi Hu.

DESCRIPTION OF SHARE CAPITAL

We are a Cayman Islands exempted company incorporated with limited liability and our affairs are governed by our memorandum and articles of association, the Companies Law (2018 Revision) of the Cayman Islands, which we refer to as the Companies Law below and the common law by the Cayman Islands.

As of the date of this prospectus, our authorized share capital is US$50,000 consisting of 500,000,000 shares of a par value of US$0.0001 each, of which: (i) 441,158,314 are designated as ordinary shares of a par value of US$0.0001 each (the "Ordinary Shares"), (ii) 7,281,000 are designated as series Seed-1 preferred shares of a par value of US$0.0001 each (the "Series Seed-1 Preferred Shares"), (iii) 7,281,000 are designated as series Seed-2 preferred shares of a par value of US$0.0001 each (the "Series Seed-2 Preferred Shares"), (iv) 1,456,200 are designated as series Seed-3 preferred shares of a par value of US$0.0001 each (the "Series Seed-3 Preferred Shares") together with the Series Seed-1 Preferred Shares and the Series Seed-2 Preferred Shares, the "Series Seed Preferred Shares"), (v) 8,119,032 are designated as Series A preferred shares of a par value of US$0.0001 each (the "Series A Preferred Shares"), (vi) 12,152,247 are designated as Series B preferred shares of a par value of US$0.0001 each (the "Series B Preferred Shares"), and (vii) 22,552,207 are designated as Series C preferred shares of a par value of US$0.0001 each (the "Series C Preferred Shares," together with the Series Seed Preferred Shares, the Series A Preferred Shares and the Series B Preferred Shares, the "Preferred Shares"). As of the date of this prospectus, 56,791,800 Ordinary Shares, 16,018,200 Series Seed Preferred Shares, 8,119,032 Series A Preferred Shares, 11,172,291 Series B Preferred Shares and 3,748,578 Series C Preferred Shares are issued and outstanding. All of our issued and outstanding ordinary and preferred shares are fully paid.

Immediately prior to the completion of this offering, our authorized share capital will be changed into US$200,000 divided into 2,000,000,000 shares comprising of (i) 1,904,577,337 Class A ordinary shares of a par value of US$0.0001 each, (ii) 45,422,663 Class B ordinary shares of a par value of US$0.0001 each, and (iii) 50,000,000 shares of a par value of US$0.0001 each of such class or classes (however designated) as the board of directors may determine in accordance with our post-offering amended and restated memorandum and articles of association. Immediately prior to the completion of this offering, all of our issued and outstanding ordinary shares and preferred shares will be converted into, and/or re-designated and re-classified, as Class A ordinary shares on a one-for-one basis, except that the aggregate number of 45,422,663 ordinary shares beneficially owned by our founder will be re-classified as Class B ordinary shares. Following such conversion and/or re-designation and re-classification, we will have 54,254,068 Class A ordinary shares and 45,422,663 Class B ordinary shares issued and outstanding immediately prior to the completion of this offering, assuming the underwriters do not exercise the over-allotment option. All of our shares issued and outstanding prior to the completion of the offering will be fully paid, and all of our shares to be issued in the offering will be issued as fully paid.

Our Post-Offering Amended and Restated Memorandum and Articles of Association

Our shareholders have adopted a fifth amended and restated memorandum and articles of association, which will become effective and replace our current amended and restated memorandum and articles of association in its entirety conditional and immediately upon the completion of this offering. The following are summaries of material provisions of the post-offering amended and restated memorandum and articles of association that will become effective immediately prior to completion of this offering, and of the Companies Law, insofar as they relate to the material terms of our ordinary shares.

Objects of Our Company. Under our post-offering amended and restated memorandum and articles of association, the objects of our company are unrestricted and we have the full power and authority to carry out any object not prohibited by the law of the Cayman Islands.

Ordinary Shares. Our ordinary shares are issued in registered form and are issued when registered in our register of shareholders. We may not issue shares to bearer. Our shareholders who are nonresidents of the Cayman Islands may freely hold and vote their shares. Our ordinary shares are divided into Class A ordinary shares and Class B ordinary shares. Holders of our Class A ordinary shares and Class B ordinary shares will have the same rights except for voting and conversion rights. Each Class A ordinary share shall entitle the holder thereof to one vote on all matters subject to vote at our general meetings, and each Class B ordinary share shall entitle the holder thereof to ten votes on all matters subject to vote at our general meetings.

Conversion. Each Class B ordinary share is convertible into one Class A ordinary share at any time at the option of the holder thereof. Class A ordinary shares are not convertible into Class B ordinary shares in any event. Upon any sale, transfer, assignment or disposition of any Class B ordinary shares by their holder or upon a change of ultimate beneficial ownership of any Class B ordinary shares to any person other than our founder or an affiliate controlled by our founder, each such Class B ordinary share shall be automatically and immediately converted into one of Class A ordinary share.

Dividends. The holders of our ordinary shares are entitled to such dividends as may be declared by our board of directors. In addition, our shareholders may declare dividends by ordinary resolution, but no dividend shall exceed the amount recommended by our directors. Our post-offering amended memorandum and restated articles of association provide that the directors may, before recommending or declaring any dividend, set aside out of the funds legally available for distribution such sums as they think proper as a reserve or reserves which shall, in the absolute discretion of the directors, be applicable for meeting contingencies or for equalising dividends or for any other purpose to which those funds may be properly applied. Under the laws of the Cayman Islands, our company may pay a dividend out of either profit or share premium account, provided 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.

Voting Rights. Holders of our Class A ordinary shares and our Class B ordinary shares shall, at all times, vote together as one class on all matters submitted to a vote by our shareholders at any general meeting of our company. Each Class A ordinary share shall be entitled to one vote, and each Class B ordinary share shall be entitled to ten votes, on all matters subject to a vote at general meetings of our company. Voting at any shareholders' meeting is by show of hands unless a poll is demanded (before or on the declaration of the result of the show of hands). A poll may be demanded by the chairman of such meeting or any one or more shareholders who together hold not less than 10% of the votes attaching to the total ordinary shares which are present in person or by proxy at the meeting.

An ordinary resolution to be passed at a meeting by the shareholders requires the affirmative vote of a simple majority of the votes attaching to the ordinary shares cast at a meeting, while a special resolution requires the affirmative vote of no less than two-thirds of the votes cast attaching to the outstanding ordinary shares at a meeting. A special resolution will be required for important matters such as a change of name or making changes to our post-offering amended and restated memorandum and articles of association. Holders of the ordinary shares may, among other things, divide or combine their shares by ordinary resolution.

General Meetings of Shareholders. As a Cayman Islands exempted company, we are not obliged by the Companies Law to call shareholders' annual general meetings. Our post-offering amended and restated memorandum and articles of association provide that we may (but are not obliged to) in each year hold a general meeting as our annual general meeting in which case we shall specify the meeting as such in the notices calling it, and the annual general meeting shall be held at such time and place as may be determined by our directors.

Shareholders' general meetings may be convened by a majority of our board of directors. Advance notice of at least ten calendar days is required for the convening of our annual general shareholders' meeting (if any) and any other general meeting of our shareholders. A quorum required for any general meeting of shareholders consists of at least one shareholder present or by proxy, representing not less than one-third of all votes attaching to all of our shares in issue and entitled to vote.

The Companies 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. Our post-offering amended and restated memorandum and articles of association provide that upon the requisition of shareholders representing in aggregate not less than one-third of the votes attaching to the issued and outstanding shares of our company entitled to vote at general meetings, our board will convene an extraordinary general meeting and put the resolutions so requisitioned to a vote at such meeting. However, our post-offering amended and restated memorandum and articles of association do not provide our shareholders with any right to put any proposals before annual general meetings or extraordinary general meetings not called by such shareholders.

Transfer of Ordinary Shares. Subject to the restrictions set out below, any of our shareholders may transfer all or any of his or her ordinary shares by an instrument of transfer in the usual or common form or any other form approved by our board of directors.

Our board of directors may, in its absolute discretion, decline to register any transfer of any ordinary share which is not fully paid up or on which we have a lien. Our board of directors may also decline to register any transfer of any ordinary share unless:

- the instrument of transfer is lodged with us, accompanied by the certificate for the ordinary shares to which it relates and such other evidence as our board of directors may reasonably require to show the right of the transferor to make the transfer;
- the instrument of transfer is in respect of only one class of ordinary shares;
- the instrument of transfer is properly stamped, if required; and
- in the case of a transfer to joint holders, the number of joint holders to whom the ordinary share is to be transferred does not exceed four.
- a fee of such maximum sum as the Nasdaq Global Market may determine to be payable or such lesser sum as our directors may from time to time require is paid to us in respect thereof.

If our directors refuse to register a transfer they shall, within three months after the date on which the instrument of transfer was lodged, send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may, after compliance with any notice required of the Nasdaq Global Market, be suspended and the register closed at such times and for such periods as our board of directors may from time to time determine, provided, however, that the registration of transfers shall not be suspended nor the register closed for more than 30 days in any year.

Liquidation. On the winding up of our company, if the assets available for distribution amongst our shareholders shall be more than sufficient to repay the whole of the share capital at the commencement of the winding up, the surplus shall be distributed amongst our 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 our company for unpaid calls or otherwise. If our assets available for distribution are insufficient to repay the whole of the share capital, the assets will be distributed so that the losses are borne by our shareholders in proportion to the par value of the shares held by them.

Calls on Shares and Forfeiture of Shares. Our board of directors may from time to time make calls upon shareholders for any amounts unpaid on their shares in a notice served to such shareholders at least 14 days prior to the specified time and place of payment. The shares that have been called upon and remain unpaid are subject to forfeiture.

Redemption, Repurchase and Surrender of Shares. We may issue shares on terms that such shares are subject to redemption, at our option or at the option of the holders of these shares, on such terms and in such manner as may be determined by our board of directors. Our Company may also repurchase any of our shares on

such terms and in such manner as have been approved by our board of directors or by an ordinary resolution of our shareholders. Under the Companies Law, the redemption or repurchase of any share may be paid out of our Company's profits or out of the proceeds of a new 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 our company can, immediately following such payment, pay its debts as they fall due in the ordinary course of business. In addition, under the Companies Law 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, our company may accept the surrender of any fully paid share for no consideration.

Variations of Rights of Shares. If at any time, our share capital is divided into different classes or series of shares, the rights attached to any class or series of shares (unless otherwise provided by the terms of issue of the shares of that class or series), whether or not our company is being wound-up, may be varied with the consent in writing of the holders of two-thirds of the issued shares of that class or series or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of the class or series. The rights conferred upon the holders of the shares of any class issued shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking pari passu with such existing class of shares.

Issuance of Additional Shares. Our post-offering amended and restated memorandum of association authorizes our board of directors to issue additional ordinary shares from time to time as our board of directors shall determine, to the extent of available authorized but unissued shares.

Our post-offering amended and restated memorandum of association also authorizes our board of directors to establish from time to time one or more series of preference shares and to determine, with respect to any series of preference shares, the terms and rights of that series, including:

- the designation of the series;
- the number of shares of the series;
- the dividend rights, dividend rates, conversion rights, voting rights; and
- the rights and terms of redemption and liquidation preferences.
- Our board of directors may issue preference shares without action by our shareholders to the extent authorized but unissued. Issuance of these shares may dilute the voting power of holders of ordinary shares.

Inspection of Books and Records. Holders of our ordinary shares will have no general right under Cayman Islands law to inspect or obtain copies of our list of shareholders or our corporate records (except for the memorandum and articles of association). However, we will provide our shareholders with annual audited financial statements. See "Where You Can Find Additional Information."

Anti-Takeover Provisions. Some provisions of our post-offering amended and restated memorandum and articles of association may discourage, delay or prevent a change of control of our company or management that shareholders may consider favorable, including provisions that:

- authorize our board of directors to issue preference shares in one or more series and to designate the price, rights, preferences, privileges and restrictions of such preference shares without any further vote or action by our shareholders; and
- limit the ability of shareholders to requisition and convene general meetings of shareholders.
- However, under Cayman Islands law, our directors may only exercise the rights and powers granted to them under our post-offering amended and restated memorandum and articles of association for a proper purpose and for what they believe in good faith to be in the best interests of our company.

Exempted Company. We are an exempted company with limited liability under the Companies Law. The Companies Law distinguishes between ordinary resident companies and exempted companies. Any company that is registered in the Cayman Islands but conducts business mainly outside of the Cayman Islands may apply to be registered as an exempted company. The requirements for an exempted company are essentially the same as for an ordinary company except that an exempted company:

- does not have to file an annual return of its shareholders with the Registrar of Companies;
- is not required to open its register of members for inspection;
- does not have to hold an annual general meeting;
- may issue negotiable or bearer shares or shares with no par value;
- may obtain an undertaking against the imposition of any future taxation (such undertakings are usually given for 20 years in the first instance);
- may register by way of continuation in another jurisdiction and be deregistered in the Cayman Islands;
- may register as a limited duration company; and
- may register as a segregated portfolio company.
- "Limited liability" means that the liability of each shareholder is limited to the amount unpaid by the shareholder on the shares of the company (except in exceptional circumstances, such as involving fraud, the establishment of an agency relationship or an illegal or improper purpose or other circumstances in which a court may be prepared to pierce or lift the corporate veil).]

Differences in Corporate Law

The Companies Law is derived, to a large extent, from the older Companies Acts of England but does not follow recent English statutory enactments and accordingly there are significant differences between the Companies Law and the current Companies Act of England. In addition, the Companies Law differs from laws applicable to U.S. corporations and their shareholders. Set forth below is a summary of certain significant differences between the provisions of the Companies Law applicable to us and the laws applicable to companies incorporated in the United States and their shareholders.

Mergers and Similar Arrangements. The Companies Law permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (i) "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 (ii) a "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 the shareholders 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. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

A merger between a Cayman parent company and its Cayman subsidiary or subsidiaries does not require authorization by a resolution of shareholders of that Cayman subsidiary if a copy of the plan of merger is given to every member of that Cayman subsidiary to be merged unless that member agrees otherwise. For this purpose a company is a "parent" of a subsidiary if it holds issued shares that together represent at least ninety percent (90%) of the votes at a general meeting of the subsidiary.

The consent of each holder of a fixed or floating security interest over a constituent company is required unless this requirement is waived by a court in the Cayman Islands.

Save in certain limited circumstances, a shareholder of a Cayman constituent company who dissents from the merger or consolidation is entitled to payment of the fair value of his shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) upon dissenting to the merger or consolidation, provide the dissenting shareholder complies strictly with the procedures set out in the Companies Law. The exercise of dissenter rights will preclude the exercise by the dissenting shareholder of any other rights to which he or she might otherwise be entitled by virtue of holding shares, save for the right to seek relief on the grounds that the merger or consolidation is void or unlawful.

Separate from the statutory provisions relating to mergers and consolidations, the Companies Law also contains statutory provisions that facilitate the reconstruction and amalgamation of companies by way of schemes of arrangement, provided that the arrangement is approved by a majority in number of each class of shareholders and creditors with whom the arrangement is to be made, and who must in addition represent three-fourths in value of each such class of shareholders or creditors, as the case may be, that are present and voting either in person or by proxy at a meeting, or meetings, convened for that purpose. The convening of the meetings and subsequently the arrangement must be sanctioned by the Grand Court of the Cayman Islands. While a dissenting shareholder has the right to express to the court the view that the transaction ought not to be approved, the court can be expected to approve the arrangement if it determines that:

- the statutory provisions as to the required majority vote have been met;
- the shareholders have been fairly represented at the meeting in question and the statutory majority are acting bona fide without coercion of the minority to promote interests adverse to those of the class;
- the arrangement is such that may be reasonably approved by an intelligent and honest man of that class acting in respect of his interest; and
- the arrangement is not one that would more properly be sanctioned under some other provision of the Companies Law.

The Companies Law also contains a statutory power of compulsory acquisition which may facilitate the “squeeze out” of dissentient minority shareholder upon a tender offer. When a tender offer is made and accepted by holders of 90.0% of the shares affected within four months, the offeror may, within a two-month period commencing on the expiration of such four month period, require the holders of the remaining shares to transfer such shares to the offeror on the terms of the offer. An objection can be made to the Grand Court of the Cayman Islands but this is unlikely to succeed in the case of an offer which has been so approved unless there is evidence of fraud, bad faith or collusion.

If an arrangement and reconstruction by way of scheme of arrangement is thus approved and sanctioned, or if a tender offer is made and accepted, a dissenting shareholder would have no rights comparable to appraisal rights, which would otherwise ordinarily be available to dissenting shareholders of Delaware corporations, providing rights to receive payment in cash for the judicially determined value of the shares.

Shareholders’ Suits. In principle, we will normally be the proper plaintiff to sue for a wrong done to us as a company, and as a general rule a derivative action may not be brought by a minority shareholder. However, based on English authorities, which would in all likelihood be of persuasive authority in the Cayman Islands, the Cayman Islands court can be expected to follow and apply the common law principles (namely the rule in Foss v. Harbottle and the exceptions thereto) so that a non-controlling shareholder may be permitted to commence a class action against or derivative actions in the name of the company to challenge actions where:

- a company acts or proposes to act illegally or ultra vires;

- the act complained of, although not ultra vires, could only be effected duly if authorized by more than a simple majority vote that has not been obtained; and
- those who control the company are perpetrating a "fraud on the minority."

Indemnification of Directors and Executive Officers and Limitation of Liability. Cayman Islands law does not limit the extent to which a company's memorandum and 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, such as to provide indemnification against civil fraud or the consequences of committing a crime. Our post-offering amended and restated memorandum and articles of association provide that that we shall indemnify our officers and directors against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by such directors or officer, other than by reason of such person's dishonesty, wilful default or fraud, in or about the conduct of our company's business or affairs (including as a result of any mistake of judgment) or in the execution or discharge of his duties, powers, authorities or discretions, including without prejudice to the generality of the foregoing, any costs, expenses, losses or liabilities incurred by such director or officer in defending (whether successfully or otherwise) any civil proceedings concerning our company or its affairs in any court whether in the Cayman Islands or elsewhere. This standard of conduct is generally the same as permitted under the Delaware General Corporation Law for a Delaware corporation.

In addition, we have entered into indemnification agreements with our directors and executive officers that provide such persons with additional indemnification beyond that provided in our post-offering amended and restated memorandum and articles of association.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers or persons controlling us under the foregoing provisions, we have been informed that in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Directors' Fiduciary Duties. Under Delaware corporate law, a director of a Delaware corporation has a fiduciary duty to the corporation and its shareholders. This duty has two components: the duty of care and the duty of loyalty. The duty of care requires that a director act in good faith, with the care that an ordinarily prudent person would exercise under similar circumstances. Under this duty, a director must inform himself of, and disclose to shareholders, all material information reasonably available regarding a significant transaction. The duty of loyalty requires that a director acts in a manner he reasonably believes to be in the best interests of the corporation. He must not use his corporate position for personal gain or advantage. This duty prohibits self-dealing by a director and mandates that the best interest of the corporation and its shareholders take precedence over any interest possessed by a director, officer or controlling shareholder and not shared by the shareholders generally. In general, actions of a director are presumed to have been made on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the corporation. However, this presumption may be rebutted by evidence of a breach of one of the fiduciary duties. Should such evidence be presented concerning a transaction by a director, the director must prove the procedural fairness of the transaction, and that the transaction was of fair value to the corporation.

As a matter of Cayman Islands law, a director of a Cayman Islands company is in the position of a fiduciary with respect to the company and therefore it is considered that he owes the following duties to the company—a duty to act bona fide in the best interests of the company, a duty not to make a profit based on his position as director (unless the company permits him to do so), a duty not to put himself in a position where the interests of the company conflict with his personal interest or his duty to a third party, and a duty to exercise powers for the purpose for which such powers were intended. A director of a Cayman Islands company owes to the company a duty to act with skill and care. It was previously considered that a director need not exhibit in the performance of his duties a greater degree of skill than may reasonably be expected from a person of his knowledge and

experience. However, English and Commonwealth courts have moved towards an objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands.

Shareholder Action by Written Resolution. Under the Delaware General Corporation Law, a corporation may eliminate the right of shareholders to act by written consent by amendment to its certificate of incorporation. Cayman Islands law and our post-offering amended and restated articles of association provide that our shareholders may approve corporate matters by way of a unanimous written resolution signed by or on behalf of each shareholder who would have been entitled to vote on such matter at a general meeting without a meeting being held.

Shareholder Proposals. Under the Delaware General Corporation Law, a shareholder has the right to put any proposal before the annual meeting of shareholders, provided it complies with the notice provisions in the governing documents. A special meeting may be called by the board of directors or any other person authorized to do so in the governing documents, but shareholders may be precluded from calling special meetings.

The Companies 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. Our post-offering amended and restated articles of association allow our shareholders holding in aggregate not less than one-third of all votes attaching to the issued and outstanding shares of our company entitled to vote at general meetings to requisition an extraordinary general meeting of our shareholders, in which case our board is obliged to convene an extraordinary general meeting and to put the resolutions so requisitioned to a vote at such meeting. Other than this right to requisition a shareholders' meeting, our post-offering amended and restated articles of association do not provide our shareholders with any other right to put proposals before annual general meetings or extraordinary general meetings. As an exempted Cayman Islands company, we may but are not obliged by law to call shareholders' annual general meetings.

Cumulative Voting. Under the Delaware General Corporation Law, cumulative voting for elections of directors is not permitted unless the corporation's certificate of incorporation specifically provides for it. Cumulative voting potentially facilitates the representation of minority shareholders on a board of directors since it permits the minority shareholder to cast all the votes to which the shareholder is entitled on a single director, which increases the shareholder's voting power with respect to electing such director. There are no prohibitions in relation to cumulative voting under the laws of the Cayman Islands but our post-offering amended and restated articles of association do not provide for cumulative voting. As a result, our shareholders are not afforded any less protections or rights on this issue than shareholders of a Delaware corporation.

Removal of Directors. Under the Delaware General Corporation Law, a director of a corporation with a classified board may be removed only for cause with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Under our post-offering amended and restated articles of association, directors may be removed with or without cause, by an ordinary resolution of our shareholders. In addition, a director's office shall be vacated if the director (i) becomes bankrupt or makes any arrangement or composition with his creditors; (ii) is found to be or becomes of unsound mind or dies; (iii) resigns his office by notice in writing to the company; (iv) without special leave of absence from our board of directors, is absent from three consecutive meetings of the board and the board resolves that his office be vacated; or (v) is removed from office pursuant to any other provisions of our post-offering amended and restated memorandum and articles of association.

Transactions with Interested Shareholders. The Delaware General Corporation Law contains a business combination statute applicable to Delaware corporations whereby, unless the corporation has specifically elected not to be governed by such statute by amendment to its certificate of incorporation, it is prohibited from engaging in certain business combinations with an "interested shareholder" for three years following the date that such person becomes an interested shareholder. An interested shareholder generally is a person or a group who or

which owns or owned 15% or more of the target's outstanding voting share within the past three years. This has the effect of limiting the ability of a potential acquirer to make a two-tiered bid for the target in which all shareholders would not be treated equally. The statute does not apply if, among other things, prior to the date on which such shareholder becomes an interested shareholder, the board of directors approves either the business combination or the transaction which resulted in the person becoming an interested shareholder. This encourages any potential acquirer of a Delaware corporation to negotiate the terms of any acquisition transaction with the target's board of directors.

Cayman Islands law has no comparable statute. As a result, we cannot avail ourselves of the types of protections afforded by the Delaware business combination statute. However, although Cayman Islands law does not regulate transactions between a company and its significant shareholders, it does provide that such transactions must be entered into bona fide in the best interests of the company and not with the effect of constituting a fraud on the minority shareholders.

Dissolution; Winding up. Under the Delaware General Corporation Law, unless the board of directors approves the proposal to dissolve, dissolution must be approved by shareholders holding 100% of the total voting power of the corporation. Only if the dissolution is initiated by the board of directors may it be approved by a simple majority of the corporation's outstanding shares. Delaware law allows a Delaware corporation to include in its certificate of incorporation a supermajority voting requirement in connection with dissolutions initiated by the board.

Under Cayman Islands law, a company may be wound up by either an order of the courts of the Cayman Islands or by a special resolution of its members or, if the company is unable to pay its debts as they fall due, by an ordinary resolution of its members. The court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the court, just and equitable to do so. Under the Companies Law and our post-offering amended and restated articles of association, our company may be dissolved, liquidated or wound up by a special resolution of our shareholders.

Variation of Rights of Shares. Under the Delaware General Corporation Law, a corporation may vary the rights of a class of shares with the approval of a majority of the outstanding shares of such class, unless the certificate of incorporation provides otherwise. Under Cayman Islands law and our post-offering amended and restated articles of association, if our share capital is divided into more than one class of shares, we may vary the rights attached to any class with the written consent of the holders of two-thirds of the issued shares of that class or with the sanction of a special resolution passed at a general meeting of the holders of the shares of that class.

Amendment of Governing Documents. Under the Delaware General Corporation Law, a corporation's governing documents may be amended with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Under the Companies Law and our post-offering amended and restated memorandum and articles of association, our memorandum and articles of association may only be amended by a special resolution of our shareholders.

Rights of Non-resident or Foreign Shareholders. There are no limitations imposed by our post-offering amended and restated memorandum and articles of association on the rights of non-resident or foreign shareholders to hold or exercise voting rights on our shares. In addition, there are no provisions in our post-offering amended and restated memorandum and articles of association governing the ownership threshold above which shareholder ownership must be disclosed.

History of Securities Issuances

The following is a summary of our securities issuances in the past three years.

On December 27, 2016, we issued 1,699,139 series C preferred shares for consideration of US$10.0 million to Lung Biotechnology PBC. On June 5, 2017, we issued 517,691 series C preferred shares for consideration of US$3.0 million to Dragon Chariot Limited. On September 20, 2017, we issued 342,351 series C preferred shares for consideration of US$2.0 million to Dragon Chariot Limited. On February 11, 2019, we issued 1,189,397 series C preferred shares for consideration of US$7.0 million to United Therapeutics Corporation. On July 25, 2019, we issued 1,756,295, 1,300,000 and 645,545 ordinary shares to Ballman Inc., JM Elegance Holdings Limited and Richztx Limited, respectively, for settlements of restricted share units. On August 22, 2019, we issued 125,000 ordinary shares to Bob Skyline Limited for settlement of restricted share units.

Restricted Share Units Grants

We have granted restricted share units to purchase our ordinary shares to certain management members. See "Management—2015 Share Incentive Plan."

Shareholders Agreement

We entered into our second amended and restated shareholders agreement on December 27, 2016 with our shareholders, which consisted of holders of ordinary shares and preferred shares.

The shareholders agreement and right of first refusal and co-sale agreement provide for certain special rights, including right of first refusal, co-sale rights, preemptive rights and contain provisions governing our board of directors and other corporate governance matters. Those special rights, as well as the corporate governance provisions, will automatically terminate upon the completion of this offering.

Registration Rights

Pursuant to our second amended and restated shareholders agreement dated December 27, 2016, we have granted certain registration rights to our shareholders. Set forth below is a description of the registration rights granted under the agreement.

Demand Registration Rights. At any time after the earlier of (i) the third (3rd) anniversary of the date of the agreement or (ii) six (6) months following the effectiveness of a registration statement for a qualified initial public offering, holders of at least twenty-five percent (25%) of the registrable securities then outstanding have the right to demand that we file a registration statement covering all registrable securities that the holders request to be registered and included in such registration by written notice. Other than as required by the underwriters in connection with our initial public offering, at least fifty percent (50%) of the registrable securities requested by the holders to be included in such underwriting and registration shall be so included. We have the right to defer filing a registration statement for a period of not more than 90 days after the receipt of the request of the initiating holders if the board of directors determines in its good faith judgment that it would be materially detrimental to us and our shareholders for such registration statement to be filed at such time. We are not obligated to effect more than two demand registrations. We are obligated to effect no more than one (1) demand registrations, other than demand registration to be effected pursuant to registration statements on Form F-3, for which an unlimited number of demand registrations shall be permitted.

Registration on Form F-3 or Form S-3. Any holder is entitled to request us to file a registration statement on Form F-3 or Form S-3 if we qualify for registration on Form F-3 or Form S-3. The holders are entitled to an unlimited number of registrations on Form F-3 or Form S-3. We shall effect the registration of the securities on Form F-3 as soon as practicable, except in certain circumstances.

Piggyback Registration Rights. If we propose to file a registration statement for a public offering of our securities, we must offer shareholders an opportunity to include in the registration all or any part of the registrable securities held by such holders. If the managing underwriter(s) of any underwritten offering

determine(s) in good faith that marketing factors require a limitation of the number of shares to be underwritten, then the number of shares that may be included in the registration and the underwriting shall be allocated (i) first, to us, (ii) second, to each of the holders requesting inclusion of their registrable securities in such registration statement on a pro rata basis based on the total number of shares of registrable securities then held by each such holder, and (iii) third, to other holders of our securities.

Expenses of Registration. We will bear all registration expenses, other than underwriting discounts and selling commissions.

Termination of Registration Rights. Our shareholders' registration rights will terminate upon the earlier of (i) the fifth (5th) anniversary of a qualified initial public offering, (ii) as to any shareholder when the shareholder together with its affiliates can sell all of its shares subject to registration rights in reliance on Rule 144 without transfer restrictions, and (iii) after the consummation of any liquidation, dissolution or winding up of us.

DESCRIPTION OF AMERICAN DEPOSITARY SHARES

American Depositary Shares

The Bank of New York Mellon, as depositary, will register and deliver American Depositary Shares, also referred to as ADSs. Each ADS will represent shares (or a right to receive shares) deposited with The Hongkong and Shanghai Banking Corporation Limited, as custodian for the depositary in Hong Kong. Each ADS will also represent any other securities, cash or other property that may be held by the depositary. The deposited shares together with any other securities, cash or other property held by the depositary are referred to as the deposited securities. The depositary's office at which the ADSs will be administered and its principal executive office are each located at 240 Greenwich Street, New York, New York 10286.

You may hold ADSs either (A) directly (i) by having an American Depositary Receipt, also referred to as an ADR, which is a certificate evidencing a specific number of ADSs, registered in your name, or (ii) by having uncertificated ADSs registered in your name, or (B) indirectly by holding a security entitlement in ADSs through your broker or other financial institution that is a direct or indirect participant in The Depository Trust Company, also called DTC. If you hold ADSs directly, you are a registered ADS holder, also referred to as an ADS holder. This description assumes you are an ADS holder. If you hold the ADSs indirectly, you must rely on the procedures of your broker or other financial institution to assert the rights of ADS holders described in this section. You should consult with your broker or financial institution to find out what those procedures are.

Registered holders of uncertificated ADSs will receive statements from the depositary confirming their holdings.

As an ADS holder, we will not treat you as one of our shareholders and you will not have shareholder rights. Cayman Island law governs shareholder rights. The depositary will be the holder of the shares underlying your ADSs. As a registered holder of ADSs, you will have ADS holder rights. A deposit agreement among us, the depositary, ADS holders and all other persons indirectly or beneficially holding ADSs sets out ADS holder rights as well as the rights and obligations of the depositary. New York law governs the deposit agreement and the ADSs.

The following is a summary of the material provisions of the deposit agreement. For more complete information, you should read the entire deposit agreement and the form of ADR. You can read a copy of the deposit agreement which is filed as an exhibit to the registration statement of which this prospectus forms a part. You may also obtain a copy of the deposit agreement at the SEC's Public Reference Room which is located at 100 F Street, NE, Washington, DC 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-732-0330. You may also find the registration statement and the attached deposit agreement on the SEC's website at http://www.sec.gov.

Dividends and Other Distributions

How will you receive dividends and other distributions on the shares?

The depositary has agreed to pay or distribute to ADS holders the cash dividends or other distributions it or the custodian receives on shares or other deposited securities, upon payment or deduction of its fees and expenses. You will receive these distributions in proportion to the number of shares your ADSs represent.

- ***Cash***. The depositary will convert any cash dividend or other cash distribution we pay on the shares into U.S. dollars, if it can do so on a reasonable basis and can transfer the U.S. dollars to the United States. If that is not possible or if any government approval is needed and cannot be obtained, the deposit agreement allows the depositary to distribute the foreign currency only to those ADS holders to whom it is possible to do so. It will hold the foreign currency it cannot convert for the account of the ADS holders who have not been paid. It will not invest the foreign currency and it will not be liable for any interest.

Before making a distribution, any withholding taxes, or other governmental charges that must be paid will be deducted. The depositary will distribute only whole U.S. dollars and cents and will round fractional cents to the nearest whole cent. *If the exchange rates fluctuate during a time when the depositary cannot convert the foreign currency, you may lose some of the value of the distribution.*

- ***Shares***. The depositary may distribute additional ADSs representing any shares we distribute as a dividend or free distribution. The depositary will only distribute whole ADSs. It will sell shares which would require it to deliver a fraction of an ADS (or ADSs representing those shares) and distribute the net proceeds in the same way as it does with cash. If the depositary does not distribute additional ADSs, the outstanding ADSs will also represent the new shares. The depositary may sell a portion of the distributed shares (or ADSs representing those shares) sufficient to pay its fees and expenses in connection with that distribution.
- ***Rights to purchase additional shares***. If we offer holders of our securities any rights to subscribe for additional shares or any other rights, the depositary may (i) exercise those rights on behalf of ADS holders, (ii) distribute those rights to ADS holders or (iii) sell those rights and distribute the net proceeds to ADS holders, in each case after deduction or upon payment of its fees and expenses. To the extent the depositary does not do any of those things, it will allow the rights to lapse. *In that case, you will receive no value for them.* The depositary will exercise or distribute rights only if we ask it to and provide satisfactory assurances to the depositary that it is legal to do so. If the depositary will exercise rights, it will purchase the securities to which the rights relate and distribute those securities or, in the case of shares, new ADSs representing the new shares, to subscribing ADS holders, but only if ADS holders have paid the exercise price to the depositary. U.S. securities laws may restrict the ability of the depositary to distribute rights or ADSs or other securities issued on exercise of rights to all or certain ADS holders, and the securities distributed may be subject to restrictions on transfer.
- ***Other Distributions***. The depositary will send to ADS holders anything else we distribute on deposited securities by any means it thinks is legal, fair and practical. If it cannot make the distribution in that way, the depositary has a choice. It may decide to sell what we distributed and distribute the net proceeds, in the same way as it does with cash. Or, it may decide to hold what we distributed, in which case ADSs will also represent the newly distributed property. However, the depositary is not required to distribute any securities (other than ADSs) to ADS holders unless it receives satisfactory evidence from us that it is legal to make that distribution. The depositary may sell a portion of the distributed securities or property sufficient to pay its fees and expenses in connection with that distribution. U.S. securities laws may restrict the ability of the depositary to distribute securities to all or certain ADS holders, and the securities distributed may be subject to restrictions on transfer.

The depositary is not responsible if it decides that it is unlawful or impractical to make a distribution available to any ADS holders. We have no obligation to register ADSs, shares, rights or other securities under the Securities Act. We also have no obligation to take any other action to permit the distribution of ADSs, shares, rights or anything else to ADS holders. *This means that you may not receive the distributions we make on our shares or any value for them if it is illegal or impractical for us to make them available to you*.

Deposit, Withdrawal and Cancellation

How are ADSs issued?

The depositary will deliver ADSs if you or your broker deposits shares or evidence of rights to receive shares with the custodian. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the depositary will register the appropriate number of ADSs in the names you request and will deliver the ADSs to or upon the order of the person or persons that made the deposit.

How can ADS holders withdraw the deposited securities?

You may surrender your ADSs to the depositary for the purpose of withdrawal. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the depositary will deliver the shares and any other deposited securities underlying the ADSs to the ADS holder or a person the ADS holder designates at the office of the custodian. Or, at your request, risk and expense, the depositary will deliver the deposited securities at its office, if feasible. However, the depositary is not required to accept surrender of ADSs to the extent it would require delivery of a fraction of a deposited share or other security. The depositary may charge you a fee and its expenses for instructing the custodian regarding delivery of deposited securities.

How do ADS holders interchange between certificated ADSs and uncertificated ADSs?

You may surrender your ADR to the depositary for the purpose of exchanging your ADR for uncertificated ADSs. The depositary will cancel that ADR and will send to the ADS holder a statement confirming that the ADS holder is the registered holder of uncertificated ADSs. Upon receipt by the depositary of a proper instruction from a registered holder of uncertificated ADSs requesting the exchange of uncertificated ADSs for certificated ADSs, the depositary will execute and deliver to the ADS holder an ADR evidencing those ADSs.

Voting Rights

How do you vote?

ADS holders may instruct the depositary how to vote the number of deposited shares their ADSs represent. If we request the depositary to solicit your voting instructions (and we are not required to do so), the depositary will notify you of a shareholders' meeting and send or make voting materials available to you. Those materials will describe the matters to be voted on and explain how ADS holders may instruct the depositary how to vote. For instructions to be valid, they must reach the depositary by a date set by the depositary. The depositary will try, as far as practical, subject to the laws of the Cayman Islands and the provisions of our articles of association or similar documents, to vote or to have its agents vote the shares or other deposited securities as instructed by ADS holders. If we do not request the depositary to solicit your voting instructions, you can still send voting instructions, and, in that case, the depositary may try to vote as you instruct, but it is not required to do so.

Except by instructing the depositary as described above, you won't be able to exercise voting rights unless you surrender your ADSs and withdraw the shares. However, you may not know about the meeting enough in advance to withdraw the shares. In any event, the depositary will not exercise any discretion in voting deposited securities and it will only vote or attempt to vote as instructed or as described in the following sentence. If we asked the depositary to solicit your instructions at least [45] days before the meeting date but the depositary does not receive voting instructions from you by the specified date and we confirm to the depositary that:

- we wish to receive a proxy to vote uninstructed shares;
- we reasonably do not know of any substantial shareholder opposition to the proxy item(s); and
- the proxy item(s) is not materially adverse to the interests of shareholders,

then the depositary will consider you to have authorized and directed it to give a discretionary proxy to a person designated by us to vote the number of deposited securities represented by your ADSs as to the proxy item(s).

We cannot assure you that you will receive the voting materials in time to ensure that you can instruct the depositary to vote your shares. In addition, the depositary and its agents are not responsible for failing to carry out voting instructions or for the manner of carrying out voting instructions. *This means that you may not be able to exercise voting rights and there may be nothing you can do if your shares are not voted as you requested.*

In order to give you a reasonable opportunity to instruct the depositary as to the exercise of voting rights relating to Deposited Securities, if we request the Depositary to act, we agree to give the depositary notice of any such meeting and details concerning the matters to be voted upon at least [45] days in advance of the meeting date.

Fees and Expenses

***Persons depositing or withdrawing shares or ADS holders must pay*:**	***For*:**
$5.00 (or less) per 100 ADSs (or portion of 100 ADSs)	Issuance of ADSs, including issuances resulting from a distribution of shares or rights or other property
	Cancellation of ADSs for the purpose of withdrawal, including if the deposit agreement terminates
$.05 (or less) per ADS	Any cash distribution to ADS holders
A fee equivalent to the fee that would be payable if securities distributed to you had been shares and the shares had been deposited for issuance of ADSs	Distribution of securities distributed to holders of deposited securities (including rights) that are distributed by the depositary to ADS holders
$.05 (or less) per ADS per calendar year	Depositary services
Registration or transfer fees	Transfer and registration of shares on our share register to or from the name of the depositary or its agent when you deposit or withdraw shares
Expenses of the depositary	Cable (including SWIFT) and facsimile transmissions (when expressly provided in the deposit agreement)
	Converting foreign currency to U.S. dollars
Taxes and other governmental charges the depositary or the custodian has to pay on any ADSs or shares underlying ADSs, such as stock transfer taxes, stamp duty or withholding taxes	As necessary
Any charges incurred by the depositary or its agents for servicing the deposited securities	As necessary

The depositary collects its fees for delivery and surrender of ADSs directly from investors depositing shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depositary may collect its annual fee for depositary services by deduction from cash distributions or by directly billing investors or by charging the book-entry system accounts of participants acting for them. The depositary may collect any of its fees by deduction from any cash distribution payable (or by selling a portion of securities or other property distributable) to ADS holders that are obligated to pay those fees. The depositary may generally refuse to provide fee-attracting services until its fees for those services are paid.

From time to time, the depositary may make payments to us to reimburse us for costs and expenses generally arising out of establishment and maintenance of the ADS program, waive fees and expenses for services provided to us by the depositary or share revenue from the fees collected from ADS holders. In performing its duties under the deposit agreement, the depositary may use brokers, dealers, foreign currency dealers or other service providers that are owned by or affiliated with the depositary and that may earn or share fees, spreads or commissions.

The depositary may convert currency itself or through any of its affiliates and, in those cases, acts as principal for its own account and not as agent, advisor, broker or fiduciary on behalf of any other person and earns revenue, including, without limitation, transaction spreads, that it will retain for its own account. The revenue is based on, among other things, the difference between the exchange rate assigned to the currency conversion made under the deposit agreement and the rate that the depositary or its affiliate receives when buying or selling foreign currency for its own account. The depositary makes no representation that the exchange rate used or obtained in any currency conversion under the deposit agreement will be the most favorable rate that could be obtained at the time or that the method by which that rate will be determined will be the most favorable to ADS holders, subject to the depositary's obligations under the deposit agreement. The methodology used to determine exchange rates used in currency conversions is available upon request.

Payment of Taxes

You will be responsible for any taxes or other governmental charges payable on your ADSs or on the deposited securities represented by any of your ADSs. The depositary may refuse to register any transfer of your ADSs or allow you to withdraw the deposited securities represented by your ADSs until those taxes or other charges are paid. It may apply payments owed to you or sell deposited securities represented by your ADSs to pay any taxes owed and you will remain liable for any deficiency. If the depositary sells deposited securities, it will, if appropriate, reduce the number of ADSs to reflect the sale and pay to ADS holders any proceeds, or send to ADS holders any property, remaining after it has paid the taxes.

Tender and Exchange Offers; Redemption, Replacement or Cancellation of Deposited Securities

The depositary will not tender deposited securities in any voluntary tender or exchange offer unless instructed to do so by an ADS holder surrendering ADSs and subject to any conditions or procedures the depositary may establish.

If deposited securities are redeemed for cash in a transaction that is mandatory for the depositary as a holder of deposited securities, the depositary will call for surrender of a corresponding number of ADSs and distribute the net redemption money to the holders of called ADSs upon surrender of those ADSs.

If there is any change in the deposited securities such as a sub-division, combination or other reclassification, or any merger, consolidation, recapitalization or reorganization affecting the issuer of deposited securities in which the depositary receives new securities in exchange for or in lieu of the old deposited securities, the depositary will hold those replacement securities as deposited securities under the deposit agreement. However, if the depositary decides it would not be lawful and practical to hold the replacement securities because those securities could not be distributed to ADS holders or for any other reason, the depositary may instead sell the replacement securities and distribute the net proceeds upon surrender of the ADSs.

If there is a replacement of the deposited securities and the depositary will continue to hold the replacement securities, the depositary may distribute new ADSs representing the new deposited securities or ask you to surrender your outstanding ADRs in exchange for new ADRs identifying the new deposited securities.

If there are no deposited securities underlying ADSs, including if the deposited securities are cancelled, or if the deposited securities underlying ADSs have become apparently worthless, the depositary may call for surrender of those ADSs or cancel those ADSs upon notice to the ADS holders.

Amendment and Termination

How may the deposit agreement be amended?

We may agree with the depositary to amend the deposit agreement and the ADRs without your consent for any reason. If an amendment adds or increases fees or charges, except for taxes and other governmental charges

or expenses of the depositary for registration fees, facsimile costs, delivery charges or similar items, or prejudices a substantial right of ADS holders, it will not become effective for outstanding ADSs until 30 days after the depositary notifies ADS holders of the amendment. *At the time an amendment becomes effective, you are considered, by continuing to hold your ADSs, to agree to the amendment and to be bound by the ADRs and the deposit agreement as amended*.

How may the deposit agreement be terminated?

The depositary will initiate termination of the deposit agreement if we instruct it to do so. The depositary may initiate termination of the deposit agreement if

- 60 days have passed since the depositary told us it wants to resign but a successor depositary has not been appointed and accepted its appointment;
- we delist the ADSs from an exchange in the United States on which they were listed and do not list the ADSs on another exchange in the United States or make arrangements for trading of ADSs on the U.S. over-the-counter market;
- we delist our shares from an exchange outside the United States on which they were listed and do not list the shares on another exchange outside the United States;
- the depositary has reason to believe the ADSs have become, or will become, ineligible for registration on Form F-6 under the Securities Act of 1933;
- we appear to be insolvent or enter insolvency proceedings;
- all or substantially all the value of the deposited securities has been distributed either in cash or in the form of securities;
- there are no deposited securities underlying the ADSs or the underlying deposited securities have become apparently worthless; or
- there has been a replacement of deposited securities.

If the deposit agreement will terminate, the depositary will notify ADS holders at least 90 days before the termination date. At any time after the termination date, the depositary may sell the deposited securities. After that, the depositary will hold the money it received on the sale, as well as any other cash it is holding under the deposit agreement, unsegregated and without liability for interest, for the pro rata benefit of the ADS holders that have not surrendered their ADSs. Normally, the depositary will sell as soon as practicable after the termination date.

After the termination date and before the depositary sells, ADS holders can still surrender their ADSs and receive delivery of deposited securities, except that the depositary may refuse to accept a surrender for the purpose of withdrawing deposited securities or reverse previously accepted surrenders of that kind that have not settled if it would interfere with the selling process. The depositary may refuse to accept a surrender for the purpose of withdrawing sale proceeds until all the deposited securities have been sold. The depositary will continue to collect distributions on deposited securities, but, after the termination date, the depositary is not required to register any transfer of ADSs or distribute any dividends or other distributions on deposited securities to the ADSs holder (until they surrender their ADSs) or give any notices or perform any other duties under the deposit agreement except as described in this paragraph.

Limitations on Obligations and Liability

Limits on our Obligations and the Obligations of the Depositary; Limits on Liability to Holders of ADSs

The deposit agreement expressly limits our obligations and the obligations of the depositary. It also limits our liability and the liability of the depositary. We and the depositary:

- are only obligated to take the actions specifically set forth in the deposit agreement without negligence or bad faith, and the depositary will not be a fiduciary or have any fiduciary duty to holders of ADSs;
- are not liable if we are or it is prevented or delayed by law or by events or circumstances beyond our or its control from performing our or its obligations under the deposit agreement;
- are not liable if we or it exercises discretion permitted under the deposit agreement;
- are not liable for the inability of any holder of ADSs to benefit from any distribution on deposited securities that is not made available to holders of ADSs under the terms of the deposit agreement, or for any special, consequential or punitive damages for any breach of the terms of the deposit agreement;
- have no obligation to become involved in a lawsuit or other proceeding related to the ADSs or the deposit agreement on your behalf or on behalf of any other person;
- may rely upon any documents we believe or it believes in good faith to be genuine and to have been signed or presented by the proper person;.
- are not liable for the acts or omissions of any securities depository, clearing agency or settlement system; and
- the depositary has no duty to make any determination or provide any information as to our tax status, or any liability for any tax consequences that may be incurred by ADS holders as a result of owning or holding ADSs or be liable for the inability or failure of an ADS holder to obtain the benefit of a foreign tax credit, reduced rate of withholding or refund of amounts withheld in respect of tax or any other tax benefit.

In the deposit agreement, we and the depositary agree to indemnify each other under certain circumstances.

Requirements for Depositary Actions

Before the depositary will deliver or register a transfer of ADSs, make a distribution on ADSs, or permit withdrawal of shares, the depositary may require:

- payment of stock transfer or other taxes or other governmental charges and transfer or registration fees charged by third parties for the transfer of any shares or other deposited securities;
- satisfactory proof of the identity and genuineness of any signature or other information it deems necessary; and
- compliance with regulations it may establish, from time to time, consistent with the deposit agreement, including presentation of transfer documents.

The depositary may refuse to deliver ADSs or register transfers of ADSs when the transfer books of the depositary or our transfer books are closed or at any time if the depositary or we think it advisable to do so.

Your Right to Receive the Shares Underlying your ADSs

ADS holders have the right to cancel their ADSs and withdraw the underlying shares at any time except:

- when temporary delays arise because: (i) the depositary has closed its transfer books or we have closed our transfer books; (ii) the transfer of shares is blocked to permit voting at a shareholders' meeting; or (iii) we are paying a dividend on our shares;

- when you owe money to pay fees, taxes and similar charges; or
- when it is necessary to prohibit withdrawals in order to comply with any laws or governmental regulations that apply to ADSs or to the withdrawal of shares or other deposited securities.

This right of withdrawal may not be limited by any other provision of the deposit agreement.

Direct Registration System

In the deposit agreement, all parties to the deposit agreement acknowledge that the Direct Registration System, also referred to as DRS, and Profile Modification System, also referred to as Profile, will apply to the ADSs. DRS is a system administered by DTC that facilitates interchange between registered holding of uncertificated ADSs and holding of security entitlements in ADSs through DTC and a DTC participant. Profile is a feature of DRS that allows a DTC participant, claiming to act on behalf of a registered holder of uncertificated ADSs, to direct the depositary to register a transfer of those ADSs to DTC or its nominee and to deliver those ADSs to the DTC account of that DTC participant without receipt by the depositary of prior authorization from the ADS holder to register that transfer.

In connection with and in accordance with the arrangements and procedures relating to DRS/Profile, the parties to the deposit agreement understand that the depositary will not determine whether the DTC participant that is claiming to be acting on behalf of an ADS holder in requesting registration of transfer and delivery as described in the paragraph above has the actual authority to act on behalf of the ADS holder (notwithstanding any requirements under the Uniform Commercial Code). In the deposit agreement, the parties agree that the depositary's reliance on and compliance with instructions received by the depositary through the DRS/Profile system and in accordance with the deposit agreement will not constitute negligence or bad faith on the part of the depositary.

Shareholder communications; inspection of register of holders of ADSs

The depositary will make available for your inspection at its office all communications that it receives from us as a holder of deposited securities that we make generally available to holders of deposited securities. The depositary will send you copies of those communications or otherwise make those communications available to you if we ask it to. You have a right to inspect the register of holders of ADSs, but not for the purpose of contacting those holders about a matter unrelated to our business or the ADSs.

Jury Trial Waiver

The deposit agreement provides that, to the 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 in the facts and circumstances of that case in accordance with applicable case law. You will not, by agreeing to the terms of the deposit agreement, be deemed to have waived our or the depositary's compliance with U.S. federal securities laws or the rules and regulations promulgated thereunder.

SHARES ELIGIBLE FOR FUTURE SALE

Upon completion of this offering, we will have ADSs outstanding, representing approximately % of our outstanding Class A ordinary shares, assuming the underwriters do not exercise their over-allotment option to purchase additional ADSs. All of the ADSs sold in this offering will be freely transferable by persons other than by our "affiliates" without restriction or further registration under the Securities Act. Sales of substantial amounts of the ADSs in the public market could adversely affect prevailing market prices of the ADSs. Prior to this offering, there has been no public market for our ordinary shares or the ADSs. We intend to apply to list the ADSs on the Nasdaq Global Market, but we cannot assure you that a regular trading market will develop in the ADSs. We do not expect that a trading market will develop for our ordinary shares not represented by the ADSs.

Lock-up Agreements

We [have agreed], for a period of 180 days after the date of this prospectus, [not to offer, sell, contract to sell, pledge, grant any option to purchase, make any short sale, lend or otherwise dispose of, except in this offering, any of our ordinary shares or ADSs or securities that are substantially similar to our ordinary shares or ADSs, subject to certain exceptions, including but not limited to any options or warrants to purchase our ordinary shares, ADSs or any securities that are convertible into or exchangeable for, or that represent the right to receive, our ordinary shares, ADSs or any such substantially similar securities (other than pursuant to employee stock option plans existing on, or upon the conversion or exchange of convertible or exchangeable securities outstanding as of, the date such lock-up agreement was executed),] without the prior written consent of the representatives of the underwriters.

Furthermore, [each of our directors, executive officers, existing shareholders and certain holders of our share-based awards] has also entered into a similar lock-up agreement for a period of 180 days from the date of this prospectus, subject to certain exceptions, with respect to our ordinary shares, ADSs and securities that are substantially similar to our ordinary shares or ADSs. [These restrictions also apply to any ADSs acquired by our directors and executive officers in the offering pursuant to the directed share program, if any.] These parties collectively own all of our outstanding ordinary shares, without giving effect to this offering.

The restrictions described in the preceding paragraphs will be automatically extended under certain circumstances. See "Underwriting."

Other than this offering, we are not aware of any plans by any significant shareholders to dispose of significant numbers of the ADSs or ordinary shares. However, one or more existing shareholders or owners of securities convertible or exchangeable into or exercisable for the ADSs or ordinary shares may dispose of significant numbers of the ADSs or ordinary shares in the future. We cannot predict what effect, if any, future sales of the ADSs or ordinary shares, or the availability of ADSs or ordinary shares for future sale, will have on the trading price of the ADSs from time to time. Sales of substantial amounts of the ADSs or ordinary shares in the public market, or the perception that these sales could occur, could adversely affect the trading price of the ADSs.

Rule 144

All of our ordinary shares that will be outstanding upon the completion of this offering, other than those ordinary shares sold in this offering, are "restricted securities" as that term is defined in Rule 144 under the Securities Act and may be sold publicly in the United States only if they are subject to an effective registration statement under the Securities Act or pursuant to an exemption from the registration requirement such as those provided by Rule 144 and Rule 701 promulgated under the Securities Act. In general, beginning 90 days after the date of this prospectus, a person (or persons whose shares are aggregated) who at the time of a sale is not, and has not been during the three months preceding the sale, an affiliate of ours and has beneficially owned our

restricted securities for at least six months will be entitled to sell the restricted securities without registration under the Securities Act, subject only to the availability of current public information about us, and will be entitled to sell restricted securities beneficially owned for at least one year without restriction. Persons who are our affiliates and have beneficially owned our restricted securities for at least six months may sell a number of restricted securities within any three-month period that does not exceed the greater of the following:

- 1% of the then outstanding Class A ordinary shares of the same class, in the form of ADSs or otherwise, which immediately after this offering will equal Class A ordinary shares, assuming the underwriters do not exercise their over-allotment option; or
- the average weekly trading volume of our ordinary shares of the same class, in the form of ADSs or otherwise, during the four calendar weeks preceding the date on which notice of the sale is filed with the SEC.

Sales by our affiliates under Rule 144 are also subject to certain requirements relating to manner of sale, notice and the availability of current public information about us.

Rule 701

In general, under Rule 701 of the Securities Act as currently in effect, each of our employees, consultants or advisors who purchases our ordinary shares from us in connection with a compensatory stock plan or other written agreement executed prior to the completion of this offering is eligible to resell those ordinary shares in reliance on Rule 144, but without compliance with some of the restrictions, including the holding period, contained in Rule 144. However, the Rule 701 shares would remain subject to lock-up arrangements and would only become eligible for sale when the lock-up period expires.

TAXATION

The following summary of the material Cayman Islands, PRC and U.S. federal income tax consequences of an investment in the ADSs or ordinary shares is based upon laws and relevant interpretations thereof in effect as of the date of this registration statement, all of which are subject to change. This summary does not deal with all possible tax consequences relating to an investment in the ADSs or ordinary shares, such as the tax consequences under U.S. state and local tax laws or under the tax laws of jurisdictions other than the Cayman Islands, the People's Republic of China and the United States.

Cayman Islands Taxation

The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation and there is no taxation in the nature of inheritance tax or estate duty. 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, after execution, brought within the jurisdiction of the Cayman Islands. The Cayman Islands is not party to any double tax treaties that are applicable to any payments made to or by our company. There are no exchange control regulations or currency restrictions in the Cayman Islands.

Payments of dividends and capital in respect of our ordinary shares will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of a dividend or capital to any holder of our ordinary shares, nor will gains derived from the disposal of our ordinary shares be subject to Cayman Islands income or corporation tax.

People's Republic of China Taxation

Under the PRC Enterprise Income Tax Law and its implementation rules, an enterprise established outside of the PRC with a "de facto management body" within the PRC is considered a resident enterprise and will be subject to the enterprise income tax at the rate of 25% on its global income. The implementation rules define the term "de facto management body" as the body that exercises full and substantial control over and overall management of the business, productions, personnel, accounts and properties of an enterprise. In April 2009, the State Administration of Taxation issued a circular, known as Circular 82, 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 China. 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 State Administration of Taxation's general position on how the "de facto management body" test should be applied in determining the tax resident status of all offshore enterprises. According to 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 China only if all of the following conditions are met: (i) the primary location of 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 that EHang is not a PRC resident enterprise for PRC tax purposes. EHang is not controlled by a PRC enterprise or PRC enterprise group and we do not believe that EHang meets all of the conditions above. EHang is a company incorporated outside the PRC. As a holding company, its key assets are its ownership interests in its subsidiaries, and its key assets are located, and its records (including the resolutions of its board of directors and the resolutions of its shareholders) are maintained, outside the PRC. For the same reasons, we believe our other entities outside of China are not PRC resident enterprises either. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term "de facto management body." There can be no assurance that the PRC government will ultimately take a view that is consistent with us.

If the PRC tax authorities determine that EHang is a PRC resident enterprise for enterprise income tax purposes, we may be required to withhold a 10% withholding tax from dividends we pay to our shareholders that are non-resident enterprises, including the holders of the ADSs. In addition, non-resident enterprise shareholders (including our ADS holders) may be subject to a 10% PRC tax on gains realized on the sale or other disposition of ADSs or ordinary shares, if such income is treated as sourced from within the PRC. It is unclear whether our non-PRC individual shareholders (including our ADS holders) would be subject to any PRC tax on dividends or gains obtained by such non-PRC individual shareholders in the event we are determined to be a PRC resident enterprise. If any PRC tax were to apply to such dividends or gains, it would generally apply at a rate of 20% unless a reduced rate is available under an applicable tax treaty. It is also unclear whether non-PRC shareholders of EHang would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that EHang is treated as a PRC resident enterprise. Pursuant to the EIT Law and its implementation rules, if a non-resident enterprise has not set up an organization or establishment in China, or has set up an organization or establishment but the income derived has no actual connection with such organization or establishment, it will be subject to a withholding tax on its PRC-sourced income at a rate of 10%. Pursuant to the Arrangement between Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Tax Evasion on Income, the tax rate in respect to dividends paid by a PRC enterprise to a Hong Kong enterprise is reduced to 5% from a standard rate of 10% if the Hong Kong enterprise directly holds at least 25% of the PRC enterprise. Pursuant to the Notice of the State Administration of Taxation on the Issues concerning the Application of the Dividend Clauses of Tax Agreements, or SAT Circular 81, a Hong Kong resident enterprise must meet the following conditions, among others, in order to enjoy the reduced tax rate: (i) it must directly own the required percentage of equity interests and voting rights in the PRC resident enterprise; and (ii) it must have directly owned such percentage in the PRC resident enterprise throughout the 12 months prior to receiving the dividends. Furthermore, the Administrative Measures for Non-Resident Enterprises to Enjoy Treatments under Tax Treaties (For Trial Implementation), which became effective in October 2009, require that non-resident enterprises must obtain approval from the relevant tax authority in order to enjoy the reduced tax rate. There are also other conditions for enjoying the reduced tax rate according to other relevant tax rules and regulations. Accordingly, our subsidiary may be able to enjoy the 5% tax rate for the dividends it receives from its PRC incorporated subsidiaries if they satisfy the conditions prescribed under SAT Circular 81 and other relevant tax rules and regulations and obtain the approvals as required. However, according to SAT Circular 81, if the relevant tax authorities determine our transactions or arrangements are for the primary purpose of enjoying a favorable tax treatment, the relevant tax authorities may adjust the favorable tax rate on dividends in the future.

Provided that our Cayman Islands holding company, EHang, is not deemed to be a PRC resident enterprise, holders of the ADSs and ordinary shares who are not PRC residents will not be subject to PRC income tax on dividends distributed by us or gains realized from the sale or other disposition of our shares or ADSs. SAT Public Notice 7 further clarifies that, if a non-resident enterprise derives income by acquiring and selling shares in an offshore listed enterprise in the public market, such income will not be subject to PRC tax. However, there is uncertainty as to the application of SAT Bulletin 37 and SAT Public Notice 7, we and our non-PRC resident investors may be at risk of being required to file a return and being taxed under SAT Bulletin 37 and SAT Public Notice 7 and we may be required to expend valuable resources to comply with SAT Bulletin 37 and SAT Public Notice 7 or to establish that we should not be taxed under SAT Bulletin 37 and SAT Public Notice 7. See “Risk Factors—Risks Relating to Doing Business in China—We face uncertainty with respect to indirect transfers of equity interests in PRC resident enterprises by their non-PRC holding companies.”

United States Federal Income Tax Considerations

The following discussion is a summary of certain material U.S. federal income tax considerations generally applicable to the ownership and disposition of the ADSs or ordinary shares by a U.S. Holder (as defined below) that acquires the ADSs in this offering and holds the ADSs as “capital assets” (generally, property held for investment) under the U.S. Internal Revenue Code of 1986, as amended, or the Code. This discussion is based upon existing U.S. federal tax law, which is subject to differing interpretations or change, possibly with

retroactive effect. No ruling has been sought from the Internal Revenue Service, the IRS, with respect to any U.S. federal income tax consequences described below, and there can be no assurance that the IRS or a court will not take a contrary position. This discussion, moreover, does not address the U.S. federal estate, gift, Medicare, and alternative minimum tax considerations, any election to apply Section 1400Z-2 of the Code to gains recognized with respect to sales or other dispositions of the ADSs or ordinary shares, or any state, local or non-U.S. tax considerations, relating to the ownership or disposition of the ADSs or ordinary shares. The following summary does not address all aspects of U.S. federal income taxation that may be important to particular investors in light of their individual circumstances or to persons in special tax situations such as:

- banks and other financial institutions;
- insurance companies;
- pension plans;
- cooperatives;
- regulated investment companies;
- real estate investment trusts;
- broker-dealers;
- traders that elect to use a mark-to-market method of accounting;
- certain former U.S. citizens or long-term residents;
- tax-exempt entities (including private foundations);
- persons liable for alternative minimum tax;
- holders who acquire their ADSs or ordinary shares pursuant to any employee share option or otherwise as compensation;
- investors that will hold their ADSs or ordinary shares as part of a straddle, hedge, conversion, constructive sale or other integrated transaction for U.S. federal income tax purposes;
- investors that have a functional currency other than the U.S. dollar;
- persons subject to special tax accounting rules as a result of any item of gross income with respect to the ADSs or ordinary shares being taken into account in an applicable financial statement;
- persons that actually or constructively own 10% or more of the total combined voting power of all classes of our voting stock; or
- partnerships or other entities taxable as partnerships for U.S. federal income tax purposes, or persons holding common stock through such entities.

all of whom may be subject to tax rules that differ significantly from those discussed below.

Each U.S. Holder is urged to consult its tax advisor regarding the application of U.S. federal taxation to its particular circumstances, and the state, local, non-U.S. and other tax considerations of the ownership and disposition of the ADSs or ordinary shares.

General

For purposes of this discussion, a “U.S. Holder” is a beneficial owner of the ADSs or ordinary shares that is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;

- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created in, or organized under the law of the United States or any state thereof or the District of Columbia;
- an estate the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source; or
- a trust (A) the administration of which is subject to the primary supervision of a U.S. court and which has one or more U.S. persons who have the authority to control all substantial decisions of the trust or (B) that has otherwise validly elected to be treated as a U.S. person under the Code.

If a partnership (or other entity treated as a partnership for U.S. federal income tax purposes) is a beneficial owner of the ADSs or ordinary shares, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. Partnerships holding the ADSs or ordinary shares and their partners are urged to consult their tax advisors regarding an investment in the ADSs or ordinary shares.

For U.S. federal income tax purposes, it is generally expected that a U.S. Holder of ADSs will be treated as the beneficial owner of the underlying shares represented by the ADSs. The remainder of this discussion assumes that a U.S. Holder of the ADSs will be treated in this manner. Accordingly, deposits or withdrawals of ordinary shares for ADSs will generally not be subject to U.S. federal income tax.

Passive Foreign Investment Company Considerations

A non-U.S. corporation, such as our company, will be classified as a passive foreign investment company, or a 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 (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. For this purpose, cash and assets readily convertible into cash are categorized as a passive asset and the company's goodwill and other unbooked intangibles associated with active business activities may generally be classified as active assets. Passive income generally includes, among other things, dividends, interest, rents, royalties, and gains from the disposition of passive assets. We will be treated as owning a proportionate share of the assets and earning a proportionate share of the income of any other corporation in which we own, directly or indirectly, more than 25% (by value) of the stock. If a corporation is treated as a PFIC with respect to a U.S. Holder for any taxable year, the corporation will continue to be treated as a PFIC with respect to that U.S. Holder in all succeeding taxable years, regardless of whether the corporation continues to meet the PFIC requirements in such years, unless certain elections are made.

Although the law in this regard is not entirely clear, we treat our consolidated VIE and its subsidiaries as being owned by us for U.S. federal income tax purposes because we control its management decisions and are entitled to substantially all of the economic benefits associated with this entity. As a result, we consolidate their results of operations in our consolidated U.S. GAAP financial statements. If it were determined, however, that we are not the owner of the consolidated VIE for U.S. federal income tax purposes, we may be treated as a PFIC for the current taxable year and any subsequent taxable year.

The determination as to whether a foreign corporation is a PFIC is based on the application of complex U.S. federal income tax rules, which are subject to differing interpretations, and the determination will depend on the composition of the income, expenses and assets of the foreign corporation from time to time and the nature of the activities performed by its officers and employees. Assuming that we are the owner of the VIE and its subsidiaries for U.S. federal income tax purposes, and based upon our current and projected income and assets, including the proceeds from this offering, and projections as to the value of our assets, based in part on the market value of the ADSs following this offering, we do not expect to be classified as a PFIC for the current taxable year or the foreseeable future taxable years. While we do not anticipate being or becoming a PFIC in the current or foreseeable future taxable years, no assurance can be given in this regard 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. Fluctuations in the market price of the ADSs may cause us to be classified as 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 from time to time (which may be volatile). In estimating the value of our goodwill and other unbooked intangibles, we have taken into account the expected cash proceeds and our anticipated market capitalization following this offering. If our market capitalization subsequently declines, we may be or become classified as a PFIC for the current taxable year or future taxable years. Furthermore, the composition of our income and assets may also be affected by how, and how quickly, we use our liquid assets and the cash raised in this offering. 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 classified as a PFIC may substantially increase. Our U.S. counsel expresses no opinion with respect to our PFIC status for our current taxable year, and also expresses no opinion with regard to our expectations regarding our PFIC status in the future.

If we are classified as a PFIC for any year during which a U.S. Holder holds the ADSs or ordinary shares, the PFIC rules discussed below under "—Passive Foreign Investment Company Rules" generally will apply to such U.S. Holder for such taxable year, and unless the U.S. Holder makes certain elections, will apply in future years even if we cease to be a PFIC.

The discussion below under "—Dividends" and "—Sale or Other Disposition" is written on the basis that we will not be or become classified as a PFIC for U.S. federal income tax purposes. The U.S. federal income tax rules that apply generally if we are treated as a PFIC are discussed below under "—Passive Foreign Investment Company Rules."

Dividends

Subject to the discussion below under "—Passive Foreign Investment Company Rules," the gross amount of any distributions paid on the ADSs or ordinary shares out of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles, will generally be includible in the gross income of a U.S. Holder as dividend income on the day actually or constructively received by the U.S. Holder, in the case of ordinary shares, or by the depositary, in the case of ADSs. Because we do not intend to determine our earnings and profits on the basis of U.S. federal income tax principles, it is expected that any distribution we pay will generally be treated as a "dividend" for U.S. federal income tax purposes. Dividends received on the ADSs or ordinary shares will not be eligible for the dividends received deduction allowed to corporations in respect of dividends received from U.S. corporations.

Individuals and other non-corporate U.S. Holders will be subject to tax on dividend income from a "qualified foreign corporation" at a lower capital gains rate rather than the marginal tax rates generally applicable to ordinary income, provided that certain holding period requirements are met. A non-U.S. corporation (other than a corporation that is classified as a PFIC for the taxable year in which the dividend is paid or the preceding taxable year) will generally be considered to be a qualified foreign corporation (i) if it is eligible for the benefits of a comprehensive tax treaty with the U.S. which the Secretary of the Treasury of the U.S. determines is satisfactory for purposes of this provision and which includes an exchange of information program, or (ii) with respect to any dividend it pays on stock (or ADSs in respect of such stock) which is readily tradable on an established securities market in the U.S. We expect the ADSs (but not our ordinary shares) will be readily tradeable on an established securities market in the United States. Since we do not expect that our ordinary shares will be listed on an established securities market, it is unclear whether dividends that we pay on our ordinary shares that are not represented by ADSs will meet the conditions required for the reduced tax rate. There can be no assurance that, the ADSs will continue to be considered readily tradeable on an established securities market in later years.

In the event that we are deemed to be a PRC resident enterprise under the PRC Enterprise Income Tax Law (see "—People's Republic of China Taxation"), a U.S. Holder may be subject to PRC withholding taxes on dividends paid on the ADSs or ordinary shares. We may, however, be eligible for the benefits of the United States-PRC income tax treaty (which the Secretary of the Treasury of the United States has determined is satisfactory for the purpose of being a "qualified foreign corporation"). If we are eligible for such benefits, dividends we pay on our ordinary shares, regardless of whether such shares are represented by the ADSs, would be eligible for the reduced rates of taxation described in the preceding paragraph.

Dividends will generally be treated as income from foreign sources for U.S. foreign tax credit purposes and will generally constitute passive category income. Depending on the U.S. Holder's individual facts and circumstances, a U.S. Holder may be eligible, subject to a number of complex limitations, to claim a foreign tax credit in respect of any foreign withholding taxes imposed on dividends received on the ADSs or ordinary shares. A U.S. Holder who does not elect to claim a foreign tax credit for foreign tax withheld may instead claim a deduction, for U.S. federal income tax purposes, in respect of such withholding, but only for a year in which such holder elects to do so for all creditable foreign income taxes. The rules governing the foreign tax credit are complex and their outcome depends in large part on the U.S. Holder's individual facts and circumstances. Accordingly, U.S. Holders are urged to consult their tax advisors regarding the availability of the foreign tax credit under their particular circumstances.

Sale or Other Disposition

Subject to the discussion below under "—Passive Foreign Investment Company Rules," a U.S. Holder will generally recognize capital gain or loss upon the sale or other disposition of ADSs or ordinary shares in an amount equal to the difference between the amount realized upon the disposition and the holder's adjusted tax basis in such ADSs or ordinary shares. Any capital gain or loss will be long-term if the ADSs or ordinary shares have been held for more than one year. The deductibility of a capital loss may be subject to some limitations. Any such gain or loss that the U.S. Holder recognizes will generally be U.S.-source gain or loss for U.S. foreign tax credit purposes, which will generally limit the availability of foreign tax credits. However, in the event we are deemed to be a PRC resident enterprise under the PRC Enterprise Income Tax Law, we may be eligible for the benefits of the United States-PRC income tax treaty. In such event, if PRC tax were to be imposed on any gain from the disposition of the ADSs or ordinary shares, a U.S. Holder that is eligible for the benefits of the United States-PRC income tax treaty may elect to treat such gain as PRC source income. If a U.S. Holder is not eligible for the benefits of the United States-PRC income tax treaty or fails to make the election to treat any gain as foreign source, then such U.S. Holder may not be able to use the foreign tax credit arising from any PRC tax imposed on the disposition of the ADSs or ordinary shares unless such credit can be applied (subject to applicable limitations) against U.S. federal income tax due on other income derived from foreign sources in the same income category (generally, the passive category). U.S. Holders are urged to consult their tax advisors regarding the tax consequences if a foreign tax is imposed on a disposition of the ADSs or ordinary shares, including the availability of the foreign tax credit under their particular circumstances.

Passive Foreign Investment Company Rules

If we are classified as a PFIC for any taxable year during which a U.S. Holder holds the ADSs or ordinary shares, and unless the U.S. Holder makes a mark-to-market election (as described below), the U.S. Holder will generally be subject to special tax rules that have a penalizing effect, regardless of whether we remain a PFIC, on (i) any excess distribution that we make to the U.S. Holder (which generally means any distribution paid during a taxable year to a U.S. Holder that is greater than 125 percent of the average annual distributions paid in the three preceding taxable years or, if shorter, the U.S. Holder's holding period for the ADSs or ordinary shares), and (ii) any gain realized on the sale or other disposition of ADSs or ordinary shares. Under the PFIC rules:

- the excess distribution or gain will be allocated ratably over the U.S. Holder's holding period for the ADSs or ordinary shares;

- the amount allocated to the current taxable year and any taxable years in the U.S. Holder's holding period prior to the first taxable year in which we are classified as a PFIC (each, a "pre-PFIC year"), will be taxable as ordinary income;
- the amount allocated to each prior taxable year, other than a pre-PFIC year, will be subject to tax at the highest tax rate in effect for individuals or corporations, as appropriate, for that year; and
- the interest charge generally applicable to underpayments of tax will be imposed on the tax attributable to each prior taxable year, other than a pre-PFIC year.

If we are a PFIC for any taxable year during which a U.S. Holder holds the ADSs or ordinary shares and any of our subsidiaries, our VIE or any of the subsidiaries of our VIE is also a PFIC, such U.S. Holder would be treated as owning a proportionate amount (by value) of the shares of the lower-tier PFIC for purposes of the application of these rules. U.S. Holders are urged to consult their tax advisors regarding the application of the PFIC rules to any of our subsidiary, our VIE or any of the subsidiaries of our VIE.

As an alternative to the foregoing rules, a U.S. Holder of "marketable stock" (as defined below) in a PFIC may make a mark-to-market election with respect to such stock. If a U.S. Holder makes this election, the holder will generally (i) include as ordinary income for each taxable year that we are a PFIC the excess, if any, of the fair market value of ADSs held at the end of the taxable year over the adjusted tax basis of such ADSs and (ii) deduct as an ordinary loss the excess, if any, of the adjusted tax basis of the ADSs over the fair market value of such ADSs held at the end of the taxable year, but such deduction will only be allowed to the extent of the amount previously included in income as a result of the mark-to-market election. The U.S. Holder's adjusted tax basis in the ADSs would be adjusted to reflect any income or loss resulting from the mark-to-market election. If a U.S. Holder makes a mark-to-market election in respect of a corporation classified as a PFIC and such corporation ceases to be classified as a PFIC, the holder will not be required to take into account the gain or loss described above during any period that such corporation is not classified as a PFIC. If a U.S. Holder makes a mark-to-market election, any gain such U.S. Holder recognizes upon the sale or other disposition of the ADSs in a year when we are a PFIC will be treated as ordinary income and any loss will be treated as ordinary loss, but such loss will only be treated as ordinary loss to the extent of the net amount previously included in income as a result of the mark-to-market election.

The mark-to-market election is available only for "marketable stock," which is stock that is regularly traded on a qualified exchange or other market as defined in applicable U.S. Treasury regulations. The ADSs, but not our ordinary shares, will be treated as traded on a qualified exchange or other market upon their listing on the Nasdaq Global Market. We anticipate that the ADSs should qualify as being regularly traded, but no assurances may be given in this regard.

Because a mark-to-market election cannot be made for any lower-tier PFICs that we may own, a U.S. Holder may continue to be subject to the PFIC rules with respect to such U.S. Holder's indirect interest in any investments held by us that are treated as an equity interest in a PFIC for U.S. federal income tax purposes.

We do not intend to provide information necessary for U.S. Holders to make qualified electing fund elections which, if available, would result in tax treatment different from (and generally less adverse than) the general tax treatment for PFICs described above.

If a U.S. Holder owns the ADSs or ordinary shares during any taxable year that we are a PFIC, the holder must generally file an annual IRS Form 8621 or such other form as is required by the U.S. Treasury Department. Each U.S. Holder is advised to consult its tax advisors regarding the potential U.S. federal income tax consequences of owning and disposing of the ADSs or ordinary shares if we are or become a PFIC, including the possibility of making a mark-to-market election.

Information Reporting and Backup Withholding

U.S. Holders may be subject to information reporting to the IRS and U.S. backup withholding with respect to dividends on and proceeds from the sale or other disposition of the ADSs or ordinary shares. Backup withholding will not apply, however, to a U.S. Holder who furnishes a correct taxpayer identification number and makes any other required certification, or who is otherwise exempt from backup withholding.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against a U.S. Holder's U.S. federal income tax liability, and a U.S. Holder generally may obtain a refund of any excess amounts withheld under the backup withholding rules by filing the appropriate claim for refund with the IRS and furnishing any required information. U.S. Holders should consult their tax advisors regarding the application of the U.S. information reporting and backup withholding rules.

Information with Respect to Foreign Financial Assets

Certain U.S. Holders who are individuals (and, under proposed regulations, certain entities) may be required to report information relating to the ordinary shares or ADSs, subject to certain exceptions (including an exception for ordinary shares or ADSs held in accounts maintained by certain U.S. financial institutions). U.S. Holders should consult their tax advisers regarding their reporting obligations with respect to their ownership and disposition of the ordinary shares or ADSs.

UNDERWRITING

Under the terms and subject to the conditions contained in an underwriting agreement dated the date of this prospectus, the underwriters named below, for whom Morgan Stanley & Co. LLC and Credit Suisse Securities (USA) LLC are acting as representatives, have severally agreed to purchase, and we have agreed to sell to them, severally, the number of ADSs indicated below:

Name	Number of ADSs
Morgan Stanley & Co. LLC	
Credit Suisse Securities (USA) LLC	
Needham & Company, LLC	
Tiger Brokers (NZ) Limited	
Total:	

The underwriters and the representatives are collectively referred to as the “underwriters” and the “representatives,” respectively. The underwriters are offering the ADSs subject to their acceptance of the ADSs from us and subject to prior sale. The underwriting agreement provides that the obligations of the several underwriters to pay for and accept delivery of the ADSs offered by this prospectus are subject to the approval of certain legal matters by their counsel and to certain other conditions, such as lack of material adverse change, or any development involving a prospective material adverse change, in the business, financial condition and results of operations of the Company. The underwriters are obligated, severally but not jointly, to take and pay for all of the ADSs offered by this prospectus if any such ADSs are taken. However, the underwriters are not required to take or pay for the ADSs covered by the underwriters’ over-allotment option described below. The underwriting agreement also provides that if an underwriter defaults, the purchase commitments of the non-defaulting underwriters may be increased or the offering may be terminated.

The underwriters initially propose to offer part of the ADSs directly to the public at the offering price listed on the cover page of this prospectus and part to certain dealers. After the initial offering of the ADSs, the offering price and other selling terms may from time to time be varied by the representatives.

We have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase up to additional ADSs from us at the public offering price listed on the cover page of this prospectus, less underwriting discounts and commissions. The underwriters may exercise this option solely for the purpose of covering over-allotments, if any, made in connection with the offering of the ADSs offered by this prospectus. To the extent the option is exercised, each underwriter will become obligated, subject to certain conditions, to purchase the same percentage (subject to rounding) of additional ADSs as the number listed next to the underwriter’s name in the preceding table bears to the total number of ADSs listed next to the names of all underwriters in the preceding table.

The estimated offering expenses payable by us, exclusive of the underwriting discounts and commissions, are approximately US$ million. We have agreed to reimburse the underwriters for certain of their expenses in an amount up to US$ million. The following table shows the per ADS and total public offering price, underwriting discounts and commissions paid by us, and proceeds before expenses to us. These amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase up to an additional ADSs.

		Total	
	Per ADS	No Exercise	Full Exercise
Public offering price	US$	US$	US$
Underwriting discounts and commissions to be paid by:			
us	US$	US$	US$
Proceeds, before expenses, to us	US$	US$	US$

The underwriters have informed us that they do not intend sales to discretionary accounts to exceed 5% of the total number of ADSs offered by them.

Certain of the underwriters are expected to make offers and sales both inside and outside the United States through their respective selling agents. Any offers or sales in the United States will be conducted by broker-dealers registered with the SEC. Tiger Brokers (NZ) Limited is not a broker-dealer registered with the SEC and, to the extent that its conduct may be deemed to involve participation in offers or sales of ADSs in the United States, those offers or sales will be made through one or more SEC-registered broker-dealers in compliance with applicable laws and regulations.

The address of Morgan Stanley & Co. LLC is 1585 Broadway Avenue, New York, New York 10036, United States. The address of Credit Suisse Securities (USA) LLC is Eleven Madison Avenue, New York, NY 10010, United States. The address of Needham & Company, LLC is 250 Park Avenue, New York, NY 10177, United States. The address of Tiger Brokers (NZ) Limited is Level 4, 142 Broadway, Newmarket, Auckland, New Zealand.

We have agreed that we will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, or file with the Securities and Exchange Commission a registration statement under the Securities Act of 1933 (the "Securities Act") relating to, any of our ordinary shares, the ADSs or securities convertible into or exchangeable or exercisable for our ordinary shares or the ADSs, or publicly disclose the intention to make any offer, sale, pledge, disposition or filing, without the prior written consent of the representatives for a period of 180 days after the date of this prospectus, except issuances pursuant to the exercise of employee stock options outstanding on the date hereof or pursuant to our dividend reinvestment plan.

Our officers and directors, all of our existing shareholders and certain holders of our share-based awards have agreed that they will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any of our ordinary shares, the ADSs or securities convertible into or exchangeable or exercisable for our ordinary shares or the ADSs, enter into a transaction that would have the same effect, or enter into any swap, hedge or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of our ordinary shares or the ADSs, whether any of these transactions are to be settled by delivery of our ordinary shares, the ADSs or other securities, in cash or otherwise, or publicly disclose the intention to make any such offer, sale, pledge or disposition, or to enter into any such transaction, swap, hedge or other arrangement, without, in each case, the prior written consent of the representatives for a period of 180 days after the date of this prospectus, subject to certain exceptions.

The ADSs [have been approved] for listing on the Nasdaq Global Market under the trading symbol "EH."

In connection with this offering, the underwriters may engage in stabilizing transactions, over-allotment transactions, syndicate covering transactions, penalty bids and passive market making in accordance with Regulation M under the Securities Exchange Act of 1934.

- Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum.
- Over-allotment involves sales by the underwriters of ADSs in excess of the number of ADSs the underwriters are obligated to purchase, which creates a syndicate short position. The short position may be either a covered short position or a naked short position. In a covered short position, the number of ADSs over-allotted by the underwriters is not greater than the number of ADSs that they may purchase in the over-allotment option. In a naked short position, the number of ADSs involved is greater than the number of ADSs in the over-allotment option. The underwriters may close out any covered short position by either exercising their over-allotment option and/or purchasing ADSs in the open market.
- Syndicate covering transactions involve purchases of the ADSs in the open market after the distribution has been completed in order to cover syndicate short positions. In determining the source of ADSs to close out the short position, the underwriters will consider, among other things, the price of ADSs available for purchase in the open market as compared to the price at which they may purchase the ADSs through the over-allotment option. If the underwriters sell more ADSs than could be covered by the over-allotment option, a naked short position, the position can only be closed out by buying ADSs in the open market. A naked short position is more likely to be created if the underwriters are concerned that there could be downward pressure on the price of the ADSs in the open market after pricing that could adversely affect investors who purchase in this offering.
- Penalty bids permit the representatives to reclaim a selling concession from a syndicate member when the ADSs originally sold by the syndicate member is purchased in a stabilizing transaction or a syndicate covering transaction to cover syndicate short positions.
- In passive market making, market makers in the ADSs who are underwriters or prospective underwriters may, subject to limitations, make bids for or purchases of the ADSs until the time, if any, at which a stabilizing bid is made.

These stabilizing transactions, syndicate covering transactions, penalty bids and passive market making may have the effect of raising or maintaining the market price of the ADSs or preventing or retarding a decline in the market price of the ADSs. As a result the price of the ADSs may be higher than the price that might otherwise exist in the open market. These transactions may be effected on the Nasdaq Global Market and, if commenced, may be discontinued at any time.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or contribute to payments that the underwriters may be required to make in that respect.

A prospectus in electric format may be made available on websites maintained by one or more underwriters, or selling group members, if any, participating in this offering. The representatives may agree to allocate a number of ADSs to underwriters for sale to their online brokerage account holders. Internet distributions will be allocated by the representatives to underwriters that may make Internet distributions on the same basis as other allocations.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Certain of the underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for us, for which they received or will receive customary fees and expenses.

In addition, in the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve our securities and instruments. The underwriters and their respective affiliates may also make investment recommendations or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long or short positions in such securities and instruments.

Pricing of the Offering

Prior to this offering, there has been no public market for our ordinary shares or the ADSs. The initial public offering price was determined by negotiations between us and the representatives. Among the factors considered in determining the initial public offering price were our future prospects and those of our industry in general, our sales, earnings and certain other financial and operating information in recent periods, and the price-earnings ratios, price-sales ratios, market prices of securities, and certain financial and operating information of companies engaged in activities similar to ours.

We cannot assure you that the initial public offering price will correspond to the price at which the ADSs will trade in the public markets subsequent to this offering or that an active trading market for the ADSs will develop and continue after this offering.

[Directed Share Program

At our request, the underwriters have reserved up to % of the ADSs offered by this prospectus for sale, at the initial public offering price, to our directors, officers, employees and other individuals associated with us and members of their families. The sales will be made by , a selected dealer affiliated with , an underwriter of this offering, through a directed share program. We do not know if these persons will choose to purchase all or any portion of these reserved ADSs, but any purchases they do make will reduce the number of ADSs available to the general public. Any reserved ADSs that are not so purchased will be offered by the underwriters to the general public on the same terms as the other ADSs offered by this prospectus. Any ADSs sold in the directed share program to our directors, executive officers or shareholders shall be subject to the lock-up agreements described above.]

Selling Restrictions

No action may be taken in any jurisdiction other than the United States that would permit a public offering of the ADSs or the possession, circulation or distribution of this prospectus in any jurisdiction where action for that purpose is required. Accordingly, the ADSs may not be offered or sold, directly or indirectly, and neither the prospectus nor any other offering material or advertisements in connection with the ADSs may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable laws, rules and regulations of any such country or jurisdiction.

Australia

No placement document, prospectus, product disclosure statement or other disclosure document has been lodged with the Australian Securities and Investments Commission, or ASIC, in relation to the offering. This prospectus does not constitute a prospectus, product disclosure statement or other disclosure document under the Corporations Act 2001, or the Corporations Act, and does not purport to include the information required for a prospectus, product disclosure statement or other disclosure document under the Corporations Act. Any offer in Australia of the ADSs may only be made to persons, or the Exempt Investors, who are “sophisticated investors” (within the meaning of section 708(8) of the Corporations Act), “professional investors” (within the meaning of

section 708(11) of the Corporations Act) or otherwise pursuant to one or more exemptions contained in section 708 of the Corporations Act so that it is lawful to offer the ADSs without disclosure to investors under Chapter 6D of the Corporations Act. The ADSs applied for by Exempt Investors in Australia must not be offered for sale in Australia in the period of 12 months after the date of allotment under the offering, except in circumstances where disclosure to investors under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under section 708 of the Corporations Act or otherwise or where the offer is pursuant to a disclosure document which complies with Chapter 6D of the Corporations Act. Any person acquiring ADSs must observe such Australian on-sale restrictions. This prospectus contains general information only and does not take account of the investment objectives, financial situation or particular needs of any particular person. It does not contain any ADSs recommendations or financial product advice. Before making an investment decision, investors need to consider whether the information in this prospectus is appropriate to their needs, objectives and circumstances, and, if necessary, seek expert advice on those matters.

Canada

The securities may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the securities must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts, or NI 33-105, the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Cayman Islands

This prospectus does not constitute an invitation or offer to the public in the Cayman Islands of the ADSs, whether by way of sale or subscription. The underwriters have not offered or sold, and will not offer or sell, directly or indirectly, any ADSs in the Cayman Islands.

Dubai International Financial Center

This prospectus relates to an exempt offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority. This prospectus is intended for distribution only to persons of a type specified in those rules. It must not be delivered to, or relied on by, any other person. The Dubai Financial Services Authority has no responsibility for reviewing or verifying any documents in connection with exempt offers. The Dubai Financial Services Authority has not approved this prospectus nor taken steps to verify the information set out in it, and has no responsibility for it. The ADSs which are the subject of the offering contemplated by this prospectus may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the ADSs offered should conduct their own due diligence on the ADSs. If you do not understand the contents of this prospectus you should consult an authorized financial advisor.

European Economic Area

In relation to each Member State of the European Economic Area, or a EEA Member State, each underwriter represents and agrees that with effect from and including the date on which the Prospectus Regulation is implemented in that EEA Member State, it has not made and will not make an offer of ADSs which are the subject of the offering contemplated by this prospectus to the public in that EEA Member State other than:

- to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- to fewer than 100 or, if the EEA Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), as permitted under the Prospectus Regulation, subject to obtaining the prior consent of the representatives for any such offer; or
- in any other circumstances falling within Article 1(4) of the Prospectus Regulation, provided that no such offer of ADSs shall require us or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Regulation.

For the purposes of this provision, the expression an "offer to the public" in relation to any offer of ADSs in any EEA Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any ADSs to be offered so as to enable an investor to decide to purchase or subscribe for the ADSs and the expression "Prospectus Regulation" means Regulation (EU) 2017/1129.

France

Neither this prospectus nor any other offering material relating to the ADSs described in this prospectus has been submitted to the clearance procedures of the Autorité des Marchés Financiers or of the competent authority of another member state of the European Economic Area and notified to the Autorité des Marchés Financiers. The ADSs have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France. Neither this prospectus nor any other offering material relating to the ADSs has been or will be:

- to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- to fewer than 100 or, if the EEA Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), as permitted under the Prospectus Regulation, subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by us for any such offer; or
- in any other circumstances falling within Article 1(4) of the Prospectus Regulation,
- released, issued, distributed or caused to be released, issued or distributed to the public in France; or
- used in connection with any offer for subscription or sale of the ADSs to the public in France.
- Such offers, sales and distributions will be made in France only:
- to qualified investors (investisseurs qualifiés) and/or to a restricted circle of investors (cercle restreint d'investisseurs), in each case investing for their own account, all as defined in, and in accordance with articles L.411-2, D.411-1, D.411-2, D.734-1, D.744-1, D.754-1 and D.764-1 of the French Code monétaire et financier;
- to investment services providers authorized to engage in portfolio management on behalf of third parties; or
- in a transaction that, in accordance with article L.411-2-II-1° -or-2° -or 3° of the French Code monétaire et financier

The ADSs may be resold directly or indirectly, only in compliance with articles L.411-1, L.411-2, L.412-1 and L.621-8 through L.621-8-3 of the French Code monétaire et financier.

Germany

This prospectus does not constitute a Prospectus Regulation-compliant prospectus in accordance with the German Securities Prospectus Act (Wertpapierprospektgesetz) and does therefore not allow any public offering in the Federal Republic of Germany, or Germany, or any other EEA Member State pursuant to § 17 and § 18 of the German Securities Prospectus Act. No action has been or will be taken in Germany that would permit a public offering of the ADSs, or distribution of a prospectus or any other offering material relating to the ADSs. In particular, no securities prospectus (Wertpapierprospekt) within the meaning of the German Securities Prospectus Act or any other applicable laws of Germany, has been or will be published within Germany, nor has this prospectus been filed with or approved by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht) for publication within Germany.

Each underwriter will represent, agree and undertake (i) that it has not offered, sold or delivered and will not offer, sell or deliver the ADSs within Germany other than in accordance with the German Securities Prospectus Act (Wertpapierprospektgesetz) and any other applicable laws in Germany governing the issue, sale and offering of ADSs, and (ii) that it will distribute in Germany any offering material relating to the ADSs only under circumstances that will result in compliance with the applicable rules and regulations of Germany.

This prospectus is strictly for use of the person who has received it. It may not be forwarded to other persons or published in Germany.

Hong Kong

The ADSs may not be offered or sold in Hong Kong by means of any document other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap.571) of Hong Kong and any rules made under that Ordinance, or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap.32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No advertisement, invitation or document relating to the ADSs may be issued or may be in the possession of any person for the purpose of issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to ADSs which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Israel

This prospectus does not constitute a prospectus under the Israeli Securities Law, 5728-1968, and has not been filed with or approved by the Israel Securities Authority. In Israel, this prospectus is being distributed only to, and is directed only at, investors listed in the first addendum, or the Addendum, to the Israeli Securities Law, consisting primarily of joint investment in trust funds, provident funds, insurance companies, banks, portfolio managers, investment advisors, members of the Tel Aviv Stock Exchange, underwriters purchasing for their own account, venture capital funds, entities with equity in excess of NIS 50 million and qualified individuals, each as defined in the Addendum (as it may be amended from time to time), collectively referred to as qualified investors. Qualified investors may be required to submit written confirmation that they meet the criteria for one of the categories of investors set forth in the prospectus.

Italy

The offering of ADSs has not been registered with the Commissione Nazionale per le Società e la Borsa, or CONSOB, pursuant to Italian securities legislation and, accordingly, no ADSs may be offered, sold or delivered, nor copies of this prospectus or any other documents relating to the ADSs may not be distributed in Italy except:

- to "qualified investors," as referred to in Article 100 of Legislative Decree No. 58 of February 24, 1998, as amended, or the Decree No. 58, and defined in Article 26, paragraph 1, letter d) of CONSOB

Regulation No. 16190 of October 29, 2007, as amended, or Regulation No. 16190, pursuant to Article 34-ter, paragraph 1, letter. b) of CONSOB Regulation No. 11971 of May 14, 1999, as amended, or Regulation No. 11971, or

- in any other circumstances where an express exemption from compliance with the offer restrictions applies, as provided under Decree No. 58 or Regulation No. 11971.

Any offer, sale or delivery of the ADSs or distribution of copies of this prospectus or any other documents relating to the ADSs in the Republic of Italy must be:

- made by investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 385 of September 1, 1993, as amended, or the Banking Law, Decree No. 58 and Regulation No. 16190 and any other applicable laws and regulations;
- in compliance with Article 129 of the Banking Law, and the implementing guidelines of the Bank of Italy, as amended; and
- in compliance with any other applicable notification requirement or limitation which may be imposed, from time to time, by CONSOB or the Bank of Italy or other competent authority.

Please note that, in accordance with Article 100-bis of Decree No. 58, where no exemption from the rules on public offerings applies, the subsequent distribution of the ADSs on the secondary market in Italy must be made in compliance with the public offer and the prospectus requirement rules provided under Decree No. 58 and Regulation No. 11971.

Furthermore, ADSs which are initially offered and placed in Italy or abroad to qualified investors only but in the following year are regularly distributed on the secondary market in Italy to non-qualified investors become subject to the public offer and the prospectus requirement rules provided under Decree No. 58 and Regulation No. 11971. Failure to comply with such rules may result in the sale of the ADSs being declared null and void and in the liability of the intermediary transferring the ADSs for any damages suffered by such non-qualified investors.

Japan

No registration pursuant to Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended), or the FIEL, has been made or will be made with respect to the solicitation of the application for the acquisition of the ADSs.

Accordingly, the ADSs have not been, directly or indirectly, offered or sold and will not be, directly or indirectly, offered or sold in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements, and otherwise in compliance with, the FIEL and the other applicable laws and regulations of Japan.

For Qualified Institutional Investors, or QII

Please note that the solicitation for newly-issued or secondary securities (each as described in Paragraph 2, Article 4 of the FIEL) in relation to the ADSs constitutes either a “QII only private placement” or a “QII only secondary distribution” (each as described in Paragraph 1, Article 23-13 of the FIEL). Disclosure regarding any such solicitation, as is otherwise prescribed in Paragraph 1, Article 4 of the FIEL, has not been made in relation to the ADSs. The ADSs may only be transferred to QIIs.

For Non-QII Investors

Please note that the solicitation for newly-issued or secondary securities (each as described in Paragraph 2, Article 4 of the FIEL) in relation to the ADSs constitutes either a "small number private placement" or a "small number private secondary distribution" (each as is described in Paragraph 4, Article 23-13 of the FIEL). Disclosure regarding any such solicitation, as is otherwise prescribed in Paragraph 1, Article 4 of the FIEL, has not been made in relation to the ADSs. The ADSs may only be transferred en bloc without subdivision to a single investor.

Kuwait

Unless all necessary approvals from the Kuwait Ministry of Commerce and Industry required by Law No. 31/1990 "Regulating the Negotiation of Securities and Establishment of Investment Funds," its Executive Regulations and the various Ministerial Orders issued pursuant thereto or in connection therewith, have been given in relation to the marketing and sale of the ADSs, these may not be marketed, offered for sale, nor sold in the State of Kuwait. Neither this prospectus (including any related document), nor any of the information contained therein is intended to lead to the conclusion of any contract of whatsoever nature within Kuwait.

PRC

This prospectus has not been and will not be circulated or distributed in the PRC, and the ADSs may not be offered or sold, and will not be offered or sold, directly or indirectly, to any resident of the PRC or to persons for re-offering or resale, directly or indirectly, to any resident of the PRC except pursuant to applicable laws and regulations of the PRC. For the purpose of this paragraph, the PRC does not include Taiwan and the Special Administrative Regions of Hong Kong and Macao.

Qatar

The ADSs have not been and will not be offered, sold or delivered at any time, directly or indirectly, in the State of Qatar, or Qatar, in a manner that would constitute a public offering. This prospectus has not been reviewed or approved by or registered with the Qatar Central Bank, the Qatar Exchange or the Qatar Financial Markets Authority. This prospectus is strictly private and confidential, and may not be reproduced or used for any other purpose, nor provided to any person other than the recipient thereof.

Singapore

This prospectus has not been registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this prospectus and any other documents or material in connection with the offer or sale, or invitation for subscription or purchase, of the ADSs may not be circulated or distributed, nor may the ADSs be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore, or the SFA, or (ii) to a relevant person pursuant to Section 275(1), or to any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the ADSs are subscribed or purchased under section 275 of the SFA by a relevant person which is:

a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest in that trust shall not be transferred within six (6) months after that corporation or that trust has acquired the ADSs pursuant to an offer made under section 275 of the SFA except:

1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

2) where no consideration is or will be given for the transfer;

3) where the transfer is by operation of law;

4) as specified in section 276(7) of the SFA; or

5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Notification under Section 309B(1)(c) of the SFA: We have determined that the ADSs shall be (A) prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and (B) Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Switzerland

This prospectus is not intended to constitute an offer or solicitation to purchase or invest in the ADSs described herein. The ADSs may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this prospectus nor any other offering or marketing material relating to the ADSs constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland, and neither this prospectus nor any other offering or marketing material relating to the ADSs may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this prospectus nor any other offering or marketing material relating to the offering, nor the Company nor the ADSs have been or will be filed with or approved by any Swiss regulatory authority. The ADSs are not subject to the supervision by any Swiss regulatory authority, e.g., the Swiss Financial Markets Supervisory Authority FINMA, and investors in the ADSs will not benefit from protection or supervision by such authority.

Taiwan

The ADSs have not been and will not be registered or filed with, or approved by, the Financial Supervisory Commission of Taiwan pursuant to relevant securities laws and regulations and may not be offered or sold in Taiwan through a public offering or in circumstances which constitute an offer within the meaning of the Securities and Exchange Act of Taiwan or relevant laws and regulations that require a registration, filing or approval of the Financial Supervisory Commission of Taiwan. No person or entity in Taiwan has been authorized to offer or sell the ADSs in Taiwan.

United Arab Emirates (Excluding the Dubai International Financial Center)

The ADSs have not been, and are not being, publicly offered, sold, promoted or advertised in the United Arab Emirates, or U.A.E., other than in compliance with the laws of the U.A.E. Prospective investors in the Dubai International Financial Centre should have regard to the specific selling restrictions on prospective investors in the Dubai International Financial Centre set out below.

The information contained in this prospectus does not constitute a public offer of ADSs in the U.A.E. in accordance with the Commercial Companies Law (Federal Law No. 8 of 1984 of the U.A.E., as amended) or otherwise and is not intended to be a public offer. This prospectus has not been approved by or filed with the Central Bank of the United Arab Emirates, the Emirates Securities and Commodities Authority or the Dubai Financial Services Authority, or DFSA. If you do not understand the contents of this prospectus, you should consult an authorized financial adviser. This prospectus is provided for the benefit of the recipient only, and should not be delivered to, or relied on by, any other person.

United Kingdom

Each of the underwriters severally represents, warrants and agrees as follows:

- it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000, or the FSMA, received by it in connection with the issue or sale of the ADSs in circumstances in which Section 21(1) of the FSMA does not apply to us; and
- it has complied with, and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the ADSs in, from or otherwise involving the United Kingdom.

EXPENSES RELATED TO THIS OFFERING

Set forth below is an itemization of the total expenses, excluding underwriting discounts and commissions, that we expect to incur in connection with this offering. With the exception of the SEC registration fee, the Financial Industry Regulatory Authority, or FINRA, filing fee, and the Nasdaq Global Market market entry and listing fee, all amounts are estimates.

SEC Registration Fee	US$
FINRA Fee	
Nasdaq Global Market Market Entry and Listing Fee	
Printing and Engraving Expenses	
Legal Fees and Expenses	
Accounting Fees and Expenses	
Miscellaneous	
Total	**US$**

LEGAL MATTERS

We are being represented by Cooley LLP with respect to certain legal matters as to United States federal securities and New York State law. The underwriters are being represented by Latham & Watkins LLP with respect to certain legal matters as to United States federal securities and New York State law. The validity of the Class A ordinary shares represented by the ADSs offered in this offering will be passed upon for us by Maples and Calder (Hong Kong) LLP. Certain legal matters as to PRC law will be passed upon for us by Allbrigtht Law Offices and for the underwriters by Haiwen & Partners. Cooley LLP may rely upon Maples and Calder (Hong Kong) LLP with respect to matters governed by Cayman Islands law and Allbrigtht Law Offices with respect to matters governed by PRC law. Latham & Watkins LLP may rely upon Haiwen & Partners with respect to matters governed by PRC law.

EXPERTS

The consolidated financial statements of EHang Holdings Limited at December 31, 2017 and 2018, and for each of the two years in the period ended December 31, 2018, appearing in this Prospectus and Registration Statement have been audited by Ernst & Young Hua Ming LLP, independent registered public accounting firm, as set forth in their report thereon appearing elsewhere herein, and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

The offices of Ernst & Young Hua Ming LLP are located at 50/F, Shanghai World Financial Center, 100 Century Avenue, Pudong, Shanghai 200120, the People's Republic of China.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed a registration statement, including relevant exhibits, with the SEC on Form F-1 under the Securities Act with respect to the underlying ordinary shares represented by the ADSs to be sold in this offering. We have also filed a related registration statement on Form F-6 with the SEC to register the ADSs. This prospectus, which constitutes a part of the registration statement on Form F-1, does not contain all of the information contained in the registration statement. You should read our registration statements and their exhibits and schedules for further information with respect to us and the ADSs.

Immediately upon the effectiveness of the registration statement on Form F-1 of which this prospectus forms a part, we will become subject to periodic reporting and other informational requirements of the Exchange Act as applicable to foreign private issuers. Accordingly, we will be required to file reports, including annual reports on Form 20-F, and other information with the SEC. All information filed with the SEC can be obtained over the internet at the SEC's website at www.sec.gov or inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549. You can request copies of documents, upon payment of a duplicating fee, by writing to the SEC.

As a foreign private issuer, we are exempt under the Exchange Act from, among other things, the rules prescribing the furnishing and content of proxy statements, and our executive officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we will not be required under the Exchange Act to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act. However, we intend to furnish the depositary with our annual reports, which will include a review of operations and annual audited consolidated combined financial statements prepared in conformity with U.S. GAAP, and all notices of shareholders' meetings and other reports and communications that are made generally available to our shareholders. The depositary will make such notices, reports and communications available to holders of ADSs and, if we so request, will mail to all record holders of ADSs the information contained in any notice of a shareholders' meeting received by the depositary from us.

