An **[REDACTED]** *in the H Shares involves various risks. You should carefully consider all of the information in this Document, including the risks and uncertainties described below, before making an* **[REDACTED]** *in the H Shares. The following is a description of what we consider to be our material risks. Any of the following risks could materially and adversely affect our business, results of operations, financial condition, and growth prospects. In any such event, the* **[REDACTED]** *of the H Shares could significantly decrease, and you may lose all or part of your* **[REDACTED]**. *These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in "Forward-Looking Statements" in this Document.*

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Any failure to compete effectively with our competitors could have a material adverse effect on our business, results of operations, and financial condition.

We primarily operate in the highly competitive smart cockpit solution industry in China. We compete with both domestic and international companies from many perspectives, including technology innovation, product pricing, product quality and safety, customer acquisition and retention, branding, and talent acquisition. Some of our competitors may have advantages in obtaining financial, technical, and operational resources, and they may have a larger customer base and more established market relationships than ours. In addition, the market for integrated software and hardware solution in China is also subject to constant changes, including technological evolution, launch of new products and solution, and continuous shifts in customer demands. In addition to the existing competitors, we may encounter challenges from new market entrants, including established OEMs and their subsidiaries, as well as other technology companies.

Our future success and financial performance will depend on our ability to offer superior solution and to maintain our competitive advantage in the targeted markets where we operate. Increasing competition may lead to pricing pressure and lower profit margins, make it challenging to increase our sales of products and solution, and even result in decreases in our market share. If we fail to compete successfully in the markets, our business, results of operations, financial condition, and prospects could be adversely affected.

If our products and solution do not appropriately adapt to the evolution of the automotive market or the development of smart cockpit solution technologies, our business, results of operations, and financial condition could be adversely affected.

We provide smart cockpit solution for vehicle models of automotive OEMs. As a result, our operational results are subject to the risks inherent to the automotive market, which is rapidly evolving, characterized by changing technologies, prices and competitive landscape, government regulations, industry standards, consumer demand and behaviors. We sell our products and solution to OEMs to deploy on their vehicle models which are subsequently sold to consumers. Our business and prospects will depend on our ability to identify consumer needs, and to develop and introduce new products, as well as enhance current products, in a cost-effective manner. To a certain extent, our business depends on the demand for, and upon consumers' willingness to purchase, the vehicles of the OEMs, which may be affected by a number of factors, many of which are beyond our control, including changes in economic conditions, regulatory requirements, purchasing power, fuel prices, advancements in alternative transportation technologies and brand recognition. For example, in periods of economic downturn or uncertainties, consumers may defer or reduce their spending on new vehicles, which would lead to a decrease in demand for our smart cockpit solution. If the automotive market does not develop as we expect or develops more slowly than we expect, our business, prospects, financial condition and results of operations will be materially and adversely affected.

Our business and prospects also significantly rely on our ability to address the rapid development of smart cockpit solution technologies. The increased demand for our offerings largely depends on the adoption of smart cockpit solution and technologies in China, including the solution and technologies for integrated smart cockpits to enhance drivers' and passengers' in-vehicle experience.

We incurred net losses, recorded net operating cash outflows and had net liabilities (deficiency in assets) and net current liabilities during the Track Record Period. If we fail to effectively manage the growth of our business or manage our costs, our business, financial condition, and results of operations would be materially and adversely affected.

We incurred net losses of RMB265.3 million, RMB377.9 million and RMB514.1 million in 2023, 2024 and 2025, respectively. We may continue to incur net losses in the short term as we are in the stage of expanding our business and operations in the rapidly growing smart cockpit solution market in China. We expect to continue to make investments in operating activities in the near future as we will continue enhancing our existing products and services, developing new offerings, hiring qualified personnel and seeking technological breakthroughs. We will also incur substantial administrative expenses associated with our growth, including costs related to internal systems and operating as a **[REDACTED]** company after the **[REDACTED]**. On the other hand, we may not be able to increase our revenue enough to offset the increase in operating expenses resulting from these investments. Unforeseen trends of customer demand, substantial changes in the industry landscape, increased competition, or opportunities for investments, acquisitions, and capital expenditures could result in decreases in revenues, and significant increases in costs and expenses. Thus, we cannot assure you that we will not incur losses or negative cash flows from operating activities in the future.

We recorded net operating cash outflow of approximately RMB47.3 million, RMB190.3 million and RMB208.9 million in 2023, 2024 and 2025, respectively. If we continue to experience net operating cash outflows in the future, our working capital may be constrained, which may adversely affect our financial condition. Our future liquidity primarily depends on our ability to achieve positive cash flows from our operating activities and adequate external financing such as offering and issuing securities, or other sources such as external debt, which may not be available on terms favorable or commercially reasonable to us or at all. If we fail to obtain sufficient funding in a timely manner and on reasonable terms, or at all, we will be in default of our payment obligations and may not be able to expand our business. Thus, our business, results of operations, and financial condition may be materially and adversely affected.

Our business, results of operations and financial condition depend in part on our ability to effectively manage our growth and implement our growth strategies. All these endeavors involve risks and will require significant managerial, financial and human resources. If we fail to effectively manage the growth of our business, our costs and expenses may increase more than we have planned, and we may not successfully retain existing customers and attract new customers, respond to competition, or otherwise execute our business strategies. Any of these could materially and adversely affect our business, results of operations, financial condition and prospects. For details, see "Financial Information."

Moreover, our net liabilities (deficiency in assets) amounted to RMB2,441.7 million, RMB2,819.6 million and RMB3,333.7 million as of December 31, 2023, 2024 and 2025 respectively, primarily due to redemption liabilities of RMB2,774.6 million, RMB3,788.5 million and RMB4,091.5 million as of December 31, 2023, 2024 and 2025 respectively. For further information on our redemption liabilities, see "Financial Information — Indebtedness — Redemption Liabilities" and Note 27 to the Accountants'

Report in Appendix IA to this document. We also had net current liabilities of RMB2,755.5 million and RMB3,634.9 million as of December 31, 2023 and 2024, respectively, due to the classification of our redemption liabilities as current liabilities as of those dates. Although we expect to have net assets (positive shareholders' equity) following completion of the **[REDACTED]**, as our redemption liabilities will be suspended upon successful completion of the **[REDACTED]**, and we expect to have positive net current assets following completion of the **[REDACTED]** and application of the **[REDACTED]** thereof, we cannot assure you that we will continue to have sufficient capital to support our business expansion and the implementation of our business strategies. For further information, see the risk factor below titled "— We may not be able to obtain additional capital when desired, on favorable terms or at all."

We currently have a concentrated customer base with a limited number of key customers for a significant portion of our revenue. If we were to lose any of these major customers, our business, results of operations and financial condition could be materially and adversely affected.

Our future business, results of operations, and financial position may continue to rely on a small number of customers. During the Track Record Period, we generated a substantial portion of our revenue from a limited number of customers, primarily OEM customers. For the years ended December 31, 2023, 2024 and 2025, the aggregate revenue generated from our five largest customers amounted to RMB458.6 million, RMB441.5 million and RMB560.6 million which accounted for 96.2%, 92.2% and 79.3% of our total revenue, respectively. For the same years, revenue from the largest customer, which was also our controlling shareholder during the Track Record Period, amounted to RMB221.9 million, RMB228.8 million and RMB315.2 million which accounted for 46.5%, 47.8% and 44.6% of our total revenue, respectively. For details, see "Business — Our Customers." It is likely that we will continue to be dependent upon a limited number of customers for a significant portion of our revenue for the foreseeable future and, in some cases, the portion of our revenue attributable to one single customer may increase in the future.

To the extent that our product cost or performance does not meet customer expectations, our reputation or relationships with one or more major customers are impaired for any reason, we may lose future business with such customers, and as a result, our ability to generate revenue would be adversely impacted. If our major customers reduce their production levels or terminate their business with us due to factors that may be beyond our control, such as supply chain challenges and market conditions, or if we are unable to negotiate favorable contracts with them, or fail to secure new customers on favorable terms, it could materially and adversely impact our business, results of operations, and financial condition.

We cannot assure you that our customers will purchase our products and solution in any certain quantity or at any certain price, and we may face pricing pressures from customers who possess significant bargaining power, and our revenue from sales of such products and solution is uncertain.

