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

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

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

If we are unable to retain existing customers, attract new customers, and increase revenue from our current customer base, our results of operations and financial condition would be materially and adversely affected.

Our ability to retain existing customers, attract new customers, and broaden the scope of solutions utilized by our customers is essential to our revenue growth. Customer engagement may decrease for a variety of reasons, including satisfaction with our solutions, the quality and pricing of competing offerings, overall economic conditions, or changes in our customers' operations. If we fail to encourage customers to adopt and use our solutions, anticipate evolving industry trends, enhance our offerings, innovate and develop new solutions that meet changing customer demand, or expand our operations into new markets, we may be unable to attract and acquire new customers.

Our success depends on our ability to strengthen our sales capabilities and grow our customer base. If we are unable to attract, motivate, and retain a sufficient number of qualified sales and marketing professionals to support our business, the commercialization of our solutions and our ability to acquire new customers could be adversely affected. The loss of a significant number of customers or a slowdown in their growth could materially and adversely impact our business, results of operations, financial condition and prospects. The growth of our business also depends on existing customers continuing or expanding their use of our solutions. However, customers are under no obligation to maintain or increase their usage, and we cannot assure you that they will do so. If we fail to retain customers or sustain their continued or expanded use of our solutions, or if our customers experience a decline in their business performance, our growth may slow or contract, and our business may be materially and adversely affected.

Our customers may not purchase our solutions in the quantities indicated in preliminary or non-binding orders. We are subject to risks that these indicative orders may be canceled, delayed, or fail to convert into actual revenue.

When customers select our solutions, we typically receive preliminary estimates of anticipated order volumes; however, these estimates may be revised significantly, potentially multiple times, and may not reflect actual future volumes, which could be substantially higher or lower. The timeline from design to delivery may be lengthy, and we remain exposed to risks of contract termination, postponement, or unsuccessful implementation. If actual sales for solutions with indicative orders fail to meet our forecasts, our business, results of operations and financial condition could be materially and adversely affected.

Our development of mining autonomous driving transportation solutions at an early stage are subject to risks related to technological feasibility, integration challenges, customer adoption, substantial capital requirements and other unforeseen factors.

Demand for mining autonomous driving transportation solutions depends on economic, political, and social conditions and consumer sentiment towards autonomous driving technology. The market opportunities we are pursuing remain at an early stage of development, making it difficult to predict demand, adoption rates, or future growth in the markets where we operate. Despite our substantial and ongoing investments in research and development, achieving L4 autonomous driving requires continued significant investment and may face challenges in attaining widespread adoption, scalability, or profitability at levels necessary to sustain long-term growth. Even if we scale commercially, key industry players may resist adoption due to the disruptive nature of our technologies, develop competing solutions, or take measures to impede our progress.

In addition, we may encounter setbacks arising from regulatory, safety, and reliability concerns, many of which are beyond our control. Any loss of confidence in autonomous driving technology could negatively influence potential customers and partners. A decline in confidence regarding the safety or reliability of autonomous driving technology may reduce willingness to adopt our solutions. Incidents involving autonomous vehicles, even those unrelated to our technologies, could generate significant negative publicity, prompt calls for stricter regulations, or lead to temporary suspensions of autonomous vehicle operations. Such events may also result in more stringent industry standards and heightened public scrutiny. If broader industry challenges related to safety, reliability, and public acceptance are not adequately addressed, our ability to expand market share, achieve growth targets, and maintain investor confidence could be materially compromised, which would have a significant adverse impact on our business, results of operations and financial condition.

If we fail to continuously improve our technologies, develop and introduce innovative solutions that adapt to changing market demand and customer expectations in a cost-effective and timely manner, our future business, results of operations, financial condition and competitive position would be materially and adversely affected.

Our future business performance, results of operations, financial condition, and competitive position depend on our ability to develop new and enhanced autonomous driving transportation solutions for mining operations. These solutions must incorporate and integrate the latest advancements in sensing and perception technologies, software and hardware, camera, radar, AI, and deep learning capabilities to meet evolving customer demands, regulatory requirements, and industry standards.