EHANG HOLDINGS LIMITED

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	PAGE(S)
Report of Independent Registered Public Accounting Firm	F-2
Consolidated Balance Sheets as of December 31, 2017 and 2018	F-3 - F-6
Consolidated Statements of Comprehensive Loss for the Years Ended December 31, 2017 and 2018	F-7 - F-8
Consolidated Statements of Changes in Shareholders' Deficit for the Years Ended December 31, 2017 and 2018	F-9
Consolidated Statements of Cash Flows for the Years Ended December 31, 2017 and 2018	F-10 - F-11
Notes to the Consolidated Financial Statements	F-12 - F-50
Unaudited Interim Condensed Consolidated Balance Sheets as of December 31, 2018 and June 30, 2019	F-51 - F-54
Unaudited Interim Condensed Consolidated Statements of Comprehensive Loss for the Six Months Ended June 30, 2018 and 2019	F-55 - F-56
Unaudited Interim Condensed Consolidated Statement of Changes in Shareholders' Deficit for the Six Months Ended June 30, 2018 and 2019	F-57
Unaudited Interim Condensed Consolidated Statement of Cash Flows for the Six Months Ended June 30, 2018 and 2019	F-58
Notes to the Unaudited Interim Condensed Consolidated Financial Statements	F-59 - F-74

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of EHang Holdings Limited

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of EHang Holdings Limited (the "Company") as of December 31, 2017 and 2018, the related consolidated statements of comprehensive loss, changes in shareholders' deficit and cash flows for each of the two years in the period ended December 31, 2018, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2017 and 2018, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2018, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young Hua Ming LLP

We have served as the Company's auditor since 2018.
Shanghai, the People's Republic of China
June 10, 2019

EHANG HOLDINGS LIMITED
CONSOLIDATED BALANCE SHEETS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("US$"), except for number of shares and per share data)

	Notes	As of December 31, 2017 RMB	2018 RMB	2018 US$	2018 RMB Pro-forma shareholders' equity (Unaudited)	2018 US$ Pro-forma shareholders' equity (Unaudited)
ASSETS						
Current assets:						
Cash and cash equivalents		61,455	61,519	8,961		
Short-term investments	5	39,000	—	—		
Accounts receivable, net of allowance of RMB124 and RMB392 (US$57) as of December 31, 2017 and 2018, respectively	6	6,248	2,538	370		
Cost and estimated earnings in excess of billings	7	—	18,411	2,682		
Inventories	8	1,398	3,917	571		
Prepayments and other current assets	9	22,251	15,369	2,239		
Total current assets		**130,352**	**101,754**	**14,823**		
Non-current assets:						
Property, plant and equipment, net	10	19,496	19,058	2,776		
Intangible assets, net		531	395	58		
Long-term investments	14	2,919	3,057	445		
Deferred tax assets	16	—	135	20		
Other non-current assets		—	272	39		
Total non-current assets		**22,946**	**22,917**	**3,338**		
Total assets		**153,298**	**124,671**	**18,161**		

EHANG HOLDINGS LIMITED
CONSOLIDATED BALANCE SHEETS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("US$"), except for number of shares and per share data)

	Notes	As of December 31,				
		2017	2018		2018	
		RMB	RMB	US$	RMB	US$
					Pro-forma shareholders' equity (Unaudited)	
LIABILITIES, MEZZANINE EQUITY AND SHAREHOLDERS' DEFICIT						
Current liabilities (including current liabilities of the VIE without recourse to the primary beneficiary of RMB11,940 and RMB23,703 (US$3,453) as of December 31, 2017 and 2018, respectively)						
Short-term bank loan	11	—	5,000	728		
Accounts payable		13,742	14,659	2,135		
Customer advances		1,208	5,907	860		
Accrued expenses and other liabilities	12	17,920	31,197	4,544		
Deferred government subsidies		80	80	12		
Total current liabilities		**32,950**	**56,843**	**8,279**		
Non-current liabilities (including non-current liabilities of the VIE without recourse to the primary beneficiary of nil and nil (US$nil) as of December 31, 2017 and 2018, respectively)						
Deferred tax liabilities	16	292	292	43		
Unrecognized tax benefit	16	4,892	4,892	713		
Deferred government subsidies		300	220	32		
Total non-current liabilities		**5,484**	**5,404**	**788**		
Total liabilities		**38,434**	**62,247**	**9,067**		
Commitments and Contingencies	22					

EHANG HOLDINGS LIMITED
CONSOLIDATED BALANCE SHEETS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("US$"), except for number of shares and per share data)

	Notes	As of December 31, 2017 RMB	2018 RMB	2018 US$	2018 RMB Pro-forma shareholders' equity (Unaudited)	2018 US$ Pro-forma shareholders' equity (Unaudited)
MEZZANINE EQUITY AND SHAREHOLDERS' DEFICIT						
Mezzanine equity:						
Series Seed 1 convertible preferred shares (US$0.0001 par value; 7,281,000 shares authorized, issued and outstanding as of December 31, 2017 and 2018, respectively)	18	10,008	10,008	1,458	—	—
Series Seed 2 convertible preferred shares (US$0.0001 par value; 7,281,000 shares authorized, issued and outstanding as of December 31, 2017 and 2018, respectively)	18	9,606	9,606	1,399	—	—
Series Seed 3 convertible preferred shares (US$0.0001 par value; 1,456,200 shares authorized, issued and outstanding as of December 31, 2017 and 2018, respectively)	18	2,037	2,037	297	—	—
Series A redeemable convertible preferred shares (US$0.0001 par value; 8,119,032 shares authorized, issued and outstanding as of December 31, 2017 and 2018, respectively)	18	76,166	76,166	11,095	—	—
Series B redeemable convertible preferred shares (US$0.0001 par value; 12,152,247 shares authorized, 11,172,291 shares issued and outstanding as of December 31, 2017 and 2018, respectively)	18	376,359	376,359	54,823	—	—
Series C redeemable convertible preferred shares, (US$0.0001 par value; 22,552,207 shares authorized, 2,559,181 shares issued and outstanding as of December 31, 2017 and 2018, respectively)	18	130,565	130,565	19,019	—	—
Total mezzanine equity		**604,741**	**604,741**	**88,091**	**—**	**—**

EHANG HOLDINGS LIMITED
CONSOLIDATED BALANCE SHEETS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("US$"), except for number of shares and per share data)

	Notes	As of December 31,				
		2017	2018		2018	
		RMB	RMB	US$	RMB	US$
					Pro-forma shareholders' equity (Unaudited)	
Shareholders' (deficit)/equity:						
Ordinary shares (par value of US$0.0001 per share; 441,158,314 shares authorized; 56,791,800 shares issued and outstanding as of December 31, 2017 and 2018)		35	35	5		
Class A ordinary shares (US$0.0001 par value; 1,904,577,337 shares authorized; 49,237,841 shares issued and outstanding on a pro forma basis, unaudited)					32	5
Class B ordinary shares (US$0.0001 par value; 45,422,663 shares authorized, issued and outstanding on a pro forma basis, unaudited)					28	4
Additional paid-in capital		66,860	89,160	12,988	693,876	101,075
Statutory reserves		145	485	71	485	71
Accumulated deficit		(564,623)	(644,076)	(93,820)	(644,076)	(93,820)
Accumulated other comprehensive income		7,126	8,849	1,288	8,849	1,288
Total EHang Holdings Limited shareholders' (deficit)/equity		**(490,457)**	**(545,547)**	**(79,468)**	**59,194**	**8,623**
Non-controlling interests		580	3,230	471	3,230	471
Total shareholders' (deficit)/equity		**(489,877)**	**(542,317)**	**(78,997)**	**62,424**	**9,094**
Total liabilities, mezzanine equity and shareholders' deficit		**153,298**	**124,671**	**18,161**		

EHANG HOLDINGS LIMITED
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("US$"), except for number of shares and per share data)

	Notes	For the year ended December 31, 2017 RMB	2018 RMB	2018 US$
Revenues:				
Products	13	13,498	34,225	4,985
Services	13	18,197	32,262	4,700
Total revenues		**31,695**	**66,487**	**9,685**
Costs of revenues		(27,511)	(32,740)	(4,769)
Gross profit		**4,184**	**33,747**	**4,916**
Operating expenses:				
Sales and marketing expenses		(30,357)	(20,174)	(2,939)
General and administrative expenses		(35,387)	(35,939)	(5,235)
Research and development expenses		(68,669)	(60,276)	(8,780)
Total operating expenses		**(134,413)**	**(116,389)**	**(16,954)**
Other operating income		4,312	8,293	1,208
Operating loss		**(125,917)**	**(74,349)**	**(10,830)**
Other income/(expense):				
Interest income		174	1,057	154
Interest expenses		—	(564)	(82)
Foreign exchange gain		440	70	10
Loss on deconsolidation of subsidiaries	4	(45)	—	—
Other income	14	44,113	1,690	246
Other expense		(156)	(8,129)	(1,185)
Total other income/(expense)		44,526	(5,876)	(857)
Loss before income tax and share of net loss from an equity investee		**(81,391)**	**(80,225)**	**(11,687)**
Income tax expenses	16	(5,184)	(76)	(11)
Loss before share of net loss from an equity investee		**(86,575)**	**(80,301)**	**(11,698)**
Share of net loss from an equity investee		—	(162)	(24)
Net loss		**(86,575)**	**(80,463)**	**(11,722)**

EHANG HOLDINGS LIMITED
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("US$"), except for number of shares and per share data)

	Notes	For the year ended December 31, 2017	2018	
		RMB	RMB	US$
Net loss		**(86,575)**	**(80,463)**	**(11,722)**
Net (income)/loss attributable to non-controlling interests		(858)	1,350	197
Net loss attributable to EHang Holdings Limited		**(87,433)**	**(79,113)**	**(11,525)**
Accretion to redemption value of redeemable convertible preferred shares		(7,566)	—	—
Net loss attributable to ordinary shareholders		**(94,999)**	**(79,113)**	**(11,525)**
Net loss per share:				
Basic and diluted	20	(1.67)	(1.39)	(0.20)
Shares used in net loss per share computation (in thousands of shares):				
Basic and diluted	20	56,792	56,792	56,792
Pro forma loss per share attributable to Class A and Class B ordinary shareholders (unaudited):				
Basic and diluted	20		(0.84)	(0.12)
Class A and Class B shares used in pro forma loss per share computation (in thousands of shares) (unaudited):				
Basic and diluted	20		94,661	94,661
Other comprehensive income				
Foreign currency translation adjustments net of tax of nil		7,819	1,723	251
Reclassification of accumulated other comprehensive income on deconsolidation of subsidiaries net of tax of nil		(1,325)	—	—
Total other comprehensive income, net of tax		6,494	1,723	251
Comprehensive loss		**(80,081)**	**(78,740)**	**(11,471)**
Comprehensive (income)/loss attributable to non-controlling interests		(858)	1,350	197
Comprehensive loss attributable to EHang Holdings Limited		**(80,939)**	**(77,390)**	**(11,274)**

EHANG HOLDINGS LIMITED
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIT
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("US$"),
except for number of shares and per share data)

	Number of ordinary shares	Ordinary shares RMB	Additional paid-in capital RMB	Accumulated other comprehensive income RMB	Statutory reserves RMB	Accumulated deficit RMB	Total shareholders' deficit RMB	Non-controlling interests RMB	Total equity RMB
Balance as of January 1, 2017	**56,791,800**	**35**	**34,696**	**632**	**—**	**(469,479)**	**(434,116)**	**(278)**	**(434,394)**
Net loss	—	—	—	—	—	(87,433)	(87,433)	858	(86,575)
Share-based compensation	—	—	32,164	—	—	—	32,164	—	32,164
Other comprehensive income	—	—	—	6,494	—	—	6,494	—	6,494
Accretion to redemption value of redeemable convertible preferred shares	—	—	—	—	—	(7,566)	(7,566)	—	(7,566)
Appropriation of statutory reserves	—	—	—	—	145	(145)	—	—	—
Balance as of December 31, 2017	**56,791,800**	**35**	**66,860**	**7,126**	**145**	**(564,623)**	**(490,457)**	**580**	**(489,877)**
Net loss	—	—	—	—	—	(79,113)	(79,113)	(1,350)	(80,463)
Share-based compensation	—	—	22,300	—	—	—	22,300	—	22,300
Issuance of a subsidiary's equity to a non-controlling interest holder	—	—	—	—	—	—	—	4,000	4,000
Other comprehensive income	—	—	—	1,723	—	—	1,723	—	1,723
Appropriation of statutory reserves					340	(340)	—		—
Balance as of December 31, 2018	**56,791,800**	**35**	**89,160**	**8,849**	**485**	**(644,076)**	**(545,547)**	**3,230**	**(542,317)**
Balance as of December 31, 2018 (US$)	**56,791,800**	**5**	**12,988**	**1,288**	**71**	**(93,820)**	**(79,468)**	**471**	**(78,997)**

EHANG HOLDINGS LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("US$"), except for number of shares and per share data)

	For the year ended December 31,		
	2017	2018	
	RMB	RMB	US$
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss	(86,575)	(80,463)	(11,722)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	4,441	5,601	816
Deferred income tax expense (benefit)	292	(135)	(20)
Share-based compensation	32,164	22,300	3,248
Loss on disposal of property, plant and equipment	169	159	23
Non-cash consideration for services provided	(2,919)	—	—
Loss on deconsolidation of subsidiaries	45	—	—
Share of net loss from an equity investee	—	162	24
Impairment of film investment as passive investor	—	8,000	1,165
Allowance for doubtful accounts	(140)	231	33
Changes in operating assets and liabilities:			
Accounts receivable	2,193	3,442	502
Cost and estimated earnings in excess of billings	—	(18,411)	(2,682)
Inventories	25,595	(2,519)	(367)
Prepayments and other current assets	7,304	7,344	1,070
Loan to a related party	—	(425)	(62)
Other non-current assets	—	(272)	(40)
Accounts payable	(18,386)	917	134
Customer advances	916	4,699	685
Deferred government subsidies	380	(80)	(12)
Unrecognized tax benefit	4,892	—	—
Accrued expenses and other liabilities	(8,803)	6,040	881
Net cash flow used in operating activities	**(38,432)**	**(43,410)**	**(6,324)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Deconsolidation of subsidiaries	(258)	—	—
Acquisition of intangible assets	—	(19)	(3)
Purchase of short-term investments	(47,000)	(110,510)	(16,098)
Proceeds from maturity of short-term investments	8,000	149,510	21,779
Purchase of property and equipment	(11,810)	(4,930)	(718)
Purchase of long-term investment	—	(300)	(44)
Film investment as passive investor	—	(8,000)	(1,165)
Net cash flow (used in)/provided by investing activities	**(51,068)**	**25,751**	**3,751**

EHANG HOLDINGS LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("US$"), except for number of shares and per share data)

	For the year ended December 31,		
	2017	2018	
	RMB	RMB	US$
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from a short-term bank loan	—	5,000	728
Proceeds from loans from third parties	—	10,000	1,457
Repayment of loans to third parties	—	(3,000)	(437)
Proceeds from issuance of a subsidiary's equity to a non-controlling interest holder	—	4,000	583
Proceeds from issuance of Series C redeemable convertible preferred shares	34,300	—	—
Net cash provided by financing activities	**34,300**	**16,000**	**2,331**
Effect of exchange rate changes on cash and cash equivalents	7,677	1,723	251
Net (decrease)/increase in cash and cash equivalents	(47,523)	64	9
Cash and cash equivalents at the beginning of year	108,978	61,455	8,952
Cash and cash equivalents at the end of year	**61,455**	**61,519**	**8,961**
Supplemental disclosures of cash flow information:			
Interest paid	—	307	45
Income taxes paid	—	680	99
Non-cash investing activities:			
Acquisition of a long-term investment	(2,919)	—	—

EHANG HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("US$"), except for number of shares and per share data)

1. Organization and Basis of Presentation

EHang Holdings Limited (the "Company") was incorporated in the Cayman Islands on December 23, 2014 under the Cayman Islands Companies Law as an exempted company with limited liability. The Company through its consolidated subsidiaries, variable interest entity (the "VIE") and the subsidiaries of the VIE (collectively, the "Group") is principally engaged in the designing, developing and sales of autonomous aerial vehicles and related commercial solutions. The Company conducts its primary business operations through its subsidiaries, VIE and subsidiaries of the VIE in the PRC.

As of December 31, 2018, the Company's major subsidiaries, VIE and the subsidiaries of the VIE are as follows:

Entities	Date of incorporation/ establishment	Place of incorporation/ establishment	Percentage of direct or indirect ownership		Principal activities
			Direct	Indirect	
Subsidiaries:					
Ehfly Technology Limited ("Ehfly")	December 5, 2014	Hong Kong	100%	—	Product sales investment holding
EHang Intelligent Equipment (Guangzhou) Co., Ltd. ("EHang Intelligent" or the "WFOE")	October 15, 2015	PRC	100%	—	Research and development, manufacturing and product sales
Xi'an EHang Tianyu Intelligent Technology Co., Ltd. ("EHang Tianyu")	March 8, 2018	PRC	100%	—	Logistics solutions and related services
Variable Interest Entity					
Guangzhou EHang Intelligent Technology Co., Ltd. ("EHang GZ" or the "VIE")	August 8, 2014	PRC	—	100%	Research and development, manufacturing and product sales
VIE's subsidiaries					
Guangdong EHang Egret Media Technology Co. Ltd. ("EHang Egret GD")	July 6, 2016	PRC	—	60%	Aerial media solutions and related services
Kashi EHang Egret Media Technology Co. Ltd. ("EHang Egret KS")	November 3, 2017	PRC	—	60%	Aerial media solutions and related services

The VIE agreements

The Group conducts all of its business in China through its subsidiaries, the VIE and subsidiaries of the VIE in the PRC. Despite the lack of technical majority ownership, the Company has effective control of the VIE through a series of contractual arrangements (the "Contractual Agreements") and a parent-subsidiary relationship exists between the Company and the VIE. The equity interests of the VIE are legally held by Mr. Huazhi Hu and

EHANG HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("US$"),
except for number of shares and per share data)

1. Organization and Basis of Presentation (Continued)

The VIE agreements (Continued)

Mr. Derrick Yifang Xiong, directors and shareholders of the Company (the "Nominee Shareholders"). Through the Contractual Agreements, the Nominee Shareholders of the VIE effectively assigned all of their voting rights underlying their equity interests in the VIE to the WFOE, which is a wholly-owned entity by the Company; who further assigned the voting rights underlying their equity interests in the VIE to the Company. Therefore, the Company has the power to direct the activities of the VIE that most significantly impact their economic performance. The Company also has the right to receive economic benefits via the WFOE, and the obligation to absorb losses of the VIE, that potentially could be significant to the VIE. Based on the above, the Company consolidates the VIE in accordance with SEC Regulation SX-3A-02 and ASC810-10, *Consolidation: Overall.*

The following is a summary of the Contractual Agreements:

Loan Agreement

The WOFE has granted interest-free loans with an aggregate amount of RMB60,000 to the Nominee Shareholders of the VIE for the sole purpose of providing funds necessary for the capital injection of the VIE. The loans are repayable by such Nominee Shareholder through a transfer of their equity interests in the VIE to the WFOE, in proportion to the amount of the loans to be repaid.

Power of Attorney and Shareholders Voting Proxy

Pursuant to the Power of Attorney and Shareholders Voting Proxy entered into between the Nominee Shareholders, the VIE and the WFOE, the Nominee Shareholders authorized the WFOE to act on behalf of the Nominee Shareholders as exclusive agent and attorney with respect to all matters concerning the VIE's equity interests, including but not limited to: (1) attend shareholders' meetings of the VIE; (2) exercise all the shareholders' rights, including voting rights; and (3) designate and appoint the senior management members of the VIE. The proxy is irrevocable and continuously valid from the date of execution. The WFOE is entitled to re-authorize or assign its rights related to the equity interest to any other person or entity at its own discretion and without giving prior notice to the Nominee Shareholders or obtaining their consents. In 2019, the WFOE reassigned its rights under the Power of Attorney and Shareholders Voting Proxy to the Company, pursuant to the Commitment Letter below.

Exclusive Option Agreements

Pursuant to the Exclusive Option Agreements entered into amongst the Nominee Shareholders, the VIE and WFOE, the Nominee Shareholders granted to WFOE or their designees an irrevocable and exclusive right to purchase all or part of the equity interests held by the Nominee Shareholders in the VIE at the WFOE's sole discretion, to the extent permitted under the PRC laws, at an amount equal to the minimum consideration permitted under the applicable PRC law and administrative regulations. Any proceeds received by the Nominee Shareholders from the exercise of the options shall be remitted to the WFOE or its designated party, to the extent permitted under PRC laws. In addition, the VIE and the Nominee Shareholders have agreed that without prior written consent of the WFOE, they will not create any pledge or encumbrance on their equity interests in the VIE, or transfer or otherwise dispose of their equity interests in the VIE. The term of the agreement remains effective as long as each Nominee Shareholder remains a shareholder of the VIE. The WFOE may terminate the agreement at its sole discretion, whereas under no circumstances may the VIE or the Nominee Shareholders terminate the agreement.

EHANG HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("US$"), except for number of shares and per share data)

1. Organization and Basis of Presentation (Continued)

The VIE agreements (Continued)

Exclusive Consulting and Service Agreement

Pursuant to the Exclusive Consulting and Service Agreement between the WFOE and the VIE, the WFOE has the exclusive right to provide services to the VIE related to the VIE's and the VIE's subsidiaries' business, including but not limited to the development, manufacturing and sales of intelligent aerial vehicles. In return, the VIE agrees to pay a service fee equal to 100% of the consolidated net profits of the VIE after the VIE turns cumulative profitable and after certain expenses. The WFOE has sole discretion in determining the service fee charged to the VIE under this agreement. Without the WFOE's prior written consent, the VIE shall not, directly and indirectly, obtain the same or similar services as provided under this agreement from any third party. The WFOE will have the exclusive ownership of all intellectual property rights developed by performance of this agreement. The Exclusive Consulting and Service Agreement is valid for 10 years and renewable at the WFOE's option. This agreement can be terminated by the WFOE with 30 days notice at any time but cannot be terminated by the VIE unless the WFOE is found to be in gross negligence.

Share Pledge Agreements

Pursuant to the Share Pledge Agreements entered into amongst the WFOE and the Nominee Shareholders, the Nominee Shareholders pledged all of their equity interests in the VIE to the WFOE in favor of the WFOE to secure the VIE and their obligations under the various contractual agreements, including the Exclusive Consulting and Service Agreements and Exclusive Option Agreements described above. The WFOE shall have the right to collect dividends generated by the pledged equity interests during the term of the pledge. If the Nominee Shareholders breach their respective contractual obligations under the Share Pledge Agreements, the WFOE, as pledgee, will be entitled to rights, including the right to dispose the pledged equity interests entirely or partially. The Nominee Shareholders of the VIE agree not to create any encumbrance on or otherwise transfer or dispose of their respective equity interests in the VIE, without the prior consent of the WFOE. The Share Pledge Agreements will remain effective until all the contractual obligations have been satisfied in full under all the agreements mentioned above. In February 2019, the Company has completed the registration of the share pledge with the relevant office of Administration for the Industry and Commerce in accordance with the PRC Property Rights Law.

Commitment Letter

Pursuant to the Commitment Letter, the WFOE irrevocably and unconditionally commits to execute its rights and obligations under the Power of Attorney and Shareholders Voting Proxy under the instruction of the Company. In addition, the Company is obligated and undertakes to provide unlimited financial support to the VIE, to the extent permissible under applicable PRC laws and regulations.

Based on the opinion of the Company's PRC legal counsel, (i) the ownership structure of the WFOE, the VIE and the subsidiaries of the VIE are in compliance with applicable PRC laws and regulations, (ii) such Contractual Agreements constitute valid, legal and binding obligations enforceable against each party of such agreements in accordance with the terms of each agreement, and will not result in any violation of PRC laws or regulations currently in effect.

However, uncertainties in the PRC legal system could cause the relevant regulatory authorities to find the current Contractual Agreements and businesses to be in violation of any existing or future PRC laws or

EHANG HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("US$"), except for number of shares and per share data)

1. Organization and Basis of Presentation (Continued)

The VIE agreements (Continued)

Commitment Letter (Continued)

regulations. If the Company, the WFOE or any of their current or future VIE are found in violation of any existing or future laws or regulations, or fail to obtain or maintain any of the required permits or approvals, the relevant PRC regulatory authorities would have broad discretion in dealing with such violations, which may include, but not limited to, revocation of business and operating licenses, being required to discontinue or restrict its business operations, restriction of the Group's right to collect revenues, being required to restructure its operations, imposition of additional conditions or requirements with which the Group may not be able to comply, or other regulatory or enforcement actions against the Group that could be harmful to its business. The imposition of any of these or other penalties may result in a material and adverse effect on the Group's ability to conduct its business. In addition, if the imposition of any of these penalties causes the Company to lose the rights to direct the activities of the VIE or the right to receive their economic benefits, the Company would no longer be able to consolidate the VIE.

The following financial statement balances and amounts of the Group's VIE and the VIE's subsidiaries were included in the accompanying consolidated financial statements:

	As of December 31,		
	2017	2018	
	RMB	RMB	US$
ASSETS			
Current assets:			
Cash and cash equivalents	11,637	20,140	2,934
Short-term investments	20,000	—	—
Accounts receivable, net	1,866	2,372	346
Cost and estimated earnings in excess of billings	—	18,411	2,682
Inventories	296	11	2
Amount due from the Company's subsidiaries	20,907	4,754	692
Prepayments and other current assets	5,935	7,061	1,029
Total current assets	**60,641**	**52,749**	**7,685**
Non-current assets:			
Property, plant and equipment, net	10,286	9,129	1,330
Intangible assets, net	295	210	31
Long-term investment	—	138	20
Deferred tax assets	—	135	20
Other non-current assets	—	272	39
Total non-current assets	**10,581**	**9,884**	**1,440**
Total assets	**71,222**	**62,633**	**9,125**

EHANG HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("US$"), except for number of shares and per share data)

1. Organization and Basis of Presentation (Continued)

	As of December 31,		
	2017	2018	
	RMB	RMB	US$
LIABILITIES			
Current liabilities:			
Short-term bank loan	—	5,000	728
Accounts payable	4,865	7,812	1,138
Customer advances	954	1,186	173
Accrued expenses and current liabilities	6,121	9,705	1,414
Amounts due to the Company and its subsidiaries	129,311	85,602	12,469
Total current liabilities	**141,251**	**109,305**	**15,922**
Total liabilities	**141,251**	**109,305**	**15,922**

	For the year ended December 31,		
	2017	2018	
	RMB	RMB	US$
Net revenues	23,726	63,437	9,241
Net loss	(14,506)	(10,645)	(1,551)
Net cash provided by/(used in) operating activities	20,125	(17,901)	(2,607)
Net cash (used in)/provided by investing activities	(26,358)	17,404	2,535
Net cash provided by financing activities	—	9,000	1,311
Net (decrease)/increase in cash and cash equivalents	(6,233)	8,503	1,239

Other than the amounts due to the Company and its subsidiaries (which are eliminated upon consolidation), all remaining liabilities of the VIE are without recourse to the primary beneficiary. The Company did not provide or intend to provide financial or other supports that are not previously contractually required to the VIE and VIE's subsidiaries during the years presented.

The revenue-producing assets that are held by the VIE and its subsidiaries comprise mainly of permits, domain names, IP rights, operating licenses, intangible assets and fixed assets. The VIE and its subsidiaries contributed an aggregate of 74.9% and 95.4% of the Group's consolidated revenues for the years ended December 31, 2017 and 2018, respectively, after elimination of inter-company transactions. There are no consolidated VIE's assets that are pledged or collateralized for the VIE's obligations which can only be used to settle the VIE's obligations, except for the registered capital and the statutory reserves. Relevant PRC laws and regulations restrict the VIE from transferring a portion of its net assets, equivalent to the balance of its statutory reserves and its share capital, to the Company in the form of loans and advances or cash dividends (Note 21). Creditors of the VIE do not have recourse to the general credit of the Company for any of the liabilities of the VIE. There were no other pledges or collateralization of the VIE's assets.

On October 2, 2017, EHang GMBH I.G ("EHang Germany), a subsidiary of EHang, Inc. ("EHang US"), officially filed a petition for bankruptcy and it was deconsolidated during the year ended December 31, 2017. Further, on December 29, 2017, EHang US officially filed a petition for bankruptcy under Chapter 7 of the bankruptcy code and it was deconsolidated during the year ended December 31, 2017 (Note 4).

EHANG HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("US$"),
except for number of shares and per share data)

2. Summary of Significant Accounting Policies

(a) Basis of presentation

The accompanying consolidated financial statements have been prepared in accordance with the accounting principles generally accepted in the United States of America ("US GAAP").

(b) Principles of consolidation

The consolidated financial statements include the financial statements of the Company, its subsidiaries, the VIE and the subsidiaries of the VIE, for which the Company is the primary beneficiary. All significant inter-company transactions and balances between the Company, its subsidiaries, the VIE and the subsidiaries of the VIE have been eliminated upon consolidation.

(c) Use of estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet date and revenues and expenses during the reporting periods. Significant estimates and assumptions reflected in the Group's consolidated financial statements include, but not limited to expected total costs of revenue contracts accounted for under the percentage-of-completion method, allowance for doubtful accounts, useful lives of long-lived assets, impairment of long-lived assets, valuation allowance for deferred tax assets, uncertain tax positions, fair value of share-based awards and fair value of financial instruments. Changes in facts and circumstances may result in revised estimates. Actual results could differ from those estimates, and as such, differences may be material to the consolidated financial statements.

(d) Foreign currency

The functional currency of the Company, Ehfly, and EHang Investment HK Limited ("EHang HK") is the United States dollar ("US$"). The functional currency of the Company's PRC subsidiaries, the VIE and subsidiaries of the VIE is the Renminbi ("RMB"). The Group uses the RMB as its reporting currency.

Transactions denominated in foreign currencies are re-measured into the functional currency at the exchange rates prevailing on the transaction dates. Monetary assets and liabilities denominated in foreign currencies are re-measured at the exchange rates prevailing at the balance sheet date. Non-monetary items that are measured in terms of historical cost in foreign currency are re-measured using the exchange rates at the dates of the initial transactions. Exchange gains and losses are included in the consolidated statements of comprehensive loss.

The Company uses the average exchange rate for the year and the exchange rate at the balance sheet date to translate the operating results and financial position, respectively. Translation differences are recorded in accumulated other comprehensive income, a component of shareholders' deficits.

(e) Convenience translation

Amounts in US$ are presented for the convenience of the reader and are translated at the noon buying rate of US$1.00 to RMB6.8650 on June 28, 2019, as published on the website of the United States Federal Reserve Board. No representation is made that the RMB amounts could have been, or could be, converted into US$ at such rate.

2. Summary of Significant Accounting Policies (Continued)

(f) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and highly liquid investments which are unrestricted as to withdrawal or use, and which have original maturities of three months or less when purchased.

(g) Short-term investments

All highly liquid investments with original maturities of greater than three months but less than twelve months, are classified as short-term investments. Investments that are expected to be realized in cash during the next twelve months are also included in short-term investments. The Group accounts for short-term investments in accordance with ASC 320 ("ASC 320"), *Investments—Debt and Equity Securities*. Interest income is included in earnings. Any realized gains or losses on the sale of the short-term investments, are determined on a specific identification method, and such gains and losses are reflected in earnings during the period in which gains or losses are realized.

(h) Accounts receivable and allowance for doubtful accounts

Accounts receivable are carried at net realizable value. An allowance for doubtful accounts is recorded in the period when loss is probable based on an assessment of specific evidence indicating troubled collection, historical experience, accounts aging and other factors. An accounts receivable is written off after all collection effort has ceased.

(i) Cost and estimated earnings in excess of billings

Design and construction of customized command-and-control center contracts generally extend over longer periods of time and revenue is recognized using the percentage-of-completion method using the cost-to-cost method. The Group's right to receive payments depends on its performance in accordance with the contractual agreements. Billings are issued based on milestones specified in the contracts negotiated with customers. In general, there are five milestones: 1) signing of the contract, 2) delivery and acceptance of hardware, 3) completion of software integration into hardware and the related testing, 4) delivery and acceptance of a completed command-and-control center, and 5) expiration of the one year warranty period. The amounts to be billed at each milestone are specified in the contract. The length of each interval between two continuous billings under a command-and-control center contract varies depending on the duration of the contract and the last billing to be issued for the contract is scheduled at the end of a warranty period.

Revenue in excess of billings on the contracts is recorded as costs and estimated earnings in excess of billings. Billings in excess of revenues recognized on the contracts are recorded as deferred revenue until the above revenue recognition criteria are met. The carrying value of the Group's costs and estimated earnings in excess of billings, net of the allowance for doubtful accounts, represents their estimated net realizable value. The Group recognizes an allowance for doubtful accounts on costs and estimated earnings in excess of billings when it is probable that it will not collect the amount and writes off any balances in the period when deemed uncollectible. The Group periodically reviews the status of contracts and decides how much of an allowance for doubtful accounts should be made based on factors surrounding the credit risk of customers and historical experience. The Group does not require collateral from its customers and does not charge interest for late payments by its customers.

EHANG HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("US$"), except for number of shares and per share data)

2. Summary of Significant Accounting Policies (Continued)

(i) Cost and estimated earnings in excess of billings (Continued)

As of December 31, 2018, costs and estimated earnings in excess of billings represent revenue in excess of billings on two completed command-and-control centers. The Group determined that no allowance for doubtful accounts was considered necessary because the customers for these two projects are city governments who have the financial capacity to pay and the Group expects to receive acceptance of the delivered completed command-and-control centers.

(j) Inventories

Inventories are comprised of raw materials and finished goods. The Group's raw materials consist of accessories and spare parts used to produce the aerial vehicles and finished goods consist of the aerial vehicles. Inventories are stated at the lower of cost or net realizable value. Cost is determined using the weighted average method, and includes all costs to acquire and other costs to bring the inventories to their present location and condition. Adjustments to reduce the cost of inventory to its net realizable value are made, if required, to record the decreases in sales prices, obsolescence or similar reductions in the estimated net realizable value. The Group started to phase out their consumer drone business in late 2016, resulting in significant provisions being recorded for the consumer drone inventories in both 2017 and 2018.

(k) Property, plant and equipment, net

Property, plant and equipment are stated at cost and are depreciated using the straight-line method over the estimated useful lives of the assets, as follows:

Category	Estimated useful life	Residual value
Office equipment	5 years	5%
Machinery and electronic equipment	3-10 years	5%
Transportation equipment	4 years	5%
Leasehold improvements	Shorter of lease term or the estimated useful lives of the assets	0%

Repair and maintenance costs are charged to expense as incurred, whereas the costs of renewals and betterments that extend the useful lives of property, plant and equipment are capitalized as additions to the related assets. Retirements, sales and disposals of assets are recorded by removing the cost and accumulated depreciation from the asset and accumulated depreciation accounts with any resulting gain or loss reflected in the consolidated statements of comprehensive loss.

Direct costs that are related to the construction of property, plant and equipment, and incurred in connection with bringing the assets to their intended use are capitalized as construction-in-progress.

Construction-in-progress is transferred to specific property, plant and equipment accounts and commences depreciation when these assets are ready for their intended use.

2. Summary of Significant Accounting Policies (Continued)

(l) Impairment of long-lived assets other than goodwill

The Group evaluates its long-lived assets or asset group, including intangible assets with finite lives, for impairment whenever events or changes in circumstances (such as a significant adverse change to market conditions that will impact the future use of the assets) indicate that the carrying amount of an asset or a group of long-lived assets may not be recoverable. When these events occur, the Group evaluates for impairment by comparing the carrying amount of the assets to future undiscounted net cash flows expected to result from the use of the assets and their eventual disposition. If the sum of the expected undiscounted cash flow is less than the carrying amount of the assets, the Group would recognize an impairment loss based on the excess of the carrying amount of the asset group over its fair value. Fair value is generally determined by discounting the cash flows expected to be generated by the long-lived assets or asset group, when the market prices are not readily available.

For all periods presented, there was no impairment of any of the Group's long-lived assets.

(m) Long-term investments

The Group's long-term investments consist of a cost method investment and an equity method investment.

As of December 31, 2017 and 2018, the cost method investment of the Group is RMB2,919 and RMB2,919 (US$425), respectively (Note 14). During 2018, the Group acquired a 20% equity interest of Ehang (Guangzhou) Chuanyue Biotechnology Co., Ltd. The Group has significant influence over the investee and accounts for such investment as an equity method investment.

In accordance with ASC 325-20, *Investments-Other: Cost Method Investments*, for investments in an investee over which the Group does not have significant influence, the Group carries the investment at cost and only adjusts for other-than-temporary declines in fair value and distributions of earnings. The Group's management regularly evaluates the impairment of its cost method investments based on the performance and financial position of the investee as well as other evidence of estimated market values. Such evaluation includes, but is not limited to, reviewing the investee's cash position, recent financing, projected and historical financial performance, cash flow forecasts and current and future financing needs. An impairment loss is recognized in the consolidated statements of comprehensive loss equal to the excess of the investment's cost over its fair value at the balance sheet date of the reporting period for which the assessment is made. The fair value would then become the new cost basis of investment.

Investments in equity investees represent investments in entities in which the Group can exercise significant influence but does not own a majority equity interest or control are accounted for using the equity method of accounting in accordance with ASC 323-10, *Investments-Equity Method and Joint Ventures: Overall.* Under the equity method, the Group initially records its investment at cost and prospectively recognizes its proportionate share of each equity investee's net profit or loss.

The difference between the cost of the equity investee and the amount of the underlying equity in the net assets of the equity investee is recognized as goodwill included in long-term investments on the consolidated balance sheets. The Group evaluates its equity method investments for impairment under ASC 323-10. An impairment loss on equity method investments is recognized in the consolidated statements of comprehensive loss when the decline in value is determined to be other-than-temporary.

For all periods presented, there was no impairment of the Group's long-term investments.

2. Summary of Significant Accounting Policies (Continued)

(n) Fair value measurements of financial instruments

The Group's financial instruments include cash and cash equivalents, short-term investments, accounts receivable and payable, short-term loans, loans from third parties, convertible preferred shares and redeemable convertible preferred shares. Other than the convertible preferred shares and redeemable convertible preferred shares, the carrying values of these financial instruments approximate their fair values due to their short-term maturities. The convertible preferred shares and redeemable convertible preferred shares were initially recorded at fair value. The Group recognizes changes in the redemption value immediately as they occur and adjusts the carrying value of the redeemable convertible preferred shares to equal the redemption value at the end of each reporting period.

The Group applies ASC 820 ("ASC 820"), *Fair Value Measurements and Disclosures*. ASC 820 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. ASC 820 requires disclosures to be provided on fair value measurement.

ASC 820 establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1—Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2—Other inputs that are directly or indirectly observable in the marketplace.

Level 3—Unobservable inputs which are supported by little or no market activity.

ASC 820 describes three main approaches to measuring the fair value of assets and liabilities: (1) market approach; (2) income approach; and (3) cost approach. The market approach uses prices and other relevant information generated from market transactions involving identical or comparable assets or liabilities. The income approach uses valuation techniques to convert future amounts to a single present value amount. The measurement is based on the value indicated by current market expectations about those future amounts. The cost approach is based on the amount that would currently be required to replace an asset.

(o) Revenue recognition

The Group's revenues are primarily derived from sale of Autonomous Aerial Vehicles ("AAVs") and related commercial solutions, mainly including air mobility solutions, smart city management solutions, and aerial media solutions. Revenue is recognized only when the price is fixed or determinable, persuasive evidence of an arrangement exists, the service is performed or the good is delivered and collectability of the related fee is reasonably assured under ASC 605-10 ("ASC 605-10"), *Revenue Recognition: Overall*. Revenues are presented net of taxes collected on behalf of the government. The Group does not separately bill its customers for shipping and handling fees and charges. The Group elects to record the costs incurred for shipping and handling in "sales and marketing expenses" in its consolidated statements of comprehensive loss. Such costs were not significant for the years ended December 31, 2017 and 2018.

Air mobility solutions

The Group recognizes passenger-grade AAVs sales based on firm customer orders with fixed terms and conditions, including price, net of discounts, if any. The Group recognizes revenue when delivery has occurred

2. Summary of Significant Accounting Policies (Continued)

(o) Revenue recognition (Continued)

Air mobility solutions (Continued)

and collectability is determined to be reasonably assured. The Group determined that delivery has occurred when the goods are delivered to the customers and the Group receives acknowledgement receipts. The Group further determined that collectability is reasonably assured by performing an assessment of credibility of its customers based on their past payment records or operating results, if applicable. The Group does not provide its customer with any price protection and only provides the right of return for defective goods in connection with its warranty policy.

Smart city management solutions

Revenues generated from designing, building, and delivering customized integrated command-and-control centers are recognized over the contractual terms based on the percentage of completion method. The contracts for designing, building and delivering customized integrated command-and-control centers are legally enforceable and binding agreements between the Group and customers. The duration of contracts depends on the contract size and ranges from six months to one year, excluding the warranty period.

In accordance with ASC 605-35 ("ASC 605-35"), *Revenue Recognition—Construction-Type and Production-Type Contracts*, recognition is based on an estimate of the income earned to date, less income recognized in earlier periods. Extent of progress toward completion is measured using the cost-to-cost method where the progress (the percentage-of-completion) is determined by dividing costs incurred to date by the total amount of costs expected to be incurred for the command-and-control center contract. Revisions in the estimated total costs of command-and-control center contracts are made in the period in which the circumstances requiring the revision become known. Provisions, if any, are made in the period when anticipated losses become evident on uncompleted contracts.

The Group reviews and updates the estimated total costs of command-and-control center contracts periodically. The Group accounts for revisions to contract revenue and estimated total costs of command-and-control center contracts, including the impact due to approved change orders, in the period in which the facts that cause the revision become known as changes in estimates. Unapproved change orders are considered claims. Claims are recognized only when they have been awarded by customers.

Aerial media solutions

The Group generates revenue by providing aerial media performance services which allow multiple smart control-based drones to demonstrate and transform their formation to display diversified messages and images in specific airspace, that is tailor made based on different branding or advertising requirements. The Group uses self-produced drones and customizes the fleet formation performances based on customer's needs and availability of airspace approval in the area. The performance is usually completed within a day and revenue is recognized when the service is delivered.

Others

The Group generates other revenues mainly from stand-alone sales of consumer drones and their components and spare parts. Revenues are recognized when the consumer drones are delivered and the title and

EHANG HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("US$"), except for number of shares and per share data)

2. Summary of Significant Accounting Policies (Continued)

(o) Revenue recognition (Continued)

Air mobility solutions (Continued)

risk of the drones have been transferred to the customers. The Group started to phase out the consumer drone business in late 2016.

(p) Cost of revenue

Cost of revenue consists primarily of aerial vehicle material and manufacturing costs, construction costs of smart city management solutions, depreciation, rental fees, payroll and related costs of operations.

(q) Advertising expenditures

Advertising expenditures are expensed as incurred and are included in sales and marketing expenses, which amounted to RMB5,441 and RMB903 (US$132) for the years ended December 31, 2017 and 2018, respectively.

(r) Research and development expenses

Research and development expenses include payroll, employee benefits, and other operating expenses such as rent, depreciation and other related expenses.

The Group capitalizes costs to develop or obtain internal-use software and costs of significant upgrades and enhancements resulting in additional functionality of internal-use software in accordance with ASC 350-40 ("ASC 350-40"), *Internal-Use Software*. Costs incurred for internally developed internal-use software used for a particular research and development project are expensed as incurred, regardless of whether the software has alternative future uses. Costs incurred for maintenance, training, and minor modifications or enhancements are also expensed as incurred. Capitalized software development costs are amortized on a straight-line basis over the estimated useful life of the applicable software. Capitalized software development costs have not been material for the periods presented.

The Group also incurs cost to develop software embedded in its products. The software components cannot function or be sold separately from the AAV as a whole. The Group accounts for costs incurred in the development of software embedded in its products in accordance with ASC 985-20 ("ASC 985-20"), *Costs of Software to be Sold, Leased, or Marketed*. Such software development costs consist primarily of salaries and related payroll costs and are capitalized once technological feasibility is established, which is when a completed detail program design or in the absence of a completed detail program design, a working model of the product is available. No software development costs have been capitalized for the periods presented as technological feasibility has not been established. As of December 31, 2018, the Group does not have a detail program design and has not developed working models that are operative versions in the same software language as the products to be ultimately marketed, performs all the major functions planned for the products and is ready for initial customer testing.

(s) Leases

Leases are classified at the inception date as either a capital lease or an operating lease. The Group did not enter into any leases whereby it is the lessor and lease of any capital lease agreement for any of the periods presented.

EHANG HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("US$"),
except for number of shares and per share data)

2. Summary of Significant Accounting Policies (Continued)

(s) Leases (Continued)

Leases are accounted for as operating leases wherein rental payments are expensed on a straight-line basis over the periods of their respective lease terms. The Group leases office space and employee accommodation under operating lease agreements. Certain lease agreements contain rent holidays and escalating rent. Rent holidays and escalating rent are considered in determining the straight-line rent expense to be recorded over the lease term. The lease term begins on the date of initial possession of the lease property for purposes of recognizing lease expense on a straight-line basis over the term of the lease.

(t) Government subsidies

Government subsidies primarily consist of financial subsidies received from provincial and local governments for operating a business in their jurisdictions and compliance with specific policies promoted by the local governments. There are no defined rules and regulations to govern the criteria necessary for companies to receive such benefits, and the amount of financial subsidy is determined at the discretion of the relevant government authorities. The government subsidies of operating nature with no further conditions to be met are recorded in "other operating income" when received. The government subsidies with certain operating conditions are recorded as "deferred government subsidies" on the consolidated balance sheet when received and are recorded as operating income when the conditions are met.

(u) Income taxes

The Group follows the liability method of accounting for income taxes in accordance with ASC 740 ("ASC 740"), *Income Taxes*. Under this method, deferred tax assets and liabilities are determined based on the difference between the financial reporting and tax bases of assets and liabilities using enacted tax rates that will be in effect in the period in which the differences are expected to reverse. The Group records a valuation allowance to offset deferred tax assets if based on the weight of available evidence, it is more-likely-than-not that some portion, or all, of the deferred tax assets will not be realized. The effect on deferred taxes of a change in tax rate is recognized in tax expense in the period that includes the enactment date of the change in tax rate.

The Group accounted for uncertainties in income taxes in accordance with ASC 740. Interest and penalties arising from underpayment of income taxes shall be computed in accordance with the related PRC tax law. The amount of interest expense is computed by applying the applicable statutory rate of interest to the difference between the tax position recognized and the amount previously taken or expected to be taken in a tax return. Interest and penalties recognized in accordance with ASC 740 are classified in the consolidated statements of comprehensive loss as income tax expense.

(v) Share-based compensation

The Group applies ASC 718 ("ASC 718"), *Compensation—Stock Compensation*, to account for its employee share-based payments. In accordance with ASC 718, the Group determines whether an award should be classified and accounted for as a liability award or an equity award. All of the Group's share-based awards granted to employees are restricted share units ("RSUs") and classified as equity awards.

The Group has elected to recognize compensation expense using the straight-line method for share-based awards granted with service conditions that have a graded vesting schedule. The Group, with the assistance of an

EHANG HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("US$"), except for number of shares and per share data)

2. Summary of Significant Accounting Policies (Continued)

(v) Share-based compensation (Continued)

independent third party valuation firm, determined the grant date fair value of the RSUs using an income approach. The Group early adopted Accounting Standard Update ("ASU") ASU 2016-09—*Compensation—Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting* on January 1, 2017 and elected to account for forfeitures as they occur. There was no material cumulative-effect adjustment to the opening accumulated deficit.

(w) Employee benefit expenses

Full time employees of the Group in the PRC participate in a government mandated multi-employer defined contribution plan pursuant to which certain pension benefits, medical care, unemployment insurance, employee housing fund and other welfare benefits are provided to employees. Chinese labor regulations require that the Group make contributions to the government for these benefits based on certain percentages of the employees' salaries. The Group has no legal obligation for the benefits beyond the contributions. The total expenses the Group incurred for the plan were RMB5,093 and RMB7,486 (US$1,090) for the years ended December 31, 2017 and 2018, respectively.

(x) Comprehensive income (loss)

Comprehensive income (loss) is defined as the changes in equity of the Group during a period from transactions and other events and circumstances excluding transactions resulting from investments by owners and distributions to owners. Among other disclosures, ASC 220, *Comprehensive Income*, requires that all items that are required to be recognized under current accounting standards as components of comprehensive income (loss) be reported in a financial statement that is displayed with the same prominence as other financial statements. For each of the periods presented, the Group's comprehensive income (loss) includes net loss and foreign currency translation adjustments and is presented in the consolidated statements of comprehensive loss.

(y) Loss per share

In accordance with ASC 260, *Earnings Per Share*, basic loss per share is computed by dividing net loss attributable to ordinary shareholders by the weighted average number of unrestricted ordinary shares outstanding during the year using the two-class method. Under the two-class method, net loss is allocated between ordinary shares and other participating securities based on their participating rights. The Company's Preferred Shares (Note 18) are participating securities. Diluted loss per share is calculated by dividing net loss attributable to ordinary shareholders as adjusted for the effect of dilutive ordinary share equivalents, if any, by the weighted average number of ordinary and dilutive ordinary share equivalents outstanding during the period. For the periods presented herein, the computation of basic loss per share using the two-class method is not applicable as the Group is in a net loss position and the participating securities do not have contractual rights and obligations to share in the losses of the Group.

Diluted loss per share is calculated by dividing net loss attributable to ordinary shareholders as adjusted for the effect of dilutive ordinary share equivalents, if any, by the weighted average number of ordinary and dilutive ordinary share equivalents outstanding during the period. Ordinary equivalent shares consist of the ordinary shares issuable upon the conversion of the Company's Preferred Shares using the if-converted method, and

EHANG HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("US$"), except for number of shares and per share data)

2. Summary of Significant Accounting Policies (Continued)

(y) Loss per share (Continued)

ordinary shares issuable upon the vesting of the RSUs, using the treasury stock method. Ordinary share equivalents are excluded from the computation of diluted per share if their effects would be anti-dilutive.

(z) Unaudited pro forma shareholders' equity and loss per share

Pursuant to the Company's Amended and Restated Memorandum and Articles of Association, all of the outstanding Preferred Shares of the Company will automatically be converted into 37,868,704 ordinary shares upon the completion of a Qualified Initial Public Offering (the "Qualified IPO") and all outstanding ordinary shares will be re-designated into 49,237,841 Class A ordinary shares and 45,422,663 Class B ordinary shares, respectively. Unaudited pro forma shareholders' equity as of December 31, 2018, reflecting the reclassification of all the Preferred Shares from mezzanine equity to shareholders' equity, is shown in the unaudited pro forma consolidated balance sheet.

The unaudited pro forma loss per Class A and Class B ordinary share is computed using the weighted-average number of Class A and Class B ordinary shares outstanding as of December 31, 2018, respectively, and assumes the automatic conversion of all of the Preferred Shares into ordinary shares and re-designated into Class A and Class B ordinary shares upon the closing of the Qualified IPO, as if it had occurred on January 1, 2018.

(aa) Segment reporting

In accordance with ASC 280 ("ASC 280"), *Segment Reporting*, operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker ("CODM"), or decision making group, in deciding how to allocate resources and in assessing performance. The Group's Chief Executive Officer as the CODM reviews the consolidated financial results when making decisions about allocating resources and assessing the performance of the Group as a whole and hence, the Group has only one reportable segment. The Group's long-lived assets are substantially all located in the PRC.

The following table presents revenue by customer incorporation location for the years ended December 31, 2017 and 2018, respectively:

	For the year ended December 31,				
	2017		2018		
	RMB	%	RMB	US$	%
PRC	23,762	75%	66,465	9,682	100%
United States	6,656	21%	—	—	—
Other	1,277	4%	22	3	—
Total net revenues	**31,695**	100%	**66,487**	**9,685**	100%

(ab) Collaborative arrangement

In April 2016, the Group entered into a development and purchase collaborative arrangement with a U.S. biotechnology company ("Biotech Customer") to design, develop, test-run and manufacture an organ transport e-helicopter system, which includes an operational interface with air traffic control, associated customized passenger-grade AAVs and recharging infrastructure. The Biotech Customer is responsible for obtaining the

2. Summary of Significant Accounting Policies (Continued)

(ab) Collaborative arrangement (Continued)

approvals of the Federal Aviation Administration ("FAA") and the Food and Drug Administration ("FDA") relating to the import and operations of the AAV products. Upon the Group's achievement of agreed-upon milestones in the agreement, Biotech Customer will make investments of US$14,000 and payments totaling US$36,000. As of December 31, 2018, none of the milestones have been achieved. The agreement may be terminated at Biotech Customer's discretion upon written notice.

As part of the same arrangement, the Group may sell 1,000 units of customized AAVs conforming to the functional specifications by the Biotech Customer according to a 15-year delivery schedule subject to subsequent purchase amendments. Purchase orders are conditional on the Group achieving a number of performance milestones and the Biotech Customer obtaining required approvals from the FAA and FDA for the internal testing of the AAVs. In December 2018, two amendment contracts were signed to specify the delivery of five units of AAVs and related supporting services in partial satisfaction of the original agreement. As of December 31, 2018, none of the ordered products or services have been delivered.

(ac) Recent accounting pronouncements

The Group is an emerging growth company ("EGC") as defined by the Jumpstart Our Business Startups Act ("JOBS Act"). The JOBS Act provides that an EGC can take advantage of an extended transition period for complying with new or revised accounting standards. This allows an EGC to delay adoption of certain accounting standards until those standards would otherwise apply to private companies. The Group elected to take advantage of the extended transition period. However, this election will not apply should the Group cease to be classified as an EGC.

In May 2014, the Financial Accounting Standards Board ("FASB") issued ASU 2014-09 ("ASU 2014-09"), *Revenue from Contracts with Customers (Topic 606)*. ASU 2014-09 supersedes the revenue recognition requirements in ASC 605, and requires entities to recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. In August 2015, the FASB issued ASU 2015-14, *Revenue from Contracts with Customers (Topic 606)*: *Deferral of the Effective Date*, which defers the effective date of ASU 2014-09 by one year. As a result, ASU 2014-09 is effective for the Group for annual reporting periods beginning January 1, 2019 and interim periods within annual periods beginning January 1, 2020. In March 2017, the FASB issued ASU 2017-08, *Revenue from Contracts with Customers—Principal versus Agent Considerations*, which clarifies the implementation guidance on principal versus agent considerations. In April 2017, the FASB issued ASU 2017-10, *Revenue from Contracts with Customers—Identifying Performance Obligations and Licensing*, which clarify guidance related to identifying performance obligations and licensing implementation guidance contained in ASU 2014-09. In May 2017, the FASB issued ASU 2017-12, *Revenue from Contracts with Customers—Narrow-Scope Improvements and Practical Expedients*, which addresses narrow-scope improvements to the guidance on collectability, non-cash consideration, and completed contracts at transition and provides practical expedients for contract modifications at transition and an accounting policy election related to the presentation of sales taxes and other similar taxes collected from customers. The effective dates for these amendments are the same as the effective date of ASU 2014-09. Early adoption is permitted, and the standard permits the use of either the retrospective or cumulative effect transition method. The Group does not plan to early adopt the standard and amendments and is in the process of developing a plan for evaluating the impact of adoption of these guidance on its consolidated financial statements, including the selection of the adoption method, the

2. Summary of Significant Accounting Policies (Continued)

(ac) Recent accounting pronouncements (Continued)

identification of differences, if any, from the application of the standard, and the impact of such differences, if any, on its consolidated financial statements.

In January 2016, the FASB issued ASU 2016-01 ("ASU 2016-01"), *Financial Instruments*. ASU 2016-01 requires equity investments (except those accounted for under the equity method of accounting or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income. An entity may choose to measure equity investments that do not have readily determinable fair values at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. ASU 2016-01 also simplifies the impairment assessment of equity investments without readily determinable fair values by requiring a qualitative assessment to identify impairment. When a qualitative assessment indicates that impairment exists, an entity is required to measure the investment at fair value. ASU 2016-01 is effective for the Group for annual reporting periods beginning January 1, 2019, and interim periods within fiscal years beginning January 1, 2020. Early adoption is permitted no earlier than the fiscal year beginning January 1, 2018 including interim periods within that year. The Group does not plan to early adopt ASU 2016-01 and is currently evaluating the impact of adopting this standard on its consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02 ("ASU 2016-02"), *Leases*, which specifies the accounting for leases. For operating leases, ASU 2016-02 requires a lessee to recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments, in its balance sheet. The standard also requires a lessee to recognize a single lease cost, calculated so that the cost of the lease is allocated over the lease term, on a generally straight-line basis. ASU 2016-02 is effective for the Group for annual reporting periods beginning January 1, 2020 and interim periods within annual periods beginning January 1, 2021. Early adoption is permitted. The Group does not plan to early adopt ASU 2016-02 and is currently evaluating the impact of adopting the standard on its consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13 ("ASU 2016-13"), *Financial Instruments—Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 changes the impairment model for most financial assets and certain other instruments. The standard will replace the "incurred loss" approach with an "expected loss" model for instruments measured at amortized cost. For available-for-sale debt securities, entities will be required to record allowances rather than reduce the carrying amount, as they do today under the other-than-temporary impairment model. The standard is effective for the Group for annual reporting periods beginning January 1, 2021, and interim periods within fiscal years beginning January 1, 2022. All entities may adopt the amendments in this Update earlier as of the fiscal years beginning after January 1, 2019, including interim periods within those fiscal years. The Group does not plan to early adopt ASU 2016-13 and is evaluating the effect that this guidance will have on its consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15 ("ASU 2016-15"), *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*, which addresses eight specific cash flow issues: Debt prepayment or debt extinguishment costs; settlement of zero-coupon debt instruments or other debt instruments with coupon interest rates that are insignificant in relation to the effective interest rate of the borrowing; contingent consideration payments made after a business combination; proceeds from the settlement of insurance claims; proceeds from the settlement of corporate-owned life insurance policies (COLIs) (including bank-owned life insurance policies (BOLIs)); distributions received from equity method investees; beneficial

2. Summary of Significant Accounting Policies (Continued)

(ac) Recent accounting pronouncements (Continued)

interests in securitization transactions; and separately identifiable cash flows and application of the predominance principle. In November 2016, the FASB issued ASU 2016-18 ("ASU 2016-18"), *Statements of Cash Flow (Topic 230): Restricted Cash*, which requires that a statement of cash flows explain the change during the period in the total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amount shown on the statement of cash flows. ASU 2016-15 and ASU 2016-18 are effective for the Group for annual reporting periods beginning January 1, 2019 and interim periods within annual periods beginning January 1, 2020. Early adoption is permitted, including adoption in an interim period. The Group does not plan to early adopt ASU 2016-15 and ASU 2016-18 and is evaluating the impacts that these standards will have on its consolidated financial statements.

In January 2017, the FASB issued ASU 2017-01 ("ASU 2017-01"), *Business Combinations (Topic 805): Clarifying the Definition of a Business*. ASU 2017-01 clarifies the framework for determining whether an integrated set of assets and activities meets the definition of a business. The revised framework establishes a screen for determining whether an integrated set of assets and activities is a business and narrows the definition of a business, which is expected to result in fewer transactions being accounted for as business combinations. Acquisitions of integrated sets of assets and activities that do not meet the definition of a business are accounted for as asset acquisitions. ASU 2017-01 is effective for the Group for annual reporting periods beginning January 1, 2021 and interim periods within annual periods beginning January 1, 2020, with early adoption permitted for transactions that have not been reported in previously issued (or available to be issued) financial statements. The Group does not plan to early adopt ASU 2017-01 and does not expect the impact that this standard will have a material impact on its consolidated financial statements.

In July 2017, the FASB issued ASU 2017-11 ("ASU 2017-11"), *Earnings Per Share (Topic 260); Distinguishing Liabilities from Equity (Topic 480); Derivatives and Hedging (Topic 815): (Part I) Accounting for Certain Financial Instruments with Down Round Features, (Part II) Replacement of the Indefinite Deferral for Mandatorily Redeemable Financial Instruments of Certain Nonpublic Entities and Certain Mandatorily Redeemable Noncontrolling Interests with a Scope Exception.* These amendments simplify the accounting for certain financial instruments with down round features. The amendments require companies to disregard the down round feature when assessing whether the instrument is indexed to its own stock, for purposes of determining liability or equity classification. Companies that provide earnings per share (EPS) data will adjust their basic EPS calculation for the effect of the feature when triggered (i.e., when the exercise price of the related equity-linked financial instrument is adjusted downward because of the down round feature) and will also recognize the effect of the trigger within equity. The amendments in Part I of this Update are effective for the Group for annual reporting periods beginning January 1, 2020 and interim periods within annual periods beginning January 1, 2021. Early adoption is permitted for all entities, including adoption in an interim period. The amendments in Part II of this Update do not require any transition guidance because those amendments do not have an accounting effect. The Group does not plan to early adopt ASU 2017-11 and does not expect the impact that this standard will have a material impact on its consolidated financial statements.

In August 2018, the FASB issued ASU 2018-13 ("ASU 2018-13"), *Fair Value Measurement (Topic 820): Disclosure Framework- Changes to the Disclosure Requirements for Fair Value Measurement*. The update eliminates, modifies, and adds certain disclosure requirements for fair value measurements. This update is

2. Summary of Significant Accounting Policies (Continued)

(ac) Recent accounting pronouncements (Continued)

effective in fiscal years, including interim periods, beginning January 1, 2020, and early adoption is permitted. The added disclosure requirements and the modified disclosure on the narrative description of measurement uncertainty should be applied prospectively for only the most recent interim or annual period presented. All other changes to disclosure requirements in this update should be applied retrospectively to all periods presented upon their effective date. The Company is currently evaluating the impact on its consolidated financial statements of adopting this guidance.

3. Concentration of Risks

(a) Concentration of credit risk

Financial instruments that potentially subject the Group to significant concentration of credit risk consist primarily of cash and cash equivalents, short-term investments and accounts receivable. As of December 31, 2017 and 2018, the aggregate amount of cash and cash equivalents and short-term investments of RMB61,330 and RMB35,783 (US$5,212), respectively, were held at major financial institutions located in the PRC, and RMB39,125 and RMB25,736 (US$3,749), respectively, were deposited with major financial institutions located outside the PRC. Management believes that these financial institutions are of high credit quality and continually monitors the credit worthiness of these financial institutions. Historically, deposits in Chinese banks are secure due to the state policy on protecting depositors' interests. In the event of bankruptcy of one of these financial institutions, the Group may not be able to claim its cash and demand deposits back in full. The Group continues to monitor the financial strength of the financial institutions. There has been no recent history of default in relation to these financial institutions.

(b) Business economic risk

The Group participates in a dynamic and competitive high technology industry and believes that changes in any of the following areas could have a material adverse effect on the Group's future financial position, results of operations or cash flows: changes in the overall demand for products and services; competitive pressures due to new entrants; advances and new trends in new technology; strategic relationships or customer relationships; regulatory considerations; and risks associated with the Group's ability to attract and retain employees necessary to support its growth.

The Group's operations could be adversely affected by significant political, economic and social uncertainties in the PRC. Although the PRC government has been pursuing economic reform policies for more than 20 years, no assurance can be given that the PRC government will continue to pursue such policies or that such policies may not be significantly altered, especially in the event of a change in leadership, social or political disruption or unforeseen circumstances affecting the PRC political, economic and social conditions. There is also no guarantee that the PRC government's pursuit of economic reforms will be consistent or effective.

The Group's business could also be impacted by trade tariffs or other trade barriers arising from security-related concerns. The European Union has already imposed tariffs on imports of AAVs originating from the PRC, and the United States may in the future impose tariffs or other restrictions on the importation of products related to the Group's business. If these trade relations with China continue to worsen, the Group may encounter difficulty in exporting the Group's products, and its business, financial condition, results of operations and prospects may be materially and adversely affected.

EHANG HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("US$"), except for number of shares and per share data)

3. Concentration of Risks (Continued)

(c) Business supplier risk

The Group relies on external supplies for raw materials and certain components and parts used in the Group's products. No suppliers accounted for 10% or more of the Group's total costs for the years ended December 31, 2017 and 2018.

(d) Customer risk

The success of the Group's business going forward will rely in part on Group's ability to continue to obtain and expand its business from existing customers while also attracting new customers. External customers with 10% or more of the Group's revenues are:

	For the year ended December 31,		
	2017	2018	
	RMB	RMB	US$
Customer			
A	4,218	*	*
B	3,302	*	*
C	*	20,246	2,949
D	*	8,775	1,278
E	*	7,925	1,154
F	*	7,113	1,036

* less than 10% of total revenues of the Group

As of December 31, 2017, accounts receivable, net of allowances, from two customers amounted to RMB4,959, accounting for 79% of the Group's total balance. As of December 31, 2018, accounts receivable, net of allowances, from two customers amounted to RMB1,874 (US$ 273), accounting for 74% of the Group's total balance. No other customer accounted for 10% or more of the Group's total accounts receivable, net of allowances, as of December 31, 2017 and 2018.

(e) Currency convertibility risk

The Group transacts all of its business in RMB, which is not freely convertible into foreign currencies. On January 1, 1994, the PRC government abolished the dual rate system and introduced a single rate of exchange as quoted daily by the People's Bank of China (the ''PBOC''). However, the unification of the exchange rates does not imply that the RMB may be readily convertible into US$ or other foreign currencies. All foreign exchange transactions continue to take place either through the PBOC or other banks authorized to buy and sell foreign currencies at the exchange rates quoted by the PBOC. Approval of foreign currency payments by the PBOC or other institutions requires submitting a payment application form together with suppliers' invoices, shipping documents and signed contracts.

(f) Foreign currency exchange rate risk

From July 21, 2005, the RMB is permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. The functional currency and the reporting currency of the Company are the US$

(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("US$"),
except for number of shares and per share data)

3. Concentration of Risks (Continued)

(f) Foreign currency exchange rate risk (Continued)

and the RMB, respectively. Most of the Group's revenues and costs are denominated in RMB, while a portion of cash and cash equivalents is denominated in U.S. dollars. Any significant revaluation of RMB may materially and adversely affect the Group's loss and shareholders' deficits in U.S. dollars.

4. Deconsolidation of EHang US and EHang Germany in 2017

EHang US and EHang Germany were established as the distribution arms of the Group for the US and Europe, and in 2014 and 2015, respectively. The Group decided to exit the consumer drone market in these countries in late 2016. As a result, EHang GmbH filed for bankruptcy in October 2017 and EHang US filed for Chapter 7 bankruptcy in December 2017. A deconsolidation loss of RMB45 was recognized in "other income/(expense)" for the year ended December 31, 2017. The disposal of EHang US and EHang Germany did not meet the definition of a discontinued operation per ASC Subtopic 205-20, *Presentation of Financial Statements—Discontinued Operations*, as the divestiture did not represent a shift in strategy nor had a major impact to the Group's operation and financial results.

5. Short-term Investments

The Group's short-term investments consisted of financial products purchased from commercial banks and other financial institutions at floating rates with maturities of less than one year.

For the years ended December 31, 2017 and 2018, the Company recognized interest income from short-term investments of RMB56 and RMB872 (US$127) in the consolidated statements of comprehensive loss, respectively.

6. Accounts receivable, net

Accounts receivable, net, consisted of the following:

	As of December 31,		
	2017	2018	
	RMB	RMB	US$
Accounts receivable	6,372	2,930	427
Allowance for doubtful accounts	(124)	(392)	(57)
	6,248	**2,538**	**370**

The movements in the allowance for doubtful accounts were:

	As of December 31,		
	2017	2018	
	RMB	RMB	US$
Balance at beginning of the year	—	(124)	(18)
Additional provision charged to expense	(124)	(268)	(39)
Balance at the end of the year	**(124)**	**(392)**	**(57)**

EHANG HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("US$"), except for number of shares and per share data)

7. Cost and estimated earnings in excess of billings

	As of December 31,		
	2017	2018	
	RMB	RMB	US$
Contracts costs incurred plus estimated earnings	—	28,797	4,195
Less: Progress billings	—	(10,386)	(1,513)
	—	**18,411**	**2,682**

8. Inventories

Inventories consisted of the following:

	As of December 31,		
	2017	2018	
	RMB	RMB	US$
Raw materials	22,680	19,707	2,871
Finished goods	15,908	16,691	2,431
Inventories, total	38,588	36,398	5,302
Inventories provision	(37,190)	(32,481)	(4,731)
Inventories, net	**1,398**	**3,917**	**571**

9. Prepayments and other current assets

Prepayments and other current assets consisted of the following:

	As of December 31,		
	2017	2018	
	RMB	RMB	US$
VAT prepayments	12,711	4,823	703
Staff advances	2,041	2,894	422
Advance to suppliers	4,750	3,940	574
Others	2,749	3,712	540
	22,251	**15,369**	**2,239**

EHANG HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("US$"), except for number of shares and per share data)

10. Property, Plant and Equipment, Net

	As of December 31,		
	2017	2018	
	RMB	RMB	US$
Office equipment	1,053	1,350	197
Machinery and electronic equipment	8,124	9,111	1,327
Transportation equipment	865	2,193	319
Leasehold improvements	13,536	14,516	2,114
Construction in progress	3,356	4,364	636
	26,934	31,534	4,593
Less: accumulated depreciation	(7,438)	(12,476)	(1,817)
	19,496	**19,058**	**2,776**

For the years ended December 31, 2017 and 2018, the Group recorded depreciation expense of RMB4,292 and RMB5,446 (US$793), respectively.

11. Short-Term Bank Loan

A RMB5,000 (US$728) short-term bank loan was borrowed from China Construction Bank with annual interest rate of 5.87% which will mature in March 2019.

The bank loan is guaranteed by the Company's director Mr. Huazhi Hu and his spouse. In March 2019, the bank loan was fully repaid upon maturity.

In March 2019, the Group signed a new bank loan agreement for RMB5,000 (US$728) from China Construction Bank with annual interest rate of 4.79%, which will mature in March 2020.

12. Accrued Expenses and Other Liabilities

Accrued expenses and other liabilities consisted of the following:

	As of December 31,		
	2017	2018	
	RMB	RMB	US$
Loans from third parties	—	7,257	1,057
Payroll and welfare payables	9,118	15,338	2,235
Other taxes payable	1,346	463	67
Payables for service fee	4,290	4,478	652
Warranties	1,024	85	12
Payables to suppliers	2,142	3,576	521
	17,920	**31,197**	**4,544**

In March 2018, the Group borrowed loans from third parties with an aggregate principal of RMB10,000 (US$1,457). These loans are repayable on demand and are interest-bearing at market rates. In December 2018, the Group repaid RMB3,000 (US$437) principal amount of these loans.

EHANG HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("US$"), except for number of shares and per share data)

13. Revenues

	For the year ended December 31,		
	2017	2018	
	RMB	RMB	US$
Revenues—Products			
Smart city management solutions	1,229	30,455	4,436
Air mobility solutions	—	2,122	309
Others	12,269	1,648	240
Subtotal—Products	13,498	34,225	4,985
Revenues—Services			
Aerial media solutions	18,197	31,275	4,556
Air mobility solutions	—	987	144
Subtotal—Services	18,197	32,262	4,700
Total Revenues	**31,695**	**66,487**	**9,685**

14. Other income

In 2017, the Group provided facilitating services to a third party to acquire a land use right from the Guangzhou City government. In exchange for such services, the Group received a cash consideration of RMB41,117 and 5% equity interests in a corporation, the sole asset of which was the aforementioned land use right. The Group recorded a gain of RMB44,036 representing the cash consideration and the fair value of the equity interests received at RMB2,919 in "Other income" in its consolidated statement of comprehensive loss for the year ended December 31, 2017. The Group accounts for the 5% equity interest as a cost method investment.

15. Share-based compensation

In order to provide additional incentives to employees and to promote the success of the Group's business, the Group adopted a share incentive plan that was approved by the Board of Directors on December 23, 2016 (the "Share Incentive Plan"). Under the Share Incentive Plan, the aggregate number of ordinary shares that may be issued pursuant to all share-based awards (including restricted shares, RSUs and share options) is 8,867,053 ordinary shares and can be increased up to a number that is equal to 15% of the then total outstanding shares on a fully diluted basis at the discretion of the Company's Board of Directors.

The Company granted a total of 7,207,335 RSUs to the Group's employees under the Share Incentive Plan in 2016 and no awards were subsequently granted in 2017 and 2018. The RSUs are subject to service conditions and vest over a four-year period starting from an individual's employment date.

(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("US$"),
except for number of shares and per share data)

15. Share-based compensation (Continued)

The following table summarizes the Company's RSUs activity under the Share Incentive Plan:

	Number of RSUs	Weighted average grant date fair value (US$)	Weighted average remaining contractual life (Years)
Unvested, January 1, 2018	3,197,626	2.0941	1.63
Granted	—	—	
Vested	(1,640,450)	2.0941	
Forfeited	—	—	
Unvested, December 31, 2018	1,557,176	2.0941	0.65

The fair value of the RSUs is derived from the fair value of the Company's ordinary shares on the date of grant. The total fair values of RSUs vested during the years ended December 31, 2017 and 2018 were RMB 32,164 and RMB 22,300 (US$3,248), respectively. Total share-based compensation expense capitalized to inventory was not material for any of the periods presented.

As of December 31, 2018, there was RMB12,763 (US$1,859) of unrecognized share-based compensation expenses related to the RSUs which is expected to be recognized over a weighted average vesting period of 0.65 years. Total unrecognized compensation cost may be adjusted for future changes when actual forfeitures incurred.

Total share-based compensation expenses relating to the RSUs recognized for the years ended December 31, 2017 and 2018 were as follows:

	For the year ended December 31,		
	2017	2018	
	RMB	RMB	US$
Cost of revenues	1,024	707	103
Sales and marketing expenses	2,851	1,932	281
General and administrative expenses	16,400	11,606	1,691
Research and development expenses	11,889	8,055	1,173
	32,164	**22,300**	**3,248**

16. Income Taxes

Cayman Islands

Under the current laws of the Cayman Islands, the Company is not subject to tax on income or capital gain arising in Cayman Islands.

Hong Kong

EHfly and EHang HK are incorporated in Hong Kong and are subject to Hong Kong profits tax of 16.5% on its activities conducted in Hong Kong.

EHANG HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("US$"), except for number of shares and per share data)

16. Income Taxes (Continued)

PRC

The Company's subsidiaries and VIEs in the PRC are subject to the statutory rate of 25%, in accordance with the Enterprise Income Tax law (the "EIT Law"), which was effective since January 1, 2008 except for certain entities eligible for preferential tax rates.

In accordance with the PRC Income Tax Laws, an enterprise awarded with the High and New Technology Enterprise ("HNTE") certificate may enjoy a reduced EIT rate of 15%. EHang Intelligent obtained HNTE certificate in December, 2017 which will be expired in December, 2020; EHang GZ obtained HNTE certificate in November, 2016 which will be expired in November, 2019; EHang Egret GD obtained HNTE certificate in November, 2018 which will be expired in November, 2021. EHang Egret GD qualified as a HNTE and enjoyed a preferential tax rate of 15% for the year ended December 31, 2018.

Dividends, interests, rent or royalties payable by the Company's PRC subsidiaries, to non-PRC resident enterprises, and proceeds from any such non-resident enterprise investor's disposition of assets (after deducting the net value of such assets) shall be subject to 10% withholding tax, unless the respective non-PRC resident enterprise's jurisdiction of incorporation has a tax treaty or arrangements with China that provides for a reduced withholding tax rate or an exemption from withholding tax.

The Group's loss before income taxes consisted of:

	For the year ended December 31,		
	2017	2018	
	RMB	RMB	US$
Non-PRC	(42,087)	(24,348)	(3,547)
PRC	(39,304)	(56,039)	(8,164)
	(81,391)	**(80,387)**	**(11,711)**

Income tax expense (benefit) comprises of:

	For the year ended December 31,		
	2017	2018	
	RMB	RMB	US$
Non-PRC	4,892	211	31
PRC	292	(135)	(20)
	5,184	**76**	**11**

EHANG HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("US$"), except for number of shares and per share data)

16. Income Taxes (Continued)

The reconciliations of the income tax expenses for the years ended December 31, 2017 and 2018 were as follows:

	For the year ended December 31,		
	2017	2018	
	RMB	RMB	US$
Loss before income tax expense	(81,391)	(80,387)	(11,711)
PRC statutory tax rate	25%	25%	25%
Income tax benefits at PRC statutory tax rate of 25%	(20,348)	(20,097)	(2,927)
Effect of different tax rates in different jurisdictions	2,026	5,258	766
Non-deductible expenses	145	2,471	360
Statutory expense	1,922	—	—
Deemed sales and cost	28	11	2
Research and development expenses	(7,507)	(8,400)	(1,224)
Effect on adoption of preferential tax rate	—	(346)	(50)
Changes in tax rate in measurement of deferred tax	—	92	13
Unrecognized tax benefit	4,892	—	—
Change in valuation allowance	24,026	21,087	3,071
Income tax expenses	**5,184**	**76**	**11**

The significant components of the Group's deferred tax assets were as follows:

	As of December 31,		
	2017	2018	
	RMB	RMB	US$
Non-current deferred tax assets			
Allowance for inventory	8,951	7,743	1,128
Welfare payables	1,040	1,378	201
Provision for allowance for doubtful accounts	73	131	19
Accrued expenses and other liabilities	451	879	128
Deferred government subsidies	95	75	11
Advertising cost	49	—	—
Tax losses	47,050	68,725	10,011
Less: valuation allowance	(57,709)	(78,796)	(11,478)
Deferred tax assets, net	**—**	**135**	**20**
Non-current deferred tax liabilities			
Unrealized gain on long-term investment	292	292	43
Deferred tax liabilities	**292**	**292**	**43**

The Group operates through several subsidiaries, the VIE and the subsidiaries of the VIE. Valuation allowance is considered for each of the entities on an individual basis.

Realization of the net deferred tax assets is dependent on factors including future reversals of existing taxable temporary differences and adequate future taxable income, exclusive of reversing deductible temporary

(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("US$"),
except for number of shares and per share data)

16. Income Taxes (Continued)

differences and tax loss or credit carry forwards. As of December 31, 2017 and 2018, valuation allowances were provided against deferred tax assets in entities which were in a three-year cumulative loss position.

As of December 31, 2017 and 2018, the Group had deductible tax losses of RMB159,668 and RMB246,882 (US$35,962) and derived from entities in the PRC. The tax losses in PRC can be carried forward for five years to offset future taxable profit, and the period was extended to 10 years for entities qualified as HNTE in 2018 and thereafter. The tax losses of entities in the PRC will begin to expire in 2019, if not utilized.

The Group plans to indefinitely reinvest the undistributed earnings of its subsidiaries, the VIE and the subsidiaries of the VIE located in the PRC. As of December 31, 2017 and 2018, the total amount of undistributed earnings from these entities is nil and no withholding tax has been accrued.

Unrecognized Tax Benefit

As of December 31, 2017 and 2018, there is no change of unrecognized tax benefit amounting to RMB4,892 (US$713). The unrecognized tax benefit was mainly related to the withholding tax accrued for the facilitating service in the acquisition of land use right from Guangzhou government by EHang HK on behalf of a third party buyer. It is possible that the amount of unrecognized tax benefit will further change in the next 12 months; however, an estimate of the range of the possible change cannot be made at this moment.

As of December 31, 2017, the unrecognized tax benefit of RMB4,892, if ultimately recognized, will impact the effective tax rate. The Group did not record any significant interest and penalties related to an uncertain tax position for the year ended December 31, 2017 and 2018. A reconciliation of the beginning and ending amount of unrecognized tax benefit was as follows:

	For the year ended December 31,		
	2017	2018	
	RMB	RMB	US$
Balance at the beginning of the year	—	(4,892)	713
Increase	(4,892)	—	—
Balance at end of the year	**(4,892)**	**(4,892)**	**713**

For the years ended December 31, 2017 and 2018, no interest expense was accrued in relation to the unrecognized tax benefit. Accumulated interest expenses recorded in unrecognized tax benefit were nil and nil as of December 31, 2017 and 2018, respectively.

As of December 31, 2018, the tax years ended December 31, 2014 through year ended as of the reporting dates for the WFOE, the VIE and the subsidiaries of the VIE remain open to examination by the PRC tax authorities.

17. Related Party Transactions

In April 2018, The Group entered into an interest-free short-term loan agreement with a company controlled by the Group's founder and director, Mr. Huazhi Hu, with a principal amount of RMB425 (US$62). The loan was repaid in full in January 2019.

EHANG HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("US$"), except for number of shares and per share data)

18. Preferred Shares

The following table summarizes the issuances of the convertible and redeemable convertible preferred shares outstanding as of December 31, 2018:

Name	Issuance Date	Original Issuance Price per Share	Number of Shares
Series Seed 1 preferred shares	March 23, 2015	$ 0.1670	7,281,000
Series Seed 2 preferred shares	March 23, 2015	$ 0.0560	7,281,000
Series Seed 3 preferred shares	March 23, 2015	$ 0.2792	1,456,200
Series A preferred shares	March 23, 2015	$ 1.0038	6,375,657
Series A preferred shares	August 19, 2015	$ 1.0038	1,743,375
Series B preferred shares	August 21, 2015	$ 3.6339	9,218,756
Series B preferred shares	November 20, 2015	$ 3.6339	1,651,121
Series B preferred shares	February 23, 2016	$ 3.6339	302,414
Series C preferred shares	December 27, 2016	$ 5.8853	1,699,139
Series C preferred shares	June 5, 2017	$ 5.8853	517,691
Series C preferred shares	September 20, 2017	$ 5.8853	342,351

Series Seed 1, Series Seed 2 and Series Seed 3 preferred shares are collectively referred to as the "Series Seed Convertible Preferred Shares". Series A, Series B and Series C preferred shares are collectively referred to as the "Redeemable Convertible Preferred Shares", and collectively with the Series Seed Convertible Preferred Shares, the "Preferred Shares".

The significant terms of the Preferred Shares are summarized as follows:

Dividends

Each holder of the Redeemable Convertible Preferred Shares shall be entitled to receive dividends at the rate of eight percent (8%) per annum as and if declared by the Board of Directors in preference and priority ("Preferential Dividends") to the Series Seed Convertible Preferred Shares and ordinary shares. After payment of the Preferential Dividends, each shareholder of the Company shall be entitled to receive dividends payable in cash out of any remaining funds that are legally available therefore, on parity with each other on an as-converted basis, when, as and if declared by the Board of Directors.

For the years ended December 31, 2017 and 2018, no dividends were declared by the Company's Board of Directors on the Preferred Shares.

Conversion Rights

Each holder of the Preferred Shares has the right, at each holder's sole discretion, to convert at any time and from time to time, all or any portion of the Preferred Shares into ordinary shares.

The Preferred Shares are automatically convertible into ordinary shares upon the earlier of (1) closing of a Qualified IPO, based on the applicable then-effective conversion price or (2) election in writing by the approval of the holders of at least a majority of the then outstanding Preferred Shares, which shall include the majority of the then outstanding Series A preferred shares, the majority of the then outstanding Series B preferred shares and the majority of the then outstanding Series C preferred shares.

18. Preferred Shares (Continued)

Conversion Rights (Continued)

The initial conversion price is the stated issuance price of each series of the Preferred Shares, i.e., on a one-for-one basis. Such conversion prices are subject to adjustments in the event that the Company issues additional ordinary shares or additional deemed ordinary shares through options or convertible instruments for a consideration per share received by the Company less than the original respective conversion prices, as the case may be, in effect on the date of and immediately prior to such issue. In such event, the respective conversion price is reduced, concurrently with such issue, to a price as adjusted according to an agreed-upon formula. The above conversion prices are also subject to adjustments on a proportional basis upon other dilution events. As of December 31, 2018, no adjustment has been made to the conversion price.

Voting Rights

Each Preferred Share carries the number of votes equal to the number of ordinary shares into which such Preferred Share could be converted. Unless otherwise required by the Company's Amended and Restated Memorandum and Articles of Association whereby the Preferred Shares shall vote as a separate class, the preferred shareholders shall vote together with ordinary shareholders as a single class on all matters subject to such votes.

Redemption Rights

If a Qualified IPO does not occur on or before July 30, 2019 (the "Redemption Start Date"), then subject to the exercise or waiver of redemption rights by all of the holders of Redeemable Convertible Preferred Shares, the Redeemable Convertible Preferred Shares at any time after the Redemption Start Date, shall be redeemable a price equal to (i) one hundred percent (100%) of the original issuance price, plus (ii) any declared but unpaid dividend, plus (iii) accrued interest at an interest rate of ten percent (10%) per annum compounded annually commencing from the original issuance date of each Redeemable Convertible Preferred Share.

Liquidation Preference

In the event of liquidation, dissolution or winding up of the Group or any deemed liquidation event as defined in the Company's Amended and Restated Memorandum and Articles of Association, the assets of the Group available for distribution shall be made as follows:

- The holders of Series C preferred shares are entitled to receive an amount equal to 150% of the original issuance price plus all declared but unpaid dividends and distributions (the "Series C Preferred Share Preference Amount"), in preference to all other classes or series of preferred shares and the ordinary shareholders of the Company;
- After the full Series C Preferred Share Preference Amount on all Series C preferred shares then outstanding has been paid, the holders of Series B preferred shares are entitled to receive an amount equal to 150% of the original issuance price plus all declared but unpaid dividends and distributions (the "Series B Preferred Share Preference Amount"), in preference to any distribution to the holders of the Series A preferred shares, Series Seed preferred shares and the ordinary shareholders of the Company;
- After the full Series B Preferred Share Preference Amount on all Series B preferred shares then outstanding has been paid, the holders of Series A preferred shares are entitled to receive an amount

18. Preferred Shares (Continued)

Liquidation Preference (Continued)

equal to 150% of the original issuance price plus all declared but unpaid dividends and distributions (the "Series A Preferred Share Preference Amount"), in preference to any distribution to the holders of the Series Seed preferred shares and the ordinary shareholders of the Company;

- After the full Series A Preferred Share Preference Amount on all Series A preferred shares then outstanding has been paid, the holders of Series Seed preferred shares are entitled to receive an amount equal to 100% of the original issuance price plus all declared but unpaid dividends and distributions (the "Series Seed Preferred Share Preference Amount"), in preference to any distribution to the holders of the ordinary shareholders of the Company; and
- After the full Series Seed Preferred Share Preference Amount on all Series Seed preferred shares then outstanding has been paid, any remaining funds or assets of the Company legally available for distribution to shareholders shall be distributed on a pro rata, pari passu basis among the holders of the then outstanding Redeemable Convertible Preferred Shares on an as-converted basis, together with the holders of the then outstanding ordinary shares.

If, upon any such liquidation, the assets of the Group are insufficient to make payment of the liquidation preference related to any series of preferred shares, the remaining assets and funds of the Group available for distribution shall be distributed ratably amongst the holders of that series of preferred shares in proportion to the full amounts to which they would otherwise be entitled to. The liquidation preference amount for the Preferred Shares was US$97,744 in aggregate as of December 31, 2018.

Deemed Liquidation

Any sale of shares, merger, consolidation or other similar transaction involving the Group in which its shareholders do not retain a majority of the voting power in the surviving or resulting entity, or a sale of all or substantially all the Company's assets, shall be deemed a liquidation, dissolution or winding up of the Group ("Deemed Liquidation"), such that the liquidation preference shall apply as if all consideration received by the Company and its shareholders in connection with such event were being distributed in a liquidation of the Group. The Series Seed Convertible Preferred Shares are not redeemable except in the event of Deemed Liquidation, which permits the holders to receive the Seed Preferred Share Preference Amount as defined above.

Registration Rights

The Redeemable Convertible Preferred Shares also contain registration rights which: (1) allow the holders of such shares to demand the Company to file a registration statement covering the offer and sale of the ordinary shares issuable or issued upon conversion of the Redeemable Convertible Preferred Shares at any time or from time to time after the earlier of (i) the third anniversary after the closing of the Series C Preferred Shares and (ii) six months following the effectiveness of a registration statement for a Qualified IPO; (2) require the Company to offer the Redeemable Convertible Preferred Shareholders an opportunity to include in a registration statement if the Company proposes to file a registration statement for a public offering of securities of the Company; (3) allow the Redeemable Convertible Preferred Shareholders to request the Company to file a registration statement on Form F-3 when the Company is eligible to use Form F-3. The Company is required to use commercially reasonable efforts to effects the registration if requested by the Redeemable Convertible Preferred Shareholders, but the provisions of the registration rights do not stipulate the consequences of non-

18. Preferred Shares (Continued)

Registration Rights (Continued)

performance if the Company made commercially reasonable efforts to effect registration nor any requirement to pay any monetary or non-monetary consideration for non-performance.

Accounting for the Preferred Shares

The Redeemable Convertible Preferred Shares are classified as mezzanine equity as they may be redeemed at the option of the holders on or after an agreed upon date outside the sole control of the Company while the Series Seed Convertible Preferred Shares are also classified as mezzanine equity as they may be redeemed upon a deemed liquidation event.

The holders of the Preferred Shares have the ability to convert the instrument into the Company's ordinary shares. The Group evaluated the embedded conversion options in the Preferred Shares to determine if there were any embedded derivatives requiring bifurcation and to determine if there were any beneficial conversion features. The conversion option of the Preferred Shares does not qualify for bifurcation accounting because the conversion option is clearly and closely related to the host equity instrument and the underlying ordinary shares are not publicly traded nor readily convertible into cash. The contingent redemption options and the contingent registration rights of the Redeemable Convertible Preferred Shares did not qualify for bifurcation accounting because the underlying ordinary shares were neither publicly traded nor readily convertible into cash. There are no embedded derivatives that are required to be bifurcated.

The initial carrying amounts of the Preferred Shares are the fair value at the time of closing, less issuance costs.

Beneficial conversion features ("BCF") exist when the conversion price of the Preferred Shares is lower than the fair value of the ordinary shares at the commitment date, which is the issuance date of the respective series of Preferred Shares. The Group determined the fair value of ordinary shares with the assistance of an independent third party valuation firm. When a BCF exists as of the commitment date, its intrinsic value is bifurcated from the carrying value of the Preferred Shares as a contribution to additional paid-in capital. The contingent conversion price adjustment is accounted for as a contingent BCF. In accordance with ASC paragraph 470-20-35-1, changes to the conversion terms that would be triggered by future events not controlled by the issuer should be accounted as contingent conversions, and the intrinsic value of such conversion options would not be recognized until and unless a triggering event occurred. No BCF or contingent BCF was recognized for any of the Preferred Shares issued during the years presented.

Though not currently redeemable, the Redeemable Convertible Preferred Shares will become redeemable solely based on the passage of time should the contingent events not occur. Therefore, the Group elected to recognize changes in the redemption value immediately as they occur and adjust the carrying amount of such preferred shares to equal the redemption value at the end of each reporting period as if it were also the redemption date. The Group has not accreted the Series Seed Convertible Preferred Shares to liquidation value as a Deemed Liquidation event was not considered probable as of the end of each period presented.

(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("US$"),
except for number of shares and per share data)

18. Preferred Shares (Continued)

Accounting for the Preferred Shares (Continued)

There were no movements in the carrying value of the Preferred Shares during the presented periods, except for the Series C Preferred Shares as follows:

Mezzanine equity	Series C preferred shares RMB
Balance as of January 1, 2017	**88,926**
Issuance	34,073
Accretion to redemption value	7,566
Balance as of December 31, 2017	**130,565**

19. Fair Value Measurements

Assets measured or disclosed at fair value on a recurring basis are summarized below:

	Fair Value Measurements as of December 31, 2017 using			
	Quoted Price in Active Market for Identical Assets (Level 1) RMB	Significant Other Observable Inputs (Level 2) RMB	Unobservable Inputs (Level 3) RMB	Total fair value RMB
Fair value measurement				
Short-term investments	39,000	—	—	39,000
Total assets measured at fair value	**39,000**	**—**	**—**	**39,000**

There were no assets or liabilities measured at a recurring or non-recurring basis as of December 31, 2018. The Group measures certain financial and non-financial assets, including long-term investments and long-lived assets, at fair value on a nonrecurring basis when impairment charges are recognized. These nonrecurring fair value measurements use significant unobservable inputs (Level 3). The Group recognized an impairment charge on a film investment as a passive investor of RMB8,000 (US$1,165) for the year ended December 31, 2018. No impairment of other financial and non-financial assets was recorded in any of the periods presented.

EHANG HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("US$"), except for number of shares and per share data)

20. Loss Per Share

The following table sets forth the computation of basic and diluted net loss per share for the following periods:

	For the year ended December 31,		
	2017	2018	
	RMB	RMB	US$
Numerator:			
Net loss attributable to Ehang Holdings Limited	**(87,433)**	**(79,113)**	**(11,525)**
Accretion to redemption value of Redeemable Convertible Preferred Shares	(7,566)	—	—
Net loss attributable to ordinary shareholders	**(94,999)**	**(79,113)**	**(11,525)**
Denominator (in thousands of shares):			
Weighted-average number of ordinary shares outstanding—basic and diluted	**56,792**	**56,792**	**56,792**
Loss per share—basic and diluted	**(1.67)**	**(1.39)**	**(0.20)**

The potentially dilutive securities such as the Preferred Shares and RSUs were not included in the calculation of diluted loss per share because of their anti-dilutive effect.

The unaudited pro forma loss per share is computed using the weighted-average number of ordinary shares outstanding and assumes the automatic conversion of all the Company's Preferred Shares into 37,868,704 ordinary shares upon the closing of the Company's Qualified IPO and all outstanding ordinary shares are re-designated into 49,237,841 Class A ordinary shares and 45,422,663 Class B ordinary shares respectively, as if it had occurred on January 1, 2018.

Basic and diluted pro forma loss per share is calculated as follows:

	Year ended December 31, 2018			
	Class A		Class B	
	RMB	US$	RMB	US$
	(unaudited)			
Numerator:				
Net loss attributable to ordinary shareholders	(41,151)	(5,995)	(37,962)	(5,530)
Add: Accretion to redemption value of redeemable convertible preferred shares	—	—	—	—
Numerator for pro forma basic and diluted loss per share	(41,151)	(5,995)	(37,962)	(5,530)
Denominator (in thousands of shares):				
Weighted average number of shares used in calculating net loss per ordinary share – basic and diluted	12,745	12,745	44,047	44,047
Add: adjustment to reflect assumed effect of automatic conversion of Preferred Shares to ordinary shares	36,493	36,493	1,376	1,376
Weighted average number of shares outstanding used for pro forma basic and diluted loss per share	**49,238**	**49,238**	**45,423**	**45,423**
Pro forma loss per share – basic and diluted	**(0.84)**	**(0.12)**	**(0.84)**	**(0.12)**

EHANG HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("US$"), except for number of shares and per share data)

21. Restricted Net Assets

The Company's ability to pay dividends is primarily dependent on the Company receiving distributions of funds from its subsidiary, the VIE and subsidiary of the VIE. Relevant PRC statutory laws and regulations permit payments of dividends by the Company's PRC subsidiaries, the VIE and subsidiary of the VIE only out of their retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. The results of operations reflected in the consolidated financial statements prepared in accordance with U.S. GAAP differ from those reflected in the statutory financial statements of the Company's subsidiaries, the VIE and subsidiary of the VIE.

In accordance with the PRC Regulations on Enterprises with Foreign Investment and the articles of association of the Company's PRC subsidiaries, a foreign-invested enterprise established in the PRC is required to provide certain statutory reserves, namely general reserve fund, the enterprise expansion fund and staff welfare and bonus fund which are appropriated from net profit as reported in the enterprise's PRC statutory accounts. A foreign-invested enterprise is required to allocate at least 10% of its annual after-tax profit to the general reserve fund until such reserve has reached 50% of its respective registered capital based on the enterprise's PRC statutory accounts. Appropriations to the enterprise expansion fund and staff welfare and bonus fund are at the discretion of the board of directors for all foreign-invested enterprises. The aforementioned reserves can only be used for specific purposes and are not distributable as cash dividends. The WFOE was established as a foreign-invested enterprise and, therefore, is subject to the above mandated restrictions on distributable profits. For the years ended December 31, 2017 and 2018, WFOE did not have after-tax profit and therefore no statutory reserves have been allocated.

Additionally, in accordance with the Company Law of the PRC, a domestic enterprise is required to provide statutory surplus fund at least 10% of its annual after-tax profits until such statutory surplus fund has reached 50% of its registered capital based on the enterprise's PRC statutory financial statements. A domestic enterprise is also required to provide discretionary surplus fund, at the discretion of the board of directors, from the net profits reported in the enterprise's PRC statutory financial statements. The aforementioned reserve funds can only be used for specific purposes and are not distributable as cash dividends.

Foreign exchange and other regulations in the PRC may further restrict the Group's VIE from transferring funds to the Company in the form of dividends, loans and advances. Amounts restricted include paid-in capital and statutory reserves of the Group's PRC Subsidiaries and the equity of the VIE and its subsidiaries, as determined pursuant to PRC generally accepted accounting principles. As of December 31, 2017 and 2018, restricted net assets of the Company's PRC subsidiaries, the VIE and subsidiaries of the VIE were RMB100,145 and RMB200,485 (US$29,204), respectively.

EHANG HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("US$"), except for number of shares and per share data)

22. Commitments and Contingencies

(a) Operating lease commitments

The Group leases offices for operation under operating leases. Future minimum lease payments under non-cancellable operating leases with initial terms in excess of one year consisted of the following as of December 31, 2018:

	RMB	US$
2019	7,479	1,089
2020	4,217	614
2021	557	81
2022	579	84
2023 and thereafter	198	29
Total	**13,030**	**1,897**

Total rental expenses for all operating leases amounted to RMB9,753 and RMB9,492 (US$1,383), for the years ended December 31, 2017 and 2018, respectively.

(b) Contingencies

From time to time, the Group is subject to legal proceedings, investigations, and claims incidental to the conduct of its business. The Group is currently not involved in any legal or administrative proceedings that may have a material adverse impact on the Group's business, financial position or results of operations.

23. Subsequent Events

The subsequent events have been evaluated through June 10, 2019, the date the consolidated financial statements were issued.

On February 1, 2019, the Company entered into a Series C preferred share purchase agreement to issue 1,189,397 convertible redeemable Series C preferred shares for an aggregate cash consideration of US$7,000 (equivalent to RMB47,436). On February 12, 2019, the Company reserved and issued 1,189,397 Series C Preferred Shares.

24. Events (Unaudited) Subsequent to the Date of the Report of the Independent Registered Public Accounting Firm

In July 2019, the holders of the majority of each series of the Series A, Series B and Series C preferred shares executed a Limited Waiver and Undertaking Concerning Redemption Right ("Waiver and Undertaking") whereby they irrevocably consent and undertake to the Company that, at any time prior to December 31, 2020, they will not exercise their redemption rights or approve the redemption of any shares of the Company, whether or not requested by any other shareholder. The Waiver and Undertaking shall cease to be effective upon the earliest of (i) the rejection by the U.S. Securities and Exchange Commission of the Company's listing application, (ii) the Company serving a notice of withdrawal of its listing application, or (iii) the board of directors of the Company approving the abandonment of its listing application.

24. Events (Unaudited) Subsequent to the Date of the Report of the Independent Registered Public Accounting Firm (Continued)

On October 24, 2019, the board of directors approved the dual-class share structure such that ordinary shares will consist of Class A ordinary shares and Class B ordinary shares, which will become effective conditional upon and immediately prior to the completion of the Qualified IPO. In respect of matters requiring the votes of shareholders, each Class A ordinary share is entitled to one vote and each Class B ordinary share is entitled to ten votes. Each Class B ordinary share is convertible into one Class A ordinary share at any time by the holder thereof. Class A ordinary shares are not convertible into Class B ordinary shares under any circumstances.

EHANG HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("US$"), except for number of shares and per share data)

25. Condensed Financial Information of the Company

The following is the condensed financial information of the Company on a parent company only basis.

Condensed balance sheets

	As of December 31,		
	2017	2018	
	RMB	RMB	US$
ASSETS			
Current assets			
Cash and cash equivalents	18,763	6,248	910
Total current assets	**18,763**	**6,248**	**910**
Non-current assets			
Investments in subsidiaries, the VIE and subsidiaries of the VIE	96,170	53,627	7,812
Total non-current assets	**96,170**	**53,627**	**7,812**
Total assets	**114,933**	**59,875**	**8,722**
LIABILITIES			
Current liabilities			
Accrued expenses and other liabilities	649	681	99
Total current liabilities	**649**	**681**	**99**
Total liabilities	**649**	**681**	**99**
MEZZANINE EQUITY AND SHAREHOLDERS' DEFICITS			
Mezzanine equity:			
Series Seed 1 convertible preferred shares (US$0.0001 par value; 7,281,000 shares authorized, issued and outstanding as of December 31, 2017 and 2018, respectively)	10,008	10,008	1,458
Series Seed 2 convertible preferred shares (US$0.0001 par value; 7,281,000 shares authorized, issued and outstanding as of December 31, 2017 and 2018, respectively)	9,606	9,606	1,399
Series Seed 3 convertible preferred shares (US$0.0001 par value; 1,456,200 shares authorized, issued and outstanding as of December 31, 2017 and 2018, respectively)	2,037	2,037	297
Series A redeemable convertible preferred shares (US$0.0001 par value; 8,119,032 shares authorized, issued and outstanding as of December 31, 2017 and 2018, respectively)	76,166	76,166	11,095
Series B redeemable convertible preferred shares (US$0.0001 par value; 12,152,247 shares authorized, 11,172,291 shares issued and outstanding as of December 31, 2017 and 2018, respectively)	376,359	376,359	54,823
Series C redeemable convertible preferred shares, (US$0.0001 par value; 22,552,207 shares authorized, 2,559,181 shares issued and outstanding as of December 31, 2017 and 2018, respectively)	130,565	130,565	19,019
Total mezzanine equity	**604,741**	**604,741**	**88,091**
Shareholders' deficit:			
Ordinary shares (par value of US$0.0001 per share; 441,158,314 shares authorized; 56,791,800 shares issued and outstanding as of December 31, 2017 and 2018, respectively)	35	35	5
Additional paid-in capital	66,860	89,160	12,988
Statutory reserves	145	485	71
Accumulated other comprehensive income	7,126	8,849	1,288
Accumulated deficit	(564,623)	(644,076)	(93,820)
Total shareholders' deficit	**(490,457)**	**(545,547)**	**(79,468)**
Total liabilities, mezzanine equity and shareholders' deficit	**114,933**	**59,875**	**8,722**

EHANG HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("US$"), except for number of shares and per share data)

25. Condensed Financial Information of the Company (Continued)

Condensed statements of comprehensive loss

	For the year ended December 31,		
	2017	2018	
	RMB	RMB	US$
General and administrative expenses	(897)	(740)	(108)
Total operating expenses	(897)	(740)	(108)
Operating loss	**(897)**	**(740)**	**(108)**
Interest income	10	2	—
Share of losses from subsidiaries, the VIE and subsidiaries of the VIE	(86,546)	(78,375)	(11,417)
Net loss	**(87,433)**	**(79,113)**	**(11,525)**
Accretion to redemption value of redeemable convertible preferred shares	(7,566)	—	—
Net loss attributable to the Company's ordinary shareholders	**(94,999)**	**(79,113)**	**(11,525)**
Other comprehensive income			
Foreign currency translation adjustments, net of tax of nil	6,494	1,723	251
Other comprehensive income, net of tax	6,494	1,723	251
Comprehensive loss attributable to the Company's ordinary shareholders	**(88,505)**	**(77,390)**	**(11,274)**

Condensed statements of cash flows

	For the year ended December 31,		
	2017	2018	
	RMB	RMB	US$
Net cash used in operating activities	(887)	(738)	(107)
Net cash generated from financing activities	34,300	—	—
Net cash used in investing activities	(91,453)	(11,777)	(1,716)
Net decrease in cash and cash equivalents	**(58,040)**	**(12,515)**	**(1,823)**
Cash and cash equivalents at beginning of the year	76,803	18,763	2,733
Cash and cash equivalents at end of the year	**18,763**	**6,248**	**910**

Basis of presentation

Condensed financial information is used for the presentation of the Company, or the parent company.

The parent company records its investment in its subsidiary, the VIE and its subsidiaries under the equity method of accounting as prescribed in ASC 323, *Investments—Equity Method and Joint Ventures*. Such investments are presented on the condensed balance sheets as "Investments in subsidiaries, the VIE and subsidiaries of the VIE", and their respective loss as "Share of losses from subsidiaries, the VIE and subsidiaries of the VIE" on the condensed statements of comprehensive loss.

The subsidiaries did not pay any dividends to the Company for the periods presented. The Company does not have significant commitments or long-term obligations as of the period end other than those presented.

The parent company's condensed financial statements should be read in conjunction with the Company's consolidated financial statements.

EHANG HOLDINGS LIMITED
UNAUDITED INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2018 AND JUNE 30, 2019
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("US$"), except for number of shares and per share data)

	Notes	As of			
		December 31, 2018	June 30, 2019		June 30, 2019
		RMB	RMB	US$	RMB / US$ Pro-forma shareholders' equity
ASSETS					
Current assets:					
Cash and cash equivalents		61,519	60,153	8,762	
Short-term investments	3	—	8,500	1,238	
Accounts receivable, net of allowance of RMB392 and RMB182 (US$27) as of December 31, 2018 and June 30, 2019, respectively	4	2,538	13,256	1,931	
Cost and estimated earnings in excess of billings	5	18,411	15,164	2,209	
Inventories	6	3,917	8,721	1,270	
Prepayments and other current assets	7	15,369	22,914	3,338	
Total current assets		**101,754**	**128,708**	**18,748**	
Non-current assets:					
Property, plant and equipment, net	8	19,058	17,211	2,507	
Intangible assets, net		395	317	46	
Long-term investments		3,057	3,047	444	
Deferred tax assets		135	135	20	
Other non-current assets		272	243	35	
Total non-current assets		**22,917**	**20,953**	**3,052**	
Total assets		**124,671**	**149,661**	**21,800**	

EHANG HOLDINGS LIMITED
UNAUDITED INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2018 AND JUNE 30, 2019
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("US$"), except for number of shares and per share data)

	Notes	As of			
		December 31, 2018	June 30, 2019		June 30, 2019
		RMB	RMB	US$	RMB / US$ Pro-forma shareholders' equity
LIABILITIES, MEZZANINE EQUITY AND SHAREHOLDERS' DEFICIT					
Current Liabilities (including current liabilities of the VIE without recourse to the primary beneficiary of RMB23,703 and RMB24,669 (US$3,593) as of December 31, 2018 and June 30, 2019, respectively**)**					
Short-term bank loan	9	5,000	5,000	728	
Accounts payable		14,659	17,127	2,495	
Advances from customers		5,907	1,615	235	
Accrued expenses and other current liabilities	10	31,197	36,510	5,317	
Deferred government grant		80	80	12	
Total current liabilities		**56,843**	**60,332**	**8,787**	
Non-current liabilities (including non-current liabilities of the VIE without recourse to the primary beneficiary of nil and nil (US$ nil) as of December 31, 2018 and June 30, 2019, respectively)					
Long-term loan	10	—	2,123	309	
Deferred tax liabilities		292	292	43	
Unrecognized tax benefit		4,892	4,892	713	
Deferred government subsidies		220	180	26	
Total non-current liabilities		**5,404**	**7,487**	**1,091**	
Total liabilities		**62,247**	**67,819**	**9,878**	
Commitments and Contingencies	18				

EHANG HOLDINGS LIMITED
UNAUDITED INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2018 AND JUNE 30, 2019
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("US$"), except for number of shares and per share data)

	Notes	As of December 31, 2018	As of June 30, 2019		As of June 30, 2019	
		RMB	RMB	US$	RMB	US$
					Pro-forma shareholders' equity	
MEZZANINE EQUITY AND SHAREHOLDERS' DEFICIT						
Mezzanine equity:						
Series Seed 1 convertible preferred shares (US$0.0001 par value; 7,281,000 shares authorized, issued and outstanding as of December 31, 2018 and June 30, 2019, respectively)	15	10,008	10,008	1,458	—	—
Series Seed 2 convertible preferred shares (US$0.0001 par value; 7,281,000 shares authorized, issued and outstanding as of December 31, 2018 and June 30, 2019, respectively)	15	9,606	9,606	1,399	—	—
Series Seed 3 convertible preferred shares (US$0.0001 par value; 1,456,200 shares authorized, issued and outstanding as of December 31, 2018 and June 30, 2019, respectively)	15	2,037	2,037	297	—	—
Series A redeemable convertible preferred shares (US$0.0001 par value; 8,119,032 shares authorized, issued and outstanding as of December 31, 2018 and June 30, 2019, respectively)	15	76,166	76,166	11,095	—	—
Series B redeemable convertible preferred shares (US$0.0001 par value; 12,152,247 shares authorized, 11,172,291 shares issued and outstanding as of December 31, 2018 and June 30, 2019, respectively)	15	376,359	376,359	54,823	—	—
Series C redeemable convertible preferred shares, (US$0.0001 par value; 22,552,207 shares authorized, 2,559,181 and 3,748,578 shares issued and outstanding as of December 31, 2018 and June 30, 2019, respectively)	15	130,565	180,292	26,262	—	—
Total mezzanine equity		**604,741**	**654,468**	**95,334**	—	—

EHANG HOLDINGS LIMITED
UNAUDITED INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2018 AND JUNE 30, 2019
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("US$"), except for number of shares and per share data)

	Notes	As of				
		December 31, 2018	June 30, 2019		June 30, 2019	
		RMB	RMB	US$	RMB	US$
					Pro-forma shareholders' equity	
Shareholders' (deficit)/equity:						
Ordinary shares (par value of US$0.0001 per share; 441,158,314 shares authorized; 56,791,800 shares issued and outstanding as of December 31, 2018 and June 30, 2019, respectively)		35	35	5		
Class A ordinary shares (US$0.0001 par value; 1,904,577,337 shares authorized; 50,427,238 shares issued and outstanding as of June 30, 2019 on a pro forma basis)					34	5
Class B ordinary shares (US$0.0001 par value; 45,422,663 shares authorized, issued and outstanding as of June 30, 2019 on a pro forma basis)					28	4
Additional paid-in capital		89,160	99,072	14,431	753,513	109,761
Statutory reserves		485	485	71	485	71
Accumulated deficit		(644,076)	(683,330)	(99,538)	(683,330)	(99,538)
Accumulated other comprehensive income		8,849	9,300	1,355	9,300	1,355
Total EHang Holdings Limited shareholders' (deficit)/equity		**(545,547)**	**(574,438)**	**(83,676)**	**80,030**	**11,658**
Non-controlling interests		3,230	1,812	264	1,812	264
Total shareholders' (deficit)/equity		**(542,317)**	**(572,626)**	**(83,412)**	**81,842**	**11,922**
Total liabilities, mezzanine equity and shareholders' deficit		**124,671**	**149,661**	**21,800**		

EHANG HOLDINGS LIMITED
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS FOR THE SIX MONTHS ENDED JUNE 30, 2018 AND 2019
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("US$"), except for number of shares and per share data)

	Notes	For the six months ended June 30, 2018	2019	
		RMB	RMB	US$
Revenues:				
Products	11	21,506	24,259	3,534
Services	11	16,851	8,126	1,183
Total revenues		**38,357**	**32,385**	**4,717**
Costs of revenues		(18,011)	(13,434)	(1,957)
Gross profit		**20,346**	**18,951**	**2,760**
Operating expenses:				
Sales and marketing expenses		(8,834)	(12,536)	(1,826)
General and administrative expenses		(14,854)	(17,892)	(2,606)
Research and development expenses		(28,015)	(27,576)	(4,017)
Total operating expenses		**(51,703)**	**(58,004)**	**(8,449)**
Other operating income		5,246	1,143	166
Operating loss		**(26,111)**	**(37,910)**	**(5,523)**
Other income:				
Interest income		603	496	72
Interest expenses		(178)	(299)	(44)
Foreign exchange (loss)/gain		(146)	36	5
Other income		35	153	22
Other expense		(18)	(26)	(4)
Total other income		**296**	**360**	**51**
Loss before income tax and share of net loss from an equity investee		**(25,815)**	**(37,550)**	**(5,472)**
Income tax expenses	13	(576)	(78)	(11)
Loss before share of net loss from an equity investee		**(26,391)**	**(37,628)**	**(5,483)**
Share of net loss from an equity investee		(103)	(10)	(1)
Net loss		**(26,494)**	**(37,638)**	**(5,484)**

EHANG HOLDINGS LIMITED
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS FOR THE SIX MONTHS ENDED JUNE 30, 2018 AND 2019
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("US$"), except for number of shares and per share data)

	Notes	For the six months ended June 30, 2018	2019	
		RMB	RMB	US$
Net loss		(26,494)	(37,638)	(5,484)
Net (income)/loss attributable to non-controlling interests		(2,112)	1,418	207
Net loss attributable to EHang Holdings Limited		(28,606)	(36,220)	(5,277)
Accretion to redemption value of redeemable convertible preferred shares		—	(3,034)	(442)
Net loss attributable to ordinary shareholders		**(28,606)**	**(39,254)**	**(5,719)**
Net loss per share:				
Basic and diluted	17	(0.50)	(0.69)	(0.10)
Shares used in net loss per share computation (in thousands of shares):				
Basic and diluted	17	56,792	56,792	56,792
Pro forma loss per share attributable to Class A and Class B ordinary shareholders:				
Basic and diluted	17		(0.38)	(0.06)
Class A and Class B shares used in pro forma loss per share computation (in thousands of shares):				
Basic and diluted	17		95,581	95,581
Other comprehensive income				
Foreign currency translation adjustments, net of tax of nil		586	451	66
Total other comprehensive income, net of tax		586	451	66
Comprehensive loss		(25,908)	(37,187)	(5,418)
Comprehensive (income)/loss attributable to non-controlling interests		(2,112)	1,418	207
Comprehensive loss attributable to EHang Holdings Limited		**(28,020)**	**(35,769)**	**(5,211)**

EHANG HOLDINGS LIMITED
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' DEFICIT
FOR THE SIX MONTHS ENDED JUNE 30, 2018 AND 2019
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("US$"),
except for number of shares and per share data)

	Number of ordinary shares	Ordinary shares RMB	Additional paid-in capital RMB	Accumulated other comprehensive income RMB	Statutory reserves RMB	Accumulated deficit RMB	Total shareholders' deficit RMB	Non-controlling interests RMB	Total equity RMB
Balance as of January 1, 2018	**56,791,800**	**35**	**66,860**	**7,126**	**145**	**(564,623)**	**(490,457)**	**580**	**(489,877)**
Net loss	—	—	—	—	—	(28,606)	(28,606)	2,112	(26,494)
Share-based compensation	—	—	11,474	—	—	—	11,474	—	11,474
Other comprehensive income	—	—	—	586	—	—	586	—	586
Balance as of June 30, 2018	**56,791,800**	**35**	**78,334**	**7,712**	**145**	**(593,229)**	**(507,003)**	**2,692**	**(504,311)**
Balance as of January 1, 2019	**56,791,800**	**35**	**89,160**	**8,849**	**485**	**(644,076)**	**(545,547)**	**3,230**	**(542,317)**
Net loss	—	—	—	—	—	(36,220)	(36,220)	(1,418)	(37,638)
Share-based compensation	—	—	9,912	—	—	—	9,912	—	9,912
Other comprehensive income	—	—	—	451	—	—	451	—	451
Accretion to redemption value of redeemable convertible preferred shares	—	—	—	—	—	(3,034)	(3,034)	—	(3,034)
Balance as of June 30, 2019	**56,791,800**	**35**	**99,072**	**9,300**	**485**	**(683,330)**	**(574,438)**	**1,812**	**(572,626)**
Balance as of June 30, 2019 (US$)	**56,791,800**	**5**	**14,431**	**1,355**	**71**	**(99,538)**	**(83,676)**	**264**	**(83,412)**

EHANG HOLDINGS LIMITED
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2018 AND 2019
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("US$"), except for number of shares and per share data)

	For the six months ended June 30,		
	2018	2019	
	RMB	RMB	US$
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss	(26,494)	(37,638)	(5,484)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	2,661	2,797	407
Share-based compensation	11,474	9,912	1,444
Loss on disposal of property and equipment	67	—	—
Share of net loss from an equity investee	103	10	1
Allowance (reversal) for doubtful accounts	73	(210)	(31)
Changes in operating assets and liabilities:			
Accounts receivable	(4,118)	(10,508)	(1,531)
Cost and estimated earnings in excess of billings	(8,375)	3,247	473
Inventories	(1,403)	(4,804)	(700)
Prepayments and other current assets	(1,908)	(2,050)	(298)
Other non-current assets	—	29	4
Accounts payable	(2,526)	2,468	360
Advances from customer	933	(4,292)	(625)
Deferred government subsidies	(40)	(40)	(6)
Accrued expenses and other liabilities	384	1,188	175
Net cash flow used in operating activities	**(29,169)**	**(39,891)**	**(5,811)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of intangible assets	(19)	—	—
Purchase of short-term investments	(81,510)	(22,900)	(3,336)
Proceeds from maturity of short-term investments	94,510	14,400	2,098
Purchase of property and equipment	(2,641)	(862)	(126)
Purchase of long-term investment	(300)	—	—
Loan to a related party	(425)	(425)	(62)
Repayment of loan from a related party	—	425	62
Net cash flow provided by/(used in) investing activities	**9,615**	**(9,362)**	**(1,364)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from a short-term bank loan	5,000	5,000	728
Repayment of a short-term bank loan	—	(5,000)	(728)
Proceeds from loans from third parties	10,000	—	—
Proceeds from issuance of Series C redeemable convertible preferred shares	—	47,436	6,910
Net cash provided by financing activities	**15,000**	**47,436**	**6,910**
Effect of exchange rate changes on cash and cash equivalents	586	451	66
Net decrease in cash and cash equivalents	(3,968)	(1,366)	(199)
Cash and cash equivalents at the beginning of year	61,455	61,519	8,961
Cash and cash equivalents at the end of year	**57,487**	**60,153**	**8,762**
Supplemental disclosures of cash flow information:			
Interest received	603	496	72
Interest paid	55	127	18
Income taxes paid	221	—	—

EHANG HOLDINGS LIMITED
NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("US$"),
except for number of shares and per share data)

1. Organization and Basis of Presentation

EHang Holdings Limited (the ''Company'') was incorporated in the Cayman Islands on December 23, 2014 under the Cayman Islands Companies Law as an exempted company with limited liability. The Company through its consolidated subsidiaries, variable interest entity (the ''VIE'') and the subsidiaries of the VIE (collectively, the ''Group'') are principally engaged in the manufacturing and sales of intelligent aerial vehicles. Due to the People's Republic of China (the ''PRC'' or ''China'') legal restrictions on foreign ownership and investment in such business, the Company conducts its primary business operations through its subsidiaries, VIE and subsidiaries of the VIE in the PRC.