Upon obtaining design wins from our customers, particularly OEMs and Tier-1 suppliers, we customized integrated software and hardware solution to be equipped on specific vehicle models of our customers. Our contracts with customers do not generally specify a fixed purchasing quantity and we typically receive preliminary estimates from our OEM customers and Tier-1 suppliers regarding their anticipated production volumes for vehicle models associated with the design wins. Such estimates are subject to potential revisions by the OEMs or Tier-1 suppliers. OEMs and Tier-1 suppliers may experience delays or cancellations in the development of the models related to the design wins. As a result, obtaining the design win is not a guarantee of revenue. If actual production orders from our customers are not consistent with their projections in calculating the amount of the awarded business, we could realize substantially less revenue over the life of these projects than the projected estimate. Besides, any predictions or internal budgets on our future revenue and expenses based on the our customers' estimates may not be accurate due to the uncertainty, which could differ materially from our expectations. Despite effective deployment and operation, the vehicle models integrated with our solution may generate poor sales results due to the overall end-user experience of the vehicle models, which in turn could affect the sales of our solution.

Our revenue from sales of our products and solution are impacted by customer demand based on actual market conditions. Our cost structure is generally determined by, among other things, R&D expenses and raw material costs. Our solution has different margin profiles, which vary between solution depending on the amount, number and type of components that we deliver. Our contracts with customers generally specify prices for our products and solution during the term of the contract. We typically negotiate our agreements with customers annually, and some customers may require us to offer annual price reductions during the contract period after the mass-production stage, which is conducted by our contract manufactures. OEM customers may decide to terminate or reduce the production of certain vehicle model, which could lead to sales volume of our products and solution being lower than we had forecast. If we are unable to reduce our production costs or launch new solution and products sold in a higher price range to offset the price reductions, our business, results of operations, and financial condition could be materially and adversely affected.

The growing competition among established players and new market entrants in such supply chain further exacerbates the pricing pressures we face and also affected by factors such as geopolitical tensions, tariffs or trade barriers, we may require lowering the prices of our solution. Given the risks associated with our suppliers and our OEM and Tier-1 suppliers customers exerting pricing pressures on us, we may not be able to accurately predict customer renewal or retention, as a result, we may be required to reduce our prices which could materially and adversely affect our revenue, gross margin, profitability, financial position and cash flow.

Impairments of goodwill could have a material adverse effect on our financial condition or results of operations

We recorded goodwill of RMB299.6 million as of December 31, 2023, which had originally arisen in connection with transactions carried out prior to January 1, 2023, as well as goodwill of RMB586.0 million as of December 31, 2024 and 2025, which includes additional goodwill that arose in connection with our acquisition of Ruilian Xingchen in 2024. Under certain circumstances we may be required to recognize an impairment of goodwill pursuant to the applicable provisions of HKFRS. For further information on our accounting policy with respect to impairment of goodwill, see Note 2.3 and Note 3 to the Accountants' Report set out in Appendix IA to this document. If we are required to record an impairment of goodwill in the future due to such matters as changes in our estimates of expected future cash flows from relevant cash-generating units or our estimates of suitable discount rates to calculate the present value of such cash flows, it could have a material adverse effect on our financial condition or results of operations.

Failure to attract new customers could materially and adversely impact our business, results of operations, and financial condition.

Our ability to attract new customers depends on the following factors, some of which are beyond our control: (i) the competitiveness of our pricing and payment terms for our customers; (ii) the market acceptance of new products and services and functionalities we may introduce; (iii) our ability to continue investing in R&D to accommodate our customers' needs; (iv) mergers, acquisitions or other consolidation among market players; and (v) the effects of domestic and global economic conditions on the development of the automotive industry generally. If we are unable to attract new customers due to any of the foregoing factors, our business, results of operations, and financial condition will be materially and adversely affected.

Failure to provide high-quality maintenance and support services to our customers could damage our relationships with them and further harm our business.

Our customers depend on our support team to assist them in resolving issues in connection with our products and solution quickly and to provide ongoing support. As we expand our operations and support customer growth, it is crucial to maintain efficient customer support that meets their needs on a larger scale. However, we may struggle to recruit or retain enough qualified support personnel experienced with our products and solution. We also may be unable to modify the nature, scope and delivery of our customer support to compete with changes in the support services provided by our competitors. Any failure to provide high-quality maintenance and support services, or a market perception that we do not provide high-quality maintenance and support services, could adversely and materially affect our reputation and business.

We have been and intend to continue investing substantial resources in R&D, and if these efforts do not generate the results we expect to achieve, it may materially and adversely affect our cashflow, liquidity and profitability.

We consistently invest substantial resources in our R&D activities. We have established several R&D centers in China, including Beijing, Shenzhen, Dalian and Nanjing, enabling us to collaborate closely with OEMs and Tier-1 suppliers across different locations while attracting top R&D talent nationwide. We have built up an R&D team comprising 335 employees as of Latest Practicable Date, which represents 86.1% of our total workforce. We incurred R&D expenses of RMB103.4 million, RMB209.6 million and RMB268.1 million in 2023, 2024 and 2025, respectively, accounting for 21.7%, 43.8% and 38.0% of our total revenue in the respective periods. Our current R&D efforts are focused primarily on integrated cockpit and parking solution based on high- and low-computing power chips. However, we cannot assure you that we will accurately anticipate the market evolution and our significant expenditure on R&D will yield positive results as we expect. Consequently, our business, results of operations, financial condition, and prospects could be materially and adversely affected.

We may fail to achieve a design win for our integrated software and hardware solution, which could result in a negative impact on our revenue. If we fail to achieve a design win for a specific vehicle model, it would be more challenging for us to compete with our peers on designs for other vehicle models of such OEMs in the future, it could have an adverse impact on our business, results of operations, and financial condition.

We depend on the continued efforts of our key management, as well as qualified and experienced personnel, and any failure to attract, motivate and retain such individuals would materially and adversely affect our business, results of operations, and financial condition.

Our success depends on the continued efforts of our key management and certain qualified and experienced personnel. If we lose their services, we may not be able to locate or may incur substantial costs to recruit and train suitable or qualified replacements in a timely manner, or at all, which could harm our business, results of operations, and financial condition. We believe that there is, and will continue to be, intense competition for highly skilled management, technical, sales and other personnel with experience in the smart cockpit solution industry. If we are unable to retain and motivate our existing employees and attract qualified personnel to fill important positions, we may be unable to manage our business effectively, which could adversely affect our business, results of operations, and financial condition.

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

We have a strategic collaboration with SeeWay.ai, covering collaboration on advancing in map navigation and chips among others. Moreover, we may in the future enter into strategic alliances, including joint ventures or minority equity investments, with various third parties to further our business purpose from time to time. Our strategic collaborations and alliances could subject us to a number of risks, including risks associated with sharing proprietary information, and increases in expenses in establishing new strategic alliances, any of which may materially and adversely affect our business.

If appropriate opportunities arise, we may acquire additional assets, products, technologies, or businesses that are complementary to our existing business. In addition to possible shareholder approval, we may have to obtain approvals and licenses from relevant government authorities for the acquisitions and to comply with any applicable laws and regulations of China or other jurisdictions, which could result in increasing delay and costs, and may derail our business strategy if we fail to do so. Acquisitions could result in the use of substantial amounts of cash, potentially dilutive issuances of equity securities, the occurrence of significant goodwill impairment charges, amortization expenses for other intangible assets, and exposure to potential unknown liabilities of the acquired business.

Any significant cost overruns may materially and adversely affect our business, financial condition and results of operations.

Cost overruns may stem from unexpected increases in the cost of materials, labor, or technological development challenges that were not anticipated, and can lead to a significant strain on our financial condition. As a result, our financial condition can be adversely affected as we may have to allocate more capital to cover these overruns, potentially leading to the increased debt. This can also affect our creditworthiness and our ability to secure future financing on favorable terms. There is no assurance that our actual costs incurred will not exceed the estimated costs, due to under-estimation of costs, excessive wastage, inefficiency, damage or unforeseen additional costs incurred during the course of our business. Any under-estimation of costs, delay or other circumstances resulting in cost overruns may materially and adversely affect our business, results of operations, and financial condition.

We rely on certain third-party suppliers, disruptions in the supply of raw materials or components used in our integrated software and hardware solution may materially and adversely affect our business and profitability.

We source the raw materials and some of the components for our integrated smart cockpit products from third-party suppliers, including suppliers for automotive-grade chips, integrated circuits and structural components. Should there be any further material increase in price of raw materials and components, our business, financial condition and results of operations could be materially and adversely affected. We may in the future experience shortages and price fluctuations of certain key components with limited foresight into their supply stability or price variability. These potential shortages or cost changes could significantly and negatively impact our business in the future. The supply chain of our raw materials and components is subject to risks associated with geopolitical tensions or health epidemics globally. Any disruption could hinder our ability to procure raw materials or components promptly and affordably. For example, we remain dependent on third-party chips for the development of our integrated software and hardware solution. Any future shortage in chip supplies may lead to increases in the prices of alternative chips and may cause chip suppliers to allocate available chips more selectively among their customers across these industries. We might fail to secure an adequate supply of chips under favorable business conditions, if at all, which could prevent us from meeting our client commitments. Such shortage could lead to increases in raw material cost and negatively impact our future profitability. We may have to maintain a higher level of inventories to mitigate the anticipated shortage, resulting in increases in inventory costs and potential write-offs. For details, see "— We may be subject to inventory obsolescence risk."