Autonomous driving is an emerging technology, and we may face significant unforeseen technical challenges, including delays in completing the development of new or upgraded solutions. These efforts require substantial investment in R&D and also demand that we: (i) design innovative, accurate, and safety- and efficiency-enhancing features that differentiate our solutions from those of competitors; (ii) continuously improve the reliability of our autonomous driving technologies; (iii) collaborate effectively with customers, suppliers, and partners on new designs and development initiatives; (iv) invest in talent development and foster a culture of innovation; (v) respond effectively to technological advancements and product launches by competitors; and (iv) adapt quickly and cost-effectively to changing customer requirements, market conditions, and regulatory standards.

If we experience delays in or fail to complete the development of new and enhanced solutions as expected, we may be unable to meet customer requirements, secure additional sales from existing or new customers, or achieve broader market acceptance of our offerings. If we are unable to deliver innovative solutions, our ability to retain customers and capitalize on new market opportunities may be severely impacted. Such circumstances could materially and adversely affect our business, results of operations, financial condition and competitive position.

The size of our addressable markets and the demand for our solutions may not increase as rapidly as we expect due to various factors, which could materially and adversely affect our business, results of operations and financial condition.

We provide mining autonomous driving transportation solutions for our customers. Demand for our solutions is closely linked to the development and expansion of addressable markets, which in turn depends on the adoption of autonomous driving technologies within addressable markets. We are actively pursuing opportunities in the mining autonomous driving transportation industry, a market undergoing rapid technological, regulatory, and competitive changes. The timing and scale of commercialization of autonomous driving technologies across diverse mining scenarios remain difficult to predict. If customer preferences, mine development plans, or local policy support for autonomous mining infrastructure shift, our solutions may fail to remain competitive.

Growth in the addressable markets for our solutions is influenced by factors beyond our control. Any future event that results in a material slowdown in one or more of these markets, or if growth in these markets is not sustained, could materially and adversely affect our business, results of operations, financial condition and prospects. Given the evolving nature of the addressable markets, particularly in developing mining industries where adoption of autonomous driving remains at an early stage, it is challenging to predict customer demand and deployment timelines. The addressable markets for our solutions may be smaller than our current estimates, and our actual growth may be constrained by infrastructure limitations, local acceptance of new technologies, or budgetary constraints of mining enterprises or mining operators. Even if the overall mining automation market expands substantially, there is no assurance that demand for our solutions will increase at a similar pace, especially if we fail to deliver competitive pricing, reliable service, or localized support. If customer demand does not materialize as expected, or if we are unable to accurately forecast deployment timelines, the size of our actual addressable markets, production planning, and results of future operations may be adversely affected.

The industries that we operate are highly competitive. If we fail to compete with our competitors, our business, results of operations and financial condition may be materially and adversely affected.

The industries in which we operate are highly competitive. We primarily compete with companies focused on developing and commercializing autonomous driving technologies for mining operations. If we face competitors with longer operating histories, greater financial resources, more advanced technological capabilities, or broader customer bases and relationships, we may not be able to respond as quickly or effectively to new opportunities, technological changes, evolving regulatory requirements or shifts in customer demand.

We may also encounter competition from new entrants offering lower pricing or innovative technologies and solutions, which could further increase competitive pressures. Heightened competition may lead to lower sales, price reductions, reduced margins, or loss of market share. In addition, we may need to make significant additional investments in research and development, marketing and sales, talent acquisition, and technology expansion, which could strain our resources. We cannot assure you that these measures will successfully mitigate competitive pressures or result in improved outcomes. If we are unable to compete effectively, or if doing so requires us to take costly actions in response to competitors, our business, results of operations and financial condition could be materially and adversely affected.

We have been and expect to continue investing significantly in R&D, which may adversely affect our profitability and operating cash flow and may not generate the results we expect to achieve.