The following financial statement balances and amounts of the Group's VIE and the VIE's subsidiaries were included in the accompanying consolidated financial statements:

	As of		
	December 31, 2018	June 30, 2019	
	RMB	RMB	US$
ASSETS			
Current assets:			
Cash and cash equivalents	20,140	5,530	806
Accounts receivable, net	2,372	4,196	611
Cost and estimated earnings in excess of billings	18,411	15,164	2,209
Inventories	11	516	75
Amounts due from the Company and its subsidiaries	4,754	8,883	1,294
Prepayments and other current assets	7,061	8,947	1,303
Total current assets	**52,749**	**43,236**	**6,298**
Non-current assets:			
Property, plant and equipment, net	9,129	7,845	1,143
Intangible assets, net	210	167	24
Long-term investments	138	128	19
Deferred tax assets	135	135	20
Other non-current assets	272	242	35
Total non-current assets	**9,884**	**8,517**	**1,241**
Total assets	**62,633**	**51,753**	**7,539**

	As of		
	December 31, 2018	June 30, 2019	
	RMB	RMB	US$
Current liabilities:			
Short-term bank loan	5,000	5,000	728
Accounts payable	7,812	7,652	1,115
Customer advances	1,186	1,033	150
Accrued expenses and current liabilities	9,705	10,984	1,600
Amounts due to the Company and its subsidiaries	85,602	89,633	13,057
Total current liabilities	**109,305**	**114,302**	**16,650**
Total liabilities	**109,305**	**114,302**	**16,650**

EHANG HOLDINGS LIMITED
NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("US$"),
except for number of shares and per share data)

1. Organization and Basis of Presentation (Continued)

	For the six months ended June 30,		
	2018	2019	
	RMB	RMB	US$
Revenues	36,013	8,007	1,166
Net income/(loss)	5,419	(15,794)	(2,301)
Net cash used in operating activities	(6,347)	(13,893)	(2,024)
Net cash provided by/(used in) investing activities	1,574	(717)	(104)
Net cash provided by financing activities	5,000	—	—
Net increase/(decrease) in cash and cash equivalents	227	(14,610)	(2,128)

Other than the amounts due to the Company and its subsidiaries (which are eliminated upon consolidation), all remaining liabilities of the VIE are without recourse to the primary beneficiary. The Company did not provide or intend to provide financial or other supports that are not previously contractually required to the VIE and VIE's subsidiaries during the periods presented.

The revenue-producing assets that are held by the VIE and its subsidiaries comprise mainly of permits, domain names, IP rights, operating licenses, intangible assets and fixed assets. The VIE and its subsidiaries contributed an aggregate of 93.9% and 24.7% of the Group's consolidated revenues for the six months ended June 30, 2018 and 2019, respectively, after elimination of inter-company transactions. As of June 30, 2019, there were no consolidated VIE's assets that are pledged or collateralized for the VIE's obligations which can only be used to settle the VIE's obligations, except for the registered capital and the statutory reserves.

2. Summary of Significant Accounting Policies

(a) Basis of presentation

The accompanying unaudited interim condensed consolidated financial statements have been prepared in conformity with accounting principles general accepted in the United States of America ("US GAAP") and applicable rules and regulations of the Securities and Exchange Commission regarding financial reporting that are consistent with those used in the preparation of the Company's audited consolidated financial statements for the years ended December 31, 2017 and 2018. Accordingly, these unaudited interim condensed consolidated financial statements do not include all of the information and footnotes required by U.S. GAAP for annual financial statements.

In the opinion of the Company's management, the accompanying unaudited interim condensed consolidated financial statements contain all normal recurring adjustments necessary to present fairly the financial position, operating results and cash flows of the Company for each of the periods presented. The results of operations for the six months ended June 30, 2019 are not necessarily indicative of results to be expected for any other interim periods or for the year ended December 31, 2019. The condensed consolidated balance sheet as of December 31, 2018 was derived from the audited consolidated financial statements at that date but does not include all of the disclosures required by U.S. GAAP for annual financial statements. These unaudited condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the years ended December 31, 2017 and 2018.

EHANG HOLDINGS LIMITED
NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("US$"),
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2. Summary of Significant Accounting Policies (Continued)

(b) Principles of consolidation

The consolidated financial statements include the financial statements of the Company, its subsidiaries, the VIE and the subsidiaries of the VIE, for which the Company is the primary beneficiary. All significant inter-company transactions and balances between the Company, its subsidiaries, the VIE and the subsidiaries of the VIE have been eliminated upon consolidation.

(c) Convenience translation

Amounts in US$ are presented for the convenience of the reader and are translated at the noon buying rate of US$1.00 to RMB6.8650 on June 28, 2019, as published on the website of the United States Federal Reserve Board. No representation is made that the RMB amounts could have been, or could be, converted into US$ at such rate.

(d) Deferred IPO costs

Direct costs incurred by the Group attributable to the Company's proposed IPO of ordinary shares in the U.S. have been deferred and recorded in prepayments and other current assets and will be charged against the gross proceeds received from such offering.

(e) Revenue recognition

The Group's revenues are primarily derived from the sale of Autonomous Aerial Vehicles ("AAVs") and related commercial solutions, mainly including air mobility solutions, smart city management solutions, and aerial media solutions. Revenue is recognized only when the price is fixed or determinable, persuasive evidence of an arrangement exists, the service is performed or the good is delivered and collectability of the related fee is reasonably assured under ASC 605-10 ("ASC 605-10"), *Revenue Recognition: Overall*. Revenues are presented net of taxes collected on behalf of the government.

For arrangements the involve multiple elements of both products and services, the Group evaluates at the inception of the arrangement whether the individual deliverables qualify as separate units of accounting. In order to treat deliverables in a multiple deliverable arrangement as separate units of accounting, the deliverables must have standalone value to the customer. For each unit of accounting, the Group allocates arrangement consideration based on the selling price for each unit of account in accordance with ASC 605-25 ("ASC 605-25"), *Revenue Recognition: Multiple-Element Arrangements.* The allocation of selling price among the separate units of accounting may impact the timing of revenue recognition, but will not change the total revenue recognized on the arrangement. The Company establish the selling price used for each deliverable based on the vendor-specific objective evidence ("VSOE") of selling price, or third-party evidence ("TPE") of selling price if VSOE of selling price is not available, or best estimate of selling price ("BESP") if neither VSOE nor TPE of selling price is available. The customers do not have general right of returns on the delivered items.

The Group does not separately bill its customers for shipping and handling fees and charges. The Group elects to record the costs incurred for shipping and handling in "sales and marketing expenses" in its consolidated statements of comprehensive loss. Such costs were not significant for the six months ended June 30, 2018 and 2019.

2. Summary of Significant Accounting Policies (Continued)

(e) Revenue recognition (Continued)

Air mobility solutions

The Group recognizes passenger-grade AAVs sales based on firm customer orders with fixed terms and conditions, including price, net of discounts, if any. The Group recognizes revenue when delivery has occurred and collectability is determined to be reasonably assured. The Group determined that delivery has occurred when the goods are delivered to the customers and the Group receives acknowledgement of receipt. The Group further determined that collectability is reasonably assured by performing an assessment of credibility of its customers based on their past payment records or operating results, if applicable. The Group in general does not provide its customer with any price protection and only provides the right of return for defective goods in connection with its warranty policy.

Smart city management solutions

Revenues generated from designing, building, and delivering customized integrated command-and-control centers are recognized over the contractual terms based on the percentage of completion method. The contracts for designing, building and delivering customized integrated command-and-control centers are legally enforceable and binding agreements between the Company and customers. The duration of contracts depends on the contract size and ranges from six months to one year, excluding the warranty period.

In accordance with ASC 605-35 ("ASC 605-35"), *Revenue Recognition—Construction-Type and Production-Type Contracts*, recognition is based on an estimate of the income earned to date, less income recognized in earlier periods. Extent of progress toward completion is measured using the cost-to-cost method where the progress (the percentage-of-completion) is determined by dividing costs incurred to date by the total amount of costs expected to be incurred for the command-and-control center contract. Revisions in the estimated total costs of command-and-control center contracts are made in the period in which the circumstances requiring the revision become known. Provisions, if any, are made in the period when anticipated losses become evident on uncompleted contracts.

The Group reviews and updates the estimated total costs of command-and-control center contracts periodically. The Group accounts for revisions to contract revenue and estimated total costs of command-and-control center contracts, including the impact due to approved change orders, in the period in which the facts that cause the revision become known as changes in estimates. Unapproved change orders are considered claims. Claims are recognized only when they have been awarded by customers.

Aerial media solutions

The Group generates revenue by providing aerial media performance services which allow multiple smart control-based drones to demonstrate and transform their formation to display diversified messages and images in specific airspace, that is tailor made based on different branding or advertising requirements. The Company uses self-produced drones and customizes the fleet formation performances based on customer's needs and availability of airspace approval in the area. The performance is usually completed within a day and revenue is recognized when the service is delivered.

2. Summary of Significant Accounting Policies (Continued)

(e) Revenue recognition (Continued)

Others

The Company generates other revenues mainly from stand-alone sales of consumer drones and their components and spare parts. Revenues are recognized when the consumer drones are delivered and the title and risk of the drones have been transferred to the customers. The Company started to phase out the consumer drone business in late 2016.

(f) Cost and estimated earnings in excess of billings

Design and construction of customized command-and-control center contracts generally extend over longer periods of time and revenue is recognized using the percentage-of-completion method using the cost-to-cost method. Billings are issued based on milestones specified in the contracts negotiated with customers. In general, there are five milestones: 1) signing of the contract, 2) delivery and acceptance of hardware, 3) completion of software integration into hardware and the related testing, 4) delivery and acceptance of a completed command-and-control center, and 5) expiration of the one year warranty period. The amounts to be billed at each milestone are specified in the contract. The length of each interval between two continuous billings under a command-and-control center contract varies depending on the duration of the contract and the last billing to be issued for the contract is scheduled at the end of a warranty period.

Revenue in excess of billings on the contracts is recorded as costs and estimated earnings in excess of billings. Billings in excess of revenues recognized on the contracts are recorded as deferred revenue until the above revenue recognition criteria are met. The carrying value of the Group's costs and estimated earnings in excess of billings, net of the allowance for doubtful accounts, represents their estimated net realizable value. The Group recognizes an allowance for doubtful accounts on costs and estimated earnings in excess of billings when it is probable that it will not collect the amount and writes off any balances in the period when deemed uncollectible. The Group periodically reviews the status of contracts and decides how much of an allowance for doubtful accounts should be made based on factors surrounding the credit risk of customers and historical experience. The Company does not require collateral from its customers and does not charge interest for late payments by its customers.

As of December 31, 2018 and June 30, 2019, costs and estimated earnings in excess of billings represent revenue in excess of billings on two completed command-and-control centers. The Group determined that no allowance for doubtful accounts was considered necessary because the customers for these two projects are city governments who have the financial capacity to pay and the Group expects to receive acceptance of the delivered completed command-and-control centers.

(g) Warranty costs

The Group offers standard warranties to replace or repair defects on certain hardware parts of its AAVs for a period of six months to three years. The Group does not provide warranties to guarantee that the AAVs will perform as expected or in accordance with published specifications or provide expected benefits. Warranties on certain hardware parts are covered by the suppliers' back-to-back warranties and thus, the Group is entitled to have the suppliers replace or repair the faulty parts. To the extent that the hardware parts are not covered by the former, the Group accrues for the estimated cost to repair or replace defective hardware parts as costs of revenues

2. Summary of Significant Accounting Policies (Continued)

(g) Warranty costs (Continued)

at the time revenue is recognized on the sale of AAVs. The Group considered its historical experience of having to replace or repair hardware parts in AAVs that have been used for testing, training and demonstration purposes and the historical costs incurred have been insignificant to date. The Group reassesses whether warranty accruals are adequate based on actual experience as it becomes available and adjusts its estimates on a prospective basis.

Product warranty accrual is included in accrued expenses and other current liabilities in the accompanying consolidated balance sheets. Actual warranty costs accrued and incurred were immaterial for the periods presented.

(h) Research and development expenses

Research and development expenses include payroll, employee benefits, and other operating expenses such as rent, depreciation and other related expenses.

The Group capitalizes costs to develop or obtain internal-use software and costs of significant upgrades and enhancements resulting in additional functionality of internal-use software in accordance with ASC 350-40 ("ASC 350-40"), *Internal-Use Software*. Costs incurred for internally developed internal-use software used for a particular research and development project are expensed as incurred, regardless of whether the software has alternative future uses. Costs incurred for maintenance, training, and minor modifications or enhancements are also expensed as incurred. Capitalized software development costs are amortized on a straight-line basis over the estimated useful life of the applicable software. Capitalized software development costs have not been material for the periods presented.

The Group also incurs cost to develop software embedded in its products. The software components cannot function or be sold separately from the AAV as a whole. The Group accounts for costs incurred in the development of software embedded in its products in accordance with ASC 985-20 ("ASC 985-20"), *Costs of Software to be Sold, Leased, or Marketed*. Such software development costs consist primarily of salaries and related payroll costs and are capitalized once technological feasibility is established, which is when a completed detail program design or in the absence of a completed detail program design, a working model of the product is available. No software development costs have been capitalized for the period ended June 30, 2018, as technological feasibility has not been established. As of June 30, 2019, the technological feasibility of embedded software in passenger-grade AAVs was established shortly before the release of these products. As a result, capitalized software development costs were immaterial for the period.

(i) Share-based compensation

The Group applies ASC 718 (''ASC 718''), *Compensation—Stock Compensation* to account for its employee share-based payments. In accordance with ASC 718, the Group determines whether an award should be classified and accounted for as a liability award or an equity award. All of the Group's share-based awards granted to employees are restricted share units ("RSUs") and classified as equity awards.

The Group has elected to recognize compensation expense using the straight-line method for share-based awards granted with service conditions that have a graded vesting schedule. The Group, with the assistance of an independent third party valuation firm, determined the grant date fair value of the RSUs using an income approach.

EHANG HOLDINGS LIMITED
NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("US$"),
except for number of shares and per share data)

2. Summary of Significant Accounting Policies (Continued)

(j) Loss per share

In accordance with ASC 260, *Earnings per Share*, basic loss per share is computed by dividing net loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period using the two-class method. Under the two-class method, net loss is allocated between ordinary shares, and other participating securities based on their participating rights. The Company's Preferred Shares (Note 15) are participating securities. Diluted loss per share is calculated by dividing net loss attributable to ordinary shareholders as adjusted for the effect of dilutive ordinary equivalent shares, if any, by the weighted average number of ordinary shares, dilutive ordinary equivalent shares outstanding during the period. Ordinary share equivalents are excluded from the computation of diluted loss per share as their effects would be anti-dilutive.

For the periods presented herein, the computation of basic loss per share using the two-class method is not applicable as the Group is in a net loss position and the participating securities do not have contractual rights and obligations to share in the losses of the Group.

(k) Unaudited pro forma shareholders' deficit and loss per share

Pursuant to the Company's Amended and Restated Memorandum and Articles of Association, all of the outstanding Preferred Shares of the Company will automatically be converted into 39,058,101 ordinary shares upon the completion of a Qualified Initial Public Offering (the ''Qualified IPO'') and all outstanding ordinary shares will be re-designated into 50,427,238 Class A ordinary shares and 45,422,663 Class B ordinary shares respectively. Unaudited pro forma shareholders' equity as of June 30, 2019 reflecting the reclassification of all the Preferred Shares from mezzanine equity to shareholders' equity, is set forth in the unaudited interim consolidated balance sheet.

The unaudited pro forma basic and diluted loss per Class A and Class B ordinary share is computed using the weighted-average number of Class A and Class B ordinary shares outstanding as of June 30, 2019, respectively, and assumes the automatic conversion of all of the Preferred Shares into ordinary shares and re-designated into Class A and Class B ordinary shares upon the closing of the Qualified IPO, as if it had occurred on January 1, 2019 or the issuance date of the preferred shares, if later.

(l) Segment reporting

In accordance with ASC 280 ("ASC 280"), *Segment Reporting*, operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker ("CODM"), or decision making group, in deciding how to allocate resources and in assessing performance. The Group's Chief Executive Officer as the CODM reviews the consolidated financial results when making decisions about allocating resources and assessing the performance of the Group as a whole and hence, the Group has only one reportable segment. The Group's long-lived assets are substantially all located in the PRC.

EHANG HOLDINGS LIMITED
NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("US$"),
except for number of shares and per share data)

2. Summary of Significant Accounting Policies (Continued)

(l) Segment reporting (Continued)

The following table presents revenue by customer incorporation location for the six months ended June 30, 2018 and 2019, respectively:

	For the six months ended June 30,				
	2018		2019		
	RMB	%	RMB	US$	%
PRC	38,357	100%	24,289	3,538	75%
Europe	—	—	4,651	677	14%
North America	—	—	3,445	502	11%
Total net revenues	38,357	100%	32,385	4,717	100%

3. Short-term Investments

The Company's short-term investments consisted of financial products purchased from commercial banks and other financial institutions at floating rates with maturities of less than one year.

For the six months ended June 30, 2018 and 2019, the Company recognized interest income from short-term investments of RMB297 and RMB68 (US$10) in the consolidated statements of comprehensive loss, respectively.

4. Accounts Receivable, Net

Accounts receivable, net, consisted of the following:

	As of		
	December 31, 2018	June 30, 2019	
	RMB	RMB	US$
Accounts receivable	2,930	13,438	1,958
Allowance for doubtful accounts	(392)	(182)	(27)
	2,538	**13,256**	**1,931**

The movements in the allowance for doubtful accounts were:

	As of		
	December 31, 2018	June 30, 2019	
	RMB	RMB	US$
Balance at beginning of the year/period	(124)	(392)	(58)
Additional provision (charged)/reversed to expense	(268)	210	31
Balance at the end of the year/period	**(392)**	**(182)**	**(27)**

EHANG HOLDINGS LIMITED
NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("US$"),
except for number of shares and per share data)

5. Cost and Estimated Earnings in Excess of Billings

	As of		
	December 31, 2018	June 30, 2019	
	RMB	RMB	US$
Contracts costs incurred plus estimated earnings	28,797	28,797	4,195
Less: Progress billings	(10,386)	(13,633)	(1,986)
	18,411	**15,164**	**2,209**

6. Inventories

Inventories consisted of the following:

	As of		
	December 31, 2018	June 30, 2019	
	RMB	RMB	US$
Raw materials	19,707	24,206	3,526
Work in progress	—	509	74
Finished goods	16,691	16,099	2,345
Inventories, total	36,398	40,814	5,945
Inventories provision	(32,481)	(32,093)	(4,675)
Inventories, net	**3,917**	**8,721**	**1,270**

7. Prepayments and Other Current Assets

Prepayments and other current assets consisted of the following:

	As of		
	December 31, 2018	June 30, 2019	
	RMB	RMB	US$
VAT prepayments	4,823	4,948	721
Deferred IPO costs	—	5,834	850
Staff advances	2,894	2,730	398
Advance to suppliers	3,940	5,275	768
Others	3,712	4,127	601
	15,369	**22,914**	**3,338**

EHANG HOLDINGS LIMITED
NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("US$"),
except for number of shares and per share data)

8. Property, Plant and Equipment, Net

	As of		
	December 31, 2018	June 30, 2019	
	RMB	RMB	US$
Office equipment	1,350	1,410	205
Machinery and electronic equipment	9,111	9,258	1,349
Transportation equipment	2,193	2,349	342
Leasehold improvements	14,516	15,134	2,204
Construction in progress	4,364	4,255	620
	31,534	32,406	4,720
Less: accumulated depreciation	(12,476)	(15,195)	(2,213)
	19,058	**17,211**	**2,507**

For the six months ended June 30, 2018 and 2019, the Group recorded depreciation expense of RMB2,583 and RMB2,719 (US$ 396), respectively.

9. Short-Term Bank Loan

The outstanding short-term bank loan of RMB5,000 (US$728) as of December 31, 2018 was fully repaid in March 2019.

In March 2019, the Group signed a new bank loan agreement for RMB5,000 (US$728) from China Construction Bank with annual interest rate of 4.79%, which will mature in March 2020.

10. Accrued Expenses and Other Liabilities and Long-term Loan

Accrued expenses and other liabilities and long-term loan consisted of the following:

	As of		
	December 31, 2018	June 30, 2019	
	RMB	RMB	US$
Loans from third parties	7,257	5,306	773
Payroll and welfare payables	15,338	17,511	2,550
Other taxes payable	463	919	134
Payables for service fee	4,478	8,974	1,307
Warranty costs	85	755	109
Payables to suppliers	3,576	3,045	444
	31,197	**36,510**	**5,317**
Long-term loan from a third party	**—**	**2,123**	**309**

In March 2018, the Group borrowed loans from third parties with an aggregate principal of RMB10,000. These loans are repayable on demand and interest-bearing at market rates. In December 2018 and July 2019, the Group repaid RMB3,000 and RMB5,000 (US$728) principal amount of these loans, respectively.

(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("US$"),
except for number of shares and per share data)

10. Accrued Expenses and Other Liabilities and Long-term Loan (Continued)

On August 1, 2019, the Group refinanced the remaining loan with principal of RMB2,000 (US$291) on a long-term basis by extending the repayment date to March 2021. The refinanced loan continues to bear interest at market rates. The Group reclassified the refinanced loan principal and interest due on March 2021 as non-current as of June 30, 2019.

11. Revenues

	For the six months ended June 30		
	2018	2019	
	RMB	RMB	US$
Revenues—Products			
Air mobility solutions	2,122	23,511	3,425
Smart city management solutions	18,610	124	18
Others	774	624	91
Subtotal-Products	21,506	24,259	3,534
Revenues—Services			
Aerial media solutions	16,633	7,774	1,132
Air mobility solutions	218	352	51
Subtotal-Services	16,851	8,126	1,183
Total Revenues	**38,357**	**32,385**	**4,717**

12. Share-based Compensation

The following table summarizes the Company's RSUs activity under the Share Incentive Plan:

	Number of RSUs	Weighted average grant date fair value (US$)	Weighted average amortization period (Years)
Unvested, January 1, 2019	1,557,176	2.0941	0.65
Granted	—		
Vested	(618,300)	2.0941	
Forfeited	—		
Unvested, June 30, 2019	938,876	2.0941	0.31

The fair value of the RSUs is derived from the fair value of the Company's ordinary shares on the date of grant. The total fair value of RSUs vested during the six months ended June 30, 2018 and 2019 was RMB11,474 and RMB9,912 (US$1,444), respectively. Total share-based compensation expense capitalized to inventory was not material for any of the periods presented.

As of June 30, 2019, there was RMB3,176 (US$463) of unrecognized share-based compensation expenses related to RSUs which is expected to be recognized over a weighted average vesting period of 0.31 years. Total unrecognized compensation cost may be adjusted for future changes when actual forfeitures incurred.

(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("US$"),
except for number of shares and per share data)

12. Share-based Compensation (Continued)

Total share-based compensation expenses relating to RSUs granted to employees recognized for the periods ended June 30, 2018 and 2019 were as follows:

	For the six months ended June 30,		
	2018	2019	
	RMB	RMB	US$
Cost of revenues	350	294	43
Sales and marketing expenses	1,062	591	86
General and administrative expenses	5,785	5,675	827
Research and development expenses	4,277	3,352	488
	11,474	**9,912**	**1,444**

13. Taxation

The Group recorded income tax expense of RMB576 and RMB78 (US$11), representing effective tax rates of negative 2.22% and negative 0.21%, for the six months ended June 30, 2018 and 2019, respectively. The primary difference between the PRC statutory tax rate of 25% and the effective tax rate for the six months ended June 30, 2018 and 2019 is primarily due to the Group is in a cumulative loss position as of December 31, 2018 and June 30, 2019.

There is an immaterial provision for income taxes because the Company and substantially all of its wholly-owned subsidiaries are in a current loss position for the periods presented. The Group is in a cumulative loss position as of December 31, 2018 and June 30, 2019. Deferred tax assets amounting to RMB135 and RMB135 (US$20) were recorded based on known and solid taxable income with no uncertainty as of December 31, 2018 and June 30, 2019, while for the remaining deferred tax assets, the Group provided a full valuation allowance due to the uncertainty of future reversal.

14. Related Party Transactions

In April 2018, the Group entered into an interest-free short-term loan agreement with a company controlled by the Group's founder and director, Mr. Huazhi Hu, with a principal amount of RMB425 (US$62). The loan was repaid in full in January 2019.

In January 2019, Mr. Huazhi Hu, the Group's founder and director, borrowed a loan from the Group with a principal amount of RMB425 (US$62), recorded in prepayments and other current assets. This loan is repayable on demand and interest-bearing at market rates.

15. Preferred Shares

On February 1, 2019, the Company entered into the Series C preferred share purchase agreement with an existing shareholder, to issue 1,189,397 convertible and redeemable Series C preferred shares for an aggregate cash consideration of US$7,000 (equivalent to RMB47,436). The cash proceeds received was US$7,000 (equivalent to RMB47,436), net of issuance costs of US$110 (equivalent to RMB743). The issuance costs were not paid as of June 30, 2019 and recorded as liabilities.

15. Preferred Shares (Continued)

The significant terms of the Series C Preferred Shares remain the same as previously issued convertible and redeemable preferred shares.

Accounting for Preferred Shares

The Redeemable Convertible Preferred Shares are classified as mezzanine equity as they may be redeemed at the option of the holders on or after an agreed upon date outside the sole control of the Company while the Series Seed Convertible Preferred Shares are also classified as mezzanine equity as they may be redeemed upon a deemed liquidation event.

The holders of the Preferred Shares have the ability to convert the instrument into the Company's ordinary shares. The Group evaluated the embedded conversion options in the Preferred Shares to determine if there were any embedded derivatives requiring bifurcation and to determine if there were any beneficial conversion features. The conversion option of the Preferred Shares does not qualify for bifurcation accounting because the conversion option is clearly and closely related to the host equity instrument and the underlying ordinary shares are not publicly traded nor readily convertible into cash. The contingent redemption options and the contingent registration rights of the Redeemable Convertible Preferred Shares did not qualify for bifurcation accounting because the underlying ordinary shares were neither publicly traded nor readily convertible into cash. There are no embedded derivatives that are required to be bifurcated.

The initial carrying amounts of the Preferred Shares are the fair value at the time of closing, less issuance costs.

Beneficial conversion features ("BCF") exist when the conversion price of the Preferred Shares is lower than the fair value of the ordinary shares at the commitment date, which is the issuance date of the respective series of Preferred Shares. The Group determined the fair value of ordinary shares with the assistance of an independent third party valuation firm. When a BCF exists as of the commitment date, its intrinsic value is bifurcated from the carrying value of the Preferred Shares as a contribution to additional paid-in capital. The contingent conversion price adjustment is accounted for as a contingent BCF. In accordance with ASC paragraph 470-20-35-1, changes to the conversion terms that would be triggered by future events not controlled by the issuer should be accounted as contingent conversions, and the intrinsic value of such conversion options would not be recognized until and unless a triggering event occurred. No BCF or contingent BCF was recognized for any of the Preferred Shares issued during the periods presented.

Though not currently redeemable, the Redeemable Convertible Preferred Shares will become redeemable solely based on the passage of time should the contingent events not occur. Therefore, the Group elected to recognize changes in the redemption value immediately as they occur and adjust the carrying amount of such preferred shares to equal the redemption value at the end of each reporting period as if it were also the redemption date. The Group has not accreted the Series Seed Convertible Preferred Shares to liquidation value as a Deemed Liquidation event was not considered probable as of the end of each period presented.

(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("US$"),
except for number of shares and per share data)

15. Preferred Shares (Continued)

Accounting for Preferred Shares (Continued)

There were no movements in the carrying value of the Preferred Shares during the presented periods, except for the Series C Preferred Shares as follows:

Mezzanine equity	Series C preferred shares	
	RMB	US$
Balance as of January 1, 2019	**130,565**	**19,019**
Issuance	46,693	6,801
Accretion to redemption value	3,034	442
Balance as of June 30, 2019	**180,292**	**26,262**

16. Fair Value Measurements

Assets measured or disclosed at fair value on a recurring basis are summarized below:

	Fair Value Measurements as of June 30, 2019 using				
	Quoted Price in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total fair value	
	RMB	RMB	RMB	RMB	US$
Fair value measurement					
Short-term investments	8,500	—	—	8,500	1,238
Total assets measured at fair value	**8,500**	**—**	**—**	**8,500**	**1,238**

There were no other assets or liabilities measured at a recurring or non-recurring basis as of December 31, 2018 and June 30, 2019. The Group measures certain financial and non-financial assets, including long-term investments and long-lived assets, at fair value on a nonrecurring basis when impairment charges are recognized. No impairment of financial and non-financial assets was recorded in any of the periods presented.

17. Loss Per Share

The following table sets forth the computation of basic and diluted net loss per share for the following periods:

	For the six months ended June 30,		
	2018	2019	
	RMB	RMB	US$
Numerator:			
Net loss attributable to EHang Holdings Limited	(28,606)	(36,220)	(5,277)
Accretion to redemption value of Redeemable Convertible Preferred Shares	—	(3,034)	(442)
Net loss attributable to ordinary shareholders	**(28,606)**	**(39,254)**	**(5,719)**
Denominator (in thousands of shares):			
Weighted-average number of ordinary shares outstanding—basic and diluted	**56,792**	**56,792**	**56,792**
Loss per share—basic and diluted	**(0.50)**	**(0.69)**	**(0.10)**

The potentially dilutive securities such as the Preferred Shares and RSUs were not included in the calculation of diluted loss per share because of their anti-dilutive effect.

The unaudited pro forma basic and diluted loss per share is computed by using the weighted-average number of ordinary shares outstanding and assumes the automatic conversion of all of the outstanding Preferred Shares into 39,058,101 ordinary shares upon the closing of the Company's Qualified IPO and all outstanding ordinary shares will be re-designated into 50,427,238 Class A ordinary shares and 45,422,663 Class B ordinary shares respectively, as if it had occurred on January 1, 2019 or the issuance date of the preferred shares, if later.

The unaudited basic and diluted pro forma loss per share are calculated as follows:

	For the six months ended June 30, 2019			
	Class A		Class B	
	RMB	US$	RMB	US$
Numerator:				
Net loss attributable to ordinary shareholders	(22,041)	(3,212)	(17,213)	(2,507)
Add: Accretion to redemption value of redeemable convertible preferred shares	3,034	442	—	—
Numerator for pro forma basic and diluted loss per share	(19,007)	(2,770)	(17,213)	(2,507)
Denominator (in thousands of shares):				
Weighted average number of shares used in calculating net loss per ordinary share—basic and diluted	12,745	12,745	44,047	44,047
Add: adjustment to reflect assumed effect of automatic conversion of Preferred Shares to ordinary shares	37,413	37,413	1,376	1,376
Weighted average number of shares outstanding used for pro forma basic and diluted loss per share	**50,158**	**50,158**	**45,423**	**45,423**
Pro forma loss per share—basic and diluted	**(0.38)**	**(0.06)**	**(0.38)**	**(0.06)**

(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("US$"),
except for number of shares and per share data)

18. Commitments and Contingencies

(a) Operating lease commitments

The Group leases offices for operation under operating leases. Future minimum lease payments under non-cancellable operating leases with initial terms in excess of one year consisted of the following as of June 30, 2019:

	RMB	US$
Six months ending December 31, 2019	4,282	624
2020	4,517	658
2021	557	81
2022	579	84
2023 and thereafter	198	29
Total	**10,133**	**1,476**

Payments under operating leases are expensed on a straight-line basis over the periods of their respective leases.

(b) Contingencies

From time to time, the Group is subject to legal proceedings, investigations, and claims incidental to the conduct of its business. The Group is currently not involved in any legal or administrative proceedings that may have a material adverse impact on the Group's business, financial position or results of operations.

19. Subsequent Events

The subsequent events have been evaluated through September 10, 2019, the date the interim condensed consolidated financial statements were issued.

In July 2019, the holders of the majority of each series of the Series A, Series B and Series C preferred shares executed a Limited Waiver and Undertaking Concerning Redemption Right ("Waiver and Undertaking") whereby they irrevocably consent and undertake to the Company that, at any time prior to December 31, 2020, they will not exercise their redemption rights or approve the redemption of any shares of the Company, whether or not requested by any other shareholder. The Waiver and Undertaking shall cease to be effective upon the earliest of (i) the rejection by the U.S. Securities and Exchange Commission of the Company's listing application, (ii) the Company serving a notice of withdrawal of its listing application, or (iii) the board of directors of the Company approving the abandonment of its listing application.

On October 24, 2019, the board of directors approved the dual-class share structure such that the ordinary shares will consist of Class A ordinary shares and Class B ordinary shares, which will become effective conditional upon and immediately prior to the completion of the Qualified IPO. In respect of matters requiring the votes of shareholders, each Class A ordinary share is entitled to one vote and each Class B ordinary share is entitled to ten votes. Each Class B ordinary share is convertible into one Class A ordinary share at any time by the holder thereof. Class A ordinary shares are not convertible into Class B ordinary shares under any circumstances.

Table of Contents

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 6. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

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, such as to provide indemnification against civil fraud or the consequences of committing a crime.

The post-offering memorandum and articles of association that we expect to adopt and to become effective immediately prior to the completion of this offering provide that we shall indemnify our directors and officers (each an indemnified person) against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by such indemnified person, other than by reason of such person's own dishonesty, willful default or fraud, in or about the conduct of our company's business or affairs (including as a result of any mistake of judgment) or in the execution or discharge of his duties, powers, authorities or discretions, including without prejudice to the generality of the foregoing, any costs, expenses, losses or liabilities incurred by such indemnified person in defending (whether successfully or otherwise) any civil proceedings concerning our company or its affairs in any court whether in the Cayman Islands or elsewhere.

Pursuant to the indemnification agreements the form of which is filed as Exhibit 10.2 to this registration statement, we agree to indemnify our directors and executive officers against certain liabilities and expenses incurred by such persons in connection with claims made by reason of their being such a director or officer.

The underwriting agreement, the form of which will be filed as Exhibit 1.1 to this registration statement, will also provide indemnification for us and our officers and directors for certain liabilities.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling us pursuant to the foregoing provisions, we have been informed that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

ITEM 7. RECENT SALES OF UNREGISTERED SECURITIES.

During the past three years, we have issued the following securities. We believe that each of the following issuances was exempt from registration under the Securities Act in reliance on Regulation D under the Securities Act or pursuant to Section 4(2) of the Securities Act regarding transactions not involving a public offering or in reliance on Regulation S under the Securities Act regarding sales by an issuer in offshore transactions. No underwriters were involved in these issuances of securities.

Securities/Purchaser	Date of Issuance	Number of Securities	Consideration
Series C Preferred Shares			
Lung Biotechnology PBC	December 27, 2016	1,699,139	US$10,000,000.53
Dragon Chariot Limited	June 5, 2017	517,691	US$3,046,784.44
Dragon Chariot Limited	September 20, 2017	342,351	US$2,014,849.98
United Therapeutics Corporation	February 11, 2019	1,189,397	US$7,000,000
Ordinary Shares			
Ballman Inc.	July 25, 2019	1,756,295	N/A
JM Elegance Holdings Limited	July 25, 2019	1,300,000	N/A
Richztx Limited	July 25, 2019	645,535	N/A
Bob Skyline Limited	August 22, 2019	125,000	N/A
Restricted Share Units			
Certain directors, officers and employees	August 1, 2015 – July 1, 2019	7,737,335	Past and future services to us

ITEM 8. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(a) Exhibits

See Exhibit Index beginning on page II-4 of this registration statement.

The agreements included as exhibits to this registration statement contain representations and warranties by each of the parties to the applicable agreement. These representations and warranties were made solely for the benefit of the other parties to the applicable agreement and (i) were not intended to be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate; (ii) may have been qualified in such agreement by disclosure that was made to the other party in connection with the negotiation of the applicable agreement; (iii) may apply contract standards of "materiality" that are different from "materiality" under the applicable securities laws; and (iv) were made only as of the date of the applicable agreement or such other date or dates as may be specified in the agreement.

We acknowledge that, notwithstanding the inclusion of the foregoing cautionary statements, we are responsible for considering whether additional specific disclosure of material information regarding material contractual provisions is required to make the statements in this registration statement not misleading.

(b) Financial Statement Schedules

Schedules have been omitted because the information required to be set forth therein is not applicable or is shown in the Consolidated Financial Statements or the Notes thereto.

ITEM 9. UNDERTAKINGS.

The undersigned registrant hereby undertakes to provide to the underwriter at the closing specified in the underwriting agreements, certificates in such denominations and registered in such names as required by the underwriter to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the provisions described in Item 6, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) For the purpose of determining liability under the Securities Act to any purchaser, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

(4) For the purpose of determining any liability of the registrant under the Securities Act to any purchaser in the initial distribution of the securities, the undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

(iv) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

EHang Holdings Limited

Exhibit Index

Exhibit Number	Description of Document
1.1*	Form of Underwriting Agreement
3.1	Fourth Amended and Restated Memorandum and Articles of Association of the Registrant, as currently in effect
3.2	Form of Fifth Amended and Restated Memorandum and Articles of Association of the Registrant (effective immediately prior to the completion of this offering)
4.1*	Registrant's Specimen American Depositary Receipt (included in Exhibit 4.3)
4.2	Registrant's Specimen Certificate for Ordinary Shares
4.3*	Form of Deposit Agreement, among the Registrant, the depositary and the owners and holders of American Depositary Shares issued thereunder
4.4	Second Amended and Restated Shareholders Agreement between the Registrant and other parties thereto dated December 27, 2016
5.1	Opinion of Maples and Calder (Hong Kong) LLP regarding the validity of the ordinary shares being registered and certain Cayman Islands tax matters
8.1	Opinion of Maples and Calder (Hong Kong) LLP regarding certain Cayman Islands tax matters (included in Exhibit 5.1)
8.2	Opinion of Allbright Law Offices regarding certain PRC tax matters (included in Exhibit 99.2)
10.1	2015 Share Incentive Plan
10.2	2019 Share Incentive Plan
10.3	Form of Indemnification Agreement between the Registrant and its directors and executive officers
10.4	Form of Employment Agreement between the Registrant and its executive officers
10.5	English translation of the Shareholders Voting Proxy Agreement and Power of Attorney among EHang Intelligent, EHang GZ and shareholders of EHang GZ dated January 29, 2016
10.6	English translation of the Amendment Agreement to Shareholders Voting Proxy Agreement among EHang Intelligent, EHang GZ and shareholders of EHang GZ dated November 30, 2018
10.7	English translation of the Share Pledge Agreement among EHang Intelligent and shareholders of EHang GZ dated January 29, 2016
10.8	English translation of the Share Pledge Agreement among EHang Intelligent and shareholders of EHang GZ dated February 22, 2019
10.9	English translation of the Exclusive Consulting and Services Agreement and the Exclusive Services Agreement between EHang Intelligent and EHang GZ dated January 29, 2016
10.10	English translation of the Amendment to Exclusive Consulting and Services Agreement between EHang Intelligent and EHang GZ dated November 30, 2018
10.11	English translation of the Exclusive Option Agreements among EHang Intelligent, EHang GZ and shareholders of EHang GZ dated January 29, 2016
10.12	English translation of the Amendment Agreement to Exclusive Option Agreements among EHang Intelligent, EHang GZ and shareholders of EHang GZ dated November 30, 2018

Exhibit Number	Description of Document
10.13	English translation of the Amendment Two to Exclusive Option Agreements among EHang Intelligent, EHang GZ and shareholders of EHang GZ dated June 6, 2019
10.14	English translation of the Special Agreement in respect of the Contribution of Registered Capital of EHang GZ (referred to as the "loan agreement" in this prospectus) among EHang Intelligent, EHang GZ and shareholders of EHang GZ dated February 22, 2019
10.15#	English translation of the Distribution Agreement between EHang Intelligent and Shanghai Kunxiang Intelligent Technology Co., Ltd. dated February 1, 2019
10.16#	English translation of the Sales Contract between EHang Intelligent and Shanghai Kunxiang Intelligent Technology Co., Ltd. dated February 1, 2019
10.17#	English translation of the Sales Contract between EHang Intelligent and Shanghai Kunxiang Intelligent Technology Co., Ltd. dated June 3, 2019
10.18	English translation of the Sales Plan between EHang Intelligent and Shanghai Kunxiang Intelligent Technology Co., Ltd. dated August 29, 2019
21.1	Principal Subsidiaries of the Registrant
23.1	Consent of Ernst & Young Hua Ming LLP, an independent registered public accounting firm
23.2*	Consent of Maples and Calder (Hong Kong) LLP (included in Exhibit 5.1)
23.3	Consent of Allbright Law Offices (included in Exhibit 99.2)
24.1	Powers of Attorney (included on signature page)
99.1	Code of Business Conduct and Ethics of the Registrant
99.2	Opinion of Allbright Law Offices regarding certain PRC law matters
99.3	Consent of Frost & Sullivan
99.4	Consent of Conor Chia-hung Yang

Portions of this exhibit have been omitted in accordance with Item 601(b)(10) of Regulation S-K.
* To be filed by amendment

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form F-1 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Guangzhou, China, on October 31, 2019.

EHANG HOLDINGS LIMITED

By: /s/ Huazhi Hu
Name: Huazhi Hu
Title: Chairman of the Board of Directors and Chief Executive Officer

POWER OF ATTORNEY

Each person whose signature appears below constitutes and appoints each of Huazhi Hu and Richard Jian Liu as attorneys-in-fact with full power of substitution for him or her in any and all capacities to do any and all acts and all things and to execute any and all instruments which said attorney and agent may deem necessary or desirable to enable the registrant to comply with the Securities Act of 1933, as amended (the "Securities Act"), and any rules, regulations and requirements of the Securities and Exchange Commission thereunder, in connection with the registration under the Securities Act of ordinary shares of the registrant (the "Shares"), including, without limitation, the power and authority to sign the name of each of the undersigned in the capacities indicated below to the Registration Statement on Form F-1 (the "Registration Statement") to be filed with the Securities and Exchange Commission with respect to such Shares, to any and all amendments or supplements to such Registration Statement, whether such amendments or supplements are filed before or after the effective date of such Registration Statement, to any related Registration Statement filed pursuant to Rule 462(b) under the Securities Act, and to any and all instruments or documents filed as part of or in connection with such Registration Statement or any and all amendments thereto, whether such amendments are filed before or after the effective date of such Registration Statement; and each of the undersigned hereby ratifies and confirms all that such attorney and agent shall do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Huazhi Hu Huazhi Hu	Chairman of the Board of Directors and Chief Executive Officer (Principal Executive Officer)	October 31, 2019
/s/ Derrick Yifang Xiong Derrick Yifang Xiong	Director	October 31, 2019
/s/ Jenny Hongwei Lee Jenny Hongwei Lee	Director	October 31, 2019
/s/ Haoxiang Hou Haoxiang Hou	Director	October 31, 2019
/s/ Richard Jian Liu Richard Jian Liu	Chief Financial Officer (Principal Financial and Accounting Officer)	October 31, 2019

SIGNATURE OF AUTHORIZED REPRESENTATIVE IN THE UNITED STATES

Pursuant to the Securities Act of 1933, the undersigned, the duly authorized representative in the United States of EHang Holdings Limited has signed this registration statement or amendment thereto in New York, New York on October 31, 2019.

Authorized U.S. Representative

By:	/s/ Richard Arthur
Name:	Richard Arthur
Title:	Assistant Secretary
Company:	Cogency Global Inc.

Exhibit 3.1

THE COMPANIES LAW
OF THE CAYMAN ISLANDS

EXEMPTED COMPANY LIMITED BY SHARES

THE FOURTH AMENDED AND RESTATED
MEMORANDUM OF ASSOCIATION

OF

EHang Holdings Limited

(Adopted by way of special resolutions passed on October 24, 2019
and effective on October 24, 2019)

1. The name of the Company is EHang Holdings Limited.

REGISTERED OFFICE

2. The Registered Office of the Company shall be at the office of Osiris International Cayman Limited, Suite #4-210, Governors Square, 23 Lime Tree Bay Avenue, PO Box 32311, Grand Cayman KY1-1209, Cayman Islands, or at such other place as the Directors may from time to time decide.

GENERAL OBJECTS AND POWERS

3. Subject to the following provisions of this Memorandum, 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 Law or as revised, or any other law of the Cayman Islands.

LIMITATION OF LIABILITY

4. The liability of each Member of the Company is limited to the amount from time to time unpaid on such Member’s shares.

CURRENCY

5. Shares in the Company shall be issued in the currency of the United States of America.

AUTHORIZED CAPITAL

6. The authorized share capital of the Company is US$50,000 consisting of 500,000,000 shares of a par value of US$0.0001 each, of which: (i) 441,158,314 are designated as ordinary shares of a par value of US$0.0001 each (the "**Ordinary Shares**"), (ii) 7,281,000 are designated as series Seed-1 preferred shares of a par value of US$0.0001 each (the "**Series Seed-1 Preferred Shares**"), (iii) 7,281,000 are designated as series Seed-2 preferred shares of a par value of US$0.0001 each (the "**Series Seed-2 Preferred Shares**"), (iv) 1,456,200 are designated as series Seed-3 preferred shares of a par value of US$0.0001 each (the "**Series Seed-3 Preferred Shares**", and together with the Series Seed-1 Preferred Shares and the Series Seed-2 Preferred Shares, the "**Series Seed Preferred Shares**"), (v) 8,119,032 are designated as Series A preferred shares of a par value of US$0.0001 each (the "**Series A Preferred Shares**"), (vi) 12,152,247 are designated as Series B preferred shares of a par value of US$0.0001 each (the "**Series B Preferred Shares**"), and (vii) 22,552,207 are designated as Series C preferred shares of a par value of US$0.0001 each (the "**Series C Preferred Shares**", together with Series A Preferred Shares and the Series B Preferred Shares, the "**Special Preferred Shares**"; the Special Preferred Shares and Series Seed Preferred Shares are herein collectively referred to as the "**Preferred Shares**"), with power for the Company, insofar as is permitted by law, to redeem or purchase any of its shares and to increase or reduce the said capital subject to the provisions of the Companies Law and the Articles of Association and to issue any part of its capital, whether original, redeemed or increased with or without any preference, priority or special privilege or subject to any postponement of rights or to any conditions or restrictions and so that unless the conditions of issue shall otherwise expressly declare every issue of shares whether declared to be Preferred Shares or otherwise shall be subject to the powers hereinbefore contained.

EXEMPTED COMPANY

7. If the Company is registered as exempted, its operations will be carried on subject to the provisions of Section 174 of the Companies Law and, subject to the provisions of the Companies Law and the Articles of Association, it shall have the power to register by way of continuation as a body corporate limited by shares under the laws of any jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands.

REGISTERED SHARES AND BEARER SHARES

8. Shares of the Company may be issued as registered shares only. The Company shall not issue shares in bearer form.

DEFINITIONS

9. The meanings of terms used in this Memorandum of Association are as defined in the Articles of Association.

THE COMPANIES LAW
OF THE CAYMAN ISLANDS

EXEMPTED COMPANY LIMITED BY SHARES

THE FOURTH AMENDED AND RESTATED
MEMORANDUM OF ASSOCIATION

OF

EHang Holdings Limited

(Adopted by way of special resolutions passed on October 24, 2019
and effective on October 24, 2019)

PRELIMINARY

The regulations in Table A in the Schedule to the Law (as defined below) do not apply to the Company.

1. In these Articles and the Memorandum, if not inconsistent with the subject or context, the words and expressions standing in the first column of the following table shall bear the meanings set opposite them respectively in the second column thereof.

Words	**Meanings**
Approving Members	shall have the meaning set forth in Article 136.
Audit Committee	shall have the meaning set forth in Article 96.
Beijing Domestic Co.	Beijing EHang Tianchuang Intelligence Technology Co., Ltd. (□□□□□□□□□□□□□□□), a limited liability company organized and existing under the laws of the PRC.
Beijing WFOE	Beijing Chuangshi Intelligence Technology Co., Ltd. (□□□□□□□□□□□□□), a limited liability company organized and existing under the laws of the PRC, as the wholly owned subsidiary of the HK Co.
Board	shall have the meaning set forth in Article 7.
BVI 1	Xavier Rising Limited, a company organized and existing under the laws of the British Virgin Islands.
BVI 2	Genesis Rising Limited, a company organized and existing under the laws of the British Virgin Islands.

BVI 3	Ballman Inc., a company organized and existing under the laws of the British Virgin Islands.
BVI Companies	BVI 1, BVI 2 and BVI 3.
Change of Control	shall have the meaning set forth in Article 136.
Companies Law or the Law	the Companies Law (2018 Revision) of the Cayman Islands and any amendment or other statutory modification thereof and where in these Articles any provision of the Law is referred to, the reference is to that provision as modified by law for the time being in force.
Compensation Committee	shall have the meaning set forth in Article 96.
Convertible Securities	shall have the meaning set forth in Article 39.
Conversion Price	means, with respect to the Series Seed-1 Preferred Shares, the Series Seed-1 Conversion Price, with respect to the Series Seed-2 Preferred Shares, the Series Seed-2 Conversion Price, with respect to the Series Seed-3 Preferred Shares, the Series Seed-3 Conversion Price, with respect to the Series A Preferred Shares, the Series A Conversion Price, with respect to the Series B Preferred Shares, the Series B Conversion Price, and with respect to the Series C Preferred Shares, the Series C Conversion Price.
Director	a director, including a sole director, for the time being of the Company and shall include an alternate director.
Domestic Companies	Guangzhou Domestic Co. and Beijing Domestic Co.
Drag Along Instructions	shall have the meaning set forth in Article 136.
Founders	Huazhi Hu (□□□), Yifang Xiong (□□□) and Shang-Wen Hsiao.
GGV	GGV Capital V L.P. and GGV Capital V Entrepreneurs Fund L.P.
GP Capital	Zerotoone Holdings Limited and GP TMT Holdings Limited.
Group Companies	the Company, the HK Co., the WFOEs and the Domestic Companies.
Guangzhou Domestic Co.	Guangzhou EHang Intelligent Technology Co., Ltd. (□□□□□□□□□□□□), a limited liability company organized and existing under the laws of the PRC.

Guangzhou WFOE	EHang Intelligent Equipment (Guangzhou) Co., Ltd. (□□□□□□(□□)□□□□), a limited liability company organized and existing under the laws of the PRC, as the wholly owned subsidiary of the HK Co.
HK Co.	Ehfly Technology Limited, a company organized and existing under the laws of Hong Kong.
Issue Price	means, with respect to the Series Seed-1 Preferred Shares, the Series Seed-1 Preferred Share Issue Price, with respect to the Series Seed-2 Preferred Shares, the Series Seed-2 Preferred Share Issue Price, with respect to the Series Seed-3 Preferred Shares, the Series Seed-3 Preferred Share Issue Price, with respect to the Series A Preferred Shares, the Series A Preferred Share Issue Price, with respect to the Series B Preferred Shares, the Series B Preferred Share Issue Price, and with respect to the Series C Preferred Shares, the Series C Preferred Share Issue Price.
Liquidation Event	shall have the meaning set forth in Article 133.
Member	the person registered in the Register of Members as the holder of shares in the Company and, when two or more persons are so registered as joint holders of shares, means the person whose name stands first in the Register of Members as one of such joint holders or all of such persons, as the context so requires.
New Shares	shall have the meaning set forth in Article 39.
Ordinary Resolution	a resolution passed at a general meeting (or, if so specified, a meeting of Members holding a class of shares) of the Company by a simple majority of the votes cast, or a written resolution passed by the unanimous consent of all Members entitled to vote.
Ordinary Shares	ordinary shares with a par value of US$0.0001 each in the capital of the Company.
Options	shall have the meaning set forth in Article 39.
Person	an individual, a corporation, a trust, the estate of a deceased individual, a partnership or an unincorporated or association of persons.
PRC Companies	the WFOEs and the Domestic Companies.
Qualified IPO	shall have the meaning set forth in Article 36.
Preferred Shares	Series Seed Preferred Shares and Special Preferred Shares.

Redemption Price	shall have the meaning set forth in Article 42(c).
Redemption Start Date	shall have the meaning set forth in Article 42(a).
Register of Members	the register of Members referred to in these Articles.
resolution of Directors	(a) a resolution approved at a duly convened and constituted meeting of Directors or of a committee of Directors by the affirmative vote of a simple majority of the Directors present at the meeting who voted and did not abstain; or (b) a resolution consented to in writing by all Directors or of all members of the committee, as the case may be.
Remaining Members	shall have the meaning set forth in Article 136.
Requisite Preferred Holders	shall have the meaning set forth in Article 36.
Restricted Share Agreements	(a) the Restricted Share Agreement dated March 23, 2015 by and among the Company, BVI 1, Yifang Xiong and other parties thereto, (b) the Restricted Share Agreement dated March 23, 2015 by and among the Company, BVI 2, Huazhi Hu and other parties thereto, and (c) the Restricted Share Agreement dated August 21, 2015 by and among the Company, BVI 3, Shang-Wen Hsiao and other parties thereto, each as may be amended from time to time.
Securities	shares and debt obligations of every kind, and options, warrants and rights to acquire shares, or debt obligations.
Series A Conversion Price	shall have the meaning set forth in Article 35.
Series A Director	shall have the meaning set forth in Article 69.
Series A Preferred Shares	preferred shares designated as Series A Preferred Shares with a par value of US$0.0001 each in the capital of the Company, which have the rights set forth in the Memorandum and these Articles.
Series A Preferred Share Issue Price	US$1.0038 per Series A Preferred Share, as adjusted for share dividends, splits, combinations, recapitalizations or similar events or as otherwise provided herein with respect to the Series A Preferred Share.
Series A Preferred Share Preference Amount	shall have the meaning set forth in Article 133.

Series A Redemption Notice	shall have the meaning set forth in Article 42(a).
Series A Redemption Price	shall have the meaning set forth in Article 42(a).
Series A Redemption Request	shall have the meaning set forth in Article 42(a).
Series A Share Purchase Agreements	(a) the Series A Preferred Shares Purchase Agreement dated January 26, 2015, by and among the Company, BVI 1, BVI 2, Huazhi Hu, Yifang Xiong, GGV and other parties thereto; and (b) the Series A Preferred Shares Purchase Agreement dated August 19, 2015, by and among the Company and certain employees of the Company.
Series B Conversion Price	shall have the meaning set forth in Article 35.
Series B Director	shall have the meaning set forth in Article 69.
Series B Preferred Shares	preferred shares designated as Series B Preferred Shares with a par value of US$0.0001 each in the capital of the Company, which have the rights set forth in the Memorandum and these Articles.
Series B Preferred Share Issue Price	US$3.633896 per Series B Preferred Share, as adjusted for share dividends, splits, combinations, recapitalizations or similar events or as otherwise provided herein with respect to the Series B Preferred Share.
Series B Preferred Share Preference Amount	shall have the meaning set forth in Article 133.
Series B Redemption Notice:	shall have the meaning set forth in Article 42(b).
Series B Redemption Price	shall have the meaning set forth in Article 42(b).
Series B Redemption Request	shall have the meaning set forth in Article 42(b).
Series B Share Purchase Agreements	(a) the Series B Preferred Shares Purchase Agreement dated August 21, 2015, by and among the Company, the BVI Companies, certain of the Founders, GP Capital and other parties thereto; (b) the Series B Preferred Shares Purchase Agreement dated November 20, 2015, by and among the Company, the BVI Companies, certain of the Founders, CEF View Holdings Limited, Zhen Partners Fund II, L.P. and other parties thereto; and (c) the Series B Preferred Shares Purchase Agreement dated February 23, 2016, by and among the Company and certain employees of the Company.
Series C Conversion Price	shall have the meaning set forth in Article 35.

Series C Original Issue Date	shall have the meaning set forth in Article 39.
Series C Preferred Shares	preferred shares designated as Series C Preferred Shares with a par value of US$0.0001 each in the capital of the Company, which have the rights set forth in the Memorandum and these Articles.
Series C Preferred Share Issue Price	US$5.885334 per Series C Preferred Share, as adjusted for share dividends, splits, combinations, recapitalizations or similar events or as otherwise provided herein with respect to the Series C Preferred Share.
Series C Preferred Share Preference Amount	shall have the meaning set forth in Article 133.
Series C Redemption Notice	shall have the meaning set forth in Article 42(c).
Series C Redemption Price	shall have the meaning set forth in Article 42(c).
Series C Redemption Request	shall have the meaning set forth in Article 42(c).
Series Seed Preferred Share Preference Amount	shall have the meaning set forth in Article 133.
Series Seed-1 Conversion Price	shall have the meaning set forth in Article 35.
Series Seed-1 Preferred Shares	preferred shares designated as Series Seed-1 Preferred Shares with a par value of US$0.0001 each in the capital of the Company, which have the rights set forth in the Memorandum and these Articles.
Series Seed-1 Preferred Share Issue Price	US$0.167 per Series Seed-1 Preferred Share, as adjusted for share dividends, splits, combinations, recapitalizations or similar events or as otherwise provided herein with respect to the Series Seed Preferred Share.
Series Seed-2 Conversion Price	shall have the meaning set forth in Article 35.
Series Seed-2 Preferred Shares	preferred shares designated as Series Seed-2 Preferred Shares with a par value of US$0.0001 each in the capital of the Company, which have the rights set forth in the Memorandum and these Articles.

Series Seed-2 Preferred Share Issue Price	US$0.056 per Series Seed-2 Preferred Share, as adjusted for share dividends, splits, combinations, recapitalizations or similar events or as otherwise provided herein with respect to the Series Seed Preferred Share.
Series Seed-3 Conversion Price	shall have the meaning set forth in Article 35.
Series Seed-3 Preferred Shares	preferred shares designated as Series Seed-3 Preferred Shares with a par value of US$0.0001 each in the capital of the Company, which have the rights set forth in the Memorandum and these Articles.
Series Seed-3 Preferred Share Issue Price	US$0.279 per Series Seed-3 Preferred Share, as adjusted for share dividends, splits, combinations, recapitalizations or similar events or as otherwise provided herein with respect to the Series Seed Preferred Share.
Series Seed Preferred Shares	the Series Seed-1 Preferred Shares, the Series Seed-2 Preferred Shares and the Series Seed-3 Preferred Shares.
Securities Act	the Securities Act of 1933 of the United States, as amended
Share	a share in the Company and includes a fraction of a share.
Shareholders Agreement	the Second Amended and Restated Shareholders Agreement dated on the even date of these Articles, by and among the Company, the BVI Companies, the Founders, GGV, GP Capital and other parties thereto.
Special Preferred Shares	the Series A Preferred Shares, the Series B Preferred Shares and the Series C Preferred Shares.
Special Resolution	has the same meaning as in the Companies Law of the Cayman Islands (as amended and every statutory modification or re-enactment thereof for the time being in effect) and includes a unanimous written resolution of all Members entitled to vote and expressed to be a special resolution.
the Memorandum	the Fourth Amended and Restated Memorandum of Association of the Company as originally framed or as from time to time amended.
the Seal	any Seal which has been duly adopted as the Seal of the Company.
these Articles	the Fourth Amended and Restated Articles of Association as originally framed or as from time to time amended.
WFOEs	Guangzhou WFOE and Beijing WFOE.
Zhen Fund	Zhen Partners Fund II, L.P.

2. "Written" or any term of like import includes words typewritten, printed, painted, engraved, lithographed, photographed or represented or reproduced by any mode of reproducing words in a visible form, including telex, facsimile, telegram, cable, or other form of writing produced by electronic communication.

3. Save as aforesaid any words or expressions defined in the Law shall bear the same meaning in these Articles.

4. Whenever the singular or plural number, or the masculine, feminine or neuter gender is used in these Articles, it shall equally, where the context admits, include the others.

5. A reference in these Articles to voting in relation to shares shall be construed as a reference to voting by Members holding the shares except that it is the votes allocated to the shares that shall be counted and not the number of Members who actually voted and a reference to shares being present at a meeting shall be given a corresponding construction.

6. A reference to money in these Articles is, unless otherwise stated, a reference to the currency in which shares in the Company shall be issued according to the provisions of the Memorandum.

REGISTRATION OF SHARES

7. Register of Members

The Board of Directors of the Company (the "**Board**") shall cause to be kept in one or more books a Register of Members which may be kept within or outside the Cayman Islands at such place as the Directors shall appoint and shall enter therein the following particulars:

(a) the name and address of each Member, the number, and (where appropriate) the class of shares held by such Member and the amount paid or agreed to be considered as paid on such shares;

(b) the date on which each person was entered in the Register of Members; and

(c) the date on which any person ceased to be a Member.

8. Registered Holder Absolute Owner

8.1 The Company shall be entitled to treat the registered holder of any share as the absolute owner thereof and accordingly shall not be bound to recognise any equitable claim or other claim to, or interest i n, such share on the part of any other person.

8.2 No person shall be entitled to recognition by the Company as holding any share upon any trust and the Company shall not be bound by, or be compelled in any way to recognise, (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any other right in respect of any share except an absolute right to the entirety of the share in the holder. If, notwithstanding this Article 8.2, notice of any trust is at the holder's request entered in the Register or on a share certificate in respect of a share, then, except as aforesaid:

(a) such notice shall be deemed to be solely for the holder's convenience;

(b) the Company shall not be required in any way to recognise any beneficiary, or the beneficiary, of the trust as having an interest in the share or shares concerned;

(c) the Company shall not be concerned with the trust in any way, as to the identity or powers of the trustees, the validity, purposes or terms of the trust, the question of whether anything done in relation to the shares may amount to a breach of trust or otherwise; and

(d) the holder shall keep the Company fully indemnified against any liability or expense which may be incurred or suffered as a direct or indirect consequence of the Company entering notice of the trust in the Register or on a share certificate and continuing to recognise the holder as having an absolute right to the entirety of the share or shares concerned.

SHARES, AUTHORIZED CAPITAL, CAPITAL

9. Subject to the provisions of these Articles, any resolution of the Members and any agreement which is binding on the Company to the contrary, the unissued shares of the Company shall be at the disposal of the Directors who may, without limiting or affecting any rights previously conferred on the holders of any existing shares or class or series of shares, offer, allot, grant options over or otherwise dispose of shares to such persons, at such times and upon such terms and conditions as the Company may by resolution of Directors determine provided that no share shall be issued at a discount except in accordance with the Law.

10. Shares in the Company shall be issued for money, services rendered, personal property, an estate in real property, a promissory note or other binding obligation to contribute money or property or any combination of the foregoing as shall be determined by a resolution of Directors.

11. Shares in the Company may be issued for such amount of consideration as the Directors may from time to time by resolution of Directors determine, except that in the case of shares with par value, the amount shall not be less than the par value, and in the absence of fraud the decision of the Directors as to the value of the consideration received by the Company in respect of the issue is conclusive unless a question of law is involved. The consideration in respect of the shares constitutes capital to the extent of thereof and the excess constitutes share premium.

12. A share issued by the Company upon conversion of, or in exchange for, another share or a debt obligation or other security in the Company, shall be treated for all purposes as having been issued for money equal to the consideration received or deemed to have been received by the Company in respect of the other share, debt obligation or security.

13. The Company may issue fractions of a share and a fractional share shall have the same corresponding fractional liabilities, limitations, preferences, privileges, qualifications, restrictions, rights and other attributes of a whole share of the same class or series of shares.

14. Shares may be issued as registered shares only. The Company shall not issue shares in bearer form.

15. Upon the issue by the Company of a share without par value, if an amount is stated in the Memorandum to be authorized capital represented by such shares then each share shall be issued for no less than the appropriate proportion of such amount which shall constitute capital, otherwise the consideration in respect of the share constitutes capital to the extent designated by the Directors, except that the Directors must designate as capital an amount of the consideration that is at least equal to the amount that the share is entitled to as a preference, if any, in the assets of the Company upon liquidation of the Company.

16. Subject to receipt of all approvals required under the Memorandum or elsewhere in these Articles, the Company may purchase, redeem or otherwise acquire and hold its own shares but in accordance with the Law and the Company be and is hereby authorised to make payment out of capital in connection therewith.

17. Subject to provisions to the contrary in

(a) the Memorandum or these Articles;

(b) the designations, powers, preferences, rights, qualifications, limitations and restrictions with which the shares were issued; or

(c) the subscription agreement for the issue of the shares,

The Company may not purchase or redeem its own shares without the consent of Members whose shares are to be purchased or redeemed.

18. No purchase or redemption of shares out of capital shall be made unless the Directors determine that immediately after the purchase or redemption the Company will be able to satisfy its liabilities as they become due in the ordinary course of its business and unless it is in compliance with the provisions of the Law.

19. Shares that the Company purchases, redeems or otherwise acquires pursuant to the preceding paragraph shall be cancelled and available for re-issue thereafter.

TRANSFER OF SHARES

20. Subject to any limitations in the Memorandum, registered shares in the Company may be transferred by a written instrument of transfer signed by the transferor and containing the name and address of the transferee, but in the absence of such written instrument of transfer the Directors may accept such evidence of a transfer of shares as they consider appropriate.

21. The Company shall not be required to treat a transferee of a registered share in the Company as a Member until the transferee's name has been entered in the Register of Members.

22. Subject to any limitations in the Memorandum, these Articles and any agreements entered into between the Company and the Members, including without limitation the Shareholders Agreement and the Restricted Share Agreements, the Company must on the application of the transferor or transferee of a registered share in the Company enter in the Register of Members the name of the transferee of the share; provided that the Directors, solely subject to and in accordance with contractual commitments regarding the transfer of shares that the Company may from time to time have, may decline to register any transfer of shares in violation of such commitments. If the Directors refuse to register a transfer they shall notify the transferee within sixty (60) days of such refusal.

VARIATION OF CLASS RIGHTS

23. If at any time the authorized capital is designated into different classes or series of shares, subject to compliance with other consent or approval requirements under these Articles, the rights attached to any class or series (unless otherwise provided by the terms of issuance of the shares of that class or series) may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of a majority of the issued and outstanding shares of that class or series, which may be affected by such variation.

24. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not be deemed to be varied by the creation or issuance of further shares ranking *pari passu* therewith.

TRANSMISSION OF SHARES

25. The executor or administrator of a deceased Member, the guardian of an incompetent Member or the trustee of a bankrupt Member shall be the only person recognized by the Company as having any title to his share but they shall not be entitled to exercise any rights as a Member until they have proceeded as set forth in the next following three regulations.

26. The production to the Company of any document which is evidence of probate of the will, or letters of administration of the estate, or confirmation as executor, of a deceased Member or of the appointment of a guardian of an incompetent Member or the trustee of a bankrupt Member shall be accepted by the Company even if the deceased, incompetent or bankrupt Member is domiciled outside the Cayman Islands if the document evidencing the grant of probate or letters of administration, confirmation as executor, appointment as guardian or trustee in bankruptcy is issued by a foreign court which had competent jurisdiction in the matter. For the purpose of establishing whether or not a foreign court had competent jurisdiction in such a matter the Directors may obtain appropriate legal advice. The Directors may also require an indemnity to be given by the executor, administrator, guardian or trustee in bankruptcy.

27. Any person becoming entitled by operation of law or otherwise to a share or shares in consequence of the death, incompetence or bankruptcy of any Member may be registered as a Member upon such evidence being produced as may reasonably be required by the Directors. An application by any such person to be registered as a Member shall for all purposes be deemed to be a transfer of shares of the deceased, incompetent or bankrupt Member and the Directors shall treat it as such.

28. Any person who has become entitled to a share or shares in consequence of the death, incompetence or bankruptcy of any Member may, instead of being registered himself, request in writing that some person to be named by him be registered as the transferee of such share or shares and such request shall likewise be treated as if it were a transfer.

29. What amounts to incompetence on the part of a person is a matter to be determined by the court having regard to all the relevant evidence and the circumstances of the case.

REDUCTION OR INCREASE IN AUTHORIZED CAPITAL OR CAPITAL

30. Subject to the Law and Article 41, the Company may from time to time by a Special Resolution alter the conditions of its Memorandum of Association to increase its share capital by new shares of such amount as it thinks expedient or, if the Company has shares without par value, increase its share capital by such number of shares without nominal or par value, or increase the aggregate consideration for which its shares may be issued, as it thinks expedient.

31. Subject to the Law and Article 41, the Company may from time to time by a Special Resolution alter the conditions of its Memorandum of Association to:

(a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

(b) subdivide its shares or any of them into shares of an amount smaller than that fixed by the Memorandum; or

(c) cancel shares which 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 cancelled or, in the case of shares without par value, diminish the number of shares into which its capital is divided.

32. For the avoidance of doubt it is declared that Article 31(a) and (b) above do not apply if at any time the shares of the Company have no par value.

33. Subject to the Law and Article 41, the Company may from time to time by Special Resolution reduce its share capital in any way or, subject to Article 136, alter any conditions of its Memorandum relating to share capital.

34. Subject to Article 9, the Memorandum and any resolution of the Members to the contrary and without prejudice to any special rights conferred thereby on the holders of any other shares or class of shares, the share capital of the Company shall be divided into Ordinary Shares and Preferred Shares. The holders of Ordinary Shares, subject to provisions of these Articles, shall:

(a) be entitled to one vote per share;

(b) be entitled to such dividends as the Board may from time to time declare;

(c) in the event of a winding-up or dissolution of the Company, whether voluntary or involuntary or for the purpose of a reorganization or otherwise or upon any distribution of capital, be entitled to the surplus assets of the Company; and

(d) generally be entitled to enjoy all of the rights attaching to shares.

The holders of the Preferred Shares shall be entitled to the rights set out in the following Articles.

CONVERSION OF PREFERRED SHARES

35. Conversion Rights. Unless converted earlier pursuant to Article 36 below, each holder of Preferred Shares shall have the right, at such holder's sole discretion, to convert all or any portion of the Preferred Shares into Ordinary Shares at any time.

The conversion rate for Series Seed-1 Preferred Shares shall be determined by dividing the Series Seed-1 Preferred Share Issue Price by the applicable conversion price then in effect for Series Seed-1 Preferred Shares at the date of the conversion (the "**Series Seed-1 Conversion Price**"). The initial Series Seed-1 Conversion Price will be the Series Seed-1 Preferred Share Issue Price (i.e., a 1-to-1 initial conversion ratio), which will be subject to adjustments to reflect stock dividends, stock splits and other events, as provided in Article 39 below. The conversion rate for Series Seed-2 Preferred Shares shall be determined by dividing the Series Seed-2 Preferred Share Issue Price by the applicable conversion price then in effect for Series Seed-2 Preferred Shares at the date of the conversion (the "**Series Seed-2 Conversion Price**"). The initial Series Seed-2 Conversion Price will be the Series Seed-2 Preferred Share Issue Price (i.e., a 1-to-1 initial conversion ratio), which will be subject to adjustments to reflect stock dividends, stock splits and other events, as provided in Article 39 below. The conversion rate for Series Seed-3 Preferred Shares shall be determined by dividing the Series Seed-3 Preferred Share Issue Price by the applicable conversion price then in effect for Series Seed-3 Preferred Shares at the date of the conversion (the "**Series Seed-3 Conversion Price**"). The initial Series Seed-3 Conversion Price will be the Series Seed-3 Preferred Share Issue Price (i.e., a 1-to-1 initial conversion ratio), which will be subject to adjustments to reflect stock dividends, stock splits and other events, as provided in Article 39 below. The conversion rate for Series A Preferred Shares shall be determined by dividing the Series A Preferred Share Issue Price by the applicable conversion price then in effect for Series A Preferred Shares at the date of the conversion (the "**Series A Conversion Price**"). The initial Series A Conversion Price will be the Series A Preferred Share Issue Price (i.e., a 1-to-1 initial conversion ratio), which will be subject to adjustments to reflect stock dividends, stock splits and other events, as provided in Article 39 below. The conversion rate for Series B Preferred Shares shall be determined by dividing the Series B Preferred Share Issue Price by the applicable conversion price then in effect for Series B Preferred Shares at the date of the conversion (the "**Series B Conversion Price**"). The initial Series B Conversion Price will be the Series B Preferred Share Issue Price (i.e., a 1-to-1 initial conversion ratio), which will be subject to adjustments to reflect stock dividends, stock splits and other events, as provided in Article 39 below. The conversion rate for Series C Preferred Shares shall be determined by dividing the Series C Preferred Share Issue Price by the applicable conversion price then in effect for Series C Preferred Shares at the date of the conversion (the "**Series C Conversion Price**"). The initial Series C Conversion Price will be the Series C Preferred Share Issue Price (i.e., a 1-to-1 initial conversion ratio), which will be subject to adjustments to reflect stock dividends, stock splits and other events, as provided in Article 39 below.

Nothing in this Article 35 shall limit the automatic conversion rights of Preferred Shares described in Article 36 below.

36. Automatic Conversion. Each Preferred Share shall automatically be converted into Ordinary Shares, at the then applicable Conversion Price either (i) immediately upon the closing of a firm commitment underwritten public offering of the Ordinary Shares (or depositary receipts or depositary shares therefor) in the United States pursuant to an effective registration statement under the Securities Act with an offering price per share (net of underwriting commissions and expenses) that reflects the valuation of the Company immediately prior to such offering of at least US$780,000,000 and that results in gross proceeds to the Company of at least US$120,000,000, or in a public offering of the Ordinary Shares in the Hong Kong SAR or any other jurisdiction which results in the Ordinary Shares trading publicly on a recognized international securities exchange approved by the Board (including affirmative votes of the Series A Director and the Series B Director), so long as the offering price per share (net of underwriting commissions and expenses) satisfies the foregoing pre-offering valuation and gross proceeds requirements, in each case, unless such requirements are waived by the Board (including affirmative votes of the Series A Director and the Series B Director) (a "**Qualified IPO**"), or (ii) upon the prior written approval of the holders of at least a majority of the then outstanding Preferred Shares, which majority shall include the majority of the then outstanding Series A Preferred Shares, the majority of the then outstanding Series B Preferred Shares and the majority of the then outstanding Series C Preferred Shares (the "**Requisite Preferred Holders**"). In the event of the automatic conversion of the Preferred Shares upon a Qualified IPO as aforesaid, the person(s) entitled to receive the Ordinary Shares issuable upon such conversion of Preferred Shares shall not be deemed to have converted such Preferred Shares until immediately prior to the closing of such a Qualified IPO.

37. Mechanics of Conversion. No fractional Ordinary Share shall be issued upon conversion of the Preferred Shares. In lieu of any fractional shares to which the holder would otherwise be entitled, the Company shall pay cash equal to such fraction multiplied by the then effective and applicable Conversion Price. Before any holder of Preferred Shares shall be entitled to convert the same into full Ordinary Shares and to receive certificates therefor, he shall surrender the certificate or certificates therefor, at the office of the Company or of any transfer agent for the Preferred Shares and shall give written notice to the Company at such office that he elects to convert the same. The Company shall, as soon as practicable thereafter, issue and deliver at such office to such holder of Preferred Shares a certificate or certificates for the number of Ordinary Shares to which he shall be entitled as aforesaid and a check payable to the holder in the amount of any cash amounts payable as the result of a conversion into fractional Ordinary Shares, if any and shall update the Register of Members accordingly. Such conversion shall be deemed to have been made immediately prior to close of business on the date of such surrender of the shares of Preferred Shares to be converted and the update of the Register of Members, and the person or persons entitled to receive the Ordinary Shares issuable upon such conversion shall be treated for all purposes as the record holder or holders of such Ordinary Shares on such date after its name is recorded in the Register of Members as the holder of such Ordinary Shares. The Directors may effect conversion in any matter permitted by law including, without prejudice to the generality of the foregoing, repurchasing or redeeming the relevant Preferred Shares and applying the proceeds towards the issue of the relevant number of new Ordinary Shares.

38. Reservation of Shares Issuable Upon Conversion. The Company shall at all times reserve and keep available out of its authorized but unissued Ordinary Shares solely for the purpose of effecting the conversion of the Preferred Shares such number of its Ordinary Shares as shall from time to time be sufficient to effect the conversion of all then outstanding Preferred Shares, and if at any time the number of authorized but unissued Ordinary Shares shall not be sufficient to effect the conversion of all then outstanding Preferred Shares, in addition to such other remedies as shall be available to the holder of such Preferred Shares, the Company will take such corporate action as may, in the opinion of its legal counsel, be necessary to increase its authorized but unissued Ordinary Shares to such number of shares as shall be sufficient for such purposes.

ADJUSTMENTS TO CONVERSION PRICE

39. (a) Special Definitions. For purposes of this Article 39, the following definitions shall apply:

(i) "**Options**" mean rights, options or warrants to subscribe for, purchase or otherwise acquire either Ordinary Shares or Convertible Securities.

(ii) "**Series C Original Issue Date**" shall mean the date on which the first Series C Preferred Share was issued.

(iii) "**Convertible Securities**" shall mean any evidences of indebtedness, shares (other than the Preferred Shares and Ordinary Shares issued before the Series C Original Issue Date and other than all Series C Preferred Shares issued at any time) or other securities directly or indirectly convertible into or exchangeable for Ordinary Shares.

(iv) "**New Shares**" shall mean any Ordinary Shares (including reissued shares) issued (or, pursuant to Article 39(c), deemed to be issued) by the Company after the Series C Original Issue Date, other than:

(A) any Preferred Shares outstanding prior to the Series C Original Issue Date and any Ordinary Shares issued pursuant to the conversion thereof;

(B) any Series A Preferred Shares issued under the Series A Share Purchase Agreements, as such agreements may be amended from time to time and any Ordinary Shares issued pursuant to the conversion thereof;

(C) any Series B Preferred Shares issued under the Series B Share Purchase Agreements, as such agreements may be amended from time to time and any Ordinary Shares issued pursuant to the conversion thereof;

(D) any Series C Preferred Shares issued by the Company and any Ordinary Shares issued pursuant to the conversion thereof;

(E) any securities issued in connection with any share split, share dividend or other similar event in which all the holders of the Preferred Shares are entitled to participate on a pro rata basis;

(F) Ordinary Shares issued or issuable upon conversion or exercise of Options, Convertible Securities or other securities that were issued before the Series C Original Issue Date;

(G) any securities issued pursuant to a Qualified IPO;

(H) Ordinary Shares (or Options to purchase Ordinary Shares) issued to employees or directors of, or consultants to, the Group Companies pursuant to any equity incentive plan approved by the Board, including the Series A Director and the Series B Director;

(I) Ordinary Shares issued pursuant to any debt financing arrangement, equipment leasing arrangement or real property leasing arrangement, which arrangement is approved by the Board, including the Series A Director and the Series B Director;

(J) Ordinary Shares issued in connection with a bona fide business acquisition by the Group Companies, whether by merger, consolidation, sale of assets, sale or exchange of shares or otherwise that have been approved by the Board, including the Series A Director and the Series B Director;

(K) Ordinary Shares issued in connection with strategic partnerships and other similar collaborative arrangements that have been approved by the Board, including the Series A Director and the Series B Director; and

(L) Ordinary Shares issued with (i) the unanimous approval of the Series A Preferred Shares with respect to any potential adjustment to the Series A Conversion Price; (ii) the unanimous approval of the Series B Preferred Shares with respect to any potential adjustment to the Series B Conversion Price; (iii) the unanimous approval of the Series C Preferred Shares with respect to any potential adjustment to the Series C Conversion Price; (iv) with the unanimous approval of the Series Seed-1 Preferred Shares with respect to any potential adjustment to the Series Seed-1 Conversion Price; (v) with the unanimous approval of the Series Seed-2 Preferred Shares with respect to any potential adjustment to the Series Seed-2 Conversion Price; and (vi) with the unanimous approval of the Series Seed-3 Preferred Shares with respect to any potential adjustment to the Series Seed-3 Conversion Price, in each case, specifically stating that such shares shall not be New Shares.

(b) No Adjustment to Conversion Price. No adjustment in the Conversion Price shall be made in respect of the issuance of New Shares unless the consideration per share for the New Shares issued or deemed to be issued by the Company is less than the applicable Conversion Price in effect on the date of and immediately prior to such issuance.

(c) Deemed Issuance of New Shares. In the event the Company at any time or from time to time after the Series C Original Issue Date shall issue any Options or Convertible Securities or shall fix a record date for the determination of holders of any class of securities entitled to receive any such Options or Convertible Securities, then the maximum number (as set forth in the instrument relating thereto without regard to any provisions contained therein for a subsequent adjustment of such number that would result in an adjustment pursuant to clause (ii) below) of Ordinary Shares issuable upon the exercise of such Options or, in the case of Convertible Securities and Options therefor, the conversion or exchange of such Convertible Securities, shall be deemed to be New Shares issued as of the time of such issuance or, in case such a record date shall have been fixed, as of the close of business on such record date, provided that New Shares shall not be deemed to have been issued with respect to Preferred Shares, unless the consideration per share (determined pursuant to Article 39(e) hereof) of such New Shares would be less than the applicable Conversion Price in effect on the date of and immediately prior to such issuance, or such record date, as the case may be, and provided further that in any such case in which New Shares are deemed to be issued:

(i) no further adjustment to the applicable Conversion Price shall be made upon the subsequent issuance of Convertible Securities or Ordinary Shares upon the exercise of such Options or conversion or exchange of such Convertible Securities;

(ii) if such Options or Convertible Securities by their terms provide, with the passage of time or otherwise, for any increase or decrease in the consideration payable to the Company, or increase or decrease in the number of Ordinary Shares issuable, upon the exercise, conversion or exchange thereof, the applicable Conversion Price computed upon the original issuance thereof (or upon the occurrence of a record date with respect thereto), and any subsequent adjustments based thereon, shall, upon any such increase or decrease becoming effective be recomputed to reflect such increase or decrease insofar as it affects such Options or the rights of conversion or exchange under such Convertible Securities;

(iii) upon the expiration of any such Options or any rights of conversion or exchange under such Convertible Securities which shall not have been fully exercised, the applicable Conversion Price computed upon the original issuance thereof (or upon the occurrence of a record date with respect thereto), and any subsequent adjustments based thereon, shall, upon such expiration be recomputed as if:

(A) in the case of Convertible Securities or Options for Ordinary Shares, the only New Shares issued were Ordinary Shares, if any, actually issued upon the exercise of such Options or the conversion or exchange of such Convertible Securities and the consideration received therefor was the consideration actually received by the Company for the issuance of all such Options, whether or not exercised, plus the consideration actually received by the Company upon such exercise, or for the issuance of all such Convertible Securities which were actually converted or exchanged, plus the additional consideration, if any, actually received by the Company upon such conversion or exchange, and

(B) in the case of Options for Convertible Securities, only the Convertible Securities, if any, actually issued upon the exercise thereof were issued at the time of issuance of such Options, and the consideration received by the Company for the New Shares deemed to have been then issued was the consideration actually received by the Company for the issuance of all such Options, whether or not exercised, plus the consideration deemed to have been received by the Company upon the issuance of the Convertible Securities with respect to which such Options were actually exercised.

(iv) no readjustment pursuant to clause (ii) or (iii) above shall have the effect of increasing the applicable Conversion Price to an amount which exceeds the lower of (i) the applicable Conversion Price immediately prior to the original adjustment date, or (ii) the applicable Conversion Price that would have resulted from any issuance of New Shares between the original adjustment date and such readjustment date; and

(v) in the case of any Options which expire by their terms not more than thirty (30) days after the date of issuance thereof, no adjustment of the applicable Conversion Price shall be made until the expiration or exercise of all such Options, whereupon such adjustment shall be made in the manner provided in clause (iii) above.

(d) Adjustment of Conversion Price upon Issuance of New Shares below the Conversion Price. In the event that the Company shall, from time to time after the Series C Original Issue Date, issue any New Shares (including those deemed to be issued pursuant to Article 39(c)) without consideration or at a subscription price per Ordinary Share (on an as-converted basis) less than either of the Conversion Prices in effect on the date of and immediately prior to such issuance, then as of the opening of business on the date of such issue or sale, the applicable Conversion Price for such Preferred Shares shall be reduced, concurrently with such issue, to a price (calculated to the nearest one-hundredth of a cent) determined in accordance with the following formula (as appropriately adjusted for any subsequent bonus issue, share split, consolidation, subdivision, reclassification, recapitalization or similar arrangement):

$CP2 = CP1 \times (A + B) \div (A + C)$.

For purposes of the foregoing formula, the following definitions shall apply:

"**CP2**" shall mean the applicable Conversion Price for such Preferred Shares in effect immediately after such issue of New Shares;

"**CP1**" shall mean the applicable Conversion Price for such Preferred Shares in effect immediately prior to such issue of New Shares;

"**A**" shall mean the number of Ordinary Shares outstanding immediately prior to such issue of New Shares (treating for this purpose as outstanding all equity securities (assuming the exercise, conversion and exchange of any Preferred Shares, Options or Convertible Securities) outstanding immediately prior to such issue);

"**B**" shall mean the number of Ordinary Shares that would have been issued if such New Shares had been issued at a price per share equal to CP1 (determined by dividing the aggregate consideration received by the Company in respect of such issue by CP1); and

"**C**" shall mean the number of such New Shares issued in such transaction.

(e) Determination of Consideration. For purposes of this Article 39, the consideration received by the Company for the issuance of any New Shares shall be computed as follows:

(i) Cash and Property. Except as provided in clause (ii) below, such consideration shall:

(A) insofar as it consists of cash, be computed at the aggregate amount of cash received by the Company excluding amounts paid or payable for accrued interest for accrued dividends;

(B) insofar as it consists of property other than cash, be computed at the fair value thereof at the time of such issuance, as determined in good faith by the Board (including the approval of the Series A Director and the Series B Director); provided, however, that no value shall be attributed to any services performed by any employee, officer or Director of the Company; and

(C) in the event New Shares are issued together with other shares or securities or other assets of the Company for consideration which covers both, be the proportion of such consideration so received with respect to such New Shares, computed as provided in clauses (A) and (B) above, as determined in good faith by the Board (including the approval of the Series A Director and the Series B Director).

(ii) Options and Convertible Securities. The consideration per share received by the Company for New Shares deemed to have been issued pursuant to Article 39(c), relating to Options and Convertible Securities, shall be determined by dividing

(A) the total amount, if any, received or receivable by the Company as consideration for the issuance of such Options or Convertible Securities, plus the minimum aggregate amount of additional consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such consideration) payable to the Company upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities; by

(B) the maximum number of Ordinary Shares (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or the conversion or exchange of such Convertible Securities.

(f) Adjustments for Share Dividends, Subdivisions, Combinations or Consolidations of Ordinary Shares. In the event the outstanding Ordinary Shares shall be subdivided (by share dividend, share split, or otherwise), into a greater number of Ordinary Shares, the applicable Conversion Price shall, concurrently with the effectiveness of such subdivision, be proportionately decreased. In the event the outstanding Ordinary Shares shall be combined or consolidated, by reclassification or otherwise, into a lesser number of Ordinary Shares, the applicable Conversion Price shall, concurrently with the effectiveness of such combination or consolidation, be proportionately increased.

(g) Adjustments for Other Distributions. In the event the Company at any time or from time to time makes, or files a record date for the determination of holders of Ordinary Shares entitled to receive any distribution payable in securities or assets of the Company other than Ordinary Shares, then and in each such event provision shall be made so that the holders of Preferred Shares shall receive upon conversion thereof, in addition to the number of Ordinary Shares receivable thereupon, the amount of securities or assets of the Company which they would have received had their Preferred Shares been converted into Ordinary Shares on the date of such event and had they thereafter, during the period from the date of such event to and including the date of conversion, retained such securities or assets receivable by them as aforesaid during such period, subject to all other adjustment called for during such period under this Article 39 with respect to the rights of the holders of the Preferred Shares.

(h) Adjustments for Reclassification, Exchange and Substitution. If the Ordinary Shares issuable upon conversion of the Preferred Shares shall be changed into the same or a different number of shares of any other class or classes of shares, whether by capital reorganization, reclassification or otherwise (other than a subdivision or combination of shares provided for above), then and in each such event the holder of each share of Preferred Shares shall have the right thereafter to convert such share into the kind and amount of shares and other securities and property receivable upon such reorganization or reclassification or other change by holders of the number of Ordinary Shares that would have been subject to receipt by the holders upon conversion of the Preferred Shares immediately before that change, all subject to further adjustment as provided herein.

(i) No Impairment. The Company will not, by the amendment of its Memorandum and Articles of Association or through any reorganization, transfer of assets, consolidation, merger, dissolution, issuance or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company but will at all times in good faith assist in the carrying out of all the provisions of Article 39 and in the taking of all such action as may be necessary or appropriate in order to protect the Conversion Rights of the holders of the Preferred Shares against impairment.

(j) Certificate as to Adjustments. Upon the occurrence of each adjustment or readjustment of the applicable Conversion Price pursuant to Article 39, the Company at its expense shall promptly compute such adjustment or readjustment in accordance with the terms hereof and furnish to each holder of Preferred Shares a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Company shall, upon the written request at any time of any holder of Preferred Shares, furnish or cause to be furnished to such holder a like certificate setting forth (i) such adjustments and readjustments, (ii) the applicable Conversion Price at the time in effect, and (iii) the number of Ordinary Shares and the amount, if any, of other property which at the time would be received upon the conversion of such Preferred Shares.

(k) Miscellaneous.

(i) All calculations under this Article 39 shall be made to the nearest one hundredth (1/100) of a cent or to the nearest one hundredth (1/100) of a share, as the case may be.

(ii) The holders of at least fifty percent (50%) of the then outstanding Preferred Shares (on an as-converted basis) shall have the right to challenge any determination by the Board of fair value pursuant to this Article 39, in which case such determination of fair value shall be made by an independent appraiser selected jointly by the Board and the challenging parties, the cost of such appraisal to be borne equally by the Company and the challenging holders of Preferred Shares.

(iii) No adjustment in the applicable Conversion Price need be made if such adjustment would result in a change in such conversion price of less than US$0.01. Any adjustment of less than US$0.01 which is not made shall be carried forward and shall be made at the time of and together with any subsequent adjustment which, on a cumulative basis, amounts to an adjustment of US$0.01 or more in such conversion price.

VOTING RIGHTS

40. Each Preferred Share shall carry a number of votes equal to the number of Ordinary Shares then issuable upon its conversion into Ordinary Shares at the record date for determination of the shareholders entitled to vote on such matters, or, if no such record date is established, at the date such vote is taken or any written consent of shareholders is solicited. To the extent that applicable law, the Memorandum or these Articles require the Preferred Shares to vote separately as a class with respect to any matters, or with respect to any matters provided in Article 41, the Preferred Shares shall vote separately as a class with respect to such matters. Otherwise, the holders of Preferred Shares and Ordinary Shares shall vote together as a single class.

PROTECTIVE PROVISIONS

41.

41.1 In addition to such other limitations as may be provided in the Memorandum and Articles, for so long as any Special Preferred Shares are outstanding, the Company shall not, and the Company shall procure that each other member of the Group Companies shall not, take any of the following acts, whether in a single transaction or series of related transactions, whether directly or indirectly and whether or not by amendment, merger, consolidation, scheme of arrangement, amalgamation, or otherwise, without the prior written approval of the holders of a majority of the then outstanding Special Preferred Shares, voting as a separate class:

(a) any material change to the business scope, or nature of the business of any Group Company, engagement in or investment in any new line or business or cessation of any existing business line of any Group Company;

(b) any liquidation, dissolution or winding up of any Group Company, any consummation of a Liquidation Event or effecting any other merger or consolidation;

(c) any sale, transfer, license, pledge or encumbering any technology or intellectual property, other than non-exclusive licenses granted in the ordinary course of business;

(d) any increase, decrease or cancellation of any authorized or outstanding shares of any Group Company, or any issuance, distribution, purchase or redemption of any shares, or securities convertible into or carrying a right of subscription in respect of any shares or any warrant or any grant or issuance of options (other than pursuant to an equity incentive plan approved by the Board, including the Series A Director and the Series B Director);

(e) any amendment of the Memorandum and Articles or other charter documents of any Group Company which alters or adversely affects the rights, preferences, privileges or powers of, or the restrictions provided for the benefit of, the Special Preferred Shares;

(f) any action that results in the payment or declaration of a dividend or other distribution on any Ordinary Shares or Preferred Shares; or

(g) any merger, consolidation or amalgamation of any Group Company with any other entity or entities or any spin-off, sub-division, or any other transaction of a similar nature or having a similar economic effect as any of the foregoing, or other forms of restructuring of any Group Company.

For the avoidance of doubt, if any of the foregoing matters requires the approval by way of a Special Resolution (as defined in these Articles), and if the Members vote in favor of such act but the approval of the holders of a majority of the then outstanding Special Preferred Shares has not been obtained, then the holders of then outstanding Special Preferred Shares who voted against such Special Resolution at a meeting of the shareholders shall together carry 34% of the votes on such Special Resolution with such votes being divided equally among such holders of the then outstanding Special Preferred Shares.

41.2 In addition to such other limitations as may be provided in the Memorandum and Articles, the Company shall not, and the Company shall procure each other member of the Group Companies shall not, take any of the following acts, whether in a single transaction or series of related transactions, whether directly or indirectly and whether or not by amendment, merger, consolidation, scheme of arrangement, amalgamation, or otherwise, without the prior written approval of the Board (which approval includes the approval of the Series A Director (for so long as any Series A Preferred Shares are outstanding) and the Series B Director (for so long as any Series B Preferred Shares are outstanding):

(a) any appointment or change of the auditors, accounting policies, internal controls over financial reporting or the financial year of any Group Company;

(b) any appointment, removal, replacement of the chief executive officer, the president, the chief financial officer (or financial vice president or financial controller), the chief technology officer and the chief operating officer of any Group Company, including approving any option plans;

(c) any settlement or alteration of any employment agreement, salaries, bonuses or other incentive plans of any key management;

(d) any approval or material amendment to the annual accounts or budget or business or operating plan of any of the Group Companies, including the capital expenditure plan;

(e) any material change to the business scope, or nature of business of any Group Company, engagement in or investment in any new line or business or cessation of any existing business line of any Group Company;

(f) any equity investment or entering into any joint venture with any person;

(g) any approval of or adjustments or modification to the terms of any transaction involving the interest of any director, officer, management member or shareholder of any of the Group Companies, including but not limited to the making of any loans or advances, whether directly or indirectly, or the provision of any guarantee, indemnity or security for or in connection with any indebtedness or liabilities of any director, officer, management member or shareholder of the Group Companies;

(h) any sale, transfer, license, pledge or encumbrance of any technology or intellectual property, other than non-exclusive licenses granted in the ordinary course of business;

(i) any increase in compensation of any employee of any Group Company with monthly salary of at least RMB100,000 by more than forty percent (40%) in a twelve (12) month period;

(j) the adoption, amendment or termination of, or change in the share reserve under, any equity incentive, purchase or participation plan for the benefit of any employees, officers, directors, contractors, advisors or consultants of any of the Group Companies;

(k) the determination of the exercise price for any share options or other equity incentives;

(l) any initial public offering of any equity securities of any Group Company; determination of the listing venue, timing, valuation and other terms of the initial public offering;

(m) any acquisition of or any investment in or making any capital commitment or expenditure in excess of US$2,000,000 (or its equivalent in other currency or currencies) at any time in respect of one transactional or in excess of US$10,000,000 (or its equivalent in other currency or currencies) in a series of related transitions in any financial year of any of the Group Companies, other than pursuant to the annual budget and business plan approved by the Board, including the Series A Director and the Series B Director;

(n) any creation, authorization or issuance of any debenture constituting a pledge, lien or charge (whether by way of fixed or floating charge, mortgage encumbrance or other security) on all or any of the assets or rights of any Group Company except for the purpose of securing borrowing from banks or other financial institutions in the ordinary course of business not exceeding US$4,000,000 (or its equivalent in another currency or currencies) in a single transaction for any Group Company and not exceeding US$20,000,000 (or its equivalent in another currency or currencies) in the aggregate in any financial year for any Group Company; or

(o) any action by a Group Company (if applicable) to authorize, approve or enter into any agreement or obligation with respect to any of the actions listed above.

41.3 In addition to such other limitations as may be provided in the Memorandum and Articles, for so long as Zhen Fund holds any Series Seed-1 Preferred Shares, the Company shall not, and the Company shall procure each of other members of the Group Companies shall not, take any of following act, whether in a single transaction or series of related transactions, whether directly or indirectly and whether or not by amendment, merger, consolidation, scheme of arrangement, amalgamation, or otherwise, without the prior written approval of Zhen Fund: any amendment of the Restated Articles which adversely affects the rights, preferences, privileges or powers of, or the restrictions provided for the benefit of, the Series Seed Preferred Shares in a manner disproportional different than the Series A Preferred Shares.

For the avoidance of doubt, if the foregoing matter requires the approval by way of a Special Resolution (as defined in these Articles), and if the Members vote in favor of such act but the approval of Zhen Fund has not been obtained, then Zhen Fund shall carry 34% of the votes on such Special Resolution.

41.4 The approval rights under this Article 41 shall terminate upon the earlier to occur of (i) the closing of a Qualified IPO, or (ii) a Liquidation Event.

REDEMPTION

42. (a) Series A Redemption by the Company. If a Qualified I PO does not occur on or before July 30, 2019 (the "**Redemption Start Date**"), then subject to (a) the applicable laws of the Cayman Islands, (b) the exercise or waiver of redemption rights by all of the holders of Series C Preferred Shares under Article 42(c) below, (c) the exercise or waiver of redemption rights by all of the holders of Series B Preferred Shares under Article 42(b) below, and (d) the approval of the holders of a majority of the then outstanding Series A Preferred Shares, the holders of the Series A Preferred Shares shall have the right to require the Company to redeem their Series A Preferred Shares by providing written notice to the Company (the "**Series A Redemption Request**") at any time after the Redemption Start Date, at a price equal to (i) one hundred percent (100%) of the Series A Preferred Share Issue Price, plus (ii) any declared but unpaid dividend in accordance with these Articles, plus (iii) accrued interest at an interest rate of ten percent (10%) per annum compounded annually commencing from the original issuance date of each Series A Preferred Share based on the Series A Preferred Share Issue Price (the "**Series A Redemption Price**"). Subject to Article 43, upon receipt of a Series A Redemption Request, the Company shall apply all of its assets that are legally available to any such redemption to effect such redemption in full within such 90-day period after the date of the Series A Redemption Request, and to no other corporate purpose, except to the extent prohibited by the Law governing distributions to Members. The Company shall send written notice of the mandatory redemption (the "**Series A Redemption Notice**") to each holder of record of the Series A Preferred Shares not less than forty (40) days prior to the redemption date set out in the applicable Series A Redemption Notice. The Series A Redemption Notice shall state: (a) the number of Series A Preferred Shares held by the holder that the Company shall redeem; (b) the redemption date and the Series A Redemption Price; (c) the date upon which the holder's right to convert such shares terminates; and (d) that the holder is to surrender to the Company, in the manner and at the place designated, his, her or its certificate or certificates representing the Series A Preferred Shares to be redeemed.

(b) Series B Redemption by the Company. If a Qualified I PO does not occur on or before the Redemption Start Date, then subject to (a) the applicable laws of the Cayman Islands, (b) the exercise or waiver of redemption rights by all of the holders of Series C Preferred Shares under Article 42(c) below, and (c) the approval of the holders of a majority of the then outstanding Series B Preferred Shares, the holders of the Series B Preferred Shares shall have the right to require the Company to redeem their Series B Preferred Shares by providing written notice to the Company (the "**Series B Redemption Request**") at any time after the Redemption Start Date, at a price equal to (i) one hundred percent (100%) of the Series B Preferred Share Issue Price, plus (ii) any declared but unpaid dividend in accordance with these Articles, plus (iii) accrued interest at an interest rate of ten percent (10%) per annum compounded annually commencing from original issuance date of each Series B Preferred Share based on the Series B Preferred Share Issue Price (the "**Series B Redemption Price**"). Subject to Article 43, upon receipt of a Series B Redemption Request, the Company shall (a) within such 90-day period after the date of the Series B Redemption Request, and (b) prior and in preference to the payment of any Series A Redemption Price payable by the Company under Article 42(a), apply all of its assets that are legally available to any such redemption to effect such redemption in full, and to no other corporate purpose, except to the extent prohibited by the Law governing distributions to Members. The Company shall send written notice of the mandatory redemption (the "**Series B Redemption Notice**") to each holder of record of the Series B Preferred Shares not less than forty (40) days prior to the redemption date set out in the applicable Series B Redemption Notice. The Series B Redemption Notice shall state: (a) the number of Series B Preferred Shares held by the holder that the Company shall redeem; (b) the redemption date and the Series B Redemption Price; (c) the date upon which the holder's right to convert such shares terminates; and (d) that the holder is to surrender to the Company, in the manner and at the place designated, his, her or its certificate or certificates representing the Series B Preferred Shares to be redeemed.

(c) Series C Redemption by the Company. If a Qualified I PO does not occur on or before the Redemption Start Date, then subject to (a) the applicable laws of the Cayman Islands, and (b) the approval of the holders of a majority of the then outstanding Series C Preferred Shares, the holders of the Series C Preferred Shares shall have the right to require the Company to redeem their Series C Preferred Shares by providing written notice to the Company (the "**Series C Redemption Request**") at any time after the Redemption Start Date, at a price equal to (i) one hundred percent (100%) of the Series C Preferred Share Issue Price, plus (ii) any declared but unpaid dividend in accordance with these Articles, plus (iii) accrued interest at an interest rate of ten percent (10%) per annum compounded annually commencing from original issuance date of each Series C Preferred Share based on the Series C Preferred Share Issue Price (the "**Series C Redemption Price**", together with the Series A Redemption Price and the Series B Redemption Price, the "**Redemption Price**"). Subject to Article 43, upon receipt of a Series C Redemption Request, the Company shall (a) within such 90-day period after the date of the Series C Redemption Request, and (b) prior and in preference to the payment of any Series B Redemption Price payable by the Company under Article 42(b) and any Series A Redemption Price payable by the Company under Article 42(a), apply all of its assets that are legally available to any such redemption to effect such redemption in full, and to no other corporate purpose, except to the extent prohibited by the Law governing distributions to Members. The Company shall send written notice of the mandatory redemption (the "**Series C Redemption Notice**") to each holder of record of the Series C Preferred Shares not less than forty (40) days prior to the redemption date set out in the applicable Series C Redemption Notice. The Series C Redemption Notice shall state: (a) the number of Series C Preferred Shares held by the holder that the Company shall redeem; (b) the redemption date and the Series C Redemption Price; (c) the date upon which the holder's right to convert such shares terminates; and (d) that the holder is to surrender to the Company, in the manner and at the place designated, his, her or its certificate or certificates representing the Series C Preferred Shares to be redeemed.