For the years ended December 31, 2023, 2024 and 2025, our five largest suppliers in aggregate was RMB161.0 million, RMB226.4 million and RMB256.4 million, which accounted for 37.7%, 50.0% and 41.0% of our total purchase amount, respectively, and our largest supplier was RMB64.0 million, RMB109.6 million and RMB125.1 million, which accounted for 15.0%, 24.2% and 19.2% of our total purchase amount, respectively. For details, see "Business — Our Suppliers". If there is any discontinuation or loss of business with respect to our cooperation with our major suppliers, it could result in interruption or delay in the supply of any of the key materials, components or services, our business, results of operations, and financial position could be materially and adversely affected.

Our products and solution and associated software and hardware, due to their intricate nature, may have undetected defects, errors, or bugs, or fail to perform as expected, potentially creating safety issues, reducing market acceptance, diminishing our customer satisfaction, damaging our reputation and brand, and exposing us to product liability and other claims.

The products and solution we develop are technical and complex, requiring rigorous manufacturing standards. They may contain errors, defects, security vulnerabilities, or software issues that are difficult to detect and correct, especially upon initial release or upon introduction of new versions or enhancements. We may encounter difficulties in effectively addressing issues to meet the expectations of our OEM customers, which could potentially cause significant harm to our reputation and may limit our opportunities for collaboration with other OEMs. Our efforts to address any issues identified in our products and solution may not be timely to meet our OEM customers' expectations and may disrupt our production. These issues could potentially lead to lawsuits, including those filed against us by OEMs, consumers or other parties, exposing us to potential liabilities and damages.

Failure to obtain and maintain required licenses, approvals and permits in a timely manner, may harm our business, results of operations, and financial condition.

The industries we operate in are highly regulated, and we cannot assure you that we can successfully update or renew the licenses required for our business in a timely manner or that these licenses are sufficient to conduct all of our present or future business. Moreover, the interpretation and implementation of existing and future laws, regulations and policies governing our business activities may be subject to change. If we fail to complete, obtain or maintain any of the required licenses or approvals or make the necessary filings in any of the jurisdiction where we operate our business, we may be subject to various penalties, which may affect our business operations and materially and adversely affect our business, results of operations, and financial condition. For details, see "Regulatory Overview."

We may not be able to obtain or maintain adequate protection for our intellectual property rights, or the scope of such intellectual property rights protection may not be sufficiently broad, and we may be involved in litigation brought by third parties claiming infringement by us of their intellectual property rights, any of which could be time-consuming, cause us to incur substantial costs, and harm our business and competitive position.

We may not be able to prevent others from unauthorized use of our intellectual property, which could harm our business and competitive position. We enter into confidentiality agreements with our employees, we cannot assure you that these agreements will not be breached, that we will have adequate remedies for any breach in time or at all, or that our proprietary technology, know-how or other intellectual property will not otherwise become known to third parties. In addition, others may independently discover trade secrets and proprietary information, limiting our ability to assert any proprietary rights against such parties. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain trade secret protection could adversely affect our competitive position.

Despite our efforts to protect our proprietary rights, third parties may attempt to copy or otherwise obtain and use our intellectual property or seek court declarations that they do not infringe upon our intellectual property rights. Monitoring unauthorized use of our intellectual property is difficult and costly, and we cannot assure you that the steps we have taken or will take will prevent misappropriation of our intellectual property.

For example, AutoAI Beijing, one of our subsidiaries, and SeeWay.ai were involved as defendants in a legal proceeding initiated by Beijing Baidu Netcom Science and Technology Co., Ltd. (北京百度網訊科技有限公司) and Baidu Online Network Technology (Beijing) Co., Ltd. (百度在線網絡技術(北京)有限公司) (the "**Baidu Plaintiffs**") on October 8, 2023 (the "**Baidu Litigation**"). On September 30, 2025, AutoAI Beijing was held liable for unfair competition in relation to the allegedly illegally obtained point of interest ("**POI**") data by the People's Court of Haidian District, Beijing, with a fine for RMB10,000,000 awarded in favor of the Baidu Plaintiffs. We denied liability for unfair competition in relation to the allegedly illegally obtained POI data and have filed an appeal against the first instance judgement, which as of the Latest Practicable Date, is still ongoing. For details, see "Business — Legal Proceedings and Compliance — Legal Proceedings".

Moreover, in light of the increased competition among other market participants in the automotive intelligence industry, we may be exposed to higher risk of infringement or violation of intellectual property rights. Our competitors or other third parties may in the future claim that our products and services and underlying technology infringe on their intellectual property rights, and we may be found to be infringing on such rights. We may be unaware of the intellectual property rights of others that may cover some or all our technology.

Any claims or litigation brought against us could cause us to incur significant expenses and, if successful, could require that we pay substantial damages or ongoing royalty payments, prevent us from offering our products and services, require us to develop alternative non-infringing technology or require that we comply with other unfavorable terms, any of which could have a material adverse effect on our business, financial condition and results of operations.

The expiration or non-extension of our patents and software registrations, along with potential challenges to our patent applications and rights, may weaken their ability to protect us effectively. This could lead to difficulties in preventing others from developing or exploiting competing technologies, which could have significant adverse effects on our business, results of operations, and financial condition.

As of the Latest Practicable Date, we had 111 patents, including 46 invention patents, 29 utility models patents and 36 design patents, in addition to 184 software registrations. We cannot assure you that all our pending patent applications will result in issued patents. Even if our patent applications are granted and we are issued patents accordingly, it is still uncertain whether these patents will be contested, circumvented, or invalidated in the future. The issuance of a patent is not conclusive as to its inventor, scope, validity or enforceability, and our patents may be challenged in the courts or patent offices in the PRC and other jurisdictions. Further, the life of a patent and the protection it affords are limited even when various extensions may be available. We may face competition for any approved product or solution candidates even if we successfully obtain patent protection once the patent life has expired for the product or solution. Any of the foregoing could materially and adversely affect our business, results of operations, and financial condition.

We are subject to risks relating to the engagement and manufacturing capacity of third-party contract manufacturers for the production and testing of our solution. Any interruption in the production of our third-party contract manufacturers may have an adverse impact on our business, results of operations, and financial condition.

During the Track Record Period, we strategically engaged third-party contract manufacturers for the production of all our integrated software and hardware solution. For details, see "Business — Our Contract Manufacturing Process". Although we intend, as part of our business strategy, to establish our own production capacity using **[REDACTED]** of the **[REDACTED]**, we expect to remain dependent on third-party contract manufacturers in the short- to medium term. If we are unable to maintain our contractual relationships with third-party contract manufacturers, or if we are unable to continue using or obtaining these services on commercially reasonable terms, we may not be able to secure alternatives in a timely manner or at all, which may, in turn, materially and adversely affect our business, results of operations, financial condition and competitive position. A delay or stoppage of production by our third-party contract manufacturers for any reason, even if temporary, could significantly impair our third-party contract manufacturers' ability to produce our products, thereby affecting our business materially and adversely. There can be no assurance that our quality control procedures will be effective in consistently preventing deviations by our third-party contract manufacturers from our quality standards. Any such deviations may expose us to potential liabilities.

Delays, disruptions, cost overruns, or unforeseen outcomes may occur during our planned construction of our own production capacity.

At present, our hardware products are developed by us and manufactured by our contract manufacturers. As a significant part of our business strategy, we intend to establish our own manufacturing facilities in order to promote production autonomy. However, we could experience delays or other difficulties and will require significant capital for construction of our own production capacity. Any construction delays or budget overruns could adversely affect our production capacity, business, results of operations, and financial condition.

As we implement our strategy of constructing our own facilities for production of our integrated software and hardware solution, we expect to become subject to certain laws and regulations relating to development of our own facilities. In accordance with PRC laws and regulations, construction projects are subject to government oversight and approval processes, including but not limited to project approvals and filings, approvals for construction land and project planning, environmental protection permits, pollution discharge licenses, drainage permits, work safety approvals, fire protection clearances, and inspections and acceptance by relevant authorities. Entities operating these construction projects may face fines or project use suspensions, any of which would materially and adversely affect our business operations.