Our ability to develop new technologies, design innovative solutions, and enhance existing offerings is critical to maintaining our market position. We have made substantial investments in research and development to drive technological progress and ensure that our solutions remain competitive in a rapidly evolving market. Our research and development expenses amounted to RMB80.6 million, RMB70.2 million and RMB57.8 million in 2023, 2024 and 2025, respectively. The industries in which we operate are characterized by rapid technological change and continuous innovation. To expand our products and solution portfolio and maintain competitiveness, we must allocate significant resources, including financial investment, to advance our technologies. Consequently, we expect to continue incurring substantial R&D expenditure in the future.

However, these significant R&D expenses carry inherent risks, as they may not succeed or deliver the expected benefits. R&D activities are inherently uncertain, and we may face challenges in securing and retaining adequate resources, including qualified R&D personnel. Even if our R&D efforts achieve the expected outcomes, our short-term cash flow and liquidity could be adversely impacted, and we may encounter practical obstacles in commercializing these results. Emerging technologies could render our existing technologies, infrastructure, solutions obsolete or less attractive, limiting our ability to recover related development costs and potentially lead to decreases in revenue, profitability, and market share. Furthermore, if our innovations require regulatory filings or compliance with additional requirements, and we fail to complete such filings or meet these obligations in a timely manner, our expenses could increase, or we may be unable to successfully commercialize new solutions, or technologies.

Our R&D initiatives may not contribute to our results of operations for several years, and such contributions may fall short of expectations or fail to offset the costs incurred, which would materially and adversely affect our business, results of operations, financial condition and competitive position.

The sales performance of our solutions will partially depend on effective deployment and operation by our customers or on-site service teams and the overall user experience.

The sales performance of our solutions will partially depend on our customers or on-site service teams successfully deploying and operating our solutions on mining trucks, roads, and systems, and their failure to do so may result from factors beyond our control. Our solutions are technologically complex, incorporating numerous advanced features and generally subject to rigorous safety testing. For example, certain solutions control critical vehicle functions such as engine, transmission, safety systems, steering, navigation, and braking, and therefore need to be seamlessly integrated with other systems developed by our customers or on-site service teams. Even after entering into collaboration agreements, we may encounter challenges in achieving the required interoperability between our solutions and specific vehicle models, which could hinder successful implementation, and further adversely impact overall sales performance.

In addition, our solutions are specifically engineered to deliver superior capabilities in sensing, prediction, and real-time response to complex mining environments. Our proprietary AI and perception systems are designed to meet the unique operational demands of mining sites. However, these specialized features may cause trucks to behave in ways unfamiliar to operators accustomed to traditional, human-driven mining trucks. We cannot guarantee that customers will adapt quickly to the operational processes required for autonomous mining trucks. For instance, customers may face challenges in adjusting business operations for tasks such as truck dispatching, pre-trip inspections, remote monitoring, and maintenance. Any incidents or accidents resulting from improper operation due to failure to adapt to these new processes could severely damage our brand reputation, generate negative publicity, and lead to product liability claims, all of which could materially and adversely affect our business, results of operations and financial condition.

We may not be successful in implementing our business development strategies, which may adversely affect our growth prospects.

We have implemented a range of business strategies, including developing new technologies, enhancing our solution portfolio, and expanding our operations. We plan to continue introducing new solutions and refining existing ones to meet evolving market demand and customer expectations. However, there is no assurance that our strategies will remain aligned with broader industry trends, emerging technologies, or shifting customer preferences. If our strategies fail to keep pace with market developments, our business, results of operations and financial condition could be adversely affected.

In addition, we may be unable to secure the resources necessary to execute our plans, including capital investment and qualified personnel to support growth. We also face operational challenges in scaling deployments, maintaining consistent performance in complex and variable mining environments, and expanding into international markets that may have different technical standards, regulatory requirements, or customer demands. If we are unable to develop and launch new solutions or enhance existing ones in a timely and cost-effective manner, our competitiveness and overall business performance could be materially and adversely impacted.

Our overseas expansion strategy will be subject to a variety of costs and legal, regulatory, political and economic risks.