43. Insufficient Funds. If the Company's assets or funds which are legally available on the date that any redemption payment under Article 42 is due are insufficient to pay in full the Redemption Price, (i) those assets or funds which are legally available shall be first used to pay all of the Series C Redemption Price due on such date ratably in proportion to the full amounts to which the holders of Series C Preferred Shares would otherwise be respectively entitled under Article 42(c) until all of the Series C Redemption Price has been fully paid by the Company, and then the remaining assets or funds (if any) which are legally available shall be used to pay all of the Series B Redemption Price due on such date ratably in proportion to the full amounts to which the holders of Series B Preferred Shares would otherwise be respectively entitled under Article 42(b), and then the remaining assets or funds (if any) which are legally available shall be used to pay all of the Series A Redemption Price due on such date ratably in proportion to the full amounts to which the holders of Series A Preferred Shares would otherwise be respectively entitled under Article 42(a); (ii) to the extent that any Series C Redemption Price payable by the Company is unpaid, the Company shall, upon the request of the holders of a majority of the Series C Preferred Shares, execute and deliver to each holder of Series C Preferred Shares a promissory note for the full amount of the Series C Redemption Price due but not paid to such holder pursuant to Article 42(c) at an interest rate of eight percent (8%) per annum compounded annually; (iii) to the extent that any Series B Redemption Price payable by the Company is unpaid, the Company shall, upon the request of the holders of a majority of the Series B Preferred Shares, execute and deliver to each holder of Series B Preferred Shares a promissory note for the full amount of the Series B Redemption Price due but not paid to such holder pursuant to Article 42(b) at an interest rate of eight percent (8%) per annum compounded annually; and (iv) to the extent that any Series A Redemption Price payable by the Company is unpaid, the Company shall, upon the request of the holders of a majority of the Series A Preferred Shares, execute and deliver to each holder of Series A Preferred Shares a promissory note for the full amount of the Series A Redemption Price due but not paid to such holder pursuant to Article 42(a) at an interest rate of eight percent (8%) per annum compounded annually; provided, however, that the debts under the promissory notes issued by the Company pursuant to the foregoing paragraphs (ii) and (iii) and this paragraph (iv) shall be repaid by the Company in the order and manner provided in paragraph (i) of this Article 43.

44. Remaining Shares. Without limiting any rights of the holders of Special Preferred Shares under these Articles or otherwise available under law, the balance of any Special Preferred Shares subject to redemption hereunder with respect to which the Company has become obligated to pay the redemption payment but which it has not paid in full for reasons set out in Article 43 above and irrespective of whether any promissory note has been issued, shall remain outstanding and in issue and continue to have all the powers, designations, preferences and relative participating, optional, and other special rights (including, without limitation, rights to accrue dividends) which such Special Preferred Shares had prior to such date, until the redemption payment has been paid in full with respect to such Special Preferred Shares.

45. Surrender of Certificates. Before any holder of Special Preferred Shares shall be entitled to redemption under the provisions of this Article 45, such holder shall surrender his or her certificate or certificates representing such Special Preferred Shares to be redeemed to the Company in the manner and at the place designated by the Company for that purpose, and the relevant Redemption Price shall be payable within the period set forth in Article 42 above to the order of the person whose name appears on the Register of Members as the owner of such shares and each such certificate shall be cancelled and the Register of Members shall be updated accordingly on the date of redemption. In the event less than all the shares represented by any such certificate are redeemed, a new certificate shall be promptly issued representing the unredeemed shares. Unless there has been a default in payment of the relevant Redemption Price, upon cancellation of the certificate representing such Special Preferred Shares to be redeemed and the update of the Register of Members, all dividends on such Special Preferred Shares designated for redemption on the date of redemption shall cease to accrue and all rights of the holders thereof, except the right to receive the relevant Redemption Price thereof (including all accrued and unpaid dividend up to the relevant redemption date), without interest, shall cease and terminate and such Special Preferred Shares shall cease to be issued shares of the Company. If the Company fails to redeem any Special Preferred Shares for which redemption is requested, then from such date until the date on which such Special Preferred Shares are actually redeemed and the relevant Redemption Price is actually made, in full, such Special Preferred Shares shall continue to be outstanding and be entitled to all rights and preferences of such Special Preferred Shares provided under these Articles. After payment in full of the aggregate Series C Redemption Price for all issued and outstanding Series C Preferred Shares, all rights of the holders thereof as shareholders of the Company shall cease and terminate and such Series C Preferred Shares shall be cancelled. After payment in full of the aggregate Series B Redemption Price for all issued and outstanding Series B Preferred Shares, all rights of the holders thereof as shareholders of the Company shall cease and terminate and such Series B Preferred Shares shall be cancelled. After payment in full of the aggregate Series A Redemption Price for all issued and outstanding Series A Preferred Shares, all rights of the holders thereof as shareholders of the Company shall cease and terminate and such Series A Preferred Shares shall be cancelled.

46. Restriction on Distribution. If the Company fails (for whatever reason) to redeem any Special Preferred Shares on its due date for redemption then, as from such date until the date on which the same are redeemed the Company shall not declare or pay any dividend nor otherwise make any distribution of or otherwise decrease its profits available for distribution.

47. To the extent permitted by law, the Company shall procure that the profits of each subsidiary and affiliate of the Company for the time being legally available for distribution shall be paid to it by way of dividend or otherwise if and to the extent that, but for such payment, the Company would not itself otherwise have sufficient profits available for distribution to make any redemption of Special Preferred Shares required to be made pursuant to Article 42.

MEETINGS AND CONSENTS OF MEMBERS

48. The Directors may convene meetings of the Members at such times and in such manner and places within or outside the Cayman Islands as the Directors consider necessary or desirable.

49. Upon the written request of Members holding twenty percent or more of the outstanding voting shares in the Company, the Directors shall convene a meeting of Members promptly, and in any event within ten (10) business days, following receipt by the Company of such a request.

50. The Directors shall give not less than seven days notice of meetings of Members to those persons whose names on the date the notice is given appear as Members in the share register of the Company and are entitled to vote at the meeting.

51. The Directors may fix the date notice is given of a meeting of Members as the record date for determining those shares that are entitled to vote at the meeting.

52. A meeting of Members may be called on short notice:

(a) if Members holding not less than ninety percent (90%) of the total number of shares entitled to vote on all matters to be considered at the meeting, or ninety percent (90%) of the votes of each class or series of shares where Members are entitled to vote thereon as a class or series together with not less than a ninety percent (90%) of the remaining votes, have agreed to short notice of the meeting, or

(b) if all Members holding shares entitled to vote on all or any matters to be considered at the meeting have waived notice of the meeting and for this purpose presence at the meeting shall be deemed to constitute waiver.

53. The inadvertent failure of the Directors to give notice of a meeting to a Member, or the fact that a Member has not received notice, does not invalidate the meeting.

54. A Member may be represented at a meeting of Members by a proxy who may speak and vote on behalf of the Member.

55. The instrument appointing a proxy shall be produced at the place appointed for the meeting before the time for holding the meeting at which the person named in such instrument proposes to vote.

56. An instrument appointing a proxy shall be in substantially the following form or such other form as the Chairman of the meeting shall accept as properly evidencing the wishes of the Member appointing the proxy.

(Name of Company)

I/We being a Member of the above Company with shares HEREBY APPOINT of or failing him of to be my/our proxy to vote for me/us at the meeting of Members to be held on the day of and at any adjournment thereof.

(Any restrictions on voting to be inserted here.)

Signed this day of

_____

Member

57. The following shall apply in respect of joint ownership of shares:

(a) if two or more persons hold shares jointly each of them may be present in person or by proxy at a meeting of Members and may speak as a Member;

(b) if only one of the joint owners is present in person or by proxy he may vote on behalf of all joint owners; and

(c) if two or more of the joint owners are present in person or by proxy they must vote as one.

58. A Member shall be deemed to be present at a meeting of Members if he participates by telephone or other electronic means and all Members participating in the meeting are able to hear each other.

59. No business shall be transacted at any meeting of Members unless a quorum is present. The quorum for a meeting of Members shall be such Member(s) present in person or by proxy (i) holding not less than a majority of the votes of the shares or class or series of shares entitled to vote on a resolution of Members to be considered at the meeting, and (ii) including the Requisite Preferred Holders.

60. If within two hours from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of Members, shall be dissolved; in any other case it shall stand adjourned to the next business day at the same time and place or to such other time and place as the Directors may determine, and if at the adjourned meeting, a quorum is not present, those present shall constitute a quorum. Notwithstanding anything to contrary in the foregoing, if notice of any general meeting has been duly delivered to all Members in accordance with the notice procedures hereunder, and the quorum is not present within two hours from the time appointed for the meeting solely because of the absence of any holder of Preferred Shares, the meeting shall be adjourned to the seventh (7th) following business day at the same time and place (or to such other time or such other place as the Directors may determine) with notice delivered to all Members five (5) days prior to the adjourned meeting in accordance with the notice procedures hereunder.

61. At every meeting of Members, the Chairman of the Board shall preside as Chairman of the meeting. If there is no Chairman of the Board or if the Chairman of the Board is not present at the meeting, the Members present shall choose someone of their number to be the Chairman. If the Members are unable to choose a Chairman for any reason, then the person representing the greatest number of voting shares present in person or by prescribed proxy at the meeting shall preside as Chairman failing which the oldest individual Member or representative of a Member present shall take the chair.

62. The Chairman may, with the consent of the meeting, adjourn any meeting from time to time, from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

63. At any meeting of the Members the Chairman shall be responsible for deciding in such manner as he shall consider appropriate whether any resolution has been carried or not and the result of his decision shall be announced to the meeting and recorded in the minutes thereof.

64. Any person other than an individual shall be regarded as one Member and subject to the specific provisions hereinafter contained for the appointment of representatives of such persons the right of any individual to speak for or represent such Member shall be determined by the law of the jurisdiction where, and by the documents by which, the person is constituted or derives its existence. In case of doubt, the Directors may in good faith seek legal advice from any qualified person and unless and until a court of competent jurisdiction shall otherwise rule, the Directors may rely and act upon such advice without incurring any liability to any Member.

65. Any person other than an individual which is a Member of the Company may by resolution of its Directors or other governing body authorize such person as it thinks fit to act as its representative at any meeting of the Company or of any class of Members of the Company, and the person so authorized shall be entitled to exercise the same power on behalf of the person which he represents as that person could exercise if it were an individual Member of the Company.

66. The Chairman of any meeting at which a vote is cast by proxy or on behalf of any person other than an individual may call for a notarially certified copy of such proxy or authority which shall be produced within seven (7) days of being so requested or the votes cast by such proxy or on behalf of such person shall be disregarded.

67. Directors may attend and speak at any meeting of Members of the Company and at any separate meeting of the holders of any class or series of shares in the Company.

68. An action that may be taken by the Members at a meeting may also be taken by a resolution of Members consented to in writing or by telex, telegram, cable, facsimile or other written electronic communication by all the Members entitled to vote, without the need for any notice. The consent may be in the form of counterparts, each counterpart being signed by one or more Members.

DIRECTORS

69. The Company shall be managed by a Board consisting of no more than seven (7) Directors, which number of Directors shall not be changed except pursuant to an amendment to these Articles. Whereby:

(a) The Founders shall be entitled to jointly appoint and remove four (4) Directors;

(b) GGV (so long as collectively they continue to hold at least 4% of the Company's share capital on a fully diluted basis) shall be entitled to appoint one (1) Director (the "**Series A Director**"); and

(c) GP Capital (so long as collectively they continue to hold at least 4% of the Company's share capital on a fully diluted basis) shall be entitled to appoint one (1) Director (the "**Series B Director**") (for the avoidance of doubt, the appointment, removal or change of the Series B Director shall be agreed by the holder(s) of at least a majority of the aggregate Series B Preferred Shares then currently held by GP Capital).

The Founders, GGV and GP Capital may remove a Director appointed by each, with or without cause and appoint a new Director in his place by notice in writing to the Company and the other Members. The rights of GGV and GP Capital under this Article 69 shall terminate upon the earlier to occur of (i) the closing of a Qualified IPO, or (ii) a Liquidation Event.

70. With respect to each election of Directors, each holder of voting securities of the Company shall vote at each meeting of Members, or in lieu of any such meeting shall give such holder's written consent with respect to, as the case may be, all of such holder's voting securities of the Company as may be necessary (i) to keep the authorized size of the Board at no more than seven (7) Directors, (ii) to cause the election or re-election as members of the Board, and during such period to continue in office, each of the individuals designated pursuant to Article 69, and (iii) against any nominees not designated pursuant to Article 69. Any Director designated pursuant to Article 69 may be removed from the Board, either for or without cause, only upon the vote or written consent of the Member then entitled to designate such Director pursuant to Article 69, and the Members agree not to seek, vote for or otherwise effect the removal of any such Director without such vote or written consent. Any Member then entitled to designate any individual to be elected as a Director shall have the exclusive right at any time or from time to time to remove any such Director occupying such position and to fill any vacancy caused by the death, disability, retirement, resignation or removal of any Director occupying such position or any other vacancy therein, and each other Member agrees to cooperate with such Member in connection with the exercise of such right. Each holder of voting securities of the Company agrees to always vote such holder's respective voting securities of the Company at a meeting of the Members (and given written consents in lieu thereof) in support of the foregoing.

71. A Director may resign his office by giving written notice of his resignation to the Company and the resignation shall have effect from the date the notice is received by the Company or from such later date as may be specified in the notice.

72. The Company shall keep a register of Directors containing:

(a) the names and addresses of the persons who are Directors;

(b) the date on which each person whose name is entered in the register was appointed as a Director; and

(c) the date on which each person named as a Director ceased to be a Director.

73. A copy of the register of Directors shall be kept at the registered office of the Company.

74. With the prior approval or subsequent ratification by an Ordinary Resolution and subject to all other approvals required under the Memorandum or these Articles, the Board may, by a resolution of Directors, fix the emoluments of Directors with respect to services to be rendered in any capacity to the Company.

75. A Director shall not require a share qualification, and may be an individual or a company.

POWERS OF DIRECTORS

76. The business and affairs of the Company shall be managed by the Directors who may pay all expenses incurred preliminary to and in connection with the formation and registration of the Company and may exercise all such powers of the Company as are not by the Law or by the Memorandum or these Articles required to be exercised by the Members, subject to any delegation of such powers as may be authorized by these Articles and to such requirements as may be prescribed by a resolution of Members; but no requirement made by a resolution of Members shall prevail if it be inconsistent with these Articles nor shall such requirement invalidate any prior act of the Directors which would have been valid if such requirement had not been made.

77. The Directors may, by a resolution of Directors, appoint any person, including a person who is a Director, to be an officer or agent of the Company. The resolution of Directors appointing an agent may authorize the agent to appoint one or more substitutes or delegates to exercise some or all of the powers conferred on the agent by the Company.

78. Every officer or agent of the Company has such powers and authority of the Directors, including the power and authority to affix the Seal, as are set forth in these Articles or in the resolution of Directors appointing the officer or agent, except that no officer or agent has any power or authority with respect to the matters requiring a resolution of Directors under the Law.

79. Any Director which is a body corporate may appoint any person its duly authorized representative for the purpose of representing it at meetings of the Board or with respect to unanimous written consents.

80. The continuing Directors may act notwithstanding any vacancy in their body.

81. The Directors may by resolution of Directors exercise all the powers of the Company subject to all approvals required under the Memorandum to borrow money and to mortgage or charge its undertakings and property or any part thereof, to issue debentures, debenture stock and other securities whenever money is borrowed or as security for any debt, liability or obligation of the Company or of any third party.

82. All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments and all receipts for monies paid to the Company, shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, in such manner as shall from time to time be determined by resolution of Directors.

83. The Directors shall cause to be kept the register of mortgages and charges required by the Law.

84. The register of mortgages and charges shall be open to inspection in accordance with the Law, at the office of the Company on every business day in the Cayman Islands, subject to such reasonable restrictions as the Board may impose, so that not less than two hours in each such business day be allowed for inspection.

PROCEEDINGS OF DIRECTORS

85. The Directors or any committee thereof may meet at such times and in such manner and places within or outside the Cayman Islands as the Directors may determine to be necessary or desirable.

86. A Director shall be deemed to be present at a meeting of Directors if he participates by telephone or other electronic means and all Directors participating in the meeting are able to hear each other; provided that the Board shall meet at least once every three (3) months.

87. A Director shall be given not less than forty-eight (48) hours' notice of meetings of Directors along with the agenda of the business to be transacted at the meeting and all documents and materials to be circulated at or presented to the meeting, but a meeting of Directors held without forty-eight (48) hours' notice having been given to all Directors shall be valid if all the Directors entitled to vote at the meeting who do not attend, waive notice of the meeting and for this purpose, the presence of a Director at a meeting shall constitute waiver on his part. The inadvertent failure to give notice of a meeting to a Director, or the fact that a Director has not received the notice, does not invalidate the meeting.

88. A Director may by a written instrument appoint an alternate who need not be a Director and an alternate is entitled to attend meetings in the absence of the Director who appointed him and to vote or consent in place of the Director.

89. A meeting of Directors is duly constituted for all purposes if at the commencement of the meeting there are present in person or by alternate not less than four (4) Directors, which Directors in each case shall include the Series A Director and the Series B Director. All Directors shall each have one (1) vote per Director on all matters that are presented to the Board for approval.

90. At every meeting of the Directors the Chairman of the Board shall preside as Chairman of the meeting. If there is no Chairman of the Board or if the Chairman of the Board is not present at the meeting the Vice Chairman of the Board shall preside. If there is no Vice Chairman of the Board or if the Vice Chairman of the Board is not present at the meeting the Directors present shall choose someone of their number to be Chairman of the meeting.

91. An action that may be taken by the Directors or a committee of Directors at a meeting may also be taken by a resolution of Directors or a committee of Directors consented to in writing or by telex, telegram, cable, facsimile or other written electronic communication by all Directors or all members of the committee as the case may be, without the need for any notice. The consent may be in the form of counterparts, each counterpart being signed by one or more Directors.

92. The Directors shall cause the following corporate records to be kept:

(a) minutes of all meetings of Directors, Members, committees of Directors, committees of officers and committees of Members;

(b) copies of all resolutions consented to by Directors, Members, committees of Directors, committees of officers and committees of Members; and

(c) such other accounts and records as the Directors by resolution of Directors consider necessary or desirable in order to reflect the financial position of the Company.

93. The books, records and minutes shall be kept at the registered office of the Company, its principal place of business or at such other place as the Directors determine.

94. The Directors may, by resolution of Directors, designate one or more committees. Each committee of Directors has such powers and authorities of the Directors, including the power and authority to affix the Seal, as are set forth in the resolution of Directors establishing the committee, except that no committee has any power or authority to appoint Directors or fix their emoluments, or to appoint officers or agents of the Company.

95. The meetings and proceedings of each committee of Directors shall be governed mutatis mutandis by the provisions of these Articles regulating the proceedings of Directors so far as the same are not superseded by any provisions in the resolution establishing the committee.

96. The Company shall set up a compensation committee (the "**Compensation Committee**"), and an audit committee (the "**Audit Committee**") at the time determined by the Board, which Directors in each case shall include the Series A Director and the Series B Director. The Compensation Committee shall be responsible for evaluating and recommending to the Board for action all matters related to the Company's annual compensation and bonus plan, share option plan, and employee related compensation matters. The Audit Committee shall be responsible for internal audit and nomination of auditors for the Company.

OFFICERS

97. The Company may by resolution of the Board, appoint officers of the Company at such times as shall be considered necessary or expedient. Such officers may consist of a Chairman of the Board, a Vice Chairman of the Board, a President and one or more Vice Presidents, Secretaries and Financial Controller and such other officers as may from time to time be deemed desirable. Any number of offices may be held by the same person.

98. The officers shall perform such duties as shall be prescribed at the time of their appointment subject to any modification in such duties as may be prescribed thereafter by resolution of Directors or Ordinary Resolution, but in the absence of any specific allocation of duties it shall be the responsibility of the Chairman of the Board to preside at meetings of Directors and Members, the Vice Chairman to act in the absence of the Chairman, the President to manage the day to day affairs of the Company, the Vice Presidents to act in order of seniority in the absence of the President but otherwise to perform such duties as may be delegated to them by the President, the Secretaries to maintain the share register, minute books and records (other than financial records) of the Company and to ensure compliance with all procedural requirements imposed on the Company by applicable law, and the Treasurer to be responsible for the financial affairs of the Company.

99. The emoluments of all officers of the Company shall be fixed by resolution of the Board, with the approval of the Series A Director and the Series B Director. The Company shall reimburse the Directors for all reasonable out-of-pocket expenses (travel and lodging) incurred in connection with attending any meetings of the Board and any committee thereof.

100. Subject to compliance with Article 97, the officers of the Company shall hold office until their successors are duly elected and qualified, but any officer elected or appointed by the Directors may be removed at any time, with or without cause, by resolution of Directors. Any vacancy occurring in any office of the Company may be filled by resolution of Directors.

CONFLICT OF INTERESTS

101. No agreement or transaction between the Company and one or more of its Directors or any person in which any Director has a financial interest or to whom any Director is related, including as a Director of that other person, is void or voidable for this reason only or by reason only that the Director is present at the meeting of Directors or at the meeting of the committee of Directors that approves the agreement or transaction or that the vote or consent of the Director is counted for that purpose if the material facts of the interest of each Director in the agreement or transaction and his interest in or relationship to any other party to the agreement or transaction are disclosed in good faith or are known by the other Directors.

102. A Director who has an interest in any particular business to be considered at a meeting of Directors or Members may be counted for purposes of determining whether the meeting is duly constituted and may vote in respect of any such business at the meeting.

INDEMNIFICATION

103. Subject to the limitations hereinafter provided and to all applicable laws, the Company shall to the maximum extent permitted by applicable law indemnify against all expenses, including legal fees, and against all judgments, fines and amounts paid in settlement and reasonably incurred in connection with legal, administrative or investigative proceedings any person who

(a) is or was a party or is threatened to be made a party to any threatened, pending or completed proceedings, whether civil, criminal, administrative or investigative, by reason of the fact that the person is or was a Director, an officer or a liquidator of the Company; or

(b) is or was, at the request of the Company, serving as a Director, officer or liquidator of, or in any other capacity is or was acting for, another company or a partnership, joint venture, trust or other enterprise.

104. The Company may only indemnify a person if the person acted honestly and in good faith with a view to the best interests of the Company and, in the case of criminal proceedings, the person had no reasonable cause to believe that his conduct was unlawful.

105. The decision of the Directors as to whether the person acted honestly and in good faith and with a view to the best interests of the Company and as to whether the person had no reasonable cause to believe that his conduct was unlawful, is, in the absence of fraud, sufficient for the purposes of these Articles, unless a question of law is involved.

106. The termination of any proceedings by any judgment, order, settlement, conviction or the entering of a *nolle prosequi* does not, by itself, create a presumption that the person did not act honestly and in good faith and with a view to the best interests of the Company or that the person had reasonable cause to believe that his conduct was unlawful.

107. If a person to be indemnified has been successful in defense of any proceedings referred to above the person is entitled to be indemnified against all expenses, including legal fees, and against all judgments, fines and amounts paid in settlement and reasonably incurred by the person in connection with the proceedings.

108. The Company may purchase and maintain insurance in relation to any person who is or was a Director, an officer or a liquidator of the Company, or who at the request of the Company is or was serving as a Director, an officer or a liquidator of, or in any other capacity is or was acting for, another company or a partnership, joint venture, trust or other enterprise, against any liability asserted against the person and incurred by the person in that capacity, whether or not the Company has or would have had the power to indemnify the person against the liability as provided in these Articles.

SEAL

109. The Company may have more than one Seal and references herein to the Seal shall be references to every Seal which shall have been duly adopted by resolution of Directors. The Directors shall provide for the safe custody of the Seal and for an imprint thereof to be kept at the Registered Office. Except as otherwise expressly provided herein the Seal when affixed to any written instrument shall be witnessed and attested to by the signature of a Director or any other person so authorized from time to time by resolution of Directors. Such authorization may be before or after the seal is affixed may be general or specific and may refer to any number of sealing. The Directors may provide for a facsimile of the Seal and of the signature of any Director or authorized person which may be reproduced by printing or other means on any instrument and it shall have the same force and validity as if the Seal had been affixed to such instrument and the same had been signed as hereinbefore described.

DIVIDENDS

110. Subject to the provisions of the Law, the Memorandum and these Articles, the Board may from time to time declare dividends and other distributions on the outstanding shares of the Company and authorize payment of the same out of the funds of the Company legally available therefor. Each holder of Series C Preferred Shares shall be entitled to receive dividends at the rate of eight percent (8%) per annum of the Series C Preferred Share Issue Price, payable only when, as and if declared by the Board, out of any assets at the time legally available therefor, in preference and priority to any declaration or payment of any dividends on Series B Preferred Shares, Series A Preferred Shares, Ordinary Shares, Series Seed Preferred Shares or any other class or series of shares issued by the Company, and shall participate in any subsequent distribution among Series B Preferred Shares, Series A Preferred Shares, Ordinary Shares, Series Seed Preferred Shares and all other classes or series of shares issued by the Company pro rata based on the number of Ordinary Shares held by such holder of Series C Preferred Shares (calculated on an as-converted basis). Subject to the foregoing, each holder of Series B Preferred Shares shall be entitled to receive dividends at the rate of eight percent (8%) per annum of the Series B Preferred Share Issue Price, payable only when, as and if declared by the Board, out of any assets at the time legally available therefor, in preference and priority to any declaration or payment of any dividends on Series A Preferred Shares, Ordinary Shares, Series Seed Preferred Shares or any other class or series of shares issued by the Company, and shall participate in any subsequent distribution among Series C Preferred Shares, Series A Preferred Shares, Ordinary Shares, Series Seed Preferred Shares and all other classes or series of shares issued by the Company pro rata based on the number of Ordinary Shares held by such holder of Series B Preferred Shares (calculated on an as-converted basis). Subject to the foregoing, each holder of Series A Preferred Shares shall be entitled to receive dividends at the rate of eight percent (8%) per annum of the Series A Preferred Share Issue Price, payable only when, as and if declared by the Board, out of any assets at the time legally available therefor, in preference and priority to any declaration or payment of any dividends on Ordinary Shares, Series Seed Preferred Shares or any other class or series of shares issued by the Company, and shall participate in any subsequent distribution among Series C Preferred Shares, Series B Preferred Shares, Ordinary Shares, Series Seed Preferred Shares and all other classes or series of shares issued by the Company pro rata based on the number of Ordinary Shares held by such holder of Series A Preferred Shares (calculated on an as-converted basis). Unless and until any dividends or other distributions in like amount have been paid in full on the Special Preferred Shares (on an as-converted basis) and approved by the Board, the Company shall not declare, pay or set apart for payment, any dividend and other distributions on any Ordinary Shares, Series Seed Preferred Shares or any other class or series of shares issued by the Company or make any payment on account of, or set apart for payment, money for a sinking or other similar fund for, the purchase, redemption or other retirement of, any Ordinary Shares, Series Seed Preferred Shares or any other class or series of shares issued by the Company or any warrants, rights, calls or Options exercisable or exchangeable for or convertible into any Ordinary Shares, Series Seed Preferred Shares or any other class or series of shares issued by the Company, or make any distribution in respect thereof, either directly or indirectly, and whether in cash, obligations or shares of the Company or other property.

111. Subject to receipt of all approvals required under the Memorandum or elsewhere in these Articles, the Company may by a resolution of Directors declare and pay dividends in money, shares, or other property. In the event that dividends are paid in specie the Directors shall have responsibility for establishing and recording in the resolution of Directors authorizing the dividends, a fair and proper value for the assets to be so distributed.

112. Subject to receipt of all approvals required under the Memorandum or elsewhere in these Articles, the Directors may from time to time pay to the Members such interim dividends as appear to the Directors to be justified by the profits of the Company.

113. The Directors may, before declaring any dividend, set aside out of the profits of the Company such sum as they think proper as a reserve fund, and may invest the sum so set apart as a reserve fund upon such securities as they may select.

114. Dividends may be declared and paid out of profits of the Company, realised or unrealised, or from any reserve set aside from profits which the Directors determine is no longer needed, or not in the same amount. Dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Law.

115. Notice of any dividend that may have been declared shall be given to each Member in manner hereinafter mentioned and all dividends unclaimed for three (3) years after having been declared may be forfeited by resolution of the Directors for the benefit of the Company.

116. No dividend shall bear interest as against the Company and no dividend shall be paid on shares held by another company of which the Company holds, directly or indirectly, shares having more than fifty percent (50%) of the vote in electing Directors.

117. The Board may resolve to capitalise any sum for the time being standing to the credit of any of the Company's share premium or other reserve accounts or to the credit of the profit and loss account or otherwise available for distribution by applying such sum in paying up unissued shares to be allotted as fully paid bonus shares pro rata to the Members.

118. The Board may resolve to capitalise any sum for the time being standing to the credit of a reserve account or sums otherwise available for dividend or distribution by applying such amounts in paying up in full partly paid or nil paid shares of those Members who would have been entitled to such sums if they were distributed by way of dividend or distribution.

119. A division of the issued and outstanding shares of a class or series of shares into a larger number of shares of the same class or series having a proportionately smaller par value does not constitute a dividend of shares.

ACCOUNTS AND AUDIT

120. The Company shall prepare unaudited annual consolidated financial statements (audited when requested by the Series A Director and/or the Series B Director), unaudited consolidated quarterly financial statements and unaudited consolidated monthly financial statements, each in accordance with the U.S. generally accepted accounting principles, which shall be drawn up so as to give respectively a true and fair view of the profit or loss of the Company for the financial period and a true and fair view of the state of affairs of the Company as at the end of the financial period.

121. The accounts of the Company shall be examined at least annually by an international accounting firm starting from the fiscal year 2014.

122. The first auditors shall be appointed by resolution of Directors, and subsequent auditors shall be appointed by an Ordinary Resolution in accordance with the Memorandum and these Articles.

123. The auditors may be Members of the Company but no Director or other officer shall be eligible to be an auditor of the Company during his continuance in office.

124. The remuneration of the auditors of the Company

(a) in the case of auditors appointed by the Directors, may be fixed by resolution of Directors;

(b) subject to the foregoing, shall be fixed by an Ordinary Resolution or in such manner as the Company may by an Ordinary Resolution determine.

125. The auditors shall examine each profit and loss account and balance sheet required to be served on every Member or laid before a meeting of the Members and shall state in a written report whether or not

(a) in their opinion the profit and loss account and balance sheet give a true and fair view respectively of the profit or loss for the period covered by the accounts, and of the state of affairs of the Company at the end of that period, and

(b) all the information and explanations required by the auditors have been obtained.

126. The report of the auditors shall be annexed to the accounts and shall be read at the meeting of Members at which the accounts are laid before the Company or shall be served on the Members.

127. Every auditor of the Company shall have a right of access at all times to the books of account and vouchers of the Company, and shall be entitled to require from the Directors and officers of the Company such information and explanations as he thinks necessary for the performance of the duties of the auditors.

NOTICES

128. Any notice, information or written statement to be given by the Company to Members may be served in the case of Members holding registered shares in any way by which it can reasonably be expected to reach each Member or by mail addressed to each Member at the address shown in the share register.

129. Any summons, notice, order, document, process, information or written statement to be served on the Company may be served by leaving it, or by sending it by registered mail addressed to the Company, at its registered office, or by leaving it with, or by sending it by registered mail to, the registered office of the Company.

130. Service of any summons, notice, order, document, process, information or written statement to be served on the Company may be proved by showing that the summons, notice, order, document, process, information or written statement was delivered to the registered office of the Company or that it was mailed in such time as to admit to its being delivered to the registered office of the Company in the normal course of delivery within the period prescribed for service and was correctly addressed and the postage was prepaid.

131. (a) Where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, pre-paying and posting a letter containing the notice, and shall be deemed to have been received on the fifth day (not including Saturdays or Sundays or public holidays) following the day on which the notice was posted.

(b) Where a notice is sent by cable, telex, or facsimile, service of the notice shall be deemed to be effected by properly addressing, and sending such notice and shall be deemed to have been received on the same day that it was transmitted.

(c) Where a notice is given by e-mail service shall be deemed to be effected by transmitting the e-mail to the e-mail address provided by the intended recipient and shall be deemed to have been received on the same day that it was sent, and it shall not be necessary for the receipt of the e-mail to be acknowledged by the recipient.

VOLUNTARY WINDING UP AND DISSOLUTION

132. Subject to the provisions of the Memorandum and Article 41, the Company may voluntarily commence to wind up and dissolve by a Special Resolution.

LIQUIDATION PREFERENCE

133. Liquidation Preference. In the event of any liquidation, dissolution or winding up of the Company, either voluntary or involuntary or the consummation of a Liquidation Event (as defined below), the holders of the Series C Preferred Shares then outstanding shall be entitled to receive, prior to any distribution to the holders of the Series B Preferred Shares, Series A Preferred Shares, Ordinary Shares, Series Seed Preferred Shares or any other class or series of shares then outstanding, an amount per Series C Preferred Share equal to one hundred and fifty percent (150%) of the Series C Preferred Share Issue Price plus all declared but unpaid dividends thereon (the "**Series C Preferred Share Preference Amount**"). After the full Series C Preferred Share Preference Amount on all Series C Preferred Shares then outstanding has been paid, the holders of the Series B Preferred Shares then outstanding shall be entitled to receive, prior to any distribution to the holders of the Series A Preferred Shares, Ordinary Shares, Series Seed Preferred Shares or any other class or series of shares then outstanding, an amount per Series B Preferred Share equal to one hundred and fifty percent (150%) of the Series B Preferred Share Issue Price plus all declared but unpaid dividends thereon (the "**Series B Preferred Share Preference Amount**"). After the full Series B Preferred Share Preference Amount on all Series B Preferred Shares then outstanding has been paid, the holders of the Series A Preferred Shares then outstanding shall be entitled to receive, prior to any distribution to the holders of the Ordinary Shares, Series Seed Preferred Shares or any other class or series of shares then outstanding, an amount per Series A Preferred Share equal to one hundred and fifty percent (150%) of the Series A Preferred Share Issue Price plus all declared but unpaid dividends thereon (the "**Series A Preferred Share Preference Amount**"). After the full Series A Preferred Share Preference Amount on all Series A Preferred Shares then outstanding has been paid, the holders of the Series Seed-1 Preferred Shares, the Series Seed-2 Preferred Shares and the Series Seed-3 Preferred Shares then outstanding shall be entitled to receive, prior to any distribution to the holders of the Ordinary Shares or any other class or series of shares then outstanding, an amount per Series Seed-1 Preferred Share, the Series Seed-2 Preferred Shares or the Series Seed-3 Preferred Shares, as applicable, equal to one hundred percent (100%) of the Series Seed-1 Preferred Share Issue Price, the Series Seed-2 Preferred Share Issue Price or the Series Seed-3 Preferred Share Issue Price, as applicable, plus all declared but unpaid dividends thereon (collectively, the "**Series Seed Preferred Share Preference Amount**"). After the full Series Seed Preferred Share Preference Amount on all Series Seed Preferred Shares then outstanding has been paid, any remaining funds or assets of the Company legally available for distribution to shareholders shall be distributed on a pro rata, *pari passu* basis among the holders of the then outstanding Special Preferred Shares (on an as-converted basis), together with the holders of the then outstanding Ordinary Shares. If the Company has insufficient assets to permit payment of the Series C Preferred Share Preference Amount, in full to all holders of Series C Preferred Shares, then the assets of the Company shall be distributed ratably to the holders of the Series C Preferred Shares in proportion to the full Series C Preferred Share Preference Amount each such holder of Series C Preferred Shares would otherwise be entitled to receive under this Article 133. If the Company has insufficient assets to permit payment of the Series B Preferred Share Preference Amount, in full to all holders of Series B Preferred Shares, then the assets of the Company shall be distributed ratably to the holders of the Series B Preferred Shares in proportion to the full Series B Preferred Share Preference Amount each such holder of Series B Preferred Shares would otherwise be entitled to receive under this Article 133. If the Company has insufficient assets to permit payment of the Series A Preferred Share Preference Amount in full to all holders of Series A Preferred Shares, then the assets of the Company shall be distributed ratably to the holders of the Series A Preferred Shares in proportion to the full Series A Preferred Share Preference Amount each such holder of Series A Preferred Shares would otherwise be entitled to receive under this Article 133. If the Company has insufficient assets to permit payment of the Series Seed Preferred Share Preference Amount, in full to all holders of Series Seed Preferred Shares, then the assets of the Company shall be distributed ratably to the holders of the Series Seed Preferred Shares in proportion to the full Series Seed Preferred Share Preference Amount each such holder of Series Seed Preferred Shares would otherwise be entitled to receive under this Article 133.

For the avoidance of doubt, for purposes of determining the amount the holders of Series Seed Preferred Shares are entitled to receive with respect to a Liquidation Event, the holders of Series Seed Preferred Shares shall be deemed to have converted (regardless of whether such holders actually have converted) their shares into Ordinary Shares immediately prior to the Liquidation Event if, as a result of an actual conversion, such holders would receive, in the aggregate, an amount greater than the amount that would be distributed to such holders if such holders did not convert their shares into Ordinary Shares. If such holders shall be deemed to have converted their shares into Ordinary Shares pursuant to this paragraph, then such holders shall not be entitled to receive any Series Seed Preferred Share Preference Amount.

The following events shall be deemed a liquidation, dissolution or winding up of the Company (each a "**Liquidation Event**"):

(a) as applicable, any acquisition, sale of shares, change of control, merger, consolidation or other similar transaction involving the Company in which its shareholders do not retain a majority of the voting power in the surviving entity or the parent of the surviving entity (except any transaction effected solely to change the Company's domicile); or

(b) any sale, transfer or exclusive license by the Company of all or substantially all the assets or intellectual property of the Company.

The provision of the first paragraph of Article 133 shall apply as if all consideration received by the Company and its shareholders in connection with such Liquidation Event were being distributed in a liquidation of the Company. If the requirements of this Article 133 are not complied with, the Company shall forthwith, to the extent permitted by the Law, either (i) cause such closing to be postponed until such time as the requirements of this Article 133 have been complied with, or (ii) cancel such transaction. Notwithstanding the foregoing, the treatment of any particular transaction or series of related transactions as a Liquidation Event may be waived by the vote or written consent of the Requisite Preferred Holders.

Notwithstanding any other provision of this Article 133, the Company may at any time, out of funds legally available therefor and subject to compliance with the provisions of the applicable laws of the Cayman Islands, repurchase Ordinary Shares of the Company issued to or held by employees, directors, officers, advisors or consultants of the Company or its subsidiaries upon termination of their employment or services, pursuant to any bona fide agreement providing for such right of repurchase, whether or not dividends on the Preferred Shares shall have been declared.

In the event the Company proposes to distribute assets other than cash in connection with any liquidation, dissolution or winding up of the Company, the value of the assets to be distributed to the holders of Preferred Shares and Ordinary Shares shall be that as determined in good faith by the liquidator or, in the case of any proposed distribution in connection with a transaction which is a deemed Liquidation Event hereunder, by the Board, which Directors in each case shall include the approval of the Series A Director and the Series B Director. Any securities not subject to investment letter or similar restrictions on free marketability shall be valued as follows:

(a) If traded on a securities exchange, the value shall be deemed to be the average of the security's closing prices on such exchange over the thirty (30) day period ending one (1) day prior to the distribution;

(b) If actively traded over-the-counter, the value shall be deemed to be the average of the closing bid prices over the thirty (30) day period ending three (3) days prior to the distribution; and

(c) If there is no active public market, the value shall be the fair market value thereof as determined in good faith by the liquidator or, in the case of any proposed distribution in connection with a transaction which is a deemed liquidation hereunder, by the Board, which Directors in each case shall include the approval of the Series A Director and the Series B Director.

The method of valuation of securities subject to restrictions on free marketability shall be adjusted to make an appropriate discount from the market value determined as above in clauses (a), (b) or (c) to reflect the fair market value thereof as determined in good faith by the liquidator or, in the case of any proposed distribution in connection with a transaction which is a deemed liquidation hereunder, by the Board. Each holder of Special Preferred Shares shall have the right to challenge any determination by the liquidator or the Board, as the case may be, of fair market value pursuant to this Article 133, in which case the determination of fair market value shall be made by an independent appraiser selected jointly by the liquidator or the Board, as the case may be, and the challenging parties, the cost of such appraisal to be borne equally by the Company and the challenging party.

CONTINUATION

134. The Company may by an Ordinary Resolution or by a resolution passed unanimously by all Directors continue as a company incorporated under the laws of a jurisdiction outside the Cayman Islands in the manner provided under those laws.

CHANGES TO CONSTITUTION

135. Subject to Article 41, the Company may from time to time, by Special Resolution, change the name of the Company, alter or add to the Memorandum or these Articles.

DRAG ALONG RIGHTS

136. (a) If prior to the closing of a Qualified I PO the Approving Members (as defined below) vote in favour of or otherwise consent in writing to sell or transfer all or substantially all of the shares or assets of the Company in any transaction or a series of transactions that would qualify as a Liquidation Event (a "**Change of Control**"), then the Company shall promptly notify each of the other Members of the Company (the "**Remaining Members**", including without limitation, each of the holders of Ordinary Shares and Preferred Shares who are not Approving Members) in writing of such vote, consent or agreement and the material terms and conditions of such Change of Control, whereupon each Remaining Member shall, in accordance with instructions received from the Company (the "**Drag Along Instructions**"), vote all of its voting securities of the Company in favour of, otherwise consent in writing to, or otherwise sell or transfer all of their shares in such Change of Control (including without limitation tendering original share certificates for transfer, signing and delivering share transfer certificates, share sale or exchange agreements, and certificates of indemnity relating to any shares in the capital of the Company in the event that such Remaining Member has lost or misplaced the relevant share certificate) on the same terms and conditions as were agreed to by the Approving Members, provided, however, that such terms and conditions, including with respect to price paid or received per share, may differ between the Ordinary Shares and the Preferred Shares (including without any limitation, in order to reflect any liquidation preference of the Preferred Shares and participation rights of the Preferred Shares). For purpose of this Article 136, the "**Approving Members**" shall mean (i) the holders of more than fifty percent (50%) of the then outstanding Ordinary Shares (excluding any Ordinary Shares converted from Preferred Shares) voting together as a single class, (ii) the holders of a majority of the then outstanding Series A Preferred Shares, voting as a separate class on an as converted basis, (iii) the holders of a majority of the then outstanding Series B Preferred Shares, voting as a separate class on an as converted basis, and (iv) the holders of a majority of the then outstanding Series C Preferred Shares, voting as a separate class on an as converted basis.

(b) In furtherance of the foregoing, the Company is hereby expressly authorized by each Remaining Member to take any or all of the following actions on such Remaining Member's behalf (to the extent permitted by applicable laws, without receipt of any further consent by such Remaining Member), provided such Remaining Member fails to take necessary actions as required under the Drag Along Instructions, to: (i) vote all of the voting securities of such Remaining Member in favor of any such Change of Control; (ii) otherwise consent on such Remaining Member's behalf to such Change of Control; (iii) sell all of such Remaining Member's shares in such Change of Control, in accordance with the terms and conditions of this Article 136; and (iv) act as the Remaining Member's attorney in fact in relation to any such Change of Control and have the full authority to sign and deliver, on behalf of such Remaining Member, share transfer certificates, share sale or exchange agreements and certificates of indemnity relating to any shares in the capital of the Company in the event that such Remaining Member has lost or misplaced the relevant share certificate. Notwithstanding the foregoing provisions of this Article 136, the Remaining Members shall not be obligated to vote, consent and/or sell their shares in connection with any such Change of Control to the extent that none of the Approving Members do so with respect to all Company shares held by them.

(c) The rights under this Article 136 shall terminate upon the earlier to occur of (i) the closing of a Qualified IPO, or (ii) a Liquidation Event.

Exhibit 3.2

THE COMPANIES LAW (2018 REVISION)

OF THE CAYMAN ISLANDS

COMPANY LIMITED BY SHARES

FIFTH AMENDED AND RESTATED
MEMORANDUM OF ASSOCIATION

OF

EHang Holdings Limited

(Adopted by a Special Resolution passed on October 24, 2019 and effective immediately prior to the completion of the initial public offering of the Company's American Depositary Shares representing its Class A Ordinary Shares)

1. The name of the Company is EHang Holdings Limited.

2. The Registered Office of the Company will be situated at the offices of Osiris International Cayman Limited, Suite #4-210, Governors Square, 23 Lime Tree Bay Avenue, PO Box 32311, Grand Cayman KY1-1209, Cayman Islands, or at such other location within the Cayman Islands as the Directors may from time to time determine.

3. 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 Law or any other law of the Cayman Islands.

4. The Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit as provided by the Companies Law.

5. The Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands; provided that nothing in this section shall be construed as to prevent the Company effecting and concluding contracts in the Cayman Islands, and exercising in the Cayman Islands all of its powers necessary for the carrying on of its business outside the Cayman Islands.

6. The liability of each Shareholder is limited to the amount, if any, unpaid on the Shares held by such Shareholder.

7. The authorised share capital of the Company is US$200,000 divided into 2,000,000,000 shares comprising (i) 1,904,577,337 Class A Ordinary Shares of a par value of US$0.0001 each, (ii) 45,422,663 Class B Ordinary Shares of a par value of US$0.0001 each and (iii) 50,000,000 shares of a par value of US$0.0001 each of such class or classes (however designated) as the board of directors may determine in accordance with Article 9 of the Articles. Subject to the Companies Law and the Articles, the Company shall have power to redeem or purchase any of its Shares and to increase or reduce its authorised share capital and to sub-divide or consolidate the said Shares or any of them and to issue all or any part of its capital whether original, redeemed, increased or reduced with or without any preference, priority, special privilege or other rights or subject to any postponement of rights or to any conditions or restrictions whatsoever and so that unless the conditions of issue shall otherwise expressly provide every issue of shares whether stated to be ordinary, preference or otherwise shall be subject to the powers on the part of the Company hereinbefore provided.

8. The Company has the power contained in the Companies Law to deregister in the Cayman Islands and be registered by way of continuation in some other jurisdiction.

9. Capitalised terms that are not defined in this Memorandum of Association bear the same meanings as those given in the Articles of Association of the Company.

THE COMPANIES LAW (2018 REVISION)

OF THE CAYMAN ISLANDS

COMPANY LIMITED BY SHARES

FIFTH AMENDED AND RESTATED

ARTICLES OF ASSOCIATION

OF

EHang Holdings Limited

(Adopted by a Special Resolution passed on October 24, 2019 and effective immediately prior to the completion of the initial public offering of the Company's American Depositary Shares representing its Class A Ordinary Shares)

TABLE A

The regulations contained or incorporated in Table 'A' in the First Schedule of the Companies Law shall not apply to the Company and the following Articles shall comprise the Articles of Association of the Company.

INTERPRETATION

1. In these Articles the following defined terms will have the meanings ascribed to them, if not inconsistent with the subject or context:

"ADS"	means an American Depositary Share representing Class A Ordinary Shares;
"Affiliate"	means in respect of a Person, any other Person that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person, and (i) in the case of a natural person, shall include, without limitation, such person's spouse, parents, children, siblings, mother-in-law, father-in-law, brothers-in-law and sisters-in-law, a trust for the benefit of any of the foregoing, and a corporation, partnership or any other entity wholly or jointly owned by any of the foregoing, and (ii) in the case of an entity, shall include a partnership, a corporation or any other entity or any natural person which directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such entity. The term "control" shall mean the ownership, directly or indirectly, of shares possessing more than fifty per cent (50%) of the voting power of the corporation, partnership or other entity (other than, in the case of a corporation, securities having such power only by reason of the happening of a contingency), or having the power to control the management or elect a majority of members to the board of directors or equivalent decision-making body of such corporation, partnership or other entity;
"Articles"	means these articles of association of the Company, as from time to time altered or added to in accordance with the Companies Law and these Articles;
"Board" and **"Board of Directors"** and **"Directors"**	means the directors of the Company for the time being, or as the case may be, the directors assembled as a board or as a committee thereof;
"Chairman"	means the chairman of the Board of Directors;

"Class" or "Classes"	means any class or classes of Shares as may from time to time be issued by the Company;
"Class A Ordinary Share"	means a Class A Ordinary Share of a par value of US$0.0001 in the capital of the Company and having the rights provided for in these Articles;
"Class B Ordinary Share"	means a Class B Ordinary Share of a par value of US$0.0001 in the capital of the Company and having the rights provided for in these Articles;
"Commission"	means the Securities and Exchange Commission of the United States of America or any other federal agency for the time being administering the Securities Act;
"Company"	means EHang Holdings Limited, a Cayman Islands exempted company;
"Companies Law"	means the Companies Law (2018 Revision) of the Cayman Islands and any statutory amendment or re-enactment thereof;
"Company's Website"	means the main corporate/investor relations website of the Company, the address or domain name of which has been disclosed in any registration statement filed by the Company with the Commission in connection with its initial public offering of ADSs, or which has otherwise been notified to Shareholders;
"Designated Stock Exchange"	means the stock exchange in the United States on which any Shares and ADSs are listed for trading;
"Designated Stock Exchange Rules"	means the relevant code, rules and regulations, as amended, from time to time, applicable as a result of the original and continued listing of any Shares or ADSs on the Designated Stock Exchange;
"electronic"	has the meaning given to it in the Electronic Transactions Law and any amendment thereto or re-enactments thereof for the time being in force and includes every other law incorporated therewith or substituted therefor;
"electronic communication"	means electronic posting to the Company's Website, transmission to any number, address or internet website or other electronic delivery methods as otherwise decided and approved by not less than two-thirds of the vote of the Board;
"Electronic Transactions Law"	means the Electronic Transactions Law (2003 Revision) of the Cayman Islands and any statutory amendment or re-enactment thereof;
"electronic record"	has the meaning given to it in the Electronic Transactions Law and any amendment thereto or re-enactments thereof for the time being in force and includes every other law incorporated therewith or substituted therefor;
"Founder"	means Huazhi Hu (□□□);
"Memorandum of Association"	means the memorandum of association of the Company, as amended or substituted from time to time;
"Ordinary Resolution"	means a resolution: (a) passed by a simple majority 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 authorised representatives, at a general meeting of the Company held in accordance with these Articles; or (b) 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 and the effective date of the resolution so adopted shall be the date on which the instrument, or the last of such instruments, if more than one, is executed;

"Ordinary Share"	means a Class A Ordinary Share or a Class B Ordinary Share;
"paid up"	means paid up as to the par value in respect of the issue of any Shares and includes credited as paid up;
"Person"	means any natural person, firm, company, joint venture, partnership, corporation, association or other entity (whether or not having a separate legal personality) or any of them as the context so requires;
"Register"	means the register of Members of the Company maintained in accordance with the Companies Law;
"Registered Office"	means the registered office of the Company as required by the Companies Law;
"Seal"	means the common seal of the Company (if adopted) including any facsimile thereof;
"Secretary"	means any Person appointed by the Directors to perform any of the duties of the secretary of the Company;
"Securities Act"	means the Securities Act of 1933 of the United States of America, as amended, or any similar federal statute and the rules and regulations of the Commission thereunder, all as the same shall be in effect at the time;
"Share"	means a share in the capital of the Company. All references to "Shares" herein shall be deemed to be Shares of any or all Classes as the context may require. For the avoidance of doubt in these Articles the expression "Share" shall include a fraction of a Share;
"Shareholder" or "Member"	means a Person who is registered as the holder of one or more Shares in the Register;
"Share Premium Account"	means the share premium account established in accordance with these Articles and the Companies Law;
"signed"	means bearing a signature or representation of a signature affixed by mechanical means or an electronic symbol or process attached to or logically associated with an electronic communication and executed or adopted by a Person with the intent to sign the electronic communication;
"Special Resolution"	means a special resolution of the Company passed in accordance with the Companies Law, being a resolution: (a) 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 authorised representatives, at a general meeting of the Company of which notice specifying the intention to propose the resolution as a special resolution has been duly given; or (b) 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 and the effective date of the special resolution so adopted shall be the date on which the instrument or the last of such instruments, if more than one, is executed;
"Treasury Share"	means a Share held in the name of the Company as a treasury share in accordance with the Companies Law; and
"United States"	means the United States of America, its territories, its possessions and all areas subject to its jurisdiction.

2. In these Articles, save where the context requires otherwise:

(a) words importing the singular number shall include the plural number and vice versa;

(b) words importing the masculine gender only shall include the feminine gender and any Person as the context may require;

(c) the word "may" shall be construed as permissive and the word "shall" shall be construed as imperative;

(d) reference to a dollar or dollars (or US$) and to a cent or cents is reference to dollars and cents of the United States of America;

(e) reference to a statutory enactment shall include reference to any amendment or re-enactment thereof for the time being in force;

(f) reference to any determination by the Directors shall be construed as a determination by the Directors in their sole and absolute discretion and shall be applicable either generally or in any particular case;

(g) reference to "in writing" shall be construed as written or represented by any means reproducible in writing, including any form of print, lithograph, email, facsimile, photograph or telex or represented by any other substitute or format for storage or transmission for writing including in the form of an electronic record or partly one and partly another;

(h) any requirements as to delivery under the Articles include delivery in the form of an electronic record or an electronic communication;

(i) any requirements as to execution or signature under the Articles, including the execution of the Articles themselves, can be satisfied in the form of an electronic signature as defined in the Electronic Transaction Law; and

(j) Sections 8 and 19(3) of the Electronic Transactions Law shall not apply.

3. Subject to the last two preceding Articles, any words defined in the Companies Law shall, if not inconsistent with the subject or context, bear the same meaning in these Articles.

PRELIMINARY

4. The business of the Company may be conducted as the Directors see fit.

5. The Registered Office shall be at such address in the Cayman Islands as the Directors may from time to time determine. The Company may in addition establish and maintain such other offices and places of business and agencies in such places as the Directors may from time to time determine.

6. The expenses incurred in the formation of the Company and in connection with the offer for subscription and issue of Shares shall be paid by the Company. Such expenses may be amortised over such period as the Directors may determine and the amount so paid shall be charged against income and/or capital in the accounts of the Company as the Directors shall determine.

7. The Directors shall keep, or cause to be kept, the Register at such place as the Directors may from time to time determine and, in the absence of any such determination, the Register shall be kept at the Registered Office.

SHARES

8. Subject to these Articles, all Shares for the time being unissued shall be under the control of the Directors who may, in their absolute discretion and without the approval of the Members, cause the Company to:

   (a) issue, allot and dispose of Shares (including, without limitation, preferred shares) (whether in certificated form or non-certificated form) to such Persons, in such manner, on such terms and having such rights and being subject to such restrictions as they may from time to time determine;

   (b) grant rights over Shares or other securities to be issued in one or more classes or series as they deem necessary or appropriate and determine the designations, powers, preferences, privileges and other rights attaching to such Shares or securities, including dividend rights, voting rights, conversion rights, terms of redemption and liquidation preferences, any or all of which may be greater than the powers, preferences, privileges and rights associated with the then issued and outstanding Shares, at such times and on such other terms as they think proper; and

   (c) grant options with respect to Shares and issue warrants or similar instruments with respect thereto.

9. The Directors may authorise the division of Shares into any number of Classes and the different Classes shall be authorised, established and designated (or re-designated as the case may be) and the variations in the relative rights (including, without limitation, voting, dividend and redemption rights), restrictions, preferences, privileges and payment obligations as between the different Classes (if any) may be fixed and determined by the Directors or by a Special Resolution. The Directors may issue Shares with such preferred or other rights, all or any of which may be greater than the rights of Ordinary Shares, at such time and on such terms as they may think appropriate. Notwithstanding Article 17, the Directors may issue from time to time, out of the authorised share capital of the Company (other than the authorised but unissued Ordinary Shares), series of preferred shares in their absolute discretion and without approval of the Members; provided, however, before any preferred shares of any such series are issued, the Directors shall by resolution of Directors determine, with respect to any series of preferred shares, the terms and rights of that series, including:

   (a) the designation of such series, the number of preferred shares to constitute such series and the subscription price thereof if different from the par value thereof;

   (b) whether the preferred shares of such series shall have voting rights, in addition to any voting rights provided by law, and, if so, the terms of such voting rights, which may be general or limited;

   (c) the dividends, if any, payable on such series, whether any such dividends shall be cumulative, and, if so, from what dates, the conditions and dates upon which such dividends shall be payable, and the preference or relation which such dividends shall bear to the dividends payable on any shares of any other class or any other series of shares;

   (d) whether the preferred shares of such series shall be subject to redemption by the Company, and, if so, the times, prices and other conditions of such redemption;

   (e) whether the preferred shares of such series shall have any rights to receive any part of the assets available for distribution amongst the Members upon the liquidation of the Company, and, if so, the terms of such liquidation preference, and the relation which such liquidation preference shall bear to the entitlements of the holders of shares of any other class or any other series of shares;

(f) whether the preferred shares of such series shall be subject to the operation of a retirement or sinking fund and, if so, the extent to and manner in which any such retirement or sinking fund shall be applied to the purchase or redemption of the preferred shares of such series for retirement or other corporate purposes and the terms and provisions relative to the operation thereof;

(g) whether the preferred shares of such series shall be convertible into, or exchangeable for, shares of any other class or any other series of preferred shares or any other securities and, if so, the price or prices or the rate or rates of conversion or exchange and the method, if any, of adjusting the same, and any other terms and conditions of conversion or exchange;

(h) the limitations and restrictions, if any, to be effective while any preferred shares of such series are outstanding upon the payment of dividends or the making of other distributions on, and upon the purchase, redemption or other acquisition by the Company of, the existing shares or shares of any other class of shares or any other series of preferred shares;

(i) the conditions or restrictions, if any, upon the creation of indebtedness of the Company or upon the issue of any additional shares, including additional shares of such series or of any other class of shares or any other series of preferred shares; and

(j) any other powers, preferences and relative, participating, optional and other special rights, and any qualifications, limitations and restrictions thereof;

and, for such purposes, the Directors may reserve an appropriate number of Shares for the time being unissued. The Company shall not issue Shares to bearer.

10. The Company may insofar as may be permitted by law, pay a commission to any Person in consideration of his subscribing or agreeing to subscribe whether absolutely or conditionally for any Shares. Such commissions may be satisfied by the payment of cash or the lodgement of fully or partly paid-up Shares or partly in one way and partly in the other. The Company may also pay such brokerage as may be lawful on any issue of Shares.

11. The Directors may refuse to accept any application for Shares, and may accept any application in whole or in part, for any reason or for no reason.

CLASS A ORDINARY SHARES AND CLASS B ORDINARY SHARES

12. Holders of Class A Ordinary Shares and Class B Ordinary Shares shall at all times vote together as one class on all resolutions submitted to a vote by the Members. Each Class A Ordinary Share shall entitle the holder thereof to one (1) vote on all matters subject to vote at general meetings of the Company, and each Class B Ordinary Share shall entitle the holder thereof to ten (10) votes on all matters subject to vote at general meetings of the Company.

13. Each Class B Ordinary Share is convertible into one (1) Class A Ordinary Share at any time at the option of the holder thereof. The right to convert shall be exercisable by the holder of the Class B Ordinary Share delivering a written notice to the Company that such holder elects to convert a specified number of Class B Ordinary Shares into Class A Ordinary Shares. In no event shall Class A Ordinary Shares be convertible into Class B Ordinary Shares.

14. Any conversion of Class B Ordinary Shares into Class A Ordinary Shares pursuant to these Articles shall be effected by means of the re-designation of each relevant Class B Ordinary Share as a Class A Ordinary Share. Such conversion shall become effective forthwith upon entries being made in the Register to record the re-designation of the relevant Class B Ordinary Shares as Class A Ordinary Shares.

15. Upon any sale, transfer, assignment or disposition of any Class B Ordinary Share by a Shareholder to any person who is not the Founder or an Affiliate controlled by the Founder, or upon a change of ultimate beneficial ownership of any Class B Ordinary Share to any Person who is not the Founder or an Affiliate controlled by the Founder, each such Class B Ordinary Share shall be automatically and immediately converted into one (1) Class A Ordinary Share. For the avoidance of doubt, (i) a sale, transfer, assignment or disposition shall be effective upon the Company's registration of such sale, transfer, assignment or disposition in its Register; and (ii) the creation of any pledge, charge, encumbrance or other third party right of whatever description on any Class B Ordinary Shares to secure a holder's contractual or legal obligations shall not be deemed as a sale, transfer, assignment or disposition unless and until any such pledge, charge, encumbrance or other third party right is enforced and results in the third party holding legal title to the relevant Class B Ordinary Shares, in which case all the related Class B Ordinary Shares shall be automatically converted into the same number of Class A Ordinary Shares. For purpose of this Article 15, beneficial ownership shall have the meaning set forth in Rule 13d-3 under the United States Securities Exchange Act of 1934, as amended.

16. Save and except for voting rights and conversion rights as set out in Articles 12 to 15 (inclusive), the Class A Ordinary Shares and the Class B Ordinary Shares shall rank *pari passu* with one another and shall have the same rights, preferences, privileges and restrictions.

MODIFICATION OF RIGHTS

17. Whenever the capital of the Company is divided into different Classes the rights attached to any such Class may, subject to any rights or restrictions for the time being attached to any Class, only be materially adversely varied with the consent in writing of the holders of two-thirds of the issued Shares of that Class or with the sanction of a Special Resolution passed at a separate meeting of the holders of the Shares of that Class. To every such separate meeting all the provisions of these Articles relating to general meetings of the Company or to the proceedings thereat shall, *mutatis mutandis*, apply, except that the necessary quorum shall be one or more Persons holding or representing by proxy at least one-third in nominal or par value amount of the issued Shares of the relevant Class (but so that if at any adjourned meeting of such holders a quorum as above defined is not present, those Shareholders who are present shall form a quorum) and that, subject to any rights or restrictions for the time being attached to the Shares of that Class, every Shareholder of the Class shall on a poll have one vote for each Share of the Class held by him. For the purposes of this Article the Directors may 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, but in any other case shall treat them as separate Classes.

18. The rights conferred upon the holders of the Shares of any Class issued with preferred or other rights shall not, subject to any rights or restrictions for the time being attached to the Shares of that Class, be deemed to be materially adversely varied by, inter alia, the creation, allotment or issue of further Shares ranking *pari passu* with or subsequent to them or the redemption or purchase of any Shares of any Class by the Company. The rights of the holders of Shares shall not be deemed to be materially adversely varied by the creation or issue of Shares with preferred or other rights including, without limitation, the creation of Shares with enhanced or weighted voting rights.

CERTIFICATES

19. Every Person whose name is entered as a Member in the Register may, without payment and upon its written request, request a certificate within two calendar months after allotment or lodgement of transfer (or within such other period as the conditions of issue shall provide) in the form determined by the Directors. All certificates shall specify the Share or Shares held by that Person, provided that in respect of a Share or Shares held jointly by several Persons the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a Share to one of several joint holders shall be sufficient delivery to all. All certificates for Shares shall be delivered personally or sent through the post addressed to the Member entitled thereto at the Member's registered address as appearing in the Register.

20. Every share certificate of the Company shall bear legends required under the applicable laws, including the Securities Act.

21. Any two or more certificates representing Shares of any one Class held by any Member may at the Member's request be cancelled and a single new certificate for such Shares issued in lieu on payment (if the Directors shall so require) of one U.S. dollar (US$1.00) or such smaller sum as the Directors shall determine.

22. If a share certificate shall be damaged or defaced or alleged to have been lost, stolen or destroyed, a new certificate representing the same Shares may be issued to the relevant Member upon request, subject to delivery up of the old certificate or (if alleged to have been lost, stolen or destroyed) compliance with such conditions as to evidence and indemnity and the payment of out-of-pocket expenses of the Company in connection with the request as the Directors may think fit.

23. In the event that Shares are held jointly by several Persons, any request may be made by any one of the joint holders and if so made shall be binding on all of the joint holders.

FRACTIONAL SHARES

24. The Directors may issue fractions of a Share and, if so issued, a fraction of a Share shall be subject to and carry the corresponding fraction of liabilities (whether with respect to nominal or par value, premium, contributions, calls or otherwise), limitations, preferences, privileges, qualifications, restrictions, rights (including, without prejudice to the generality of the foregoing, voting and participation rights) and other attributes of a whole Share. If more than one fraction of a Share of the same Class is issued to or acquired by the same Shareholder such fractions shall be accumulated.

LIEN

25. The Company has a first and paramount lien on every Share (whether or not fully paid) for all amounts (whether presently payable or not) payable at a fixed time or called in respect of that Share. The Company also has a first and paramount lien on every Share registered in the name of a Person indebted or under liability to the Company (whether he is the sole registered holder of a Share or one of two or more joint holders) for all amounts owing by him or his estate to the Company (whether or not presently payable). The Directors may at any time declare a Share to be wholly or in part exempt from the provisions of this Article. The Company's lien on a Share extends to any amount payable in respect of it, including but not limited to dividends.

26. The Company may sell, in such manner as the Directors in their absolute discretion think fit, any Share on which the Company has a lien, but no sale shall be made unless an amount in respect of which the lien exists is presently payable nor until the expiration of fourteen calendar days after a notice in writing, demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the Share, or the Persons entitled thereto by reason of his death or bankruptcy.

27. For giving effect to any such sale the Directors may authorise a Person to transfer the Shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the Shares comprised in any such transfer and he shall not be bound to see to the application of the purchase money, nor shall his title to the Shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

28. The proceeds of the sale after deduction of expenses, fees and commissions incurred by the Company shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue shall (subject to a like lien for sums not presently payable as existed upon the Shares prior to the sale) be paid to the Person entitled to the Shares immediately prior to the sale.

CALLS ON SHARES

29. Subject to the terms of the allotment, the Directors may from time to time make calls upon the Shareholders in respect of any moneys unpaid on their Shares, and each Shareholder shall (subject to receiving at least fourteen calendar days' notice specifying the time or times of payment) pay to the Company at the time or times so specified the amount called on such Shares. A call shall be deemed to have been made at the time when the resolution of the Directors authorising such call was passed.

30. The joint holders of a Share shall be jointly and severally liable to pay calls in respect thereof.

31. If a sum called in respect of a Share is not paid before or on the day appointed for payment thereof, the Person from whom the sum is due shall pay interest upon the sum at the rate of eight percent per annum from the day appointed for the payment thereof to the time of the actual payment, but the Directors shall be at liberty to waive payment of that interest wholly or in part.

32. The provisions of these Articles as to the liability of joint holders and as to payment of interest shall apply in the case of non-payment of any sum which, by the terms of issue of a Share, becomes payable at a fixed time, whether on account of the amount of the Share, or by way of premium, as if the same had become payable by virtue of a call duly made and notified.

33. The Directors may make arrangements with respect to the issue of partly paid Shares for a difference between the Shareholders, or the particular Shares, in the amount of calls to be paid and in the times of payment.

34. The Directors may, if they think fit, receive from any Shareholder willing to advance the same all or any part of the moneys uncalled and unpaid upon any partly paid Shares held by him, and upon all or any of the moneys so advanced may (until the same would, but for such advance, become presently payable) pay interest at such rate (not exceeding without the sanction of an Ordinary Resolution, eight percent per annum) as may be agreed upon between the Shareholder paying the sum in advance and the Directors. No such sum paid in advance of calls shall entitle the Member paying such sum to any portion of a dividend declared in respect of any period prior to the date upon which such sum would, but for such payment, become presently payable.

FORFEITURE OF SHARES

35. If a Shareholder fails to pay any call or instalment of a call in respect of partly paid Shares on the day appointed for payment, the Directors may, at any time thereafter during such time as any part of such call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued.

36. The notice shall name a further day (not earlier than the expiration of fourteen calendar days from the date of the notice) on or before which the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time appointed, the Shares in respect of which the call was made will be liable to be forfeited.

37. If the requirements of any such notice as aforesaid are not complied with, any Share in respect of which the notice has been given may at any time thereafter, before the payment required by notice has been made, be forfeited by a resolution of the Directors to that effect.

38. A forfeited Share may be sold or otherwise disposed of on such terms and in such manner as the Directors think fit, and at any time before a sale or disposition the forfeiture may be cancelled on such terms as the Directors think fit.

39. A Person whose Shares have been forfeited shall cease to be a Shareholder in respect of the forfeited Shares, but shall, notwithstanding, remain liable to pay to the Company all moneys which at the date of forfeiture were payable by him to the Company in respect of the Shares forfeited, but his liability shall cease if and when the Company receives payment in full of the amount unpaid on the Shares forfeited.

40. A certificate in writing under the hand of a Director that a Share has been duly forfeited on a date stated in the certificate shall be conclusive evidence of the facts in the declaration as against all Persons claiming to be entitled to the Share.

41. The Company may receive the consideration, if any, given for a Share on any sale or disposition thereof pursuant to the provisions of these Articles as to forfeiture and may execute a transfer of the Share in favour of the Person to whom the Share is sold or disposed of and that Person shall be registered as the holder of the Share and shall not be bound to see to the application of the purchase money, if any, nor shall his title to the Shares be affected by any irregularity or invalidity in the proceedings in reference to the disposition or sale.

42. The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which by the terms of issue of a Share becomes due and payable, whether on account of the amount of the Share, or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

TRANSFER OF SHARES

43. The instrument of transfer of any Share shall be in writing and in any usual or common form or such other form as the Directors may, in their absolute discretion, approve and be executed by or on behalf of the transferor and if in respect of a nil or partly paid up Share, or if so required by the Directors, shall also be executed on behalf of the transferee and shall be accompanied by the certificate (if any) of the Shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer. The transferor shall be deemed to remain a Shareholder until the name of the transferee is entered in the Register in respect of the relevant Shares.

44. (a) The Directors may in their absolute discretion decline to register any transfer of Shares which is not fully paid up or on which the Company has a lien.

(b) The Directors may also decline to register any transfer of any Share unless:

(i) the instrument of transfer is lodged with the Company, accompanied by the certificate for the 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;

(ii) the instrument of transfer is in respect of only one Class of Shares;

(iii) the instrument of transfer is properly stamped, if required;

(iv) in the case of a transfer to joint holders, the number of joint holders to whom the Share is to be transferred does not exceed four; and

(v) a fee of such maximum sum as the Designated Stock Exchange may determine to be payable, or such lesser sum as the Board of Directors may from time to time require, is paid to the Company in respect thereof.

45. The registration of transfers may, on ten calendar days' notice being given by advertisement in such one or more newspapers, by electronic means or by any other means in accordance with the Designated Stock Exchange Rules, be suspended and the Register closed at such times and for such periods as the Directors may, in their absolute discretion, from time to time determine, provided always that such registration of transfer shall not be suspended nor the Register closed for more than thirty calendar days in any calendar year.

46. All instruments of transfer that are registered shall be retained by the Company. If the Directors refuse to register a transfer of any Shares, they shall within three calendar months after the date on which the transfer was lodged with the Company send notice of the refusal to each of the transferor and the transferee.

TRANSMISSION OF SHARES

47. The legal personal representative of a deceased sole holder of a Share shall be the only Person recognised by the Company as having any title to the Share. In the case of a Share registered in the name of two or more holders, the survivors or survivor, or the legal personal representatives of the deceased survivor, shall be the only Person recognised by the Company as having any title to the Share.

48. Any Person becoming entitled to a Share in consequence of the death or bankruptcy of a Shareholder shall, upon such evidence being produced as may from time to time be required by the Directors, have the right either to be registered as a Shareholder in respect of the Share or, instead of being registered himself, to make such transfer of the Share as the deceased or bankrupt Person could have made; but the Directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the Share by the deceased or bankrupt Person before the death or bankruptcy.

49. A Person becoming entitled to a Share by reason of the death or bankruptcy of a Shareholder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered Shareholder, except that he shall not, before being registered as a Shareholder in respect of the Share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company, provided however, that the Directors may at any time give notice requiring any such Person to elect either to be registered himself or to transfer the Share, and if the notice is not complied with within ninety calendar days, the Directors may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Share until the requirements of the notice have been complied with.

REGISTRATION OF EMPOWERING INSTRUMENTS

50. The Company shall be entitled to charge a fee not exceeding one U.S. dollar (US$1.00) on the registration of every probate, letters of administration, certificate of death or marriage, power of attorney, notice in lieu of distringas, or other instrument.

ALTERATION OF SHARE CAPITAL

51. The Company may from time to time by Ordinary Resolution increase the share capital by such sum, to be divided into Shares of such Classes and amount, as the resolution shall prescribe.

52. The Company may by Ordinary Resolution:

(a) increase its share capital by new Shares of such amount as it thinks expedient;

(b) consolidate and divide all or any of its share capital into Shares of a larger amount than its existing Shares;

(c) 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

(d) 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 cancelled.

53. The Company may by Special Resolution reduce its share capital and any capital redemption reserve in any manner authorised by law.

REDEMPTION, PURCHASE AND SURRENDER OF SHARES

54. Subject to the provisions of the Companies Law and these Articles, the Company may:

(a) issue Shares that are to be redeemed or are liable to be redeemed at the option of the Shareholder or the Company. The redemption of Shares shall be effected in such manner and upon such terms as may be determined, before the issue of such Shares, by either the Board or by the Shareholders by Special Resolution;

(b) purchase its own Shares (including any redeemable Shares) on such terms and in such manner and terms as have been approved by the Board or by the Members by Ordinary Resolution, or are otherwise authorised by these Articles; and

(c) make a payment in respect of the redemption or purchase of its own Shares in any manner permitted by the Companies Law, including out of capital.

55. The purchase of any Share shall not oblige the Company to purchase any other Share other than as may be required pursuant to applicable law and any other contractual obligations of the Company.

56. The holder of the Shares being purchased shall be bound to deliver up to the Company the certificate(s) (if any) thereof for cancellation and thereupon the Company shall pay to him the purchase or redemption monies or consideration in respect thereof.

57. The Directors may accept the surrender for no consideration of any fully paid Share.

TREASURY SHARES

58. The Directors may, prior to the purchase, redemption or surrender of any Share, determine that such Share shall be held as a Treasury Share.

59. The Directors may determine to cancel a Treasury Share or transfer a Treasury Share on such terms as they think proper (including, without limitation, for nil consideration).

GENERAL MEETINGS

60. All general meetings other than annual general meetings shall be called extraordinary general meetings.

61. (a) The Company may (but shall not be obliged to) in each calendar year hold a general meeting as its annual general meeting and shall specify the meeting as such in the notices calling it. The annual general meeting shall be held at such time and place as may be determined by the Directors.

(b) At these meetings the report of the Directors (if any) shall be presented.

62. (a) The Chairman or a majority of the Directors may call general meetings, and they shall on a Shareholders' requisition forthwith proceed to convene an extraordinary general meeting of the Company.

(b) A Shareholders' requisition is a requisition of Members holding at the date of deposit of the requisition Shares which carry in aggregate not less than one-third (1/3) of all votes attaching to all issued and outstanding Shares of the Company that as at the date of the deposit carry the right to vote at general meetings of the Company.

(c) The requisition must state the objects of the meeting and must be signed by the requisitionists and deposited at the Registered Office, and may consist of several documents in like form each signed by one or more requisitionists.

(d) If there are no Directors as at the date of the deposit of the Shareholders' requisition, or if the Directors do not within twenty-one calendar days from the date of the deposit of the requisition duly proceed to convene a general meeting to be held within a further twenty-one calendar days, the requisitionists, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene a general meeting, but any meeting so convened shall not be held after the expiration of three calendar months after the expiration of the said twenty-one calendar days.

(e) A general meeting convened as aforesaid by requisitionists shall be convened in the same manner as nearly as possible as that in which general meetings are to be convened by Directors.

NOTICE OF GENERAL MEETINGS

63. At least ten (10) calendar days' notice shall be given for any general meeting. Every notice shall be exclusive of the day on which it is given or deemed to be given and of the day for which it is given and shall specify the place, the day and the hour of the meeting and the general nature of the business and shall be given in the manner hereinafter mentioned or in such other manner if any as may be prescribed by the Company, provided that a general meeting of the Company shall, whether or not the notice specified in this Article has been given and whether or not the provisions of these Articles regarding general meetings have been complied with, be deemed to have been duly convened if it is so agreed:

(a) in the case of an annual general meeting, by all the Shareholders (or their proxies) entitled to attend and vote thereat; and

(b) in the case of an extraordinary general meeting, by two-thirds (2/3rd) of the Shareholders having a right to attend and vote at the meeting, present in person or by proxy or, in the case of a corporation or other non-natural person, by its duly authorised representative or proxy.

64. The accidental omission to give notice of a meeting to or the non-receipt of a notice of a meeting by any Shareholder shall not invalidate the proceedings at any meeting.

PROCEEDINGS AT GENERAL MEETINGS

65. No business except for the appointment of a chairman for the meeting shall be transacted at any general meeting unless a quorum of Shareholders is present at the time when the meeting proceeds to business. One or more Shareholders 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 at such general meeting, present in person or by proxy or, if a corporation or other non-natural person, by its duly authorised representative, shall be a quorum for all purposes.

66. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting shall be dissolved.

67. If the Directors wish to make this facility available for a specific general meeting or all general meetings of the Company, participation in any general meeting of the Company may be by means of a telephone or similar communication equipment by way of which all Persons participating in such meeting can communicate with each other and such participation shall be deemed to constitute presence in person at the meeting.

68. The Chairman, if any, shall preside as chairman at every general meeting of the Company.

69. If there is no such Chairman, or if at any general meeting he is not present within fifteen minutes after the time appointed for holding the meeting or is unwilling to act as chairman of the meeting, any Director or Person nominated by the Directors shall preside as chairman of that meeting, failing which the Shareholders present in person or by proxy shall choose any Person present to be chairman of that meeting.

70. The chairman of any general meeting at which a quorum is present may with the consent of the meeting (and shall if so directed by the meeting) adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting, or adjourned meeting, is adjourned for fourteen calendar days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

71. The Directors may cancel or postpone any duly convened general meeting at any time prior to such meeting, except for general meetings requisitioned by the Shareholders in accordance with these Articles, for any reason or for no reason, upon notice in writing to Shareholders. A postponement may be for a stated period of any length or indefinitely as the Directors may determine.

72. At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) demanded by the chairman of the meeting or any Shareholder holding not less than ten per cent (10%) of the votes attaching to the Shares present in person or by proxy, and unless a poll is so demanded, a declaration by the chairman of the meeting that a resolution has, on a show of hands, been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book of the proceedings of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of, or against, that resolution.

73. If a poll is duly demanded it shall be taken in such manner as the chairman of the meeting directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

74. All questions submitted to a meeting shall be decided by an Ordinary Resolution except where a greater majority is required by these Articles or by the Companies Law. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded, shall be entitled to a second or casting vote.

75. A poll demanded on the election of a chairman of the meeting or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the chairman of the meeting directs.

VOTES OF SHAREHOLDERS

76. Subject to any rights and restrictions for the time being attached to any Share, on a show of hands every Shareholder present in person or by proxy (or, if a corporation or other non-natural person, by its duly authorised representative or proxy) shall, at a general meeting of the Company, each have one vote and on a poll every Shareholder present in person or by proxy (or, if a corporation or other non-natural person, by its duly authorised representative or proxy) shall have one (1) vote for each Class A Ordinary Share and ten (10) votes for each Class B Ordinary Share of which such Shareholder is the holder, as provided for in Article 12.

77. In the case of joint holders the vote of the senior who tenders a vote whether in person or by proxy (or, if a corporation or other non-natural person, by its duly authorised representative or proxy) shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the Register.

78. Shares carrying the right to vote that are held by a Shareholder of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may be voted, whether on a show of hands or on a poll, by his committee, or other Person in the nature of a committee appointed by that court, and any such committee or other Person may vote in respect of such Shares by proxy.

79. No Shareholder shall be entitled to vote at any general meeting of the Company unless all calls, if any, or other sums presently payable by him in respect of Shares carrying the right to vote held by him have been paid.

80. On a poll votes may be given either personally or by proxy.

81. Each Shareholder, other than a recognised clearing house (or its nominee(s)) or depositary (or its nominee(s)), may only appoint one proxy on a show of hand. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under Seal or under the hand of an officer or attorney duly authorised. A proxy need not be a Shareholder.

82. An instrument appointing a proxy may be in any usual or common form or such other form as the Directors may approve.

83. The instrument appointing a proxy shall be deposited at the Registered Office or at such other place as is specified for that purpose in the notice convening the meeting, or in any instrument of proxy sent out by the Company:

    (a) not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote; or

    (b) in the case of a poll taken more than 48 hours after it is demanded, be deposited as aforesaid after the poll has been demanded and not less than 24 hours before the time appointed for the taking of the poll; or

(c) where the poll is not taken forthwith but is taken not more than 48 hours after it was demanded be delivered at the meeting at which the poll was demanded to the chairman of the meeting or to the secretary or to any Director;

provided that the Directors may in the notice convening the meeting, or in an instrument of proxy sent out by the Company, direct that the instrument appointing a proxy may be deposited at such other time (no later than the time for holding the meeting or adjourned meeting) at the Registered Office or at such other place as is specified for that purpose in the notice convening the meeting, or in any instrument of proxy sent out by the Company. The chairman of the meeting may in any event at his discretion direct that an instrument of proxy shall be deemed to have been duly deposited. An instrument of proxy that is not deposited in the manner permitted shall be invalid.

84. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

85. A resolution in writing signed by all the Shareholders for the time being entitled to receive notice of and to attend and vote at general meetings of the Company (or being corporations by their duly authorised representatives) shall be as valid and effective as if the same had been passed at a general meeting of the Company duly convened and held.

CORPORATIONS ACTING BY REPRESENTATIVES AT MEETINGS

86. Any corporation which is a Shareholder or a Director may by resolution of its directors or other governing body authorise such Person as it thinks fit to act as its representative at any meeting of the Company or of any meeting of holders of a Class or of the Directors or of a committee of Directors, and the Person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual Shareholder or Director.

DEPOSITARY AND CLEARING HOUSES

87. If a recognised clearing house (or its nominee(s)) or depositary (or its nominee(s)) is a Member of the Company it may, by resolution of its directors or other governing body or by power of attorney, authorise such Person(s) as it thinks fit to act as its representative(s) at any general meeting of the Company or of any Class of Shareholders provided that, if more than one Person is so authorised, the authorisation shall specify the number and Class of Shares in respect of which each such Person is so authorised. A Person so authorised pursuant to this Article shall be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) or depositary (or its nominee(s)) which he represents as that recognised clearing house (or its nominee(s)) or depositary (or its nominee(s)) could exercise if it were an individual Member holding the number and Class of Shares specified in such authorisation, including the right to vote individually on a show of hands.

DIRECTORS

88. (a) Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than three (3) Directors, the exact number of Directors to be determined from time to time by the Board of Directors.

(b) The Board of Directors shall elect and appoint a Chairman by a majority of the Directors then in office. The period for which the Chairman will hold office will also be determined by a majority of all of the Directors then in office. The Chairman shall preside as chairman at every meeting of the Board of Directors. To the extent the Chairman is not present at a meeting of the Board of Directors within fifteen minutes after the time appointed for holding the same, the attending Directors may choose one of their number to be the chairman of the meeting.

(c) The Company may by Ordinary Resolution appoint any person to be a Director.

(d) 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.

(e) 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. Each Director whose term of office expires shall be eligible for re-election at a meeting of the Shareholders or re-appointment by the Board.

89. A Director may be removed from office by Ordinary Resolution, notwithstanding anything in these Articles or in any agreement between the Company and such Director (but without prejudice to any claim for damages under such agreement). A vacancy on the Board created by the removal of a Director under the previous sentence may be filled by Ordinary Resolution or by the affirmative vote of a simple majority of the remaining Directors present and voting at a Board meeting. The notice of any meeting at which a resolution to remove a Director shall be proposed or voted upon must contain a statement of the intention to remove that Director and such notice must be served on that Director not less than ten (10) calendar days before the meeting. Such Director is entitled to attend the meeting and be heard on the motion for his removal.

90. The Board may, from time to time, and except as required by applicable law or Designated Stock Exchange Rules, adopt, institute, amend, modify or revoke the corporate governance policies or initiatives of the Company and determine on various corporate governance related matters of the Company as the Board shall determine by resolution of Directors from time to time.

91. A Director shall not be required to hold any Shares in the Company by way of qualification. A Director who is not a Member of the Company shall nevertheless be entitled to attend and speak at general meetings.

92. The remuneration of the Directors may be determined by the Directors or by Ordinary Resolution.

93. The Directors shall be entitled to be paid their travelling, hotel and other expenses properly incurred by them in going to, attending and returning from meetings of the Directors, or any 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.

ALTERNATE DIRECTOR OR PROXY

94. Any Director may in writing appoint another Person to be his alternate and, save to the extent provided otherwise in the form of appointment, such alternate shall have authority to sign written resolutions on behalf of the appointing Director, but shall not be required to sign such written resolutions where they have been signed by the appointing director, and to act in such Director's place at any meeting of the Directors at which the appointing Director is unable to be present. Every such alternate shall be entitled to attend and vote at meetings of the Directors as a Director when the Director appointing him is not personally present and where he is a Director to have a separate vote on behalf of the Director he is representing in addition to his own vote. A Director may at any time in writing revoke the appointment of an alternate appointed by him. Such alternate shall be deemed for all purposes to be a Director and shall not be deemed to be the agent of the Director appointing him. The remuneration of such alternate shall be payable out of the remuneration of the Director appointing him and the proportion thereof shall be agreed between them.

95. Any Director may appoint any Person, whether or not a Director, to be the proxy of that Director to attend and vote on his behalf, in accordance with instructions given by that Director, or in the absence of such instructions at the discretion of the proxy, at a meeting or meetings of the Directors which that Director is unable to attend personally. The instrument appointing the proxy shall be in writing under the hand of the appointing Director and shall be in any usual or common form or such other form as the Directors may approve, and must be lodged with the chairman of the meeting of the Directors at which such proxy is to be used, or first used, prior to the commencement of the meeting.

POWERS AND DUTIES OF DIRECTORS

96. Subject to the Companies Law, these Articles and to any resolutions passed in a general meeting, the business of the Company shall be managed by the Directors, who may pay all expenses incurred in setting up and registering the Company and may exercise all powers of the Company. No resolution passed by the Company in general meeting shall invalidate any prior act of the Directors that would have been valid if that resolution had not been passed.

97. Subject to these Articles, the Directors may from time to time appoint any natural person or corporation, whether or not a Director to hold such office in the Company as the Directors may think necessary for the administration of the Company, including but not limited to, chief executive officer, one or more other executive officers, president, one or more vice presidents, treasurer, assistant treasurer, manager or controller, and for such term and at such remuneration (whether by way of salary or commission or participation in profits or partly in one way and partly in another), and with such powers and duties as the Directors may think fit. Any natural person or corporation so appointed by the Directors may be removed by the Directors. The Directors may also appoint one or more of their number to the office of managing director upon like terms, but any such appointment shall ipso facto terminate if any managing director ceases for any cause to be a Director, or if the Company by Ordinary Resolution resolves that his tenure of office be terminated.

98. The Directors may appoint any natural person or corporation to be a Secretary (and if need be an assistant Secretary or assistant Secretaries) who shall hold office for such term, at such remuneration and upon such conditions and with such powers as they think fit. Any Secretary or assistant Secretary so appointed by the Directors may be removed by the Directors or by the Company by Ordinary Resolution.

99. The Directors may delegate any of their powers to committees consisting of such member or members of their body as they think fit; any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on it by the Directors.

100. The Directors may from time to time and at any time by power of attorney (whether under Seal or under hand) or otherwise appoint any company, firm or Person or body of Persons, whether nominated directly or indirectly by the Directors, to be the attorney or attorneys or authorised signatory (any such person being an “Attorney” or “Authorised Signatory”, respectively) of the Company for such purposes and with such powers, authorities and discretion (not exceeding those vested in or exercisable by the Directors under these Articles) and for such period and subject to such conditions as they may think fit, and any such power of attorney or other appointment may contain such provisions for the protection and convenience of Persons dealing with any such Attorney or Authorised Signatory as the Directors may think fit, and may also authorise any such Attorney or Authorised Signatory to delegate all or any of the powers, authorities and discretion vested in him.

101. The Directors may from time to time provide for the management of the affairs of the Company in such manner as they shall think fit and the provisions contained in the three next following Articles shall not limit the general powers conferred by this Article.

102. The Directors from time to time and at any time may establish any committees, local boards or agencies for managing any of the affairs of the Company and may appoint any natural person or corporation to be a member of such committees or local boards and may appoint any managers or agents of the Company and may fix the remuneration of any such natural person or corporation.

103. The Directors from time to time and at any time may delegate to any such committee, local board, manager or agent any of the powers, authorities and discretions for the time being vested in the Directors and may authorise the members for the time being of any such local board, or any of them to fill any vacancies therein and to act notwithstanding vacancies and any such appointment or delegation may be made on such terms and subject to such conditions as the Directors may think fit and the Directors may at any time remove any natural person or corporation so appointed and may annul or vary any such delegation, but no Person dealing in good faith and without notice of any such annulment or variation shall be affected thereby.

104. Any such delegates as aforesaid may be authorised by the Directors to sub-delegate all or any of the powers, authorities, and discretion for the time being vested in them.

BORROWING POWERS OF DIRECTORS

105. The Directors may from time to time at their discretion 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, to issue debentures, debenture stock, bonds and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

THE SEAL

106. The Seal shall not be affixed to any instrument except by the authority of a resolution of the Directors provided always that such authority may be given prior to or after the affixing of the Seal and if given after may be in general form confirming a number of affixing of the Seal. The Seal shall be affixed in the presence of a Director or a Secretary (or an assistant Secretary) or in the presence of any one or more Persons as the Directors may appoint for the purpose and every Person as aforesaid shall sign every instrument to which the Seal is so affixed in their presence.

107. The Company may maintain a facsimile of the Seal in such countries or places as the Directors may appoint and such facsimile Seal shall not be affixed to any instrument except by the authority of a resolution of the Directors provided always that such authority may be given prior to or after the affixing of such facsimile Seal and if given after may be in general form confirming a number of affixing of such facsimile Seal. The facsimile Seal shall be affixed in the presence of such Person or Persons as the Directors shall for this purpose appoint and such Person or Persons as aforesaid shall sign every instrument to which the facsimile Seal is so affixed in their presence and such affixing of the facsimile Seal and signing as aforesaid shall have the same meaning and effect as if the Seal had been affixed in the presence of and the instrument signed by a Director or a Secretary (or an assistant Secretary) or in the presence of any one or more Persons as the Directors may appoint for the purpose.

108. Notwithstanding the foregoing, a Secretary or any assistant Secretary shall have the authority to affix the Seal, or the facsimile Seal, to any instrument for the purposes of attesting authenticity of the matter contained therein but which does not create any obligation binding on the Company.

DISQUALIFICATION OF DIRECTORS

109. The office of 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, 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 these Articles.

PROCEEDINGS OF DIRECTORS

110. The Directors may meet together (either within or outside of 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. At any meeting of the Directors, each Director present in person or represented by his proxy or alternate shall be entitled to one vote. In case of an equality of votes the Chairman shall have a second or casting vote. A Director may, and a Secretary or assistant Secretary on the requisition of a Director shall, at any time summon a meeting of the Directors.

111. A Director may participate in any meeting of the Directors, or of any committee appointed by the Directors of which such Director is a member, by means of telephone or similar communication equipment by way of which all Persons participating in such meeting can communicate with each other and such participation shall be deemed to constitute presence in person at the meeting.

112. The quorum necessary for the transaction of the business of the Board may be fixed by the Directors, and unless so fixed, the quorum shall be a majority of Directors then in office. A Director represented by proxy or by an alternate Director at any meeting shall be deemed to be present for the purposes of determining whether or not a quorum is present.

113. 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 Designated Stock Exchange Rules, 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.

114. A Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine and no Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise, nor shall any such contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relation thereby established. A Director, notwithstanding his interest, may be counted in the quorum present at any meeting of the Directors whereat he or any other Director is appointed to hold any such office or place of profit under the Company or whereat the terms of any such appointment are arranged and he may vote on any such appointment or arrangement.

115. Any Director may act by himself or through his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director; provided that nothing herein contained shall authorise a Director or his firm to act as auditor to the Company.

116. The Directors shall cause minutes to be made for the purpose of recording:

(a) all appointments of officers made by the Directors;

(b) the names of the Directors present at each meeting of the Directors and of any committee of the Directors; and

(c) all resolutions and proceedings at all meetings of the Company, and of the Directors and of committees of Directors.

117. When the chairman of a meeting of the Directors signs the minutes of such meeting the same shall be deemed to have been duly held notwithstanding that all the Directors have not actually come together or that there may have been a technical defect in the proceedings.

118. A resolution in writing signed by all the Directors or all the members of a committee of Directors entitled to receive notice of a meeting of Directors or committee of Directors, as the case may be (an alternate Director, subject as provided otherwise in the terms of appointment of the alternate Director, being entitled to sign such a resolution on behalf of his appointer), shall be as valid and effectual as if it had been passed at a duly called and constituted meeting of Directors or committee of Directors, as the case may be. When signed a resolution may consist of several documents each signed by one or more of the Directors or his duly appointed alternate.

119. The continuing Directors may act notwithstanding any vacancy in their body but if and for so long as their number is reduced below the number fixed by or pursuant to these Articles as the necessary quorum of Directors, the continuing Directors may act for the purpose of increasing the number, or of summoning a general meeting of the Company, but for no other purpose.

120. Subject to any regulations imposed on it by the Directors, a committee appointed by the Directors may elect a chairman of its meetings. If no such chairman is elected, or if at any meeting the chairman is not present within fifteen minutes after the time appointed for holding the meeting, the committee members present may choose one of their number to be chairman of the meeting.

121. A committee appointed by the Directors may meet and adjourn as it thinks proper. Subject to any regulations imposed on it by the Directors, questions arising at any meeting shall be determined by a majority of votes of the committee members present and in case of an equality of votes the chairman shall have a second or casting vote.

122. All acts done by any meeting of the Directors or of a committee of Directors, or by any Person acting as a Director, shall notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such Director or Person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such Person had been duly appointed and was qualified to be a Director.

PRESUMPTION OF ASSENT

123. A Director who is present at a meeting of the Board of Directors at which an action on any Company matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent from such action with the person acting as the chairman or secretary of the meeting before the adjournment thereof or shall forward such dissent by registered post to such person immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favour of such action.

DIVIDENDS

124. Subject to any rights and restrictions for the time being attached to any Shares, the Directors may from time to time declare dividends (including interim dividends) and other distributions on Shares in issue and authorise payment of the same out of the funds of the Company lawfully available therefor.

125. Subject to any rights and restrictions for the time being attached to any Shares, the Company by Ordinary Resolution may declare dividends, but no dividend shall exceed the amount recommended by the Directors.

126. The Directors may, before recommending or declaring any dividend, set aside out of the funds legally available for distribution such sums as they think proper as a reserve or reserves which shall, in the absolute discretion of the Directors, be applicable for meeting contingencies or for equalising dividends or for any other purpose to which those funds may be properly applied, and pending such application may in the absolute discretion of the Directors, either be employed in the business of the Company or be invested in such investments (other than Shares of the Company) as the Directors may from time to time think fit.

127. Any dividend payable in cash to the holder of Shares may be paid in any manner determined by the Directors. If paid by cheque it will be sent by mail addressed to the holder at his address in the Register, or addressed to such person and at such addresses as the holder may direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the Register in respect of such Shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company.

128. The Directors may determine that a dividend shall be paid wholly or partly by the distribution of specific assets (which may consist of the shares or securities of any other company) and may settle all questions concerning such distribution. Without limiting the generality of the foregoing, the Directors may fix the value of such specific assets, may determine that cash payment shall be made to some Shareholders in lieu of specific assets and may vest any such specific assets in trustees on such terms as the Directors think fit.

129. Subject to any rights and restrictions for the time being attached to any Shares, all dividends shall be declared and paid according to the amounts paid up on the Shares, but if and for so long as nothing is paid up on any of the Shares dividends may be declared and paid according to the par value of the Shares. No amount paid on a Share in advance of calls shall, while carrying interest, be treated for the purposes of this Article as paid on the Share.

130. If several Persons are registered as joint holders of any Share, any of them may give effective receipts for any dividend or other moneys payable on or in respect of the Share.

131. No dividend shall bear interest against the Company.

132. Any dividend unclaimed after a period of six calendar years from the date of declaration of such dividend may be forfeited by the Board of Directors and, if so forfeited, shall revert to the Company.

ACCOUNTS, AUDIT AND ANNUAL RETURN AND DECLARATION

133. The books of account relating to the Company's affairs shall be kept in such manner as may be determined from time to time by the Directors.

134. The books of account shall be kept at the Registered Office, or at such other place or places as the Directors think fit, and shall always be open to the inspection of the Directors.

135. The Directors may from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of Shareholders not being Directors, and no Shareholder (not being a Director) shall have any right to inspect any account or book or document of the Company except as conferred by law or authorised by the Directors or by Ordinary Resolution.

136. The accounts relating to the Company's affairs shall be audited in such manner and with such financial year end as may be determined from time to time by the Directors or failing any determination as aforesaid shall not be audited.

137. The Directors may appoint an auditor of the Company who shall hold office until removed from office by a resolution of the Directors and may fix his or their remuneration.

138. Every auditor of the Company shall have a right of access at all times to the books and accounts and vouchers of the Company and shall be entitled to require from the Directors and officers of the Company such information and explanation as may be necessary for the performance of the duties of the auditors.

139. The auditors shall, if so required by the Directors, make a report on the accounts of the Company during their tenure of office at the next annual general meeting following their appointment, and at any time during their term of office, upon request of the Directors or any general meeting of the Members.

140. The Directors in each calendar year shall prepare, or cause to be prepared, an annual return and declaration setting forth the particulars required by the Companies Law and deliver a copy thereof to the Registrar of Companies in the Cayman Islands.

CAPITALISATION OF RESERVES

141. Subject to the Companies Law, the Directors may:

(a) resolve to capitalise an amount standing to the credit of reserves (including a Share Premium Account, capital redemption reserve and profit and loss account), which is available for distribution;

(b) appropriate the sum resolved to be capitalised to the Shareholders in proportion to the nominal amount of Shares (whether or not fully paid) held by them respectively and apply that sum on their behalf in or towards:

(i) paying up the amounts (if any) for the time being unpaid on Shares held by them respectively, or

(ii) paying up in full unissued Shares or debentures of a nominal amount equal to that sum,

and allot the Shares or debentures, credited as fully paid, to the Shareholders (or as they may direct) in those proportions, or partly in one way and partly in the other, but the Share Premium Account, the capital redemption reserve and profits which are not available for distribution may, for the purposes of this Article, only be applied in paying up unissued Shares to be allotted to Shareholders credited as fully paid;

(c) make any arrangements they think fit to resolve a difficulty arising in the distribution of a capitalised reserve and in particular, without limitation, where Shares or debentures become distributable in fractions the Directors may deal with the fractions as they think fit;

(d) authorise a Person to enter (on behalf of all the Shareholders concerned) into an agreement with the Company providing for either:

(i) the allotment to the Shareholders respectively, credited as fully paid, of Shares or debentures to which they may be entitled on the capitalisation, or

(ii) the payment by the Company on behalf of the Shareholders (by the application of their respective proportions of the reserves resolved to be capitalised) of the amounts or part of the amounts remaining unpaid on their existing Shares,

and any such agreement made under this authority being effective and binding on all those Shareholders; and

(e) generally do all acts and things required to give effect to the resolution.

142. Notwithstanding any provisions in these Articles, the Directors may resolve to capitalise an amount standing to the credit of reserves (including the share premium account, capital redemption reserve and profit and loss account) or otherwise available for distribution by applying such sum in paying up in full unissued Shares to be allotted and issued to:

(a) employees (including Directors) or service providers of the Company or its Affiliates upon exercise or vesting of any options or awards granted under any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the Directors or the Members;

(b) any trustee of any trust or administrator of any share incentive scheme or employee benefit scheme to whom shares are to be allotted and issued by the Company in connection with the operation of any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the Directors or Members; or

(c) any depositary of the Company for the purposes of the issue, allotment and delivery by the depositary of ADSs to employees (including Directors) or service providers of the Company or its Affiliates upon exercise or vesting of any options or awards granted under any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the Directors or the Members.

SHARE PREMIUM ACCOUNT

143. The Directors shall in accordance with the Companies Law establish a Share Premium Account and shall carry to the credit of such account from time to time a sum equal to the amount or value of the premium paid on the issue of any Share.

144. There shall be debited to any Share Premium Account on the redemption or purchase of a Share the difference between the nominal value of such Share and the redemption or purchase price provided always that at the discretion of the Directors such sum may be paid out of the profits of the Company or, if permitted by the Companies Law, out of capital.

NOTICES

145. Except as otherwise provided in these Articles, any notice or document may be served by the Company or by the Person entitled to give notice to any Shareholder either personally, or by posting it by airmail or a recognised courier service in a prepaid letter addressed to such Shareholder at his address as appearing in the Register, or by electronic mail to any electronic mail address such Shareholder may have specified in writing for the purpose of such service of notices, or by facsimile to any facsimile number such Shareholder may have specified in writing for the purpose of such service of notices, or by placing it on the Company's Website should the Directors deem it appropriate. In the case of joint holders of a Share, all notices shall be given to that one of the joint holders whose name stands first in the Register in respect of the joint holding, and notice so given shall be sufficient notice to all the joint holders.

146. Notices sent from one country to another shall be sent or forwarded by prepaid airmail or a recognised courier service.

147. Any Shareholder present, either personally or by proxy, at any meeting of the Company shall for all purposes be deemed to have received due notice of such meeting and, where requisite, of the purposes for which such meeting was convened.

148. Any notice or other document, if served by:

(a) post, shall be deemed to have been served five calendar days after the time when the letter containing the same is posted;

(b) facsimile, shall be deemed to have been served upon production by the transmitting facsimile machine of a report confirming transmission of the facsimile in full to the facsimile number of the recipient;

(c) recognised courier service, shall be deemed to have been served 48 hours after the time when the letter containing the same is delivered to the courier service; or

(d) electronic means, shall be deemed to have been served immediately (i) upon the time of the transmission to the electronic mail address supplied by the Shareholder to the Company or (ii) upon the time of its placement on the Company's Website.

In proving service by post or courier service it shall be sufficient to prove that the letter containing the notice or documents was properly addressed and duly posted or delivered to the courier service.

149. Any notice or document delivered or sent by post to or left at the registered address of any Shareholder in accordance with the terms of these Articles shall notwithstanding that such Shareholder be then dead or bankrupt, and whether or not the Company has notice of his death or bankruptcy, be deemed to have been duly served in respect of any Share registered in the name of such Shareholder as sole or joint holder, unless his name shall at the time of the service of the notice or document have been removed from the Register as the holder of the Share, and such service shall for all purposes be deemed a sufficient service of such notice or document on all Persons interested (whether jointly with or as claiming through or under him) in the Share.

150. Notice of every general meeting of the Company shall be given to:

(a) all Shareholders holding Shares with the right to receive notice and who have supplied to the Company an address for the giving of notices to them; and

(b) every Person entitled to a Share in consequence of the death or bankruptcy of a Shareholder, who but for his death or bankruptcy would be entitled to receive notice of the meeting.

No other Person shall be entitled to receive notices of general meetings.

INFORMATION

151. Subject to the relevant laws, rules and regulations applicable to the Company, no Member shall be entitled to require discovery of any information in respect of any detail of the Company's trading or any information which is or may be in the nature of a trade secret or secret process which may relate to the conduct of the business of the Company and which in the opinion of the Board would not be in the interests of the Members of the Company to communicate to the public.

152. Subject to due compliance with the relevant laws, rules and regulations applicable to the Company, the Board shall be entitled to release or disclose any information in its possession, custody or control regarding the Company or its affairs to any of its Members including, without limitation, information contained in the Register and transfer books of the Company.

INDEMNITY

153. Every Director (including for the purposes of this Article any alternate Director appointed pursuant to the provisions of these Articles), Secretary, assistant Secretary, or other officer for the time being and from time to time of the Company (but not including the Company's auditors) and the personal representatives of the same (each an "Indemnified Person") shall be indemnified and secured harmless against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by such Indemnified Person, other than by reason of such Indemnified Person's own dishonesty, wilful default or fraud, in or about the conduct of the Company's business or affairs (including as a result of any mistake of judgment) or in the execution or discharge of his duties, powers, authorities or discretions, including without prejudice to the generality of the foregoing, any costs, expenses, losses or liabilities incurred by such Indemnified Person in defending (whether successfully or otherwise) any civil proceedings concerning the Company or its affairs in any court whether in the Cayman Islands or elsewhere.

154. No Indemnified Person shall be liable:

(a) for the acts, receipts, neglects, defaults or omissions of any other Director or officer or agent of the Company; or

(b) for any loss on account of defect of title to any property of the Company; or

(c) on account of the insufficiency of any security in or upon which any money of the Company shall be invested; or

(d) for any loss incurred through any bank, broker or other similar Person; or

(e) for any loss occasioned by any negligence, default, breach of duty, breach of trust, error of judgement or oversight on such Indemnified Person's part; or

(f) for any loss, damage or misfortune whatsoever which may happen in or arise from the execution or discharge of the duties, powers, authorities, or discretions of such Indemnified Person's office or in relation thereto;

unless the same shall happen through such Indemnified Person's own dishonesty, willful default or fraud.

FINANCIAL YEAR

155. Unless the Directors otherwise prescribe, the financial year of the Company shall end on December 31st in each calendar year and shall begin on January 1st in each calendar year.

NON-RECOGNITION OF TRUSTS

156. No Person shall be recognised by the Company as holding any Share upon any trust and the Company shall not, unless required by law, be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any Share or (except only as otherwise provided by these Articles or as the Companies Law requires) any other right in respect of any Share except an absolute right to the entirety thereof in each Shareholder registered in the Register.

WINDING UP

157. If the Company shall be wound up the liquidator may, with the sanction of a Special Resolution of the Company and any other sanction required by the Companies Law, divide amongst the Members in specie or in kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may for that purpose value any assets and determine how the division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the Members as the liquidator, with the like sanction, shall think fit, but so that no Member shall be compelled to accept any asset upon which there is a liability.

158. If the Company shall be wound up, and the assets available for distribution amongst the Members shall be insufficient to repay the whole of the share capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the Members in proportion to the par value of the Shares held by them. If in a winding up the assets available for distribution amongst the Members shall be more than sufficient to repay the whole of the share capital at the commencement of the winding up, the surplus shall be distributed amongst the Members 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. This Article is without prejudice to the rights of the holders of Shares issued upon special terms and conditions.

AMENDMENT OF ARTICLES OF ASSOCIATION

159. Subject to the Companies Law, the Company may at any time and from time to time by Special Resolution alter or amend these Articles in whole or in part.

CLOSING OF REGISTER OR FIXING RECORD DATE

160. For the purpose of determining those Shareholders that are entitled to receive notice of, attend or vote at any meeting of Shareholders or any adjournment thereof, or those Shareholders that are entitled to receive payment of any dividend, or in order to make a determination as to who is a Shareholder for any other purpose, the Directors may provide that the Register shall be closed for transfers for a stated period which shall not exceed in any case thirty calendar days in any calendar year.

161. In lieu of or apart from closing the Register, the Directors may fix in advance a date as the record date for any such determination of those Shareholders that are entitled to receive notice of, attend or vote at a meeting of the Shareholders and for the purpose of determining those Shareholders that are entitled to receive payment of any dividend the Directors may, at or within ninety calendar days prior to the date of declaration of such dividend, fix a subsequent date as the record date for such determination.

162. If the Register is not so closed and no record date is fixed for the determination of those Shareholders entitled to receive notice of, attend or vote at a meeting of Shareholders or those Shareholders that are entitled to receive payment of a dividend, the date on which notice of the meeting is posted or the date on which the resolution of the Directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of Shareholders. When a determination of those Shareholders that are entitled to receive notice of, attend or vote at a meeting of Shareholders has been made as provided in this Article, such determination shall apply to any adjournment thereof.

REGISTRATION BY WAY OF CONTINUATION

163. The Company may by Special Resolution resolve to be registered by way of continuation in a jurisdiction outside the Cayman Islands or such other jurisdiction in which it is for the time being incorporated, registered or existing. In furtherance of a resolution adopted pursuant to this Article, the Directors may cause an application to be made to the Registrar of Companies to deregister the Company in the Cayman Islands or such other jurisdiction in which it is for the time being incorporated, registered or existing and may cause all such further steps as they consider appropriate to be taken to effect the transfer by way of continuation of the Company.

DISCLOSURE

164. The Directors, or any service providers (including the officers, the Secretary and the registered office provider of the Company) specifically authorised by the Directors, shall be entitled to disclose to any regulatory or judicial authority any information regarding the affairs of the Company including without limitation information contained in the Register and books of the Company.

Exhibit 4.2

-certificate number- **-share numbers-**

EHang Holdings Limited

INCORPORATED IN THE CAYMAN ISLANDS

SHARE CERTIFICATE

AUTHORISED CAPITAL : US$200,000 divided into 2,000,000,000 shares of a par value of US$0.0001 each, of which:
(i) 1,904,577,337 Class A ordinary shares of a par value of US$0.0001 each;
(ii) 45,422,663 Class B ordinary shares of a par value of US$0.0001 each;
and (iii) 50,000,000 shares of a par value of US$0.0001 each.