Failure to maintain an effective quality management system may harm our reputation and lead to returns or recalls.

Defects may also be caused by defective raw materials and components delivered by our suppliers and integrated in our solution. As we do not have direct control over the quality of the materials and intermediate products manufactured or supplied by third parties, we are exposed to risks relating to the quality of such materials and intermediate solution. Failure to identify all material quality issues could materially and adversely affect our reputation and operation. In addition, we may manufacture particular solution pursuant to specifications and quality requirements set by our customers. If our solution do not meet the specifications and quality requirements stipulated by our customers, relevant production may be discontinued until the cause of the solution defect has been identified and remedied.

Any failure to maintain consistent quality control throughout our production process may result in the substandard quality or unsatisfactory performance of our solution, our market reputation and sales volumes may be adversely affected.

Any failure by us or our business partners to comply with applicable anti-corruption, anti-bribery, anti-money laundering, and similar laws and regulations, could subject us to administrative, civil, and criminal penalties and damages to our reputation, which may adversely affect our business, results of operations, and financial condition.

We or our business partners may be subject to anti-corruption, anti-bribery, anti-money laundering, and similar laws and regulations in various jurisdictions in which we or our business partners conduct business activities. Any failure to comply with applicable anti- corruption, anti-bribery, anti-money laundering, and similar laws and regulations could lead to significant penalties and damage to our reputation. To comply effectively with such laws and regulations, we must establish sound internal control policies and procedures with respect to anti-corruption, anti-bribery, anti-money laundering, and similar laws and regulations, which can require significant resources and expenditures.

The policies and procedures we and our business partners have adopted may not be effectively implemented in protecting our products, solution and services from being exploited for money laundering, terrorist financing, bribery and corruption, terrorism, and other illegal purposes. If there is any violation of anti-corruption, anti-bribery, anti-money laundering, and similar laws and regulations associated with our products, solution or services, we could be subject to fines, enforcement actions, regulatory sanctions, additional compliance requirements, increased regulatory scrutiny of our business, or other penalties levied by government authorities, and damages to our reputation, all of which may adversely affect our business, results of operations, and financial condition. Similarly, if any of our subsidiaries, affiliated entities, directors, senior management, employees, business partners or agents engage in fraudulent, corrupt, or other unfair business practices or otherwise violate applicable laws, regulations or internal control policies, we could become subject to one or more enforcement actions or otherwise be found to be in violation of such laws, which may result in penalties, fines or sanctions and in turn adversely affect our reputation, business, results of operations, and financial condition.

Our business success relies on our ability to build our brands and reputation. Negative publicity or legal proceedings involving our Company, Directors, senior management, employees, business partners, or our industry could adversely affect our reputation, business operations, and financial performance.

Our brand reputation and images may be damaged by, among others, product defects or product liability claims, regarding our industry, brands, products, our Company, Directors, senior management, employees or business partners. Negative media coverage including negative comments, reviews or false information about our brand or products on social media platforms, or any negative publicity, regardless of veracity, relating to our Company, Directors or senior management of our Company, or employees, customers and suppliers or other strategic partners of our Group, whether related to us or not, may adversely impact consumer perception and confidence in our brands and products. Certain negative publicity may come from malicious harassment or unfair acts by third parties or our competitors, and some of legal proceedings may be without grounds, both of which are beyond our control but likely to affect our reputation and business materially and adversely.

Our payment obligations under our indebtedness may limit the funds available to us. A breach of any of the covenants or other provisions contained in funding facilities could result in an event of default, which could result in amounts outstanding under these facilities becoming immediately due and payable as well as foreclosure by our lenders upon our critical assets.

As of December 31, 2025, our total interest-bearing bank and other borrowings amounted to approximately RMB284.0 million, consisting primarily of loans from commercial banks in China. The fulfillment of these debt obligations could reduce the funds available to us. If we lack adequate cash or fail to secure additional financing, or if our cash usage is constrained by laws, regulations or agreements governing our existing or future indebtedness, we may be unable to meet repayment obligations. This failure could constitute an event of default under the respective credit facilities documents, which if not cured or waived, could result in amounts outstanding under such credit facilities becoming immediately due and payable, and potentially lead to cross defaults under other agreements governing our current and future indebtedness. Our outstanding bank borrowings may contain specific financial covenants that may impose restrictions on our operations. Future borrowings may also include similar restrictive covenants limiting our shareholding structure, business and operational flexibility. Failure to meet repayment obligations, comply with affirmative covenants, or violations of negative covenants could constitute an event of default on our borrowings. The occurrence of any such default events may have a material adverse effect on our financial condition, operational results and cash flow.

We may not be able to obtain additional capital when desired, on favorable terms or at all.

We need significant capital to, among other things, conduct R&D for our smart cockpit software solution and integrated software and hardware solution, attract and retain top talent, offer more advanced smart cockpit functionalities, maintain and expand our customer base. Our capital requirements will be subject to many factors, including, but not limited to: (i) technological advancements; (ii) market acceptance and enhancement of our products and solution, and the overall level of sales of our products and solution; (iii) expenses for R&D and/or sales and marketing; (iv) our relationships with our customers and suppliers; (v) potential acquisitions of businesses; and (vi) general economic conditions, inflation, rising interest rates, and geopolitical conflicts and their impact on our industry in particular. If our capital requirements are materially different from those currently planned, we may need additional capital sooner than anticipated. If adequate funds are not available or are not available on acceptable terms, we may be unable to continue our operations as planned, develop or enhance our products and solution, expand our sales, take advantage of future opportunities, or respond to competitive pressures.

Business expansion may bring operational, financial, and regulatory risks.

We have implemented a dual-track strategy of enhancing localization efforts on our existing customers base while simultaneously expanding our presence in additional markets. However, the successful implementation of this strategy is subject to a number of risks and uncertainties, which could have a material adverse effect on our business, results of operations, and financial condition, including, among others: (i) international economic and political conditions, and other political tensions between countries in which we do business; (ii) exchange rate fluctuations; (iii) preference for locally branded products, and laws and business practices favoring local competition; (iv) increased difficulty in managing inventory; (v) less effective protection of intellectual property; (vi) exporting or importing issues related to export or import restrictions, including deemed export restrictions, tariffs, quotas and other trade barriers and restrictions; and (vii) revisions in local tax and customs duty laws or revisions in the enforcement, application or interpretation of such laws. The occurrence of any of these risks could prevent us from effectively implementing our internationalization strategy.

Potential disruptions or failures in our information technology and communication systems could affect the availability and functionality of our software systems. Our networks and systems are susceptible to malfunctions, unexpected failures, interruptions, insufficiencies, and security breaches.

The proper functioning of our information technology and communication systems is essential to our business. The satisfactory performance, reliability and availability of our information technology and communication systems are critical to our success, our ability to attract and retain members and other users and our ability to maintain and deliver consistent services to our OEM customers and end-users of our products and services. However, our systems are vulnerable to damage or interruption from, among others, physical theft, fire, terrorist attacks, natural disasters, power loss, war, telecommunications failures, viruses, denial or degradation of service attacks, ransomware, social engineering schemes, insider theft or misuse or other attempts to harm our systems. Besides, any problems with our third-party service providers, such as cloud services providers and mapping service providers, could result in unexpected failures and lengthy interruptions in our business. The occurrence of such incidents, along with insufficiencies and security breaches which may occur from time to time in our information technology and communication systems could result in the unavailability or slowdown of the services we provide, which in turn could reduce the attractiveness of our offerings and cause severe disruption to our daily operations. As a result, our reputation may be materially and adversely affected, our market share could decline and we could be subject to liability claims.

Our use of open-source software in our applications could subject our proprietary software to general release, adversely affect our ability to sell our products and solution and subject us to possible litigation, claims or proceedings.

We use open-source software in the development and deployment of our products and services. Companies that use open-source software for their products have, from time to time, encountered challenges related to the use of such software and potential non-compliance with open-source licensing terms. As a result, we could be subject to legal actions initiated by third parties who claim ownership of software that we believe falls under the category of open-source software, or who allege breaches of open-source licensing terms. Certain open-source software licenses may require users who distribute proprietary software containing or linked to open-source software to publicly disclose some or all of the source code of that proprietary software and/or make any derivative works of the open-source code available under the same open-source license, which could include our proprietary source code. While we oversee the use of open-source software and endeavor to prevent situations where our proprietary source code may become subject to such requirements and limitations, inadvertent instances of such usage may still occur.

Security breaches and other disruptions of our systems, infrastructure, integrated software and related data, or those of third parties we partner with, could endanger the trust of our customers and adversely impact our business.