This is to certify that _____ ***Of***

_____

is the registered holder of _____ fully paid and non-assessable,

subject to the rules and laws governing the administration of the Company

Given under the Common Seal of the said Company
Date of issuance of certificate

The Common Seal of the Company was hereunto affixed in the presence of

_____
Director

Exhibit 4.4

SECOND AMENDED AND RESTATED SHAREHOLDERS AGREEMENT

THIS SECOND AMENDED AND RESTATED SHAREHOLDERS AGREEMENT (this "**Agreement**") is made and entered into as of December 27, 2016 by and among:

1. EHang Holdings Limited, an exempted company with limited liability incorporated and existing under the laws of the Cayman Islands (the "**Company**");

2. Xavier Rising Limited, a business company incorporated and existing under the laws of the British Virgin Islands ("**BVI 1**");

3. Genesis Rising Limited, a business company incorporated and existing under the laws of the British Virgin Islands ("**BVI 2**");

4. Ballman Inc., a business company incorporated and existing under the laws of the British Virgin Islands ("**BVI 3**", collectively with BVI 1 and BVI 2, the "**BVI Companies**");

5. Ehfly Technology Limited, a company organized and existing under the laws of Hong Kong (the "**HK Co.**");

6. Ehang Intelligent Equipment (Guangzhou) Co., Ltd. (□□□□□□□□□□□□□□□), a limited liability company organized and existing under the laws of the People's Republic of China (the "**PRC**"), as a wholly-owned subsidiary of the HK Co. (the "**Guangzhou WFOE**");

7. Guangzhou EHang Intelligence Technology Co., Ltd. (□□□□□□□□□□□□□), a limited liability company organized and existing under the laws of the PRC (the "**Guangzhou Domestic Co.**");

8. Beijing Chuangshi Intelligence Technology Co., Ltd. (□□□□□□□□□□□□□), a limited liability company organized and existing under the laws of the PRC, as a wholly-owned subsidiary of the HK Co. (the "**Beijing WFOE**", together with the Guangzhou WFOE, the "**WFOEs**");

9. Beijing Ehang Tianchuang Intelligence Technology Co., Ltd. (□□□□□□□□□□□□□□□), a limited liability company organized and existing under the laws of the PRC (the "**Beijing Domestic Co.**", and together with the Guangzhou Domestic Co., the "**Domestic Companies**");

10. EHANG, Inc., a corporation duly incorporated and validly existing under the laws of the State of Delaware of the United States (the "**US Co.**");

11. EHang GmbH, a corporation duly incorporated and validly existing under the laws of the Federal Republic of Germany (the "**German Co.**");

12. Each of the persons as set forth in Schedule A-1 attached hereto (collectively, the "**Founders**" and each a "**Founder**");

13. Each of the Persons (as defined below) as set forth in Schedule A-2 attached hereto (collectively, the "**Series Seed Shareholders**");

14. Each of the Persons as set forth in Schedule A-3 attached hereto (collectively, the "**Series A Shareholders**");

15. Each of the Persons as set forth in Schedule A-4 attached hereto (collectively, the "**Series B Shareholders**"); and

16. Each of the Persons as set forth in Schedule A-5 attached hereto (collectively, the "**Series C Shareholders**"; the Series A Shareholders, the Series B Shareholders, the Series C Shareholders and the Series Seed Shareholders are herein collectively referred to as the "**Investors**" or "**Preferred Shareholders**"; and for the avoidance of any doubts, if a shareholder of the Company concurrently holds Series A Preferred Shares, Series B Preferred Shares, Series C Preferred Shares and/or Series Seed Preferred Shares, such shareholder shall be deemed as a Series A Shareholder as to the Series A Preferred Shares it holds in the Company, a Series B Shareholder as to the Series B Preferred Shares it holds in the Company, a Series C Shareholder as to the Series C Preferred Shares it holds in the Company, and a Series Seed Shareholder as to the Series Seed Preferred Shares it holds in the Company).

The WFOEs and the Domestic Companies are referred to collectively herein as the "**PRC Companies**", and each a "**PRC Company**". The Company, the HK Co., the PRC Companies, the US Co. and the German Co. are referred to collectively herein as the "**Group Companies**", and each, a "**Group Company**". The Investors and the BVI Companies are referred to collectively herein as the "**Shareholders**". Each Preferred Shareholder that, together with its Affiliates (as defined below), holds at least three percent (3%) of the Equity Securities (as defined below) of the Company is referred to herein as a "**Major Preferred Shareholder**", and collectively, the "**Major Preferred Shareholders**". "**Equity Securities**" means any and all ordinary shares of the Company ("**Ordinary Shares**"), securities of the Company convertible into, or exchangeable or exercisable for, such shares, and options, warrants or other rights to acquire such shares. All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Restated Articles (as defined below).

RECITALS

A. The Group Companies, the BVI Companies, certain of the Founders, the Series Seed Shareholders, the Series A Shareholders and the Series B Shareholders are parties to an Amended and Restated Shareholders Agreement dated August 21, 2015, as amended from time to time (the "**Original Shareholders Agreement**").

B. The Company has entered into a Series C Preferred Share Purchase Agreement dated December 26, 2016 with the Series C Shareholders (the "**Series C Share Purchase Agreement**"), under which, among other things, the Company shall issue and allot series C redeemable and convertible preferred shares, par value US$0.0001 per share (the "**Series C Preferred Shares**") to the Series C Shareholders. The Series A Preferred Shares, Series B Preferred Shares and Series C Preferred Shares are herein collectively referred to as the "**Special Preferred Shares**"; the Series Seed-1 Preferred Shares, Series Seed-2 Preferred Shares and Series Seed-3 Preferred Shares of the Company are herein collectively referred to as the "**Series Seed Preferred Shares**"; and the Special Preferred Shares and the Series Seed Preferred Shares are herein collectively referred to as the "**Preferred Shares**".

C. In connection with the consummation of the transactions contemplated by the Series C Share Purchase Agreement and other documents related thereto, the parties hereto (collectively, the "**Parties**", and each a "**Party**") desire to enter into, among other things, this Agreement to replace the Original Shareholders Agreement in all respects for the governance, management and operations of the Group Companies and for the rights and obligations among the Shareholders and the Company.

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual promises hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

ARTICLE I

INFORMATION RIGHTS; BOARD REPRESENTATION

Section 1.1 Information and Inspection Rights.

(a) Information Rights. Each of the Group Companies covenants and agrees that, commencing on the date of this Agreement, for so long as any Preferred Share is outstanding, the Group Companies shall deliver, to the Preferred Shareholders:

(i) unaudited annual consolidated financial statements, within one hundred twenty (120) days after the end of each fiscal year, prepared in conformance with the U.S. generally accepted accounting principles ("**US GAAP**") or such other accounting standards agreed by the board of directors of the Company (the "**Board**") (including the Series A Director (as defined below), the Series B Director (as defined below) and the Series C Director (as defined below)) and, upon request of the Series A Director, the Series B Director or the Series C Director, audited by an accounting firm acceptable to the Board (including the Series A Director, the Series B Director and the Series C Director);

(ii) unaudited quarterly consolidated financial statements, within forty-five (45) days after the end of each calendar quarter, prepared in conformance with the US GAAP (except that such financial statements may (A) be subject to normal year-end audit adjustments and (B) not contain all notes thereto that may be required in accordance with US GAAP);

(iii) an annual capital expenditure, operation results and operations budget for the Group Companies for the following fiscal year, no later than thirty (30) days prior to the end of each fiscal year;

(iv) copies of all Company documents or other Company information sent to any shareholder; and

(v) promptly upon the written request by any Preferred Shareholder, such other information as such Preferred Shareholder shall reasonably request from time to time, including, without limitation, the most recent version of the investment agreements, documents relating to subsequent financing or company management, and a copy of the official articles of association or other constitutional documents of the Group Companies (the above rights, collectively, the "**Information Rights**"). All financial statements to be provided to the Preferred Shareholders pursuant to this Section 1.1(a) shall be in English and shall include an income statement, a balance sheet, a cash flow statement for the relevant period as well as for the fiscal year to-date and the analysis comparing the actual fiscal results to the annual budget and shall be prepared in conformance with the US GAAP.

(b) Inspection Rights. Each of the Group Companies further covenants and agrees that, commencing on the date of this Agreement, for so long as any Preferred Share is outstanding, without material interruption of normal business of the Group Companies, each of the Preferred Shareholders shall have (i) the right to inspect facilities, records and books of the Group Companies at any time during regular working hours upon reasonable prior notice to the Group Companies, (ii) the right to discuss the business, operations and conditions of the Group Companies with their respective directors, officers, employees, accountants, legal counsel, financial advisors, and investment bankers, and (iii) the right to appoint independent auditor to examine the accounts of the Group Companies (the auditing expense of any Preferred Shareholder who reasonably requests

to conduct such examination shall be borne by the requesting Preferred Shareholder, unless any non-compliance of any Group Company in material aspects is found during such examination, in which case, the auditing expense shall be borne by the Group Companies) (the "**Inspection Rights**").

(c) Termination of Rights. The Information Rights and Inspection Rights shall terminate upon the closing of a firm commitment underwritten public offering of the Ordinary Shares (or depositary receipts or depositary shares therefor) in the United States pursuant to an effective registration statement under the United States Securities Act of 1933 (as amended and together with any successor statute, the "**Securities Act**"), with an offering price per share (net of underwriting commissions and expenses) that reflects the valuation of the Company immediately prior to such offering of at least US$780,000,000 and that results in gross proceeds to the Company of at least US$120,000,000, or in a public offering of the Ordinary Shares in the Hong Kong SAR or any other jurisdiction which results in the Ordinary Shares trading publicly on a recognized international securities exchange approved by the Board (including the approval of the Series A Director, the Series B Director and the Series C Director), so long as the offering price per share (net of underwriting commissions and expenses) satisfies the foregoing pre-offering valuation and gross proceeds requirements, in each case, unless such requirements are waived by the Board (including the affirmative vote of the Series A Director, the Series B Director and the Series C Director) (a "**Qualified IPO**").

Section 1.2 Board of Directors. The Third Amended and Restated Memorandum and Articles of Association of the Company (the "**Restated Articles**") shall provide that the Board shall consist of seven (7) members, which number of members shall not be changed except pursuant to an amendment to the Restated Articles.

(a) Effective from the date hereof,

(i) GGV Capital V L.P. and GGV Capital V Entrepreneurs Fund L.P. (collectively, "**GGV**") (so long as collectively they continue to hold at least 2.5% of the Company's share capital on a fully diluted basis) shall be entitled to appoint one (1) director (the "**Series A Director**");

(ii) Zerotoone Holdings Limited and GP TMT Holdings Limited (collectively "**GP Capital**") (so long as collectively they continue to hold at least 2.5% of the Company's share capital on a fully diluted basis) shall be entitled to appoint one (1) director (the "**Series B Director**") (for the avoidance of doubt, the appointment, removal or change of the Series B Director shall be agreed by the holder(s) of at least a majority of the aggregate Series B Preferred Shares then currently held by GP Capital);

(iii) Dragon Chariot Limited ("**DCL**") (so long as it continues to hold at least 2.5% of the Company's share capital on a fully diluted basis) shall be entitled to appoint one (1) director (the "**Series C Director**"); and

(iv) the Founders shall be entitled to jointly appoint four (4) directors.

(v) Each of CEF and Zhen Fund (in each case, so long as it continues to hold any share in the Company) shall be entitled to designate one individual that is an employee or officer of it or any of its Affiliates (each, an "**Observer**") to attend all meetings of the Board or any committee of the Board (whether in person, by telephone or otherwise) in a non-voting observer capacity. Consistent with this right, the Company shall provide each Observer notice of any such Board or committee meetings, as well as copies of all minutes, consents and other materials provided to the directors of the Company.

(b) With respect to each election of directors of the Board, each holder of voting securities of the Company shall vote at each meeting of shareholders of the Company, or in lieu of any such meeting shall give such holder's written consent with respect to, as the case may be, all of such holder's voting securities of the Company as may be necessary (i) to keep the authorized size of the Board at no more than seven (7) directors, (ii) to cause the election or re-election as members of the Board, and during such period to continue in office, each of the individuals designated pursuant to Section 1.2(a), and (iii) against any nominees not designated pursuant to Section 1.2(a). Any director designated pursuant to Section 1.2(a) may be removed from the Board, either for or without cause, only upon the vote or written consent of the Person or group of Persons then entitled to designate such director pursuant to Section 1.2(a), and the Parties agree not to seek, vote for or otherwise effect the removal of any such director without such vote or written consent. Any Person or group of Persons then entitled to designate any individual to be elected as a director on the Board shall have the exclusive right at any time or from time to time to remove any such director occupying such position and to fill any vacancy caused by the death, disability, retirement, resignation or removal of any director occupying such position or any other vacancy therein, and each other Party agrees to cooperate with such Person or group of Persons in connection with the exercise of such right. Each holder of voting securities of the Company agrees to always vote such holder's respective voting securities of the Company at a meeting of the members of the Company (and give written consents in lieu thereof) in support of the foregoing.

(c) Subject to the provisions of the Restated Articles, the directors may regulate their proceedings as they think fit, provided however that board meetings shall be held at least once every three (3) months unless the Board otherwise approves (so long as such approval includes the approval of the Series A Director, the Series B Director and the Series C Director) and that a written notice of each meeting, agenda of the business to be transacted at the meeting and all documents and materials to be circulated at or presented to the meeting shall be sent to all directors entitled to receive notice of the meeting at least two (2) days before the meeting and a copy of the minutes of the meeting shall be sent to such Persons promptly following such meeting. A meeting of directors is duly constituted for all purposes if at the commencement of the meeting there are present in person or by alternate not less than four (4) directors, which directors in each case shall include the Series A Director, the Series B Director and the Series C Director. The Company shall reimburse the directors for all reasonable out-of-pocket (travel and lodging) expenses incurred in connection with attending any meetings of the Board and any committee thereof. All Directors shall each have one (1) vote per Director on all matters that are presented to the Board for approval.

(d) The provisions under this Section 1.2 shall terminate upon the earlier to occur of (i) the closing of a Qualified IPO, or (ii) a Liquidation Event (as defined in the Restated Articles).

Section 1.3 The Group Companies. Upon reasonable request by the Investors in writing, the PRC Companies, the US Co., the German Co. and the HK Co. shall have the same number of directors as the Company, and the Investors shall be entitled to appoint the same number of directors to each of the PRC Companies, the US Co., the German Co. and the HK Co. as they are entitled to appoint to the Board. The provisions under this Section 1.3 shall terminate upon the earlier to occur of (i) the closing of a Qualified IPO, or (ii) a Liquidation Event.

Section 1.4 D&O Insurance; Indemnification. At such time as may be requested by the Series A Director, the Series B Director or the Series C Director, the Company shall purchase, and thereafter shall maintain, directors' and officers' liability insurance on terms and with policy amounts approved by the Board, including at least the Series A Director, the Series B Director and the Series C Director, in relation to any Person who is or was a director or an officer of the Company, against any liability asserted against the Person and incurred by the Person in that capacity, except to the extent otherwise agreed by the Board, including the Series A Director, the Series B Director and the Series C Director. To the maximum extent permitted by the law of the jurisdiction in which the Company is organized, the Company shall indemnify and hold harmless the Series A Director, the Series B Director, the Series C Director and the Investors and shall comply with the terms of the indemnification agreements with the Series A Director, the Series B Director, the Series C Director and the Investors.

Section 1.5 No Liability for Board Designees. No Shareholder, nor any Affiliate of any Shareholder, shall have any liability as a result of designating a Person for election as a director for any act or omission by such designated Person in his or her capacity as a director of the Company, nor shall any Shareholder have any liability as a result of voting for any such designee in accordance with the provisions of this Agreement. For purpose of this Agreement, "**Affiliate**" shall mean, in respect of a Person, any other Person that, directly or indirectly, through one or more intermediaries, Controls, is Controlled by, or is under common Control with, such Person, and (a) in the case of a natural Person, shall include, without limitation, such Person's spouse, parents, children, siblings, mother-in-law and father-in-law and brothers and sisters-in-law, (b) in the case of an entity, shall include any Person who holds shares as a nominee for such entity, and (c) in respect of an entity, shall also include (i) any shareholder of such entity, (ii) any entity or individual which has a direct and indirect interest in such entity (including, if applicable, any general partner or limited partner) or any fund manager thereof; (iii) any Person that directly or indirectly Controls, is Controlled by, under common Control with, or is managed by such entity, its shareholder, the general partner or the fund manager of such entity or its shareholder, (iv) the relatives of any individual referred to in (ii) above, and (v) any trust Controlled by or held for the benefit of such individuals. "**Person**" shall mean any individual, corporation, partnership, limited partnership, proprietorship, association, limited liability company, firm, trust, estate or other enterprise or entity. "**Control**" shall mean the power or authority, whether exercised or not, to direct the business, management and policies of a Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; provided, that such power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the vote of more than fifty percent (50%) of the votes entitled to be cast at a meeting of the members or shareholders of such Person or power to control the composition of a majority of the board of directors of such Person. The terms "**Controlled**" and "**Controlling**" have meanings correlative to the foregoing.

ARTICLE II

REGISTRATION RIGHTS.

Section 2.1 Applicability of Rights. The terms of this Article II are drafted primarily in contemplation of an offering of securities in the United States of America. The Parties recognize, however, the possibility that securities may be qualified or registered for offering to the public in a jurisdiction other than the United States of America where registration rights have significance or that the Company might effect an offering in the United States of America in the form of American Depositary Receipts or American Depositary Shares. Accordingly:

(a) it is their intention that, whenever this Agreement refers to a law, form, process or institution of the United States of America but the parties wish to effectuate qualification or registration in a different jurisdiction where registration rights have significance, reference in this Agreement to the laws or institutions of the United States shall be read as referring, mutatis mutandis, to the comparable laws or institutions of the jurisdiction in question; and

(b) if the Company intends to list its securities outside the United States of America, it is agreed that the Company will not undertake any listing of American Depositary Receipts, American Depositary Shares or any other security derivative of the Ordinary Shares unless arrangements have been made reasonably satisfactory to the Requisite Preferred Holders (as defined in the Restated Articles), to ensure that the spirit and intent of this Agreement will be realized and that the Company is committed to take such actions as are necessary such that the Holders (as defined below) will enjoy rights corresponding to the rights hereunder to sell their Registrable Securities in a public offering in the United States of America as if the Company had listed Ordinary Shares in lieu of such derivative securities.

Section 2.2 Definitions. For purposes of this Article II:

(a) Registration. The terms "**register**," "**registered**," and "**registration**" refer to a registration effected by filing a registration statement which is in a form which complies with, and is declared effective by the SEC (as defined below) in accordance with the Securities Act.

(b) Registrable Securities. The term "**Registrable Securities**" means: (1) any Ordinary Shares issued or issuable pursuant to conversion of any issued and outstanding Preferred Shares, (2) any Ordinary Shares issued (or issuable upon the conversion or exercise of any warrant, right or other security which is issued) as a dividend or other distribution with respect to, or in exchange for or in replacement of, any Preferred Shares described in clause (1) of this subsection (b), and (3) any other Ordinary Shares owned or hereafter acquired by the holders of Preferred Shares. Notwithstanding the foregoing, "**Registrable Securities**" shall exclude any Registrable Securities sold by a person in a transaction in which rights under this Article II are not validly assigned in accordance with this Agreement, and any Registrable Securities which are sold in a registered public offering under the Securities Act or analogous statute of another jurisdiction, or sold pursuant to Rule 144 promulgated under the Securities Act without volume restrictions or analogous rules of another jurisdiction.

(c) Registrable Securities Then Outstanding. The number of shares of "**Registrable Securities then Outstanding**" shall mean the number of Ordinary Shares that are Registrable Securities and are then issued and outstanding, issuable upon conversion of Preferred Shares then issued and outstanding, or issuable upon conversion or exercise of any warrant, right or other security then outstanding.

(d) Holder. For purposes of this Article II, the term "**Holder**" means any Person owning or having the rights to acquire Registrable Securities or any permitted assignee of record of such Registrable Securities to whom rights under this Article II have been duly assigned in accordance with this Agreement.

(e) Form F-3. The term "**Form F-3**" means such respective form under the Securities Act or any successor registration form under the Securities Act subsequently adopted by the SEC which permits inclusion or incorporation of substantial information by reference to other documents filed by the Company with the SEC.

(f) SEC. The term "**SEC**" or "**Commission**" means the U.S. Securities and Exchange Commission.

(g) Registration Expenses. The term "**Registration Expenses**" shall mean all expenses incurred by the Company in complying with Sections 2.3, 2.4 and 2.5 hereof, including, without limitation, all registration and filing fees, printing expenses, fees, and disbursements of counsel for the Company, reasonable fees and disbursements of one counsel for all the Holders (not to exceed US$50,000), "blue sky" fees and expenses, fees and expenses charged by share registrar and depository agent and the expense of any special audits incident to or required by any such registration (but excluding the compensation of regular employees of the Company which shall be paid in any event by the Company).

(h) Selling Expenses. The term "**Selling Expenses**" shall mean all underwriting discounts and selling commissions applicable to the sale of Registrable Securities pursuant to Sections 2.3, 2.4 and 2.5 hereof.

(i) Exchange Act. The term "**Exchange Act**" shall mean the Securities Exchange Act of 1934, as amended, and any successor statute.

Section 2.3 Demand Registration.

(a) Request by Holders. If the Company shall, at any time after the earlier of (i) the third (3rd) anniversary of the date of this Agreement or (ii) six (6) months following the effectiveness of a registration statement for a Qualified IPO, receive a written request from the Holders of at least twenty-five percent (25%) of the Registrable Securities then Outstanding that the Company file a registration statement under the Securities Act covering the registration of the Registrable Securities pursuant to this Section 2.3, then the Company shall, within fifteen (15) business days of the receipt of such written request, give written notice of such request ("**Request Notice**") to all Holders, and use its commercially reasonable efforts to effect, as soon as practicable, the registration under the Securities Act of all Registrable Securities that the Holders request to be registered and included in such registration by written notice given by such Holders to the Company within twenty (20) days after receipt of the Request Notice, subject only to the limitations of this Section 2.3; provided that the Company shall not be obligated to effect any such registration if the Company has, within the six (6) month period preceding the date of such request, already effected a registration under the Securities Act pursuant to this Section 2.3 or Section 2.5 or in which the Holders had an opportunity to participate pursuant to the provisions of Section 2.4, other than a registration from which the Registrable Securities of the Holders have been excluded (with respect to all or any portion of the Registrable Securities the Holders requested be included in such registration) pursuant to the provisions of Section 2.4(a). The Company shall be obligated to effect no more than two (2) registrations pursuant to this Section 2.3. For purposes of this Agreement, reference to registration of securities under the Securities Act and the Exchange Act shall be deemed to mean the equivalent registration in a jurisdiction other than the United States as designated by such Holders, it being understood and agreed that in each such case all references in this Agreement to the Securities Act, the Exchange Act and rules, forms of registration statements and registration of securities thereunder, U.S. law and the SEC, shall be deemed to refer, to the equivalent statutes, rules, forms of registration statements, registration of securities and laws of and equivalent government authority in the applicable non-U.S. jurisdiction. In addition, "Form F-3" shall be deemed to refer to Form S-3 or any comparable form under the U.S. securities laws in the condition that the Company is not at that time eligible to use Form F-3.

(b) Underwriting. If the Holders initiating the registration request under this Section 2.3 (the "**Initiating Holders**") intend to distribute the Registrable Securities covered by their request by means of an underwriting, then they shall so advise the Company as a part of their request made pursuant to this Section 2.3 and the Company shall include such information in the Request Notice. In such event, the right of any Holder to include its Registrable Securities in such registration shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting (unless otherwise mutually agreed by a majority in interest of the Initiating Holders and such Holder) to the extent provided herein. All Holders proposing to distribute their securities through such underwriting shall enter into an underwriting agreement in customary form with the managing underwriter or underwriters selected for such underwriting by the Holders of a majority of the Registrable Securities being registered and reasonably acceptable to the Company. Notwithstanding any other provision of this Section 2.3, if the underwriter(s) advise(s) the Company in writing that marketing factors require a limitation of the number of securities to be underwritten, then the Company shall so advise all Holders of Registrable Securities which would otherwise be registered and underwritten pursuant hereto, and the number of Registrable Securities that may be included in the underwriting shall be reduced as required by the underwriter(s) and allocated among the Holders of Registrable Securities on a pro rata basis according to the number of Registrable Securities then Outstanding held by each Holder requesting registration (including the Initiating Holders); provided, however, that the number of shares of Registrable Securities to be included in such underwriting and registration shall not be reduced unless all other securities are first entirely excluded from the underwriting and registration including, without limitation, all shares that are not Registrable Securities and are held by any other Person, including, without limitation, any Person who is an employee, officer or director of the Company or any subsidiary of the Company; provided further, that at least fifty percent (50%) of Registrable Securities requested by the Holders to be included in such underwriting and registration shall be so included. If any Holder disapproves of the terms of any such underwriting, such Holder may elect to withdraw therefrom by written notice to the Company and the underwriter(s), delivered at least ten (10) business days prior to the effective date of the registration statement. Any Registrable Securities excluded or withdrawn from such underwriting shall be excluded and withdrawn from the registration.

(c) Deferral. Notwithstanding the foregoing, if the Company shall furnish to Holders requesting registration pursuant to this Section 2.3, a certificate signed by the President or Chief Executive Officer of the Company stating that in the good faith judgment of the Board, it would be materially detrimental to the Company and its shareholders for such registration statement to be filed at such time, then the Company shall have the right to defer such filing for a period of not more than ninety (90) days after receipt of the request of the Initiating Holders; provided, however, that the Company may not utilize this right more than once in any twelve (12) month period; provided further, that the Company shall not register any other of its shares during such twelve (12) month period (other than a registration relating solely to the sale of securities of participants in a Company share plan, a registration relating to a corporate reorganization or transaction under Rule 145 of the Act, a registration on any form that does not include substantially the same information as would be required to be included in a registration statement covering the sale of the Registrable Securities, or a registration in which the only Ordinary Shares being registered are Ordinary Shares issuable upon conversion of debt securities that are also being registered). A demand right shall not be deemed to have been exercised until such deferred registration shall have been effected.

Section 2.4 Piggyback Registrations.

(a) The Company shall notify all Holders of Registrable Securities in writing at least twenty (20) days prior to filing any registration statement under the Securities Act for purposes of effecting a public offering of securities of the Company (including, but not limited to, registration statements relating to secondary offerings of securities of the Company, but excluding registration statements relating to any employee benefit plan or a corporate reorganization), and shall afford each such Holder an opportunity to include in such registration statement all or any part of the Registrable Securities then held by such Holder. Each Holder desiring to include in any such registration statement all or any part of the Registrable Securities held by it shall within twenty (20) days after receipt of the above-described notice from the Company, so notify the Company in writing, and in such notice shall inform the Company of the number of Registrable Securities such Holder wishes to include in such registration statement. If a Holder decides not to include all of its Registrable Securities in any registration statement thereafter filed by the Company, such Holder shall nevertheless continue to have the right to include any Registrable Securities in any subsequent registration statement or registration statements as may be filed by the Company with respect to offerings of its securities, all upon the terms and conditions set forth herein. No Holder of Registrable Securities shall be granted piggyback registration rights superior to those of the Holders of Preferred Shares without the consent in writing of the Holders of at least a majority of the Ordinary Shares issuable or issued upon conversion of the Preferred Shares, which majority shall include the Ordinary Shares issuable or issued upon conversion of the majority of the Special Preferred Shares.

(b) Underwriting. If a registration statement under which the Company gives notice under this Section 2.4 is for an underwritten offering, then the Company shall so advise the Holders of Registrable Securities. In such event, the right of any such Holder's Registrable Securities to be included in a registration pursuant to this Section 2.4 shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting to the extent provided herein. All Holders proposing to distribute their Registrable Securities through such underwriting shall enter into an underwriting agreement in customary form with the managing underwriter or underwriters selected for such underwriting. Notwithstanding any other provision of this Agreement but subject to Section 2.13, if the managing underwriter(s) determine(s) in good faith that marketing factors require a limitation of the number of shares to be underwritten, then the managing underwriter(s) may exclude shares from the registration and the underwriting, and the number of shares that may be included in the registration and the underwriting shall be allocated, first, to the Company, second, to each of the Holders requesting inclusion of their Registrable Securities in such registration statement on a pro rata basis based on the total number of shares of Registrable Securities then held by each such Holder, and third, to holders of other securities of the Company; provided, however, that the right of the underwriter(s) to exclude shares (including Registrable Securities) from the registration and underwriting as described above shall be restricted so that (i) the number of Registrable Securities included in any such registration is not reduced below twenty-five percent (25%) of the aggregate number of shares of Registrable Securities for which inclusion has been requested; and (ii) all shares that are not Registrable Securities and are held by any other Person, including, without limitation, any Person who is an employee, officer or director of the Company (or any subsidiary of the Company) shall first be excluded from such registration and underwriting before any Registrable Securities are so excluded. If any Holder disapproves of the terms of any such underwriting, such Holder may elect to withdraw therefrom by written notice to the Company and the underwriter(s), delivered at least ten (10) business days prior to the effective date of the registration statement. Any Registrable Securities excluded or withdrawn from such underwriting shall be excluded and withdrawn from the registration.

(c) Not Demand Registration. Registration pursuant to this Section 2.4 shall not be deemed to be a demand registration as described in Section 2.3 above. There shall be no limit on the number of times the Holders may request registration of Registrable Securities under this Section 2.4.

(d) Right to Terminate Registration. The Company shall have the right to terminate or withdraw any registration initiated by it under this Section 2.4 prior to the effectiveness of such registration whether or not any Holder has elected to include securities in such registration. The expenses of such withdrawn registration shall be borne by the Company in accordance with Section 2.6 hereof.

Section 2.5 Form F-3. In case the Company shall receive from any Holder a written request or requests that the Company effect a registration on Form F-3 and any related qualification or compliance with respect to all or a part of the Registrable Securities owned by such Holder or Holders, then:

(a) Notice. The Company will promptly give written notice of the proposed registration and the Holder's or Holders' request therefor, and any related qualification or compliance, to all other Holders of Registrable Securities; and

(b) Registration. The Company shall use commercially reasonable efforts to effect such registration and all such qualifications and compliances as may be so requested and as would permit or facilitate the sale and distribution of all or such portion of such Holders or Holders' Registrable Securities as are specified in such request, together with all or such portion of the Registrable Securities of any other Holder or Holders joining in such request as are specified in a written request given within twenty (20) days after the Company provides the notice contemplated by Section 2.5(a); provided, however, that the Company shall not be obligated to effect any such registration, qualification or compliance pursuant to this Section 2.5:

(i) if Form F-3 is not available for such offering by the Holders;

(ii) if the Holders, together with the holders of any other securities of the Company entitled to inclusion in such registration, propose to sell Registrable Securities and such other securities (if any) at an aggregate price to the public (net of any underwriters' discounts or commissions) of less than US$2,000,000;

(iii) if the Company shall furnish to the Holders a certificate signed by the President or Chief Executive Officer of the Company stating that in the good faith judgment of the Board, it would be materially detrimental to the Company and its shareholders for such Form F-3 registration to be effected at such time, in which event the Company shall have the right to defer the filing of the Form F-3 registration statement no more than once during any twelve (12) month period for a period of not more than ninety (90) days after receipt of the request of the Holder or Holders under this Section 2.5; provided that the Company shall not register any of its other shares during such ninety (90) day period (other than a registration relating solely to the sale of securities of participants in a Company share plan, a registration relating to a corporate reorganization or transaction under Rule 145 of the Act, a registration on any form that does not include substantially the same information as would be required to be included in a registration statement covering the sale of the Registrable Securities, or a registration in which the only Ordinary Shares being registered are Ordinary Shares issuable upon conversion of debt securities that are also being registered);

(iv) if the Company has, within the twelve (12) month period preceding the date of such request, already effected two (2) registrations under the Securities Act other than a registration from which the Registrable Securities of Holders have been excluded (with respect to all or any portion of the Registrable Securities the Holders requested be included in such registration) pursuant to the provisions of Sections 2.3(b) and 2.4(a); or

(v) in any particular jurisdiction in which the Company would be required to qualify to do business or to execute a general consent to service of process in effecting such registration, qualification or compliance.

Subject to the foregoing, the Company shall file a Form F-3 registration statement covering the Registrable Securities and other securities so requested to be registered as soon as practicable after receipt of the request or requests of the Holders.

(c) Not Demand Registration. Form F-3 registrations shall not be deemed to be demand registrations as described in Section 2.3 above. Except as otherwise provided herein, there shall be no limit on the number of times the Holders may request registration of Registrable Securities under this Section 2.5.

Section 2.6 Expenses. All Registration Expenses incurred in connection with any registration pursuant to Sections 2.3, 2.4 and 2.5 (but excluding Selling Expenses) shall be borne by the Company. Each Holder participating in a registration pursuant to Sections 2.3, 2.4 and 2.5 shall bear such Holder's proportionate share (based on the total number of shares sold in such registration other than for the account of the Company) of all Selling Expenses or other amounts payable to underwriter(s) or brokers, in connection with such offering by the Holders. Notwithstanding the foregoing, the Company shall not be required to pay for any expenses of any registration proceeding begun pursuant to Section 2.3 or Section 2.5 if the registration request is subsequently withdrawn at the request of the Holders of a majority of the Registrable Securities to be registered, unless the Holders of a majority of the Registrable Securities then Outstanding agree that such registration constitutes the use by the Holders of one (1) demand registration pursuant to Section 2.3; provided further, however, that if at the time of such withdrawal, the Holders have learned of a material adverse change in the condition, business, or prospects of the Company not known to the Holders at the time of their request for such registration and have withdrawn their request for registration with reasonable promptness after learning of such material adverse change, then the Holders shall not be required to pay any of such expenses and such registration shall not constitute the use of a demand registration pursuant to Section 2.3.

Section 2.7 Obligations of the Company. Whenever required to effect the registration of any Registrable Securities under this Agreement the Company shall, as expeditiously as reasonably possible:

(a) Registration Statement. Prepare and file with the SEC a registration statement with respect to such Registrable Securities and use its commercially reasonable efforts to cause such registration statement to become effective, and, upon the request of the Holders of a majority of the Registrable Securities registered thereunder, keep such registration statement effective for a period of up to ninety (90) days or, in the case of Registrable Securities registered under Form F-3 in accordance with Rule 415 under the Securities Act or a successor rule, until the distribution contemplated in the registration statement has been completed; provided, however, that (i) such ninety (90) day period shall be extended for a period of time equal to the period any Holder refrains from selling any securities included in such registration at the request of the underwriter(s), and (ii) in the case of any registration of Registrable Securities on Form F-3 which are intended to be offered on a continuous or delayed basis, such ninety (90) day period shall be extended, if necessary, to keep the registration statement effective until all such Registrable Securities are sold.

(b) Amendments and Supplements. Prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection with such registration statement as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement.

(c) Prospectuses. Furnish to the Holders such number of copies of a prospectus, including a preliminary prospectus, in conformity with the requirements of the Securities Act, and such other documents as they may reasonably request in order to facilitate the disposition of the Registrable Securities owned by them that are included in such registration.

(d) Blue Sky. Use its commercially reasonable efforts to register and qualify the securities covered by such registration statement under such other securities or "blue sky" laws of such jurisdictions as shall be reasonably requested by the Holders, provided that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business or to file a general consent to service of process in any such states or jurisdictions, unless the Company is already subject to service in such jurisdiction and except as may be required by the Securities Act.

(e) Underwriting. In the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement in usual and customary form, with the managing underwriter(s) of such offering. Each Holder participating in such underwriting shall also enter into and perform its obligations under such an agreement.

(f) Notification. Notify each Holder of Registrable Securities covered by such registration statement at any time when a prospectus relating thereto is required to be delivered under the Securities Act of (i) the issuance of any stop order by the SEC in respect of such registration statement, or (ii) the happening of any event as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing.

(g) Opinion and Comfort Letter. Furnish, at the request of any Holder requesting registration of Registrable Securities, on the date that such Registrable Securities are delivered to the underwriter(s) for sale, if such securities are being sold through underwriters, or, if such securities are not being sold through underwriters, on the date that the registration statement with respect to such securities becomes effective, (i) a copy of the opinion, dated as of such date, of the counsel representing the Company for the purposes of such registration, in form and substance as is customarily given to underwriters in an underwritten public offering and reasonably satisfactory to a majority in interest of the Holders requesting registration, addressed to the underwriters, if any, and to the Holders requesting registration of Registrable Securities and (ii) letters dated as of (x) the effective date of the registration statement covering such Registrable Securities and (y) the closing date of the offering, from the independent certified public accountants of the Company, in form and substance as is customarily given by independent certified public accountants to underwriters in an underwritten public offering and reasonably satisfactory to a majority in interest of the Holders requesting registration, addressed to the underwriters, if any, and to the Holders requesting registration of Registrable Securities.

Section 2.8 Furnish Information. It shall be a condition precedent to the obligations of the Company to take any action pursuant to Sections 2.3, 2.4 and 2.5 that the selling Holders shall furnish to the Company such information regarding themselves, the Registrable Securities held by them and the intended method of disposition of such securities as shall be required to timely effect the Registration of their Registrable Securities.

Section 2.9 Indemnification. In the event any Registrable Securities are included in a registration statement under Sections 2.3, 2.4 and 2.5:

(a) By the Company. To the extent permitted by law and its memorandum and articles of association, the Company will indemnify and hold harmless each Holder, its partners, officers, directors, legal counsel, any underwriter (as defined in the Securities Act) for such Holder and each Person, if any, who controls such Holder or underwriter within the meaning of the Securities Act or the Exchange Act, against any losses, claims, damages, or liabilities (joint or several) to which they may become subject under the Securities Act, the Exchange Act, or other United States federal or state law, insofar as such losses, claims, damages, or liabilities (or actions in respect thereof) arise out of or are based upon any of the following statements, omissions or violations (collectively a "**Violation**"):

(i) any untrue statement or alleged untrue statement of a material fact contained in such registration statement, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto;

(ii) the omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein not misleading; or

(iii) any violation or alleged violation by the Company of the Securities Act, the Exchange Act, any United States federal or state securities law, or any rule or regulation promulgated under the Securities Act, the Exchange Act, or any United States federal or state securities law in connection with the offering covered by such registration statement;

and the Company will reimburse each such Holder, its partner, officer, director, legal counsel, underwriter or controlling Person for any legal or other expenses reasonably incurred by them, as such expenses are incurred, in connection with investigating or defending any such loss, claim, damage, liability or action.

(b) By Selling Holders. To the extent permitted by law, each selling Holder will, if Registrable Securities held by Holder are included in the securities as to which such registration qualifications or compliance is being effected, indemnify and hold harmless the Company, each of its directors, each of its officers who has signed the registration statement, each Person, if any, who controls the Company within the meaning of the Securities Act, any underwriter and any other Holder selling securities under such registration statement or any of such other Holder's partners, directors, officers, legal counsel or any Person who controls such Holder within the meaning of the Securities Act or the Exchange Act, against any losses, claims, damages or liabilities (joint or several) to which the Company or any such director, officer, legal counsel, controlling Person, underwriter or other such Holder, partner or director, officer or controlling Person of such other Holder may become subject under the Securities Act, the Exchange Act or other United States federal or state law, insofar as such losses, claims, damages or liabilities (or actions in respect thereto) arise out of or are based upon any Violation, in each case to the extent (and only to the extent) that such Violation occurs in reliance upon and in conformity with written information furnished by such Holder expressly for use in connection with such registration; and each such Holder will reimburse any legal or other expenses reasonably incurred by the Company or any such director, officer, controlling Person, underwriter or other Holder, partner, officer, director or controlling Person of such other Holder in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that the indemnity agreement contained in this subsection 2.9(b) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Holder, which consent shall not be unreasonably withheld; and provided, further, that in no event shall any indemnity under this Section 2.9(b) exceed the net proceeds received by such Holder in the registered offering out of which the applicable Violation arises.

(c) Notice. Promptly after receipt by an indemnified party under this Section 2.9 of notice of the commencement of any action (including any governmental action), such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under this Section 2.9, deliver to the indemnifying party a written notice of the commencement thereof and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume the defense thereof with counsel mutually satisfactory to the parties; provided, however, that an indemnified party shall have the right to retain its own counsel, with the fees and expenses to be paid by the indemnifying party, if representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential conflict of interests between such indemnified party and any other party represented by such counsel in such proceeding. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action shall relieve such indemnifying party of liability to the indemnified party under this Section 2.9 to the extent the indemnifying party is prejudiced as a result thereof, but the omission to so deliver written notice to the indemnifying party will not relieve it of any liability that it may have to any indemnified party otherwise than under this Section 2.9.

(d) Contribution. In order to provide for just and equitable contribution to joint liability under the Securities Act in any case in which either (i) any indemnified party makes a claim for indemnification pursuant to this Section 2.9 but it is judicially determined (by the entry of a final judgment or decree by a court of competent jurisdiction and the expiration of time to appeal or the denial of the last right of appeal) that such indemnification may not be enforced in such case notwithstanding the fact that this Section 2.9 provides for indemnification in such case, or (ii) contribution under the Securities Act may be required on the part of any indemnified party in circumstances for which indemnification is provided under this Section 2.9; then, and in each such case, the indemnified party and the indemnifying party will contribute to the aggregate losses, claims, damages or liabilities to which they may be subject (after contribution from others) in such proportion so that a Holder (together with its related Persons) is responsible for the portion represented by the percentage that the public offering price of its Registrable Securities offered by and sold under the registration statement bears to the public offering price of all securities offered by and sold under such registration statement, and the Company and other selling Holders are responsible for the remaining portion. The relative fault of the indemnifying party and of the indemnified party shall be determined by a court of law by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission; provided, however, that, in any such case: (A) no Holder will be required to contribute any amount in excess of the net proceeds to such Holder from the sale of all such Registrable Securities offered and sold by such Holder pursuant to such registration statement; and (B) no Person or entity guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) will be entitled to contribution from any Person or entity who was not guilty of such fraudulent misrepresentation.

(e) Survival; Consents to Judgments and Settlements. The obligations of the Company and Holders under this Section 2.9 shall survive the completion of any offering of Registrable Securities in a registration statement, regardless of the expiration of any statutes of limitation or extensions of such statutes. No indemnifying party, in the defense of any such claim or litigation, shall, except with the consent of each indemnified party, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect to such claim or litigation.

Section 2.10 No Registration Rights to Third Parties. Without the prior written consent of the Requisite Preferred Holders, the Company covenants and agrees that it shall not grant, or cause or permit to be created, for the benefit of any Person or entity any registration rights of any kind (whether similar to the demand, "piggyback" or Form F-3 registration rights described in this Article II, or otherwise) relating to any securities of the Company which are senior to, or on a parity with, those granted to the Holders of Registrable Securities.

Section 2.11 Rule 144 Reporting. With a view to making available to the Holders the benefits of certain rules and regulations of the SEC which may at any time permit the sale of the Registrable Securities to the public without registration or pursuant to a registration on Form F-3, after such time as a public market exists for the Ordinary Shares, the Company agrees to:

(a) Make and keep public information available, as those terms are understood and defined in Rule 144 under the Securities Act, at all times after the effective date of the first registration under the Securities Act filed by the Company for an offering of its securities to the general public;

(b) File with the SEC in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act (at any time after it has become subject to such reporting requirements); and

(c) So long as a Holder owns any Registrable Securities, to furnish to such Holder forthwith upon request (i) a written statement by the Company as to its compliance with the reporting requirements of Rule 144 (at any time after ninety (90) days after the effective date of the Company's initial public offering), the Securities Act and the Exchange Act (at any time after it has become subject to such reporting requirements), or its qualification as a registrant whose securities may be resold pursuant to Form F-3 (at any time after it so qualifies), (ii) a copy of the most recent annual or quarterly report of the Company, and (iii) such other reports and documents of the Company as a Holder may reasonably request in availing itself of any rule or regulation of the SEC that permits the selling of any such securities without registration or pursuant to Form F-3.

Section 2.12 Market Stand-Off. Each party agrees that, so long as it holds any voting securities of the Company, without the consent of the Company or the underwriters managing the initial public offering of the Company's securities, it will not (i) lend, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any Ordinary Shares or any securities convertible into or exercisable or exchangeable for Ordinary Shares (whether such shares or any such securities are then owned by the Holder or are thereafter acquired), or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Ordinary Shares, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Ordinary Shares or other securities, in cash or otherwise without the prior written consent of the Company or such underwriters, as the case may be, for a period of time specified by the representative of the underwriters not to exceed 180 days from the effective date of the registration statement covering such initial public offering or the pricing date of such initial public offering as may be requested by the underwriters, or such other period as may be requested by the Company or an underwriter to accommodate regulatory restrictions on (1) the publication or other distribution of research reports, and (2) analyst recommendations and opinions, including, but not limited to, the restrictions contained in FINRA Rule 2711(f)(4) or NYSE Rule 472(f)(4), or any successor provisions or amendments thereto. The Company shall use its best efforts to take all reasonable steps to shorten such lock-up period. The foregoing provision of this Section 2.12 shall not apply to the sale of any securities of the Company to an underwriter pursuant to any underwriting agreement, and shall only be applicable to the Holders if all other officers, directors and greater than one percent (1%) shareholders of the Company enter into similar agreements, and if the Company or any underwriter releases any other shareholder from his, her or its sale restrictions so undertaken, then each Holder shall be notified prior to such release and shall itself be simultaneously released to the same proportional extent. The Company shall require all future acquirers of the Company's securities to execute prior to a Qualified IPO a market stand-off agreement containing substantially similar provisions as those contained in this Section 2.12.

Section 2.13 Termination. The registration rights in this Article II shall terminate upon the earlier of (i) the fifth (5th) anniversary of a Qualified IPO, (ii) with respect to shares held by a Holder when such Holder together with its Affiliates can sell all of its Registrable Securities in reliance of Rule 144 without transfer restrictions, and (iii) after the consummation of a Liquidation Event.

ARTICLE III

RIGHT OF PARTICIPATION.

Section 3.1 General. Each holder of Special Preferred Shares and Zhen Partners Fund II, L.P. ("**Zhen Fund**"), including each holder of Special Preferred Shares or Series Seed Preferred Shares to which rights under this Article III have been duly assigned in accordance with Article V (hereinafter referred to as a "**Participation Rights Holder**"), shall have the right of first refusal to purchase such Participation Rights Holder's Pro Rata Share (as defined below), of all (or any part) of any New Securities (as defined in Section 3.3) that the Company may from time to time issue after the date of this Agreement (the "**Right of Participation**").

Section 3.2 Pro Rata Share. A Participation Rights Holder's "**Pro Rata Share**" for purposes of the Right of Participation is the ratio of (a) the number of Ordinary Shares (calculated on a fully-diluted and as-converted basis) held by such Participation Rights Holder, to (b) the total number of Ordinary Shares then outstanding (calculated on a fully-diluted and as-converted basis) immediately prior to the issuance of the New Securities giving rise to the Right of Participation.

Section 3.3 New Securities. "**New Securities**" shall mean any preferred shares, Ordinary Shares or other voting shares of the Company and rights, options or warrants to purchase such preferred shares, Ordinary Shares and securities of any type whatsoever that are, or may become, convertible or exchangeable into such preferred shares, Ordinary Shares or other voting shares,

provided, however, that the term "New Securities" shall not include securities exempted from the definition of "New Shares" in Article 39 of the Restated Articles.

Section 3.4 Procedures.

(a) First Participation Notice. In the event that the Company proposes to undertake an issuance of New Securities (in a single transaction or a series of related transactions), it shall give to each Participation Rights Holder written notice of its intention to issue New Securities (the "**First Participation Notice**"), describing the amount and type of New Securities, the price and the general terms upon which the Company proposes to issue such New Securities. Each Participation Rights Holder shall have twenty (20) days from the date of receipt of any such First Participation Notice (the "**First Participation Period**") to agree in writing to purchase such Participation Rights Holder's Pro Rata Share of such New Securities for the price and upon the terms and conditions specified in the First Participation Notice by giving written notice to the Company and stating therein the quantity of New Securities to be purchased (not to exceed such Participation Rights Holder's Pro Rata Share). If any Participation Rights Holder fails to so agree in writing within such twenty (20) day period to purchase such Participation Rights Holder's full Pro Rata Share of an offering of New Securities, then such Participation Rights Holder shall forfeit the right hereunder to purchase that part of its Pro Rata Share of such New Securities that it did not agree to purchase.

(b) Second Participation Notice; Oversubscription. If any Participating Rights Holder fails or declines to exercise its Right of Participation in accordance with subsection (a) above, the Company shall promptly give notice (the "**Second Participation Notice**") to other Participating Rights Holders who exercised their Right of Participation (the "**Right Participants**") in accordance with subsection (a) above. Each Right Participant, other than a Participating Rights Holder who fails or declines to exercise its Right of Participation in accordance with subsection (a) above, shall have five (5) business days from the date of receipt of the Second Participation Notice (the "**Second Participation Period**") to notify the Company of its desire to purchase more than its Pro Rata Share of the New Securities, stating the number of the additional New Securities it proposes to buy (the "**Additional Number**"). Such notice may be made by telephone if confirmed in writing within two (2) business days. If, as a result thereof, such oversubscription exceeds the total number of the remaining New Securities available for purchase, each oversubscribing Right Participant will be cut back by the Company with respect to its oversubscription to that number of remaining New Securities equal to the lesser of (x) the Additional Number and (y) the product obtained by multiplying (i) the number of the remaining New Securities available for subscription by (ii) a fraction, the numerator of which is the number of Ordinary Shares (calculated on a fully-diluted and as-converted basis) held by such oversubscribing Right Participant and the denominator of which is the total number of Ordinary Shares (calculated on a fully-diluted and as-converted basis) held by all the oversubscribing Right Participants.

(c) Each Right Participant shall be obligated to buy such number of New Securities in accordance with the terms of Section 3.4 and the Company shall so notify the Right Participants within twenty (20) business days following the date of the Second Participation Notice. The transaction in connection with the New Securities shall be consummated within forty-five (45) days after the expiration of the Second Participation Period.

Section 3.5 Failure to Exercise. Upon the expiration of the Second Participation Period, the Company shall have one hundred and twenty days (120) days thereafter to sell the New Securities described in the First Participation Notice (with respect to any remaining New Securities) at the same or higher price and upon non-price terms not materially more favorable to the purchasers thereof than specified in the First Participation Notice, provided that the prospective purchaser of such New Securities shall comply with this Agreement and the Restated Articles, as may be amended from time to time, to the fullest extent. In the event that the Company has not issued and sold such New Securities within such one hundred and twenty days (120) day period, then the Company shall not thereafter issue or sell any New Securities without again first offering such New Securities to the Participation Rights Holders pursuant to this Article III.

Section 3.6 Termination. The Right of Participation for each Participation Rights Holder shall terminate upon (i) the closing of a Qualified IPO or (ii) a Liquidation Event.

ARTICLE IV

TRANSFER RESTRICTIONS; RIGHT OF FIRST REFUSAL; CO-SALE RIGHTS.

Section 4.1 Certain Definitions. For purposes of this Article IV, "**ROFR Shares**" means (i) the Company's outstanding Ordinary Shares, (ii) the Ordinary Shares issued or issuable upon exercise of outstanding options or warrants, and (iii) the Ordinary Shares issued or issuable upon conversion of any outstanding convertible securities (other than the Preferred Shares); "**Special Preferred Shareholder**" means each holder of Special Preferred Shares and its permitted assignees to whom its rights under this Article IV have been duly assigned in accordance with this Agreement; and "**ROFR Shareholder**" means any holder of Ordinary Shares, other than the holder of Ordinary Shares issued or issuable upon conversion of the Company's outstanding Preferred Shares.

Section 4.2 Right of First Refusal. Subject to Section 4.5 of this Agreement, if any ROFR Shareholder of the Company proposes to directly or indirectly sell, assign, pledge, hypothecate, transfer, or otherwise encumber or dispose of in any way or otherwise grant any interest or right with respect to all or any part of any interest ("**Transfer**") in any ROFR Shares held by or issuable to it (the "**Selling Shareholder**"), then such Selling Shareholder shall promptly give written notice (the "**Transfer Notice**") to the Company and each Special Preferred Shareholder prior to such Transfer. The Transfer Notice shall describe in reasonable detail the proposed Transfer including, without limitation, the number of ROFR Shares (or securities convertible into or exercisable for ROFR Shares) to be sold or transferred (the "**Offered Shares**"), the nature of such Transfer, the consideration to be paid, and the name and address of each prospective purchaser or transferee. For the avoidance of doubt, the Special Preferred Shares and any Ordinary Shares issuable upon conversion thereof shall not be subject to the restrictions on Transfer set forth in this Article IV.

(a) Option of the Special Preferred Shareholders.

(i) Each Special Preferred Shareholder shall have an option for a period of thirty (30) days following receipt of the Transfer Notice (the "**First Refusal Period**") to elect to purchase all or a portion of the Offered Shares, at the same price and subject to the same terms and conditions as described in the Transfer Notice (the "**Right of First Refusal**"). Each Special Preferred Shareholder may exercise the Right of First Refusal and purchase all or any portion of the Offered Shares by notifying the Selling Shareholder, the Company and each other Special Preferred Shareholder in writing (the "**First Refusal Notice**") before expiration of the First Refusal Period as to the number of shares that it wishes to purchase. The First Refusal Notice shall set forth the number of Offered Shares that such Special Preferred Shareholder wishes to purchase, which amount shall not exceed the First Refusal Allotment (as defined below) of such Special Preferred Shareholder.

(ii) In the event any Special Preferred Shareholder elects not to purchase its First Refusal Allotment of the Offered Shares available under Section 4.2(a)(i) within the First Refusal Period, then the Selling Shareholder shall promptly give written notice (the "**Overallotment Notice**") to each Special Preferred Shareholder that has elected to purchase all of its First Refusal Allotment of the Offered Shares (each a "**Fully Participating Special Preferred Shareholder**"), which notice shall set forth the number of remaining Offered Shares not purchased by

the other Special Preferred Shareholders ("**Overallotment Shares**"), and shall offer the Fully Participating Special Preferred Shareholders the right to acquire its First Refusal Allotment of the Overallotment Shares. Each Fully Participating Special Preferred Shareholder shall have ten (10) days after delivery of the Overallotment Notice (the "**Overallotment Period**") to deliver a written notice to the Selling Shareholder (the "**Participating Overallotment Notice**") of its election to purchase its First Refusal Allotment of the Overallotment Shares on the same terms and conditions as set forth in the Transfer Notice, and such Participating Overallotment Notice shall also indicate the maximum number of the Overallotment Shares that such Fully Participating Special Preferred Shareholder will purchase in the event that any other Fully Participating Special Preferred Shareholder elects not to purchase its First Refusal Allotment of the Overallotment Shares.

(b) First Refusal Allotment. Each Special Preferred Shareholder shall have the right to purchase that number of the Offered Shares or Overallotment Shares, as the case may be (the "**First Refusal Allotment**"), equivalent to the product obtained by multiplying the aggregate number of the Offered Shares or Overallotment Shares, as the case may be, by a fraction, the numerator of which is the number of Ordinary Shares (on an as-converted basis) held by such Special Preferred Shareholder at the time of the transaction and the denominator of which is the total number of Ordinary Shares (on an as-converted basis) owned by all Special Preferred Shareholders at the time of the transaction who have the right of first refusal to purchase the applicable shares and have elected to participate in such right of first refusal purchase. A Special Preferred Shareholder shall not have a right to purchase any of Overallotment Shares, unless it exercises its right of first refusal within the First Refusal Period, to purchase up to all of its First Refusal Allotment of the Offered Shares. To the extent that any Special Preferred Shareholder does not exercise its right of first refusal to the full extent of its First Refusal Allotment, the Selling Shareholder and the exercising Special Preferred Shareholders shall, at the exercising Special Preferred Shareholders' sole discretion, within five (5) days after the end of the First Refusal Period, make such adjustment to the First Refusal Allotment of each exercising Special Preferred Shareholder so that any remaining Offered Shares may be allocated to those Special Preferred Shareholders exercising their rights of first refusal on a pro rata basis.

(c) Purchase Price and Payment. The purchase price for the Offered Shares to be purchased by the Special Preferred Shareholders exercising their right of first refusal will be the price set forth in the Transfer Notice, but will be payable as set forth below. If the purchase price in the Transfer Notice includes consideration other than cash, the cash equivalent value of the non-cash consideration will be as previously determined by the Board in good faith, which determination will be binding upon the Company, the Selling Shareholder and the Special Preferred Shareholders, absent fraud or error. The transaction shall be closed within forty-five (45) days following the date of the Transfer Notice and the payment of the purchase price shall be made by wire transfer or check as directed by the Selling Shareholder.

(d) Expiration Notice. Within ten (10) days after the expiration of the Overallotment Period, the Company will give written notice (the "**First Refusal Expiration Notice**") to the Selling Shareholder and the Special Preferred Shareholders specifying either (i) that all of the Offered Shares were subscribed by the Special Preferred Shareholders exercising their rights of first refusal, or (ii) that the Special Preferred Shareholders have not subscribed for any or all of the Offered Shares in which case the First Refusal Expiration Notice will specify the Co-Sale Pro Rata Portion (as defined below) of the remaining Offered Shares for the purpose of the co-sale right of the holders of the Special Preferred Shares described in the Section 4.3 below.

(e) Rights of a Selling Shareholder. If any Special Preferred Shareholder exercises its right of first refusal to purchase the Offered Shares, then, upon the date the notice of such exercise is given by the Special Preferred Shareholder, the Selling Shareholder will have no further rights as a holder of such Offered Shares except the right to receive payment for such Offered Shares from such Special Preferred Shareholder in accordance with the terms of this Agreement, and the Selling Shareholder will forthwith cause all certificate(s) evidencing such Offered Shares to be surrendered to the Company for transfer to such Special Preferred Shareholder together with an executed instrument of transfer.

Section 4.3 Special Preferred Shareholder's Co-Sale Right. In the event that the Special Preferred Shareholders have not exercised their right of first refusal with respect to any or all of the Offered Shares, then the remaining Offered Shares not subscribed for under the right of first refusal pursuant to Section 4.2 above shall be subject to co-sale rights under this Section 4.3 and each Special Preferred Shareholder who has not exercised any of its right of first refusal with respect to the Offered Shares shall have the right, exercisable upon written notice to the Selling Shareholder, the Company and each other Special Preferred Shareholder (the "**Co-Sale Notice**") within thirty (30) days after receipt of First Refusal Expiration Notice (the "**Co-Sale Right Period**"), to participate in such sale of the Offered Shares on the same terms and conditions as set forth in the Transfer Notice. The Co-Sale Notice shall set forth the number of Ordinary Shares or Preferred Shares (on both an absolute and as-converted to Ordinary Shares basis) that such participating Special Preferred Shareholder wishes to include in such sale or transfer, which amount shall not exceed the Co-Sale Pro Rata Portion (as defined below) of such Special Preferred Shareholder. To the extent one or more of the Special Preferred Shareholder exercise such right of participation in accordance with the terms and conditions set forth below, the number of Ordinary Shares or Preferred Shares that such Selling Shareholder may sell in the transaction shall be correspondingly reduced. The co-sale right of each Special Preferred Shareholder shall be subject to the following terms and conditions:

(a) Co-Sale Pro Rata Portion. Each Special Preferred Shareholder may sell all or any part of that number of Ordinary Shares (on an as-converted basis) held by it that is equal to the product obtained by multiplying (x) the aggregate number of the Offered Shares subject to the co-sale right hereunder by (y) a fraction, the numerator of which is the number of Ordinary Shares (on an as-converted basis) owned by such Special Preferred Shareholder at the time of the sale or transfer and the denominator of which is the combined number of Ordinary Shares (on an as-converted basis) at the time owned by all Special Preferred Shareholders who elect to exercise their co-sale rights (if any Special Preferred Shareholder does not elect to exercise the co-sale right to the full extent then its Ordinary Shares (on as-converted basis) for calculation in the denominator shall be proportionately reduced) and the Selling Shareholder ("**Co-Sale Pro Rata Portion**").

(b) Transferred Shares. Each participating Special Preferred Shareholder shall effect its participation in the sale by promptly delivering to the Selling Shareholder for transfer to the prospective purchaser an executed instrument of transfer and one or more certificates which represent:

(i) the number of Ordinary Shares (on an as-converted basis) which such Special Preferred Shareholder elects to sell;

(ii) that number of Preferred Shares which is at such time convertible into the number of Ordinary Shares that such Special Preferred Shareholder elects to sell; provided in such case that, if the prospective purchaser objects to the delivery of Preferred Shares in lieu of Ordinary Shares, such Special Preferred Shareholder shall convert such Preferred Shares into Ordinary Shares and deliver Ordinary Shares as provided in Subsection 4.3(b)(i) above. The Company agrees to make any such conversion concurrent with the actual transfer of such shares to the purchaser; or

(iii) a combination of the above.

(c) Payment to Special Preferred Shareholder. The share certificate or certificates that the participating Special Preferred Shareholder delivers to the Selling Shareholder pursuant to Section 4.3(b) shall be transferred to the prospective purchaser and the Company's register of members shall be updated in consummation of the sale of the Offered Shares pursuant to the terms and conditions specified in the Transfer Notice, and the Selling Shareholder shall concurrently therewith remit to such Special Preferred Shareholder that portion of the sale proceeds to which such Special Preferred Shareholder is entitled by reason of its participation in such sale. To the extent that any prospective purchaser or purchasers prohibits such assignment or otherwise refuses to purchase any shares or other securities from a Special Preferred Shareholder exercising its co-sale right hereunder, the Selling Shareholder shall not sell to such prospective purchaser or purchasers any ROFR Shares unless and until, simultaneously with such sale, the Selling Shareholder shall purchase such shares or other securities from such Special Preferred Shareholder.

(d) Right to Transfer. To the extent the Special Preferred Shareholders do not elect to purchase, or to participate in the sale of, any or all of the Offered Shares subject to the Transfer Notice, the Selling Shareholder may, not later than ninety (90) days following delivery to the Company and each of the Special Preferred Shareholders of the Transfer Notice, conclude a transfer of the remaining Offered Shares covered by the Transfer Notice and not elected to be purchased by the Special Preferred Shareholders, which in each case shall be on substantially the same terms and conditions as those described in the Transfer Notice. The Selling Shareholders shall cause any prospective purchaser of such shares to comply with this Agreement and Restated Articles, as may be amended from time to time, to the fullest extent. Any proposed transfer on terms and conditions which are materially different from those described in the Transfer Notice, as well as any subsequent proposed transfer of any ROFR Shares by the Selling Shareholder, shall again be subject to the right of first refusal of the Special Preferred Shareholders and the co-sale right of the Special Preferred Shareholders and shall require compliance by the Selling Shareholder with the procedures described in Sections 4.2 and 4.3 of this Agreement.

Section 4.4 Permitted Transfers. Notwithstanding anything to the contrary contained herein, the right of first refusal and co-sale rights of the Special Preferred Shareholders as set forth in the Section 4.2 and Section 4.3 above shall not apply to

(i) any sale or transfer of ROFR Shares to the Company pursuant to a repurchase right or right of first refusal held by the Company in the event of a termination (either voluntary or involuntary) of employment or consulting relationship, or

(ii) any sale or transfer of Ordinary Shares by any of Huazhi Hu, Yifang Xiong and Shang-Wen Hsiao and/or such Founder's BVI Company so long as, after such sale or transfer, such Founder and/or his BVI Company will continue to hold 90% or more of the Ordinary Shares held by such Founder and/or his BVI Company as of August 21, 2015 (appropriately adjusted for any share split, dividend, combination or other recapitalization).

Section 4.5 Prohibited Transfers. Except for transfers by a holder of ROFR Shares to its permitted transferees as provided in Section 4.4 above, none of the holders of Ordinary Shares (other than the holder of Ordinary Shares issued or issuable upon conversion of the Company's outstanding Preferred Shares) shall, without the prior written consent of the holders of a majority of the then outstanding Special Preferred Shares, sell, assign, transfer, pledge, hypothecate, mortgage, encumber or otherwise dispose through one or a series of transactions, directly or indirectly any Company securities held by him, her or it to any Person on or prior to a Qualified IPO. Any attempt by a party to sell or transfer ROFR Shares in violation of this Article IV shall be void and the Company hereby agrees it will not effect such a transfer nor will it treat any alleged transferee as the holder of such shares without the requisite written consent.

Section 4.6 Notwithstanding anything to the contrary, Sections 4.2 and 4.3 and 4.5 shall not apply to any proposed transfer of Special Preferred Shares or Ordinary Shares issued or issuable upon conversion of the Special Preferred Shares by any holders of Special Preferred Shares, without prejudice to the rights of the Special Preferred Shareholders to purchase any Offered Shares to be transferred by any other shareholders pursuant to Sections 4.2 and 4.3.

Section 4.7 The Shareholders specifically agree that the restrictions with regard to the transfer of the ROFR Shareholders' shares in the Company as described under this Article IV shall apply equally to transfer of the shares of the BVI Companies, as if each of the provisions under this Article IV has been repeated under this Section 4.7 with regard to transfer of the shares of the BVI Companies except that the reference to the shares in the Company has been revised to refer to the shares in the BVI Companies, as applicable, so that the result of such restrictions on the indirect transfer of the shares in the Company by transferring the shares in the BVI Companies is the same as if the BVI Companies directly transfer the relevant shares in the Company.

Section 4.8 Restriction on Indirect Transfers. Notwithstanding anything to the contrary contained herein, without the prior written approval of the holders of a majority of the then outstanding Special Preferred Shares:

(a) None of the Founders shall, directly or indirectly, sell, assign, transfer, pledge, hypothecate, mortgage, encumber or otherwise dispose through one or a series of transactions any equity interest held, directly or indirectly, by him in the BVI Companies to any Person; and (ii) none of the BVI Companies shall, and each Founder shall cause the BVI Companies not to, issue to any Person any equity securities of the BVI Companies or any options or warrants for, or any other securities exchangeable for or convertible into, such equity securities of the BVI Companies.

(b) None of the Founders and the BVI Companies shall, or shall cause or permit any other Person to, directly or indirectly, sell, assign, transfer, pledge, hypothecate, mortgage, encumber or otherwise dispose through one or a series of transactions any equity interest held or controlled by him or the BVI Companies respectively in the Company to any Person. Any transfer in violation of this Section 4.8 shall be void and the Company hereby agrees it will not effect such a transfer nor will it treat any alleged transferee as the holder of such equity interest.

(c) None of the Group Companies shall, and each Founder shall cause any Group Company not to, issue to any Person any equity securities of such Group Company, or any options (except for any option issued under any employee and advisor stock option plan approved by the Board, including the affirmative votes of the Series A Director, the Series B Director and the Series C Director) or warrants for, or any other securities exchangeable for or convertible into, such equity securities of such Group Company.

(d) None of the Founders, the Company, the HK Co. and US Co. shall, or shall cause or permit any other Person to, directly or indirectly, sell, assign, transfer, pledge, hypothecate, mortgage, encumber or otherwise dispose through one or a series of transactions any equity interest in any PRC Company held or controlled by them to any Person. Any transfer in violation of this Section 4.8 shall be void and the PRC Companies hereby agree they will not effect such a transfer nor will they treat any alleged transferee as the holder of such equity interest.

Section 4.9 Guarantees by the Founders. The Founders hereby jointly and severally guarantee and warrant the performance of the obligations of the BVI Companies under this Agreement.

Section 4.10 Legend.

(a) Each certificate representing the ROFR Shares (other than Ordinary Share issued upon conversion of the Special Preferred Shares) shall be endorsed with the following legend:

"THE SALE, PLEDGE, HYPOTHECATION OR TRANSFER OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE IS SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER SET FORTH IN A SHAREHOLDERS AGREEMENT, A COPY OF WHICH MAY BE OBTAINED UPON WRITTEN REQUEST TO THE SECRETARY OF THE COMPANY."

(b) Each party agrees that the Company may instruct its transfer agent to impose transfer restrictions on the shares represented by certificates bearing the legend referred to in Section 4.10(a) above to enforce the provisions of this Agreement and the Company agrees to promptly do so. The legend shall be removed upon termination of the provisions of this Article IV.

Section 4.11 Term. The provisions under this Article IV shall terminate upon the earlier to occur of (i) the closing of a Qualified IPO, or (ii) a Liquidation Event.

ARTICLE V

ASSIGNMENT AND AMENDMENT.

Section 5.1 Assignment and Amendment. Notwithstanding anything herein to the contrary:

(a) Information Rights; Registration Rights. The Information and Inspection Rights under Section 1.1 may not be assigned by any Investor provided, however, that an Investor that is a venture capital fund may assign or transfer such rights to its Affiliates. The registration rights of the Holders under Article II may be assigned (but only with all related obligations) to any Holder or to any Person acquiring Registrable Securities from such Holder that (a) is an Affiliate, subsidiary, parent, partner, limited partner, retired partner, member or shareholder of a Holder, (b) is a Holder's family member or trust for the benefit of an individual Holder or any of such Holder's family members, or (c) after such assignment or transfer, holds any share of Registrable Securities (appropriately adjusted for any share split, dividend, combination or other recapitalization). Notwithstanding the foregoing, in either case no party may be assigned any of the foregoing rights unless the Company is given written notice by the assigning party stating the name and address of the assignee and identifying the securities of the Company as to which the rights in question are being assigned; provided further, that any such assignee shall receive such assigned rights subject to all the terms and conditions of this Agreement, including without limitation the provisions of this Article V.

(b) Right of Participation; Right of First Refusal; Co-Sale Right. The rights of the Special Preferred Shareholders under Article III and IV and the rights of Zhen Fund under Article III are fully assignable in connection with a transfer of shares of the Company by such Special Preferred Shareholders or Zhen Fund, as the case may be; provided, however, that no party may be assigned any of the foregoing rights unless the Company is given written notice by the Special Preferred Shareholders or Zhen Fund, as the case may be, stating the name and address of the assignee and identifying the securities of the Company as to which the rights in question are being assigned; and provided further, that any such assignee shall receive such assigned rights subject to all the terms and conditions of this Agreement.

Section 5.2 Amendment of Rights. Any provision in this Agreement may be amended and the observance thereof may be waived (either generally or in a particular instance and either retroactively or prospectively), only by the written consent of (i) as to the Company, only by the Company; (ii) as to the holders of Series A Preferred Shares, by Persons or entities holding a majority of the Series A Preferred Shares then outstanding and their permitted assigns; provided, however, that any holder of Series A Preferred Shares may waive any of its rights hereunder without obtaining the consent of any other holders of Series A Preferred Shares or their assigns; (iii) as to the holders of Series B Preferred Shares, by Persons or entities holding a majority of the Series B Preferred Shares then outstanding and their permitted assigns; provided, however, that any holder of Series B Preferred Shares may waive any of its rights hereunder without obtaining the consent of any other holders of Series B Preferred Shares or their assigns; (iv) as to the holders of Series C Preferred Shares, by Persons or entities holding a majority of the Series C Preferred Shares then outstanding and their permitted assigns; provided, however, that any holder of Series C Preferred Shares may waive any of its rights hereunder without obtaining the consent of any other holders of Series C Preferred Shares or their assigns; (v) as to the holders of Series Seed Preferred Shares, by Persons or entities holding a majority of the Series Seed Preferred Shares then outstanding and their permitted assigns; provided, however, that any holder of Series Seed Preferred Shares may waive any of its rights hereunder without obtaining the consent of any other holders of Series Seed Preferred Shares or their assigns; and (vi) as to the holders of Ordinary Shares, by Persons or entities holding a majority of the Ordinary Shares then outstanding and their assigns; provided, however, that any holder of Ordinary Shares may waive any of its rights hereunder without obtaining the consent of any other holders of Ordinary Shares or their assigns. Any amendment or waiver effected in accordance with this Section 5.2 shall be binding upon the Company, the holders of Series A Preferred Shares, the holders of Series B Preferred Shares, the holders of Series C Preferred Shares, the holders of Series Seed Preferred Shares, the holders of Ordinary Shares and their respective assigns; provided, however, that any amendment to this Agreement which adversely affects any holder of Preferred Shares in a manner disproportionally different than the other holders of Preferred Shares will not be effected against such holder of Preferred Shares without such holder's consent. Notwithstanding the foregoing, (i) the rights under Section 1.2(a) or any section that require the approval of the Series A Director shall not be amended or waived without the prior written consent of GGV, (ii) the rights under Section 1.2(a) or any section that require the approval of the Series B Director shall not be amended or waived without the prior written consent of GP Capital, and (iii) the rights under Section 1.2(a) or any section that require the approval of the Series C Director shall not be amended or waived without the prior written consent of DCL.

ARTICLE VI

CONFIDENTIALITY AND NON-DISCLOSURE.

Section 6.1 Disclosure of Terms. The terms and conditions of this Agreement, the Original Shareholders Agreement, the Series A Share Purchase Agreements, the Series B Share Purchase Agreements and the Series C Share Purchase Agreement, and all exhibits attached to such agreements (collectively, the "**Financing Terms**"), including their existence, shall be considered confidential information and shall not be disclosed by any party hereto to any third party except in accordance with the provisions set forth below; provided that such confidential information shall not include any information that is in the public domain other than caused by the breach of the confidentiality obligations hereunder.

Section 6.2 Press Releases, Etc. Any press release issued by the Company shall not disclose any of the Financing Terms unless the final form of such press release is approved in advance in writing by the Investors. No other announcement regarding any of the Financing Terms in a press release, conference, advertisement, announcement, professional or trade publication, mass marketing materials or otherwise to the general public may be made without the Investors' prior written consent.

Section 6.3 Permitted Disclosures. Notwithstanding the foregoing, any party may disclose any of the Financing Terms to its current or bona fide prospective investors, employees, investment bankers, lenders, partners, accountants and attorneys, in each case only where such Persons or entities have the need to know such information and are subject to appropriate nondisclosure obligations. Without limiting the generality of the foregoing, the Investors shall be entitled to disclose the Financing Terms for the purposes of fund reporting or inter-fund reporting or to their fund manager, other funds managed by their fund manager and their respective auditors, counsel, directors, officers, employees, shareholders or investors.

Section 6.4 Legally Compelled Disclosure. In the event that any party is requested or becomes legally compelled (including without limitation, pursuant to securities laws and regulations) to disclose the existence of this Agreement, the Original Shareholders Agreement, the Series A Share Purchase Agreements, the Series B Share Purchase Agreements and the Series C Share Purchase Agreement, any of the exhibits attached to such agreements, or any of the Financing Terms hereof in contravention of the provisions of this Article VI, such party (the "**Disclosing Party**") shall provide the other parties (the "**Non-Disclosing Parties**") with prompt written notice of that fact and use all reasonable efforts to seek (with the cooperation and reasonable efforts of the other parties) a protective order, confidential treatment or other appropriate remedy, provided, however, that any Investor will only be required to provide such prompt written notice and use reasonable efforts to seek a protective order if such request is specifically directed at and solely related to this Agreement or the other transaction documents or the Financing Terms (and not a general request or general order that is broader in scope). In such event, the Disclosing Party shall furnish only that portion of the information which is legally required to be disclosed and shall exercise reasonable efforts to keep confidential such information to the extent reasonably requested by any Non-Disclosing Party.

Section 6.5 Other Information. The provisions of this Article VI shall be in addition to, and not in substitution for, the provisions of any separate nondisclosure agreement executed by any of the parties with respect to the transactions contemplated hereby.

Section 6.6 Notices. All notices required under this section shall be made pursuant to Section 10.1 of this Agreement.

ARTICLE VII

PROTECTIVE PROVISIONS.

Section 7.1 In addition to such other limitations as may be provided in the Restated Articles, for so long as any Special Preferred Shares are outstanding, the following acts of the Group Companies, whether in a single transaction or series of related transactions, whether directly or indirectly and whether or not by amendment, merger, consolidation, scheme of arrangement, amalgamation, or otherwise, shall require the prior written approval of the holders of a majority of the then outstanding Special Preferred Shares (if any), voting as a separate class:

(a) any material change to the business scope, or nature of the business of any Group Company, engagement in or investment in any new line or business or cessation of any existing business line of any Group Company;

(b) any liquidation, dissolution or winding up of any Group Company, any consummation of a Liquidation Event or effecting any other merger or consolidation;

(c) any sale, transfer, license, pledge or encumbering any technology or intellectual property, other than non-exclusive licenses granted in the ordinary course of business;

(d) any increase, decrease or cancellation of any authorized or outstanding shares of any Group Company, or any issuance, distribution, purchase or redemption of any shares, or securities convertible into or carrying a right of subscription in respect of any shares or any warrant or any grant or issuance of options (other than pursuant to an equity incentive plan approved by the Board, including the Series A Director, the Series B Director and the Series C Director);

(e) any amendment of Restated Articles or other charter documents of any Group Company which alters or adversely affects the rights, preferences, privileges or powers of, or the restrictions provided for the benefit of, the Special Preferred Shares;

(f) any action that results in the payment or declaration of a dividend or other distribution on any Ordinary Shares or Preferred Shares; or

(g) any merger, consolidation or amalgamation of any Group Company with any other entity or entities or any spin-off, sub-division, or any other transaction of a similar nature or having a similar economic effect as any of the foregoing, or other forms of restructuring of any Group Company.

For the avoidance of doubt, if any of the foregoing matters requires the approval by way of a Special Resolution (as defined in the Restated Articles), and if the Shareholders vote in favor of such act but the approval of the holders of a majority of the then outstanding Special Preferred Shares has not been obtained, then the holders of then outstanding Special Preferred Shares who voted against such Special Resolution at a meeting of the shareholders shall together carry 34% of the votes on such Special Resolution with such votes being divided equally among such holders of the then outstanding Special Preferred Shares.

Section 7.2 In addition to such other limitations as may be provided in the Restated Articles, the following acts of the Group Companies, whether in a single transaction or series of related transactions, whether directly or indirectly and whether or not by amendment, merger, consolidation, scheme of arrangement, amalgamation, or otherwise, shall require the prior written approval of the Board (which approval includes the approval of the Series A Director (for so long as any Series A Preferred Shares are outstanding), the Series B Director (for so long as any Series B Preferred Shares are outstanding) and the Series C Director (for so long as any Series C Preferred Shares are outstanding), whose approval shall not be unreasonably withheld, delayed or conditioned):

(a) any appointment or change of the auditors, accounting policies, internal controls over financial reporting or the financial year of any Group Company;

(b) any appointment, removal, replacement of the chief executive officer, the president, the chief financial officer (or financial vice president or financial controller), the chief technology officer and the chief operating officer of any Group Company, including approving any option plans;

(c) any settlement or alteration of any employment agreement, salaries, bonuses or other incentive plans of any key management (including but not limited to the Key Employees (as defined in the Series C Share Purchase Agreement));

(d) any approval or material amendment to the annual accounts or budget or business or operating plan of any of the Group Companies, including the capital expenditure plan;

(e) any material change to the business scope, or nature of business of any Group Company, engagement in or investment in any new line or business or cessation of any existing business line of any Group Company;

(f) any equity investment or entering into any joint venture with any person;

(g) any approval of or adjustments or modification to the terms of any transaction involving the interest of any director, officer, management member or shareholder of any of the Group Companies, including but not limited to the making of any loans or advances, whether directly or indirectly, or the provision of any guarantee, indemnity or security for or in connection with any indebtedness or liabilities of any director, officer, management member or shareholder of the Group Companies;

(h) any sale, transfer, license, pledge or encumbrance of any technology or intellectual property, other than non-exclusive licenses granted in the ordinary course of business;

(i) any increase in compensation of any employee of any Group Company with monthly salary of at least RMB100,000 by more than forty percent (40%) in a twelve (12) month period;

(j) the adoption, amendment or termination of, or change in the share reserve under, any equity incentive, purchase or participation plan for the benefit of any employees, officers, directors, contractors, advisors or consultants of any of the Group Companies;

(k) the determination of the exercise price for any share options or other equity incentives;

(l) any initial public offering of any equity securities of any Group Company; determination of the listing venue, timing, valuation and other terms of the initial public offering;

(m) any acquisition of or any investment in or making any capital commitment or expenditure in excess of US$2,000,000 (or its equivalent in other currency or currencies) at any time in respect of one transaction or in excess of US$10,000,000 (or its equivalent in other currency or currencies) in a series of related transitions in any financial year of any of the Group Companies, other than pursuant to the annual budget and business plan approved by the Board, including the Series A Director, the Series B Director and the Series C Director;

(n) any creation, authorization or issuance of any debenture constituting a pledge, lien or charge (whether by way of fixed or floating charge, mortgage encumbrance or other security) on all or any of the assets or rights of any Group Company except for the purpose of securing borrowing from banks or other financial institutions in the ordinary course of business not exceeding US$4,000,000 (or its equivalent in another currency or currencies) in a single transaction for any Group Company and not exceeding US$20,000,000 (or its equivalent in another currency or currencies) in the aggregate in any financial year for any Group Company; or

(o) any action by a Group Company (if applicable) to authorize, approve or enter into any agreement or obligation with respect to any of the actions listed above.

Section 7.3 In addition to such other limitations as may be provided in the Restated Articles, for so long as Zhen Fund holds any Series Seed-1 Preferred Shares, the following act of the Group Companies, whether in a single transaction or series of related transactions, whether directly or indirectly and whether or not by amendment, merger, consolidation, scheme of arrangement, amalgamation, or otherwise, shall require the prior written approval of Zhen Fund: any amendment of the Restated Articles which adversely affects the rights, preferences, privileges or powers of, or the restrictions provided for the benefit of, the Series Seed-1 Preferred Shares in a manner disproportionally different than the Series A Preferred Shares.

For the avoidance of doubt, if the foregoing matter requires the approval by way of a Special Resolution (as defined in the Restated Articles), and if the Shareholders vote in favor of such act but the approval of Zhen Fund has not been obtained, then Zhen Fund shall carry 34% of the votes on such Special Resolution.

Section 7.4 Term. The provisions under this Article VII shall terminate upon the earlier to occur of (i) the closing of a Qualified IPO, or (ii) a Liquidation Event.

ARTICLE VIII

DRAG ALONG

Section 8.1 If prior to the closing of a Qualified IPO, the Approving Shareholders (as defined below) vote in favor of or otherwise consent in writing to sell or transfer all or substantially all of the shares, assets or business of the Company in any transaction or a series of transactions that would qualify as a Liquidation Event (a "**Change of Control**"), then the Company shall promptly notify each of the remaining shareholders of the Company (the "**Remaining Shareholders**", including without limitation, each of the holders of Ordinary Shares and Preferred Shares who are not Approving Shareholders) in writing of such vote, consent or agreement and the material terms and conditions of such Change of Control, whereupon each Remaining Shareholder shall, in accordance with instructions received from the Company (the "**Drag Along Instructions**"), vote all of its voting securities of the Company in favor of, otherwise consent in writing to, or otherwise sell or transfer all of their shares in such Change of Control (including without limitation tendering original share certificates for transfer, signing and delivering share transfer certificates, share sale or exchange agreements, and certificates of indemnity relating to any shares in the capital of the Company in the event that such Remaining Shareholder has lost or misplaced the relevant share certificate) on the same terms and conditions as were agreed to by the Approving Shareholders, provided, however, that such terms and conditions, including with respect to price paid or received per share, may differ between the Ordinary Shares and the Preferred Shares (including without any limitation, in order to reflect any liquidation preference of the Preferred Shares and participation rights of the Preferred Shares). For purpose of this Article VIII, the "**Approving Shareholders**" shall mean (i) the holders of more than fifty percent (50%) of the then outstanding Ordinary Shares (excluding any Ordinary Shares converted from Preferred Shares) voting as a separate class, (ii) holders of a majority of the then outstanding Series A Preferred Shares, voting as a separate class on an as converted basis, (iii) holders of a majority of the then outstanding Series B Preferred Shares, voting as a separate class on an as converted basis, and (iv) holders of a majority of the then outstanding Series C Preferred Shares, voting as a separate class on an as converted basis.

Section 8.2 In furtherance of the foregoing, the Company is hereby expressly authorized by each Remaining Shareholder to take any or all of the following actions on such Remaining Shareholder's behalf (to be extent permitted by applicable laws, without receipt of any further consent by such Remaining Shareholder), provided such Remaining Shareholder fails to take necessary actions as required under the Drag Along Instructions, to: (i) vote all of the voting securities of such Remaining Shareholder in favor of any such Change of Control; (ii) otherwise consent on such Remaining Shareholder's behalf to such Change of Control; (iii) sell all of such Remaining Shareholder's shares in such Change of Control, in accordance with the terms and conditions of this Article VIII; and (iv) act as the Remaining Shareholder's attorney in fact in relation to any such Change of Control and have the full authority to sign and deliver, on behalf of such Remaining Shareholder, share transfer certificates, share sale or exchange agreements and certificates of indemnity relating to any shares in the capital of the Company in the event that such Remaining Shareholder has lost or misplaced the relevant share certificate. Notwithstanding the foregoing provisions of this Article VIII, the Remaining Shareholders shall not be obligated to vote, consent and/or sell their shares in connection with any such Change of Control to the extent that all of the Approving Shareholders do not also do so with respect to all Company shares held by them.

Section 8.3 Term. The provisions under this Article VIII shall terminate upon the earlier to occur of (i) the closing of a Qualified IPO, or (ii) a Liquidation Event.

ARTICLE IX

COVENANTS; UNDERTAKINGS

Section 9.1 Controlled Foreign Corporation. The Company will provide written notice to the Investors as soon as practicable if at any time the Company becomes aware that it or any Group Company has become a "controlled foreign corporation" ("**CFC**") within the meaning of Section 957 of the United States Internal Revenue Code of 1986 (the "**Code**"). Upon written request of any Investor who is a United States shareholder within the meaning of Section 951(b) of the Code, the Company will (i) use commercially reasonable efforts to provide in writing such information as is in its possession and reasonably available concerning its shareholders to assist such Investor in determining whether the Company is a CFC and (ii) provide such Investor with reasonable access to such other Company information as is in the Company's possession and reasonably available as may be required by such Investor (A) to determine the Company's status as a CFC, (B) to determine whether such Investor is required to report its pro rata portion of the Company's "Subpart F income" (as defined in Section 952 of the Code) on its United States federal income tax return, or (C) to allow such Investor to otherwise comply with applicable United States federal income tax laws; provided that the Company may require such Investor to enter into a confidentiality agreement in customary form. If the Company is, in the reasonable opinion of the Company's tax advisors or the reasonable opinion of a holder of Special Preferred Shares, a CFC, the Company shall to the extent permitted by law, pay to such holder of Special Preferred Shares (whether by way of distribution or otherwise) an amount equal to 50% of the undistributed earnings of the Company that are included in the gross income of such holder of Special Preferred Shares pursuant to Section 951 of the Code. Payment hereunder shall be made to such holder of Special Preferred Shares not later than sixty (60) days following the end of taxable years for such holder of Special Preferred Shares.

Section 9.2 Passive Foreign Investment Company. The Company shall use its commercially reasonable efforts to avoid being a "passive foreign investment company" within the meaning of Section 1297 of the Code ("**PFIC**") for the current and any future taxable year. The Company shall make due inquiry with its tax advisors on at least an annual basis regarding its status as a PFIC, and if the Company is informed by its tax advisors that it has become a PFIC, or that there is a likelihood of the Company being classified as a PFIC for any taxable year, the Company shall promptly notify each Investor of such status or risk, as the case may be, in each case no later than forty-five (45) days following the end of the Company's taxable year. In connection with a "Qualified Electing Fund" election (a "**QEF Election**") made by an Investor pursuant to Section 1295 of the Code or a "Protective Statement" filed by an Investor pursuant to Treasury Regulation Section 1.1295-3, as amended (or any successor thereto), the Company shall provide such Investor with annual financial information in the form to the satisfaction of such Investor as soon as reasonably practicable following the end of each taxable year of such Investor (but in no event later than forty-five (45) days following the end of each such taxable year), and shall, upon the request in writing by any Investor, provide such Investor with access to such other information, as is in the Company's possession and reasonably available, as may be required for purposes of filing U.S. federal income tax returns in connection with such QEF Election or Protective Statement. In the event that it is determined by the Company's or such Investor's tax advisors that the control documents in place between one or more of the Company's wholly owned subsidiaries and/or the Company, on the one hand, and any of the Group Companies organized in the PRC that is not a wholly foreign owned enterprise, on the other hand, does not allow the Company to look through the Group Companies to their assets and income for purposes of the PFIC rules and regulations under the Code, the Company shall use its commercially reasonable efforts to take such actions as are reasonably necessary or advisable, including the amendment of such control documents, to qualify for such look-through treatment of the Group Companies under the PFIC rules and regulations under the Code. The Company is currently and at all times will be classified as a corporation (and not as a partnership) for U.S. federal income tax purposes and will not take any action (including the making of any election) inconsistent with such classification as a corporation.

Section 9.3 Subsidiary Covenants. The Company shall at any time institute and shall keep in place arrangements satisfactory to the Board, including the approval of the Series A Director, the Series B Director and the Series C Director, such that the Company (i) will control the operations of any Group Company and (ii) will be permitted to properly consolidate the financial results for such entity in consolidated financial statements for the Company prepared under the US GAAP. The Company shall, and shall cause each Group Company and use its commercially reasonable efforts to cause such Group Company's respective directors, officers, employees, agents and other Persons acting on its behalf or purporting to act on its behalf to, comply with the US Foreign Corrupt Practices Act, as amended, in all material respects and the Company and each Group Company shall use their commercially reasonable efforts to ensure that it and their respective Affiliates and representatives shall not, directly or indirectly, (a) offer or give anything of value to any Public Official (as defined below) with the intent of obtaining any improper advantage, affecting or influencing any act or decision of any such Person, assisting any Group Company in obtaining or retaining business for, or with, or directing business to, any Person, or constituting a bribe, kickback or illegal or improper payment to assist any Group in obtaining or retaining business, (b) take any other action, in each case, in violation of the Foreign Corrupt Practices Act of the United States of America, as amended (as if it were a US Person), or any other applicable similar anti-corruption, recordkeeping and internal controls laws, or (c) establish or maintain any fund or assets in which any Group Company has rights that have not been recorded in its books and records of Group Company. "Public Official" means any executive, official, or employee of a governmental authority, political party or member of a political party, political candidate; executive, employee or officer of a public international organization; or director, officer or employee or agent of a wholly owned or partially state-owned or controlled enterprise, including a PRC state-owned or controlled enterprise.

Section 9.4 Additional Subsidiary Covenants. The Company shall take all necessary actions to maintain the PRC Companies and other subsidiaries, whether now in existence or formed in the future (the "**Subsidiaries**"), as is necessary to conduct the Company's business as conducted or as proposed to be conducted. The Company shall use its commercially reasonable efforts to cause each Subsidiary to comply in all material respects with all applicable laws, rules, and regulations. All material aspects of such formation, maintenance and compliance of each Subsidiary shall be subject to the review, approval and oversight by the Board, including the approval of the Series A Director, the Series B Director and the Series C Director. The Company shall cause each Subsidiary to have a board of directors (each, a "**Subsidiary Board**") as its governing and managing body and each member thereof shall serve at the pleasure of the Company and shall be reasonably acceptable to the Board, provided, however, the Subsidiary Board shall be constituted or re-constituted in a way so that each Subsidiary shall have the same number of directors as the Company, and the Investors shall be entitled to appoint the same number of directors to each Subsidiary as they are entitled to appoint to the Company.

Section 9.5 Organization and Structuring of PRC Companies. The Company, each Group Company and the holders of Ordinary Shares covenant and agree to take such actions, to enter into, amend and/or terminate such agreements, to obtain such governmental approvals and make such governmental filings, and to undertake such additional initiatives, and to cause the Company's shareholders and each Group Company and their respective shareholders to take such actions, to enter into, amend and/or terminate such agreements, to obtain such governmental approvals and make such governmental filings, and to undertake such additional initiatives, to reform the organizational structure of any Group Company, as may be reasonably requested by the Board: (a) to secure, to the extent commercially beneficial to the Company and permissible under PRC and Hong Kong law, the Company's full ownership of and/or control over each Group Company, (b) to secure the Company's ability to benefit and profit from the financial activities of each Group Company without restriction under PRC and Hong Kong law, (c) to allow the Company to consolidate the financial results of all the Group Companies with its own financial results under the US GAAP, (d) to obtain any and all governmental licenses, permits, authorizations, consents and approvals that may, in the reasonable judgment of the Investors, be required by any Group Company to carry on its business in compliance with the applicable laws as presently conducted or as proposed to be conducted, (e) to cause a representative of each Investor to become a shareholder of each Domestic Company holding a percentage of ownership in the registered capital of such Domestic Company equals to the percentage of then outstanding share capital of the Company (on an as-converted basis) that is owned by such Investor, at any time as requested by the Investors, and (f) to complete such other structural, control and organizational matters and related documentation, and to obtain such other governmental approvals, related to the Group Companies and their operations as reasonably requested by the Board, including the approval of the Series A Director, the Series B Director and the Series C Director.

Section 9.6 Full Time Commitment. Each Founder undertakes and covenants to the Investors that, commencing from the date of this Agreement until the first (1st) anniversary of a Qualified IPO or a Change of Control, he shall commit all of his efforts to furthering the business of the Group Companies and shall not, without the prior written consent of the Investors, either on his own account or through any of his Affiliates, or in conjunction with or on behalf of any other Person, (i) possess, directly or indirectly, the power to direct or cause the direction of the management and business operation of any other entity whether (A) through the ownership of any equity interest in such entity, or (B) by occupying half or more of the board seats of the entity; or (C) by contract or otherwise; or (ii) devote time to carry out the business operation of any other entity.

Section 9.7 Non-Compete. To the extent allowed by applicable law, each of the Founders hereof undertakes to the Investors that during his term of employment at a Group Company and within two (2) years thereafter, neither he nor any of his Associates (as defined below) will directly or indirectly:

(a) until the consummation of a Qualified IPO or the full redemption of all Special Preferred Shares held by the Investors pursuant to the Restated Articles of the Company, whichever is earlier ("**Restriction Period**"), participate, assist, be concerned with, engaged or interested in, any business or entity in any manner, directly or indirectly, which is in competition with the business carried on by any Group Company at any time during the Restriction Period;

(b) during the Restriction Period, solicit in any manner any Person who is or has been during the Restriction Period a customer or client of any Group Company for the purpose of offering to such Person any goods or services similar to or competing with any of the businesses conducted by any Group Company at any time during the Restriction Period;

(c) during the Restriction Period, solicit or entice away, or endeavor to solicit or entice away, any employee or officer of any Group Company; or

(d) at any time disclose to any Person, or use for any purpose, any information concerning the business, accounts, finance, transactions or intellectual property rights of any Group Company or any trade secrets or confidential information of or relating to any of the Group Companies.

For purpose of this Agreement, "**Associate**" means, in relation to an individual, his spouse, his child or step-child, his parents, his grandparents, his brother and sisters, any Person acting under his instructions (pursuant to an agreement or arrangement, formal or otherwise) and any Person controlled by him.

Section 9.8 No Avoidance; Voting Trust. The Company will not, by any voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be performed hereunder by the Company, and the Company will at all times in good faith assist and take action as appropriate in the carrying out of all of the provisions of this Agreement. Each holder of shares agrees that it shall not enter into any other agreements or arrangements of any kind with respect to the voting of any shares or deposit any shares in a voting trust or other similar arrangement.

Section 9.9 Term. Except as otherwise provided in Section 9.6, the provisions under this Article IX shall terminate upon the earlier to occur of (i) the closing of a Qualified IPO, or (ii) a Liquidation Event.

ARTICLE X

GENERAL PROVISIONS.

Section 10.1 Notices. Except as may be otherwise provided herein, all notices, requests, waivers and other communications made pursuant to this Agreement shall be in writing and shall be conclusively deemed to have been duly given (a) when hand delivered to the other party, upon delivery; (b) when sent by facsimile at the number set forth in Exhibit A hereto, upon receipt of confirmation of error-free transmission; (c) seven (7) business days after deposit in the mail as air mail or certified mail, receipt requested, postage prepaid and addressed to the other party as set forth in Exhibit A; or (d) three (3) business days after deposit with an international overnight delivery service, postage prepaid, addressed to the parties as set forth in Exhibit A with next-business day delivery guaranteed, provided that the sending party receives a confirmation of delivery from the delivery service provider. Each Person making a communication hereunder by facsimile shall promptly confirm by telephone to the Person to whom such communication was addressed each communication made by it by facsimile pursuant hereto but the absence of such confirmation shall not affect the validity of any such communication. A party may change or supplement the addresses given above, or designate additional addresses, for purposes of this Section 10.1 by giving the other party written notice of the new address in the manner set forth above.

Section 10.2 Entire Agreement. This Agreement, together with all the exhibits hereto constitutes and contains the entire agreement and understanding of the parties with respect to the subject matter hereof and supersedes any and all prior negotiations, correspondence, agreements, understandings, duties or obligations between the parties respecting the subject matter hereof.

Section 10.3 Governing Law. This Agreement shall be governed by and construed exclusively in accordance with the laws of the Hong Kong SAR without regard to principles of conflicts of law thereunder.

Section 10.4 Severability. If any provision of this Agreement is found to be invalid or unenforceable, then such provision shall be construed, to the extent feasible, so as to render the provision enforceable and to provide for the consummation of the transactions contemplated hereby on substantially the same terms as originally set forth herein, and if no feasible interpretation would save such provision, it shall be severed from the remainder of this Agreement, which shall remain in full force and effect unless the severed provision is essential to the rights or benefits intended by the parties. In such event, the parties shall use best efforts to negotiate, in good faith, a substitute, valid and enforceable provision or agreement which most nearly effects the parties' intent in entering into this Agreement.

Section 10.5 Third Parties. Nothing in this Agreement, express or implied, is intended to confer upon any Person, other than the parties hereto and their permitted successors and assigns any rights or remedies under or by reason of this Agreement. Unless expressly provided to the contrary in this Agreement, a Person who is not a Party may not enforce any of its terms under the Contracts (Rights of Third Parties) Ordinance of Hong Kong.

Section 10.6 Successors and Assigns. Subject to the provisions of Section 5.1, the provisions of this Agreement shall inure to the benefit of, and shall be binding upon, the successors, permitted assigns, heirs, executors and administrators of the parties hereto whose rights or obligations hereunder are affected by such provisions. Notwithstanding anything contrary in this Agreement, this Agreement and the rights and obligations herein may be assigned or transferred by any Investor to (A) its partners or former partners in accordance with partnership interests, (B) a wholly-owned subsidiary or a parent corporation that owns all of the capital stock of such Investor, (C) its members or former members in accordance with their interest in the limited liability company, or (D) any of its Affiliates; provided that in each case the transferee will agree by executing a Deed of Adherence in the form attached hereto as Exhibit B to be subject to the terms of this Agreement to the same extent as if it were an original Investor hereunder.

Section 10.7 Interpretation; Captions. This Agreement shall be construed according to its fair language. The rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be employed in interpreting this Agreement. The captions to sections of this Agreement have been inserted for identification and reference purposes only and shall not be used to construe or interpret this Agreement. Unless otherwise expressly provided herein, all references to Sections and Exhibits herein are to Sections and Exhibits of this Agreement.

Section 10.8 Counterparts. This Agreement may be executed in one or more counterparts and may be delivered by electronic or facsimile transmission, all of which shall be considered one and the same agreement and each of which shall be deemed an original. Facsimile, e-mail or other electronic signatures shall have the same legal effect as original signatures.

Section 10.9 Adjustments for Share Splits, Etc. Wherever in this Agreement there is a reference to a specific number of shares of Preferred Shares or Ordinary Shares, then, upon the occurrence of any subdivision, combination or share dividend of the Preferred Shares or Ordinary Shares, the specific number of shares so referenced in this Agreement shall automatically be proportionally adjusted to reflect the effect on the outstanding shares of such class or series of shares by such subdivision, combination or share dividend.

Section 10.10 Aggregation of Shares. All Preferred Shares or Ordinary Shares held or acquired by affiliated entities or Persons (as defined in Rule 144 under the Securities Act) shall be aggregated together for the purpose of determining the availability of any rights under this Agreement, and such affiliated Persons may apportion such rights as among themselves in any manner they deem appropriate.

Section 10.11 Shareholders Agreement to Control. If and to the extent that there are inconsistencies between the provisions of this Agreement and those of the Restated Articles, the terms of this Agreement shall prevail between the Shareholders only. The Shareholders agree to take all actions necessary or advisable, as promptly as practicable after the discovery of such inconsistency, to amend the Restated Articles so as to eliminate such inconsistency.

Section 10.12 Dispute Resolution.

(a) Negotiation Between Parties. The parties agree to negotiate in good faith to resolve any dispute between them regarding this Agreement. If the negotiations do not resolve the dispute to the reasonable satisfaction of all parties within thirty (30) days, Section 10.12(b) shall apply.

(b) Arbitration. In the event the parties are unable to settle a dispute between them regarding this Agreement in accordance with subsection (a) above, such dispute shall be referred to and finally settled by arbitration at the Hong Kong International Arbitration Centre (the "**HKIAC**") for arbitration in Hong Kong. The arbitration shall be conducted in accordance with the HKIAC Administered Arbitration Rules in force at the time of the initiation of the arbitration, which rules are deemed to be incorporated by reference into this subsection (b). There shall be one (1) arbitrator jointly nominated by parties, who shall be qualified to practice the laws of the Hong Kong SAR. In the event that the parties cannot jointly agree on an arbitrator, the HKIAC shall appoint an arbitrator. The arbitral proceedings shall be conducted in English. The award of the arbitral tribunal shall be final and binding upon the parties thereto.

Section 10.13 Further Actions. Each shareholder of the Company agrees that it shall use its best effort to enhance and increase the value and principal business of the Group Companies.

Section 10.14 Effective Date. This Agreement shall become effective (a) with respect to any of the Group Companies, the Founders and the Persons that hold or are acquiring any Equity Securities as of the date hereof, upon such party's due execution and delivery of this Agreement, and (b) with respect to any other Person that becomes a holder of any Equity Securities pursuant to Section 10.16, upon its due execution and delivery of an additional counterpart signature page to this Agreement.

Section 10.15 Waiver. The Company acknowledges that each of the Investors will likely have, from time to time, information that may be of interest to the Company or its Subsidiaries ("**Information**") regarding a wide variety of matters including (i) the technologies, plans and services, and plans and strategies relating thereto of such Investor, (ii) current and future investments such Investor has made, may make, may consider or may become aware of with respect to other companies and other technologies, products and services, including technologies, products and services that may be competitive with those of the Company or any of its Subsidiaries, and (iii) developments with respect to the technologies, products and services, and plans and strategies relating thereto, of other companies, including companies that may be competitive with the Company or any of its Subsidiaries. The Company recognizes that a portion of such Information may be of interest to the Company or any of its Subsidiaries. Such Information may or may not be known by the Series A Director, the Series B Director and/or the Series C Director. The Company, as a material part of the consideration for this Agreement, agrees that the Series A Director, the Series B Director and the Series C Director shall have no duty to disclose any Information to the Company or any of its Subsidiaries, or permit the Company or any of its Subsidiaries to participate in any projects or investments based on any such Information, or otherwise to take advantage of any opportunity that may be of interest to the Company or any of its Subsidiaries if it were aware of such Information, and hereby waives, to the extent permitted by law, any claim based on the corporate opportunity doctrine or otherwise that could limit the Investors' ability to pursue opportunities based on such Information or that would require any of the Investors, the Series A Director, the Series B Director, the Series C Director or their representative(s), to disclose any such Information to the Company or any of its Subsidiaries or offer any opportunity relating thereto to the Company or any of its Subsidiaries.

Section 10.16 Additional Investors. Notwithstanding anything to the contrary contained herein, if the Company issues any additional Series C Preferred Shares after the date hereof, any purchaser of such Series C Preferred Shares may become a party to this Agreement by executing and delivering to the Company an additional counterpart signature page to this Agreement and thereafter shall be deemed a "Series C Shareholder" and an "Investor" for all purposes hereunder. Schedule A Schedule A-5 and Schedule A Schedule A-5 Exhibit A hereto shall be updated to reflect the issuance of such additional Series C Preferred Shares. No action or consent by any other Investor shall be required for such joinder to this Agreement by such purchaser.

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IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

THE GROUP COMPANIES

EHang Holdings Limited

By: /s/ Huazhi Hu
Name: Huazhi Hu (□□□)
Title: Director

EHANG, Inc.

By: /s/ Huazhi Hu
Name: Huazhi Hu (□□□)
Title: Director

Ehfly Technology Limited

By: /s/ Huazhi Hu
Name: Huazhi Hu (□□□)
Title: Director

EHang GmbH

By: /s/ Huazhi Hu
Name: Huazhi Hu (□□□)
Title: Director

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

THE GROUP COMPANIES

Beijing Chuangshi Intelligence Technology Co., Ltd.
(□□□□□□□□□□□□)

By: /s/ Huazhi Hu
Name: Huazhi Hu (□□□)
Title: Legal Representative

Beijing Ehang Tianchuang Intelligence Technology Co., Ltd.
(□□□□□□□□□□□□□□□)

By: /s/ Huazhi Hu
Name: Huazhi Hu (□□□)
Title: Legal Representative

Ehang Intelligent Equipment (Guangzhou) Co., Ltd.
(□□□□□□□□□□□□□□□)

By: /s/ Huazhi Hu
Name: Huazhi Hu (□□□)
Title: Legal Representative

Guangzhou EHang Intelligence Technology Co., Ltd.
(□□□□□□□□□□□□)

By: /s/ Shangjin Guo
Name: Shangjin Guo (□□□)
Title: Legal Representative

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first above written.

THE BVI COMPANIES

Genesis Rising Limited

By: /s/ Huazhi Hu
Name: Huazhi Hu (□□□)
Title: Director

Xavier Rising Limited

By: /s/ Yifang Xiong
Name: Yifang Xiong (□□□)
Title: Director

Ballman Inc.

By: /s/ Shang-Wen Hsiao
Name: Shang-Wen Hsiao
Title: Director

THE FOUNDERS

/s/ Huazhi Hu
Name: Huazhi Hu (□□□)

/s/ Yifang Xiong
Name: Yifang Xiong (□□□)

/s/ Shang-Wen Hsiao
Name: Shang-Wen Hsiao

/s/ George Yan
Name: George Yan

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first above written.

SERIES SEED SHAREHOLDERS

Zhen Partners Fund II, L.P.

By: Zhen Partners Management (MTGP) II, L.P.
its General Partner

By: Zhen Partners Management (TTGP) II, Ltd.
its General Partner

By: /s/ Susan Park
Susan Park, Authorized Signatory

[Signature Page to the Second Amended and Restated Shareholders Agreement]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first above written.

SERIES SEED SHAREHOLDERS

Uranus Holding Group Limited

By: /s/ Tianwei Jing
Name: Tianwei Jing
Title: Vice President

[Signature Page to the Second Amended and Restated Shareholders Agreement]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first above written.

SERIES SEED SHAREHOLDERS

Partner Angel II Limited

By: /s/ □□□
Name: □□□
Title: □□□□□

[Signature Page to the Second Amended and Restated Shareholders Agreement]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first above written.

SERIES A SHAREHOLDERS

GGV Capital V L.P.
By: GGV Capital V L.L.C., its General Partner

By: /s/ Stephen Hyndman
Name: Stephen Hyndman
Title: Attorney in Fact

GGV Capital V Entrepreneurs Fund L.P.
By: GGV Capital V L.L.C., its General Partner

By: /s/ Stephen Hyndman
Name: Stephen Hyndman
Title: Attorney in Fact

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first above written.

SERIES A SHAREHOLDERS

Ballman Inc.

By: /s/ Shang-Wen Hsiao
Name: Shang-Wen Hsiao
Title: Director

/s/ Wei Qi
Name: Wei Qi

Yijun Holdings Limited

By: /s/ Yong Wang
Name: Yong Wang
Title: Director

[Signature Page to the Second Amended and Restated Shareholders Agreement]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first above written.

SERIES B SHAREHOLDERS

Zerotoone Holdings Limited

By: /s/ Haoxiang Hou
Name: Haoxiang Hou (□□□)
Title: Director

[Signature Page to the Second Amended and Restated Shareholders Agreement]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first above written.

SERIES B SHAREHOLDERS

GP TMT Holdings Limited

By: /s/ Fenglei Lu
Name: Fenglei Lu (□□□)
Title: Director

[Signature Page to the Second Amended and Restated Shareholders Agreement]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first above written.

SERIES B SHAREHOLDERS

ORIENTAL FORTUNE (HONG KONG) CAPITAL CO., LIMITED □□□□□□□□□□□□□□

By: /s/ Qing Liu
Name: Qing Liu (□□)
Title: Authorized Signatory (□□□□□)

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first above written.

SERIES B SHAREHOLDERS

GGV Capital V L.P.
By: GGV Capital V L.L.C., its General Partner

By: /s/ Stephen Hyndman
Name: Stephen Hyndman
Title: Attorney in Fact

GGV Capital V Entrepreneurs Fund L.P.
By: GGV Capital V L.L.C., its General Partner

By: /s/ Stephen Hyndman
Name: Stephen Hyndman
Title: Attorney in Fact

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first above written.

SERIES B SHAREHOLDERS

Zhen Partners Fund II, L.P.

By: Zhen Partners Management (MTGP) II, L.P.
its General Partner

By: Zhen Partners Management (TTGP) II, Ltd.
its General Partner

By: /s/ Susan Park
Susan Park, Authorized Signatory

[Signature Page to the Second Amended and Restated Shareholders Agreement]

IN WlTNESS WHEREOF, the parties hereto have executed this Amendment as of the date first above written.

SERIES B SHAREHOLDERS

CEF View Holdings Limited

By: /s/ Donald Chang YE
Name: Donald Chang YE
Title: Director

[Signature Page to the Second Amended and Restated Shareholders Agreement]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first above written.

SERIES B SHAREHOLDERS

Genesis Rising Limited

By: /s/ Huazhi Hu
Name: Huazhi Hu (□□□)
Title: Director

/s/ George Yan
Name: George Yan

/s/ Zhao Li
Name: Zhao Li

/s/ Yan Mu
Name: Yan Mu

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

SERIES C SHAREHOLDERS

Dragon Chariot Limited

For and on behalf of
DRAGON CHARIOT LIMITED

By: /s/ Tony Zhang
Name: Tony Zhang
Title: Managing Director *Authorised Signature(s)*

26. Dec. 2016

[Signature Page to the Second Amended and Restated Shareholders Agreement]

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

SERIES C SHAREHOLDERS

Lung Biotechnology PBC

By: /s/ Michael Benkowitz
Name: Michael Benkowitz
Title: President and Chief Operating Officer

[Signature Page to the Second Amended and Restated Shareholders Agreement]

SCHEDULE A-1

Founders

NAME	PRC ID/PASSPORT NO.	BVI COMPANY
Huazhi Hu (□□□)	420600197701083017	Genesis Rising Limited
Yifang Xiong (□□□)	610202198905140053	Xavier Rising Limited
Shang-Wen Hsiao	214399379	Ballman Inc.
George Yan	545652002	N/A

SCHEDULE A-2

Series Seed Shareholders

NAME OF SERIES SEED	CLASS OF SHARES	NUMBER OF SHARES
Zhen Partners Fund II, L.P.	Series Seed-1 Preferred Shares	7,281,000
Uranus Holding Group Limited	Series Seed-2 Preferred Shares	7,281,000
Partner Angel II Limited	Series Seed-3 Preferred Shares	1,456,200

SCHEDULE A-3

Series A Shareholders

NAME	CLASS OF SHARES	NUMBER OF SHARES
GGV Capital V L.P.	Series A Preferred Shares	6,149,954
GGV Capital V Entrepreneurs Fund L.P.	Series A Preferred Shares	225,703
Ballman Inc.	Series A Preferred Shares	996,214
Wei Qi	Series A Preferred Shares	249,054
Yijun Holdings Limited	Series A Preferred Shares	498,107
Total		8,119,032

SCHEDULE A-4

Series B Shareholders

NAME	CLASS OF SHARES	NUMBER OF SHARES
Zerotoone Holdings Limited	Series B Preferred Shares	3,852,614
GP TMT Holdings Limited	Series B Preferred Shares	2,063,901
GGV Capital V L.P.	Series B Preferred Shares	1,327,225
GGV Capital V Entrepreneurs Fund L.P.	Series B Preferred Shares	48,709
Genesis Rising Limited	Series B Preferred Shares	1,375,934
ORIENTAL FORTUNE (HONG KONG) CAPITAL CO., LIMITED □□□□□□□□□□□□□□	Series B Preferred Shares	550,373
CEF View Holdings Limited	Series B Preferred Shares	1,375,934
Zhen Partners Fund II, L.P.	Series B Preferred Shares	275,187
George Yan	Series B Preferred Shares	206,390
Zhao Li	Series B Preferred Shares	85,308
Yan Mu	Series B Preferred Shares	990,672
Total		12,152,247

SCHEDULE A-5

Series C Shareholders

NAME	CLASS OF SHARES	NUMBER OF SHARES
Dragon Chariot Limited	Series C Preferred Shares	2,548,708
LUNG Biotechnology PBC	Series C Preferred Shares	1,699,139
Total		4,247,847

EXHIBIT A

Notices

If to the Group Companies, the Founders, the BVI Companies, Wei Qi Yijun Holdings Limited, Zhao Li and Yan Mu:

Attn: Huazhi HU
Email: h@ehang.com
Address: Building 3, Yi Xiang Technology Park, No. 72, 2nd Nan Xiang Road, Science City, Huang Pu District, Guangzhou, Guangdong Province, PRC (510000)
(□□□□□□□□□□□□□□□ 72 □□□□□□ 3 □□□□□ 510000)

If to GGV Capital V L.P. and GGV Capital V Entrepreneurs Fund L.P.:

3000 Sand Hill Road, Building 4, Suite 230, Menlo Park, CA 94025, U.S.A.
Attn: Stephen Hyndman
Fax No. : +1 650 475 2151
Tel: +1 650 475 2150

with a copy to

Address: Unit 3501, IFC II, 8 Century Avenue, Shanghai 200120, P. R. C
Attn: Hongwei Jenny Lee
Fax No. : +86(21) 5403 5580
Tel: +86(21) 6161 1750

If to GP Capital:

Address: Unit 4901, 49/F, One Lujiazui, No. 68, Middle Yin Cheng Road, Pudong New Area, Shanghai, PRC (200120)
(□□□□□□□□□□□ 68 □□□□□□□ 4901 □□□□ 200120)
Attn: Haoxiang Hou (□□□)
Email: houhx@gpcapital.com.cn
Fax No.: +86 21 2032 9222
Tel: +86 21 2032 9355

with a copy to

Address: 5th Floor, The Center, 989 Changle Road, Shanghai, PRC (200031)
(□□□□□□ 989 □□□□□□□ 5 □□□□ 200031)
Attn: Alex Wang (□□)
Email: alex.wang@dentons.com
Fax No. : +86 21 6432 6691
Tel: +86 21 2315 6188

If to Zhen Partners Fund II, L.P.:

Attn: Gina Shi
Address: Room 525, China World Trade Center 1, No. 1 of Jianguomenwai Avenue, Chaoyang District, Beijing, China
Tel: 86 10 6505 7935
Fax: 86 10 6505 4938
Email: gina@zhenfund.com

If to Uranus Holding Group Limited:

Attn: Tianwei Jing
Actual address: Unit 3617, China World Office 1, No. 1 Jian Guo Men Wai Ave., Beijing 100004, P. R. China
Tel:+86 ******
Fax: +86 10 6505 6299
Email: jingtianwei@leboxcap.com

If to Partner Angel II Limited:

Attn: GU Hao: guhao1114@qq.com
SUN Zhenzhen: zhensunpreangel@gmail.com
Tel: +86 ******
Address: Floor 1, No. 1 Building, No. 546 Yu Yuan Road, Jing'an District, Shanghai

If to ORIENTAL FORTUNE (HONG KONG) CAPITAL CO., LIMITED □□□□□□□□□□□□□□□:

Attn: Guoqiang Huang (□□□)
Tel: +86 ******
Fax: +86 (10) 65865660
Address: Unit 3611, 36/F, Jia Sheng Zhong Xin, No. 19, Dong San Huan Road, Chaoyang District,
Beijing, PRC (□□□□□□□□□ 19 □□□□□ 361 1□)

If to CEF View Holdings Limited:

Attn: Yun Pun WongUnit 2301, 23/F, New World Tower 1
16 -18 Queen's Road Central
Central, Hong Kong
Fax: +8523753 1266

With a copy to:

B23-B, Universal Business Park
No. 10 Jiuxianqiao RD
Chaoyang District, Beijing 100015, China
Attn: Sophie Zhang
Fax: +8610 5681 5788

If to Dragon Chariot Limited:

44/F, Bank of Guangzhou Building, No. 30 Pearl River East Road, Guangzhou, China (□□□□□□□ 30 □□□□□□□ 44 □)

If to LUNG Biotechnology PBC:

United Therapeutics Corporation 1735 Connecticut Avenue, N.W., Washington, D.C., 20009, USA

EXHIBIT B

Form of Deed of Adherence

To: [_____]
Parties to the Shareholders Agreement (as defined below)

From: _____

Date: _____

Dear Sirs,

Deed of Adherence

The undersigned hereby agree and covenant with each of you pursuant to this Deed of Adherence that the undersigned will abide by all the provisions of the Second Amended and Restated Shareholders Agreement entered into by and among the Company and each of the parties named therein, dated as of December [•], 2016, as amended from time to time (the "***Shareholders Agreement***"), as the Investor under the terms of the Shareholders Agreement and a party to the
Shareholders Agreement.

[_____]

By: _____
Name:
Title:

Address:

EHang Holdings Limited
Building C, Yixiang Technology Park
No. 72 Nanxiang Second Road, Huangpu District
Guangzhou, 510700
People's Republic of China

31 October 2019

Dear Sirs and/or Madams

EHang Holdings Limited

We have acted as Cayman Islands legal advisers to EHang Holdings Limited (the "**Company**") in connection with the Company's registration statement on Form F-1, including all amendments or supplements thereto (the "**Registration Statement**"), filed with the Securities and Exchange Commission under the U.S. Securities Act of 1933, as amended to date relating to the offering by the Company of certain American depositary shares (the "**ADSs**") representing the Company's Class A ordinary shares of par value US$0.0001 each (the "**Shares**").

We are furnishing this opinion as Exhibits 5.1, 8.1 and 23.2 to the Registration Statement.

1 Documents Reviewed

For the purposes of this opinion, we have reviewed only originals, copies or final drafts of the following documents:

1.1 The certificate of incorporation of the Company dated 23 December 2014 issued by the Registrar of Companies in the Cayman Islands.

1.2 The fourth amended and restated memorandum and articles of association of the Company as adopted by special resolution passed on 24 October 2019 (the "**Pre-IPO Memorandum and Articles**").

1.3 The fifth amended and restated memorandum and articles of association of the Company as conditionally adopted by a special resolution passed on 24 October 2019 and effective immediately prior to the completion of the Company's initial public offering of the ADSs representing the Shares (the "**IPO Memorandum and Articles**").

1.4 The written resolutions of the directors of the Company dated 22 October 2019 (the "**Directors' Resolutions**").

1.5 The minutes of the meetings of the shareholders of the Company held on 24 October 2019 (the "**Minutes**").

1.6 A certificate from a director of the Company, a copy of which is attached hereto (the **"Director's Certificate"**).

1.7 A certificate of good standing dated 23 October 2019, issued by the Registrar of Companies in the Cayman Islands (the **"Certificate of Good Standing").**

1.8 The Registration Statement.

2 Assumptions

The following opinions are given only as to, and based on, circumstances and matters of fact existing and known to us on the date of this opinion letter. These opinions only relate to the laws of the Cayman Islands which are in force on the date of this opinion letter. In giving these opinions we have relied (without further verification) upon the completeness and accuracy, as of the date of this opinion letter, of the Director's Certificate and the Certificate of Good Standing. We have also relied upon the following assumptions, which we have not independently verified:

2.1 Copies of documents, conformed copies or drafts of documents provided to us are true and complete copies of, or in the final forms of, the originals.

2.2 All signatures, initials and seals are genuine.

2.3 There is nothing contained in the minute book or corporate records of the Company (which we have not inspected) which would or might affect the opinions set out below.

2.4 There is nothing under any law (other than the law of the Cayman Islands), which would or might affect the opinions set out below.

3 Opinion

Based upon the foregoing and subject to the qualifications set out below and having regard to such legal considerations as we deem relevant, we are of the opinion that:

3.1 The Company has been duly incorporated as an exempted company with limited liability and is validly existing and in good standing with the Registrar of Companies under the laws of the Cayman Islands.

3.2 The authorised share capital of the Company, with effect immediately prior to the completion of the Company's initial public offering of the ADSs representing the Shares, will be US$200,000 divided into 2,000,000,000 shares comprising of (i) 1,904,577,337 Class A Ordinary Shares of a par value of US$0.0001 each, (ii) 45,422,663 Class B Ordinary Shares of a par value of US$0.0001 each, and (iii) 50,000,000 shares of a par value of US$0.0001 each of such class or classes (however designated) as the board of directors may determine in accordance with the IPO Memorandum and Articles.

3.3 The issue and allotment of the Shares have been duly authorised and when allotted, issued and paid for as contemplated in the Registration Statement, the Shares will be legally issued and allotted, fully paid and non-assessable. As a matter of Cayman law, a share is only issued when it has been entered in the register of members (shareholders).

3.4 The statements under the caption "Taxation" in the prospectus forming part of the Registration Statement, to the extent that they constitute statements of Cayman Islands law, are accurate in all material respects and that such statements constitute our opinion.

4 Qualifications

In this opinion the phrase “non-assessable” means, with respect to the Shares in the Company, that a shareholder shall not, solely by virtue of its status as a shareholder, be liable for additional assessments or calls on the Shares by the Company or its creditors (except in exceptional circumstances, such as involving fraud, the establishment of an agency relationship or an illegal or improper purpose or other circumstances in which a court may be prepared to pierce or lift the corporate veil).

Except as specifically stated herein, we make no comment with respect to any representations and warranties which may be made by or with respect to the Company in any of the documents or instruments cited in this opinion or otherwise with respect to the commercial terms of the transactions, which are the subject of this opinion.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the reference to our name under the headings “Enforceability of Civil Liabilities”, “Taxation” and “Legal Matters” and elsewhere in the prospectus included in the Registration Statement. In giving such consent, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the U.S. Securities Act of 1933, as amended, or the Rules and Regulations of the Commission thereunder.

Yours faithfully

/s/ Maples and Calder (Hong Kong) LLP

Maples and Calder (Hong Kong) LLP

Director's Certificate

28 October 2019

To: Maples and Calder (Hong Kong) LLP
53/F, The Center
99 Queen's Road Central
Central, Hong Kong

Dear Sirs

EHang Holdings Limited (the "Company")

I, the undersigned, being a director of the Company, am aware that you are being asked to provide a legal opinion (the "Opinion") in relation to certain aspects of Cayman Islands law. Capitalised terms used in this certificate have the meaning given to them in the Opinion. I hereby certify that:

1 The Pre-IPO Memorandum and Articles remain in full and effect and, except as amended by the Shareholders' Resolutions adopting the IPO Memorandum and Articles, are otherwise unamended.

2 The Directors' Resolutions were duly passed in the manner prescribed in the third amended and restated memorandum and articles of association of the Company adopted by special resolution on 27 December 2016 (the "**Third M&A**") (including, without limitation, with respect to the disclosure of interests (if any) by directors of the Company) and, save for the adoption of the Pre-IPO Memorandum and Articles as approved by the resolutions as set out in the Minutes, have not been amended, varied or revoked in any respect.

3 The resolutions as set out in the Minutes were duly passed in the manner prescribed in the Third M&A and save for the adoption of the Pre-IPO Memorandum and Articles as approved by the resolutions as set out in the Minutes, have not been amended, varied or revoked in any respect.

4 The authorised share capital of the Company is US$50,000 divided into 500,000,000 shares of a par value of US$0.0001 each of which: (i) 441,158,314 are designated as ordinary shares of a par value of US$0.0001 each, (ii) 7,281,000 are designated as series Seed-1 preferred shares of a par value of US$0.0001 each, (iii) 7,281,000 are designated as series Seed-2 preferred shares of a par value of US$0.0001 each, (iv) 1,456,200 are designated as series Seed-3 preferred shares of a par value of US$0.0001 each, (v) 8,119,032 are designated as Series A preferred shares of a par value of US$0.0001 each, (vi) 12,152,247 are designated as Series B preferred shares of a par value of US$0.0001 each, and (vii) 22,552,207 are designated as Series C preferred shares of a par value of US$0.0001 each.

5 The authorised share capital of the Company, with effect immediately prior to the completion of the Company's initial public offering of the ADSs representing the Shares, will be US$200,000 divided into 2,000,000,000 shares comprising of (i) 1,904,577,337 Class A Ordinary Shares of a par value of US$0.0001 each, (ii) 45,422,663 Class B Ordinary Shares of a par value of US$0.0001 each, and (iii) 50,000,000 shares of a par value of US$0.0001 each of such class or classes (however designated) as the board of directors may determine in accordance with the IPO Memorandum and Articles.

6 The shareholders of the Company have not restricted or limited the powers of the directors in any way and there is no contractual or other prohibition (other than as arising under Cayman Islands law) binding on the Company prohibiting it from issuing and allotting the Shares or otherwise performing its obligations under the Registration Statement.

7 The directors of the Company at the date of the Directors' Resolutions and as at the date of this certificate were and are as follows:

Huazhi Hu

Derrick Yifang Xiong

Shang-Wen Hsiao

Jenny Hongwei Lee

Haoxiang Hou

8 Each director considers the transactions contemplated by the Registration Statement to be of commercial benefit to the Company and has acted bona fide in the best interests of the Company, and for a proper purpose of the Company in relation to the transactions which are the subject of the Opinion.

9 To the best of my knowledge and belief, having made due inquiry, the Company is not the subject of legal, arbitral, administrative or other proceedings in any jurisdiction that would have a material adverse effect on the business, properties, financial condition, results of operations or prospects of the Company. Nor have the directors or shareholders taken any steps to have the Company struck off or placed in liquidation, nor have any steps been taken to wind up the Company. Nor has any receiver been appointed over any of the Company's property or assets.

10 Upon the completion of the Company's initial public offering of the ADSs representing the Shares, the Company will not be subject to the requirements of Part XVIIA of the Companies Law (2018 Revision).

I confirm that you may continue to rely on this Certificate as being true and correct on the day that you issue the Opinion unless I shall have previously notified you personally to the contrary.

[*signature page follows*]

Signature: /s/ Huazhi Hu
Name: Huazhi Hu
Title: Director

EHang Holdings Limited

2015 SHARE INCENTIVE PLAN

ARTICLE 1

PURPOSE

The purpose of the EHang Holdings Limited Share Incentive Plan (the "Plan") is to promote the success and enhance the value of EHang Holdings Limited, a company formed under the laws of the Cayman Islands (the "Company") by linking the personal interests of the members of the Board, 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. The Plan is further intended to provide flexibility to the Company in its ability to motivate, attract, and retain the services of members of the Board, Employees, and Consultants upon whose judgment, interest, and special effort the successful conduct of the Company's operation is largely dependent.

ARTICLE 2

DEFINITIONS AND CONSTRUCTION

Wherever the following terms are used in the Plan, they shall have the meanings specified below unless the context clearly indicates otherwise. The singular pronoun shall include the plural where the context so indicates, and vice versa.

2.1 "Applicable Laws" means the legal requirements relating to the Plan and the Awards under applicable provisions of the corporate, securities, tax and other laws, rules, regulations and government orders, and the rules of any applicable stock exchange or national market system, of any jurisdiction applicable to Awards.

2.2 "Award" means an Option, Restricted Share or Restricted Share Units award granted to a Participant pursuant to the Plan.

2.3 "Award Agreement" means any written agreement, contract, or other instrument or document evidencing an Award, including through electronic medium.

2.4 "Board" means the board of directors of the Company.

2.5 "Change of Control" means a change in ownership or control of the Company under a Liquidation Event as defined in the Company's Second Amended and Restated Memorandum and Articles of Association as then in effect.

2.6 "Code" means the Internal Revenue Code of 1986 of the United States, as amended.

2.7 "Committee" means the committee of the Board described in Article 9.

2.8 "Consultant" means any consultant or adviser if: (a) the consultant or adviser renders bona fide services to a Service Recipient; (b) the services rendered by the consultant or adviser are not in connection with the offer or sale of securities in a capital-raising transaction and do not directly or indirectly promote or maintain a market for the Company's securities; and (c) the consultant or adviser is a natural person who has contracted directly with the Service Recipient to render such services.

2.9 "Corporate Transaction" means any of the following transactions, provided, however, that the Committee shall determine under (d) and (e) whether multiple transactions are related, and its determination shall be final, binding and conclusive:

(a) an amalgamation, arrangement or consolidation or scheme of arrangement in which the Company is not the surviving entity, except for a transaction the principal purpose of which is to change the jurisdiction in which the Company is incorporated;

(b) the sale, transfer or other disposition of all or substantially all of the assets of the Company;

(c) the complete liquidation or dissolution of the Company;

(d) any reverse takeover or series of related transactions culminating in a reverse takeover (including, but not limited to, a tender offer followed by a reverse takeover) in which the Company is the surviving entity but (A) the equity securities of the Company outstanding immediately prior to such takeover are converted or exchanged by virtue of the takeover into other property, whether in the form of securities, cash or otherwise, or (B) in which securities possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities are transferred to a person or persons different from those who held such securities immediately prior to such takeover or the initial transaction culminating in such takeover, but excluding any such transaction or series of related transactions that the Committee determines shall not be a Corporate Transaction; or

(e) acquisition in a single or series of related transactions by any person or related group of persons (other than the Company or by a Company-sponsored employee benefit plan) of beneficial ownership (within the meaning of Rule 13d-3 of the Exchange Act) of securities possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities but excluding any such transaction or series of related transactions that the Committee determines shall not be a Corporate Transaction.

2.10 "Disability" means that the Participant qualifies to receive long-term disability payments under the Service Recipient's long-term disability insurance program, as it may be amended from time to time, to which the Participant provides services regardless of whether the Participant is covered by such policy. If the Service Recipient to which the Participant provides service does not have a long-term disability plan in place, "Disability" means that a Participant is unable to carry out the responsibilities and functions of the position held by the Participant by reason of any medically determinable physical or mental impairment for a period of not less than ninety (90) consecutive days. A Participant will not be considered to have incurred a Disability unless he or she furnishes proof of such impairment sufficient to satisfy the Committee in its discretion.

2.11 "Effective Date" shall have the meaning set forth in Section 10.1.

2.12 "Employee" means any person, including an officer or member of the Board of the Company or any Subsidiary of the Company, who is in the employment of a Service Recipient, subject to the control and direction of the Service Recipient as to both the work to be performed and the manner and method of performance. The payment of a director's fee by a Service Recipient shall not be sufficient to constitute "employment" by the Service Recipient.

2.13 "Exchange Act" means the Securities Exchange Act of 1934 of the United States, as amended.

2.14 "Fair Market Value" means, as of any date, the value of Shares determined as follows:

(a) If the Shares are listed on one or more established stock exchanges or national market systems, including without limitation, The New York Stock Exchange and The Nasdaq Stock Market, its Fair Market Value shall be the closing sales price for such shares (or the closing bid, if no sales were reported) as quoted on the principal exchange or system on which the Shares are listed (as determined by the Committee) on the date of determination (or, if no closing sales price or closing bid was reported on that date, as applicable, on the last trading date such closing sales price or closing bid was reported), as reported in The Wall Street Journal or such other source as the Committee deems reliable;

(b) If the Shares are regularly quoted on an automated quotation system (including the OTC Bulletin Board) or by a recognized securities dealer, its Fair Market Value shall be the closing sales price for such shares as quoted on such system or by such securities dealer on the date of determination, but if selling prices are not reported, the Fair Market Value of a Share shall be the mean between the high bid and low asked prices for the Shares on the date of determination (or, if no such prices were reported on that date, on the last date such prices were reported), as reported in The Wall Street Journal or such other source as the Committee deems reliable; or

(c) In the absence of an established market for the Shares of the type described in (a) and (b), above, the Fair Market Value thereof shall be determined by the Committee in good faith and in its discretion by reference to (i) the placing price of the latest private placement of the Shares and the development of the Company's business operations and the general economic and market conditions since such latest private placement, (ii) other third party transactions involving the Shares and the development of the Company's business operation and the general economic and market conditions since such sale, (iii) an independent valuation of the Shares, or (iv) such other methodologies or information as the Committee determines to be indicative of Fair Market Value and relevant.

2.15 "Incentive Share Option" means an Option that is intended to meet the requirements of Section 422 of the Code or any successor provision thereto.

2.16 "Independent Director" means (i) before the Shares or other securities representing the Shares are listed on a stock exchange, a member of the Board who is not an Employee of the Company; and (ii) after the Shares or other securities representing the Shares are listed on a stock exchange, a member of the Board who meets the independence standards under the applicable corporate governance rules of such stock exchange.

2.17 "Non-Qualified Share Option" means an Option that is not intended to be an Incentive Share Option.

2.18 "Option" means a right granted to a Participant pursuant to Article 5 of the Plan to purchase a specified number of Shares at a specified price during specified time periods. An Option may be either an Incentive Share Option or a Non-Qualified Share Option.

2.19 "Participant" means a person who, as a member of the Board, Consultant or Employee, has been granted an Award pursuant to the Plan.

2.20 "Parent" means a parent corporation under Section 424(e) of the Code.

2.21 "Plan" means this 2015 Share Incentive Plan, as it may be amended from time to time.

2.22 "Related Entity" means any business, corporation, partnership, limited liability company or other entity in which the Company or a Subsidiary of the Company holds a substantial ownership interest, directly or indirectly, but which is not a Subsidiary and which the Board designates as a Related Entity for purposes of the Plan.

2.23 "Restricted Share" means a Share awarded to a Participant pursuant to Article 6 that is subject to certain restrictions and may be subject to risk of forfeiture.

2.24 "Restricted Share Unit" means the right granted to a Participant pursuant to Article 6 to receive a Share at a future date.

2.25 "Securities Act" means the Securities Act of 1933 of the United States, as amended.

2.26 "Service Recipient" means the Company, any Subsidiary of the Company and any Related Entity to which a Participant provides services as an Employee, a Consultant or a Director.

2.27 "Share" means the Ordinary Shares of the Company, par value 0.0001 per share, and such other securities of the Company that may be substituted for Shares pursuant to Article 8.

2.28 "Subsidiary" means any corporation or other entity of which a majority of the outstanding voting shares or voting power is beneficially owned directly or indirectly by the Company. For purposes of this Plan, Subsidiary shall also include any consolidated variable interest entities of the Company.

2.29 "Trading Date" means the closing of the first sale to the general public of the Shares pursuant to an effective registration statement under applicable laws, which results in the Shares being publicly traded on one or more established stock exchanges or national market systems.

ARTICLE 3

SHARES SUBJECT TO THE PLAN

3.1 Number of Shares.

(a) Subject to the provisions of Article 8 and Section 3.1(b), the current aggregate number of Shares that may be issued pursuant to all Awards (including Incentive Share Options) is 8,867,053 Shares as of the Effective Date and can be increased up to a number that is equal to 15% of the then total outstanding shares on a fully diluted basis at the discretion of the Board (such number, the "Maximum Number"); provided, however, if, after the Effective Date, the Company issues any new Shares, such Maximum Number should be automatically increased by a number that is equal to 15% of the number of new Shares on a fully diluted basis issued by the Company from time to time.

(b) To the extent that an Award terminates, expires, or lapses for any reason, any Shares subject to the Award shall again be available for the grant of an Award pursuant to the Plan. To the extent permitted by Applicable Laws, Shares issued in assumption of, or in substitution for, any outstanding awards of any entity acquired in any form or combination by the Company or any Subsidiary of the Company shall not be counted against Shares available for grant pursuant to the Plan. Shares delivered by the Participant or withheld by the Company upon the exercise of any Award under the Plan, in payment of the exercise price thereof or tax withholding thereon, may again be optioned, granted or awarded hereunder, subject to the limitations of Section 3.1(a). If any Restricted Shares are forfeited by the Participant or repurchased by the Company, such Shares may again be optioned, granted or awarded hereunder, subject to the limitations of Section 3.1(a). Notwithstanding the provisions of this Section 3.1(b), no Shares may again be optioned, granted or awarded if such action would cause an Incentive Share Option to fail to qualify as an incentive share option under Section 422 of the Code.

3.2 Shares Distributed. Any Shares distributed pursuant to an Award may consist, in whole or in part, of authorized and unissued Shares, treasury shares (subject to Applicable Laws) or Shares purchased on the open market. Additionally, in the discretion of the Committee, American Depository Shares in an amount equal to the number of Shares which otherwise would be distributed pursuant to an Award may be distributed in lieu of Shares in settlement of any Award. If the number of Shares represented by an American Depository Share is other than on a one-to-one basis, the limitations of Section 3.1 shall be adjusted to reflect the distribution of American Depository Shares in lieu of Shares.

ARTICLE 4

ELIGIBILITY AND PARTICIPATION

4.1 Eligibility. Persons eligible to participate in this Plan include Employees, Consultants, and all members of the Board, as determined by the Committee.

4.2 Participation. Subject to the provisions of the Plan, the Committee may, from time to time, select from among all eligible individuals, those to whom Awards shall be granted and shall determine the nature and amount of each Award. No individual shall have any automatic right to be granted an Award pursuant to this Plan.

4.3 Jurisdictions. In order to assure the viability of Awards granted to Participants employed in various jurisdictions, the Committee may provide for such special terms as it may consider necessary or appropriate to accommodate differences in local law, tax policy, or custom applicable in the jurisdiction in which the Participant resides or is employed. Moreover, the Committee may approve such supplements to, or amendments, restatements, or alternative versions of, the Plan as it may consider necessary or appropriate for such purposes without thereby affecting the terms of the Plan as in effect for any other purpose; provided, however, that no such supplements, amendments, restatements, or alternative versions shall increase the share limitations contained in Section 3.1 of the Plan. Notwithstanding the foregoing, the Committee may not take any actions hereunder, and no Awards shall be granted, that would violate any Applicable Laws.

ARTICLE 5

OPTIONS

5.1 General. Subject to Article 9, the Committee is authorized to grant Options to Participants on the following terms and conditions:

(a) Exercise Price. The exercise price per Share subject to an Option shall be determined by the Committee and set forth in the Award Agreement and may be a fixed or variable price related to the Fair Market Value of the Shares. 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. For the avoidance of doubt, to the extent not prohibited by Applicable Laws, a downward adjustment of the exercise prices of Options mentioned in the preceding sentence shall be effective without the approval of the Company's shareholders or the approval of the affected Participants.

(b) 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 the term of any Option granted under the Plan shall not exceed ten years, except as provided in Section 11.1. The Committee shall also determine the conditions, if any, that must be satisfied before all or part of an Option may be exercised.

(c) 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 Chinese 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 Trading Date 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, (vii) cashless exercise; or (viii) any combination of the foregoing. Notwithstanding any other provision of the 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 Exchange Act shall be permitted to pay the exercise price of an Option in any method which would violate Section 13(k) of the Exchange Act.

(d) Evidence of Grant. All Options shall be evidenced by an Award Agreement between the Company and the Participant. The Award Agreement shall include such additional provisions as may be specified by the Committee.

5.2 Incentive Share Options. Incentive Share Options may be granted to Employees of the Company or of a Subsidiary of the Company. Incentive Share Options may not be granted to Employees of a Related Entity or to Independent Directors or Consultants. The terms of any Incentive Share Options granted pursuant to the Plan, in addition to the requirements of Section 5.1, must comply with the following additional provisions of this Section 5.2:

(a) Expiration of Option. An Incentive Share Option may not be exercised to any extent by anyone after the first to occur of the following events:

(i) Ten years from the date it is granted, unless an earlier time is set in the Award Agreement;

(ii) Three months after the Participant's termination of employment as an Employee; and

(iii) Upon the Participant's Disability or death, subject to Sections 7.2 and 7.3.

(b) Individual Dollar Limitation. The aggregate Fair Market Value (determined as of the time the Option is granted) of all Shares with respect to which Incentive Share Options are first exercisable by a Participant in any calendar year may not exceed $100,000 or such other limitation as imposed by Section 422(d) of the Code, or any successor provision. To the extent that Incentive Share Options are first exercisable by a Participant in excess of such limitation, the excess shall be considered Non-Qualified Share Options.

(c) Ten Percent Owners. An Incentive Share Option shall be granted to any individual who, at the date of grant, owns Shares possessing more than ten percent of the total combined voting power of all classes of shares of the Company only if such Option is granted at a price that is not less than 110% of Fair Market Value on the date of grant and the Option is exercisable for no more than five years from the date of grant.

(d) Transfer Restriction. The Participant shall give the Company prompt notice of any disposition of Shares acquired by exercise of an Incentive Share Option within (i) two years from the date of grant of such Incentive Share Option or (ii) one year after the transfer of such Shares to the Participant.

(e) Expiration of Incentive Share Options. No Award of an Incentive Share Option may be made pursuant to this Plan after the tenth anniversary of the Effective Date.

(f) Right to Exercise. During a Participant's lifetime, an Incentive Share Option may be exercised only by the Participant.

ARTICLE 6

RESTRICTED SHARES

6.1 Grant of Restricted Shares. Subject to Article 9, the Committee is authorized to make Awards of Restricted Shares to any Participant selected by the Committee in such amounts and subject to such terms and conditions as determined by the Committee. All Awards of Restricted Shares shall be evidenced by an Award Agreement.

6.2 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 Share). These restrictions may lapse separately or in combination at such times, pursuant to such circumstances, in such installments, or otherwise, as the Committee determines at the time of the grant of the Award or thereafter.

6.3 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*, 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, and (b) in other cases waive in whole or in part restrictions or forfeiture and repurchase conditions relating to Restricted Shares.

6.4 Certificates for Restricted Shares. Restricted Shares granted pursuant to the 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.

6.5 Restricted Share Units. The Committee is authorized to make Awards of Restricted Share Units to any Participant selected by the Committee in such amounts and subject to such terms and conditions as determined by the Committee. 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, and may specify such conditions to vesting as it deems appropriate. At the time of grant, the Committee shall specify the maturity date applicable to each grant of Restricted Share Units which shall be no earlier than the vesting date or dates of the Award and may be determined at the election of the grantee. On the maturity date, the Company shall, subject to Sections 7.4 and 7.5, transfer to the Participant one unrestricted, fully transferable Share for each Restricted Share Unit scheduled to be paid out on such date and not previously forfeited.

ARTICLE 7

PROVISIONS APPLICABLE TO AWARDS

7.1 Award Agreement. Awards under the Plan shall be evidenced by Award Agreements that set 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.

7.2 Limits on Transfer. No right or interest of a Participant in any Award may be pledged, encumbered, or hypothecated to or in favor of any party other than the Company or a Subsidiary, or shall be subject to any lien, obligation, or liability of such Participant to any other party other than the Company or a Subsidiary. Except as otherwise provided by the Committee, no Award shall be assigned, transferred, or otherwise disposed of by a Participant other than by will or the laws of descent and distribution. The Committee by express provision in the Award or an amendment thereto may permit an Award (other than an Incentive Share Option) to be transferred to, exercised by and paid to certain persons or entities related to the Participant, including but not limited to members of the Participant's family, charitable institutions, or trusts or other entities whose beneficiaries or beneficial owners are members of the Participant's family and/or charitable institutions, or to such other persons or entities as may be expressly approved by the Committee, pursuant to such conditions and procedures as the Committee may establish. Any permitted transfer shall be subject to the following conditions: that (a) the Committee receive evidence satisfactory to it that the transfer is being made for asset protection, estate and/or tax planning purposes (or to a "blind trust" in connection with the Participant's termination of employment or service with the Company or a Subsidiary to assume a position with a governmental, charitable, educational or similar non-profit institution) and on a basis consistent with the Company's lawful issue of securities, and (b) after the transfer, the Participant and the transferee comply with all of the original agreements and covenants granted by the Participant in favor of the Company.

7.3 Beneficiaries. If the Committee so determines, then notwithstanding Sections 5.2(a) and 7.2, a Participant may, in the manner determined by the Committee, designate a beneficiary to exercise the rights of the Participant and to receive any distribution with respect to any Award upon the Participant's death. A beneficiary, legal guardian, legal representative, or other person claiming any rights pursuant to the Plan is subject to all terms and conditions of the Plan and any Award Agreement applicable to the Participant, except to the extent the Plan and Award Agreement otherwise provide, and to any additional restrictions deemed necessary or appropriate by the Committee. If the Participant is married and resides in a community property state, a designation of a person other than the Participant's spouse as his or her beneficiary with respect to more than 50% of the Participant's interest in the Award shall not be effective without the prior written consent of the Participant's spouse. If no beneficiary has been designated or survives the Participant, payment shall be made to the person entitled thereto pursuant to the Participant's will or the laws of descent and distribution. Subject to the foregoing, a beneficiary designation may be changed or revoked by a Participant at any time provided the change or revocation is filed with the Committee.

7.4 Share Certificates. Notwithstanding anything herein to the contrary, the Company shall not be required to issue or deliver any certificates evidencing the Share pursuant to the exercise of any Award, unless and until the Committee has determined, with advice of counsel, that the issuance and delivery of such certificates is in compliance with all Applicable Laws, including, if applicable, the requirements of any exchange on which the Shares or securities representing the Shares are listed, quoted or traded. All Share certificates delivered pursuant to the Plan are subject to any stop-transfer orders and other restrictions as the Committee deems necessary or advisable to comply with all Applicable Laws, including, if applicable, the rules of any national securities exchange or automated quotation system on which the Shares or securities representing the Shares are listed, quoted, or traded. The Committee may place legends on any Share certificate to reference restrictions applicable to the Shares. In addition to the terms and conditions provided herein, the Committee may require that a Participant make such reasonable covenants, agreements, and representations as the Committee, in its discretion, deems advisable in order to comply with any such laws, regulations, or requirements. The Committee shall have the right to require any Participant to comply with any timing or other restrictions with respect to the settlement or exercise of any Award, including a window-period limitation, as may be imposed in the discretion of the Committee.

7.5 Paperless Administration. Subject to Applicable Laws, the Committee may make Awards, provide applicable disclosure and procedures for exercise of Awards by an internet website or interactive voice response system for the paperless administration of Awards.

7.6 Foreign Currency. A Participant may be required to provide evidence that any currency used to pay the exercise price of any Award were acquired and taken out of the jurisdiction in which the Participant resides in accordance with Applicable Laws, including foreign exchange control laws and regulations. In the event the exercise price for an Award is paid in Chinese Renminbi or other foreign currency, as permitted by the Committee, the amount payable will be determined by conversion from U.S. dollars at the official rate promulgated by the People's Bank of China for Chinese Renminbi, or for jurisdictions other than the Peoples Republic of China, the exchange rate as selected by the Committee on the date of exercise.

ARTICLE 8

CHANGES IN CAPITAL STRUCTURE

8.1 Adjustments. In the event of any share 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 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 Plan (including, but not limited to, adjustments of the limitations in Section 3.1); (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 Plan.

8.2 Acceleration upon a Change of Control. Except as may otherwise be provided in any Award Agreement or any other written agreement entered into by and between the Company and a Participant, if a Change of Control occurs and a Participant's Awards are not converted, assumed, or replaced by a successor, such Awards shall become fully exercisable and all forfeiture restrictions on such Awards shall lapse. Upon, or in anticipation of, a Change of Control, the Committee may in its sole discretion provide for (i) any and all Awards outstanding hereunder to terminate at a specific time in the future and shall give each Participant the right to exercise such Awards during a period of time as the Committee shall determine, (ii) either the purchase of any Award for an amount of cash equal to the amount that could have been attained upon the exercise of such Award or realization of the Participant's rights had such Award been currently exercisable or payable or fully vested (and, for the avoidance of doubt, if as of such date the Committee determines in good faith that no amount would have been attained upon the exercise of such Award or realization of the Participant' s rights, then such Award may be terminated by the Company without payment), (iii) the replacement of such Award with other rights or property selected by the Committee in its sole discretion or the assumption of or substitution of such Award by the successor or surviving corporation, or a subsidiary thereof, with appropriate adjustments as to the number and kind of Shares and prices, or (iv) payment of Awards in cash based on the value of Shares on the date of the Change of Control plus reasonable interest on the Award through the date such Award would otherwise be vested or have been paid in accordance with its original terms, if necessary to comply with Section 409A of the Code.

8.3 Outstanding Awards – Corporate Transactions. In the event of a Corporate Transaction, each Award will terminate upon the consummation of the Corporate Transaction, unless the Award is assumed by the successor entity or Parent thereof in connection with the Corporate Transaction. Except as provided otherwise in an individual Award Agreement, in the event of a Corporate Transaction and:

(a) the Award either is (x) assumed by the successor entity or Parent thereof or replaced with a comparable Award (as determined by the Committee) with respect to shares of the capital stock of the successor entity or Parent thereof or (y) replaced with a cash incentive program of the successor entity which preserves the compensation element of such Award existing at the time of the Corporate Transaction and provides for subsequent payout in accordance with the same vesting schedule applicable to such Award, then such Award (if assumed), the replacement Award (if replaced), or the cash incentive program automatically shall become fully vested, exercisable and payable and be released from any restrictions on transfer (other than transfer restrictions applicable to Options) and repurchase or forfeiture rights, immediately upon termination of the Participant's employment or service with all Service Recipient within twelve (12) months of the Corporate Transaction without cause; and

(b) For each Award that is neither assumed nor replaced, such portion of the Award shall automatically become fully vested and exercisable and be released from any repurchase or forfeiture rights (other than repurchase rights exercisable at Fair Market Value) for all of the Shares at the time represented by such portion of the Award, immediately prior to the specified effective date of such Corporate Transaction, provided that the Participant remains an Employee, Consultant or Director on the effective date of the Corporate Transaction.

8.4 Outstanding Awards – Other Changes. In the event of any other change in the capitalization of the Company or corporate change other than those specifically referred to in this Article 8, the Committee may, in its absolute discretion, make such adjustments in the number and class of shares subject to Awards outstanding on the date on which such change occurs and in the per share grant or exercise price of each Award as the Committee may consider appropriate to prevent dilution or enlargement of rights.

8.5 No Other Rights. Except as expressly provided in the Plan, no Participant shall have any rights by reason of any subdivision or consolidation of Shares of any class, the payment of any dividend, any increase or decrease in the number of shares of any class or any dissolution, liquidation, merger, or consolidation of the Company or any other corporation. Except as expressly provided in the Plan or pursuant to action of the Committee under the Plan, no issuance by the Company of shares of any class, or securities convertible into shares of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number of shares subject to an Award or the grant or exercise price of any Award.

ARTICLE 9

ADMINISTRATION

9.1 Committee. The Plan shall be administered by the Board or the Compensation Committee of the Board; *provided, however* that the Board or the Compensation Committee may delegate to a committee of one or more members of the Board the authority to grant or amend Awards to Participants other than senior executives of the Company. The Committee shall consist of at least two individuals, each of whom qualifies as an Independent Director. Reference to the Committee shall refer to the Board if the Compensation Committee has not been established or ceases to exist and the Board does not appoint a successor Committee. Notwithstanding the foregoing, the full Board, acting by majority of its members in office, shall conduct the general administration of the Plan if required by Applicable Laws, and with respect to Awards granted to Independent Directors and for purposes of such Awards the term "Committee" as used in the Plan shall be deemed to refer to the Board.

9.2 Action by the Committee. A majority of the Committee shall constitute a quorum. The acts of a majority of the members present at any meeting at which a quorum is present, and acts approved in writing by a majority of the Committee in lieu of a meeting, shall be deemed the acts of the Committee. Each member of the Committee is entitled to, in good faith, rely or act upon any report or other information furnished to that member by any officer or other employee of the Company or any Subsidiary, the Company's independent certified public accountants, or any executive compensation consultant or other professional retained by the Company to assist in the administration of the Plan.

9.3 Authority of the Committee. Subject to any specific designation in the Plan, the Committee has the exclusive power, authority and discretion to:

(a) Designate Participants to receive Awards;

(b) Determine the type or types of Awards to be granted to each Participant;

(c) Determine the number of Awards to be granted and the number of Shares to which an Award will relate;

(d) Determine the terms and conditions of any Award granted pursuant to the 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, 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;

(e) 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;

(f) Prescribe the form of each Award Agreement, which need not be identical for each Participant;

(g) Decide all other matters that must be determined in connection with an Award;

(h) Establish, adopt, or revise any rules and regulations as it may deem necessary or advisable to administer the Plan;

(i) Interpret the terms of, and any matter arising pursuant to, the Plan or any Award Agreement; and

(j) Make all other decisions and determinations that may be required pursuant to the Plan or as the Committee deems necessary or advisable to administer the Plan.

9.4 Decisions Binding. The Committee's interpretation of the Plan, any Awards granted pursuant to the Plan, any Award Agreement and all decisions and determinations by the Committee with respect to the Plan are final, binding, and conclusive on all parties.

ARTICLE 10

EFFECTIVE AND EXPIRATION DATE

10.1 Effective Date. The Plan is effective as of the date the Plan is approved by the Company's shareholders in accordance with the applicable provisions of the Company's Memorandum of Association and Articles of Association (the "Effective Date").

10.2 Expiration Date. The Plan will expire on, and no Award may be granted pursuant to the Plan after, the tenth anniversary of the Effective Date. Any Awards that are outstanding on the tenth anniversary of the Effective Date shall remain in force according to the terms of the Plan and the applicable Award Agreement.

ARTICLE 11

AMENDMENT, MODIFICATION, AND TERMINATION

11.1 Amendment, Modification, And Termination. With the approval of the Board, at any time and from time to time, the Committee may terminate, amend or modify the Plan; *provided, however*, that (a) to the extent necessary and desirable to comply with Applicable Laws, the Company shall obtain shareholder approval of any Plan amendment in such a manner and to such a degree as required, unless the Company decides to follow home country practice as permitted under applicable stock exchange rules, and (b) unless the Company decides to follow home country practice as permitted under applicable stock exchange rules, shareholder approval is required for any amendment to the Plan that (i) increases the number of Shares available under the Plan (other than any adjustment as provided by Article 8), (ii) permits the Committee to extend the term of the Plan or the exercise period for an Option beyond ten years from the date of grant, or (iii) results in a material increase in benefits or a change in eligibility requirements.

11.2 Awards Previously Granted. Except with respect to amendments made pursuant to Section 11.1, no termination, amendment, or modification of the Plan shall adversely affect in any material way any Award previously granted pursuant to the Plan without the prior written consent of the Participant.

ARTICLE 12

GENERAL PROVISIONS

12.1 No Rights to Awards. No Participant, employee, or other person shall have any claim to be granted any Award pursuant to the Plan, and neither the Company nor the Committee is obligated to treat Participants, employees, and other persons uniformly.

12.2 No Shareholders Rights. No Award gives the Participant any of the rights of a Shareholder of the Company unless and until Shares are in fact issued to such person in connection with such Award.

12.3 Taxes. No Shares shall be delivered under the Plan to any Participant until such Participant has made arrangements acceptable to the Committee for the satisfaction of any income and employment tax withholding obligations under Applicable Laws. The Company or any Subsidiary shall have the authority and the right to deduct or withhold, or require a Participant to remit to the Company, an amount sufficient to satisfy all applicable taxes (including the Participant's payroll tax obligations) required or permitted by law to be withheld with respect to any taxable event concerning a Participant arising as a result of this Plan. The Committee may in its discretion and in satisfaction of the foregoing requirement allow a Participant to elect to have the Company withhold Shares otherwise issuable under an Award (or allow the return of Shares) having a Fair Market Value equal to the sums required to be withheld. Notwithstanding any other provision of the Plan, the number of Shares which may be withheld with respect to the issuance, vesting, exercise or payment of any Award (or which may be repurchased from the Participant of such Award after such Shares were acquired by the Participant from the Company) in order to satisfy the Participant's income and payroll tax liabilities with respect to the issuance, vesting, exercise or payment of the Award shall, unless specifically approved by the Committee, be limited to the number of Shares which have a Fair Market Value on the date of withholding or repurchase equal to the aggregate amount of such liabilities based on the minimum statutory withholding rates for income tax and payroll tax purposes that are applicable to such supplemental taxable income.

12.4 No Right to Employment or Services. Nothing in the Plan or any Award Agreement shall interfere with or limit in any way the right of the Service Recipient to terminate any Participant's employment or services at any time, nor confer upon any Participant any right to continue in the employment or service of any Service Recipient.

12.5 Unfunded Status of Awards. The Plan is intended to be an "unfunded" plan for incentive compensation. With respect to any payments not yet made to a Participant pursuant to an Award, nothing contained in the Plan or any Award Agreement shall give the Participant any rights that are greater than those of a general creditor of the Company or any Subsidiary.

12.6 Indemnification. To the extent allowable pursuant to Applicable Laws, each member of the Committee or of the Board shall be indemnified and held harmless by the Company from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by such member in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action or failure to act pursuant to the Plan and against and from any and all amounts paid by him or her in satisfaction of judgment in such action, suit, or proceeding against him or her; *provided* that he or she gives the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled pursuant to the Company's Memorandum of Association and Articles of Association, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

12.7 Relationship to other Benefits. No payment pursuant to the Plan shall be taken into account in determining any benefits pursuant to any pension, retirement, savings, profit sharing, group insurance, welfare or other benefit plan of the Company or any Subsidiary except to the extent otherwise expressly provided in writing in such other plan or an agreement thereunder.

12.8 Non-competition & No Solicitation. During the term of the employment of an Employee with the Company and within 2 years after the termination of the employment, the Employee shall not engage in any business that competes with or is similar to any of the Company's business and the employee shall not solicit any employee of the Company and its subsidiaries and affiliates after the termination of the employment with the Company. In case the employee violate the duty of non-compete and no solicitation under this clause, the employee shall return all of his or her economic interest under any Award to the Company immediately including, but not limited to, that any Award that has been vested and unvested shall be revoked or voided immediately.

12.9 Expenses. The expenses of administering the Plan shall be borne by the Company and its Subsidiaries.

12.10 Titles and Headings. The titles and headings of the Sections in the Plan are for convenience of reference only and, in the event of any conflict, the text of the Plan, rather than such titles or headings, shall control.

12.11 Fractional Shares. No fractional shares of a Share shall be issued and the Committee shall determine, in its discretion, whether cash shall be given in lieu of fractional shares or whether such fractional shares shall be eliminated by rounding up or down as appropriate.

12.12 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan, the Plan, and any Award granted or awarded to any Participant who is then subject to Section 16 of the Exchange Act, shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by Applicable Laws, the Plan and Awards granted or awarded hereunder shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

12.13 Government and Other Regulations. The obligation of the Company to make payment of awards in Shares or otherwise shall be subject to all Applicable Laws and to such approvals by government agencies as may be required. The Company shall be under no obligation to register any of the Shares paid pursuant to the Plan under the Securities Act or any other similar law in any applicable jurisdiction. If the Shares paid pursuant to the Plan may in certain circumstances be exempt from registration pursuant to the Securities Act or other Applicable Laws, the Company may restrict the transfer of such shares in such manner as it deems advisable to ensure the availability of any such exemption.

12.14 Governing Law; Dispute Resolution. The Plan and all Award Agreements shall be construed in accordance with and governed by the laws of the Cayman Islands. Any dispute, controversy or claim arising out of or relating to the Plan and all Award Agreements, or the breach, termination or invalidity thereof, shall be settled by arbitration in accordance with the UNCITRAL Arbitration Rules as at present in force and as may be amended by the rest of this Section 12.13. The appointing authority shall be Hong Kong International Arbitration Centre. The place of arbitration shall be in Hong Kong at Hong Kong International Arbitration Centre. There shall be only one arbitrator. The language to be used in the arbitral proceedings shall be English.

12.15 Section 409A of the Code. To the extent that the Committee determines that any Award granted under the Plan is or may become subject to Section 409A of the Code, the Award Agreement evidencing such Award shall incorporate the terms and conditions required by Section 409A of the Code. To the extent applicable, the Plan and the Award Agreements shall be interpreted in accordance with Section 409A of the Code and the U.S. Department of Treasury regulations and other interpretative guidance issued thereunder, including without limitation any such regulation or other guidance that may be issued after the Effective Date. Notwithstanding any provision of the Plan to the contrary, in the event that following the Effective Date the Committee determines that any Award may be subject to Section 409A of the Code and related Department of Treasury guidance (including such Department of Treasury guidance as may be issued after the Effective Date), the Committee may adopt such amendments to the Plan and the applicable Award agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Committee determines are necessary or appropriate to (a) exempt the Award from Section 409A of the Code and /or preserve the intended tax treatment of the benefits provided with respect to the Award, or (b) comply with the requirements of Section 409A of the Code and related U.S. Department of Treasury guidance.

12.16 Appendices. The Committee may approve such supplements, amendments or appendices to the Plan as it may consider necessary or appropriate for purposes of compliance with Applicable Laws or otherwise and such supplements, amendments or appendices shall be considered a part of the Plan; *provided*, *however*, that no such supplements shall increase the share limitations contained in Section 3.1 of the Plan.

EHANG HOLDINGS LIMITED

2019 SHARE INCENTIVE PLAN

ARTICLE 1

PURPOSE

The purpose of the EHang Holdings Limited Share Incentive Plan (the "***Plan***") is to promote the success and enhance the value of EHang Holdings Limited, a company formed under the laws of the Cayman Islands (the "***Company***") by linking the personal interests of the members of the Board, 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. The Plan is further intended to provide flexibility to the Company in its ability to motivate, attract, and retain the services of members of the Board, Employees, and Consultants upon whose judgment, interest, and special effort the successful conduct of the Company's operation is largely dependent.

ARTICLE 2

DEFINITIONS AND CONSTRUCTION

Wherever the following terms are used in the Plan, they shall have the meanings specified below unless the context clearly indicates otherwise. The singular pronoun shall include the plural where the context so indicates, and vice versa.

2.1 "***Applicable Laws***" means the legal requirements relating to the Plan and the Awards under applicable provisions of the corporate, securities, tax and other laws, rules, regulations and government orders, and the rules of any applicable stock exchange or national market system, of any jurisdiction applicable to Awards.

2.2 "***Award***" means an Option, Restricted Share or Restricted Share Units award granted to a Participant pursuant to the Plan.

2.3 "***Award Agreement***" means any written agreement, contract, or other instrument or document evidencing an Award, including through electronic medium.

2.4 "***Board***" means the board of directors of the Company.

2.5 "***Change of Control***" means a change in ownership or control of the Company under a Liquidation Event as defined in the Company's Second Amended and Restated Memorandum and Articles of Association as then in effect.

2.6 "***Code***" means the Internal Revenue Code of 1986 of the United States, as amended.

2.7 "***Committee***" means the committee of the Board described in Article 9.

2.8 "***Consultant***" means any consultant or adviser if: (a) the consultant or adviser renders bona fide services to a Service Recipient; (b) the services rendered by the consultant or adviser are not in connection with the offer or sale of securities in a capital-raising transaction and do not directly or indirectly promote or maintain a market for the Company's securities; and (c) the consultant or adviser is a natural person who has contracted directly with the Service Recipient to render such services.

2.9 "***Corporate Transaction***" means any of the following transactions, *provided, however*, that the Committee shall determine under (d) and (e) whether multiple transactions are related, and its determination shall be final, binding and conclusive:

(a) an amalgamation, arrangement or consolidation or scheme of arrangement in which the Company is not the surviving entity, except for a transaction the principal purpose of which is to change the jurisdiction in which the Company is incorporated;

(b) the sale, transfer or other disposition of all or substantially all of the assets of the Company;

(c) the complete liquidation or dissolution of the Company;

(d) any reverse takeover or series of related transactions culminating in a reverse takeover (including, but not limited to, a tender offer followed by a reverse takeover) in which the Company is the surviving entity but (A) the equity securities of the Company outstanding immediately prior to such takeover are converted or exchanged by virtue of the takeover into other property, whether in the form of securities, cash or otherwise, or (B) in which securities possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities are transferred to a person or persons different from those who held such securities immediately prior to such takeover or the initial transaction culminating in such takeover, but excluding any such transaction or series of related transactions that the Committee determines shall not be a Corporate Transaction; or

(e) acquisition in a single or series of related transactions by any person or related group of persons (other than the Company or by a Company-sponsored employee benefit plan) of beneficial ownership (within the meaning of Rule 13d-3 of the Exchange Act) of securities possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities but excluding any such transaction or series of related transactions that the Committee determines shall not be a Corporate Transaction.

2.10 "***Disability***" means that the Participant qualifies to receive long-term disability payments under the Service Recipient's long-term disability insurance program, as it may be amended from time to time, to which the Participant provides services regardless of whether the Participant is covered by such policy. If the Service Recipient to which the Participant provides service does not have a long-term disability plan in place, "***Disability***" means that a Participant is unable to carry out the responsibilities and functions of the position held by the Participant by reason of any medically determinable physical or mental impairment for a period of not less than ninety (90) consecutive days. A Participant will not be considered to have incurred a Disability unless he or she furnishes proof of such impairment sufficient to satisfy the Committee in its discretion.

2.11 "***Effective Date***" shall have the meaning set forth in Section 10.1.

2.12 "***Employee***" means any person, including an officer or member of the Board of the Company or any Subsidiary of the Company, who is in the employment of a Service Recipient, subject to the control and direction of the Service Recipient as to both the work to be performed and the manner and method of performance. The payment of a director's fee by a Service Recipient shall not be sufficient to constitute "employment" by the Service Recipient.

2.13 "***Exchange Act***" means the Securities Exchange Act of 1934 of the United States, as amended.

2.14 "***Fair Market Value***" means, as of any date, the value of Shares determined as follows:

(a) If the Shares are listed on one or more established stock exchanges or national market systems, including without limitation, The New York Stock Exchange and The Nasdaq Stock Market, its Fair Market Value shall be the closing sales price for such shares (or the closing bid, if no sales were reported) as quoted on the principal exchange or system on which the Shares are listed (as determined by the Committee) on the date of determination (or, if no closing sales price or closing bid was reported on that date, as applicable, on the last trading date such closing sales price or closing bid was reported), as reported in The Wall Street Journal or such other source as the Committee deems reliable;

(b) If the Shares are regularly quoted on an automated quotation system (including the OTC Bulletin Board) or by a recognized securities dealer, its Fair Market Value shall be the closing sales price for such shares as quoted on such system or by such securities dealer on the date of determination, but if selling prices are not reported, the Fair Market Value of a Share shall be the mean between the high bid and low asked prices for the Shares on the date of determination (or, if no such prices were reported on that date, on the last date such prices were reported), as reported in The Wall Street Journal or such other source as the Committee deems reliable; or

(c) In the absence of an established market for the Shares of the type described in (a) and (b), above, the Fair Market Value thereof shall be determined by the Committee in good faith and in its discretion by reference to (i) the placing price of the latest private placement of the Shares and the development of the Company's business operations and the general economic and market conditions since such latest private placement, (ii) other third party transactions involving the Shares and the development of the Company's business operation and the general economic and market conditions since such sale, (iii) an independent valuation of the Shares, or (iv) such other methodologies or information as the Committee determines to be indicative of Fair Market Value and relevant.

2.15 "***Incentive Share Option***" means an Option that is intended to meet the requirements of Section 422 of the Code or any successor provision thereto.

2.16 "***Independent Director***" means (i) before the Shares or other securities representing the Shares are listed on a stock exchange, a member of the Board who is not an Employee of the Company; and (ii) after the Shares or other securities representing the Shares are listed on a stock exchange, a member of the Board who meets the independence standards under the applicable corporate governance rules of such stock exchange.

2.17 "***Non-Qualified Share Option***" means an Option that is not intended to be an Incentive Share Option.

2.18 "***Option***" means a right granted to a Participant pursuant to Article 5 of the Plan to purchase a specified number of Shares at a specified price during specified time periods. An Option may be either an Incentive Share Option or a Non-Qualified Share Option.

2.19 "***Participant***" means a person who, as a member of the Board, Consultant or Employee, has been granted an Award pursuant to the Plan.

2.20 "***Parent***" means a parent corporation under Section 424(e) of the Code.

2.21 "***Plan***" means this 2019 Share Incentive Plan, as it may be amended from time to time.

2.22 "***Related Entity***" means any business, corporation, partnership, limited liability company or other entity in which the Company or a Subsidiary of the Company holds a substantial ownership interest, directly or indirectly, but which is not a Subsidiary and which the Board designates as a Related Entity for purposes of the Plan.

2.23 "***Restricted Share***" means a Share awarded to a Participant pursuant to Article 6 that is subject to certain restrictions and may be subject to risk of forfeiture.

2.24 "***Restricted Share Unit***" means the right granted to a Participant pursuant to Article 6 to receive a Share at a future date.

2.25 "***Securities Act***" means the Securities Act of 1933 of the United States, as amended.

2.26 "***Service Recipient***" means the Company, any Subsidiary of the Company and any Related Entity to which a Participant provides services as an Employee, a Consultant or a Director.

2.27 "***Share***" means the Ordinary Shares of the Company, par value 0.0001 per share, and such other securities of the Company that may be substituted for Shares pursuant to Article 8.

2.28 "***Subsidiary***" means any corporation or other entity of which a majority of the outstanding voting shares or voting power is beneficially owned directly or indirectly by the Company. For purposes of this Plan, Subsidiary shall also include any consolidated variable interest entities of the Company.

2.29 "***Trading Date***" means the closing of the first sale to the general public of the Shares pursuant to an effective registration statement under applicable laws, which results in the Shares being publicly traded on one or more established stock exchanges or national market systems.

ARTICLE 3

SHARES SUBJECT TO THE PLAN

3.1 Number of Shares.

(a) Subject to the provisions of Article 8 and Section 3.1(b), the current aggregate number of Shares that may be issued pursuant to all Awards (including Incentive Share Options) is 5,455,346 Shares as of the Effective Date and can be increased up to a number that is equal to 15% of the then total outstanding shares on a fully diluted basis at the discretion of the Board (such number, the "***Maximum Number***"); *provided*, *however*, if, after the Effective Date, the Company issues any new Shares, such Maximum Number should be automatically increased by a number that is equal to 15% of the number of new Shares on a fully diluted basis issued by the Company from time to time.

(b) To the extent that an Award terminates, expires, or lapses for any reason, any Shares subject to the Award shall again be available for the grant of an Award pursuant to the Plan. To the extent permitted by Applicable Laws, Shares issued in assumption of, or in substitution for, any outstanding awards of any entity acquired in any form or combination by the Company or any Subsidiary of the Company shall not be counted against Shares available for grant pursuant to the Plan. Shares delivered by the Participant or withheld by the Company upon the exercise of any Award under the Plan, in payment of the exercise price thereof or tax withholding thereon, may again be optioned, granted or awarded hereunder, subject to the limitations of Section 3.1(a). If any Restricted Shares are forfeited by the Participant or repurchased by the Company, such Shares may again be optioned, granted or awarded hereunder, subject to the limitations of Section 3.1(a). Notwithstanding the provisions of this Section 3.1(b), no Shares may again be optioned, granted or awarded if such action would cause an Incentive Share Option to fail to qualify as an incentive share option under Section 422 of the Code.

3.2 Shares Distributed. Any Shares distributed pursuant to an Award may consist, in whole or in part, of authorized and unissued Shares, treasury shares (subject to Applicable Laws) or Shares purchased on the open market. Additionally, in the discretion of the Committee, American Depository Shares in an amount equal to the number of Shares which otherwise would be distributed pursuant to an Award may be distributed in lieu of Shares in settlement of any Award. If the number of Shares represented by an American Depository Share is other than on a one-to-one basis, the limitations of Section 3.1 shall be adjusted to reflect the distribution of American Depository Shares in lieu of Shares.

ARTICLE 4

ELIGIBILITY AND PARTICIPATION

4.1 Eligibility. Persons eligible to participate in this Plan include Employees, Consultants, and all members of the Board, as determined by the Committee.

4.2 Participation. Subject to the provisions of the Plan, the Committee may, from time to time, select from among all eligible individuals, those to whom Awards shall be granted and shall determine the nature and amount of each Award. No individual shall have any automatic right to be granted an Award pursuant to this Plan.

4.3 Jurisdictions. In order to assure the viability of Awards granted to Participants employed in various jurisdictions, the Committee may provide for such special terms as it may consider necessary or appropriate to accommodate differences in local law, tax policy, or custom applicable in the jurisdiction in which the Participant resides or is employed. Moreover, the Committee may approve such supplements to, or amendments, restatements, or alternative versions of, the Plan as it may consider necessary or appropriate for such purposes without thereby affecting the terms of the Plan as in effect for any other purpose; *provided*, *however*, that no such supplements, amendments, restatements, or alternative versions shall increase the share limitations contained in Section 3.1 of the Plan. Notwithstanding the foregoing, the Committee may not take any actions hereunder, and no Awards shall be granted, that would violate any Applicable Laws.

ARTICLE 5

OPTIONS

5.1 General. Subject to Article 9, the Committee is authorized to grant Options to Participants on the following terms and conditions:

(a) ***Exercise Price***. The exercise price per Share subject to an Option shall be determined by the Committee and set forth in the Award Agreement and may be a fixed or variable price related to the Fair Market Value of the Shares. 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. For the avoidance of doubt, to the extent not prohibited by Applicable Laws, a downward adjustment of the exercise prices of Options mentioned in the preceding sentence shall be effective without the approval of the Company's shareholders or the approval of the affected Participants.

(b) ***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 the term of any Option granted under the Plan shall not exceed ten years, except as provided in Section 11.1. The Committee shall also determine the conditions, if any, that must be satisfied before all or part of an Option may be exercised.

(c) ***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 Chinese 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 Trading Date 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, (vii) cashless exercise; or (viii) any combination of the foregoing. Notwithstanding any other provision of the 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 Exchange Act shall be permitted to pay the exercise price of an Option in any method which would violate Section 13(k) of the Exchange Act.

(d) ***Evidence of Grant***. All Options shall be evidenced by an Award Agreement between the Company and the Participant. The Award Agreement shall include such additional provisions as may be specified by the Committee.

5.2 Incentive Share Options. Incentive Share Options may be granted to Employees of the Company or of a Subsidiary of the Company. Incentive Share Options may not be granted to Employees of a Related Entity or to Independent Directors or Consultants. The terms of any Incentive Share Options granted pursuant to the Plan, in addition to the requirements of Section 5.1, must comply with the following additional provisions of this Section 5.2:

(a) ***Expiration of Option***. An Incentive Share Option may not be exercised to any extent by anyone after the first to occur of the following events:

(i) Ten years from the date it is granted, unless an earlier time is set in the Award Agreement;

(ii) Three months after the Participant's termination of employment as an Employee; and

(iii) Upon the Participant's Disability or death, subject to Sections 7.2 and 7.3.

(b) ***Individual Dollar Limitation***. The aggregate Fair Market Value (determined as of the time the Option is granted) of all Shares with respect to which Incentive Share Options are first exercisable by a Participant in any calendar year may not exceed $100,000 or such other limitation as imposed by Section 422(d) of the Code, or any successor provision. To the extent that Incentive Share Options are first exercisable by a Participant in excess of such limitation, the excess shall be considered Non-Qualified Share Options.

(c) ***Ten Percent Owners***. An Incentive Share Option shall be granted to any individual who, at the date of grant, owns Shares possessing more than ten percent of the total combined voting power of all classes of shares of the Company only if such Option is granted at a price that is not less than 110% of Fair Market Value on the date of grant and the Option is exercisable for no more than five years from the date of grant.

(d) ***Transfer Restriction***. The Participant shall give the Company prompt notice of any disposition of Shares acquired by exercise of an Incentive Share Option within (i) two years from the date of grant of such Incentive Share Option or (ii) one year after the transfer of such Shares to the Participant.

(e) ***Expiration of Incentive Share Options***. No Award of an Incentive Share Option may be made pursuant to this Plan after the tenth anniversary of the Effective Date.

(f) ***Right to Exercise***. During a Participant's lifetime, an Incentive Share Option may be exercised only by the Participant.

ARTICLE 6

RESTRICTED SHARES

6.1 Grant of Restricted Shares. Subject to Article 9, the Committee is authorized to make Awards of Restricted Shares to any Participant selected by the Committee in such amounts and subject to such terms and conditions as determined by the Committee. All Awards of Restricted Shares shall be evidenced by an Award Agreement.

6.2 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 Share). These restrictions may lapse separately or in combination at such times, pursuant to such circumstances, in such installments, or otherwise, as the Committee determines at the time of the grant of the Award or thereafter.

6.3 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*, 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, and (b) in other cases waive in whole or in part restrictions or forfeiture and repurchase conditions relating to Restricted Shares.

6.4 Certificates for Restricted Shares. Restricted Shares granted pursuant to the 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.

6.5 Restricted Share Units. The Committee is authorized to make Awards of Restricted Share Units to any Participant selected by the Committee in such amounts and subject to such terms and conditions as determined by the Committee. 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, and may specify such conditions to vesting as it deems appropriate. At the time of grant, the Committee shall specify the maturity date applicable to each grant of Restricted Share Units which shall be no earlier than the vesting date or dates of the Award and may be determined at the election of the grantee. On the maturity date, the Company shall, subject to Sections 7.4 and 7.5, transfer to the Participant one unrestricted, fully transferable Share for each Restricted Share Unit scheduled to be paid out on such date and not previously forfeited.

ARTICLE 7

PROVISIONS APPLICABLE TO AWARDS

7.1 Award Agreement. Awards under the Plan shall be evidenced by Award Agreements that set 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.

7.2 Limits on Transfer. No right or interest of a Participant in any Award may be pledged, encumbered, or hypothecated to or in favor of any party other than the Company or a Subsidiary, or shall be subject to any lien, obligation, or liability of such Participant to any other party other than the Company or a Subsidiary. Except as otherwise provided by the Committee, no Award shall be assigned, transferred, or otherwise disposed of by a Participant other than by will or the laws of descent and distribution. The Committee by express provision in the Award or an amendment thereto may permit an Award (other than an Incentive Share Option) to be transferred to, exercised by and paid to certain persons or entities related to the Participant, including but not limited to members of the Participant's family, charitable institutions, or trusts or other entities whose beneficiaries or beneficial owners are members of the Participant's family and/or charitable institutions, or to such other persons or entities as may be expressly approved by the Committee, pursuant to such conditions and procedures as the Committee may establish. Any permitted transfer shall be subject to the following conditions: that (a) the Committee receive evidence satisfactory to it that the transfer is being made for asset protection, estate and/or tax planning purposes (or to a "blind trust" in connection with the Participant's termination of employment or service with the Company or a Subsidiary to assume a position with a governmental, charitable, educational or similar non-profit institution) and on a basis consistent with the Company's lawful issue of securities, and (b) after the transfer, the Participant and the transferee comply with all of the original agreements and covenants granted by the Participant in favor of the Company.

7.3 Beneficiaries. If the Committee so determines, then notwithstanding Sections 5.2(a) and 7.2, a Participant may, in the manner determined by the Committee, designate a beneficiary to exercise the rights of the Participant and to receive any distribution with respect to any Award upon the Participant's death. A beneficiary, legal guardian, legal representative, or other person claiming any rights pursuant to the Plan is subject to all terms and conditions of the Plan and any Award Agreement applicable to the Participant, except to the extent the Plan and Award Agreement otherwise provide, and to any additional restrictions deemed necessary or appropriate by the Committee. If the Participant is married and resides in a community property state, a designation of a person other than the Participant's spouse as his or her beneficiary with respect to more than 50% of the Participant's interest in the Award shall not be effective without the prior written consent of the Participant's spouse. If no beneficiary has been designated or survives the Participant, payment shall be made to the person entitled thereto pursuant to the Participant's will or the laws of descent and distribution. Subject to the foregoing, a beneficiary designation may be changed or revoked by a Participant at any time provided the change or revocation is filed with the Committee.

7.4 Share Certificates. Notwithstanding anything herein to the contrary, the Company shall not be required to issue or deliver any certificates evidencing the Share pursuant to the exercise of any Award, unless and until the Committee has determined, with advice of counsel, that the issuance and delivery of such certificates is in compliance with all Applicable Laws, including, if applicable, the requirements of any exchange on which the Shares or securities representing the Shares are listed, quoted or traded. All Share certificates delivered pursuant to the Plan are subject to any stop-transfer orders and other restrictions as the Committee deems necessary or advisable to comply with all Applicable Laws, including, if applicable, the rules of any national securities exchange or automated quotation system on which the Shares or securities representing the Shares are listed, quoted, or traded. The Committee may place legends on any Share certificate to reference restrictions applicable to the Shares. In addition to the terms and conditions provided herein, the Committee may require that a Participant make such reasonable covenants, agreements, and representations as the Committee, in its discretion, deems advisable in order to comply with any such laws, regulations, or requirements. The Committee shall have the right to require any Participant to comply with any timing or other restrictions with respect to the settlement or exercise of any Award, including a window-period limitation, as may be imposed in the discretion of the Committee.

7.5 Paperless Administration. Subject to Applicable Laws, the Committee may make Awards, provide applicable disclosure and procedures for exercise of Awards by an internet website or interactive voice response system for the paperless administration of Awards.

7.6 Foreign Currency. A Participant may be required to provide evidence that any currency used to pay the exercise price of any Award were acquired and taken out of the jurisdiction in which the Participant resides in accordance with Applicable Laws, including foreign exchange control laws and regulations. In the event the exercise price for an Award is paid in Chinese Renminbi or other foreign currency, as permitted by the Committee, the amount payable will be determined by conversion from U.S. dollars at the official rate promulgated by the People's Bank of China for Chinese Renminbi, or for jurisdictions other than the Peoples Republic of China, the exchange rate as selected by the Committee on the date of exercise.

ARTICLE 8

CHANGES IN CAPITAL STRUCTURE

8.1 Adjustments. In the event of any share 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 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 Plan (including, but not limited to, adjustments of the limitations in Section 3.1); (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 Plan.

8.2 Acceleration upon a Change of Control. Except as may otherwise be provided in any Award Agreement or any other written agreement entered into by and between the Company and a Participant, if a Change of Control occurs and a Participant's Awards are not converted, assumed, or replaced by a successor, such Awards shall become fully exercisable and all forfeiture restrictions on such Awards shall lapse. Upon, or in anticipation of, a Change of Control, the Committee may in its sole discretion provide for (i) any and all Awards outstanding hereunder to terminate at a specific time in the future and shall give each Participant the right to exercise such Awards during a period of time as the Committee shall determine, (ii) either the purchase of any Award for an amount of cash equal to the amount that could have been attained upon the exercise of such Award or realization of the Participant's rights had such Award been currently exercisable or payable or fully vested (and, for the avoidance of doubt, if as of such date the Committee determines in good faith that no amount would have been attained upon the exercise of such Award or realization of the Participant' s rights, then such Award may be terminated by the Company without payment), (iii) the replacement of such Award with other rights or property selected by the Committee in its sole discretion or the assumption of or substitution of such Award by the successor or surviving corporation, or a subsidiary thereof, with appropriate adjustments as to the number and kind of Shares and prices, or (iv) payment of Awards in cash based on the value of Shares on the date of the Change of Control plus reasonable interest on the Award through the date such Award would otherwise be vested or have been paid in accordance with its original terms, if necessary to comply with Section 409A of the Code.

8.3 Outstanding Awards – Corporate Transactions. In the event of a Corporate Transaction, each Award will terminate upon the consummation of the Corporate Transaction, unless the Award is assumed by the successor entity or Parent thereof in connection with the Corporate Transaction. Except as provided otherwise in an individual Award Agreement, in the event of a Corporate Transaction and:

(a) the Award either is (x) assumed by the successor entity or Parent thereof or replaced with a comparable Award (as determined by the Committee) with respect to shares of the capital stock of the successor entity or Parent thereof or (y) replaced with a cash incentive program of the successor entity which preserves the compensation element of such Award existing at the time of the Corporate Transaction and provides for subsequent payout in accordance with the same vesting schedule applicable to such Award, then such Award (if assumed), the replacement Award (if replaced), or the cash incentive program automatically shall become fully vested, exercisable and payable and be released from any restrictions on transfer (other than transfer restrictions applicable to Options) and repurchase or forfeiture rights, immediately upon termination of the Participant's employment or service with all Service Recipient within twelve (12) months of the Corporate Transaction without cause; and

(b) For each Award that is neither assumed nor replaced, such portion of the Award shall automatically become fully vested and exercisable and be released from any repurchase or forfeiture rights (other than repurchase rights exercisable at Fair Market Value) for all of the Shares at the time represented by such portion of the Award, immediately prior to the specified effective date of such Corporate Transaction, *provided* that the Participant remains an Employee, Consultant or Director on the effective date of the Corporate Transaction.

8.4 Outstanding Awards – Other Changes. In the event of any other change in the capitalization of the Company or corporate change other than those specifically referred to in this Article 8, the Committee may, in its absolute discretion, make such adjustments in the number and class of shares subject to Awards outstanding on the date on which such change occurs and in the per share grant or exercise price of each Award as the Committee may consider appropriate to prevent dilution or enlargement of rights.

8.5 No Other Rights. Except as expressly provided in the Plan, no Participant shall have any rights by reason of any subdivision or consolidation of Shares of any class, the payment of any dividend, any increase or decrease in the number of shares of any class or any dissolution, liquidation, merger, or consolidation of the Company or any other corporation. Except as expressly provided in the Plan or pursuant to action of the Committee under the Plan, no issuance by the Company of shares of any class, or securities convertible into shares of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number of shares subject to an Award or the grant or exercise price of any Award.

ARTICLE 9

ADMINISTRATION

9.1 Committee. The Plan shall be administered by the Board or the Compensation Committee of the Board; *provided*, *however* that the Board or the Compensation Committee may delegate to a committee of one or more members of the Board the authority to grant or amend Awards to Participants other than senior executives of the Company. The Committee shall consist of at least two individuals, each of whom qualifies as an Independent Director. Reference to the Committee shall refer to the Board if the Compensation Committee has not been established or ceases to exist and the Board does not appoint a successor Committee. Notwithstanding the foregoing, the full Board, acting by majority of its members in office, shall conduct the general administration of the Plan if required by Applicable Laws, and with respect to Awards granted to Independent Directors and for purposes of such Awards the term "Committee" as used in the Plan shall be deemed to refer to the Board.

9.2 Action by the Committee. A majority of the Committee shall constitute a quorum. The acts of a majority of the members present at any meeting at which a quorum is present, and acts approved in writing by a majority of the Committee in lieu of a meeting, shall be deemed the acts of the Committee. Each member of the Committee is entitled to, in good faith, rely or act upon any report or other information furnished to that member by any officer or other employee of the Company or any Subsidiary, the Company's independent certified public accountants, or any executive compensation consultant or other professional retained by the Company to assist in the administration of the Plan.

9.3 Authority of the Committee. Subject to any specific designation in the Plan, the Committee has the exclusive power, authority and discretion to:

(a) Designate Participants to receive Awards;

(b) Determine the type or types of Awards to be granted to each Participant;

(c) Determine the number of Awards to be granted and the number of Shares to which an Award will relate;

(d) Determine the terms and conditions of any Award granted pursuant to the 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, 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;

(e) 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;

(f) Prescribe the form of each Award Agreement, which need not be identical for each Participant;

(g) Decide all other matters that must be determined in connection with an Award;

(h) Establish, adopt, or revise any rules and regulations as it may deem necessary or advisable to administer the Plan;

(i) Interpret the terms of, and any matter arising pursuant to, the Plan or any Award Agreement; and

(j) Make all other decisions and determinations that may be required pursuant to the Plan or as the Committee deems necessary or advisable to administer the Plan.

9.4 Decisions Binding. The Committee's interpretation of the Plan, any Awards granted pursuant to the Plan, any Award Agreement and all decisions and determinations by the Committee with respect to the Plan are final, binding, and conclusive on all parties.

ARTICLE 10

EFFECTIVE AND EXPIRATION DATE

10.1 Effective Date. The Plan is effective as of the date the Plan is approved by the Company's shareholders in accordance with the applicable provisions of the Company's Memorandum of Association and Articles of Association (the "***Effective Date***").

10.2 Expiration Date. The Plan will expire on, and no Award may be granted pursuant to the Plan after, the tenth anniversary of the Effective Date. Any Awards that are outstanding on the tenth anniversary of the Effective Date shall remain in force according to the terms of the Plan and the applicable Award Agreement.

ARTICLE 11

AMENDMENT, MODIFICATION, AND TERMINATION

11.1 Amendment, Modification, And Termination. With the approval of the Board, at any time and from time to time, the Committee may terminate, amend or modify the Plan; *provided*, *however*, that (a) to the extent necessary and desirable to comply with Applicable Laws, the Company shall obtain shareholder approval of any Plan amendment in such a manner and to such a degree as required, unless the Company decides to follow home country practice as permitted under applicable stock exchange rules, and (b) unless the Company decides to follow home country practice as permitted under applicable stock exchange rules, shareholder approval is required for any amendment to the Plan that (i) increases the number of Shares available under the Plan (other than any adjustment as provided by Article 8), (ii) permits the Committee to extend the term of the Plan or the exercise period for an Option beyond ten years from the date of grant, or (iii) results in a material increase in benefits or a change in eligibility requirements.

11.2 Awards Previously Granted. Except with respect to amendments made pursuant to Section 11.1, no termination, amendment, or modification of the Plan shall adversely affect in any material way any Award previously granted pursuant to the Plan without the prior written consent of the Participant.

ARTICLE 12

GENERAL PROVISIONS

12.1 No Rights to Awards. No Participant, employee, or other person shall have any claim to be granted any Award pursuant to the Plan, and neither the Company nor the Committee is obligated to treat Participants, employees, and other persons uniformly.

12.2 No Shareholders Rights. No Award gives the Participant any of the rights of a Shareholder of the Company unless and until Shares are in fact issued to such person in connection with such Award.

12.3 Taxes. No Shares shall be delivered under the Plan to any Participant until such Participant has made arrangements acceptable to the Committee for the satisfaction of any income and employment tax withholding obligations under Applicable Laws. The Company or any Subsidiary shall have the authority and the right to deduct or withhold, or require a Participant to remit to the Company, an amount sufficient to satisfy all applicable taxes (including the Participant's payroll tax obligations) required or permitted by law to be withheld with respect to any taxable event concerning a Participant arising as a result of this Plan. The Committee may in its discretion and in satisfaction of the foregoing requirement allow a Participant to elect to have the Company withhold Shares otherwise issuable under an Award (or allow the return of Shares) having a Fair Market Value equal to the sums required to be withheld. Notwithstanding any other provision of the Plan, the number of Shares which may be withheld with respect to the issuance, vesting, exercise or payment of any Award (or which may be repurchased from the Participant of such Award after such Shares were acquired by the Participant from the Company) in order to satisfy the Participant's income and payroll tax liabilities with respect to the issuance, vesting, exercise or payment of the Award shall, unless specifically approved by the Committee, be limited to the number of Shares which have a Fair Market Value on the date of withholding or repurchase equal to the aggregate amount of such liabilities based on the minimum statutory withholding rates for income tax and payroll tax purposes that are applicable to such supplemental taxable income.

12.4 No Right to Employment or Services. Nothing in the Plan or any Award Agreement shall interfere with or limit in any way the right of the Service Recipient to terminate any Participant's employment or services at any time, nor confer upon any Participant any right to continue in the employment or service of any Service Recipient.

12.5 Unfunded Status of Awards. The Plan is intended to be an "unfunded" plan for incentive compensation. With respect to any payments not yet made to a Participant pursuant to an Award, nothing contained in the Plan or any Award Agreement shall give the Participant any rights that are greater than those of a general creditor of the Company or any Subsidiary. may be imposed upon or reasonably incurred by such member in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action or failure to act pursuant to the Plan and against and from any and all amounts paid by him or her in satisfaction of judgment in such action, suit, or proceeding against him or her; *provided* that he or she gives the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled pursuant to the Company's Memorandum of Association and Articles of Association, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

12.6 Relationship to other Benefits. No payment pursuant to the Plan shall be taken into account in determining any benefits pursuant to any pension, retirement, savings, profit sharing, group insurance, welfare or other benefit plan of the Company or any Subsidiary except to the extent otherwise expressly provided in writing in such other plan or an agreement thereunder.

12.7 Non-competition & No Solicitation. During the term of the employment of an Employee with the Company and within 2 years after the termination of the employment, the Employee shall not engage in any business that competes with or is similar to any of the Company's business and the employee shall not solicit any employee of the Company and its subsidiaries and affiliates after the termination of the employment with the Company. In case the employee violate the duty of non-compete and no solicitation under this clause, the employee shall return all of his or her economic interest under any Award to the Company immediately including, but not limited to, that any Award that has been vested and unvested shall be revoked or voided immediately.

12.8 Expenses. The expenses of administering the Plan shall be borne by the Company and its Subsidiaries.

12.9 Titles and Headings. The titles and headings of the Sections in the Plan are for convenience of reference only and, in the event of any conflict, the text of the Plan, rather than such titles or headings, shall control.

12.10 Fractional Shares. No fractional shares of a Share shall be issued and the Committee shall determine, in its discretion, whether cash shall be given in lieu of fractional shares or whether such fractional shares shall be eliminated by rounding up or down as appropriate.

12.11 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan, the Plan, and any Award granted or awarded to any Participant who is then subject to Section 16 of the Exchange Act, shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by Applicable Laws, the Plan and Awards granted or awarded hereunder shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

12.12 Government and Other Regulations. The obligation of the Company to make payment of awards in Shares or otherwise shall be subject to all Applicable Laws and to such approvals by government agencies as may be required. The Company shall be under no obligation to register any of the Shares paid pursuant to the Plan under the Securities Act or any other similar law in any applicable jurisdiction. If the Shares paid pursuant to the Plan may in certain circumstances be exempt from registration pursuant to the Securities Act or other Applicable Laws, the Company may restrict the transfer of such shares in such manner as it deems advisable to ensure the availability of any such exemption.

12.13 Governing Law; Dispute Resolution. The Plan and all Award Agreements shall be construed in accordance with and governed by the laws of the Cayman Islands. Any dispute, controversy or claim arising out of or relating to the Plan and all Award Agreements, or the breach, termination or invalidity thereof, shall be settled by arbitration in accordance with the UNCITRAL Arbitration Rules as at present in force and as may be amended by the rest of this Section 12.13. The appointing authority shall be Hong Kong International Arbitration Centre. The place of arbitration shall be in Hong Kong at Hong Kong International Arbitration Centre. There shall be only one arbitrator. The language to be used in the arbitral proceedings shall be English.

12.14 Section 409A of the Code. To the extent that the Committee determines that any Award granted under the Plan is or may become subject to Section 409A of the Code, the Award Agreement evidencing such Award shall incorporate the terms and conditions required by Section 409A of the Code. To the extent applicable, the Plan and the Award Agreements shall be interpreted in accordance with Section 409A of the Code and the U.S. Department of Treasury regulations and other interpretative guidance issued thereunder, including without limitation any such regulation or other guidance that may be issued after the Effective Date. Notwithstanding any provision of the Plan to the contrary, in the event that following the Effective Date the Committee determines that any Award may be subject to Section 409A of the Code and related Department of Treasury guidance (including such Department of Treasury guidance as may be issued after the Effective Date), the Committee may adopt such amendments to the Plan and the applicable Award agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Committee determines are necessary or appropriate to (a) exempt the Award from Section 409A of the Code and /or preserve the intended tax treatment of the benefits provided with respect to the Award, or (b) comply with the requirements of Section 409A of the Code and related U.S. Department of Treasury guidance.

12.15 Appendices. The Committee may approve such supplements, amendments or appendices to the Plan as it may consider necessary or appropriate for purposes of compliance with Applicable Laws or otherwise and such supplements, amendments or appendices shall be considered a part of the Plan; *provided*, *however*, that no such supplements shall increase the share limitations contained in Section 3.1 of the Plan.

Exhibit 10.3

INDEMNIFICATION AGREEMENT

THIS INDEMNIFICATION AGREEMENT (this "Agreement") is made as of , by and between EHang Holdings Limited, an exempted company with limited liability incorporated and existing under the laws of the Cayman Islands (the "Company"), and ([Passport/ID] Number) (the "Indemnitee").

WHEREAS, the Indemnitee has agreed to serve as a director or executive officer of the Company and in such capacity will render valuable services to the Company; and

WHEREAS, in order to induce and encourage highly experienced and capable persons such as the Indemnitee to render valuable services to the Company, the board of directors of the Company (the "Board of Directors") has determined that this Agreement is not only reasonable and prudent, but necessary to promote and ensure the best interests of the Company and its shareholders;

NOW, THEREFORE, in consideration of the premises and mutual agreements hereinafter set forth, and other good and valuable consideration, including, without limitation, the service of the Indemnitee, the receipt of which hereby is acknowledged, and in order to induce the Indemnitee to render valuable services the Company, the Company and the Indemnitee hereby agree as follows:

1. Definitions. As used in this Agreement:

(a) "Change in Control" shall mean a change in control of the Company of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or in response to any similar item on any similar or successor schedule or form) promulgated under the United States Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder (collectively, the "Act"), whether or not the Company is then subject to such reporting requirement; provided, however, that, without limitation, such a Change in Control shall be deemed to have occurred (irrespective of the applicability of the initial clause of this definition) if (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Act, but excluding any trustee or other fiduciary holding securities pursuant to an employee benefit or welfare plan or employee share plan of the Company or any subsidiary or affiliate of the Company, or any entity organized, appointed, established or holding securities of the Company with voting power for or pursuant to the terms of any such plan) becomes the "beneficial owner" (as defined in Rule 13d-3 under the Act), directly or indirectly, of securities of the Company representing 30% or more of the combined voting power of the Company's then outstanding securities without the prior approval of at least two-thirds of the Continuing Directors (as defined below) in office immediately prior to such person's attaining such interest; (ii) the Company is a party to a merger, consolidation, scheme of arrangement, sale of assets or other reorganization, or a proxy contest, as a consequence of which Continuing Directors in office immediately prior to such transaction or event constitute less than a majority of the Board of Directors of the Company (or any successor entity) thereafter; or (iii) during any period of two (2) consecutive years, Continuing Directors cease for any reason to constitute at least a majority of the Board of Directors of the Company.

(b) "Continuing Director" shall mean an individual (i) who served on the Board of Directors of the Company at the effective date of the Company's registration statement on Form F-1 relating to the Company's initial public offering; or (ii) whose election or nomination for election by the Company's shareholders was approved by a vote of at least two-thirds of the Continuing Directors then in office.

(c) "Disinterested Director" with respect to any request by the Indemnitee for indemnification or advancement of expenses hereunder shall mean a director of the Company who neither is nor was a party to the Proceeding (as defined below) in respect of which indemnification or advancement is being sought by the Indemnitee.

(d) The term "Expenses" shall mean, without limitation, expenses of Proceedings, including attorneys' fees, disbursements and retainers, accounting and witness fees, expenses related to preparation for service as a witness and to service as a witness, travel and deposition costs, expenses of investigations, judicial or administrative proceedings and appeals, amounts paid in settlement of a Proceeding by or on behalf of the Indemnitee, costs of attachment or similar bonds, any expenses of attempting to establish or establishing a right to indemnification or advancement of expenses, under this Agreement, the Company's Memorandum of Association and Articles of Association as currently in effect (the "Articles"), applicable law or otherwise, and reasonable compensation for time spent by the Indemnitee in connection with the investigation, defense or appeal of a Proceeding or action for indemnification for which the Indemnitee is not otherwise compensated by the Company or any third party. The term "Expenses" shall not include the amount of judgments, fines, interest or penalties, which are actually levied against or sustained by the Indemnitee to the extent sustained after final adjudication.

(e) The term "Independent Legal Counsel" shall mean any firm of attorneys reasonably selected by the Board of Directors of the Company, so long as such firm has not represented the Company, the Company's subsidiaries or affiliates, the Indemnitee, any entity controlled by the Indemnitee, or any party adverse to the Company, within the preceding five (5) years. Notwithstanding the foregoing, the term "Independent Legal Counsel" shall not include any person who, under applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or the Indemnitee in an action to determine the Indemnitee's right to indemnification or advancement of expenses under this Agreement, the Company's Articles, applicable law or otherwise.

(f) The term "Proceeding" shall mean any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, or other proceeding (including, without limitation, an appeal therefrom), formal or informal, whether brought in the name of the Company or otherwise, whether of a civil, criminal, administrative or investigative nature, and whether by, in or involving a court or an administrative, other governmental or private entity or body (including, without limitation, an investigation by the Company or its Board of Directors), by reason of (i) the fact that the Indemnitee is or was a director or officer of the Company, or is or was serving at the request of the Company as an agent of another enterprise, whether or not the Indemnitee is serving in such capacity at the time any liability or expense is incurred for which indemnification or reimbursement is to be provided under this Agreement, (ii) any actual or alleged act or omission or neglect or breach of duty, including, without limitation, any actual or alleged error or misstatement or misleading statement, which the Indemnitee commits or suffers while acting in any such capacity, or (iii) the Indemnitee attempting to establish or establishing a right to indemnification or advancement of expenses pursuant to this Agreement, the Company's Articles, applicable law or otherwise.

(g) The phrase "serving at the request of the Company as an agent of another enterprise" or any similar terminology shall mean, unless the context otherwise requires, serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, limited liability company, trust, employee benefit or welfare plan or other enterprise, foreign or domestic. The phrase "serving at the request of the Company" shall include, without limitation, any service as a director/an executive officer of the Company which imposes duties on, or involves services by, such director/executive officer with respect to the Company or any of the Company's subsidiaries, affiliates, employee benefit or welfare plans, such plan's participants or beneficiaries or any other enterprise, foreign or domestic. In the event that the Indemnitee shall be a director, officer, employee or agent of another corporation, partnership, joint venture, limited liability company, trust, employee benefit or welfare plan or other enterprise, foreign or domestic, 50% or more of the ordinary shares, combined voting power or total equity interest of which is owned by the Company or any subsidiary or affiliate thereof, then it shall be presumed conclusively that the Indemnitee is so acting at the request of the Company.

2. Services by the Indemnitee. The Indemnitee agrees to serve as a director or officer of the Company under the terms of the Indemnitee's agreement with the Company for so long as the Indemnitee is duly elected or appointed or until such time as the Indemnitee tenders a resignation in writing or is removed from the Indemnitee's position; provided, however, that the Indemnitee may at any time and for any reason resign from such position (subject to any other contractual obligation or other obligation imposed by operation of law).

3. Proceedings by or in the Right of the Company. The Company shall indemnify the Indemnitee if the Indemnitee is a party to or threatened to be made a party to or is otherwise involved in any Proceeding by or in the right of the Company to procure a judgment in its favor by reason of the fact that the Indemnitee is or was a director or officer of the Company, or is or was serving at the request of the Company as an agent of another enterprise, against all Expenses, judgments, fines, interest or penalties, which are actually and reasonably incurred by the Indemnitee in connection with the defense or settlement of such a Proceeding, if the Indemnitee acted in good faith and in a manner the Indemnitee reasonably believed to be in, or not opposed to, the best interests of the Company; except that no indemnification under this section shall be made in respect of any claim, issue or matter as to which such person shall have been adjudicated by final judgment by a court of competent jurisdiction to be liable to the Company for willful misconduct in the performance of his/her duty to the Company, unless and only to the extent that the court in which such Proceeding was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such amounts which such other court shall deem proper.

4. Proceeding Other Than a Proceeding by or in the Right of the Company. The Company shall indemnify the Indemnitee if the Indemnitee is a party to or threatened to be made a party to or is otherwise involved in any Proceeding (other than a Proceeding by or in the right of the Company) by reason of the fact that the Indemnitee is or was a director or officer of the Company, or is or was serving at the request of the Company as an agent of another enterprise, against all Expenses, judgments, fines, interest or penalties, which are actually and reasonably incurred by the Indemnitee in connection with such a Proceeding, to the fullest extent permitted by applicable law; provided, however, that any settlement of a Proceeding must be approved in advance in writing by the Company (which approval shall not be unreasonably withheld).

5. Indemnification for Costs, Charges and Expenses of Witness or Successful Party. Notwithstanding any other provision of this Agreement (except as set forth in subparagraph 9(a) hereof), and without a requirement for determination as required by Paragraph 8 hereof, to the extent that the Indemnitee (a) has prepared to serve or has served as a witness in any Proceeding in any way relating to (i) the Company or any of the Company's subsidiaries, affiliates, employee benefit or welfare plans or such plan's participants or beneficiaries or (ii) anything done or not done by the Indemnitee as a director or officer of the Company or in connection with serving at the request of the Company as an agent of another enterprise, or (b) has been successful in defense of any Proceeding or in defense of any claim, issue or matter therein, on the merits or otherwise, including the dismissal of a Proceeding without prejudice or the settlement of a Proceeding without an admission of liability, the Indemnitee shall be indemnified against all Expenses actually and reasonably incurred by the Indemnitee in connection therewith to the fullest extent permitted by applicable law.

6. Partial Indemnification. If the Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for a portion of the Expenses, judgments, fines, interest or penalties, which are actually and reasonably incurred by the Indemnitee in the investigation, defense, appeal or settlement of any Proceeding, but not, however, for the total amount of the Indemnitee's Expenses, judgments, fines, interest or penalties, then the Company shall nevertheless indemnify the Indemnitee for the portion of such Expenses, judgments, fines, interest or penalties to which the Indemnitee is entitled.

7. Advancement of Expenses. The Expenses incurred by the Indemnitee in any Proceeding shall be paid promptly by the Company in advance of the final disposition of the Proceeding at the written request of the Indemnitee, to the fullest extent permitted by applicable law; provided, however, that the Indemnitee shall set forth in such request reasonable evidence that such Expenses have been incurred by the Indemnitee in connection with such Proceeding, a statement that such Expenses do not relate to any matter described in subparagraph 9(a) of this Agreement, and an undertaking in writing to repay any advances if it is ultimately determined as provided in subparagraph 8(b) of this Agreement that the Indemnitee is not entitled to indemnification under this Agreement.

8. Indemnification Procedure; Determination of Right to Indemnification.

(a) Promptly after receipt by the Indemnitee of notice of the commencement of any Proceeding, the Indemnitee shall, if a claim for indemnification or advancement of Expenses in respect thereof is to be made against the Company under this Agreement, notify the Company of the commencement thereof in writing. The failure and delay to so notify the Company will not relieve the Company from any liability which the Company may have to the Indemnitee under this Agreement unless the Company shall have lost significant substantive or procedural rights with respect to the defense of any Proceeding as a result of such omission to so notify.

(b) The Indemnitee shall be conclusively presumed to have met the relevant standards of conduct, if any, as defined by applicable law, for indemnification pursuant to this Agreement and shall be absolutely entitled to such indemnification, unless a determination is made that the Indemnitee has not met such standards by (i) the Board of Directors by a majority vote of a quorum thereof consisting of Disinterested Directors, (ii) the shareholders of the Company by majority vote of a quorum thereof consisting of shareholders who are not parties to the Proceeding due to which a claim for indemnification is made under this Agreement, (iii) Independent Legal Counsel as set forth in a written opinion (it being understood that such Independent Legal Counsel shall make such determination only if the quorum of Disinterested Directors referred to in clause (i) of this subparagraph 8(b) is not obtainable or if the Board of Directors of the Company by a majority vote of a quorum thereof consisting of Disinterested Directors so directs), or (iv) a court of competent jurisdiction; provided, however, that if a Change in Control shall have occurred and the Indemnitee so requests in writing, such determination shall be made only by a court of competent jurisdiction.

(c) If a claim for indemnification or advancement of Expenses under this Agreement is not paid by the Company within thirty (30) days after receipt by the Company of written notice thereof, the rights provided by this Agreement shall be enforceable by the Indemnitee in any court of competent jurisdiction. Such judicial proceeding shall be made de novo. The burden of proving that indemnification or advances are not appropriate shall be on the Company. Neither the failure of the directors or shareholders of the Company or Independent Legal Counsel to have made a determination prior to the commencement of such action that indemnification or advancement of Expenses is proper in the circumstances because the Indemnitee has met the applicable standard of conduct, if any, nor an actual determination by the directors or shareholders of the Company or Independent Legal Counsel that the Indemnitee has not met the applicable standard of conduct shall be a defense to an action by the Indemnitee or create a presumption for the purpose of such an action that the Indemnitee has not met the applicable standard of conduct. The termination of any Proceeding by judgment, order, settlement or conviction, or upon a plea of *nolo contendere* or its equivalent, shall not, of itself (i) create a presumption that the Indemnitee did not act in good faith and in a manner which he reasonably believed to be in the best interests of the Company and/or its shareholders, and, with respect to any criminal Proceeding, that the Indemnitee had reasonable cause to believe that his conduct was unlawful or (ii) otherwise adversely affect the rights of the Indemnitee to indemnification or advancement of Expenses under this Agreement, except as may be provided herein.

(d) If a court of competent jurisdiction shall determine that the Indemnitee is entitled to any indemnification or advancement of Expenses hereunder, the Company shall pay all Expenses actually and reasonably incurred by the Indemnitee in connection with such adjudication (including, but not limited to, any appellate proceedings).

(e) With respect to any Proceeding for which indemnification or advancement of Expenses is requested, the Company will be entitled to participate therein at its own expense and, except as otherwise provided below, to the extent that it may wish, the Company may assume the defense thereof, with counsel reasonably satisfactory to the Indemnitee. After notice from the Company to the Indemnitee of its election to assume the defense of a Proceeding, the Company will not be liable to the Indemnitee under this Agreement for any Expenses subsequently incurred by the Indemnitee in connection with the defense thereof, other than as provided below. The Company shall not settle any Proceeding in any manner which would impose any penalty or limitation on the Indemnitee without the Indemnitee's written consent. The Indemnitee shall have the right to employ his/her own counsel in any Proceeding, but the fees and expenses of such counsel incurred after notice from the Company of its assumption of the defense of the Proceeding shall be at the expense of the Indemnitee, unless (i) the employment of counsel by the Indemnitee has been authorized by the Company, (ii) the Indemnitee shall have reasonably concluded that there may be a conflict of interest between the Company and the Indemnitee in the conduct of the defense of a Proceeding, or (iii) the Company shall not in fact have employed counsel to assume the defense of a proceeding, in each of which cases the fees and expenses of the Indemnitee's counsel shall be advanced by the Company. The Company shall not be entitled to assume the defense of any Proceeding brought by or on behalf of the Company or as to which the Indemnitee has reasonably concluded that there may be a conflict of interest between the Company and the Indemnitee.

9. Limitations on Indemnification. No payments pursuant to this Agreement shall be made by the Company:

(a) To indemnify or advance funds to the Indemnitee for Expenses with respect to (i) Proceedings initiated or brought voluntarily by the Indemnitee and not by way of defense, except with respect to Proceedings brought to establish or enforce a right to indemnification under this Agreement or any other statute or law or otherwise as required under applicable law or (ii) Expenses incurred by the Indemnitee in connection with preparing to serve or serving as a witness in cooperation with any party or entity who or which has threatened or commenced any action or proceeding against the Company, or any director, officer, employee, trustee, agent, representative, subsidiary, parent corporation or affiliate of the Company, but such indemnification or advancement of Expenses in each such case may be provided by the Company if the Board of Directors finds it to be appropriate;

(b) To indemnify the Indemnitee for any Expenses, judgments, fines, interest or penalties sustained in any Proceeding for which payment is actually made to the Indemnitee under a valid and collectible insurance policy, except in respect of any excess beyond the amount of payment under such insurance;

(c) To indemnify the Indemnitee for any Expenses, judgments, fines, interest or penalties sustained in any Proceeding for an accounting of profits made from the purchase or sale by the Indemnitee of securities of the Company pursuant to the provisions of Section 16(b) of the Act or similar provisions of any foreign or United States federal, state or local statute or regulation;

(d) To indemnify the Indemnitee for any Expenses, judgments, fines, interest or penalties for which the Indemnitee is indemnified by the Company otherwise than pursuant to this Agreement;

(e) To indemnify the Indemnitee for any Expenses (including without limitation any Expenses relating to a Proceeding attempting to enforce this Agreement), judgments, fines, interest or penalties on account of the Indemnitee's conduct if such conduct shall be finally adjudged to have been knowingly fraudulent or deliberately dishonest or to have constituted willful misconduct, including, without limitation, breach of the duty of loyalty; or

(f) If a court of competent jurisdiction finally determines that any indemnification hereunder is unlawful. In this respect, the Company and the Indemnitee have been advised that the Securities and Exchange Commission takes the position that indemnification for liabilities arising under securities laws is against public policy and is, therefore, unenforceable;

(g) To indemnify the Indemnitee in connection with Indemnitee's personal tax matter; or

(h) To indemnify the Indemnitee with respect to any claim related to any dispute or breach arising under any contract or similar obligation between the Company or any of its subsidiaries or affiliates and such Indemnitee.

10. Continuation of Indemnification. All agreements and obligations of the Company contained herein shall continue during the period that the Indemnitee is a director or officer of the Company (or is or was serving at the request of the Company as an agent of another enterprise, foreign or domestic) and shall continue thereafter so long as the Indemnitee shall be subject to any possible Proceeding by reason of the fact that the Indemnitee was a director or officer of the Company or serving in any other capacity referred to in this Paragraph 10.

11. Indemnification Hereunder Not Exclusive. The indemnification provided by this Agreement shall not be deemed to be exclusive of any other rights to which the Indemnitee may be entitled under the Company's Articles, any agreement, vote of shareholders or vote of Disinterested Directors, provisions of applicable law, or otherwise, both as to action or omission in the Indemnitee's official capacity and as to action or omission in another capacity on behalf of the Company while holding such office.

12. Successors and Assigns.

(a) This Agreement shall be binding upon the Indemnitee, and shall inure to the benefit of, the Indemnitee and the Indemnitee's heirs, executors, administrators and assigns, whether or not the Indemnitee has ceased to be a director or officer, and the Company and its successors and assigns. Upon the sale of all or substantially all of the business, assets or share capital of the Company to, or upon the merger of the Company into or with, any corporation, partnership, joint venture, trust or other person, this Agreement shall inure to the benefit of and be binding upon both the Indemnitee and such purchaser or successor person. Subject to the foregoing, this Agreement may not be assigned by either party without the prior written consent of the other party hereto.

(b) If the Indemnitee is deceased and is entitled to indemnification under any provision of this Agreement, the Company shall indemnify the Indemnitee's estate and the Indemnitee's spouse, heirs, executors, administrators and assigns against, and the Company shall, and does hereby agree to assume, any and all Expenses actually and reasonably incurred by or for the Indemnitee or the Indemnitee's estate, in connection with the investigation, defense, appeal or settlement of any Proceeding. Further, when requested in writing by the spouse of the Indemnitee, and/or the Indemnitee's heirs, executors, administrators and assigns, the Company shall provide appropriate evidence of the Company's agreement set out herein to indemnify the Indemnitee against and to itself assume such Expenses.

13. Subrogation. In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of the Indemnitee, who shall execute all documents required and shall do all acts that may be necessary to secure such rights and to enable the Company effectively to bring suit to enforce such rights.

14. Severability. Each and every paragraph, sentence, term and provision of this Agreement is separate and distinct so that if any paragraph, sentence, term or provision thereof shall be held to be invalid, unlawful or unenforceable for any reason, such invalidity, unlawfulness or unenforceability shall not affect the validity, unlawfulness or enforceability of any other paragraph, sentence, term or provision hereof. To the extent required, any paragraph, sentence, term or provision of this Agreement may be modified by a court of competent jurisdiction to preserve its validity and to provide the Indemnitee with the broadest possible indemnification permitted under applicable law. The Company's inability, pursuant to a court order or decision, to perform its obligations under this Agreement shall not constitute a breach of this Agreement.

15. Savings Clause. If this Agreement or any paragraph, sentence, term or provision hereof is invalidated on any ground by any court of competent jurisdiction, the Company shall nevertheless indemnify the Indemnitee as to any Expenses, judgments, fines, interest or penalties, which are incurred with respect to any Proceeding to the fullest extent permitted by any (a) applicable paragraph, sentence, term or provision of this Agreement that has not been invalidated or (b) applicable law.

16. Interpretation; Governing Law. This Agreement shall be construed as a whole and in accordance with its fair meaning and any ambiguities shall not be construed for or against either party. Headings are for convenience only and shall not be used in construing meaning. This Agreement shall be governed and interpreted in accordance with the laws of the State of New York.

17. Amendments. No amendment, waiver, modification, termination or cancellation of this Agreement shall be effective unless in writing signed by the party against whom enforcement is sought. The indemnification rights afforded to the Indemnitee hereby are contract rights and may not be diminished, eliminated or otherwise affected by amendments to the Company's Articles, or by other agreements, including directors' and officers' liability insurance policies, of the Company.

18. Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each party and delivered to the other.

19. Notices. Any notice required to be given under this Agreement shall be directed to the Company at Building C, Yixiang Technology Park, No. 72 Nanxiang Second Road, Huangpu District, Guangzhou 510700, People's Republic of China, and to the Indemnitee at or to such other address as either shall designate to the other in writing.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the parties have executed this Indemnification Agreement as of the date first written above.