Our systems, infrastructure, integrated software and related data may be vulnerable to security breaches. Hackers may attempt in the future to gain unauthorized access to modify, alter, and use such systems to gain control of, or to change, the functionality, user interface and performance characteristics of vehicles incorporating our solution and products, or to gain access to data stored in or generated by the vehicle. Unauthorized third parties may circumvent our security measures, misappropriate proprietary information and cause interruptions in our information technology systems. Any actual or perceived security breach that leads to leakage of our confidential information, even though anonymized, could still interrupt our operations, temporarily or permanently disable our platform, result in fraudulent transfer of funds, damage our relationships with our customers and other business partners, and subject us to legal liabilities, regulatory sanctions, financial exposure and reputational damage, any of which may materially and adversely affect our business, results of operations, and financial condition.

We may be subject to inventory obsolescence risk.

Our business expansion requires us to manage a large volume of inventory effectively. During the Track Record Period, our inventories consisted primarily of raw materials, work in process, finished goods and contract fulfilment costs. Our inventories increased from RMB110.3 million as of December 31, 2023 to RMB144.7 million as of December 31, 2024, and further increased to approximately RMB239.4 million as of December 31, 2025. For details, see "Financial Information — Discussion of Selected Items from the Consolidated Statements of Financial Position — Inventories." Our turnover days of inventories increased from 112 days in 2023 to 137 days in 2024, and further remained relatively stable at 131 days in 2025. The increase in inventory was primarily due to the significant increase in the contract fulfilment costs for projects which shall commence mass production. However, we cannot guarantee that our inventories can be fully utilized as stipulated in the sales contracts. As our business expands, our inventory obsolescence risk may also increase commensurately with the increase in our inventories and our inventory turnover days.

We are subject to credit risk related to delay in payment and defaults of customers.

We are exposed to credit risk related to delays in payment and defaults of our various customers. As of December 31, 2023, 2024 and 2025, our trade receivables (net of loss allowance) amounted to approximately RMB144.6 million, RMB148.5 million and RMB232.7 million, respectively, and our trade receivables turnover days (net of loss allowance) were 106 days, 112 days and 98 days, respectively. Our trade receivables (net of loss allowance) turnover days increased to 112 days in 2024 due to a significant increase in sales to one of our top five customers during the fourth quarter of 2024, who has a comparatively longer credit period, and a decrease in sales to another of our top five customers, which typically settles payments earlier than the credit terms provided to it. We may not be able to collect all of our trade receivables due to factors beyond our control, such as adverse operating conditions or financial conditions of our customers, and customers' inability to pay due to delays in payment from their own end users. If our customers delay or default on their payments to us, we may need to make impairment provisions and write off the relevant receivables. This would have a negative impact our liquidity and financial condition.

We may grant options and other types of share-based payments, which may result in share-based compensation expenses.

We may grant share-based compensation awards to qualified individuals, primarily comprising our employees, to incentivize their performance and align their interests with ours, as we believe the granting of share-based compensation may be important to attract and retain key personnel and employees. As a result, our expenses associated with share-based compensation may have an adverse effect on our results of operations, and the shareholding of existing shareholders may experience further dilution.

Any failure to make adequate contributions to the social insurance and housing provident fund may subject us to penalties.

In accordance with the PRC Social Insurance Law, if an employer fails to pay social insurance premiums in full and on time, the social insurance collection authority shall order rectification within a specified period, requiring payment of the outstanding amount plus a late fee of 0.05% per day from the date of default. If payment is still not made after the deadline, the relevant administrative department may levy a penalty that varies from one to three times the overdue amount. Under the Regulations on the Administration of Housing Fund, if an employer fails to make or underpays housing provident fund contributions, the local housing provident fund management center shall order corrective action within a prescribed period. If the employer continues to default, the center may apply to the People's Court for compulsory enforcement.

During the Track Record Period, we engaged third party human resources agencies to pay social insurance and housing provident fund contributions of some of our employees working in cities where we do not have legal entities across the nation and prefer their social insurance and housing provident funds to be paid at their respective resident places for convenience in utilizing such benefits locally. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any administrative actions, fines or penalties from the relevant PRC government authorities requiring us to pay any shortfall with respect to social insurance and housing provident funds. However, we cannot assure you that the relevant government authorities will not require us or the third party human resources agencies to pay any outstanding amount and impose administrative actions, fines or penalties on us or the third party human resources agencies. If we are otherwise subject to investigations related to non-compliance with labor laws and are imposed severe penalties or incur significant legal fees in connection with labor law disputes or investigations, our business, prospects, results of operations, financial condition, and cash flows may be adversely affected.

We face certain risks relating to our leased properties, including any legal defects and unforeseen lease terminations of such properties.

As of the Latest Practicable Date, we leased 6 properties in the PRC, among which 4 of our lease agreements had not been registered with the relevant local authorities and the lessor of 1 property had not provided certificates of title. We cannot assure you that the lessors will cooperate and complete the registration in a timely manner. As advised by our PRC Legal Advisor, failure to complete the registration of lease agreements will not directly affect the legality and validity of such leases, but could result in the imposition of fines up to RMB40,000 for the unregistered leases if we fail to rectify the breach within the time prescribed. As of the Latest Practicable Date, we had not been ordered by any PRC government authorities to register any lease agreements. In the event that any fine is imposed on us for our failure to register our lease agreements, we may not be able to recover such losses from the lessors. For details, see "Business — Properties — Non-compliance Relating to Leased Properties." Furthermore, we cannot assure you that we will be able to renew our leases on commercially acceptable terms upon expiry, or at all. If the title of any of our leased properties is controversial or the validity of the relevant lease is challenged by any third party, or if we fail to renew our leases upon expiry, we may be compelled to relocate from the affected premises. Such relocation may result in additional expenses or business interruption, which could, in turn, have an adverse effect on our business, financial condition and results of operations.

Any non-compliance with law by any third parties with which we conduct business could disrupt our business and adversely affect our business, results of operations, and financial condition.

Third parties with whom we do business, such as suppliers and business partners, might face regulatory penalties or sanctions due to non-compliance with relevant laws or infringement on other parties' legal rights. This could disrupt our business operations directly or indirectly. We conduct thorough legal reviews and verify certifications before entering contracts with these parties and implement measures to mitigate risks associated with their potential non-compliance. However, we cannot guarantee that these third parties have not or will not violate regulatory requirements or infringe on other parties' legal rights. For instance, we may not detect all instances of intellectual property infringement, potentially resulting in liability and damages for us. Consequently, our business, financial condition, and operational results could be significantly and negatively impacted. We cannot rule out the possibility of incurring liabilities or suffering losses due to any non-compliance by third parties. We cannot assure you that we will be able to identify irregularities or non-compliance in the business practices of third parties we conduct business with, or that such irregularities or non-compliance will be corrected in a prompt and proper manner. Any legal liabilities and regulatory actions affecting third parties involved in our business may affect our business activities and reputations, and may in turn affect our business, results of operations, and financial condition.

Any failure to deal effectively with fraudulent or illegal activities or misconduct by our employees would harm our business.

Illegal, fraudulent, or otherwise inappropriate activities by our employees may adversely affect our brand, business, results of operations, and financial condition. These activities may include assault, abuse, theft and other misconduct and fraud. Despite our efforts to identify and prevent such conduct, there can be no assurance that our policies and internal controls regarding the review and approval of payment accounts, sales and marketing activities, interactions with business partners and government officials and other relevant matter will prevent fraud or illegal activities or misconduct by our employees or that similar incidents will not occur in the future. Furthermore, any negative publicity related to the foregoing may adversely affect our reputation and brand, which could potentially lead to increased regulatory or litigation exposure. Any illegal, fraudulent, corrupt or collusive activity, misconduct, or perceptions of conflicts of interest and rumors could severely damage our brand and reputation, even if they are baseless or satisfactorily addressed, which could drive our clients away from us, and materially and adversely affect our business, results of operations, and financial condition.

We might experience work stoppage, labor shortage and other labor related matters, which may disrupt our normal operation and adversely affect our reputation and results of operations.

We have implemented policies and measures to protect the welfare and working conditions of our employees, including providing competitive remuneration packages, including salary and allowances, performance-based bonuses and long-term incentive programs. For details, see "Business — Employees." Despite our best efforts, however, we cannot assure you that we will not face any labor-related issues, including labor disputes, strikes, or the inability to attract and retain qualified workers, which may lead to work stoppages or labor shortages and significantly impact our ability to meet customer demands and fulfill orders within the expected time frames. Furthermore, such labor-related matters could cause us to incur additional costs associated with resolving labor disputes, hiring temporary workers, or implementing contingency plans to mitigate the impact of labor shortages. These additional expenses, coupled with potential revenue losses from delayed deliveries, may negatively affect our profitability and overall results of operations.

Increasing focus on evolving environmental, social and governance ("ESG") matters by regulators, customers and other stakeholders and potential changes in ESG-related social trends and governmental policies may result in additional risk and compliance costs.

As we implement our strategy of constructing our own facilities for production of our integrated software and hardware solution, we expect to become subject to multiple environmental and safety laws and regulations, including laws and regulations relating to construction of such facilities. Such laws and regulations govern the use, storage, discharge and disposal of hazardous materials during the construction process. In addition, from time to time, the Chinese government issues new ESG-related regulations, which may require additional actions on our part to comply. If our planned production facilities fail to comply with applicable regulations, we could be subject to substantial liability for clean-up efforts, personal injury or fines or be forced to close or temporarily cease the construction of our plants, which could have a material adverse effect on our business, results of operations, and financial condition.

Moreover, there is a growing global focus on the environmental practices of manufacturers. Additionally, more stringent local social responsibility laws and regulations may be adopted in the future, which may result in an increase in our cost of compliance. Compliance with such regulations is considered costly industrywide. We may incur additional costs to ensure compliance with such laws and regulations, as well as to manage local labor practices. For details, see "Business — Environmental, Social and Governance."

We may not have sufficient insurance coverage to cover our business risks.

Any uninsured occurrence of business disruption, litigation or natural disaster, or significant damages to our uninsured equipment or facilities could have a material adverse effect on our results of operations. Our current insurance coverage may not be sufficient to prevent us from any loss and we cannot assure you that we will be able to successfully claim our losses under our current insurance policy on a timely basis, or at all. If we incur any loss that is not covered by our insurance policies, or if the compensated amount is significantly less than our actual loss, our business, financial condition and results of operations could be materially and adversely affected.

Our risk management and internal control systems may not be adequate or effective.

For the enhancement of our operations, we have established risk management and internal control systems that are tailor-made for our business in order to minimize our actual or potential risk exposures. Despite our ongoing efforts in implementing and improving such systems, we cannot assure you that our risk management and internal control systems will be able to identify, prevent and manage all risks arising from our operations in a timely manner, and our precautions taken to prevent and address actual or potential risks may not be effective. Also, the effectiveness of our risk management and internal control systems also depends on the implementation by our employees. We cannot assure you that such implementation will not involve any human errors or mistakes, which may in turn adversely affect our operations. As such, if we fail to implement effective risk management and internal control systems in a timely manner or our preventive measures are not effective, our business, results of operations, and financial condition could be adversely affected.

We may be exposed to risks related to litigation and administrative proceedings that could materially and adversely affect our business, results of operations, and financial condition.

We may be subject to claims and various legal and administrative proceedings, and, as a result, penalties and new claims may arise in the future. In addition, agreements we entered into sometimes include indemnification provisions which may subject us to costs and damages in the event of a claim against an indemnified third party.

Regardless of the merit of particular claims, legal and administrative proceedings, such as litigations, injunctions and governmental investigations, may be expensive, time consuming or disruptive to our operations and distracting to management. In recognition of these considerations, we may enter into new or further licensing agreements or other arrangements to settle litigation and resolve such disputes. No assurance can be given that such agreements can be obtained on acceptable terms or that litigation will not occur. These agreements may also significantly increase our operating expenses.

Our Directors have confirmed that, during the Track Record Period and as of the Latest Practicable Date, save for the Baidu Litigation, we and our subsidiaries did not have any outstanding litigation or arbitration matters that could have a material adverse effect on our business, financial condition and results of operations. However, new legal or administrative proceedings and claims may arise in the future and the current legal or administrative proceedings and claims we face are subject to inherent uncertainties. If one or more legal or administrative matters were resolved against us or an indemnified third party for amounts in excess of our management's expectations or certain injunctions are granted to prevent us from using certain technologies in our solution, our business and financial condition could be materially and adversely affected. Further, such an outcome could result in significant compensatory or punitive monetary damages, disgorgement of revenue or profits, remedial corporate measures, injunctive relief or specific performance against us that could materially and adversely affect our financial condition and operating results. For details regarding our legal proceedings and compliance matters, see "Business — Legal Proceedings and Compliance."

RISKS RELATING TO JURISDICTIONS WHERE WE OPERATE

We are required to complete filing procedures with the CSRC for the [REDACTED] and [REDACTED] of our H Shares on the Hong Kong Stock Exchange.

On February 17, 2023, the CSRC promulgated Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies ("**Overseas Listing Trial Measures**") and relevant supporting guidelines, which came into effect on March 31, 2023. The Overseas Listing Trial Measures comprehensively improve and reform the previous regulatory regime for overseas offering and listing of PRC domestic companies' securities and regulate both direct and indirect overseas offering and listing of PRC domestic companies' securities. Any domestic company that is deemed to conduct overseas **[REDACTED]** and **[REDACTED]** activities shall file with the CSRC in accordance with the Overseas Listing Trial Measures.

The **[REDACTED]** will be considered a direct overseas **[REDACTED]** and **[REDACTED]** activity by a PRC domestic company under the Overseas Listing Trial Measures. Pursuant to the Overseas Listing Trial Measures, where an issuer submits an application for listing to competent overseas regulators, such issuer must file with the CSRC within three business days after such application is submitted. Accordingly, we will be required to file with the CSRC in connection with the **[REDACTED]** within three business days after our **[REDACTED]** is submitted. We cannot assure you that we could receive the filing notice in accordance with the Overseas Listing Trial Measures in a timely manner. Any failure may restrict our ability to complete the **[REDACTED]** or any future equity capital-raising activities.

The smart cockpit solution industry is an emerging industry in China and may be subject to governmental regulations from time to time.

The smart cockpit solution industry in China is still in a nascent stage and is likely to face changes in the regulatory landscape as it evolves. As government authorities continue to understand and regulate this rapidly developing sector, new regulations and compliance requirements are expected to emerge. These evolving regulations could cover various aspects such as data security, safety standards, environmental impact, and consumer protection. Navigating this changing regulatory environment may require significant adjustments to our products and services to meet new standards, lead to increased compliance costs, or result in operational delays. Additionally, any failure to comply with these regulations could expose us to legal penalties, reputational damage, and hinder our ability to operate or expand within the Chinese market. The changes in regulations add a layer of complexity to our strategic planning and could materially affect our business operations, financial condition, and overall growth prospects.

Changes in the economic and legal conditions, as well as the interpretation and implementation of the relevant laws, rules and regulations in China may affect our business, results of operations, and financial condition.

Due to our extensive operations in the PRC, our business, financial condition, results of operations and prospects are inherently influenced by economic and legal developments within the PRC. We are subject to laws, rules and regulations from time to time, including those related to such as foreign investment, corporate organization and governance, commerce, taxation, finance, foreign exchange and trade. Any material changes of the economic regulatory, political and social conditions in China may have material and adverse effect on our results of operations, financial performance and business prospects. There can be no assurance that we will successfully adapt to the dynamic interpretation or implementation of existing laws, regulations or government policies, or to new laws, regulations or policies that may come into effect.

Changes in international trade policies, geopolitics and trade protection measures, export controls, connected vehicles restrictions, investment restrictions and economic or trade sanctions may materially and adversely affect our business, financial condition and results of operations.

Our operations may be negatively affected by any deterioration in the political and economic relations among countries and sanctions and export controls administered by the government authorities in the countries in which we operate, and other geopolitical challenges, including, but not limited to, economic and labor conditions, increased duties, taxes and other costs and political instability. For example, the U.S. government imposed economic and trade sanctions directly or indirectly affecting China-based technology companies. Such laws and regulations are likely subject to frequent changes, and their interpretation and enforcement involves substantial uncertainties, which may be heightened by national security concerns or driven by political or other factors that are beyond our control. There is also risk relating to the future relationship between the United States and China with respect to trade policies, treaties, government regulations and tariffs. Such potential uncertainties and restrictions, as well as any associated inquiries or investigations or any other government actions, may be difficult or costly to comply with and may, among other things, delay or impede the development of our technology and solution, hinder the stability of our supply chain, negatively affect the market demand for our solution, result in negative publicity, require significant management's attention and subject us to fines, penalties or orders that we cease or modify our existing business practices. Moreover, the escalated Palestinian-Israeli conflict, the war in Iran, the war in Ukraine and the imposition of broad economic sanctions on Russia could raise energy prices and disrupt global markets. Unrest, terrorist threats and the potential for war in the Middle East and elsewhere may increase market volatility across the globe. Any circumstance mentioned above may have a material and adverse effect on our business, financial condition and results of operations.