INDEMNITEE

_____
Name:

EHang Holdings Limited

By: _____
Name:
Title:

[*Signature Page to Indemnification Agreement*]

Exhibit 10.4

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (the "**Agreement**") is entered into as of , 20 by and between EHang Holdings Limited, an exempted company incorporated and existing under the laws of the Cayman Islands (the "**Company**") and , an individual with [passport/ID number] (the "**Executive**").

RECITALS

WHEREAS, the Company desires to employ the Executive and to assure itself of the services of the Executive during the term of Employment (as defined below) and under the terms and conditions of the Agreement;

WHEREAS, the Executive desires to be employed by the Company during the term of Employment and under the terms and conditions of the Agreement;

AGREEMENT

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein contained, the Company and the Executive agree as follows:

1. EMPLOYMENT

The Company hereby agrees to employ the Executive and the Executive hereby accepts such employment, on the terms and conditions hereinafter set forth (the "**Employment**").

2. TERM

Subject to the terms and conditions of the Agreement, the initial term of the Employment shall be years, commencing on , 20 (the "**Effective Date**") and ending on , 20 (the "**Initial Term**"), unless terminated earlier pursuant to the terms of the Agreement. Upon expiration of the Initial Term of the Employment, the Employment shall be automatically extended for successive periods of months each (each, an "**Extension Period**") unless either party shall have given 90 days advance written notice to the other party, in the manner set forth in Section 19 below, prior to the end of the Extension Period in question, that the term of this Agreement that is in effect at the time such written notice is given is not to be extended or further extended, as the case may be (the period during which this Agreement is effective being referred to hereafter as the "**Term**").

3. POSITION AND DUTIES

(a) During the Term, the Executive shall serve as of the Company or in such other position or positions with a level of duties and responsibilities consistent with the foregoing with the Company and/or its subsidiaries and affiliated entities as the board of directors of the Company (the "**Board**") may specify from time to time and shall have the duties, responsibilities and obligations customarily assigned to individuals serving in the position or positions in which the Executive serves hereunder and as assigned by the Board, or with the Board's authorization, by the Company's Chief Executive Officer.

(b) The Executive agrees to serve without additional compensation, if elected or appointed thereto, as a director of the Company or any subsidiaries or affiliated entities of the Company (collectively, the "**Group**") and as a member of any committees of the board of directors of any such entity, provided that the Executive is indemnified for serving in any and all such capacities on a basis no less favorable than is currently provided to any other director of any member of the Group.

(c) The Executive agrees to devote all of his/her working time and efforts to the performance of his/her duties for the Company and to faithfully and diligently serve the Company in accordance with the Agreement and the guidelines, policies and procedures of the Company approved from time to time by the Board.

4. NO BREACH OF CONTRACT

The Executive hereby represents to the Company that: (i) the execution and delivery of the Agreement by the Executive and the performance by the Executive of the Executive's duties hereunder shall not constitute a breach of, or otherwise contravene, the terms of any other agreement or policy to which the Executive is a party or by which the Executive is otherwise bound, except that the Executive does not make any representation with respect to agreements required to be entered into by and between the Executive and any member of the Group pursuant to the applicable law of the jurisdiction in which the Executive is based, if any; (ii) that the Executive is not in possession of any information (including, without limitation, confidential information and trade secrets) the knowledge of which would prevent the Executive from freely entering into the Agreement and carrying out his/her duties hereunder; and (iii) that the Executive is not bound by any confidentiality, trade secret or similar agreement with any person or entity other than any member of the Group.

5. LOCATION

The Executive will be based in or any other location as requested by the Company during the Term.

6. COMPENSATION AND BENEFITS

(a) Cash Compensation. As compensation for the performance by the Executive of his/her obligations hereunder, during the Term, the Company shall pay the Executive cash compensation pursuant to Schedule A hereto, subject to annual review and adjustment by the Board or any committee designated by the Board.

(b) Equity Incentives. During the Term, the Executive shall be eligible to participate, pursuant to Schedule B hereto, in such long-term compensation arrangements as may be authorized from time to time by the Board, including any share incentive plan the Company may adopt from time to time in its sole discretion.

(c) Benefits. During the Term, the Executive shall be entitled to participate in all of the employee benefit plans and arrangements made available by the Company to its similarly situated executives, including, but not limited to, any retirement plan, medical insurance plan and travel/holiday policy, subject to and on a basis consistent with the terms, conditions and overall administration of such plans and arrangements.

7. TERMINATION OF THE AGREEMENT

The Employment may be terminated as follows:

(a) Death. The Employment shall terminate upon the Executive's death.

(b) Disability. The Employment shall terminate if the Executive has a disability, including any physical or mental impairment which, as reasonably determined by the Board, renders the Executive unable to perform the essential functions of his/her position at the Company, even with reasonable accommodation that does not impose an undue burden on the Company, for more than 180 days in any 12-month period, unless a longer period is required by applicable law, in which case that longer period shall apply.

(c) Cause. The Company may terminate the Executive's employment hereunder for Cause. The occurrence of any of the following, as reasonably determined by the Company, shall be a reason for Cause, provided that, if the Company determines that the circumstances constituting Cause are curable, then such circumstances shall not constitute Cause unless and until the Executive has been informed by the Company of the existence of Cause and given an opportunity of ten business days to cure, and such Cause remains uncured at the end of such ten-day period:

(1) continued failure by the Executive to satisfactorily perform his/her duties;

(2) willful misconduct or gross negligence by the Executive in the performance of his/her duties hereunder, including insubordination;

(3) the Executive's conviction or entry of a guilty or *nolo contendere* plea of any felony or any misdemeanor involving moral turpitude;

(4) the Executive's commission of any act involving dishonesty that results in material financial, reputational or other harm, monetary or otherwise, to any member of the Group, including but not limited to an act constituting misappropriation or embezzlement of the property of any member of the Group as determined in good faith by the Board; or

(5) any material breach by the Executive of this Agreement.

(d) Good Reason. The Executive may terminate his/her employment hereunder for "Good Reason" upon the occurrence, without the written consent of the Executive, of an event constituting a material breach of this Agreement by the Company that has not been fully cured within ten business days after written notice thereof has been given by the Executive to the Company setting forth in sufficient detail the conduct or activities the Executive believes constitute grounds for Good Reason, including but not limited to: the failure by the Company to pay to the Executive any portion of the Executive's current compensation or to pay to the Executive any portion of an installment of deferred compensation under any deferred compensation program of the Company, within twenty business days of the date such compensation is due.

(e) Without Cause by the Company; Without Good Reason by the Executive. The Company may terminate the Executive's employment hereunder at any time without Cause upon 90-day prior written notice to the Executive. The Executive may terminate the Executive's employment voluntarily for any reason or no reason at any time by giving 90-day prior written notice to the Company.

(f) Notice of Termination. Any termination of the Executive's employment under the Agreement shall be communicated by written notice of termination ("**Notice of Termination**") from the terminating party to the other party. The notice of termination shall indicate the specific provision(s) of the Agreement relied upon in effecting the termination.

(g) Date of Termination. The "**Date of Termination**" shall mean (i) the date specified in the Notice of Termination, or (ii) if the Executive's employment is terminated by the Executive's death, the date of his/her death.

(h) Compensation upon Termination.

(1) Death. If the Executive's employment is terminated by reason of the Executive's death, the Company shall have no further obligations to the Executive under this Agreement and the Executive's benefits shall be determined under the Company's retirement, insurance and other benefit and compensation plans or programs then in effect in accordance with the terms of such plans and programs.

(2) By Company without Cause or by the Executive for Good Reason. If the Executive's employment is terminated by the Company other than for Cause or by the Executive for Good Reason, the Company shall (i) continue to pay and otherwise provide to the Executive, during a 90-day notice period, all compensation, base salary and earned but unpaid equity incentive compensation, if any, and shall continue to allow the Executive to participate in any benefit plans in accordance with the terms of such plans during such notice period; or (ii) if the Company elects to dismiss the Executive without any notice period, pay and otherwise provide to the Executive all compensation, base salary and earned but unpaid equity incentive compensation, if any, to which the Executive would have been entitled had his or her employment had continued for 90 days. In addition, the Company and the Executive may enter into a severance payment arrangement in an amount equivalent to a 90-day compensation comprising of cash compensation and equity incentive compensation.

(3) By Company for Cause or by the Executive other than for Good Reason. If the Executive's employment shall be terminated by the Company for Cause or by the Executive other than for Good Reason, the Company shall pay the Executive his/her base salary at the rate in effect at the time Notice of Termination is given through the Date of Termination, and the Company shall have no additional obligations to the Executive under this Agreement.

(i) Return of Company Property. The Executive agrees that following the termination of the Executive's employment for any reason, or at any time prior to the Executive's termination upon the request of the Company, he/she shall return all property of the Group that is then in or thereafter comes into his/her possession, including, but not limited to, any Confidential Information (as defined below) or Intellectual Property (as defined below), or any other documents, contracts, agreements, plans, photographs, projections, books, notes, records, electronically stored data and all copies, excerpts or summaries of the foregoing, as well as any automobile or other materials or equipment supplied by the Group to the Executive, if any.

(j) Requirement for a Release. Notwithstanding the foregoing, the Company's obligations to pay or provide any benefits shall (1) cease as of the date the Executive breaches any of the provisions of Sections 8, 9 and 11 hereof, and (2) be conditioned on the Executive signing the Company's customary release of claims in favor of the Group and the expiration of any revocation period provided for in such release.

8. CONFIDENTIALITY AND NONDISCLOSURE

(a) Confidentiality and Non-Disclosure.

(1) The Executive acknowledges and agrees that: (A) the Executive holds a position of trust and confidence with the Company and that his/her employment by the Company will require that the Executive have access to and knowledge of valuable and sensitive information, material, and devices relating to the Company and/or its business, activities, products, services, customers and vendors, including, but not limited to, the following, regardless of the form in which the same is accessed, maintained or stored: the identity of the Company's actual and prospective customers and, as applicable, their representatives; prior, current or future research or development activities of the Company; the products and services provided or offered by the Company to customers or potential customers and the manner in which such services are performed or to be performed; the product and/or service needs of actual or prospective customers; pricing and cost information; information concerning the development, engineering, design, specifications, acquisition or disposition of products and/or services of the Company; user base personal data, programs, software and source codes, licensing information, personnel information, advertising client information, vendor information, marketing plans and techniques, forecasts, and other trade secrets ("**Confidential Information**"); and (B) the direct and indirect disclosure of any such Confidential Information would place the Company at a competitive disadvantage and would do damage, monetary or otherwise, to the Company's business.

(2) During the Term and two years thereafter, the Executive shall not, directly or indirectly, whether individually, as a director, stockholder, owner, partner, employee, consultant, principal or agent of any business, or in any other capacity, publish or make known, disclose, furnish, reproduce, make available, or utilize any of the Confidential Information without the prior express written approval of the Company, other than in the proper performance of the duties contemplated herein, unless and until such Confidential Information is or shall become general public knowledge through no fault of the Executive.

(3) In the event that the Executive is required by law to disclose any Confidential Information, the Executive agrees to give the Company prompt advance written notice thereof and to provide the Company with reasonable assistance in obtaining an order to protect the Confidential Information from public disclosure.

(4) The failure to mark any Confidential Information as confidential shall not affect its status as Confidential Information under this Agreement.

(b) Third Party Information in the Executive's Possession. The Executive agrees that he/she shall not, during the Term, (i) improperly use or disclose any proprietary information or trade secrets of any former employer or other person or entity with which the Executive has an agreement or duty to keep in confidence information acquired by Executive, if any, or (ii) bring into the premises of Company any document or confidential or proprietary information belonging to such former employer, person or entity unless consented to in writing by such former employer, person or entity. The Executive will indemnify the Company and hold it harmless from and against all claims, liabilities, damages and expenses, including reasonable attorneys' fees and costs of litigation, arising out of or in connection with any violation of the foregoing.

(c) Third Party Information in the Company's Possession. The Executive recognizes that the Company may have received, and in the future may receive, from third parties their confidential or proprietary information subject to a duty on the Company's part to maintain the confidentiality of such information and to use it only for certain limited purposes. The Executive agrees that the Executive owes the Company and such third parties, during the Term and thereafter, a duty to hold all such confidential or proprietary information in strict confidence and not to disclose such information to any person or firm, or otherwise use such information, in a manner inconsistent with the limited purposes permitted by the Company's agreement with such third party.

This Section 8 shall survive the termination of the Agreement for any reason. In the event the Executive breaches this Section 8, the Company shall have right to seek remedies permissible under applicable law.

9. INTELLECTUAL PROPERTY

(a) Prior Inventions. The Executive has attached hereto, as Schedule B, a list describing all inventions, ideas, improvements, designs and discoveries, whether or not patentable and whether or not reduced to practice, original works of authorship and trade secrets made or conceived by or belonging to the Executive (whether made solely by the Executive or jointly with others) that (i) were developed by Executive prior to the Executive's employment by the Company (collectively, "**Prior Inventions**"), (ii) relate to the Company' actual or proposed business, products or research and development, and (iii) are not assigned to the Company hereunder; or, if no such list is attached, the Executive represents that there are no such Prior Inventions. Except to the extent set forth in Schedule C, the Executive hereby acknowledges that, if in the course of his/her service for the Company, the Executive incorporates into a Company product, process or machine a Prior Invention owned by the Executive or in which he/she has an interest, the Company is hereby granted and shall have a nonexclusive, royalty-free, irrevocable, perpetual, worldwide right and license (which may be freely transferred by the Company to any other person or entity) to make, have made, modify, use, sell, sublicense and otherwise distribute such Prior Invention as part of or in connection with such product, process or machine.

(b) Assignment of Intellectual Property. The Executive hereby assigns to the Company or its designees, without further consideration and free and clear of any lien or encumbrance, the Executive's entire right, title and interest (within the United States and all foreign jurisdictions) to any and all inventions, discoveries, improvements, developments, works of authorship, concepts, ideas, plans, specifications, software, formulas, databases, designees, processes and contributions to Confidential Information created, conceived, developed or reduced to practice by the Executive (alone or with others) during the Term which (i) are related to the Company's current or anticipated business, activities, products, or services, (ii) result from any work performed by Executive for the Company, or (iii) are created, conceived, developed or reduced to practice with the use of Company property, including any and all Intellectual Property Rights (as defined below) therein ("**Work Product**"). Any Work Product which falls within the definition of "work made for hire", as such term is defined in the U.S. Copyright Act, shall be considered a "work made for hire", the copyright in which vests initially and exclusively in the Company. The Executive waives any rights to be attributed as the author of any Work Product and any "droit morale" (moral rights) in Work Product. The Executive agrees to immediately disclose to the Company all Work Product. For purposes of this Agreement, "**Intellectual Property**" shall mean any patent, copyright, trademark or service mark, trade secret, or any other proprietary rights protection legally available.

(c) Patent and Copyright Registration. The Executive agrees to execute and deliver any instruments or documents and to do all other things reasonably requested by the Company in order to more fully vest the Company with all ownership rights in the Work Product. If any Work Product is deemed by the Company to be patentable or otherwise registrable, the Executive shall assist the Company (at the Company's expense) in obtaining letters of patent or other applicable registration therein and shall execute all documents and do all things, including testifying (at the Company's expense) as necessary or appropriate to apply for, prosecute, obtain, or enforce any Intellectual Property right relating to any Work Product. Should the Company be unable to secure the Executive's signature on any document deemed necessary to accomplish the foregoing, whether due to the Executive's disability or other reason, the Executive hereby irrevocably designates and appoints the Company and each of its duly authorized officers and agents as the Executive's agent and attorney-in-fact to act for and on the Executive's behalf and stead to take any of the actions required of Executive under the previous sentence, with the same effect as if executed and delivered by the Executive, such appointment being coupled with an interest.

This Section 9 shall survive the termination of the Agreement for any reason. In the event the Executive breaches this Section 9, the Company shall have right to seek remedies permissible under applicable law.

10. CONFLICTING EMPLOYMENT.

The Executive hereby agrees that, during the Term, he/she will not engage in any other employment, occupation, consulting or other business activity related to the business in which the Company is now involved or becomes involved during the Term, nor will the Executive engage in any other activities that conflict with his/her obligations to the Company without the prior written consent of the Company.

11. NON-COMPETITION AND NON-SOLICITATION

(a) Non-Competition. In consideration of the compensation provided to the Executive by the Company hereunder, the adequacy of which is hereby acknowledged by the parties hereto, the Executive agree that during the Term and for a period of one year following the termination of the Employment for whatever reason, the Executive shall not engage in Competition (as defined below) with the Group. For purposes of this Agreement, "Competition" by the Executive shall mean the Executive's engaging in, or otherwise directly or indirectly being employed by or acting as a consultant or lender to, or being a director, officer, employee, principal, agent, stockholder, member, owner or partner of, or permitting the Executive's name to be used in connection with the activities of, any other business or organization which competes, directly or indirectly, with the Group in the Business; provided, however, it shall not be a violation of this Section 11(a) for the Executive to become the registered or beneficial owner of up to five percent (5%) of any class of the capital stock of a publicly traded corporation in Competition with the Group, provided that the Executive does not otherwise participate in the business of such corporation.

For purposes of this Agreement, "**Business**" means e-commerce platform, and any other business which the Group engages in, or is preparing to become engaged in, during the Term.

(b) Non-Solicitation; Non-Interference. During the Term and for a period of one year following the termination of the Executive's employment for any reason, the Executive agrees that he/she will not, directly or indirectly, for the Executive's benefit or for the benefit of any other person or entity, do any of the following:

(1) approach the suppliers, clients, direct or end customers or contacts or other persons or entities introduced to the Executive in his/her capacity as a representative of the Group for the purpose of doing business of the same or of a similar nature to the Business or doing business that will harm the business relationships of the Group with the foregoing persons or entities;

(2) assume employment with or provide services to any competitors of the Group, or engage, whether as principal, partner, licensor or otherwise, any of the Group's competitors, without the Group's express consent; or

(3) seek, directly or indirectly, to solicit the services of, or hire or engage, any person who is known to be employed or engaged by the Group; or

(4) otherwise interfere with the business or accounts of the Group.

(c) Injunctive Relief; Indemnity of Company. The Executive agrees that any breach or threatened breach of subsections (a) and (b) of this Section 11 would result in irreparable injury and damage to the Company for which an award of money to the Company would not be an adequate remedy. The Executive therefore also agrees that in the event of said breach or any reasonable threat of breach, the Company shall be entitled to seek an immediate injunction and restraining order to prevent such breach and/or threatened breach and/or continued breach by the Executive and/or any and all persons and/or entities acting for and/or with the Executive. The terms of this paragraph shall not prevent the Company from pursuing any other available remedies for any breach or threatened breach hereof, including, but not limited to, remedies available under this Agreement and the recovery of damages. The Executive and the Company further agree that the provisions of this Section 11 are reasonable. The Executive agrees to indemnify and hold harmless the Company from and against all reasonable expenses (including reasonable fees and disbursements of counsel) which may be incurred by the Company in connection with, or arising out of, any violation of this Agreement by the Executive. This Section 11 shall survive the termination of the Agreement for any reason.

12. WITHHOLDING TAXES

Notwithstanding anything else herein to the contrary, the Company may withhold (or cause there to be withheld, as the case may be) from any amounts otherwise due or payable under or pursuant to the Agreement such national, state, provincial, local or any other income, employment, or other taxes as may be required to be withheld pursuant to any applicable law or regulation.

13. ASSIGNMENT

The Agreement is personal in its nature and neither of the parties hereto shall, without the consent of the other, assign or transfer the Agreement or any rights or obligations hereunder; provided, however, that the Company may assign or transfer the Agreement or any rights or obligations hereunder to any member of the Group without such consent. If the Executive should die while any amounts would still be payable to the Executive hereunder if the Executive had continued to live, all such amounts unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the Executive's devisee, legatee, or other designee or, if there be no such designee, to the Executive's estate. The Company will require any and all successors (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. Failure of the Company to obtain such assumption and agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle the Executive to compensation from the Company in the same amount and on the same terms as the Executive would be entitled to hereunder if the Company had terminated the Executive's employment other than for Cause, except that for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Date of Termination. As used in this Section, "**Company**" shall mean the Company as herein before defined and any successor to its business and/or assets as aforesaid which executes and delivers the agreement provided for in this Section 13 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law.

14. SEVERABILITY

If any provision of the Agreement or the application thereof is held invalid, the invalidity shall not affect other provisions or applications of the Agreement which can be given effect without the invalid provisions or applications and to this end the provisions of the Agreement are declared to be severable.

15. ENTIRE AGREEMENT

The Agreement constitutes the entire agreement and understanding between the Executive and the Company regarding the terms of the Employment and supersedes all prior or contemporaneous oral or written agreements concerning such subject matter. The Executive acknowledges that he/she has not entered into the Agreement in reliance upon any representation, warranty or undertaking which is not set forth in the Agreement.

16. GOVERNING LAW

The Agreement shall be governed by and construed in accordance with the laws of Hong Kong.

17. AMENDMENT

The Agreement may not be amended, modified or changed (in whole or in part), except by a formal, definitive written agreement expressly referring to the Agreement, which agreement is executed by both of the parties hereto.

18. WAIVER

Neither the failure nor any delay on the part of a party to exercise any right, remedy, power or privilege under the Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege preclude any other or further exercise of the same or of any right, remedy, power or privilege, nor shall any waiver of any right, remedy, power or privilege with respect to any occurrence be construed as a waiver of such right, remedy, power or privilege with respect to any other occurrence. No waiver shall be effective unless it is in writing and is signed by the party asserted to have granted such waiver.

19. NOTICES

All notices, requests, demands and other communications required or permitted under the Agreement shall be in writing and shall be deemed to have been duly given and made if (i) delivered by hand, (ii) otherwise delivered against receipt therefor, (iii) sent by a recognized courier with next-day or second-day delivery to the last known address of the other party; or (iv) sent by e-mail with confirmation of receipt.

20. COUNTERPARTS

The Agreement may be executed in any number of counterparts, each of which shall be deemed an original as against any party whose signature appears thereon, and all of which together shall constitute one and the same instrument. The Agreement shall become binding when one or more counterparts hereof, individually or taken together, shall bear the signatures of all of the parties reflected hereon as the signatories. Photographic copies of such signed counterparts may be used in lieu of the originals for any purpose.

21. NO INTERPRETATION AGAINST DRAFTER

Each party recognizes that the Agreement is a legally binding contract and acknowledges that such party has had the opportunity to consult with legal counsel of choice. In any construction of the terms of the Agreement, the same shall not be construed against either party on the basis of that party being the drafter of such terms.

[Remainder of the page intentionally left blank]

IN WITNESS WHEREOF, the Agreement has been executed as of the date first written above.

COMPANY

EHang Holdings Limited

a Cayman Islands exempted company

By: _____
Name:
Title

EXECUTIVE:

_____

Name:

SCHEDULE A

Cash Compensation

13

SCHEDULE B

Equity Incentives

14

SCHEDULE C

Prior Inventions

Exhibit 10.5

Shareholders Voting Proxy Agreement

This Shareholders Voting Proxy Agreement (the "Agreement") is executed by and among the following Parties as of January 29, 2016 in Guangzhou, the People's Republic of China ("China" or the "PRC"):

(1) Huazhi Hu and Yifang Xiong ("Entrusting Party" or "Party A");

(2) EHang Intelligent Equipment (Guangzhou) Co., Ltd. with the address: Room 903 (Chuangtuobangzhong Space)-A2(only for office use), Building C1, Innovation Building, No. 182 Kexue Boulevard, Guangzhou Hi-tech Industry Development Zone, Guangzhou, PRC (the "WFOE" or "Party B");

(3) Guangzhou EHang Intelligent Technology Co., Ltd. with the address: Room 402 (only for office use), 4th floor, Auxiliary Building No. 11, Aoti Road, Tianhe District, Guangzhou, PRC (the "Target Company" or "Party C").

(In this Agreement, above Party A, Party B and Party C shall be collectively referred to as a "Party" respectively, and they shall be collectively referred to as the "Parties").

Whereas:

1. Entrusting Party, the shareholders of Party C, collectively own 100% of the equity interest in Party C in record.

2. The Entrusting Party is willing to unconditionally entrust Party B or Party B's designee to vote on his or her behalf at the shareholders' meeting of Party C, and Party B is willing to accept such proxy on behalf of Entrusting Party.

Therefore, the Parties hereby agree as follows:

1. PROXY OF VOTING RIGHTS

1.1 Entrusting Party hereby irrevocably covenants that, he/she shall execute the Power of Attorney ("POA") set forth in Exhibit upon signing this Agreement and entrust Party B or Party B's designee ("Designee") to exercise all his or her rights as the shareholders of Party C under the Articles of Association of Party C, including without limitation to:

a) attend shareholders' meetings of Target Company as the agent and attorney of Entrusting Party;

b) exercise all shareholder's voting rights and voting rights pursuant to applicable laws and articles of association of the Target Company, including but not limited to sell, transfer, pledge or dispose of all or any part of equity interest of the company;

c) designate and appoint the legal representative (Chairperson), director, supervisor, general manager and other senior management members of Party C as the agent and attorney of Entrusting Party and represent Entrusting Party to vote the matters to be discussed or resolved in shareholders meeting, including without limitation, the designation and election of director, general manager and other senior manager who shall be appointed or removed by the shareholders; and

d) exercise other voting rights the shareholders are entitled to under the laws of China promulgated from time to time.

Party B hereby agrees to accept such proxy as set forth in Section 1.1. Upon receipt of the written notice of change of Designee from Party B, the Entrusting Party shall immediately entrust such person to exercise the rights set forth in Clause 1.1. Except the aforesaid situation, the proxy shall be irrevocable and continuously valid.

1.2 The Entrusting Party hereby acknowledges and ratifies all the actions associated with the proxy conducted by the Designee.

1.3 The Parties hereby confirm that, Designee is entitled to exercise all proxy rights without the consent of Entrusting Party.

2. RIGHTS TO INFORMATION

2.1 For the purpose of this Agreement, the Designee is entitled to request relevant information of Party C and inspect the materials of Party C. Party C shall provide appropriate assistance to the Designee for his/her work.

2.2 The Entrusting Party and Party C shall immediately inform Party B once the proxy matter happens.

3. PERFORMANCE OF PROXY RIGHTS

3.1 The Entrusting Party shall provide appropriate assistance to the Designee for the performance of proxy rights provided in this Agreement, including signing and executing the shareholders' resolution and other relevant legal documents (if applicable) which have been confirmed by the Designee.

3.2 In the event that one or several of the provisions of this Agreement are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any aspect. The Parties shall strive in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.

4. REPRESENTATIONS AND WARRANTIES

4.1 The Entrusting Party hereby represents and warrants to Party B as follows:

4.1.1 The Entrusting Party has full power and legal right to enter into this Agreement and perform his or her obligations under this Agreement and in executing the POA; This Agreement and the POA constitute legal, valid, binding and enforceable obligation of each Entrusting Party.

4.1.2 Each Entrusting Party has necessary authorization for the execution and delivery of this Agreement, and the execution, delivery and performance of this Agreement will not conflict with or violate any and all constitutional documents of Party C.

4.1.3 Each Entrusting Party is the lawfully registered and beneficial owner of the shares of Party C, and none of the shares held by the Entrusting Party is subject to any encumbrance or other restrictions, except as otherwise provided under the Share Pledge Agreement and Exclusive Option Agreement entered into by and between Party B, Party C and the Entrusting Party. According to this Agreement, the Designee has full power and legal rights to exercise the proxy rights according to the Articles of Association of Party C.

4.2 Party C hereby represents and warrants as follows:

4.2.1 Party C is a company legally registered and validly existing in accordance with the laws of China and has independent legal person status, and has full and independent civil and legal capacity to execute, deliver and perform this Agreement. It can sue and be sued as a separate entity;

4.2.2 Party C has taken all necessary corporate actions, obtained all necessary authorization and the consent and approval from third parties and government agencies (if any) for the execution and performance of this Agreement. Party C's execution and performance of this Agreement do not violate any explicit requirements under any law or regulation binding on Party C;

4.2.3 Each Entrusting Party is the lawfully registered and beneficial owner of the shares of Party C, and none of the shares held by the Entrusting Party is subject to any encumbrance or other restrictions, except as otherwise provided under the Share Pledge Agreement and Exclusive Option Agreement entered into by and between Party B, Party C and the Entrusting Party. According to this Agreement, the Designee has full power and legal rights to exercise the proxy rights according to the Articles of Association of Party C.

5. TERM OF THIS AGREEMENT

5.1 This Agreement shall become effective upon and from the date on which it is signed by the authorized representative and seal of each Party, with a term of twenty (20) years. The Parties agree that, this Agreement can be extended only if Party B gives its written consent of the extension of this Agreement before the expiration of this Agreement and the other Parties shall agree with this extension without reserve.

5.2 If the Entrusting Party has transferred all his or her equity interests in Party C subject to the prior consent of Party B, the obligations and warranties under this Agreement of the Entrusting Party shall be undertaken by the assignee.

6. NOTICES

6.1 Any notice, request, claim and other communication requested or given under this Agreement hereunder shall be given to relevant Parties hereto in writing.

6.2 If such notice is delivered by messenger, the time of receipt is the time when such notice is received by the addressee; if such notice is transmitted by facsimile, the time of receipt is the time when such notice is transmitted. If the notice does not reach the addressee by the end of the business day, the following business day shall be the date of receipt.

7. CONFIDENTIALITY

The Parties acknowledge that the existence and the terms of this Agreement and any oral or written information exchanged between the Parties in connection with the preparation and performance this Agreement are regarded as confidential information. Each Party shall maintain confidentiality of all such confidential information, and without obtaining the written consent of the other Party, it shall not disclose any relevant confidential information to any third parties, except for the information that: (a) is or will be in the public domain (other than through the receiving Party's unauthorized disclosure); (b) is under the obligation to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) is required to be disclosed by any Party to its shareholders, investors, legal counsels or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, investors, legal counsels or financial advisors shall be bound by the confidentiality obligations similar to those set forth in this Section. Disclosure of any confidential information by the staff members or agencies hired by any Party shall be deemed disclosure of such confidential information by such Party, which Party shall be held liable for breach of this Agreement. This Section shall survive the termination of this Agreement for any reason.

8. LIABILITY FOR BREACH OF AGREEMENT

8.1 The Parties agree and confirm that, if either Party is in breach of any provisions herein or fails to perform its obligations hereunder, such breach or failure shall constitute a default under this Agreement, which shall entitle the non-defaulting Party to request the defaulting Party to rectify or remedy such default with a reasonable period of time. If the defaulting Party fails to rectify or remedy such default within the reasonable period of time or within 10 days of non-defaulting Party's written notice requesting for such rectification or remedy, then the non-defaulting Party shall be entitled to elect the following remedial actions:

8.1.1 If the defaulting Party is any Entrusting Party or Party C, then Party B has the right to terminate this Agreement and request the defaulting Party to fully compensate its losses and damages;

8.1.2 If the defaulting Party is Party B, then the non-defaulting Party has the right to request the defaulting Party to fully compensate its losses and damages, but in no circumstance shall the non-defaulting Party early terminate this Agreement unless the applicable law provides otherwise.

8.2 Notwithstanding otherwise provided under this Agreement, the validity of this Section shall not be affect by the suspension or termination of this Agreement.

9. MISCELLANEOUS

9.1 This Agreement shall be executed in three (3) originals, and each Party holds one.

9.2 The execution, effectiveness, interpretation, performance, amendment, termination and dispute resolution shall be governed by the law of the People's Republic of China.

9.3 In the event of any dispute with respect to this Agreement, the Parties shall first resolve the dispute through friendly negotiations. In the event the Parties fail to reach an agreement on the dispute, either Party may submit the relevant dispute to Guangzhou Arbitration Committee for arbitration, in accordance with its arbitration rules. The arbitration shall be conducted in Guangzhou, and the language used in arbitration shall be Chinese. The arbitration award shall be final and binding on all Parties.

9.4 The rights and remedies provided for in this Agreement shall be accumulative and shall not affect any other rights and remedies stipulated at law.

9.5 Any Party may waive the terms and conditions of this Agreement, provided that such a waiver must be provided in writing and shall require the signatures of the Parties. No waiver by any Party in certain circumstances with respect to a breach by other Parties shall operate as a waiver by such a Party with respect to any similar breach in other circumstances.

9.6 The headings of this Agreement are for convenience only, and shall not be used to interpret, explain or otherwise affect the meanings of the provisions of this Agreement.

9.7 Any amendment, change and supplement to this Agreement shall require the execution of a written agreement by all of the Parties.

9.8 Without Party B's prior written consent, other Parties shall not assign its rights and obligations under this Agreement to any third party. Entrusting Party and Party C agrees that Party B may assign its obligations and rights under this Agreement to any third party upon a prior written notice to Entrusting Party and Party C.

9.9 This Agreement shall be binding on the legal successors of the Parties.

[Signature Page Follows]

[Signature Page]

Entrusting Party:

Huazhi Hu (signature): /s/ Huazhi Hu

Yifang Xiong (signature): /s/ Yifang Xiong

Party B: EHang Intelligent Equipment (Guangzhou) Co., Ltd.

Authorized Representative (signature): /s/ Huazhi Hu

/s/ Seal of EHang Intelligent Equipment (Guangzhou) Co., Ltd.

Party C: Guangzhou EHang Intelligent Technology Co., Ltd.

Authorized Representative (signature): /s/ Shangjin Guo

/s/ Seal of Guangzhou EHang Intelligent Technology Co., Ltd.

POWER OF ATTORNEY

Huazhi Hu and Yifang Xiong, holders of 100% equity interest (the "Company's Shares") of Guangzhou EHang Intelligent Technology Co., Ltd. (the "Target Company"). As to the voting rights of the Target Company, such holders hereby irrevocably authorize EHang Intelligent Equipment (Guangzhou) Co., Ltd. (the "WFOE") to exercise the following rights related to the Company's Shares within the term of this Power of Attorney:

The WFOE is hereby authorized to act on behalf of the Target Company as the exclusive agent and attorney of the Target Company with respect to all matters concerning the Company's Shares, including but not limited to: 1) attending the shareholders' meetings of the Target Company; 2) exercising all shareholder's rights and shareholder's voting right the Company is entitled to according to law and the Target Company's Articles of Association, including but not limited to the sale or transfer or pledge or disposition of the Company's Shares in part or in whole; and 3) designating and appointing on behalf of the Company itself the legal representative (chairman), director, supervisor, general manager and other senior management members of the Target Company.

All the actions conducted by the WFOE in relation to the Company's Shares shall be deemed as the actions of the Target Company, and all documents executed by the WFOE shall be deemed to be executed by the Target Company. The Target Company will hereby acknowledge those actions and documents.

The WFOE is entitled to assign its rights related to the aforesaid matters to any other person or entity at its own discretion and without giving any prior notice to the Shareholders or obtaining consent of the Shareholders.

This Power of Attorney shall be irrevocable and continuously valid from the date of execution of this Power of Attorney.

During the term of this Power of Attorney, we hereby waive all the rights associated with the Company's Shares, which have been entrusted to WFOE through this Power of Attorney, and shall not exercise such rights by the Target Company.

Huazhi Hu (signature): /s/ Huazhi Hu

Yifang Xiong (signature): /s/ Yifang Xiong

January 29, 2016

Exhibit 10.6

Amendment to Shareholders Voting Proxy Agreement

This Amendment to Shareholders Voting Proxy Agreement (the "Agreement") is entered into in Guangzhou as of November 30th, 2018 by and among the following parties:

(1) Huazhi Hu and Yifang Xiong ("Entrusting Party" or "Party A")

(2) EHang Intelligent Equipment (Guangzhou) Co., Ltd with address: No. 31 Room 401, No. 680 Guangxin Road, Huangpu District, Guangzhou, PRC ("WFOE" or "Party B"); and

(3) Guangzhou EHang Intelligent Technology Co., Ltd with address: Room 402 (only for office use), 4th floor, Auxiliary Building No. 11, Aoti Road, Tianhe District, Guangzhou, PRC (the "Target Company" or "Party C").

WHEREAS

The Shareholders Voting Proxy Agreement ("Voting Rights Agreement") was entered into as of January 29th, 2016 by and among Party A, Party B and Party C;

The Parties hereby agree to amend the Voting Rights Agreement through mutual negotiation and consent as follows:

1. The Parties hereby amend Article 1.1 of the Voting Rights Agreement as follows:

   "1.1 The Entrusting Party hereby irrevocably covenants that, he/she shall execute a Power of Attorney set forth in Exhibit One of the Agreement upon the execution of the Agreement, and entrusting Party B or any of Party B's designees (the "Designee") to exercise all his or her rights as the shareholders of Party C under the then effective articles of association of Party C, including but not limited to (collectively the "Entrusted Rights"):

   (a) attend shareholders' meeting of the Target Company as the agent and attorney of the Entrusting Party;

   (b) exercising all shareholders' voting rights and other rights pursuant to the applicable laws and the articles of association of the Target Company, including but not limited to sell, transfer, pledge or dispose of all or any part of equity interest of the company;

   (c) designate and appoint the legal representative (Chairperson), director, supervisor, general manager and other senior management members of Party C as the agent and attorney of Entrusting Party and represent Entrusting Party to vote the matters to be discussed or resolved in shareholders meeting, including without limitation, the designation and election of director, general manager and other senior manager who shall be appointed or removed by the shareholders; and

   (d) exercise other voting rights the shareholders are entitled to pursuant to the articles of association of the Target Company amended from time to time.

Party B hereby agrees to accept the entrustment as set forth in Section 1.1. Party B is entitled to assign its rights related to the aforesaid matters to any other person or entity at its own discretion and without giving any prior notice to the Target Company or obtaining consent of the Target Company. Except the aforesaid situation, the proxy shall be irrevocable and continuously valid."

2. As agreed by the Parties, the Power of Attorney appended to the Voting Rights Agreement is modified to the format of Exhibit.

3. Unless otherwise specifically provided in the Agreement, the articles and contents in the Voting Rights Agreement shall remain valid. In the event of any conflict between the Agreement and the Voting Rights Agreement, the Agreement shall prevail.

4. The Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

(Remainder of this page intentionally left blank; signature page follows)

(Signature page)

Party A:

Huazhi Hu (Signature): /s/ Huazhi Hu

Yifang Xiong (Signature): /s/ Yifang Xiong

Party B: EHang Intelligent Equipment (Guangzhou) Co., Ltd.

Signature of authorized representative: /s/ Huazhi Hu

/s/ Seal of EHang Intelligent Equipment (Guangzhou) Co., Ltd.

Party C: Guangzhou EHang Intelligent Technology Co., Ltd.

Signature of representative: /s/ Shangjin Guo

/s/ Seal of Guangzhou EHang Intelligent Technology Co., Ltd.

Exhibit One

Power of Attorney

Huazhi Hu and Yifang Xiong (“the Shareholders”), holders of 100% equity interest (“the Company’s Shares”) of Guangzhou EHang Intelligent Technology Co., Ltd. (the “Target Company”). As to the voting rights of Target Company, such holders hereby irrevocably authorize EHang Intelligent Equipment (Guangzhou) Co., Ltd. (“WFOE”) to exercise the following rights related to the Company’s Shares within the term of this Power of Attorney:

The WFOE is hereby authorized to act on behalf of the Shareholders as the exclusive agent and attorney for the matters with respect to all matters concerning the Company’s Shares, including but not limited to: 1) attending the shareholders’ meetings of the Target Company; 2) exercising all shareholder’s rights and shareholder’s voting right the shareholders are entitled to pursuant to applicable laws and the Target Company’s articles of association, including but not limited to the sale or transfer or pledge or disposition of the Company’s Shares in part or in whole; and 3) designating and appointing on behalf of shareholders the legal representative (chairman of the board), director, supervisor, general manager and other senior management members of the Target Company.

All the actions conducted by the WFOE in relation to the Company’s Shares shall be deemed as the actions of the Shareholders, and all documents executed by the WFOE shall be deemed to be executed by the Shareholders. The Shareholders will hereby acknowledge those actions and documents.

The WFOE is entitled to assign its rights related to the aforesaid matters to any other person or entity at its own discretion and without giving any prior notice to the Target Company or obtaining consent of the Target Company

During the term of this Power of Attorney, this Power of Attorney shall be irrevocable and continuously valid from the date of execution of this Power of Attorney.

The Shareholders and the Target Company shall not revoke or terminate this Power of Attorney without prior written consent from the WFOE. Nonetheless, the WFOE can terminate this Power of Attorney by issuing written notice to the Shareholders and the Target Company 30 days prior to such notice becomes effective.

Huazhi Hu (Signature): /s/ Huazhi Hu

Yifang Xiong (Signature): /s/ Yifang Xiong

Exhibit 10.7

SHARE PLEDGE AGREEMENT

This Share Pledge Agreement (the "Agreement") is executed by and among the following parties on January 29, 2016 in Guangzhou, PRC:

Pledgee: EHang Intelligent Equipment (Guangzhou) Co., Ltd.
Address: Room 903 (Chuangtuobangzhong Space)-A2 (only for office use), Building C1, Innovation Building, No. 182 Kexue Boulevard, Guzhou Hi-tech Industry Development Zone, Guangzhou, PRC;

Pledgor 1: Huazhi Hu
PRC ID No.:[REDACTED]
Address: [REDACTED], PRC

Pledgor 2: Yifang Xiong
PRC ID No.:[REDACTED]
Address: [REDACTED], PRC

In the Agreement, Pledgor 1 and Pledgor 2 shall be collectively referred to as the "Pledgor", each a "Pledgor".

Whereas:

1. Pledgors are natural persons with the nationality of the People's Republic of China (hereinafter referred to as "China" or "PRC"), and collectively hold 100% of the equity interest in Guangzhou EHang Intelligent Technology Co., Ltd. in record. Guangzhou EHang Intelligent Technology Co., Ltd. (hereinafter referred to as "Intelligent Technology") is a limited liability company registered in Guangzhou, PRC which engages in the research and development, manufacture, operation and sale of unmanned aerial vehicle;

2. Pledgee is a wholly foreign-owned enterprise registered in Guangzhou PRC which engages in the consulting services of aviation technologies. Pledgee and Intelligent Technology owned by Pledgors have executed a Technical Consultation and Service Agreement and other control agreements on January 29, 2016 (the "Services Agreements");

3. To ensure that Pledgee collect the consulting and service fees from Intelligent Technology thereunder when the sum becomes due, each Pledgor hereby pledges to the Pledgee all of the equity interest he holds in Intelligent Technology as security for payment of the consulting and service fees by Intelligent Technology under the Services Agreements.

To perform the provisions of Services Agreements, the Parties have mutually agreed to execute the Agreement upon the following terms.

1. DEFINITIONS

Unless otherwise provided herein, the terms below shall have the following meanings:

1.1 Pledge: shall refer to the security interest granted by Pledgor to Pledgee pursuant to Section 2 of the Agreement.

1.2 Equity Interest: shall refer to 100% of the equity interest lawfully now held by the Pledgors in Intelligent Technology.

1.3 Ratio of the Pledge: shall refer to the rate between the value of Equity Interests pledged and the due amount of the consulting and service fees under Services Agreement.

1.4 Term of Pledge: shall refer to the term set forth in Section 3.2 of the Agreement.

1.5 Service Agreements: shall refer to Technical Consultation and Service Agreements executed by and among Pledgee and Intelligent Technology on January 29, 2016.

1.6 Event of Default: shall refer to any of the circumstances set forth in Section 7 of the Agreement.

1.7 Notice of Default: shall refer to the notice issued by Pledgee in accordance with the Agreement declaring an Event of Default.

2. THE PLEDGE

Each of the Pledgors hereby pledges to Pledgee all of Equity Interest of Intelligent Technology held by such Pledgor. The right of Pledge refers that the Pledgee shall have a priority right over the proceeds of the Equity Interest pledged by such Pledgor in satisfaction of its rights from discount, auction or sale.

3. THE RATIO OF THE PLEDGE AND TERM OF PLEDGE

3.1 The ratio of the Pledge

3.1.1 The ratio of the Pledge shall be 100%.

3.2 The Term of the Pledge

3.2.1 The Pledge shall become effective on such date when the pledge of the Equity Interest contemplated herein has been recorded in Register of Shareholders and registered with relevant administration for Industry and Commerce (the "AIC"). The term of pledge shall be equal to the term of Services Agreement.

3.2.2 During the Term of Pledge, in the event Intelligent Technology fails to pay the consulting or service fees in accordance with the Services Agreements, Pledgee shall have the right, but not the obligation, to dispose of the Pledge in accordance with the provisions of the Agreement.

4. CUSTODY OF RECORDS FOR EQUITY INTEREST SUBJECT TO PLEDGE

4.1 During the Term of Pledge set forth in the Agreement, Pledgor shall deliver to Pledgee's custody the shareholders' register containing the Pledge within one week from the execution of the Agreement. Pledgee shall have custody of such items during the entire Term of Pledge set forth in the Agreement.

4.2 Pledgee shall have the right to collect dividends generated by the Equity Interest during the Term of Pledge.

5. REPRESENTATIONS AND WARRANTIES OF PLEDGOR

5.1 Pledgor is the legal owner of the Equity Interest.

5.2 In any event that the Pledgee exercise its right under the Agreement, no interference shall be made by any other parties.

5.3 Pledgee shall have the right to dispose of and transfer the Equity Interest in accordance with the provisions set forth in this Agreement.

5.4 Except for the Pledge, Pledgor has not placed any security interest or other encumbrance on the Equity Interest.

6. COVENANTS AND FURTHER AGREEMENTS OF PLEDGOR

6.1 Pledgor hereby covenants to the Pledgee, that during the term of this Agreement, Pledgor shall:

6.1.1 not transfer the Equity Interest, place or permit the existence of any security interest or other encumbrance on the Equity Interest, without the prior written consent of Pledgee;

6.1.2 comply with the provisions of all laws and regulations applicable to the pledge of rights, and within five (5) days of receipt of any notice, order or recommendation issued or prepared by relevant competent authorities regarding the Pledge, shall present the aforementioned notice, order or recommendation to Pledgee, and shall comply with the aforementioned notice, order or recommendation or submit objections and representations with respect to the aforementioned matters upon Pledgee's reasonable request or upon consent of Pledgee;

6.1.3 promptly notify Pledgee of any event or notice received by Pledgor that may have an impact on Pledgee's rights to the Equity Interest or any portion thereof, as well as any event or notice received by Pledgor that may have an impact on any guarantees and other obligations of Pledgor arising out of this Agreement.

6.2 Pledgor agrees that the rights acquired by Pledgee in accordance with this Agreement with respect to the Pledge shall not be interrupted or harmed by Pledgor or any heirs or representatives of Pledgor or any other persons through any legal proceedings.

6.3 To protect or perfect the security interest granted by this Agreement for payment of the consulting and service fees under the Control Agreements, Pledgor hereby undertakes to execute in good faith and to cause other parties who have an interest in the Pledge to execute all certificates, agreements, deeds and/or covenants required by Pledgee. Pledgor also undertakes to perform and to cause other parties who have an interest in the Pledge to perform actions required by Pledgee, to facilitate the exercise by Pledgee of its rights and authority granted thereto by this Agreement, and to enter into all relevant documents regarding ownership of Equity Interest with Pledgee or designee(s) of Pledgee (natural persons/legal persons). Pledgor undertakes to provide Pledgee within a reasonable time with all notices, orders and decisions regarding the Pledge that are required by Pledgee.

6.4 Pledgor hereby undertakes to comply with and perform all guarantees, promises, agreements, representations and conditions under this Agreement. In the event of failure or partial performance of its guarantees, promises, agreements, representations and conditions, Pledgor shall indemnify Pledgee for all losses resulting therefrom.

7. EVENT OF BREACH

7.1 The following circumstances shall be deemed Event of Default:

7.1.1 A Pledgor makes any materially false or misleading representations or warranties under Section 5 herein, or breaches any warranties under Section 5 herein;

7.1.2 A Pledgor breaches the covenants under Section 6 herein;

7.1.3 A Pledgor breaches any terms and conditions of this Agreement;

7.1.4 Except otherwise stipulated under Section 6.1.1, Pledgor transfers or purports to transfer or abandons the Equity Interest pledged or assigns the Equity Interest pledged without the written consent of Pledgee;

7.1.5 Any loan, guarantee, compensation, commitment or other liabilities which (i) have been requested for the repayment or performance due to the breach of the contract; or (ii) are unable to be repaid or performed on due date, so as to cause the Pledgee to believe that such Pledgor's ability to perform the obligations herein is adversely affected;

7.1.6 The Pledgor is incapable of repaying debt in general;

7.1.7 The enactment of laws and regulation cause the illegality of this Agreement or failure of the continued performance by the Pledgor of the obligation under this Agreement;

7.1.8 Any consent, permit, approval or authorization for the legality, enforcement or validity of this Agreement from governmental authorities is revoked, suspended, void or substantially changed.

7.1.9 The occurrence of any adverse change to the assets or property of the Pledgor, which in Pledgee's determination, may impact the ability of the Pledgor to perform its obligations hereunder;

7.1.10 The occurrence of any other circumstances under which the Pledgee is not or may not able to exercise its rights hereunder in accordance with the applicable law.

7.2 Upon notice or discovery of the occurrence of any circumstances or event that may lead to the aforementioned circumstances described in Section 7.1, Pledgor shall immediately notify Pledgee in writing accordingly.

7.3 Unless an Event of Default set forth in this Section 7.1 has been successfully resolved to Pledgee's satisfaction after the Pledgee delivers a notice to the Pledgor requesting ratification of such Event of Default, Pledgee may issue a Notice of Default to Pledgor in writing at any time thereafter, demanding to immediately dispose of the Pledge in accordance with the provisions of Section 8 of this Agreement.

8. EXERCISE OF PLEDGE

8.1 Prior to the full payment of the consulting and service fees described in the Control Agreements, without the Pledgee's written consent, Pledgor shall not assign the Equity Interest in Intelligent Technology.

8.2 Pledgee may issue a written notice to Pledgor when exercising the Pledge.

8.3 Subject to the provisions of Section 7.3, Pledgee may exercise the right to enforce the Pledge at any time after the issuance of the Notice of Default in accordance with Section 7.3. Once Pledgee elects to enforce the Pledge, Pledgor shall cease to be entitled to any rights or interests associated with the Equity Interest.

8.4 In the event of default, Pledgee is entitled to dispose of the Equity Interest in accordance with applicable PRC laws. Only to the extent permitted under applicable PRC laws, Pledgee has no obligation to account to Pledgor for proceeds of disposition of the Equity Interest, and Pledgor hereby waives any rights it may have to demand any such accounting from Pledgee.

8.5 When Pledgee disposes of the Pledge in accordance with this Agreement, Pledgor and Intelligent Technology shall provide necessary assistance to enable Pledgee to enforce the Pledge in accordance with this Agreement.

9. ASSIGNMENT

9.1 Without Pledgee's prior written consent, Pledgor shall not have the right to assign or delegate its rights and obligations under this Agreement.

9.2 This Agreement shall be binding on Pledgor and its successors and permitted assigns, and shall be valid with respect to Pledgee and each of its successors and assigns.

9.3 At any time, Pledgee may assign any and all of its rights and obligations under the Control Agreements to its designee(s) (natural/legal persons), in which case the assigns shall have the rights and obligations of Pledgee under this Agreement, as if it were the original party to this Agreement. When the Pledgee assigns the rights and obligations under the Control Agreements, upon Pledgee's request, Pledgor shall execute relevant agreements or other documents relating to such assignment.

9.4 In the event of a change in Pledgee due to an assignment, Pledgor shall, at the request of Pledgee, execute a new pledge agreement with the new pledgee on the same terms and conditions as this Agreement.

10. TERMINATION

Upon the full payment of the consulting and service fees under the Services Agreements and upon termination of Intelligent Technology's obligations under the Services Agreements, this Agreement shall be terminated, and Pledgee shall then terminate the equity pledge under this Agreement as soon as reasonably practicable.

11. HANDLING FEES AND OTHER EXPENSES

11.1 All fees and out of pocket expenses relating to this Agreement, including but not limited to legal costs, costs of production, stamp tax and any other taxes and fees, shall be borne by Pledgor. If the Pledgee pay such taxes and fees according to applicable laws, the Pledgor shall reimburse such paid taxes and fees.

11.2 The Pledgors shall be responsible for all expenses (including, but not limited to, any taxes, application fees, management fees, litigation costs, attorney's fees, and various insurance premiums in connection with the disposition of the Pledge) incurred by the Pledgee in its recourse to collect from the Pledgors arising from the Pledgors' failure to pay any relevant taxes and fees.

12. FORCE MAJEURE

12.1 In the event that the affected party is delayed in or prevented from performing its obligations under this Agreement by *Force Majeure*, only to the extent within the scope of such delay or prevention, the affected party will not be responsible for any damage by reason of such a failure or delay of performance. *Force Majeure* shall refer to any event that is beyond the party's reasonable control and cannot be prevented with reasonable care, including acts of governments, acts of nature, fire, explosion, typhoon, flood, earthquake, tide, lightning or war. However, any shortage of credit, capital or finance shall not be regarded as an event beyond the control of a party. The party affected by Force Majeure shall notify the other party about the release without delay.

12.2 Although the affected party will not be responsible for any damage by reason of such a failure or delay of performance caused by *Force Majeure*, the affected party shall be exempted from such liabilities when it uses its reasonable efforts to minimize or remove the effects of *Force Majeure* and attempt to resume performance of the obligations delayed or prevented by the event of *Force Majeure*. After the event of *Force Majeure* is removed, both parties agree to use their best efforts to resume performance of this Agreement.

13. GOVERNING LAW AND RESOLUTION OF DISPUTES

13.1 The execution, effectiveness, construction, performance, amendment and termination of this Agreement and the resolution of disputes hereunder shall be governed by the laws of PRC.

13.2 In the event of any dispute with respect to the construction and performance of this Agreement, the Parties shall first resolve the dispute through friendly negotiations. In the event the Parties fail to reach an agreement on the dispute, either Party may submit the relevant dispute to the Guangzhou Arbitration Commission for arbitration, in accordance with its arbitration rules. The arbitration shall be conducted in Guangzhou, and the language used in arbitration shall be Chinese. The arbitration award shall be final and binding on all Parties.

14. NOTICES

14.1 Any notice given by the parties hereto for the purpose of performing the rights and obligations hereunder shall be in writing. If such notice is delivered by messenger, the time of receipt is the time when such notice is received by the addressee; if such notice is transmitted by facsimile, the time of receipt is the time when such notice is transmitted. If the notice does not reach the addressee by the end of the business day, the following business day shall be the date of receipt. The place of delivery is the Party’s address as set forth in the signature pages hereto or the address advised in writing including via facsimile.

15. ATTACHMENTS

The attachments set forth herein shall be an integral part of this Agreement.

16. EFFECTIVENESS

16.1 Any amendments, changes and supplements to this Agreement shall be in writing and shall become effective after the affixation of the signatures or seals of the Parties.

16.2 This Agreement is written in Chinese in three originals.

[Signature Page]

Pledgee: EHang Intelligent Equipment (Guangzhou) Co., Ltd.

Authorized Representative: /s/ Huazhi Hu

/s/ Seal of EHang Intelligent Equipment (Guangzhou) Co., Ltd.

Pledgor 1: Huazhi Hu

Signature: /s/ Huazhi Hu

Pledgor 2: Yifang Xiong

Signature: /s/ Yifang Xiong

Exhibit 10.8

SHARE PLEDGE AGREEMENT

This Share Pledge Agreement (this "Agreement") has been executed by and between the following parties on February 22, 2019 in Guangzhou, PRC:

Pledgee: EHang Intelligent Equipment (Guangzhou) Co., Ltd.
Address: No. 31 Room 401, No. 680 Guangxin Road, Huangpu District, Guangzhou, PRC;

Pledgor: Huazhi Hu
PRC ID No.: [REDACTED]
Address: [REDACTED], Guangzhou, PRC.

Whereas:

1. Pledgors are natural persons with the nationality of the People's Republic of China (hereinafter referred to as "China" or "PRC"), and hold registered capital of CNY 57,000,000 in Guangzhou EHang Intelligent Technology Co., Ltd. (hereinafter referred to as "Intelligent Technology") in record, representing 95% equity of the Intelligent Technology. Guangzhou EHang Intelligent Technology Co., Ltd. is a limited liability company registered in Guangzhou, PRC which engages in the research and development, manufacture, operation and sale of unmanned aerial vehicle.

2. Pledgee is a wholly foreign-owned enterprise registered in Guangzhou PRC which engages in the consulting services of aviation technologies.

3. Pledgee and Intelligent Technology held by the Pledgor entered into Exclusive Technical Consulting and Services Agreement ("Services Agreement"), Exclusive Service Agreement ("Exclusive Services Agreement") on January 29, 2016; Pledgee, Pledgor and Intelligent Technology entered into Shareholders Voting Proxy Agreement ("Voting Agreement") and Exclusive Option Agreement ("Option Agreement") on January 29, 2016; and Pledgee and Pledgor entered into Share Pledge Agreement on January 29, 2016 ("Original Share Pledge Agreement").

4. To the extent permitted by applicable laws, the Pledgor is willing to pledge the all their Equity Interest to the Pledgee as a first priority security for the performance of Contractual Obligations and repayment of the Secured Indebtedness, and Intelligent Technology agreed such Pledge.

The Parties have mutually agreed to execute this Agreement upon the following terms.

1. DEFINITIONS

Unless otherwise provided herein, the terms below shall have the following meanings:

1.1 Pledge: shall refer to the security interest granted by Pledgor to Pledgee pursuant to Section 2 of this Agreement.

1.2 Equity Interest: shall refer to all of the equity interest lawfully now held by the Pledgor in Intelligent Technology (i.e. registered capital of CNY 57,000,000, representing 95% equity of the Intelligent Technology).

1.3 Contractual Obligations: refers to all obligations of the Pledgor under Voting Agreement, Call Option Agreement and their amendments, all obligations of Intelligent Technology under Voting Agreement, Services Agreement, Exclusive Services Agreement and their amendment; and all obligations of Pledgors and Intelligent Technology under this Agreement.

1.4 Secured Indebtedness: refers to all direct, indirect, derivative and foreseeable losses incurred by the Events of Default (see below) of Pledgors and/or Intelligent Technology, the amount of which is including without limitation the reasonable business plan and profit forecast and fees for the enforcement by Pledgee of obligations of Pledgor and /or Intelligent Technology under this Agreement.

1.5 Term of Pledge: shall refer to the term set forth in Section 3 of this Agreement.

1.6 Event of Default: shall refer to any of the circumstances set forth in Section 7 of this Agreement.

1.7 Notice of Default: shall refer to the notice issued by Pledgee in accordance with this Agreement declaring an Event of Default.

2. THE PLEDGE

2.1 Each of the Pledgors hereby pledges to Pledgee all of Equity Interest of Intelligent Technology held by such Pledgor. The right of Pledge refers that the Pledgee shall have a priority right over the proceeds of the Equity Interest pledged by such Pledgor in satisfaction of its rights from discount, auction or sale.

3. TERM OF PLEDGE

3.1 The Term of the Pledge

This Agreement shall take effect as of the date when this Agreement is duly signed or chopped by all the parties; the effectiveness and execution of this Agreement will not be affected by the pledge registration specified under this Agreement. This Agreement shall in full force and effective until the Intelligent Technology and Pledgee's satisfaction of all Contractual Obligations and settlement of all Secured Indebtedness (the "Term of Pledge"). Upon Pledgee's request, Intelligent Technology shall extend its operation period to sustain the effectiveness of this Agreement.

4. CUSTODY OF RECORDS FOR EQUITY INTEREST SUBJECT TO PLEDGE

4.1 During the Term of Pledge set forth in this Agreement, Pledgor shall deliver to Pledgee's custody the shareholders' register containing the Pledge within one week from the execution of this Agreement. Pledgee shall have custody of such items during the entire Term of Pledge set forth in this Agreement.

4.2 Pledgee shall have the right to collect dividends generated by the Equity Interest during the Term of Pledge.

5. REPRESENTATIONS AND WARRANTIES OF PLEDGOR

5.1 Pledgor is the legal owner of the Equity Interest.

5.2 In any event that the Pledgee exercise its right under this Agreement, no interference shall be made by any other parties.

5.3 Pledgee shall have the right to dispose of and transfer the Equity Interest in accordance with the provisions set forth in this Agreement.

5.4 Except for the Pledge, Pledgor has not placed any security interest or other encumbrance on the Equity Interest.

6. COVENANTS OF PLEDGOR

6.1 Pledgor hereby covenants to the Pledgee, that during the term of this Agreement, Pledgor shall:

6.1.1 not transfer the Equity Interest, place or permit the existence of any security interest or other encumbrance on the Equity Interest, without the prior written consent of Pledgee;

6.1.2 comply with the provisions of all laws and regulations applicable to the pledge of rights, and within five (5) days of receipt of any notice, order or recommendation issued or prepared by relevant competent authorities regarding the Pledge, shall present the aforementioned notice, order or recommendation to Pledgee, and shall comply with the aforementioned notice, order or recommendation or submit objections and representations with respect to the aforementioned matters upon Pledgee's reasonable request or upon consent of Pledgee;

6.1.3 promptly notify Pledgee of any event or notice received by Pledgor that may have an impact on Pledgee's rights to the Equity Interest or any portion thereof, as well as any event or notice received by Pledgor that may have an impact on any guarantees and other obligations of Pledgor arising out of this Agreement.

6.2 Pledgor agrees that the rights acquired by Pledgee in accordance with this Agreement with respect to the Pledge shall not be interrupted or harmed by Pledgor or any heirs or representatives of Pledgor or any other persons through any legal proceedings.

6.3 To protect or perfect the security interest granted by this Agreement for payment of the consulting and service fees under the Control Agreements, Pledgor hereby undertakes to execute in good faith and to cause other parties who have an interest in the Pledge to execute all certificates, agreements, deeds and/or covenants required by Pledgee. Pledgor also undertakes to perform and to cause other parties who have an interest in the Pledge to perform actions required by Pledgee, to facilitate the exercise by Pledgee of its rights and authority granted thereto by this Agreement, and to enter into all relevant documents regarding ownership of Equity Interest with Pledgee or designee(s) of Pledgee (natural persons/legal persons). Pledgor undertakes to provide Pledgee within a reasonable time with all notices, orders and decisions regarding the Pledge that are required by Pledgee.

6.4 Pledgor hereby undertakes to comply with and perform all guarantees, promises, agreements, representations and conditions under this Agreement. In the event of failure or partial performance of its guarantees, promises, agreements, representations and conditions, Pledgor shall indemnify Pledgee for all losses resulting therefrom.

7. EVENT OF BREACH

7.1 The following circumstances shall be deemed Event of Default:

7.1.1 A Pledgor makes any materially false or misleading representations or warranties under Section 5 herein, or breaches any warranties under Section 5 herein;

7.1.2 A Pledgor breaches the covenants under Section 6 herein;

7.1.3 A Pledgor breaches any terms and conditions of this Agreement;

7.1.4 Except otherwise stipulated under Section 6.1.1, Pledgor transfers or purports to transfer or abandons the Equity Interest pledged or assigns the Equity Interest pledged without the written consent of Pledgee;

7.1.5 Any loan, guarantee, compensation, commitment or other liabilities which (i) have been requested for the repayment or performance due to the breach of the contract; or (ii) are unable to be repaid or performed on due date, so as to cause the Pledgee to believe that such Pledgor's ability to perform the obligations herein is adversely affected;

7.1.6 The Pledgor is incapable of repaying debt in general;

7.1.7 The enactment of laws and regulation cause the illegality of this Agreement or failure of the continue performance by the Pledgor of the obligation under this Agreement;

7.1.8 Any consent, permit, approval or authorization for the legality, enforcement or validity of this Agreement from governmental authorities is revoked, suspended, void or substantially changed.

7.1.9 The occurrence of any adverse change to the assets or property of the Pledgor, which in Pledgee's determination, may impact the ability of the Pledgor to perform its obligations hereunder;

7.1.10 The occurrence of any other circumstances under which the Pledgee is not or may not able to exercise its rights hereunder in accordance with the applicable law.

7.2 Upon notice or discovery of the occurrence of any circumstances or event that may lead to the aforementioned circumstances described in Section 7.1, Pledgor shall immediately notify Pledgee in writing accordingly.

7.3 Unless an Event of Default set forth in this Section 7.1 has been successfully resolved to Pledgee's satisfaction after the Pledgee delivers a notice to the Pledgor requesting ratification of such Event of Default, Pledgee may issue a Notice of Default to Pledgor in writing at any time thereafter, demanding to immediately dispose of the Pledge in accordance with the provisions of Section 8 of this Agreement.

8. EXERCISE OF PLEDGE

8.1 Prior to the full payment of the consulting and service fees described in the Control Agreements, without the Pledgee's written consent, Pledgor shall not assign the Equity Interest in Intelligent Technology.

8.2 Pledgee may issue a written notice to Pledgor when exercising the Pledge.

8.3 Subject to the provisions of Section 7.3, Pledgee may exercise the right to enforce the Pledge at any time after the issuance of the Notice of Default in accordance with Section 7.3. Once Pledgee elects to enforce the Pledge, Pledgor shall cease to be entitled to any rights or interests associated with the Equity Interest.

8.4 In the event of default, Pledgee is entitled to dispose of the Equity Interest in accordance with applicable PRC laws. Only to the extent permitted under applicable PRC laws, Pledgee has no obligation to account to Pledgor for proceeds of disposition of the Equity Interest, and Pledgor hereby waives any rights it may have to demand any such accounting from Pledgee.

8.5 When Pledgee disposes of the Pledge in accordance with this Agreement, Pledgor and Intelligent Technology shall provide necessary assistance to enable Pledgee to enforce the Pledge in accordance with this Agreement.

9. ASSIGNMENT

9.1 Without Pledgee's prior written consent, Pledgor shall not have the right to assign or delegate its rights and obligations under this Agreement.

9.2 This Agreement shall be binding on Pledgor and its successors and permitted assigns, and shall be valid with respect to Pledgee and each of its successors and assigns.

9.3 At any time, Pledgee may assign any and all of its rights and obligations under the Control Agreements to its designee(s) (natural/legal persons), in which case the assigns shall have the rights and obligations of Pledgee under this Agreement, as if it were the original party to this Agreement. When the Pledgee assigns the rights and obligations under the Control Agreements, upon Pledgee's request, Pledgor shall execute relevant agreements or other documents relating to such assignment.

9.4 In the event of a change in Pledgee due to an assignment, Pledgor shall, at the request of Pledgee, execute a new pledge agreement with the new pledgee on the same terms and conditions as this Agreement.

10. TERMINATION

Upon the full payment of the consulting and service fees under the Services Agreements and upon termination of Intelligent Technology's obligations under the Services Agreements, this Agreement shall be terminated, and Pledgee shall then terminate the equity pledge under this Agreement as soon as reasonably practicable.

11. HANDLING FEES AND OTHER EXPENSES

11.1 All fees and out of pocket expenses relating to this Agreement, including but not limited to legal costs, costs of production, stamp tax and any other taxes and fees, shall be borne by Pledgor. If the Pledgee pay such taxes and fees according to applicable laws, the Pledgor shall reimburse such paid taxes and fees.

11.2 The Pledgors shall be responsible for all expenses (including, but not limited to, any taxes, application fees, management fees, litigation costs, attorney's fees, and various insurance premiums in connection with the disposition of the Pledge) incurred by the Pledgee in its recourse to collect from the Pledgors arising from the Pledgors' failure to pay any relevant taxes and fees.

12. *Force Majeure*

12.1 In the event that the affected party is delayed in or prevented from performing its obligations under this Agreement by *Force Majeure*, only to the extent within the scope of such delay or prevention, the affected party will not be responsible for any damage by reason of such a failure or delay of performance. *Force Majeure* shall refer to any event that is beyond the party's reasonable control and cannot be prevented with reasonable care, including acts of governments, acts of nature, fire, explosion, typhoon, flood, earthquake, tide, lightning or war. However, any shortage of credit, capital or finance shall not be regarded as an event beyond the control of a party. The party affected by Force Majeure shall notify the other party about the release without delay.

12.2 Although the affected party will not be responsible for any damage by reason of such a failure or delay of performance caused by *Force Majeure*, the affected party shall be exempted from such liabilities when it uses its reasonable efforts to minimize or remove the effects of *Force Majeure* and attempt to resume performance of the obligations delayed or prevented by the event of *Force Majeure*. After the event of *Force Majeure* is removed, both parties agree to use their best efforts to resume performance of this Agreement.

13. GOVERNING LAW AND RESOLUTION OF DISPUTES

13.1 The execution, effectiveness, construction, performance, amendment and termination of this Agreement and the resolution of disputes hereunder shall be governed by the laws of PRC.

13.2 In the event of any dispute with respect to the construction and performance of this Agreement, the Parties shall first resolve the dispute through friendly negotiations. In the event the Parties fail to reach an agreement on the dispute, either Party may submit the relevant dispute to the Guangzhou Arbitration Commission for arbitration, in accordance with its arbitration rules. The arbitration shall be conducted in Guangzhou, and the language used in arbitration shall be Chinese. The arbitration award shall be final and binding on all Parties.

14. NOTICES

14.1 Any notice given by the parties hereto for the purpose of performing the rights and obligations hereunder shall be in writing. If such notice is delivered by messenger, the time of receipt is the time when such notice is received by the addressee; if such notice is transmitted by facsimile, the time of receipt is the time when such notice is transmitted. If the notice does not reach the addressee by the end of the business day, the following business day shall be the date of receipt. The place of delivery is the Party’s address as set forth in the signature pages hereto or the address advised in writing including via facsimile.

15. ATTACHMENTS

The attachments set forth herein shall be an integral part of this Agreement.

16. EFFECTIVENESS

16.1 This Agreement is the amendment to Original Pledge Agreement. If there any conflict between Original Pledge Agreement and this Agreement, this Agreement shall prevail. Any amendments, changes and supplements to this Agreement shall be in writing and shall become effective after the affixation of the signatures or seals of the Parties.

16.2 This Agreement is written in Chinese in two originals.

[Signature Page]

Pledgee: EHang Intelligent Equipment (Guangzhou) Co., Ltd.

Authorized Representative: /s/ Huazhi Hu

/s/ Seal of EHang Intelligent Equipment (Guangzhou) Co., Ltd.

Pledgor: Huazhi Hu

Signature: /s/ Huazhi Hu

SHARE PLEDGE AGREEMENT

This Share Pledge Agreement (this "Agreement") has been executed by and between the following parties on February 22, 2019 in Guangzhou, PRC:

Pledgee: EHang Intelligent Equipment (Guangzhou) Co., Ltd.
Address: No. 31 Room 401, No. 680 Guangxin Road, Huangpu District, Guangzhou, PRC;

Pledgor: Yifang Xiong
PRC ID No.:[REDACTED]
Address:[REDACTED], PRC

Whereas:

1. Pledgors are natural persons with the nationality of the People's Republic of China (hereinafter referred to as "China" or "PRC"), and hold registered capital of CNY 3,000,000 in Guangzhou EHang Intelligent Technology Co., Ltd. (hereinafter referred to as "Intelligent Technology") in record, representing 5% equity of the Intelligent Technology. Guangzhou EHang Intelligent Technology Co., Ltd. is a limited liability company registered in Guangzhou, PRC which engages in the research and development, manufacture, operation and sale of unmanned aerial vehicle.

2. Pledgee is a wholly foreign-owned enterprise registered in Guangzhou PRC which engages in the consulting services of aviation technologies.

3. Pledgee and Intelligent Technology held by the Pledgor entered into Exclusive Technical Consulting and Services Agreement ("Services Agreement"), Exclusive Service Agreement ("Exclusive Services Agreement") on January 29, 2016; Pledgee, Pledgor and Intelligent Technology entered into Shareholders Voting Proxy Agreement ("Voting Agreement") and Exclusive Option Agreement ("Option Agreement") on January 29, 2016; and Pledgee and Pledgor entered into Share Pledge Agreement on January 29, 2016 ("Original Share Pledge Agreement").

4. To the extent permitted by applicable laws, the Pledgor is willing to pledge the all their Equity Interest to the Pledgee as a first priority security for the performance of Contractual Obligations and repayment of the Secured Indebtedness, and Intelligent Technology agreed such Pledge.

The Parties have mutually agreed to execute this Agreement upon the following terms.

1. DEFINITIONS

Unless otherwise provided herein, the terms below shall have the following meanings:

1.1 Pledge: shall refer to the security interest granted by Pledgor to Pledgee pursuant to Section 2 of this Agreement.

1.2 Equity Interest: shall refer to all of the equity interest lawfully now held by the Pledgor in Intelligent Technology (i.e. registered capital of CNY 3,000,000, representing 5% equity of the Intelligent Technology).

1.3 Contractual Obligations: refers to all obligations of the Pledgor under Voting Agreement, Call Option Agreement and their amendments, all obligations of Intelligent Technology under Voting Agreement, Services Agreement, Exclusive Services Agreement and their amendment; and all obligations of Pledgors and Intelligent Technology under this Agreement.

1.4 Secured Indebtedness: refers to all direct, indirect, derivative and foreseeable losses incurred by the Events of Default (see below) of Pledgors and/or Intelligent Technology, the amount of which is including without limitation the reasonable business plan and profit forecast and fees for the enforcement by Pledgee of obligations of Pledgor and /or Intelligent Technology under this Agreement.

1.5 Term of Pledge: shall refer to the term set forth in Section 3 of this Agreement.

1.6 Event of Default: shall refer to any of the circumstances set forth in Section 7 of this Agreement.

1.7 Notice of Default: shall refer to the notice issued by Pledgee in accordance with this Agreement declaring an Event of Default.

2. THE PLEDGE

2.1 Each of the Pledgors hereby pledges to Pledgee all of Equity Interest of Intelligent Technology held by such Pledgor. The right of Pledge refers that the Pledgee shall have a priority right over the proceeds of the Equity Interest pledged by such Pledgor in satisfaction of its rights from discount, auction or sale.

3. TERM OF PLEDGE

3.1 The Term of the Pledge

This Agreement shall take effect as of the date when this Agreement is duly signed or chopped by all the parties; the effectiveness and execution of this Agreement will not be affected by the pledge registration specified under this Agreement. This Agreement shall in full force and effective until the Intelligent Technology and Pledgee's satisfaction of all Contractual Obligations and settlement of all Secured Indebtedness (the "Term of Pledge"). Upon Pledgee's request, Intelligent Technology shall extend its operation period to sustain the effectiveness of this Agreement.

4. CUSTODY OF RECORDS FOR EQUITY INTEREST SUBJECT TO PLEDGE

4.1 During the Term of Pledge set forth in this Agreement, Pledgor shall deliver to Pledgee's custody the shareholders' register containing the Pledge within one week from the execution of this Agreement. Pledgee shall have custody of such items during the entire Term of Pledge set forth in this Agreement.

4.2 Pledgee shall have the right to collect dividends generated by the Equity Interest during the Term of Pledge.

5. REPRESENTATIONS AND WARRANTIES OF PLEDGOR

5.1 Pledgor is the legal owner of the Equity Interest.

5.2 In any event that the Pledgee exercise its right under this Agreement, no interference shall be made by any other parties.

5.3 Pledgee shall have the right to dispose of and transfer the Equity Interest in accordance with the provisions set forth in this Agreement.

5.4 Except for the Pledge, Pledgor has not placed any security interest or other encumbrance on the Equity Interest.

6. COVENANTS AND FURTHER AGREEMENTS OF PLEDGOR

6.1 Pledgor hereby covenants to the Pledgee, that during the term of this Agreement, Pledgor shall:

6.1.1 not transfer the Equity Interest, place or permit the existence of any security interest or other encumbrance on the Equity Interest, without the prior written consent of Pledgee;

6.1.2 comply with the provisions of all laws and regulations applicable to the pledge of rights, and within five (5) days of receipt of any notice, order or recommendation issued or prepared by relevant competent authorities regarding the Pledge, shall present the aforementioned notice, order or recommendation to Pledgee, and shall comply with the aforementioned notice, order or recommendation or submit objections and representations with respect to the aforementioned matters upon Pledgee's reasonable request or upon consent of Pledgee;

6.1.3 promptly notify Pledgee of any event or notice received by Pledgor that may have an impact on Pledgee's rights to the Equity Interest or any portion thereof, as well as any event or notice received by Pledgor that may have an impact on any guarantees and other obligations of Pledgor arising out of this Agreement.

6.2 Pledgor agrees that the rights acquired by Pledgee in accordance with this Agreement with respect to the Pledge shall not be interrupted or harmed by Pledgor or any heirs or representatives of Pledgor or any other persons through any legal proceedings.

6.3 To protect or perfect the security interest granted by this Agreement for payment of the consulting and service fees under the Control Agreements, Pledgor hereby undertakes to execute in good faith and to cause other parties who have an interest in the Pledge to execute all certificates, agreements, deeds and/or covenants required by Pledgee. Pledgor also undertakes to perform and to cause other parties who have an interest in the Pledge to perform actions required by Pledgee, to facilitate the exercise by Pledgee of its rights and authority granted thereto by this Agreement, and to enter into all relevant documents regarding ownership of Equity Interest with Pledgee or designee(s) of Pledgee (natural persons/legal persons). Pledgor undertakes to provide Pledgee within a reasonable time with all notices, orders and decisions regarding the Pledge that are required by Pledgee.

6.4 Pledgor hereby undertakes to comply with and perform all guarantees, promises, agreements, representations and conditions under this Agreement. In the event of failure or partial performance of its guarantees, promises, agreements, representations and conditions, Pledgor shall indemnify Pledgee for all losses resulting therefrom.

7. EVENT OF BREACH

7.1 The following circumstances shall be deemed Event of Default:

7.1.1 A Pledgor makes any materially false or misleading representations or warranties under Section 5 herein, or breaches any warranties under Section 5 herein;

7.1.2 A Pledgor breaches the covenants under Section 6 herein;

7.1.3 A Pledgor breaches any terms and conditions of this Agreement;

7.1.4 Except otherwise stipulated under Section 6.1.1, Pledgor transfers or purports to transfer or abandons the Equity Interest pledged or assigns the Equity Interest pledged without the written consent of Pledgee;

7.1.5 Any loan, guarantee, compensation, commitment or other liabilities which (i) have been requested for the repayment or performance due to the breach of the contract; or (ii) are unable to be repaid or performed on due date, so as to cause the Pledgee to believe that such Pledgor's ability to perform the obligations herein is adversely affected;

7.1.6 The Pledgor is incapable of repaying debt in general;

7.1.7 The enactment of laws and regulation cause the illegality of this Agreement or failure of the continue performance by the Pledgor of the obligation under this Agreement;

7.1.8 Any consent, permit, approval or authorization for the legality, enforcement or validity of this Agreement from governmental authorities is revoked, suspended, void or substantially changed.

7.1.9 The occurrence of any adverse change to the assets or property of the Pledgor, which in Pledgee's determination, may impact the ability of the Pledgor to perform its obligations hereunder;

7.1.10 The occurrence of any other circumstances under which the Pledgee is not or may not able to exercise its rights hereunder in accordance with the applicable law.

7.2 Upon notice or discovery of the occurrence of any circumstances or event that may lead to the aforementioned circumstances described in Section 7.1, Pledgor shall immediately notify Pledgee in writing accordingly.

7.3 Unless an Event of Default set forth in this Section 7.1 has been successfully resolved to Pledgee's satisfaction after the Pledgee delivers a notice to the Pledgor requesting ratification of such Event of Default, Pledgee may issue a Notice of Default to Pledgor in writing at any time thereafter, demanding to immediately dispose of the Pledge in accordance with the provisions of Section 8 of this Agreement.

8. EXERCISE OF PLEDGE

8.1 Prior to the full payment of the consulting and service fees described in the Control Agreements, without the Pledgee's written consent, Pledgor shall not assign the Equity Interest in Intelligent Technology.

8.2 Pledgee may issue a written notice to Pledgor when exercising the Pledge.

8.3 Subject to the provisions of Section 7.3, Pledgee may exercise the right to enforce the Pledge at any time after the issuance of the Notice of Default in accordance with Section 7.3. Once Pledgee elects to enforce the Pledge, Pledgor shall cease to be entitled to any rights or interests associated with the Equity Interest.

8.4 In the event of default, Pledgee is entitled to dispose of the Equity Interest in accordance with applicable PRC laws. Only to the extent permitted under applicable PRC laws, Pledgee has no obligation to account to Pledgor for proceeds of disposition of the Equity Interest, and Pledgor hereby waives any rights it may have to demand any such accounting from Pledgee.

8.5 When Pledgee disposes of the Pledge in accordance with this Agreement, Pledgor and Intelligent Technology shall provide necessary assistance to enable Pledgee to enforce the Pledge in accordance with this Agreement.

9. ASSIGNMENT

9.1 Without Pledgee's prior written consent, Pledgor shall not have the right to assign or delegate its rights and obligations under this Agreement.

9.2 This Agreement shall be binding on Pledgor and its successors and permitted assigns, and shall be valid with respect to Pledgee and each of its successors and assigns.

9.3 At any time, Pledgee may assign any and all of its rights and obligations under the Control Agreements to its designee(s) (natural/legal persons), in which case the assigns shall have the rights and obligations of Pledgee under this Agreement, as if it were the original party to this Agreement. When the Pledgee assigns the rights and obligations under the Control Agreements, upon Pledgee's request, Pledgor shall execute relevant agreements or other documents relating to such assignment.

9.4 In the event of a change in Pledgee due to an assignment, Pledgor shall, at the request of Pledgee, execute a new pledge agreement with the new pledgee on the same terms and conditions as this Agreement.

10. TERMINATION

Upon the full payment of the consulting and service fees under the Services Agreements and upon termination of Intelligent Technology's obligations under the Services Agreements, this Agreement shall be terminated, and Pledgee shall then terminate the equity pledge under this Agreement as soon as reasonably practicable.

11. HANDLING FEES AND OTHER EXPENSES

11.1 All fees and out of pocket expenses relating to this Agreement, including but not limited to legal costs, costs of production, stamp tax and any other taxes and fees, shall be borne by Pledgor. If the Pledgee pay such taxes and fees according to applicable laws, the Pledgor shall reimburse such paid taxes and fees.

11.2 The Pledgors shall be responsible for all expenses (including, but not limited to, any taxes, application fees, management fees, litigation costs, attorney's fees, and various insurance premiums in connection with the disposition of the Pledge) incurred by the Pledgee in its recourse to collect from the Pledgors arising from the Pledgors' failure to pay any relevant taxes and fees.

12. *Force Majeure*

12.1 In the event that the affected party is delayed in or prevented from performing its obligations under this Agreement by *Force Majeure*, only to the extent within the scope of such delay or prevention, the affected party will not be responsible for any damage by reason of such a failure or delay of performance. *Force Majeure* shall refer to any event that is beyond the party's reasonable control and cannot be prevented with reasonable care, including acts of governments, acts of nature, fire, explosion, typhoon, flood, earthquake, tide, lightning or war. However, any shortage of credit, capital or finance shall not be regarded as an event beyond the control of a party. The party affected by Force Majeure shall notify the other party about the release without delay.

12.2 Although the affected party will not be responsible for any damage by reason of such a failure or delay of performance caused by *Force Majeure*, the affected party shall be exempted from such liabilities when it uses its reasonable efforts to minimize or remove the effects of *Force Majeure* and attempt to resume performance of the obligations delayed or prevented by the event of *Force Majeure*. After the event of *Force Majeure* is removed, both parties agree to use their best efforts to resume performance of this Agreement.

13. GOVERNING LAW AND RESOLUTION OF DISPUTES

13.1 The execution, effectiveness, construction, performance, amendment and termination of this Agreement and the resolution of disputes hereunder shall be governed by the laws of PRC.

13.2 In the event of any dispute with respect to the construction and performance of this Agreement, the Parties shall first resolve the dispute through friendly negotiations. In the event the Parties fail to reach an agreement on the dispute, either Party may submit the relevant dispute to the Guangzhou Arbitration Commission for arbitration, in accordance with its arbitration rules. The arbitration shall be conducted in Guangzhou, and the language used in arbitration shall be Chinese. The arbitration award shall be final and binding on all Parties.

14. NOTICES

14.1 Any notice given by the parties hereto for the purpose of performing the rights and obligations hereunder shall be in writing. If such notice is delivered by messenger, the time of receipt is the time when such notice is received by the addressee; if such notice is transmitted by facsimile, the time of receipt is the time when such notice is transmitted. If the notice does not reach the addressee by the end of the business day, the following business day shall be the date of receipt. The place of delivery is the Party’s address as set forth in the signature pages hereto or the address advised in writing including via facsimile.

15. ATTACHMENTS

The attachments set forth herein shall be an integral part of this Agreement.

16. EFFECTIVENESS

16.1 This Agreement is the amendment to Original Pledge Agreement. If there any conflict between Original Pledge Agreement and this Agreement, this Agreement shall prevail. Any amendments, changes and supplements to this Agreement shall be in writing and shall become effective after the affixation of the signatures or seals of the Parties.

16.2 This Agreement is written in Chinese in two originals.

[Signature Page]

Pledgee: EHang Intelligent Equipment (Guangzhou) Co., Ltd.

Authorized Representative: /s/ Huazhi Hu

/s/ Seal of EHang Intelligent Equipment (Guangzhou) Co., Ltd.

Pledgor: Yifang Xiong

Signature: /s/ Yifang Xiong

Exhibit 10.9

EXCLUSIVE TECHNICAL CONSULTING AND SERVICES AGREEMENT

This Exclusive Technical Consulting and Services Agreement (the "Agreement") is entered into as of January 29, 2016 in Guangzhou by and between the following parties:

Party A: EHang Intelligent Equipment (Guangzhou) Co., Ltd.
Address: Room 903 (Chuangtuobangzhong Space)-A2(only for office use), Building C1, Innovation Building, No. 182 Kexue Boulevard, Guangzhou Hi-tech Industry Development Zone, Guangzhou, PRC.

Party B: Guangzhou EHang Intelligent Technology Co., Ltd.
Address: Room 402 (only for office use), 4th floor, Auxiliary Building No. 11, Aoti Road, Tianhe District, Guangzhou, PRC.

WHEREAS:

(1) Party A, a wholly foreign-owned enterprise registered in the People's Republic of China (the "PRC") under the laws of the PRC, provides technical consulting and services as part of its permitted business in the PRC.

(2) Party B is a limited liability company registered in the PRC, and is licensed by the competent governmental authorities to carry on the business of research & development, manufacture, operation and sale of aviation and unmanned aerial vehicle.

(3) Party A agrees to provide Party B with technical consulting and services and Party B agrees to accept such technical consulting and services.

NOW THEREFORE, the parties through mutual negotiations agree as follows:

1. Technical Consulting and Services; Exclusivity

1.1 During the term of this Agreement, the Party A agrees to, as the exclusive provider of the technical consulting and services to the Party B, provide technical consulting and services as further specified in Appendix 1 hereto to Party B.

1.2 Party B hereby agrees to accept the technical consulting and services to be provided by the Party A. Party B further agrees that, during the term of this Agreement, technical consulting and services shall be exclusively sourced by it from Party A and it shall not engage any third party to provide technical consulting and services the same as, similar to or comparable to or may replace the technical consulting and services for such business without the prior written consent of Party A.

1.3 Party A shall be the sole and exclusive owner of all rights, title and interests to any and all intellectual property rights arising from the provision of technical consulting and services under this Agreement, including, without limitation, any copyrights, patent, know-how, trade secrets and otherwise, whether developed by Party A or as improvements or derivatives resulting from Party A's intellectual property becoming known to, possessed under or developed by Party B.

2. Calculation and Payment of the Fee for Technical Consulting and Services (the "Fee")

The parties agree that the Fee under this Agreement shall be determined according to Appendix 2.

3. Representations and Warranties

3.1 Party A hereby represents and warrants as follows:

3.1.1 Party A is a company duly registered and validly existing under the laws of the PRC;

3.1.2 Party A has full right, power, authority and capacity and all consents and approvals of any other third party or government necessary to execute and perform this Agreement, which shall not conflict with any enforceable and effective laws or contracts binding on or applicable to Party A;

3.1.3 Once the Agreement has been duly executed by both parties, it will constitute a legal, valid and binding obligation of Party A enforceable against it in accordance with its terms.

3.2 Party B hereby represents and warrants as follows:

3.2.1 Party B is a limited liability company duly registered and validly existing under the laws of the PRC.

3.2.2 Party B has full right, power, authority and capacity and all consents and approvals of any other third party or government necessary to execute and perform this Agreement, which shall not conflict with any enforceable and effective laws or contracts binding on or applicable to Party B.

3.2.3 Once the Agreement has been duly executed by both parties, it will constitute a legal, valid and binding obligation of Party B enforceable against it in accordance with its terms.

4. Confidentiality

4.1 Party B agrees to protect and maintain the confidentiality of all of the technical and commercial data and information of Party A acknowledged or received by Party B in connection with the technical consulting and services provided by Party A pursuant to this Agreement (collectively the "Confidential Information"). Party B shall not disclose or transfer any Confidential Information to any third party without Party A's prior written consent. Upon termination or expiration of this Agreement, Party B shall, at Party A's option, return any and all documents, information or software containing any such Confidential Information to Party A or destroy it, delete all of such Confidential Information from any electronic device, and cease to use it.

4.2 It is agreed that this Section 4 shall survive after any amendment, expiration or termination of this Agreement.

5. Indemnity

Party B shall jointly and severally indemnify and hold harmless Party A from and against any loss, damage, obligation and cost arising out of any litigation, claim or other legal procedure against the Party A resulting from the provision of the technical consulting and services requested by Party B.

6. Effective Date and Term

6.1 This Agreement shall be executed and come into effect as of the date first set forth above (the "Effective Date"). The term of this Agreement is 10 years, unless earlier terminated or extended as set forth in this Agreement

6.2 This Agreement may be extended only if Party A gives its written consent to the extension of this Agreement before the expiration of this Agreement and on such terms as may be determined upon the unanimous consents of both parties.

7. Termination

7.1 Termination or Expiration

This Agreement shall expire on date of expiration unless this Agreement is extended as set forth above.

7.2 Early Termination

During the term of this Agreement, Party B shall not terminate this Agreement except any gross negligence, fraud, other illegal action or bankruptcy of Party A. Notwithstanding the foregoing, Party A may terminate this Agreement by giving a written notice to the Party B at least 30 days prior to such termination.

7.3 Survival.

Articles 4 and 5 shall survive after the termination or expiration of this Agreement.

8. Dispute Resolution

Any dispute arising from, out of or in connection with this Agreement shall be settled through amicable negotiations between the parties. If the dispute cannot be settled through negotiations, the dispute shall, upon the request of either Party with notice to the other Party, be submitted to arbitration in Guangzhou, PRC, under the auspices of Guangzhou Arbitration Committee. The place of arbitration shall be in Guangzhou. The language of the arbitration shall be in Chinese. The arbitration award shall be final and binding on all parties.

9. *Force Majeure*

9.1 *Force Majeure* shall refer to any event that is beyond the party's reasonable control and cannot be prevented with reasonable care, including acts of governments, acts of nature, fire, explosion, typhoon, flood, earthquake, tide, lightning or war. However, any shortage of credit, capital or finance shall not be regarded as an event beyond the control of a party. The party affected by *Force Majeure* shall notify the other party about the release without delay.

9.2 In the event that the affected party is delayed in or prevented from performing its obligations under this Agreement by *Force Majeure*, only to the extent within the scope of such delay or prevention, the affected party will not be responsible for any damage by reason of such a failure or delay of performance. The affected party shall take appropriate means to minimize or remove the effects of *Force Majeure* and attempt to resume performance of the obligations delayed or prevented by the event of *Force Majeure*. After the event of *Force Majeure* is removed, both parties agree to use their best efforts to resume performance of this Agreement.

10. Notices.

All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given (and shall be deemed to have been duly received if so given) by hand delivery, facsimile transmission, or by mail (registered or certified mail, postage prepaid, return receipt requested) or by any courier service, providing proof of delivery. All communications hereunder shall be delivered to the respective parties at the following addresses or to such other address as the party to whom notice is given may have previously furnished to the other parties hereto in writing in the manner set forth above:

Party A:	EHang Intelligent Equipment (Guangzhou) Co., Ltd.
Communication Address:	5th floor, Building C, Yixiang Technology Park, No.72 Nanxiang Second Road, Luogang District, Guangzhou, PRC
Telephone:	[REDACTED]
Contract person	Huazhi Hu
Party B:	Guangzhou EHang Intelligent Technology Co., Ltd.
Communication Address:	5th floor, Building C, Yixiang Technology Park, No.72 Nanxiang Second Road, Luogang District, Guangzhou, PRC
Telephone:	[REDACTED]
Contract person	Huazhi Hu

11. No Assignment

Neither this Agreement nor any right, interest or obligation hereunder may be assigned by any party hereto without the prior written consent of the other party hereto.

12. Severability

If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future law, and such provision will be fully severable and be void only under jurisdiction and scope of the applicable laws, and the remaining provisions of this Agreement will remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom.

13. Amendment and Supplement

Any amendment and supplement of this Agreement shall come into force only after a written agreement is signed by both parties. The amendment and supplement duly executed by both parties shall be part of this Agreement and shall have the same legal effect as this Agreement.

14. Governing Law

This Agreement shall be governed by and construed in accordance with PRC laws.

IN WITNESS THEREOF the parties hereto have caused this Agreement to be duly executed on their behalf by a duly authorized representative as of the date first set forth above.

(Signature Page)

Party A: EHang Intelligent Equipment (Guangzhou) Co., Ltd.

Authorized Representative: /s/ Huazhi Hu

/s/ Seal of EHang Intelligent Equipment (Guangzhou) Co., Ltd.

Party B: Guangzhou EHang Intelligent Technology Co., Ltd.

Authorized Representative: /s/ Shangjin Guo

/s/ Seal of Guangzhou EHang Intelligent Technology Co., Ltd.

Appendix 1: The list of Technical Consulting and Services

Party A shall provide the following technical consulting and services to Party B:

1. Enterprise Management and Training;
2. Technology Research and Development of Aviation and Unmanned Aerial Vehicle;
3. Manufacturing process and method of Aviation and Unmanned Aerial Vehicle; and
4. The Sale of Aviation and Unmanned Aerial Vehicle.

Appendix 2: Calculation and Payment of the Fee for Technical Consulting and Services

Party B shall pay a technical consulting and service fee (the “Fees”) equals to an hourly rate of CNY 1,000.00. Party A may, in its sole discretion, adjust the fees for the technical consulting and services provided to Party B.

The Fees shall be paid within 5 days upon submission of an invoice by Party A to the Party B on a monthly basis.

EXCLUSIVE SERVICES AGREEMENT

This agreement (the "Agreement") is entered into as of January 29, 2016.

Party A: EHang Intelligent Equipment (Guangzhou) Co., Ltd.
Address: Room 903 (Chuangtuobangzhong Space)-A2(only for office use), Building C1, Innovation Building, No. 182 Kexue Boulevard, Guangzhou Hi-tech Industry Development Zone, Guangzhou, PRC.

Party B: Guangzhou EHang Intelligent Technology Co., Ltd.
Address: Room 402 (only for office use), 4th floor, Auxiliary Building No. 11, Aoti Road, Tianhe District, Guangzhou, PRC.

After friendly negotiation, through mutual negotiation, as to the provision of management consulting and technical and management consulting matters on research & development, manufacture, operation and sale of unmanned aerial vehicle under the Exclusive Technical Consulting and Services Agreement on January 29, 2016, both parties agree as follows:

1. During the term of this Agreement, Party A agrees to provide Party B with, Party B agrees to accept, the management consulting and technical consulting on research & development, manufacture, operation and sale of unmanned aerial vehicle.

2. During the term of this Agreement, without prior consent of Party A, Party B shall not it shall not engage any entity or individual other than Party A to provide services the same as, similar to or comparable to the management consulting and technical consulting on research & development, manufacture, operation and sale of unmanned aerial vehicle.

3. The service fees shall be calculated and paid by an hourly rate of CNY 1,000.00 and Party A may, at its sole discretion, adjust the above fees. Such fees shall be paid within five (5) days upon submission of an invoice by Party A to the Party B on a monthly basis.

4. Party A shall be the sole and exclusive owner of all rights, title and interests to any and all intellectual property rights arising from the provision of services under this Agreement unless otherwise stipulated under compulsory laws and regulation in which the ownership intellectual property rights shall be appropriated according to compulsory laws and regulations.

5. Each party has full right, power, authority and capacity and all consents and approvals of any other third party or government necessary to execute and perform this Agreement.

6. Both parties shall not disclose any confidential information from other party during the negotiation, execution and performance of this Agreement.

7. This Agreement shall be valid until a new agreement with respect to service matters is entered.

8. This Agreement shall be executed in two originals, and each Party A and Party B holds one.

(Signature Page)

Party A: EHang Intelligent Equipment (Guangzhou) Co., Ltd.

Authorized Representative: /s/ Huazhi Hu

/s/ Seal of EHang Intelligent Equipment (Guangzhou) Co., Ltd.

Party B: Guangzhou EHang Intelligent Technology Co., Ltd.

Authorized Representative: /s/ Shangjin Guo

/s/ Seal of Guangzhou EHang Intelligent Technology Co., Ltd.

Exhibit 10.10

Amendment to Exclusive Technical Consulting and Service Agreement

This Amendment to Exclusive Technical Consulting and Services Agreement (hereinafter referred to as "this Agreement") is made as of November 30th, 2018 by and between the following parties:

Party A: EHang Intelligent Equipment (Guangzhou) Co., Ltd.

Address: No.31 Room 401, No. 680 Guangxin Road, Huangpu District, Guangzhou, PRC.

Party B: Guangzhou EHang Intelligent Technology Co., Ltd.

Address: Room 402 (only for office use), 4th floor, Auxiliary Building No. 11, Aoti Road, Tianhe District, Guangzhou, PRC.

WHEREAS

The Exclusive Technical Consulting and Services Agreement ("Consulting and Services Agreement") was entered into as of January 29th, 2016 by and between Party A and Party B;

After amicable negotiations, both parties agree to amend Consulting and Services Agreement as follows:

1. The parties agree to amend Section 1.1 of the Consulting and Services Agreement as follows:

   1.1. "During the term of this Agreement, Party A agrees to, as exclusive provider of technical consulting, services and financial support to Party B, provide technical consulting and services as further specified in Appendix 1 hereto to Party B. Party A shall have the right, without prior notice given to or obtaining consent of Party B, to the extent permitted by laws of PRC, to assign any of its rights and/or obligations under this Agreement to any third party designated by Party A, subject to the laws of PRC."

2. The parties agree to amend Appendix 2 of the Consulting and Services Agreement as follows:

   "To the extent permitted by PRC laws, Party A shall have the right to determine the amount of service fees ("Fees") based on the technical consulting and services it provided to Party B and/or its affiliated entities, the operation of Party B and the development requirement of Party B. Such Fees may be amounting to all or parts of the pre-tax profits after making-up the losses in previous years (if applicable) of Party B and/or its affiliated entities and deduction of its necessary costs, expenses and taxes required for business operation without taking account of Fees under this Agreement; and

Other service fees agreed by both parties for specific services provided by Party A at the request of Party B from time to time."

3. Except as expressly set forth in this Agreement, the terms and provisions of the Consulting and Services Agreement shall remain in full force and effect. In the event of any conflict between this Agreement and the Consulting and Services Agreement, this Agreement shall prevail.

4. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

(Remainder intentionally left blank, signature page follows)

(Signature Page)

Party A: EHang Intelligent Equipment(Guangzhou)Co., Ltd.

Authorized representative: /s/ Huazhi Hu

/s/ Seal of EHang Intelligent Equipment(Guangzhou)Co., Ltd.

Party B: Guangzhou EHang Intelligent Technology Co., Ltd.

Authorized representative: /s/ Shangjin Guo

/s/ Seal of Guangzhou EHang Intelligent Technology Co., Ltd.

Exhibit 10.11

EXCLUSIVE OPTION AGREEMENT

The Exclusive Option Agreement, dated as of January 29, 2016 (the "Agreement"), is made by and among the following parties:

(1) EHang Intelligent Equipment (Guangzhou) Co., Ltd. with the address: Room 903 (Chuangtuobangzhong Space)-A2(only for office use), Building C1, Innovation Building, No. 182 Kexue Boulevard, Guangzhou Hi-tech Industry Development Zone, Guangzhou, PRC (the "Party A");

(2) Huazhi Hu and Yifang Xiong (collectively, "Party B"); and

(3) Guangzhou EHang Intelligent Technology Co., Ltd. with the address: Room 402 (only for office use), 4th floor, Auxiliary Building No. 11, Aoti Road, Tianhe District, Guangzhou, PRC. ("Party C").

As used in this Agreement, each of the Party A, Party B and Party C is referred to as a "party" individually and the "parties" collectively.

WHEREAS:

1. Party B holds 100% equity interests in Party C (collectively, the "Equity Interest").

2. Party C and Party A have entered into a series of contracts, including Exclusive Technical Consulting and Services Agreement.

NOW, THEREFORE, the parties to this Agreement hereby agree as follows:

1. Purchase and Sale of Equity Interest

Section 1.1 Authorization

Party B hereby irrevocably grant to Party A an irrevocable sole option ("Optional Purchase Right of Equity Interest") for Party A or one or more persons designated by Party A (the "Designated Persons") to acquire (in accordance with steps decided by Party A and at the price specified in Section 1.3 hereof) at any time from Party B all or part of the Equity Interest in Party C whenever the acquisition is permissible under PRC laws. Except for Party A and the Designated Persons, where applicable, Party B shall not grant or cause to be granted such right to any other party. Party C hereby agrees to the delivery of Optional Purchase Right of Equity Interest from Party B to Party A. For the purposes of this Agreement, "person" has the meaning of person, corporation, joint venture, partnership, enterprise, trust or non-corporation organization.

Section 1.2 Steps

The exercise of Optional Purchase Right of Equity Interest of Party A shall be upon and subject to the laws and regulations of PRC. Party A shall send a written notice (the "Notice of Purchase of Equity Interest") to Party B to exercise the of Equity Interest, and the Notice of Purchase of Equity Interest shall contain the following: (a) Party A's decision to exercise the purchase right; (b) The equity interests to be purchased by Party A or the Designated Persons, where applicable, from the Party B (the "Purchased Equity Interest"); (c) Purchase date and Equity Interest transferring date.

Section 1.3 Purchase Price

Unless otherwise required, expressly or impliedly, by the PRC laws and regulations when the Optional Purchase Right of Equity Interest is exercised, the purchase price for such Equity Interests ("the Purchase Price") shall be registered capital of Party C (i.e. CNY 2,000,000). If such Purchase Price is higher than the lowest price permitted under the applicable laws, the Purchase Price shall be such lowest price permitted under the applicable laws.

Section 1.4 Transfer of the Purchased Equity Interest

Upon each and every exercise by Party A of the Optional Purchase Right of Equity Interest:

(a) Party B shall cause the Party C to adopt a resolution pursuant to applicable laws to transfer the equity interest from Party B to the Party A and/or the Designated Persons, where applicable;

(b) Party B shall, upon the terms and conditions of this Agreement and the Notice of Purchase of Equity Interest, enter into Equity Interest transfer agreement with Party A (or, as applicable, the Designated Persons);

(c) The related parties shall execute all other requisite contracts, agreements or documents, obtain all necessary approval and consent of the government, and perform all requisite actions to transfer the valid ownership of the Purchased Equity Interest (free of any Security Interest) to Party A and/or the Designated Person and to cause Party A and/or the Designated Person to be the registered owner of the Purchased Equity Interest. For the purposes of this Agreement, "Security Interest" has the meaning of security, mortgage, right or interest of the third party, any purchase right of equity interest, right of acquisition, preemptive right, right of set-off, encumbrance or other security arrangements. Notwithstanding the foregoing, it does not include any security interest subject to this Agreement or the Share Pledge Agreement entered into by Party A and Party B and effective from the Closing Date. Share Pledge Agreement means the share pledge agreement entered by Party A and Party B on the date of this Agreement, pursuant to which Party B pledges all Equity Interests held by it to Party A for securing the obligations under Exclusive Technical Consulting and Services Agreement.

Section 1.5 the Payment of Purchase Price

Within five days following the exercise of Optional Purchase Right of Equity Interest of Party A, the Purchase Price shall be paid to bank account designated by Party B.

2. Covenants Relating to Equity Interest

2.1 Covenants of Party C

Party C hereby covenants that Party C shall:

(a) without prior written consent by Party A, not, in any form, change, amend or restate the articles of the association of Party C or to change their existing business scope, to increase or decrease registered capital of the corporation, or to change the structure of the registered capital in any other forms;

(b) follow safe and sound finance and business standard and practice, maintain the existence of the corporation and prudently and effectively operate business;

(c) without prior written consent by Party A, not, from the execution date of this Agreement, sell, transfer, mortgage or dispose in any other form any assets, legitimate or beneficial interest of business or income of Party C, or to approve any other security interest set on it;

(d) without prior written consent by Party A, no debt shall take place, be inherited, be guaranteed, or be allowed to exist, with the exception of: (i) receivables or payables incurred from normal or daily business; (ii) debt having been disclosed to or having obtained written consent from Party A;

(e) normally operate all business to maintain the asset value of Party C, without engaging in any action that adversely affects the operation and asset value;

(f) without prior written consent by Party A, not enter into any material contract, with the exception of the contract entered into during the normal business (for the purposes of this paragraph, a contract with a value more than CNY 5,000,000 shall be deemed as material);

(g) without prior written consent by Party A, not provide loan or credit to any person;

(h) upon request, provide all operation and finance materials relevant to Party C to Party A;

(i) purchase and maintain insurance policies of the insurance company accepted by Party A where insured amount and type of insurance shall be the same as or similar to the company with similar assets or property and operation in same location;

(j) immediately notify Party A of the occurrence or the likely occurrence of a material litigation, arbitration or administrative procedure related to the assets, business and operation of Party C; and

(k) in order to maintain the title of Party C to all its assets, execute all requisite or appropriate documents, take all requisite or appropriate action, advance all requisite or appropriate accusation, or make requisite or appropriate plea for all claims.

2.2 Covenants of Party B

Party B hereby covenants that Party B shall:

(a) Without the prior written consent of Party A, not sell, transfer, mortgage or dispose of in any other manner any legal or beneficial interest in the equity interests in Party C held by Party B, or allow the encumbrance thereon of any security interest, except for the pledge placed on these equity interests in accordance with Party B's Share Pledge Agreement;

(b) cause the shareholders' meeting of Party C not to approve the sale, transfer, mortgage or disposition in any other manner of any legal or beneficial interest in the equity interests in Party C held by Party B, or allow the encumbrance thereon of any security interest, without the prior written consent of Party A, except for the pledge placed on these equity interests in accordance with Party B's Share Pledge Agreement;

(c) cause the shareholders' meeting of Party C not to approve the merger or consolidation with any person, or the acquisition of or investment in any person or entity, without the prior written consent of Party A;

(d) immediately notify Party A of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to the equity interests in Party C held by Party B;

(e) cause the shareholders' meeting to vote their approval of the transfer of the Purchased Equity Interests as set forth in this Agreement;;

(f) to the extent necessary to maintain Party B's ownership in Party C, execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate complaints or raise necessary and appropriate defenses against all claims;

(g) at the request of Party A at any time, promptly and unconditionally transfer its equity interests in Party C to Party A's Designee(s); and

(h) strictly abide by the provisions of this Agreement and other contracts jointly or separately executed by and among Party B, Party C and Party A, perform the obligations hereunder and thereunder, and refrain from any action/omission that may affect the effectiveness and enforceability thereof.

3. Representations and Warranties

Representations and Warranties of Party B and Party C

Dated as of the execution date of this Agreement and every transferring date, each of Party B and Party C hereby represents and warrants jointly and severally to Party A as follows:

(a) It has the power and ability to enter into and deliver this Agreement, and any equity interest transferring agreements (hereinafter referred to as "Transferring Agreement") in which it is a party, for every single transfer of the Purchased Equity Interest according to this Agreement, and to perform its obligations under this Agreement and any Transferring Agreement by which it is bound at such time. Upon execution, this Agreement and the Transferring Agreements in which it is a party constitute a legal, valid and binding obligation of it and is enforceable against it in accordance with its terms;

(b) The execution, delivery of this Agreement and any Transferring Agreement and performance of the obligations under this Agreement and any Transferring Agreement do not: (i) violate any relevant laws and regulations of PRC; (ii) conflict with its Articles of Association or other organizational documents; (iii) breach any contract or instruments to which it is a party; (iv) violate any conditions required for the issuance of any consent or approval and maintaining the validity thereof; or (v) cause suspension, revocation of or imposition of additional condition on any consent or approval issued to it;

(c) The shares of Party C outstanding as of the date of this Agreement are duly authorized, validly issued, fully paid and nonassessable and are owned, of record or beneficially, by Party B thereof free and clear of all liens;

(d) Party C does not have any undischarged debt, with the exception of (i) debt incurred from its normal business; and (ii) debt having been disclosed to Party A and having obtained written consent from Party A;

(e) Party C abide by all applicable laws and regulations related to the mergers and acquisitions (share or assets); and

(f) No material litigation, arbitration or administrative procedure relating to the equity interest of, assets of Party C is pending or, to the best knowledge of the Shareholders, the Shareholders and the ISP Entities, threatened or likely to occur.