In recent years, the United States has increased export controls restrictions on China through the Export Administration Regulations (the "**EAR**"), administered by the Bureau of Industry and Security of the U.S. Department of Commerce (the "**BIS**"), which includes a list of foreign persons on which certain trade restrictions are imposed (the "**Entity List**"). Where a foreign person is included on the Entity List, the export, re-export and/or transfer (in-country) of items which are subject to the EAR generally is prohibited unless the specified license requirements are met. If certain customers and suppliers are listed on the Entity List in the future, there can be no guarantee that we will be able to obtain as well as extend and maintain the requisite regulatory permits in relation to our transactions with these customers and suppliers. There can be no assurance that the export control actions the U.S. government may take will not impact our business, suppliers or customers.

In addition, EAR also maintains a list of items, software, and technology that are subject to export controls (the "**Commerce Control List**" or "**CCL**"). While the CCL is primarily based on multilateral export control lists, the BIS can also implement unilateral licensing requirements and other controls on items subject to U.S. export controls jurisdiction that can restrict exports and reexports to certain countries, as well as transfers within a country to a different end-user or end-use. On October 7, 2022, the BIS published rules that introduce new restrictions related to semiconductors, semiconductor manufacturing, supercomputers, and advanced computing items and end uses in Mainland China, Hong Kong SAR or Macau SAR (the "**U.S. Chip Export Restrictions**"). The BIS issued major amendments to the EAR in October 2023 and additional major amendments to the EAR, focused on China, in December 2024.

Moreover, the U.S. government has increased regulatory scrutiny on Chinese technology in the U.S. automotive sector in recent years. On September 23, 2024, the BIS issued a Notice of Proposed Rulemaking that would prohibit the sale in or import into the United States of connected vehicles integrating specific hardware and software, or those components or software if sold or imported separately, with a sufficient nexus to certain foreign adversaries including China and The Russian Federation (Russia) (the "**Proposed Connected Vehicles Rule**"). The Proposed Connected Vehicles Rule was formalized in BIS Final Rule on January 16, 2025 ("**Final Rule**") with a narrower scope of the restrictions and reduced compliance burden on the automotive industry. In particular, the Final Rule does not apply to commercial vehicles; vehicles with a gross vehicle weight rating of over 10,000 pounds are excluded from the Final Rule. Although, as of the Latest Practicable Date, we did not sell our products to customers in the United States or, to our best knowledge, to customers that incorporated them into products for sale to the United States, and we do not intend to actively develop our business in the United States as a market in the future, the Final Rule or similar regulations could limit the potential market for our solutions, specifically for end users in the United States market. Other countries could also consider and adopt similar technology restrictions. Accordingly, we may be adversely affected by new sanctions and export controls or other trade-related measures and our business, financial condition and results of operation may suffer as a result.

Furthermore, on October 28, 2024, the United States Treasury Department issued a rule creating a regime that restricts investment by "U.S. persons" in targeted sectors in "countries of concern" (currently limited to China) (the "**Outbound Investment Regime**"). The targeted sectors comprise (i) semiconductors and microelectronics, (ii) quantum information technologies and (iii) artificial intelligence (AI) models above specified thresholds of computing power or developed for specified end uses. Specifically, the Outbound Investment Regime applies to certain investments by "U.S. persons" or their foreign subsidiaries in individuals or entities associated with a "country of concern" that are engaged in, or associated with parties engaged in, "covered activities" involving the targeted sectors. Depending on the nature of the relevant "covered activity," such investments may be prohibited or may require notification to the Treasury Department. The Outbound Investment Regime took effect on January 2, 2025.

To the best of our Directors' knowledge, during the Track Record Period, (i) our customers are not designated on BIS' Entity List, Denied Persons List or Unverified List or headquartered in or ordinarily resident in, or owned or controlled by a government of, any Countries or Regions Subject to Comprehensive Trade Embargos (collectively, the "**Sanctioned Targets**"); (ii) our activities do not involve operations or transactions that have violated or would violate (a) the restrictions on Sanctioned Targets or (b) the U.S. Chip Export Restrictions set forth in the EAR; and (iii) our business as currently conducted and proposed to be conducted does not involve any "covered activities" within the meaning of the Outbound Investment Regime, such that investments by "U.S. persons" or their foreign subsidiaries in our business would be subject to a prohibition or a notification requirement thereunder.

However, as the Entity List, other U.S. export control laws and regulations, U.S. sanctions, U.S. connected vehicles restrictions, and the Outbound Investment Regime continue to expand and evolve, future U.S. laws and regulations may materially affect or target some of our significant suppliers or customers, raw material and key components necessary for our operations. These sanctions, export controls, connected vehicles restrictions, and investment regimes could adversely affect us and/or our supply chain, business partners, or customers, and our business, financial condition, and results of operations may be significantly affected by the continued international trade and political tensions.

Furthermore, other countries may continue to adopt similar trade restrictions, export controls, connected vehicles restrictions, investment restrictions and/or sanctions, which may also adversely affect our business, results of operations and financial condition.

We are subject to a dynamic legal and regulatory environment regarding cybersecurity, privacy, data protection and information security. Any failure or perceived failure to adhere to these laws and regulations or other concerns about our practices or policies with respect to the processing of data, could damage our reputation and materially and adversely affect our business, results of operations, and financial condition.

In recent years, government authorities across the world have been increasingly focusing on privacy and data protection. Particularly in China, the substantial base of our business operations, the PRC government has enacted a series of laws and regulations on the protection of personally identifiable data in the past few years. We may be subject to laws and regulations regarding privacy and data protection in China and other areas and jurisdictions. In addition, as our customers expand their footprints globally, they may leverage our solution in other countries or territories outside China and are thus required to comply with laws and regulations regarding privacy and data protection in such jurisdictions. As a result, we may be required to upgrade our solution to help them comply with such laws and regulations.

We have adopted various measures to ensure legal compliance. For details, see "Business — Data Privacy and Security." However, the laws and regulations regarding privacy and data protection in China, as well as in other jurisdictions, are evolving, and we may not adapt to changes in such laws and regulations in a timely manner. As such, we cannot assure you that our privacy and data protection measures are, and will be, always considered sufficient under applicable laws and regulations. Additionally, the effectiveness of our privacy and data protection measures is also subject to system failure, interruption, inadequacy, security breaches or cyberattacks. If we are unable to comply with the then-applicable laws and regulations, or to address any privacy and data protection concerns, such actual or alleged failure could damage our reputation, deter current and potential users from using our solution and could subject us to significant legal, financial and operational consequences.

Our operations are subject to PRC tax laws and regulations.

We are subject to periodic examinations on fulfillment of our tax obligation under the PRC tax laws and regulations by PRC tax authorities. The PRC tax laws and regulations might be subject to interpretations and adjustments by relevant authorities from time to time. Although we believe that in the past we have acted in compliance with the requirements under the PRC tax laws and regulations in all material aspects and established effective internal control measures in relation to accounting regularities, we cannot assure you that future examinations by PRC tax authorities would not result in fines, other penalties or actions that could materially and adversely affect our business, prospects, results of operations, financial condition, and cash flows.

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

Holders of H Shares, being non-PRC resident individuals or non-PRC resident enterprises, whose names appear on the register of members of H Shares of our Company, are subject to PRC income tax in accordance with the applicable tax laws and regulations, on dividends received from us and gains realized through the sale or transfer by other means of H shares by such shareholders.

According to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) and the Implementation Regulations for the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法實施條例》), both came into effect on January 1, 2019, the tax applicable to non-PRC resident individuals is proportionate at a rate of 20% for any dividends obtained from within China or gains on transfer of shares and shall be withheld and paid by the withholding agent. Pursuant to the Arrangement between the Mainland and the Hong Kong Special Administrative Region (the "**Hong Kong SAR**") for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) (the "**Double**

Taxation Arrangements") executed on August 21, 2006, the PRC Government may levy taxes on the dividends paid by PRC companies to Hong Kong residents in accordance with the PRC laws, but the levied tax (in the case the beneficial owner of the dividends are not companies directly holding at least 25% of the equity interest in the company paying the dividends) shall not exceed 10% of the total dividends.

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), which was newly revised and implemented on December 29, 2018, and the Implementation Regulations for the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》), which was newly revised December 2024 if a non-resident enterprise has no presence or establishment within China, or if it has established a presence or establishment but the income obtained has no actual connection with such presence or establishment, it shall pay an enterprise income tax on its income derived from within China with a reduced rate of 10%. Pursuant to the Double Taxation Arrangements, dividends paid by PRC resident enterprises to Hong Kong residents can be taxed either in Hong Kong or in accordance with the PRC laws. However, if the beneficial owner of the dividends is a Hong Kong resident, the tax charged shall not exceed: (i) 5% of the total amount of dividends if the Hong Kong resident is a company that directly owns at least 25% of the capital of the PRC resident enterprise paying dividends; or (ii) otherwise, 10% of the total amount of dividends.

Considering the foregoing, non-PRC resident holders of our H Shares should be aware that they may be obligated to pay PRC income tax on the dividends and gains realized through sales or transfers by other means of the H Shares.

Payment of dividends is subject to relevant PRC laws and regulations.

Under PRC law, dividends may be paid only out of distributable profit, for which the PRC laws do not specify the applicable accounting principles. We may not have sufficient or any distributable profit to enable us to make dividend distributions to our Shareholders, including in years in which we are profitable. Any distributable profit not distributed in a given year is retained and available for distribution in subsequent years. Our PRC Legal Advisor is of the view that after making up losses and appropriation of statutory reserves, we may distribute after-tax profits.

In addition, we are required to comply with the dividend distribution rules prescribed by the PRC regulatory authorities when determining our dividend payout ratios. The PRC regulatory authorities may further amend the dividend distribution rules for listed companies in the future, which may significantly affect the amount of capital available to support the development and growth of our business.

Moreover, as the calculation of distributable profits under PRC GAAP is different from the calculation under HKFRS in certain respects, our subsidiaries may not have distributable profits as determined under PRC GAAP, even if they have profits for that year as determined under HKFRS, or vice versa. Accordingly, we may not receive sufficient distribution from our subsidiaries. Failure by our subsidiaries to pay dividends to us could have a negative impact on our cash flows and our ability to make dividend distributions to our Shareholders in the future, including those periods in which our financial statements indicate that our operations have been profitable.

There might be difficulties in effecting service of legal process, enforcing foreign judgments against us or our Directors, Supervisors and senior management in the PRC according to the laws of other jurisdictions.

The capacity to enforce foreign judgments is inconsistent globally. We are a joint stock company incorporated in China. In addition, a majority of our Directors, Supervisors and senior management reside within mainland China, and substantially all of our and their assets are located within the PRC.

Therefore, it may be difficult for **[REDACTED]** to directly effect service of legal process upon us or our Directors, Supervisors and senior management in the PRC according to the laws of other jurisdictions where such **[REDACTED]** are located.

RISKS RELATING TO THE [REDACTED]

There has been no prior [REDACTED] for our H Shares. The liquidity of our H Shares may be limited, and the price and share volume of our H Shares may be volatile.

Prior to the completion of the **[REDACTED]**, there has been no **[REDACTED]** for our H Shares. There can be no guarantee that an active share market for our H Shares will develop or be sustained after the completion of the **[REDACTED]**. The **[REDACTED]** is the result of negotiations between our Company, the **[REDACTED]** (for themselves and on behalf of the **[REDACTED]**), which may not be indicative of the price at which our H Shares will be traded following completion of the **[REDACTED]**. The **[REDACTED]** of our H Shares and the **[REDACTED]** may be volatile, subject to various factors beyond our control.

Moreover, the securities market has from time to time experienced significant price and volume fluctuations that were unrelated or not directly related to the operating performance of the underlying companies. Such fluctuations, whether caused by market, industry or other factors, may materially and adversely affect the **[REDACTED]** and **[REDACTED]** of our H Shares.

The price and [REDACTED] of our H Shares may be volatile, which could result in substantial losses for shareholders who purchase our H Shares in the [REDACTED].

The **[REDACTED]** and **[REDACTED]** of our H Shares may be highly volatile. Factors, some of which are beyond our control, such as variations in our revenue, net profit and cash flows, demand for our products or services, changes in our pricing policy as a result of competition, the emergence of new technologies, strategic alliances or acquisitions, the addition or departure of key personnel, or litigations, legal or regulatory proceedings involved our Group, could cause substantial and sudden changes in the volume and price at which our H Shares will trade and affect the liquidity of our H Shares. In addition, the Hong Kong Stock Exchange and other securities markets have, from time to time, experienced significant price and volume fluctuations that are not related to the operating performance of any particular company. These fluctuations may also materially and adversely affect the **[REDACTED]** of our H Shares and the value of our H Shares may decline.

Our future financing may cause dilution of your shareholding or place restrictions on our operations.

In order to raise capital and expand our business, we may consider **[REDACTED]** and **[REDACTED]** additional H Shares or other securities convertible into or exchangeable for our H Shares in the future other than on a pro rata basis to our then existing Shareholders. As a result, the shareholdings of those Shareholders may experience dilution in net asset value per Share. If additional funds are to be raised through debt financing, certain restrictions may be imposed on our operations, which may further limit our ability or discretion to pay dividends and increase our risks in adverse economic conditions. Further, it will adversely affect our cash flows and limit our flexibility in business development and strategic plans.

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

According to the stipulations by the State Council's securities regulatory authority and the Articles of Association, our Unlisted Shares may be converted into H Shares and such converted H Shares may be **[REDACTED]** or **[REDACTED]** on an overseas stock exchange, provided that prior to the conversion and **[REDACTED]** of such converted shares, the requisite internal approval processes and CSRC filing (but without the necessity of Shareholders' approval) have been duly completed. In addition, such conversion, listing and trading must comply with the regulations prescribed by the State Council's securities regulatory authorities and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange. We can apply for the **[REDACTED]** of all or any portion of our Unlisted Shares on the Stock Exchange as H Shares in advance of any proposed conversion to ensure that the conversion process can be completed promptly upon notice to the Stock Exchange and delivery of shares for entry on the **[REDACTED]**. This could increase the supply of H Shares in the market, and future sales, or perceived sales, of the converted H Shares may adversely affect the **[REDACTED]** of H Shares.

If equity research analysts do not publish research or reports about our business, or if they adversely change their recommendations regarding our H Shares, the [REDACTED] for our H Shares and [REDACTED] may decline.

The market for our H Shares will be influenced by research or reports that equity research analysts publish about us or our business. If one or more analysts who cover us downgrade our H Shares or publishes negative opinions about us, the **[REDACTED]** for our H Shares would likely decline regardless of the accuracy of the information. If one or more of these analysts cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause the **[REDACTED]** or **[REDACTED]** of our H Shares to decline.

Future sales or perceived sales of a substantial number of our H Shares in the [REDACTED] following the [REDACTED] could materially and adversely affect the price of our H Shares and our ability to raise additional capital in the future and may result in dilution of your shareholding.

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

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

There can be no assurance that we will declare and pay dividends because the declaration, payment and amount of dividends are subject to the discretion of our Directors, depending on, among other considerations, our operations, earnings, cash flows and financial position, operating and capital expenditure requirements, our strategic plans and prospects for business development, our constitutional documents and applicable law. For details, see "Financial Information — Dividend."

Certain facts, forecasts and statistics in this Document relating to the PRC economy, the smart cockpit solution industry and related industries may not be fully reliable.

Facts, forecasts and statistics in this Document relating to the PRC, Hong Kong and their respective economies, as well as the smart cockpit solution industry in and outside China are obtained from various sources that we believe are reliable, including official government sources and other third-party sources. We, our Directors, the Sole Sponsor, our or their respective affiliates, have not independently verified information and statistics from official government sources, and there can be no assurance as to the accuracy and reliability of such facts and statistics. Due to possibly flawed or ineffective collection methods or discrepancies between published information and factual information and other problems, the industry statistics in this Document may be inaccurate and you should not place undue reliance on it. These facts, forecasts and statistics involve risk and uncertainties and are subject to change based on various factors and should not be unduly relied upon.

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

You should rely solely upon the information contained in this document and any formal announcements made by us in Hong Kong when making your **[REDACTED]** decision regarding our H Shares. Subsequent to the date of this document but prior to the completion of the **[REDACTED]**, there may be press and media coverage regarding us and the **[REDACTED]**, which may contain, among other things, certain financial information, projections, valuations and other forward-looking information about us and the **[REDACTED]**. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for the accuracy or completeness of any such press articles or other media coverage, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding our H Shares, the **[REDACTED]** or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations or other forward-looking information about us in any such press articles or media coverage. Accordingly, prospective shareholders are cautioned to make their **[REDACTED]** decisions on the basis of the information contained in this document only and should not rely on any other information. By applying to purchase our H Shares in the **[REDACTED]**, you will be deemed to have agreed that you will not rely on any information other than that contained in this document.