4. Effective Date

This Agreement shall come into effect from the date of this Agreement and, terminate when, to the extent permitted by PRC laws, Party A acquire all equity interests in Party C held by Party B.

5. Governing Law and Dispute Resolution

5.1 Governing Law

This Agreement, the rights and obligations of the parties hereto, and any related claims or disputes, shall be governed by and construed in accordance with the PRC laws.

5.2 Dispute Resolution

Any dispute arising from, out of or in connection with this Agreement shall be settled through amicable negotiations between the parties. If the dispute cannot be settled through negotiations, the dispute shall, upon the request of either Party with notice to the other Party, be submitted to arbitration in Guangzhou, PRC, under the auspices of Guangzhou Arbitration Committee. The place of arbitration shall be in Guangzhou. The language of the arbitration shall be in Chinese. The arbitration award shall be final and binding on all parties.

6. Taxes and Expenses

Each party shall, according to laws of PRC, bear any and all applicable taxes, costs and expenses for the preparation and execution of this Agreement and all Transferring Agreements, as well as those arising from or imposed on one party, to complete the transactions of this Agreement and all Transferring Agreements.

7. Notices

All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given (and shall be deemed to have been duly received if so given) by hand delivery, telegram, telex, or telecopy, or facsimile transmission, or by mail (registered or certified mail, postage prepaid, return receipt requested) or by any courier service, providing proof of delivery. All communications hereunder shall be delivered to the respective parties at the following addresses or to such other address as the party to whom notice is given may have previously furnished to the other parties hereto in writing in the manner set forth above:

Party A:	EHang Intelligent Equipment (Guangzhou) Co., Ltd.
Communication Address:	5th floor, Building C, Yixiang Technology Park, No.72 Nanxiang Second Road, Luogang District, Guangzhou, PRC
Telephone:	[REDACTED]
Contract person	Huazhi Hu
Party B:	
Huazhi Hu	
Address:	[REDACTED]
Yifang Xiong	
Address	[REDACTED]

Party C:	Guangzhou EHang Intelligent Technology Co., Ltd.
Communication Address:	Room 402 (only for office use), 4th floor, Auxiliary Building No. 11, Aoti Road, Tianhe District, Guangzhou, PRC

8. Confidentiality

The parties admit and confirm any oral or written materials exchanged by the parties relating to this Agreement are confidential. The parties shall strictly maintain the confidentiality of all such materials. Without written approval by the disclosing party, the receiving party may not disclose to any third party any confidential materials, except any information: (a) is or becomes available to the public, other than as a result of a disclosure by the receiving party in breach of this Agreement; (b) needed to be disclosed subject to applicable ordinances; or (c) necessarily disclosed to the receiving party's legal or financial consultant relating the contemplated transaction, provided the legal or financial consultant shall have similar confidentiality obligation as set forth in this Section. The breach of the confidentiality obligation by any staff or the institutions retained by the receiving party shall be deemed as the breach of such obligation by such receiving party. This Section shall survive the termination of this Agreement.

9. Further Assurances

The parties to the Agreement agree to promptly execute documents and to take actions reasonably necessary for the realization of the purpose of this Agreement.

10. Miscellaneous

10.1 Amendment, Modification and Supplement

Any amendments, modification, supplements, additions or changes of the Agreement shall be in writing and come into effect upon being executed and sealed by the parties hereto.

10.2 Observance of Laws and Regulations

The parties to the Agreement shall observe and make sure the business operation of each party fully abide by all applicable laws and regulations of the PRC.

10.3 Entire Agreement

This Agreement constitute the sole and entire agreement among the parties hereto with respect to the subject matter hereof and supersedes and renders of no force and effect all prior oral or written agreements, commitments and undertakings among the parties with respect to the subject matter hereof.

10.4 Headings

The headings used in this Agreement have been inserted for convenience of reference only and do not define or limit the provisions hereof.

10.5 Language

This Agreement is executed in six (6) originals in Chinese which shall be prevail.

[Signature Page]

Party A: EHang Intelligent Equipment (Guangzhou) Co., Ltd.

Authorized Representative: /s/ Huazhi Hu

/s/ Seal of EHang Intelligent Equipment (Guangzhou) Co., Ltd.

Party B:

Huazhi Hu (signature): /s/ Huazhi Hu

Yifang Xiong (signature): /s/ Yifang Xiong

Party C: Guangzhou EHang Intelligent Technology Co., Ltd.

Authorized Representative: /s/ Shangjin Guo

/s/ Seal of Guangzhou EHang Intelligent Technology Co., Ltd.

Exhibit 10.12

Amendment to Exclusive Option Agreement

This Amendment to Exclusive Option Agreement (hereinafter referred to as "this Agreement") is entered into in Guangzhou as of November 30th, 2018 by and among the following parties:

(1) EHang Intelligent Equipment (Guangzhou) Co., Ltd with address: No. 31 Room 401, No. 680 Guangxin Road, Huangpu District, Guangzhou, PRC ("Party A");

(2) Huazhi Hu and Yifang Xiong ("Party B"); and

(3) Guangzhou EHang Intelligent Technology Co., Ltd with address: Room 402 (only for office use), 4th floor, Auxiliary Building No. 11, Aoti Road, Tianhe District, Guangzhou, PRC ("Party C")

WHEREAS

The Exclusive Option Agreement ("Option Agreement") was entered into by and between Party A, Party B and Party C respectively as of January 29th, 2016.

The Parties hereby agree to amend the Option Agreement through mutual negotiation as follows:

1. The parties agree to amend Section 1.1 of the Option Agreement as follows:

   "Party B hereby irrevocably grant to Party A, to the extent permitted under the laws of the PRC, an irrevocable sole option ("Optional Purchase Right of Equity Interest") for the Party A or one or more persons designated by Party A (the "Designated Persons") to acquire (in accordance with steps decided by Party A and at the price specified in Section 1.3 hereof) at any time from Party B all or part of the Equity Interest in Party C whenever the acquisition is permissible under PRC law. Except for Party A and the Designated Persons (including natural person, legal person and other entity), where applicable, Party B shall not grant or cause to be granted such right to any other party. Party C hereby agrees to the delivery of Purchase Right of Equity Interest from Party B to Party A. For the purposes of this Agreement, "person" has the meaning of person, corporation, joint venture, partnership, enterprise, trust or non-corporation organization."

2. The Parties agree to amend Section 1.3 of the Option Agreement as follows:

   "Unless appraisal or other restriction required, expressly or impliedly, by the PRC laws and regulations when the Optional Purchase Right of Equity Interest is exercised, the purchase price for such Equity Interests ("the Purchase Price") shall be the lowest price permitted under applicable laws. Upon the exercise of Optional Purchase Right of Equity Interest by Party A or its Designated Person to purchase the Equity Interest, when Purchase Price is received by the Party B, such Purchase Price after the deduction of all operational costs and expense shall be returned to Party A or Designated Person."

3. The Parties agree to add Section 1.6 of the Option Agreement as follows:

   "1.6 Distribution

   Unless otherwise required under PRC laws and obtaining the prior written consent of Party A, Party B shall not cause Party C to declare or pay any distributable profits, distribution or dividends. If Party B receive any profits, distribution or dividends, Party B shall give such profits, distribution or dividends after the deduction of related taxes and fees to Party A or Designated Person as a gift.

   If Party B receives total amount of Purchase Price by the transfer of the Equity Interests higher than his capital contribution, or any profits, distribution or dividends from the company in any form, Party B agrees that the Purchase Price or such any profits, distribution or dividends shall be given to Party A. Otherwise, the Party B shall compensate the losses incurred by Party A and/or his Designated Person."

4. The Parties agree to amend Section 2.1(f) of the Option Agreement as follows:

   "(f) without prior written consent of Party A, Party C shall not execute any material agreement, except as otherwise required in the ordinary course of business."

5. The Parties agree to add Section 2.1(l)(m) of the Option Agreement as follows:

"(l) without prior written consent of Party A, not cause Party C to declare or pay any distributable profits, distribution and dividends;

(m) without prior written consent of Party A, not consent, support or approve merger with, consolidation into or acquisition of any person, or investment, or division, transformation, or alternation of registered capital, of the company."

6. The Parties agree to add Section 2.2 (i) (j)(k) of the Option Agreement as follows:

"(i) without prior written consent of Party A, not cause Party C to declare or pay any distributable profits, distribution and dividends;

(j) without prior written consent of Party A, not terminate or cause management of the company to terminate any material agreement signed by Party C, or execute any agreement in conflict with existing material agreement;

(k) without prior written consent of Party A, not provide loan or credit to any person."

7. The Parties agree to amend Section 10.1 of the Option Agreement as follows:

"Notwithstanding other provisions stipulated under this Agreement, Party B and Party B shall not revoke the Optional Purchase Right of Equity Interest or terminate this Agreement without prior written consent from Party A. Nonetheless, Party A can terminate this Agreement by issuing written notice to the company and its existing shareholders 30 days prior to such notice becomes effective."

8. Unless otherwise specifically provided in this Agreement, the Option Agreement and Amendment shall remain valid. In the event of any conflict between this Agreement and the Option Agreement, this Agreement shall prevail.

9. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

(Remainder intentionally left blank, signature page follows)

(Signature page)

Party A: EHang Intelligent Equipment (Guangzhou) Co., Ltd.

Authorized representative: /s/ Huazhi Hu

/s/ Seal of EHang Intelligent Equipment (Guangzhou) Co., Ltd.

Party B:

Huazhi Hu (Signature): /s/ Huazhi Hu

Yifang Xiong (Signature): /s/ Yifang Xiong

Party C: Guangzhou EHang Intelligent Technology Co., Ltd.

Authorized representative: /s/ Shangjin Guo

/s/ Seal of Guangzhou EHang Intelligent Technology Co., Ltd.

Exhibit 10.13

Amendment Two to Exclusive Option Agreement

This Amendment Two to Exclusive Option Agreement (hereinafter referred to as "this Agreement") is entered into in Guangzhou as of June 6th, 2019 by and among the following parties:

(1) EHang Intelligent Equipment (Guangzhou) Co., Ltd with commercial register in Building #3, No. 72 Nanxiang 2nd Road, Science City, High-tech Industry Development Zone, Guangzhou ("Party A");

(2) Huazhi Hu and Yifang Xiong ("Party B"); and

(3) Guangzhou EHang Intelligent Technology Co., Ltd with commercial register in Room 402, F/4 Wing Building, No. 11 Aoti Road, Tianhe District, Guangzhou (for office use only) ("Party C")

WHEREAS

The Exclusive Option Agreement ("Option Agreement") and the Amendment to Exclusive Option Agreement ("Amendment to Option Agreement", collectively referred to as "Option Agreement and Amendment" with the Option Agreement) were entered into by and between Party A, Party B and Party C respectively as of January 29th, 2016 and November 30th, 2018.

The Parties hereby amend the Option Agreement and Amendment through mutual negotiation and consent as follows:

1. The parties agree to amend Section 2.2 (j) of the Option Agreement as follows:

   "(j) Except for the agreements executed during ordinary course of business operations, Party C shall not execute any material agreement without prior written consent from Party A;"

2. The Parties agree to amend Section 10.1 of the Option Agreement as follows:

   "Notwithstanding other provisions stipulated under this Agreement, Party B and Party B shall not revoke or revise the Optional Purchase Right of Equity Interest or terminate this Agreement without prior written consent from Party A. Nonetheless, Party A can terminate or revise this Agreement by issuing written notice to the company and its existing shareholders 30 days prior to such notice becomes effective."

3. Unless otherwise specifically provided in this Agreement, the Option Agreement and Amendment shall remain valid. In the event of any conflict between this Agreement and the Option Agreement and Amendment, this Agreement shall prevail.

4. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

(Remainder intentionally left blank, signature page follows)

(Signature page)

Party A: EHang Intelligent Equipment (Guangzhou) Co., Ltd.

Authorized representative: /s/ Huazhi Hu

/s/ Seal of EHang Intelligent Equipment (Guangzhou) Co., Ltd.

Party B:

Huazhi Hu (Signature): /s/ Huazhi Hu

Yifang Xiong (Signature): /s/ Yifang Xiong

Party C: Guangzhou EHang Intelligent Technology Co., Ltd.

Authorized representative: Shangjin Guo

/s/ Seal of Guangzhou EHang Intelligent Technology Co., Ltd.

Exhibit 10.14

SPECIAL AGREEMENT IN RESPECT OF THE CONTRIBUTION OF REGISTERED CAPTIAL OF GUANGZHOU EHANG INTELLIGENT TECHNOLOGY CO., LTD.

The Special Agreement in respect of the Capital Increase of Guangzhou EHang Intelligent Technology Co., Ltd., dated as of February 22, 2019 (the "Agreement"), is made by and among the following parties:

(1) Huazhi Hu and Yifang Xiong ("Party A");

(2) EHang Intelligent Equipment (Guangzhou) Co., Ltd. with the address: No. 31 Room 401, No. 680 Guangxin Road, Huangpu District, Guangzhou, PRC (the "Party B"); and

(3) Guangzhou EHang Intelligent Technology Co., Ltd. with the address: Room 402 (only for office use), 4th floor, Auxiliary Building No. 11, Aoti Road, Tianhe District, Guangzhou, PRC. ("Party C").

Each of the Party A, Party B and Party C is referred to as a "party" individually and the "parties" collectively.

WHEREAS:

1. Party B, together with Party A or Party B, entered into Exclusive Technical Consulting and Services Agreement, Exclusive Service Agreement, Exclusive Option Agreement, Shareholders Voting Proxy Agreement and Share Pledge Agreement and their amendment ("VIE Agreements").

NOW, THEREFORE, the parties to this Agreement hereby agree in respect of the capital increase of Party C by Party A as follows:

Section 1 Special Agreement

Section 1.1 Party B acknowledges and agrees that Party A, Huazhi Hu and Yifang Xiong will increase 95% and 5% of the registered capital of Party C to CNY 60,000,000, respectively.

Section 1.2 Party B acknowledges and agrees Party B will provide loan ("Loan") free of interest to Party A for the purpose of capital increase. All Parties agree that Party B will not request the repayment of the Loan and Party A will not request an advance repayment of the Loan before Party A transfers all equity interest of Party C to Party B or terminate the business operation of Party C at the request of Party B.

Section 1.3 If Party A transfers part of its equity interest in Party C to Party B, upon transfer of such equity interest and the receipt of the payment of the proceeds from such transfer by Party A, the Loan of the relevant amount shall be deemed repaid. For the purpose of this Section, such relevant amount shall be calculated in accordance with the formula below: Relevant Amount Deemed Repaid = Loan * (Transferred Equity of Party A/Total Equity of Party C held by Party A). If Party A transfers all of its equity interest in Party C to Party B, upon transfer of such equity interest and the receipt of the payment of the proceeds from such transfer by Party A, the Loan hereunder shall be deemed as having been fully repaid. "upon transfer of the equity interest" for the purpose of this Section shall mean that the transfer of such equity interest has been approved by competent government authorities (if required) and the changes to such equity interest have been registered with government authorities, with Party B becoming the lawful holder of the equity of Party C.

Section 1.4 In the event of Party C's winding-up, liquidation, dissolution or bankruptcy for any reason not attributable to Party A, the Loan hereunder shall be deemed as having been fully repaid upon the Party A's return of all proceeds from the liquidation to Party B.

Section 1.5 Party A agrees that the increased registered capital shall be bound by the same VIE Agreements as the registered capital currently held by Party A.

Section 2 Severability

Section 2.1 If any provision of this Agreement is held to be invalid or unenforceable, and such provision will be fully severable (to the scope of invalidity and unenforceability) and deemed to be excluded herein, and the remaining provisions of this Agreement will remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom

Section 3 Waiver

Section 3.1 The failure to exercise or the delay in exercising a right or remedy provided by this Agreement or by law does not impair or constitute a waiver of such right or remedy or interfere with the exercise of right or remedy later. No single or partial exercise of a right or remedy provided by this Agreement or by law prevents further exercise of the right or remedy or the exercise of another right or remedy.

Section 3.2 The right and remedy stipulated in this Agreement could be accumulated and could be exercised by the Party as it deems appropriate, and such right and remedy is a supplement to right and remedy provided by laws.

Section 4 Governing Law and Dispute Resolution

Section 4.1 This Agreement shall be governed by and construed in accordance with the PRC laws.

Section 4.2 Any dispute arising from, out of or in connection with this Agreement shall be settled through amicable negotiations between the parties. If the dispute cannot be settled through negotiations, the dispute shall, upon the request of either Party with notice to the other Party, be submitted to arbitration in Guangzhou, PRC, under the auspices of Guangzhou Arbitration Committee. The place of arbitration shall be in Guangzhou. The language of the arbitration shall be in Chinese. The arbitration award shall be final and binding on all parties.

Section 5 Miscellaneous

Section 5.1 This Agreement shall be effective upon the signing if the party is a natural person, and seal of the company if the party is a legal person.

Section 5.2 This Agreement is executed in four originals and each party holds one which shall be equally effective.

Section 5.3 Provided that any conflicts between this Agreement and other instruments following the execution of this Agreement, unless otherwise expressly stipulated thereunder, this Agreement shall prevail.

[Signature Page Follows]

[Signature Page]

Party A:

Huazhi Hu (signature): /s/ Huazhi Hu

Yifang Xiong (signature): /s/ Yifang Xiong

Party B: EHang Intelligent Equipment (Guangzhou) Co., Ltd.

Authorized Representative: /s/ Huazhi Hu

/s/ Seal of EHang Intelligent Equipment (Guangzhou) Co., Ltd.

Party C: Guangzhou EHang Intelligent Technology Co., Ltd.

Authorized Representative: /s/ Shangjin Guo

/s/ Seal of Guangzhou EHang Intelligent Technology Co., Ltd.

Exhibit 10.15

In accordance with Item 601(b)(10) of Regulation S-K, certain information has been omitted in this exhibit 10.14 because such information is both (i) not material and (ii) would be competitively harmful if publicly disclosed.

Distribution Agreement

Execution date: February 1, 2019

Agreement No.:

Party A: EHang Intelligent Equipment (Guangzhou) Co., Ltd.

Party B: Shanghai Kunxiang Intelligent Technology Co., Ltd.

According to the Contract Law of the People's Republic of China and other relevant laws and regulations, Party A, on behalf of itself and its affiliates, reaches an agreement with Party B after equal and amicable negotiation and executes this Agreement at the place where Party A is located.

Article 1 Product and Distribution Rights

1. Party A is responsible for supplying Party B with EHang Autonomous Aerial Vehicles (hereinafter referred to as the "Product").

2. The distribution period starts from February 1, 2019 to January 31, 2028. Before this agreement is executed, if both parties already had actual cooperation, the validity period of this agreement shall be calculated from the date of actual cooperation. Upon the expiration of this Agreement, if Party A and Party B intend to continue their cooperation, both parties shall begin to negotiate and execute a new agreement one month before the expiration date. If this agreement has expired without executing a new agreement yet, and both parties continue to cooperate in actual circumstance, the validity of this agreement will naturally be extended to the date of executing the new agreement. If no new agreement is finally executed, both parties shall still refer to and follow this agreement during the natural extension period. After the new agreement is signed, Party A has the right to choose to apply the new agreement or the original agreement within the extension period.

3. Party A authorizes Party B to have exclusive distribution rights in Liaoning, Jilin, Heilongjiang, Inner Mongolia, Yunnan, Shandong, Xinjiang provinces and non-exclusive distribution right in Jiangsu, Hainan, Hunan, Anhui, Fujian provinces and Ningbo city; Without Party A's written permission, Party B shall not set up branch stores or distribution points outside the area specified in this Agreement, and shall not lease or transfer the distribution right to a third Party in any form.

Article 2 Price

1. The product price shall be based on the price confirmed by Party A in writing when Party B issues the purchase order to Party A.

2. Each of the two parties shall bear the relevant taxes and fees that is stipulated by Chinese laws.

Article 3 Purchase Orders

1. In order to enable Party A to prepare the supplied Product in time and shorten the supply time, Party B may provide Party A with its future sales forecast in writing or by e-mail. The specific information provided by Party B shall include product type, quantity and color category.

2. Orders placed by Party B when ordering Product from Party A must be confirmed by Party A in writing. Party B shall not modify or cancel the orders confirmed by both parties at will.

Article 4 Payment and Settlement

1. Within three days after the execution of the agreement, Party B shall pay Party A a deposit of RMB[REDACTED] i.e. RMB[REDACTED]/unit, for [REDACTED] units of EHANG Passenger-grade Autonomous Aerial Vehicles-216 (hereinafter abbreviated as “EHANG AAV-216”). Each batch of orders shall be subject to the execution of a sales contract and the fulfillment of the remaining payment for the current order before delivery. During the cooperation period, the deposit for purchasing EHang AAVs for that year shall be paid before January 15 of each year.

2. The product payment shall be made by Party B to the bank account designated by Party A through bank transfer.

3. Party A designates the following bank account as the payment account:

Account name: EHang Intelligent Equipment (Guangzhou) Co., Ltd.

Account No.: [REDACTED]

Bank: Guangzhou Capital Mall Branch of China Construction Bank

4. The losses caused by Party B’s failure to make payment to the account number designated by Party A shall be borne by Party B. Party A shall inform Party B in writing of any change of the bank account.

5. All expenses incurred regarding this payment shall be borne by Party B.

6. Party B shall pay liquidated damages for any delay of the payment, and the liquidated damages shall be 0.05%/day.

7. As soon as the Product are delivered and accepted by Party B, the risks and benefits related to the Product will be transferred to Party B, and Party B shall complete all the corresponding payment according to the Contract.

Article 5 Delivery and Acceptance

1. Party A shall send the Product of certain model and quantity as specified by the order to the place designated by Party B and approved by Party A, or Party B shall send designated personnel to the place where Party A is located to pick up the Product. If Party B chooses to pick up the Product on its own, Party B shall go to the nearest warehouse designated by Party A to pick up the Product on its own, but relevant expenses such as freight shall be borne by Party B when picking up the Product on its own. Different delivery methods can be adopted based on the specific circumstance.

2. Party B shall notify Party A in writing at least 15 working days prior to the scheduled delivery date determined by both parties when changing the receiving address, and Party B shall bear the extra expenses incurred thereby.

3. Party A shall confirm with Party B in advance whether the Product can be received normally for distribution according to the scheduled delivery date determined by both parties. At that time, Party B shall have the obligation to cooperate and provide assistance actively. The confirmation methods are fax, e-mail, etc.

4. Party B shall properly arrange the staff to inspect the type, model, specification, quantity, packaging, etc. of the Product in time according to the order after receiving the Product, and shall also check the integrity of the product appearance and issue the receipt certificate. The inspection must be carried out on the date when the Product arrives or the date of receiving the Product. If no objection is raised within 24 hours on the date of arrival of the Product, it shall be deemed that the Product are accepted by Party B, and Party A need not assume any relevant responsibility. If the packaging of the product cannot be recovered due to Party B's acceptance behavior, Party B shall handle the matter by itself, and Party B shall not require return or replacement of the Product on this ground. In case of storage delay due to Party B's reasons, Party A may charge Party B storage fees or other fees. The items to be filled in on the receipt certificate include the date of receipt (the date of putting the Product into storage), the name and signature of the consignee, the telephone number of the consignee or the seal of the third Party logistics company authorized by Party B. If Party B discovers that the Product is damaged or insufficient in quantity before issuing the receipt certificate, it shall indicate the relevant contents on the issue document and sign it for confirmation by representatives of both parties. Otherwise, Party B shall be deemed to have accepted the Product. Except for damaged or insufficient Product, Party B must accept the Product. The receipt certificate shall be kept by both parties for at least 5 years.

5. Party B shall accept all products except for the product with defects. When Party B rejects the Product, it must indicate the reason for rejection on the issue document. In addition to the above reasons, if Party B unilaterally rejects the Product at the place of delivery without prior consultation and confirmation, Party B shall compensate Party A for all the losses thus incurred.

6. Except as otherwise provided in this Agreement, the ownership of the product shall be transferred to Party B from the time of delivery to Party B or its carrier, and the risk of damage or loss of the product shall also be borne by Party B from the time of delivery. However, the delivery of the Product cannot be completed within the same day due to unreasonable refusal of acceptance, intentional delays or other reasons of Party B, the risk of damage or loss of the Product will be transferred to Party B when Party A transports the Product to the place designated by Party B and is in a waiting state for unloading.

Article 6 After-sales Service

1. The product quality and outer package provided by Party A shall conform to the provisions of relevant laws and regulations of China.

2. Party B has the obligation to contact and assist in notifying Party A or Party A's service station to deal with the product quality problems during the warranty period.

3. If it is confirmed by Party A as a quality problem of the product itself, Party A shall provide after-sales service of the product in accordance with national regulations.

4. Party A shall provide regular service tracking and maintenance reminder service for the Product for life. For specific service contents, Party A may sign a Maintenance Service Contract separately with Party B or users.

Article 7 Commitments of Party B

1. Party B guarantees that it is an enterprise lawfully established and existing under the laws of the People's Republic of China.

2. Party B guarantees to obtain all approvals or records related to engaging in distribution business, including those required by relevant market supervision and management departments and laws and regulations. The above approval and a copy of Party B's valid business license shall be attached as Appendix 2 to this Agreement.

3. Party B shall obtain all the approval, authorization and license documents applicable within the territory of the People's Republic of China necessary for the promotion, sale and advertising of the Product.

4. Party B shall not make any changes to the product and any part of its sales package, including but not limited to unsealing and resealing the package, and replacing, adding, reducing or changing any software, hardware or accessories of the product, and shall ensure that the product and its package remain in the factory state at all times.

5. Party B shall not purchase or directly or indirectly participate in the design, manufacture, import, advertising, sales and distribution of any counterfeit, imitation or infringing Product, or engage in the distribution of any accessories (including but not limited to the original accessories replaced in the packaging) that are not purchased through the proper channels designated by Party A. Party B shall not purchase or sell any Product or accessories from any entity or individual with a record of selling counterfeit or infringing Product notified in advance by Party A. Party B shall not use any non-Party A genuine accessories to bundle with the Product or promote sales in other ways. Otherwise, the use of such accessories may cause danger or reduce the function of the Product, and the damage caused to the Product and Party A's original accessories is beyond the scope of Party A's warranty.

6. Party B hereby undertakes to assume full compensation liability to Party A for all losses caused to Party A by any administrative liability, personal injury, product liability claim or product quality dispute caused by Party B's violation of the agreement, including but not limited to administrative penalty, litigation cost, reasonable lawyer's fee, settlement or damages stipulated in litigation judgment, etc., and to eliminate adverse effects for Party A for the goodwill loss suffered by Party A as a result, and Party A reserves the right to claim compensation from Party B for the goodwill loss. Party A has the right to directly deduct the aforesaid damages from any sum payable to Party B.

7. Party B hereby irrevocably agrees that, except for obvious errors, the VAT invoices and other accounting records issued by Party A according to its normal operation practices shall be sufficient evidence of the current accounts under the transactions between Party A and Party B under this Agreement.

Article 8 Limitation of Liability

1. No matter whether there is any agreement to the contrary in this agreement, Party B shall be solely responsible for any errors, faults and defects in the Product caused by it. If Party B makes any modification or alteration to the software, accessories and hardware of the Product without the prior written consent of Party A, Party A will no longer assume the responsibility of quality assurance to Party B for such Product.

2. Party A will provide quality assurance services to consumers in accordance with national regulations and Party A's statements and commitments. If the warranty service declared and promised by Party B to the user is beyond the aforesaid scope, Party B shall provide the warranty service to the user on its own, and make it clear to the user that the declaration and promise of such beyond warranty service are not provided by Party A, and Party A does not assume any relevant obligations and responsibilities.

3. If the above-mentioned overstepping of Party B occurs and the user makes a claim or request, Party B shall independently bear the responsibility and solve it to ensure that Party A is protected from relevant damages and eliminate the adverse effects on Party A's goodwill within a reasonable range. If Party A solves the problem on behalf of Party B at the request of the user or Party B, Party B shall promptly repay the amount to Party A after receiving the bill for any warranty service provided by Party A for the Product.

Article 9 Obligations of Party B

1. During the validity period of this Agreement, Party B shall always adhere to its best efforts to develop the product market, and sell the Product with a positive and diligent working attitude. In this way, Party B shall improve the popularity of Party A, its brand and product quality.

2. Party B shall actively advertise or promote the Product in a responsible and professional manner according to Party A's standards. Upon the application of Party B and with the written permission of Party A, Party B may use Party A's name, logo, trademark and sales performance in promotion and publicity activities.

3. Party B shall be responsible for distributing all advertising materials and other relevant materials provided by Party A to it, and shall bear the expenses and costs. Any advertising materials and other product-related publicity or other materials not provided by Party A shall be subject to Party A's inspection and written approval before use. Party A has the right to decide whether Party B can publicize, distribute or post such materials according to its full discretion. Party B shall unconditionally obey Party A's decisions. In addition, Party B further agrees that Party A has all the rights and interests of these materials, and Party B must take all necessary measures to safeguard Party A's rights and interests.

4. Party B shall sell the Product according to the retail price suggested by Party A. Party B shall not arbitrarily adjust the sales price of the Product or increase the price in disguised form by charging fees. If the retail price suggested by Party A does not meet the market conditions in the region, Party B shall report to Party A when it needs to adjust the sales price. Party A shall make a decision to adjust the price according to the unified requirements of the system and the market conditions in the area where Party B is located.

5. Party B shall accept Party A's market guidance and strictly abide by the product sales price policy formulated by Party A, and shall not make malicious quotations to maintain the market sales order of Product. Party B shall not sell similar Product of other manufacturers under the guise of Party A or under the name of Party A to maintain the brand image of Party A's Product.

6. Party B shall accept Party A's guidance and maintain competent sales, promotion, technical and support personnel to provide product sales, service and support. Party B shall provide necessary guidance and training to its personnel to carry out effective product promotion, sale, service and support.

7. Party B shall notify Party A and Party B of any important changes that have taken place or will take place two months in advance by letter, including but not limited to Party B's corporate structure, shareholders or partners, merger or acquisition, management, project team, assets, registered address and correspondence address, or any other information related to this Agreement or the relationship between the two parties. Any loss caused by Party B's failure to perform the obligations stipulated in this article shall be borne by Party B itself, and Party A shall not bear any responsibility.

8. Party B has the right to accept the customer's opinions and complaints on the Product and notify Party A in time, so as to pay attention to Party A's vital interests.

9. Party B shall keep complete and accurate transaction records and submit the financial statement of the total operating income of the previous month to Party A before the 15th of each month. In addition, it shall provide Party A with information on the sales situation and market competition of commodities, and shall send work reports to Party A every quarter.

Article 10 Obligations of Party A

1. Party A will support the printing, publishing and distribution of product brochures, catalogue and other forms of advertising to the greatest extent possible to maintain the consistency of product introduction and advertising.

2. After receiving Party B's order, Party A shall supply the Product in a timely manner according to the final confirmed order content of both parties. If the Product cannot be supplied in time, Party B shall be notified in advance.

3. Party A may provide reasonable assistance and support to Party B's lower circulation units in selling Product. However, no matter what is stipulated in the preceding paragraph, Party B shall be responsible for the payment for Product, creditor's rights and debts between Party B and the lower circulation unit.

4. Party A arranges annual training for Party B and its business personnel in product knowledge and enterprise development.

5. In case of abnormal product quality problems in the market, Party A shall have the obligation to provide follow-up service until the problems are solved.

Article 11 Publicity and Promotion

1. Party A has the right to supervise and manage all marketing activities of Party B involving the brand of EHang, such as publicity plan, content release, material production, etc. Party B shall unify its external publicity caliber according to Party A's requirements. Party B shall negotiate with Party A in writing 10 working days in advance before carrying out the above-mentioned market activities. Party B can only implement market activities after obtaining Party A's written consent or authorization.

2. If Party B carries out market activities without Party A's written consent or authorization, causing negative impact or commercial risks to the brand and business of Party A and EHang, Party A has the right to require Party B to immediately stop and cancel unauthorized market activities. If Party B's market activities cause losses to Party A (including but not limited to economic losses, goodwill and brand image damage), Party B shall be liable for compensation.

Article 12 Integrity and Law-abiding

1. In performing its obligations under this Agreement, Party B shall be honest and self-disciplined, adhere to the right path of operation, and ensure that its operation meets the requirements of relevant national laws and regulations (including but not limited to applicable laws on consumer rights protection, personal information protection, fair trade, illegal trade, anti-unfair competition, anti-commercial bribery, etc.).For all losses suffered by Party A due to Party B's violation of the above laws and regulations, Party B shall defend Party A and shall be liable for compensation to Party A. Upon Party A's request, Party B shall issue written documents to prove that its relevant acts of distributing or retailing Party A's Product comply with the above laws and regulations. Party B shall always diligently and promptly abide by and perform all reasonable official documents or correspondence issued by Party A from time to time to realize the terms of this Agreement.

2. Party B shall not accept any promise made by any subordinate department and business personnel of Party A in any form, accept any loan, loan, transfer of Product, investment or any other requirements that are not direct business dealings from any subordinate department and business personnel of Party A or their relatives for any reason, and shall not provide cash, securities, non-corporate gifts, vacations or travel entertainment to any department and business personnel of Party A or their relatives, or arrange any other work of a remunerative nature to any relatives of Party A's business personnel.

3. Party B hereby expressly agrees that Party A does not have to bear any responsibility for any loan, borrowing, transfer of Product or any promise made in any form to Party B by any subordinate department and business personnel of Party A.

4. Party B shall work out the sales plan and scheme together with Party A, and Party B shall reach the sales target agreed by both parties.

Article 13 Intellectual Property Rights

1. Party B confirms and knows that Party A is the sole exclusive owner of the intellectual property rights related to the product, and Party B hereby transfers all goodwill arising from the use of any intellectual property rights of Party A to Party A, and such goodwill shall only ensure the interests of Party A.

2. Party B promises that it will not take any action to directly or indirectly question or interfere with the validity of Party A's intellectual property rights and any use, ownership or registration of Party A's intellectual property rights. Party B does not acquire any right, ownership or interest in any intellectual property right existing in the product due to its purchase of the product or other reasons, except the rights expressly authorized in this Agreement, and these rights are only limited to the specific purpose specified in this authorization and can only be acquired with Party A's explicit written consent. Party B shall take all measures deemed necessary by Party A at its own discretion, notify relevant channel providers and/or end users about Party A's rights under this Agreement, and ensure that Party A abides by this Agreement. Party B confirms and agrees that the intellectual property rights of the Product shall always be the property of Party A, and this Agreement does not grant Party B any license or other rights by implication, estoppel principle or other means.

3. Before using Party A's trademark in compliance with the terms of this Agreement, Party B shall notify Party A of the relevant methods of use and submit samples of any materials, including but not limited to product catalogue, leaflets, posters and newspapers bearing Party A's trademark, for Party A's prior examination and written approval in each case. Under any circumstances, the use of Party A's trademark and any changes thereto shall be subject to Party A's prior written approval. Party B shall not use Party A's trademark in ways other than those approved by this Agreement. Once this Agreement is dissolved or terminated, all activities carried out by Party B in its capacity as Party A's distributor shall be immediately terminated, and Party B shall immediately terminate the use or citation of Party A's trademark for any purpose. In this case, based on Party A's choice, Party B either destroys all advertising materials and other relevant product materials or returns these materials to Party A at its own expense.

4. Party B promises that it will not remove, alter, conceal or destroy any form of Party A's copyright statement, trademark, logo, confidentiality statement, serial number or any other product identifier attached to any product. Party B further agrees not to attach any trademark, logo or trade name of Party A to any other Product except the Product.

5. If Party B learns of any application for registration of intellectual property rights that conflicts with or confuses with any intellectual property rights of Party A, or any act that may constitute infringement of any intellectual property rights of Party A (including unregistered trademark infringement or counterfeiting) or unfair competition (whether suspected, possible or actual), Party B shall provide Party A with reasonable and clear specific information in writing as soon as it learns of it.

6. If Party B learns that any third Party person or entity claims that any Party A's intellectual property rights are invalid, or that the use of such intellectual property rights violates any rights of its third Party, or that such intellectual property rights are attacked or questioned by other parties, it shall immediately provide Party A with reasonable and clear specific information in writing, and shall not make any comments to any third Party in this regard, nor shall it admit the above-mentioned acts. Party B shall, at the request of Party A, provide full cooperation in any lawsuit, claim or legal procedure concerning Party A's intellectual property filed by any third Party.

7. During and after the term of this Agreement, Party B shall not directly or indirectly register or apply for patents, trademarks or similar trademarks and other intellectual property rights in any jurisdiction in the world with respect to Product or any other related materials. Otherwise, Party B shall compensate Party A for all losses, pay Party A compensation of not less than 3 million RMB and transfer all relevant intellectual property rights to Party A for disposal.

Article 14 Tort Liability

1. Under the following circumstances, Party A shall not assume any responsibility for any lawsuit or infringement.

A) This product is used or combined with other equipment, equipment, software and data not provided by Party A;

B) Party B, the end user or a third Party modified the product (even after Party A's approval and consent); or

C) Using any product in any way performs operations outside the scope of product design, fails to comply with the product instructions at that time, or performs acts inconsistent with the agreement specified in the product insert.

2. Party B shall not in any way imply that Party A is related to any product or service not provided by Party A or recognize any product or service not provided by Party A when conducting product advertisement or promotion activities. Once Party B ties in other Product, spare parts or services not provided by Party A, or directly or indirectly indicates to a third Party that the Product need to work together with other Product, spare parts or services not provided by Party A, if infringement occurs in the process of combining the Product with other Product, spare parts or services, Party B shall be responsible for all compensation, and at the same time shall ensure that Party A and Party A's affiliated companies are free from any lawsuit, claim, legal cost, compensation, expenses, including legal fees and any liability for infringement.

Article 15 Product Liability

1. The warranty terms of the Product shall be subject to the warranty manual or product instructions provided by Party A. Party A will provide after-sales service and technical support to Party B according to the provisions of the above documents.

A) During the product quality warranty period, Party A shall guarantee the product quality. If the product fails during normal use, Party A will provide maintenance services for the product free of charge.

B) After the expiration of the warranty period, all return or repair freight and other expenses shall be borne by Party b.

C) In case of faults caused by man-made or improper operation or natural losses/disasters, Party B shall bear all maintenance costs and all losses caused thereby.

2. Party A shall train Party B and its business personnel in product knowledge and enterprise development, and Party B shall have the obligation to explain and introduce the correct operation and use methods of Party A's Product to all its end product users. Otherwise, Party A shall not be liable for any personal injury, disease, death or property loss caused to the product or the user or any other person using the product during the user's use of the product due to Party B's improper demonstration and guidance.

3. Under the following circumstances, Party A shall not be liable for any compensation caused by the Product:

A) Not putting Product into circulation;

B) When the product is put into circulation, the defect causing damage does not yet exist;

C) The level of science and technology at which Product are put into circulation has not yet revealed the existence of defects.

4. Under the following circumstances, Party A shall not assume any responsibility for personal injury, disease, death or property loss of users or any other third Party caused by using the Product produced by Party A:

A) This product is used or combined with other equipment, equipment, software and data not provided by Party A;

B) Party B, the end user or a third Party modified the product (even after Party A's approval and consent);

C) Using any product in any way to carry out operations outside the scope of product design, failing to follow the product instructions at that time, or carrying out acts inconsistent with the agreement specified in the product insert;

D) Other behaviors of not using the product according to Party A's flight demonstration, operation instructions, product instructions, etc.

Article 16 Confidentiality Clause

1. Both parties confirm and agree that the information under this agreement and the information and commercial information of the other Party (hereinafter referred to as the "disclosing Party") known by one Party (hereinafter referred to as the "receiving Party") through any means during the signing and performance of this agreement, including but not limited to the disclosing Party's product information, finance, production process and service information, customers, purchase, trial production, test results, process and technical information, accounts, production and manufacture, promotion and sale, etc., are confidential information (hereinafter referred to as "confidential information").No matter in what medium the confidential information is kept, it is only the exclusive property of the disclosing Party.

2. The receiving Party shall take all reasonable measures to prevent the disclosure of confidential information, including ensuring that only employees and directors of the receiving Party (hereinafter referred to as "representatives") who are required to have certain confidential information due to their duties can have access to confidential information, and shall instruct such representatives to keep confidential the confidential information. The Receiving Party undertakes that its representatives and any persons authorized by it shall sign a written agreement with it, requiring such representatives and persons to abide by the confidentiality obligation in accordance with the terms of this agreement with a degree of strictness not less than that of this agreement; and the receiver will implement necessary internal procedures to ensure the confidentiality of relevant information.

3. Without the prior written consent of the disclosing Party, the receiving Party shall strictly abide by the confidentiality obligation after obtaining the confidential information. The receiving Party shall not disclose, disclose, disseminate or use the confidential information in any way except with the explicit consent of the disclosing Party. Either complete information or partial information shall not be copied or copied by the receiving Party. Once this agreement is dissolved or terminated, the receiving Party must return or destroy the information. The Receiving Party shall not make any press release or public statement on the Disclosing Party or this Agreement, nor shall it refer to the Disclosing Party or this Agreement in any press release or public statement.

4. If laws and regulations or legal and effective orders issued by courts or government agencies with appropriate jurisdiction require the receiving Party to disclose confidential information of certain disclosing parties, the receiving Party shall promptly notify the disclosing Party in writing of the contents required to be disclosed and the relevant terms and conditions, so that k disclosing Party may seek protection orders or other appropriate relief measures from the appropriate authorities. The receiving Party agrees to cooperate with the disclosing Party in obtaining such protection orders or other relief measures. The receiving Party further agrees that if it is required to disclose the confidential information of the disclosing Party, it will only disclose the part required to be disclosed by law and make reasonable efforts to obtain reliable assurance that the confidential information will be treated confidentially.

5. The obligations stipulated in this article shall continue to be valid after the termination or expiration of this agreement, and the valid period shall be five years from the date of expiration or early termination of this agreement.

Article 17 Dissolution, Suspension and Termination

1. Either Party shall notify the other Party in writing thirty (30) days in advance if it proposes to terminate this agreement not because of the other Party’s breach of contract.

2. Either Party may suspend the performance of this Agreement if it has definite evidence to prove that the other Party has any of the following circumstances:

A) The business situation has seriously deteriorated;

B) Transfer of property and withdrawal of funds to avoid debts;

C) Loss of business reputation;

D) Other circumstances in which the ability to perform debts is lost or may be lost.

3. If one Party suspends performance in accordance with the above agreement, it shall promptly notify the other Party. When the other Party provides appropriate guarantee, it shall resume performance. If the other Party fails to restore its ability to perform within ten (10) days after the suspension of performance and fails to provide appropriate guarantee, the Party suspending performance may terminate this agreement without any responsibility for any losses suffered by the other Party.

4. Termination due to the circumstance of either Party. In case of any of the following circumstances, the other Party to this agreement has the right to terminate this agreement by giving written notice to that Party, and this agreement will be terminated immediately. The Party that terminates the agreement does not have to bear any responsibility for any losses suffered by the other Party.

A) Fraudulent behavior;

B) Business license revoked or business closed by government administrative department, or other loss of legal business status or qualifications;

C) Application for bankruptcy and enter liquidation procedures;

D) Without the consent of the other Party, transfer all or part of the rights or obligations under this agreement to a third Party;

E) Disqualification of general VAT taxpayers status;

F) There is evidence to prove that the other Party has a commercial bribery problem, and similar problems occur again after being prompted in writing.

5. If Party B has the following circumstances, Party A may unilaterally dissolve this Agreement without any liability for breach of contract. However, Party A shall notify the other Party in writing thirty (30) days in advance when dissolving this Agreement:

A) Party B violates the provisions of Article 8 of this Agreement or constitutes a material breach of other provisions of this Agreement;

B) Non-compliance with designated sales areas;

C) Violation of confidentiality obligations under this Agreement;

D) Failure to provide quality assurance services other than those provided by Party A to users and causes damage to Party A;

E) Party B's sales capacity or financial strength is insufficient to meet Party A's minimum assessment standards;

F) Party B has engaged in illegal acts, or Party B has engaged in acts damaging Party A's interests, brand image or goodwill.

6. After this Agreement is dissolved or terminated, both parties shall still carry out reconciliation and settlement according to the settlement method agreed in this Agreement. In addition to the payment for Product, all kinds of promotion service fees that Party B has collected throughout the agreement period shall be returned to Party A in proportion to the actual performance period of this agreement.

7. When this Agreement is dissolved or terminated, even if Party B is explicitly allowed to pay on credit, the arrears of both parties shall be settled immediately.

8. Subsequent matters to be dealt with after the termination of this Agreement shall be determined by both parties through separate negotiation. After the termination of this Agreement, if Party B still needs to sell some of its inventory Product, Party B shall sell its inventory Product in strict accordance with other provisions of this Agreement and Party A's sales policies.

9. Except as otherwise expressly provided in this agreement, the termination of this agreement shall not detract from any rights and remedies that the Party proposing termination according to this agreement has the right to enjoy under this agreement or in law, nor shall it affect any rights and obligations that have already been created by this Party, nor shall it affect the validity or continuation of the provisions of this agreement that have express or implied agreements that shall take effect or continue to take effect after the termination of this agreement.

Article 18 Force Majeure

1. If one Party is unable to perform or needs to postpone the performance of this agreement due to force majeure (such as war, fire, typhoon, flood, earthquake, natural disasters and other events beyond the reasonable control of the other Party), the time limit for the performance of this agreement (except the payment obligation under this agreement) by the other Party will be extended, which shall be equal to the delay time caused by the occurrence of force majeure events and the reasonable additional time necessary for the affected Party to resume the performance of its obligations.

2. The Party affected by the force majeure shall notify the other Party by fax or e-mail as soon as possible after the occurrence of the force majeure event, and within fourteen (14) days after the occurrence of the force majeure event, send the other Party a certificate of the occurrence of the force majeure event issued by the other Party by registered mail.

3. If the impact of the force majeure event continues for more than one hundred and twenty (120) days after the notice is given in accordance with the above provisions, both parties shall conduct friendly negotiations and strive to solve the relevant problems related to the continued performance of this Agreement.

Article 19 Miscellaneous Provisions

1. No matter what is stipulated to the contrary in this agreement or other documents, Party B shall be fully liable to Party A for all losses suffered by Party A, Party A's affiliated companies and Party A's employees due to Party B's violation, non-compliance, non-performance of this agreement or delay in performance of any terms under this agreement, including but not limited to the amount of administrative penalty, litigation costs, reasonable lawyer fees, settlement amount or damages stipulated in the final judgment, etc., and shall eliminate adverse effects for Party A in respect of goodwill losses suffered by Party a and Party A's affiliated companies. Party A has the right to directly deduct the aforesaid damages from any sum payable to Party B.

2. If Party B infringes the intellectual property rights of a third Party or violates any agreement it has signed with any third Party that purchases or licenses its Product or services, causing Party A, its affiliated companies and its employees to suffer third-Party claims and lawsuits, Party B will ensure that Party A, its affiliated companies and its employees will not be harmed or compensate Party A accordingly:

3. If one Party, or its employees, agencies, etc. violates the contents of the agreement in any form, the Party concerned shall agree to compensate and exempt the other Party, its subsidiaries, their office personnel, directors, employees and agencies from all lawsuits, claims, legal fees, compensation payments and other liabilities of the Party for breach of contract.

4. Each Party must state and guarantee that this agreement has been duly authorized, signed and delivered and has not violated any applicable laws and contracts involving both parties.

5. No matter whether there are other provisions in this agreement or not, Party A shall not be liable for the loss of income or profits, failure to realize the expected savings, loss of business reputation and any other indirect or indirect losses incurred by Party B as a result of this agreement.

6. The accumulated total liability of Party A for various losses, damages or compensations caused by its performance or non-performance of this Agreement shall not exceed the total price of orders under this Agreement under any circumstances.

7. After this agreement is signed or sealed by both parties, it will take effect from the signing date shown on the first page of this agreement. The agreement is made in duplicate, one for each Party, with the same legal effect.

8. This Agreement shall be governed by the laws of the People's Republic of China, and all matters shall be interpreted in accordance with this law, excluding the application of conflict laws.

9. Any dispute arising from the execution of this Agreement or disputes related to this Agreement itself, including any doubts about the existence, validity and termination of this Agreement, shall be settled through friendly negotiation. If the dispute cannot be settled through friendly negotiation within 60 days from the date when one Party sends a written notice to the other Party on the dispute, either Party shall submit the dispute to the court with jurisdiction in the domicile of Party a for settlement through litigation.

10. Except for the statements made herein, nothing in this agreement shall be interpreted as one Party becoming a partner, intermediary, employee, employee or agent of the other Party. Party B is an independent contractor, and Party A has not and should not have any express or implied indication that Party B's capabilities, rights or authorization are related to Party A, or that Party B and Party A form an obligation or responsibility relationship, or that Party B can use Party A's name on behalf of Party A in the name of sales representative, employee or other personnel. The expenses of Party B and its employees shall be borne by Party B independently.

11. All notices concerning this Agreement shall be sent to the address agreed by both parties in advance by mail or fax or e-mail.

12. Without Party A's prior written consent, Party B shall not transfer or subcontract this Agreement to any third Party. If Party A approves Party B's assignment of subcontractors, Party B shall always continue to bear joint and several liabilities for Party A's obligations under this Agreement, and Party B shall be fully responsible for the acts or omissions or defaults of subcontractors as if it were Party B's own acts or omissions or defaults.

13. Party A's affiliated enterprises, including but not limited to Guangzhou EHang Intelligent Technology Co., Ltd., can enjoy corresponding rights and perform corresponding obligations as the subject of this Agreement.

14. This Agreement cancels and replaces all prior agreements and informal agreements made orally or in writing by the parties, which are based on the contents of this document. This Agreement, including its annexes, shows both parties' full understanding of its main purpose. Any modification or amendment to this Agreement must be jointly carried out by fully authorized staff of both parties in writing.

15. Party A shall only be responsible for the rebate policy, promotion or financial obligations specified in the written (stamped with Party A's official seal or special seal for contract) or system announcement or system mail notification documents. Any oral agreement or commitment related to such responsibilities that does not adopt the above-mentioned form shall have no legal effect and compulsory execution.

16. Both parties have fully understood the rights and obligations under this agreement when signing this agreement. The annexes to this agreement and the supplements to this agreement are an integral part of this agreement. In case of any conflict between the annexes of this agreement and this agreement, this agreement shall prevail.

Annex I: EHang Sales Target and Sales Support Policy

Party A: EHang Intelligent Equipment (Guangzhou) Co., Ltd.	Party B: Shanghai Kunxiang Intelligent Technology Co., Ltd.
/s/ Seal of EHang Intelligent Equipment (Guangzhou) Co., Ltd.	/s/ Seal of Shanghai Kunxiang Intelligent Technology Co., Ltd.
Signature of legal representative or	Signature of legal representative or
authorized representative:	authorized representative:
/s/ Biao Luo	/s/ Ming Di

Annex I:

EHang Sales Target and Sales Support Policy

The two parties hereby confirm that according to the provisions of the distribution agreement, the two parties have specifically agreed as follows:

During the cooperation period, if Party A suspends the supply of Ehang AAV series Product due to the iterative listing of new Product, Party A will notify Party B in writing 30 days in advance. The sales target and sales price policy of Party A's new Product are agreed in writing after negotiation between Party A and Party B.

1. Sales target

(1) After negotiation between both parties, it is confirmed that Party B's annual operating target table during the cooperation period is as follows:

Unit: unit (aircraft)

Product	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Total
Quantity	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

(2) Other agreed matters:

2. Sales price

(1) Price policy:

Party A shall supply the product to Party B at [REDACTED]% of the retail price of Party A's Product.

Party A: EHang Intelligent Equipment (Guangzhou) Co., Ltd.	Party B: Shanghai Kunxiang Intelligent Technology Co., Ltd.
/s/ Seal of EHang Intelligent Equipment (Guangzhou) Co., Ltd.	/s/ Seal of Shanghai Kunxiang Intelligent Technology Co., Ltd.
Signature of legal representative or	Signature of legal representative or
authorized representative:	authorized representative:
/s/ Biao Luo	/s/ Ming Di

Exhibit 10.16

In accordance with Item 601(b)(10) of Regulation S-K, certain information has been omitted in this exhibit 10.15 because such information is both (i) not material and (ii) would be competitively harmful if publicly disclosed.

SALES CONTRACT

Contract No.:

Party A (Seller): EHang Intelligent Equipment (Guangzhou) Co., Ltd.

Party B (Buyer): Shanghai Kunxiang Intelligent Technology Co., Ltd.

The Contract is made by and between Party A and Party B on February 1, 2019 in Guangzhou, whereby Party A agrees to sell and Party B agrees to buy the following products.

ARTICLE 1. Ordered Products

No.	Description of Ordered Products	Unit Price (RMB) (tax included)	Quantity(sets)	Total Price (RMB)
1	EHANG Passenger-grade Autonomous Aerial Vehicle (hereinafter abbreviated as "EHANG AAV")	[REDACTED]	3	[REDACTED]
Total price (RMB): [REDACTED]				[REDACTED]

Note: The Ordered Products include hardware, software, technical services (installation, training, etc.); See Annex A for the Product List.

ARTICLE 2. Quality Requirements and Technical Standards

In accordance with the Ordered Products described under Article 1, the quality standards are based on the technical standards adopted by Party A.

ARTICLE 3. Delivery Time and Method

1. Delivery time: Party A shall delivery the Ordered Products as agreed within 1 month upon receiving the full payment made by Party B.

2. Delivery method: Party A shall deliver the Ordered Products to the place designated by Party B after Party B has confirmed the quality standard through factory acceptance test.

3. The two Parties shall be entitled to change the delivery time and place upon mutual agreement and consent.

ARTICLE 4. Terms of Trade and Payment

1. Unless otherwise stated herein or agreed by both Parties, Party A shall deliver the Ordered Products to the place designated by Party B.

2. Terms of payment: Party B shall make an advance payment of RMB[REDACTED] ([REDACTED]), i.e. [REDACTED]% of the total price, for the Ordered Products to Party A within 3 working days following the execution of this Contract ([REDACTED]% of the total price is RMB[REDACTED], as a deposit of RMB[REDACTED] (RMB[REDACTED]/unit) for 3 units has already been paid, so the remaining balance to be paid is RMB[REDACTED]). And Party B shall pay the remaining balance of RMB[REDACTED] ([REDACTED]) before delivery of the Ordered Products by Party A.

3. The payment shall be made to the bank account designated by Party A via bank transfer. Any loss caused by failure to make the payment to the designated bank account shall be borne by Party B.

4. The bank account designated by Party A is as follows:

Account name: EHang Intelligent Equipment (Guangzhou) Co., Ltd

Account No.: [REDACTED]

Bank: Guangzhou Capital Mall Branch of China Construction Bank Co., Ltd

ARTICLE 5. Terms of Goods Receipt and Acceptance

1. Acceptance standards: in accordance with the quality requirements and technical standards specified in Article 2 of this Contract.

2. For any postponement of the delivery date by Party B, Party B shall issue a prior written notice to Party A 30 days before such postponement.

3. Party B shall arrange receipt and acceptance of the Ordered Products in Party A's designated place, and shall make inspection of the amount, model and surface intactness of the Ordered Products in accordance with Annex A and issue a voucher of receipt. Any unrecoverable packing problem caused by the product inspection of Party B shall be addressed and handled by Party B and shall not constitute a reason from Party B to require return or replacement of the Ordered Products. If there is any quality defect identified, Party B should communicate with Party A within three (3) days upon receipt of the Order Product, and Party A will attempt to correct such quality defect including replacement of the Ordered Product or accessories at Party A's discretion.

4. Any product damage or shortage of the Ordered Products amount detected by Party B or a third party authorized by Party B before the voucher of receipt is issued shall be noted in the outbound delivery list, which shall be confirmed by signatures of both Party A and Party B, otherwise Party B shall be deemed to have accepted all the Ordered Products. Party B must accept all the Ordered Products except for damaged products or shortage of products. Other than aforementioned reasons, any loss caused by unilateral rejection of receipt of the Ordered Products by Party B in the delivery place without prior negotiation or confirmation shall be compensated by Party B to Party A.

ARTICLE 6. After-sale Services and Technical Support

1. Party A will provide Party B with free installation service and 10 days, in aggregate, training support for the Contract starting after the delivery of the Ordered Products.

2. The terms of maintenance shall be in accordance with the Maintenance Manual or the Product Manual provided by Party A. And Party A shall provide after-sale services and technical supports to Party B based on the prescription of the aforementioned documents.

3. Party A will provide Party B with a life-long maintenance tracking service and maintenance remainder service for the Ordered Products; the specific terms shall be agreed separately by executing a Maintenance Service Contract.

4. Within the warranty period, in case of any man-made damage of product accessories, Party B shall repair the damage on its own or request the paid service from Party A.

5. Provided that there is any product quality problem after the product is delivered to Party B, Party B bears the obligation to timely contact and notify Party A or the service point of Party A to solve such problem.

6. For any inherent product defects confirmed by Party A, Party A shall provide after-sale services in compliance with relevant national regulations based on the following provisions:

a) During the Warranty period, Party A guarantees the quality of the Ordered Products and provides necessary technical support, including but not limited to repair services for the Ordered Products free of charge if the Ordered Products malfunction or fail during normal use due to their inherent defects;

b) Upon the expiration of the Warranty period, all shipping costs and other costs in relation to such repair services shall be borne by the Buyer; and

c) For any malfunction or failure caused by human error or improper operation or natural wearing/disaster, Party B shall bear all costs related with the repair services provided by Party A or any losses incurred thereby.

7. Party A shall provide training to Party B on the Ordered Products. Party B shall be responsible for onwards explaining and illustrating the correct operations and uses of the Ordered Products to all end users. Otherwise, Party A shall not be liable for any property damage or any personal injury, illness or death caused by the uses of the Ordered Products due to the Buyer’s demonstration or improper guidance.

8. Party A shall be exempted from any liability arising from the Ordered Products under the following circumstances:

a) The Ordered Product has not been officially sold;

b) The defect does not exist when the Ordered Product is sold; and

c) Current science and technology cannot detect the existence of the defect when the Ordered Product is sold.

9. Party A shall not be liable for any personal injury, illness, death or property damage caused by the uses of the Ordered Products under the following circumstances:

a) The Ordered Product is used or combined with other equipment, software or data which are not provided by Party A;

b) Party B, the end user or a third party have modified the Ordered Product (even if such modification has been approved by Party A);

c) The Ordered Product is used in any way to perform operations outside the scope of the product design, failing to follow the current product specifications, or to perform inconsistencies with those specified in the Product Manual; and

d) Other activities or behaviors are conducted in which the Ordered Product is not used in accordance with Party A's demonstrations, operating instructions, product manuals, etc.

ARTICLE 7. Intellectual Property

Party A shall ensure that the technology, products and equipment provided during the performance of this Contract do not infringe the legal rights of any third party. In the event of a third party accusing Party B of technology, products or equipment infringement, Party A shall bear all economic and legal responsibilities, including but not limited to compensation for the litigation costs and lawyer fees of Party B for participating in such allegations of infringement.

Both Parties agree that the Ordered Products and the intellectual property rights generated during the performance of this Contract are owned by Party A, and Party B guarantees that no reverse engineering will be carried out on any of the Ordered Products.

ARTICLE 8. Default Liability

1. For any delay of payment of Party B, the delivery time of Party A can also be postponed accordingly. Party B shall pay a default fee to Party A of 0.5% of the delayed payment per day until the payment is completed. Provided the payment is delayed more than 30 days, Party A reserves the right to terminate this Contract, Party B shall pay a default fee to Party A following the requirements set forth in this Contract (until the date when Party A proposes to terminate this Contract), and shall return the delivered product to Party A and make the already fulfilled payment as compensation to Party A. Provided such compensation fails to offset the loss of Party A, Party B shall make further compensation to Party A.

2. Should Party B fail to receive the Ordered Products or refuse to receive the Ordered Products without justified or valid reason, the day when the Ordered Products shipped to the stipulated location shall be considered as the day of reception and acceptance, and Party B is responsible for the payment for the Purchase Price and any loss or damage caused.

ARTICLE 9. Force Majeure

1. The force majeure includes but is not limited to war, unrest, plague, earthquake, typhoon, flood, falling objects or any other explosion, fire, accidents, natural disasters, etc.

2. Should one Party be unable to fulfill this Contract due to the Force Majeure, such Party shall inform the other Party in 5 days from the date of such event and try all means to reduce loss caused.

3. The damage caused by the Force Majeure should be borne by each party at its own risk.

ARTICLE 10. Dispute Resolution

1. The laws of the People's Republic of China, without regard to its conflict of law principles, shall govern all matters arising out of or relating to this Contract and the transactions it contemplates, including without limitation, interpretation, performance, breach, termination and validity of this Contract.

2. Any dispute arising from, out of or in connection with this Contract shall be settled through amicable negotiations between the Parties.

3. If the dispute cannot be settled through negotiations, the two parties agree that the court of the place where Party A is located shall be the governing court.

ARTICLE 11. Miscellaneous Provision

1. The two Parties shall assume the confidentiality obligations regarding the technical information and trade secrets involved during the fulfillment of this Contract. Any economic losses caused by lack of fulfillment of such obligations should be compensated by the Party concerned.

2. The risk of loss and the benefit related to and the title of the Ordered Products will be transferred to Party B upon delivery to and acceptance by Party B. Party B shall complete the full payment according to the Contract.

3. The Parties hereto may enter into supplementary contract for matters unmentioned in this Contract or any modification of this Contract. Such supplementary contract has the same valid effect with this Contract.

4. This Contract is executed in two counterparts, each party holds one counterpart. This Contract becomes valid upon the signatures or stamps are made by the two Parties. The electronic and fax copy has the same valid effect as the original copy.

Party A (Seal): EHang Intelligent Equipment (Guangzhou) Co., Ltd.

/s/ Seal of EHang Intelligent Equipment (Guangzhou) Co., Ltd.
Authorized representative (Signature): /s/ Biao Luo

Party B (Seal): Shanghai Kunxiang Intelligent Technology Co., Ltd.

/s/ Seal of Shanghai Kunxiang Intelligent Technology Co., Ltd.
Authorized representative (Signature): /s/ Ming Di

Annex A: ***EHANG AAV Product List***

EHANG AAV Product List

Description	Name	QTY	Unit
EHANG AAV (116/216)	Aircraft Body (including battery, gimbal and camera)	1	pc
	Propellers	16	pcs
	Charger	1	pc
	Arm Brackets	16	pcs
	Arm Shields	8	sets
	Surface (including charger)	1	set
	Tool kit	1	set
	Maintenance Manual	1	copy
EHANG AAV Software	Ground station control software	1	set
	Client-end software	1	set
EHANG AAV After-sale service	Maintenance Manual	1	copy
	Packing	1	set

Exhibit 10.17

In accordance with Item 601(b)(10) of Regulation S-K, certain information has been omitted in this exhibit 10.16 because such information is both (i) not material and (ii) would be competitively harmful if publicly disclosed.

SALES CONTRACT

Contract No.:

Party A (Seller): EHang Intelligent Equipment (Guangzhou) Co., Ltd

Party B (Buyer): Shanghai Kunxiang Intelligent Technology Co., Ltd

The Contract is made by and between Party A and Party B on June 3, 2019 in Guangzhou, whereby Party A agrees to sell and Party B agrees to buy the following products.

ARTICLE 1. Ordered Products

No.	Description of Ordered Products	Unit Price (RMB) (tax included)	Quantity (sets)	Total Price (RMB)
1	EHANG Passenger-grade Autonomous Aerial Vehicle - 216 (hereinafter abbreviated as “EH216”)	[REDACTED]	20	[REDACTED]
Total price (RMB): [REDACTED]				[REDACTED]

Note: The Ordered Products include hardware, software, technical services (installation, training, etc.); See Annex A for the Product List.

ARTICLE 2. Quality Requirements and Technical Standards

In accordance with the Ordered Products described under Article 1, the quality standards are based on the technical standards adopted by Party A.

ARTICLE 3. Delivery Time and Method

1. Delivery time: Party A shall start to arrange the production upon receiving the advance payment by Party B. The anticipated production cycle is 3-6 months. Party A shall delivery the products to Party B within 1 month upon receiving the full payment made by Party B.

2. Delivery method: road transportation.

3. The two Parties shall be entitled to change the delivery time and place in writing upon mutual agreement and consent.

ARTICLE 4. Terms of Trade and Payment

1. Unless otherwise stated herein or agreed by both Parties, Party A shall deliver the Ordered Products to the place designated by Party B.

2. Terms of payment: Party B shall make an advance payment of RMB[REDACTED] ([REDACTED]), i.e. [REDACTED]% of the total price, for the Ordered Products to Party A within 3 working days following the execution of this Contract. And Party B shall pay the remaining balance of RMB[REDACTED] ([REDACTED]) before delivery of the Ordered Products by Party A.

3. The payment shall be made to the bank account designated by Party A via bank transfer. Any loss caused by failure to make the payment to the designated bank account shall be borne by Party B.

4. The bank account designated by Party A is as follows:

Account name: EHang Intelligent Equipment (Guangzhou) Co., Ltd

Account No.: [REDACTED]

Bank: Guangzhou Capital Mall Branch of China Construction Bank Co., Ltd

ARTICLE 5. Guarantee

1. Party B guarantees that the Ordered Products will only be used for tourism sightseeing and short-distance transportation (purposes).

2. Party B shall assume and bear any administrative liability, liabilities related with personal injury, claims for product liabilities, or product quality dispute incurred by the breach of contract by Party B. Party B shall compensate all damages or losses of the Party A caused thereby, including but not limited to administrative penalty, litigation cost, reasonable counsel fee, damage compensation specified in settlement and litigation decisions.

3. For any loss of goodwill of Party A caused thereby, Party B shall eliminate the adverse influence, and Party A reserves the right to claim compensation from Party B due to loss of goodwill.

4. Party B shall be responsible for the application and procurement for all necessary licenses or permits required for the exporting the Ordered Products. Party A will use its best efforts to assist Party B to procure such licenses and permits.

ARTICLE 6. Terms of Goods Receipt and Acceptance

1. Acceptance standards: in accordance with the quality requirements and technical standards specified in Article 2 of this Contract.

2. For any postponement of the delivery date by Party B, Party B shall issue a prior written notice to Party A 30 days before such postponement.

3. Party B shall arrange receipt and acceptance of the Ordered Products in Party A's designated place, and shall make inspection of the amount, model and surface intactness of the Ordered Products in accordance with Annex A and issue a voucher of receipt. Any unrecoverable packing problem caused by the product inspection of Party B shall be addressed and handled by Party B and shall not constitute a reason from Party B to require return or replacement of the Ordered Products. If there is any quality defect identified, Party B should communicate with Party A within three (3) days upon receipt of the Order Product, and Party A will attempt to correct such quality defect including replacement of the Ordered Product or accessories at Party A's discretion.

4. Any product damage or shortage of the Ordered Products amount detected by Party B or a third party authorized by Party B before the voucher of receipt is issued shall be noted in the outbound delivery list, which shall be confirmed by signatures of both Party A and Party B, otherwise Party B shall be deemed to have accepted all the Ordered Products. Party B must accept all the Ordered Products except for damaged products or shortage of products. Other than aforementioned reasons, any loss caused by unilateral rejection of receipt of the Ordered Products by Party B in the delivery place without prior negotiation or confirmation shall be compensated by Party B to Party A.

5. The risk of loss and the benefit related to and the title of the Ordered Products will be transferred to Party B upon delivery to and acceptance by Party B. Party B shall complete the full payment according to the Contract.

ARTICLE 7. After-sale Services and Technical Support

1. Party A will provide Party B with free installation service and 10 days, in aggregate, training support for the Contract starting after the delivery of the Ordered Products.

2. The terms of maintenance shall be in accordance with the Maintenance Manual or the Product Manual provided by Party A. And Party A shall provide after-sale services and technical supports to Party B based on the prescription of the aforementioned documents.

3. Party A will provide Party B with a life-long maintenance tracking service and maintenance remainder service for the Ordered Products; the specific terms shall be agreed separately by executing a Maintenance Service Contract.

4. Within the warranty period, in case of any man-made damage of product accessories, Party B shall repair the damage on its own or request the paid service from Party A.

5. Party A is responsible for the application of flight route permit from relevant aviation regulatory department or flight control department. Before obtaining such flight route permit, Party A shall assist Party B to perform demonstration flight within the scope as allowed by relevant laws and regulations.

6. For any inherent product defects confirmed by Party A, Party A shall provide after-sale services in compliance with relevant national regulations based on the following provisions:

a) During the Warranty period, Party A guarantees the quality of the Ordered Products and provides repair/maintenance services for the Ordered Products free of charge if the Ordered Products malfunction or fail during normal use due to their inherent defects;

b) Upon the expiration of the Warranty period, all shipping costs and other costs in relation to such repair services shall be borne by the Buyer; and

c) For any malfunction or failure caused by man-made error or improper operation or natural wearing/disaster, Party B shall bear all costs related with the repair services provided by Party A or any losses incurred thereby.

7. Party A shall provide training to Party B on the Ordered Products. Party B shall be responsible for onwards explaining and illustrating the correct operations and uses of the Ordered Products to all end users. Otherwise, Party A shall not be liable for any property damage or any personal injury, illness or death caused by the uses of the Ordered Products due to the Buyer’s demonstration or improper guidance.

8. Party A shall be exempted from any liability arising from the Ordered Products under the following circumstances:

a) The Ordered Product has not been officially sold;

b) The defect does not exist when the Ordered Product is sold; and

c) Current science and technology cannot detect the existence of the defect when the Ordered Product is sold.

9. Party A shall not be liable for any personal injury, illness, death or property damage caused by the uses of the Ordered Products under the following circumstances:

a) The Ordered Product is used or combined with other equipment, software or data which are not provided by Party A;

b) Party B, the end user or a third party have modified the Ordered Product (even if such modification has been approved by Party A);

c) The Ordered Product is used in any way to perform operations outside the scope of the product design, failing to follow the current product specifications, or to perform inconsistencies with those specified in the Product Manual; and

d) Other activities or behaviors are conducted in which the Ordered Product is not used in accordance with Party A’s demonstrations, operating instructions, product manuals, etc.

ARTICLE 8. Intellectual Property

Party A shall ensure that the technology, products and equipment provided during the performance of this Contract do not infringe the legal rights of any third party. In the event of a third party accusing Party B of technology, products or equipment infringement, Party A shall bear all economic and legal responsibilities, including but not limited to compensation for the litigation costs and lawyer fees of Party B for participating in such allegations of infringement.

Both Parties agree that the Ordered Products and the intellectual property rights generated during the performance of this Contract are owned by Party A, and Party B guarantees that no reverse engineering will be carried out on any of the Ordered Products.

ARTICLE 7. Default Liability

1. For any delay of payment of Party B, the delivery time of Party A can also be postponed accordingly. Party B shall pay a default fee to Party A of 0.5% of the delayed payment per day until the payment is completed. Provided the payment is delayed more than 30 days, Party A reserves the right to terminate this Contract, Party B shall pay a default fee to Party A following the requirements set forth in this Contract (until the date when Party A proposes to terminate this Contract), and shall return the delivered product to Party A and make the already fulfilled payment as compensation to Party A. Provided such compensation fails to offset the loss of Party A, Party B shall make further compensation to Party A.

2. Should Party B fail to receive the Ordered Products or refuse to receive the Ordered Products without justified or valid reason, the day when the Ordered Products shipped to the stipulated location shall be considered as the day of reception and acceptance, and Party B is responsible for the payment for the Purchase Price and any loss or damage caused.

ARTICLE 10. Force Majeure

1. The force majeure includes but is not limited to war, unrest, plague, earthquake, typhoon, flood, falling objects or any other explosion, fire, accidents, natural disasters, etc.

2. Should one Party be unable to fulfill this Contract due to the Force Majeure, such Party shall inform the other Party in 5 days from the date of such event and try all means to reduce loss caused.

3. The damage caused by the Force Majeure should be borne by each party at its own risk.

ARTICLE 11. Dispute Resolution

1. The laws of the People's Republic of China, without regard to its conflict of law principles, shall govern all matters arising out of or relating to this Contract and the transactions it contemplates, including without limitation, interpretation, performance, breach, termination and validity of this Contract.

2. Any dispute arising from, out of or in connection with this Contract shall be settled through amicable negotiations between the Parties.

3. If the dispute cannot be settled through negotiations, the two parties agree that the court of the place where Party A is located shall be the governing court.

ARTICLE 12. Miscellaneous Provision

1. The two Parties shall assume the confidentiality obligations regarding the technical information and trade secrets involved during the fulfillment of this Contract. Any economic losses caused by lack of fulfillment of such obligations should be compensated by the Party concerned.

2. The risk of loss and the benefit related to and the title of the Ordered Products will be transferred to Party B upon delivery to and acceptance by Party B. Party B shall complete the full payment according to the Contract.

3. The Parties hereto may enter into supplementary contract for matters unmentioned in this Contract or any modification of this Contract. Such supplementary contract has the same valid effect with this Contract.

4. This Contract is executed in two counterparts, each party holds one counterpart. This Contract becomes valid upon the signatures or stamps are made by the two Parties. The electronic and fax copy has the same valid effect as the original copy.

Party A (Seal): EHang Intelligent Equipment (Guangzhou) Co., Ltd.

/s/ Seal of EHang Intelligent Equipment (Guangzhou) Co., Ltd.

Authorized representative (Signature): /s/ Biao Luo

Party B (Seal): Shanghai Kunxiang Intelligent Technology Co., Ltd.

/s/ Seal of Shanghai Kunxiang Intelligent Technology Co., Ltd.

Authorized representative (Signature):

Annex A: ***EHANG AAV Product List***

EHANG AAV Product List

Description	Name	QTY	Unit
EHANG AAV (116/216)	Aircraft Body (including battery, gimbal and camera)	1	pc
	Propellers	16	pcs
	Charger	1	pc
	Arm Brackets	16	pcs
	Arm Shields	8	sets
	Surface (including charger)	1	set
	Tool kit	1	set
	Maintenance Manual	1	copy
EHANG AAV Software	Ground station control software	1	set
	Client-end software	1	set
EHANG AAV After-sale service	Maintenance Manual	1	copy
	Packing	1	set

Exhibit 10.18

2020 Sales Plan

Execution date: August 29, 2019
Agreement No.:

Party A: EHang Intelligent Equipment (Guangzhou) Co., Ltd.

Party B: Shanghai Kunxiang Intelligent Technology Co., Ltd.

WHEREAS, Party A and Party B executed the Distribution Agreement (hereinafter abbreviated as the "Master Agreement") on February 1, 2019. On the basis of equality, free will and mutual understanding, and through mutual consultations and consents, the two parties hereby confirm that Party A shall sell [105] units of EHang Passenger-grade Autonomous Aerial Vehicle to Party B in the year of 2020. Provided that there is any conflict between the sales plan specified in this Agreement and the annual sales target stipulated in the Master Agreement, this sales plan shall prevail. The effectiveness of any other provisions of the Master Agreement shall not be influenced by this sales plan. The interpretation, performance, default, termination and effectiveness related with this sales plan are governed by the laws of the People's Republic of China without regard to its conflict of law principles.

[Remainder of this page intentionally left blank. Signature page follows.]

Party A: EHang Intelligent Equipment (Guangzhou) Co., Ltd.
/s/ Seal of EHang Intelligent Equipment (Guangzhou) Co., Ltd.
Signature of legal representative or authorized representative:

Party B: Shanghai Kunxiang Intelligent Technology Co., Ltd.
/s/ Seal of Shanghai Kunxiang Intelligent Technology Co., Ltd.
Signature of legal representative or authorized representative:

Exhibit 21.1

Subsidiaries of the Registrant

Subsidiaries	Place of Incorporation
Ehfly Technology Limited	Hong Kong
EHang Intelligent Equipment (Guangzhou) Co., Ltd.	PRC
Xi'an EHang Tianyu Intelligent Technology Co., Ltd.	PRC

Consolidated Affiliated Entity	Place of Incorporation
Guangzhou EHang Intelligent Technology Co., Ltd.	PRC

Subsidiary of Consolidated Affiliated Entity	Place of Incorporation
Guangdong EHang Egret Media Technology Co., Ltd.	PRC

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the reference to our firm under the caption “Experts” and to the use of our report dated June 10, 2019, in the Registration Statement (Form F-1) and related Prospectus of EHang Holdings Limited dated October 31, 2019.

/s/ Ernst & Young Hua Ming LLP
Shanghai, the People’s Republic of China
October 31, 2019

EHANG HOLDINGS LIMITED

CODE OF BUSINESS CONDUCT AND ETHICS

I. PURPOSE

This Code of Business Conduct and Ethics (the "**Code**") contains general guidelines for conducting the business of EHang Holdings Limited, a Cayman Islands company, and its subsidiaries and affiliates (collectively, the "**Company**") consistent with the highest standards of business ethics, and is intended to qualify as a "code of ethics" within the meaning of Section 406 of the Sarbanes-Oxley Act of 2002 and the rules promulgated thereunder. To the extent this Code requires a higher standard than required by commercial practice or applicable laws, rules or regulations, we adhere to these higher standards.

This Code is designed to deter wrongdoing and to promote:

- honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- full, fair, accurate, timely, and understandable disclosure in reports and documents that the Company files with, or submits to, the U.S. Securities and Exchange Commission (the "**SEC**") and in other public communications made by the Company;
- compliance with applicable laws, rules and regulations;
- prompt internal reporting of violations of the Code; and
- accountability for adherence to the Code.

II. APPLICABILITY

This Code applies to all directors, officers and employees of the Company, whether they work for the Company on a full-time, part-time, consultative or temporary basis (each, an "**employee**" and collectively, the "**employees**"). Certain provisions of the Code apply specifically to our chief executive officer, chief financial officer, senior financial officer, controller, senior vice presidents, vice presidents and any other persons who perform similar functions for the Company (each, a "**senior officer**," and collectively, the "**senior officers**").

The Board of Directors of the Company (the "**Board**") has appointed FENG Shuai as the Compliance Officer for the Company (the "**Compliance Officer**"). If you have any questions regarding the Code or would like to report any violation of the Code, please email the Compliance Officer at shuai.feng@ehang.com.

This Code has been adopted by the Board and shall become effective (the "**Effective Time**") upon the effectiveness of the Company's registration statement on Form F-1 filed by the Company with the SEC relating to the Company's initial public offering.

III. CONFLICTS OF INTEREST

Identifying Conflicts of Interest

A conflict of interest occurs when an employee's private interest interferes, or appears to interfere, in any way with the interests of the Company as a whole. An employee should actively avoid any private interest that may impact such employee's ability to act in the interests of the Company or that may make it difficult to perform the employee's work objectively and effectively. In general, the following should be considered conflicts of interest:

- Competing Business. No employee may be employed by a business that competes with the Company or deprives it of any business.
- Corporate Opportunity. No employee should use corporate property, information or his/her position with the Company to secure a business opportunity that would otherwise be available to the Company. If an employee discovers a business opportunity that is in the Company's line of business through the use of the Company's property, information or position, the employee must first present the business opportunity to the Company before pursuing the opportunity in his/her individual capacity.
- Financial Interests.

  (i) No employee may have any financial interest (ownership or otherwise), either directly or indirectly through a spouse or other family member, in any other business or entity if such interest adversely affects the employee's performance of duties or responsibilities to the Company, or requires the employee to devote time to it during such employee's working hours at the Company;

  (ii) No employee may hold any ownership interest in a privately held company that is in competition with the Company;

  (iii) An employee may hold up to 5% ownership interest in a publicly traded company that is in competition with the Company; provided that if the employee's ownership interest in such publicly traded company increases to more than 5%, the employee must immediately report such ownership to the Compliance Officer;

  (iv) No employee may hold any ownership interest in a company that has a business relationship with the Company if such employee's duties at the Company include managing or supervising the Company's business relations with that company; and

  (v) Notwithstanding the other provisions of this Code,

  (a) a director or any family member of such director (collectively, "**Director Affiliates**") or a senior officer or any family member of such senior officer (collectively, "**Officer Affiliates**") may continue to hold his/her investment or other financial interest in a business or entity (an "**Interested Business**") that:

(1) was made or obtained either (x) before the Company invested in or otherwise became interested in such business or entity; or (y) before the director or senior officer joined the Company (for the avoidance of doubt, regardless of whether the Company had or had not already invested in or otherwise become interested in such business or entity at the time the director or senior officer joined the Company); or

(2) may in the future be made or obtained by the director or senior officer, provided that at the time such investment or other financial interest is made or obtained, the Company has not yet invested in or otherwise become interested in such business or entity;

provided that such director or senior officer shall disclose such investment or other financial interest to the Board;

(b) an interested director or senior officer shall refrain from participating in any discussion among senior officers of the Company relating to an Interested Business and shall not be involved in any proposed transaction between the Company and an Interested Business; and

(c) before any Director Affiliate or Officer Affiliate (i) invests, or otherwise acquires any equity or other financial interest, in a business or entity that is in competition with the Company; or (ii) enters into any transaction with the Company, the related director or senior officer shall obtain prior approval from the Audit Committee of the Board.

- Loans or Other Financial Transactions. No employee may obtain loans or guarantees of personal obligations from, or enter into any other personal financial transaction with, any company that is a material customer, business partner or competitor of the Company. This guideline does not prohibit arms-length transactions with recognized banks or other financial institutions.
- Service on Boards and Committees. No employee shall serve on a board of directors or trustees or on a committee of any entity (whether profit or not-for-profit) whose interests could reasonably be expected to conflict with those of the Company. Employees must obtain prior approval from the Board before accepting any such board or committee position. The Company may revisit its approval of any such position at any time to determine whether an employee's service in such position is still appropriate.

The above is in no way a complete list of situations where conflicts of interest may arise. The following questions might serve as a useful guide in assessing a potential conflict of interest situation not specifically addressed above:

- Is the action to be taken legal?
- Is it honest and fair?

- Is it in the best interests of the Company?

Disclosure of Conflicts of Interest

The Company requires that employees fully disclose any situations that could reasonably be expected to give rise to a conflict of interest. If an employee suspects that he/she has a conflict of interest, or a situation that others could reasonably perceive as a conflict of interest, the employee must report it immediately to the Compliance Officer. Conflicts of interest may only be waived by the Board, or the appropriate committee of the Board, and will be promptly disclosed to the public to the extent required by law and applicable rules of the applicable stock exchange.

Family Members and Work

The actions of family members outside the workplace may also give rise to conflicts of interest because they may influence an employee's objectivity in making decisions on behalf of the Company. If a member of an employee's family is interested in doing business with the Company, the criteria as to whether to enter into or continue the business relationship and the terms and conditions of the relationship must be no less favorable to the Company compared with those that would apply to an unrelated party seeking to do business with the Company under similar circumstances.

Employees should report any situation involving family members that could reasonably be expected to give rise to a conflict of interest to their supervisor or the Compliance Officer. For purposes of this Code, "family members" or "members of employee's family" include an employee's spouse, parents, children and siblings, whether by blood, marriage or adoption or anyone residing in such employee's home.

IV. GIFTS AND ENTERTAINMENT

The giving and receiving of appropriate gifts may be considered common business practice. Appropriate business gifts and entertainment are welcome courtesies designed to build relationships and understanding among business partners. However, gifts and entertainment should never compromise, or appear to compromise, an employee's ability to make objective and fair business decisions.

It is the responsibility of employees to use good judgment in this area. As a general rule, employees may give or receive gifts or entertainment to or from customers or business partners only if the gift or entertainment is in compliance with applicable law, insignificant in amount and not given in consideration or expectation of any action by the recipient. All gifts and entertainment expenses made on behalf of the Company must be properly accounted for on expense reports.

We encourage employees to submit gifts received to the Company. While it is not mandatory to submit small gifts, gifts of over US$100 must be submitted immediately to the human resources department of the Company.

Bribes and kickbacks are criminal acts, strictly prohibited by law. An employee must not offer, give, solicit or receive any form of bribe or kickback anywhere in the world.

V. FCPA COMPLIANCE

The U.S. Foreign Corrupt Practices Act ("**FCPA**") prohibits giving anything of value, directly or indirectly, to officials of foreign governments or foreign political candidates in order to obtain or retain business. A violation of FCPA does not only violate the Company's policy but also constitute a civil or criminal offense under FCPA which the Company is subject to after the Effective Time. No employee shall give or authorize directly or indirectly any illegal payments to government officials of any country. While the FCPA does, in certain limited circumstances, allow nominal "facilitating payments" to be made, any such payment must be discussed with and approved by an employee's supervisor in advance before it can be made.

VI. PROTECTION AND USE OF COMPANY ASSETS

Employees should protect the Company's assets and ensure their efficient use for legitimate business purposes only. Theft, carelessness and waste have a direct impact on the Company's profitability. Any use of the funds or assets of the Company, whether for personal gain or not, for any unlawful or improper purpose is strictly prohibited.

To ensure the protection and proper use of the Company's assets, each employee should:

- exercise reasonable care to prevent theft, damage or misuse of the Company's assets;
- promptly report any actual or suspected theft, damage or misuse of the Company's assets;
- safeguard all electronic programs, data, communications and written materials from unauthorized access; and
- use the Company's assets only for legitimate business purposes.

Except as approved in advance by the Chief Executive Officer or Chief Financial Officer of the Company, the Company prohibits political contributions (directly or through trade associations) by any employee on behalf of the Company. Prohibited political contributions include:

- any contributions of the Company's funds or other assets for political purposes;
- encouraging individual employees to make any such contribution; and
- reimbursing an employee for any political contribution.

VII. INTELLECTUAL PROPERTY AND CONFIDENTIALITY

Employees should abide by the Company's rules and policies in protecting the intellectual property and confidential information, including the following:

- All inventions, creative works, computer software, and technical or trade secrets developed by an employee in the course of performing the employee's duties or primarily through the use of the Company's assets or resources while working at the Company shall be the property of the Company.
- Employees should maintain the confidentiality of information entrusted to them by the Company or entities with which the Company has business relations, except when disclosure is authorized or legally mandated. Confidential information includes all non-public information that might be of use to competitors, or harmful to the company or its business associates, if disclosed.
- The Company maintains a strict confidentiality policy. During an employee's term of employment with the Company, the employee shall comply with any and all written or unwritten rules and policies concerning confidentiality and shall fulfill the duties and responsibilities concerning confidentiality applicable to the employee.
- In addition to fulfilling the responsibilities associated with his/her position in the Company, an employee shall not, without obtaining prior approval from the Company, disclose, announce or publish trade secrets or other confidential business information of the Company, nor shall an employee use such confidential information outside the course of his/her duties to the Company.
- Even outside the work environment, an employee must maintain vigilance and refrain from disclosing important information regarding the Company or its business, business associates or employees.
- An employee's duty of confidentiality with respect to the confidential information of the Company survives the termination of such employee's employment with the Company for any reason until such time as the Company discloses such information publicly or the information otherwise becomes available in the public sphere through no fault of the employee.
- Upon termination of employment, or at such time as the Company requests, an employee must return to the Company all of its property without exception, including all forms of medium containing confidential information, and may not retain duplicate materials.

VIII. ACCURACY OF FINANCIAL REPORTS AND OTHER PUBLIC COMMUNICATIONS

Upon the Effective Time, the Company will be required to report its financial results and other material information about its business to the public and the SEC. It is the Company's policy to promptly disclose accurate and complete information regarding its business, financial condition and results of operations. Employees must strictly comply with all applicable standards, laws, regulations and policies for accounting and financial reporting of transactions, estimates and forecasts. Inaccurate, incomplete or untimely reporting will not be tolerated and can severely damage the Company and result in legal liability.

Employees should be on guard for, and promptly report, any possibility of inaccurate or incomplete financial reporting. Particular attention should be paid to:

- Financial results that seem inconsistent with the performance of the underlying business;
- Transactions that do not seem to have an obvious business purpose; and
- Requests to circumvent ordinary review and approval procedures.

The Company's senior financial officers and other employees working in the finance department have a special responsibility to ensure that all of the Company's financial disclosures are full, fair, accurate, timely and understandable. Any practice or situation that might undermine this objective should be reported to the Compliance Officer.

Employees are prohibited from directly or indirectly taking any action to coerce, manipulate, mislead or fraudulently influence the Company's independent auditors for the purpose of rendering the financial statements of the Company materially misleading. Prohibited actions include but are not limited to:

- issuing or reissuing a report on the Company's financial statements that is not warranted in the circumstances (due to material violations of U.S. GAAP, generally accepted auditing standards or other professional or regulatory standards);
- not performing audit, review or other procedures required by generally accepted auditing standards or other professional standards;
- not withdrawing an issued report when withdrawal is warranted under the circumstances; or
- not communicating matters required to be communicated to the Company's Audit Committee.

IX. COMPANY RECORDS

Accurate and reliable records are crucial to the Company's business and form the basis of its earnings statements, financial reports and other disclosures to the public. The Company's records are a source of essential data that guides business decision-making and strategic planning. Company records include, but are not limited to, booking information, payroll, timecards, travel and expense reports, e-mails, accounting and financial data, measurement and performance records, electronic data files and all other records maintained in the ordinary course of business.

All Company records must be complete, accurate and reliable in all material respects. There is never an acceptable reason to make false or misleading entries. Undisclosed or unrecorded funds, payments or receipts are strictly prohibited. An employee is responsible for understanding and complying with the Company's recordkeeping policy. An employee should contact the Compliance Officer if he/she has any questions regarding the recordkeeping policy.

X. COMPLIANCE WITH LAWS AND REGULATIONS

Each employee has an obligation to comply with the laws of the cities, provinces, regions and countries in which the Company operates. This includes, without limitation, laws covering commercial bribery and kickbacks, patent, copyrights, trademarks and trade secrets, information privacy, insider trading, offering or receiving gratuities, employment harassment, environmental protection, occupational health and safety, false or misleading financial information, misuse of corporate assets and foreign currency exchange activities. Employees are expected to understand and comply with all laws, rules and regulations that apply to their positions at the Company. If any doubt exists about whether a course of action is lawful, the employee should seek advice immediately from the Compliance Officer.

XI. DISCRIMINATION AND HARASSMENT

The Company is firmly committed to providing equal opportunity in all aspects of employment and will not tolerate any illegal discrimination or harassment based on race, ethnicity, religion, gender, age, national origin or any other protected class. For further information, employees should consult the Compliance Officer.

XII. FAIR DEALING

Each employee should endeavor to deal fairly with the Company's customers, business partners, competitors and employees. None should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair-dealing practice.

XIII. HEALTH AND SAFETY

The Company strives to provide employees with a safe and healthy work environment. Each employee has responsibility for maintaining a safe and healthy workplace for other employees by following environmental, safety and health rules and practices and reporting accidents, injuries and unsafe equipment, practices or conditions. Violence or threats of violence are not permitted.

Each employee is expected to perform his/her duty to the Company in a safe manner, not under the influence of alcohol, illegal drugs or other controlled substances. The use of illegal drugs or other controlled substances in the workplace is prohibited.

XIV. VIOLATIONS OF THE CODE

All employees have a duty to report any known or suspected violation of this Code, including any violation of laws, rules, regulations or policies that apply to the Company. Reporting a known or suspected violation of this Code by others will not be considered an act of disloyalty, but an action to safeguard the reputation and integrity of the Company and its employees.

If an employee knows of or suspects a violation of this Code, it is such employee's responsibility to immediately report the violation to the Compliance Officer, who will work with the employee to investigate his/her concern. All questions and reports of known or suspected violations of this Code will be treated with sensitivity and discretion. The Compliance Officer and the Company will protect the employee's confidentiality to the extent possible, consistent with the law and the Company's need to investigate the employee's concern.

It is the Company's policy that any employee who violates this Code will be subject to appropriate discipline, including termination of employment, based upon the facts and circumstances of each particular situation. An employee's conduct, if it does not comply with the law or with this Code, can result in serious consequences for both the employee and the Company.

The Company strictly prohibits retaliation against an employee who, in good faith, seeks help or reports known or suspected violations. An employee inflicting reprisal or retaliation against another employee for reporting a known or suspected violation will be subject to disciplinary action, including termination of employment.

XV. WAIVERS OF THE CODE

Waivers of this Code will be granted on a case-by-case basis and only in extraordinary circumstances. Waivers of this Code may be made only by the Board, or the appropriate committee of the Board, and may be promptly disclosed to the public if so required by applicable laws and regulations and rules of the applicable stock exchange.

XVI. CONCLUSION

This Code contains general guidelines for conducting the business of the Company consistent with the highest standards of business ethics. If employees have any questions about these guidelines, they should contact the Compliance Officer. We expect all employees to adhere to these standards. Each employee is separately responsible for his/her actions. Conduct that violates the law or this Code cannot be justified by claiming that it was ordered by a supervisor or someone in higher management positions. If an employee engages in conduct prohibited by the law or this Code, such employee will be deemed to have acted outside the scope of his/her employment. Such conduct will subject the employee to disciplinary action, including termination of employment.

* * * * * * * * * * * * *

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Date: October 31, 2019

To: EHang Holdings Limited
Building No. 3 of Yixiang Science Park
No. 72, Nanxiang 2nd Road, Luogang Street, Huangpu District
Guangzhou 510700
People's Republic of China

Re: EHang Holdings Limited

We are a firm of lawyers qualified to practice in the People's Republic of China (the **"PRC"**). We have acted as PRC legal counsel to EHang Holdings Limited, an exempted limited liability company organized under the laws of the Cayman Islands (the **"Company"**). We have been requested by the Company to render an opinion in connection with (i) the proposed initial public offering (the **"Offering"**) by the Company of American Depositary Shares (**"ADSs"**) in accordance with the Company's registration statement on Form F-1, including all amendments or supplements thereto (the **"Registration Statement"**), filed by the Company with the U.S. Securities and Exchange Commission (the **"SEC"**) under the U.S. Securities Act of 1933, as amended, and (ii) the listing of the Company's ADSs on Nasdaq Global Market.

A. Documents and Assumptions

For the purpose of giving this opinion, we have examined the Registration Statement, the originals or copies of documents provided to us by the Company, including, without limitation, the documents obtained from the applicable Administration of Market Regulations (the **"Companies Registry"**) and such other documents, corporate records, certificates, approvals and other instruments as we have deemed necessary or advisable for the purpose of rendering this opinion, including, without limitation, originals or copies of the agreements and certificates issued by PRC authorities and officers of the Company (**"Documents"**).

Without prejudice to the foregoing, we have also made due enquiries as to other facts and questions of law as we have deemed necessary in order to render this opinion.

The material from Company Registry does not determine conclusively whether or not an order has been made or a resolution has been passed for the winding up of a company or for the appointment of a liquidator or other person to control the assets of a company, as notice of such matters might not be filed immediately and, once filed, might not appear immediately on a company's public file. Moreover, the information from Company Registry is unlikely to reveal any information as to any such procedure initiated by the Company in any other jurisdiction.

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For the purpose of this opinion we have assumed:

(a) the genuineness of all signatures and seals, the conformity to originals of all documents purporting to be copies of originals and the authenticity of the originals of the Documents;

(b) that such of the documents as contain resolutions of directors and members, respectively, or extracts of minutes of meetings of the directors and meetings of the members, respectively accurately and genuinely represent proceedings of meetings of the directors and of meetings of members, respectively, of which adequate notice was either given or waived, and any necessary quorum present throughout;

(c) the accuracy and completeness of all factual representations (if any) made in the Documents other than legal matters that we expressly opine on herein;

(d) that insofar as any obligation under the Documents is to be performed in any jurisdiction outside PRC, its performance will not be illegal or unenforceable by virtue of the law of that jurisdiction.

(e) that the information disclosed in the materials from the Company Registry is accurate and complete as at the time of this opinion and the information from Company Search did not fail to disclose any information which had been filed with or delivered to the Companies Registry but had not been processed at the time when the search was conducted; and

(f) that there has been no change in the information contained in the latest records of the Company Registry up to the issuance of this opinion,

We have made no investigation on and expressed no opinion in relation to the laws of any country or territory other than the PRC. This opinion is limited to and is given on the basis of the current PRC Laws and is to be construed in accordance with, and is governed by, the PRC Laws.

B. Definitions

Capitalized terms used in this Opinion shall have the meanings ascribed to them as follows:

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As used herein,

(a) **"Beijing Wisdom"** means Beijing Creation Wisdom Technology Co., Ltd. (北京创世智慧科技有限公司);

(b) **"Company"** means EHang Holdings Limited;

(c) **"Domestic Enterprises"** means EHang GZ and EHang BJ.

(d) **"EHang BJ"** means Beijing EHang Tianchuang Technology Co., Ltd. ("北京亿航天创科技有限公司");

(e) **"EHang GZ"** means Guangzhou EHang Intelligent Technology Co., Ltd. (广州亿航智能技术有限公司);

(f) **"EHang Intelligent"** means EHang Intelligent Equipment (Guangzhou) Co., Ltd. (亿航智能设备（广州）有限公司);

(g) **"Governmental Agency"** means any national, provincial or local governmental, regulatory or administrative authority, agency or commission in the PRC, or any court, tribunal or any other judicial or arbitral body in the PRC, or any body exercising, or entitled to exercise, any administrative, judicial, legislative, police, regulatory, or taxing authority or power of similar nature in the PRC;

(h) **"Governmental Authorization"** means any license, approval, consent, waiver, order, sanction, certificate, authorization, filing, declaration, disclosure, registration, exemption, permission, endorsement, annual inspection, clearance, qualification, permit or license by, from or with any Governmental Agency pursuant to any PRC Laws;

(i) **"HK Company"** means Ehfly Technology Limited.

(j) **"M&A Rule"** means the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, which was issued by the Ministry of Commerce, the State-owned Assets Supervision and Administration Commission, the State Administration of Taxation, the State Administration for Industry and Commerce, the China Securities Regulatory Commission (the **"CSRC")** and the State Administration of Foreign Exchange, on August 8, 2006 and became effective on September 8, 2006, as amended by the Ministry of Commerce on June 22, 2009.

(k) **"PRC Laws"** mean all laws, regulations, rules, orders, decrees, guidelines, judicial interpretations and other legislation of the PRC in effect on the date of this opinion;

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(l) **"VIE Agreements"** mean the agreements set forth in Appendix A to this opinion;

(m) **"WFOEs"** means Beijing Wisdom and EHang Intelligent.

C. Opinion

Based upon and subject to the foregoing descriptions, assumptions and further subject to the qualifications set forth below, we are of the opinion that as at the date hereof:

(i) Based on our understanding of the current PRC Laws, (a) the ownership structure of the WFOEs, the Domestic Enterprises and their respective subsidiaries as described in "Corporate History and Structure" of the Registration Statement, both currently and immediately after giving effect to the Offering, are in compliance with applicable PRC laws or regulations; (b) the VIE Agreements constitute valid, legal and binding obligations enforceable against each party of such agreements in accordance with the terms of each agreement, and will not result in any violation of PRC Laws currently in effect. However, there are substantial uncertainties regarding the interpretation and application of PRC Laws and future PRC laws and regulations, and there can be no assurance that the Governmental Agencies will take a view that is not contrary to or otherwise different from our opinion stated above.

(ii) M&A Rules. We have advised the Company as to the content of the M&A Rules, in particular the relevant provisions thereof that purport to require offshore special purpose vehicles formed for the purpose of obtaining a stock exchange listing outside of PRC and controlled directly or indirectly by Chinese companies or natural persons, to obtain the approval of the CSRC prior to the listing and trading of their securities on any stock exchange located outside of the PRC.

We have advised the Company based on our understanding of the PRC Laws that the CSRC's approval is not required for the listing and trading of the Company's ADSs on the NASDAQ in the context of this Offering, given that (a) each of the WFOEs was incorporated as a wholly foreign-owned enterprise by means of direct investment rather than by merger or acquisition of equity interest or assets of a PRC domestic company owned by PRC companies or individuals as defined under the M&A Rules that are the beneficial owners of the Company and (b) no provision in the M&A Rules clearly classifies contractual arrangements as a type of transaction subject to the M&A Rules.

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(iii) The statements made in the Registration Statement under the caption "Taxation — People's Republic of China Taxation," to the extent they constitute summaries of PRC tax laws and regulations or interpretations or legal conclusions with respect thereto, constitute accurate summaries of the matters described therein in all material aspects and such statements constitute our opinion.

(iv) (a) The summary of the common contractual arrangements under the heading "Our Corporate History and Structure" of the Registration Statement, and (b) the summaries of the VIE Agreements under the "Regulations on Foreign Investment" of the Registration Statement, to the extent that they constitute matters of PRC Laws or summaries of the provisions of legal documents therein described, are correct and accurate in all material aspects, and nothing has been omitted from such statements which would make the same misleading in any material aspect.

D. Certain Limitations and Qualifications

The opinions expressed above are based on Documents and our interpretations of the PRC Laws, which, in our experience, are applicable. We note, however, that the laws and the regulations in China have been subject to substantial and frequent revision in recent years. We cannot assure that any future interpretations or amendments of PRC laws and regulations by relevant authorities, administrative pronouncements, or court decisions, or future positions taken by these authorities would not adversely impact or affect the opinions set forth in this letter.

This opinion relates only to PRC Laws and there is no assurance that any of such PRC Laws or the interpretations by competent PRC courts or government authorities of such PRC Laws will not be changed, amended or replaced in the immediate future or in the longer term with or without retrospective effect. We express no opinion as to any laws other than PRC Laws.

Our above opinions are also subject to the qualification that they are confined to and given on the basis of the published and publicly available PRC Laws effective as of the date hereof.

This Opinion has been prepared solely for your use and may not be quoted in whole or in part or otherwise referred to in any documents, or disclosed to any third party, or filed with or furnished to any governmental agency, or other party without the express prior written consent of this firm.

We hereby consent to the use of this Opinion in, and the filing hereof as an exhibit to the Registration Statement, and to the reference to our name in such Registration Statement.

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In giving such consent, we do not thereby admit that we fall within the category of the person whose consent is required under Section 7 of the U.S. Securities Act of 1933, as amended, or the regulations promulgated thereunder.

Sincerely yours,

/s/ AllBright Law Offices

AllBright Law Offices

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Appendix A

List of the VIE Agreements

VIE agreements for EHang Intelligence

1. Exclusive Consulting and Services Agreement between EHang Intelligent and EHang GZ dated January 29, 2016 and Amendment to Exclusive Consulting and Services Agreement between EHang Intelligent and EHang GZ dated November 30, 2018;
2. Exclusive Services Agreement between EHang Intelligent and EHang GZ dated January 29, 2016;
3. Shareholders Voting Proxy by and among EHang Intelligent, EHang GZ and its shareholders, Huazhi Hu and Yifang Xiong dated January 29, 2016, and Amendment to Shareholders Voting Proxy among EHang Intelligent, EHang GZ and its shareholders, Huazhi Hu and Yifang Xiong dated November 30, 2018;
4. Power of Attorney among Huazhi Hu, Yifang Xiong and EHang Intelligent dated January 29, 2016;
5. Exclusive Option Agreement by and among EHang Intelligent, EHang GZ and its shareholders, Huazhi Hu and Yifang Xiong dated January 29, 2016, Amendment to Exclusive Option Agreement among EHang Intelligent, EHang GZ and its shareholders, Huazhi Hu and Yifang Xiong dated November 30, 2018, Amendment Two to Exclusive Option Agreement among EHang Intelligent, EHang GZ and its shareholders, Huazhi Hu and Yifang Xiong dated June 6, 2019;
6. Share Pledge Agreement by and among EHang Intelligent, and its shareholders, Huazhi Hu and Yifang Xiong dated January 29, 2016;
7. Amendment to Share Pledge Agreement by and among EHang Intelligent and Huazhi Hu dated February 22, 2019;
8. Amendment to Share Pledge Agreement by and among EHang Intelligent and Yifang Xiong dated February 22, 2019;
9. Special Agreement in respect of the Contribution of Registered Capital of EHang GZ by and among EHang Intelligent, EHang GZ and its shareholders, Huazhi Hu and Yifang Xiong dated February 22, 2019 (refer to as “loan agreement”);

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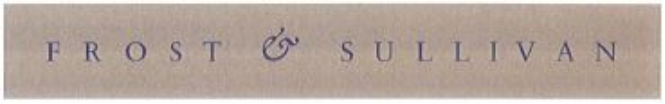
VIE agreements for Beijing Intelligence

10. Exclusive Consulting and Services Agreement between Beijing Intelligence and EHang BJ dated February 26, 2016, and Amendment to Exclusive Consulting and Services Agreement between Beijing Intelligence and EHang BJ dated November 30, 2018;
11. Exclusive Services Agreement between Beijing Intelligence and EHang BJ dated February 26, 2016;
12. Shareholders Voting Proxy by and among Beijing Intelligence, EHang BJ and its shareholders dated February 26, 2016, and Amendment to Shareholders Voting Proxy among Beijing Intelligence, EHang BJ and its shareholders, Huazhi Hu and Yifang Xiong dated November 30, 2018;
13. Power of Attorney between Huazhi Hu and Yifang Xiong and Beijing Intelligence dated February 26, 2016;
14. Share Pledge Agreement by and among Beijing Intelligence and its shareholders, Huazhi Hu and Yifang Xiong dated February 26, 2016;
15. Amendment to Share Pledge Agreement by and among Beijing Intelligence and Huazhi Hu dated February 22, 2019;
16. Amendment to Share Pledge Agreement by and among Beijing Intelligence and Yifang Xiong dated February 22, 2019;
17. Exclusive Option Agreement by and among Beijing Intelligence, EHang BJ and its shareholders, Huazhi Hu and Yifang Xiong dated February 26, 2016, the Amendment to Exclusive Option Agreement among Beijing Intelligence, EHang BJ and its shareholders, Huazhi Hu and Yifang Xiong dated November 30, 2018, Amendment Two to Exclusive Option Agreement among Beijing Intelligence, EHang BJ and its shareholders, Huazhi Hu and Yifang Xiong dated June 6, 2019;

Exhibit 99.3



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October 31, 2019

EHang Holdings Limited
Building C, Yixiang Technology Park
No.72 Nanxiang Second Road
Huangpu District, Guangzhou
People's Republic of China

Re: Consent of Frost & Sullivan

Ladies and Gentlemen,

Reference is made to the registration statement on Form F-1 (the **"Registration Statement"**) filed by EHang Holdings Limited (the "Company") with the United States Securities and Exchange Commission (the **"SEC")** under the Securities Act of 1933, as amended, in connection with its proposed initial public offering (the **"Proposed IPO"**).

We hereby consent to the references to our name and the inclusion of information, data and statements from our research reports and amendments thereto, including but not limited to the industry research report titled "Independent Market Research on Urban Air Mobility Industry" (collectively, the **"Reports"),** and any subsequent amendments to the Reports, as well as the citation of our research reports and amendments thereto, (i) in the Registration Statement and any amendments thereto, including, but not limited to, under the "Summary," "Industry" and "Business" sections; (ii) in any written correspondences with the SEC, (iii) in any other future filings with the SEC by the Company, including, without limitation, filings on Form 20-F, Form 6-K and other SEC filings (collectively, the **"SEC Filings"**), (iv) on the websites or in the publicity materials of the Company and its subsidiaries and affiliates, (v) in institutional and retail road shows and other activities in connection with the Proposed IPO, and (vi) in other publicity materials in connection with the Proposed IPO.

We further hereby consent to the filing of this letter as an exhibit to the Registration Statement and any amendments thereto and as an exhibit to any other SEC Filings by the Company for the use of our data and information cited for the above-mentioned purposes.

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Yours faithfully
For and on behalf of
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.

/s/ Yves Wang

Name: Yves Wang
Title: Managing Director, China

Exhibit 99.4

October 21, 2019
EHang Holdings Limited (the **"Company"**)

Building C, Yixiang Technology Park
No. 72 Nanxiang Second Road, Huangpu District
Guangzhou, 510700
People's Republic of China

Ladies and Gentlemen:

Pursuant to Rule 438 under the Securities Act of 1933, as amended, I hereby consent to the reference of my name as a director of the Company, effective immediately upon the effectiveness of the Company's registration statement on Form F-1 initially filed by the Company on or about October 31, 2019 with the U.S. Securities and Exchange Commission.

Sincerely yours,

/s/ Conor Chia-Hung Yang
Conor Chia-Hung Yang