Our business and results of operations are affected by our ability to execute our overseas expansion strategy, which primarily involves expanding into new international markets. Operating internationally subjects us to additional risks and challenges such as: (i) compliance with foreign laws, regulations and local industry standards; (ii) export control and economic sanctions laws and regulations; (iii) exposure to increased overseas litigation risks; (iv) political and economic instability, as well as geopolitical tensions, including the threat of war or terrorist attacks; (v) foreign currency exchange rate fluctuations, currency controls and cash repatriation restrictions; (vi) unfamiliarity with local operating and market conditions and competitive landscapes; (vii) uncertainty on the degree of market acceptance; (viii) competition from local companies; (ix) failure to attract and retain locally qualified management and employees; (x) alignment of the operations, culture and systems of the international team with our existing operations; (xi) foreign taxes; and (xii) potential disputes and difficulty in managing relationships with overseas customers and distributors. The political, economic and regulatory environments in these jurisdictions may continue to evolve, and relevant laws, regulations and policies may be updated or adjusted from time to time.

Any failure to manage the foregoing and other risks and uncertainties or to respond appropriately to such evolving political, economic and regulatory developments could result in operational inefficiencies, increased costs and a diversion of management's attention from other business matters, which in turn could adversely affect our overseas business and expansion, and result in reduced turnover from our overseas operations, which in turn could materially and adversely affect our business, results of operations and financial condition.

We depend on a limited number of customers for a substantial portion of our revenue. The loss of, or a significant reduction in sales to, one or more of our major customers would adversely affect our business, results of operations and financial condition.

Our major customers include mine owners and operators, earthwork engineering companies, and mining dump truck manufacturers, including leading domestic producers of heavy trucks and mining trucks. Revenue from our largest customer accounted for 24.4%, 26.5% and 40.5% of our total revenue in 2023, 2024 and 2025, respectively. Revenue from our five largest customers represented 84.9%, 87.0% and 88.2% of our total revenue for the same year.

Due to the project-based nature of our business, we generate a substantial portion of our revenue from a limited number of customers in each year during the Track Record Period. Consequently, our gross profit margin is highly dependent on the terms and profitability of transactions with these major customers, and our working capital position is closely tied to the payment terms we negotiate with them. Any adverse changes in pricing, cost structure, or payment terms with these customers could significantly affect our overall gross profit margin, cash flow, and liquidity. Furthermore, revenue attributable to any single major customer, or our overall customer concentration, may fluctuate from period to period, which could affect our business, results of operations and financial condition.

We have a limited track record of commercialization in a new and rapidly evolving industry, and there can be no assurance that our sales and marketing efforts will succeed.

We are a development-stage company with a limited operating history since 2016, and therefore, have a limited track record in developing, commercializing, and marketing our products. services and solutions. Our ability to successfully commercialize our offerings may involve uncertainty, require more time, and incur higher costs than would be expected for a company with a longer history of solution launches and marketing. In particular, the commercialization of new products, services and solutions requires additional resources. The success of our sales and marketing efforts depends on our ability to attract, motivate, and retain qualified professionals with technical expertise to effectively communicate with potential customers, experience in marketing and selling similar products, services and solutions, and strong industry relationships. We may not be able to scale our operations rapidly enough to generate significant revenue, raise additional capital, or achieve profitability. As an early-stage company, we will continue to face risks and challenges commonly encountered during commercialization, including marketing our offering, expanding operations, and managing unforeseen expenses and difficulties.

Due to our limited track record in commercialization, there is no assurance that our efforts to market and sell our products, services and solutions will succeed. We may expend significant resources pursuing, but fail to achieve, customer orders. Even after obtaining customer orders, the timeline from design to delivery may be lengthy, and we remain subject to risks of contract termination, postponement, or unsuccessful implementation. In addition, we may experience delays in launches of new products, services and solutions. Any of these factors, individually or collectively, could materially and adversely affect our commercialization, result in unrecoverable sales and marketing expenses, and, in turn, negatively impact our business and results of operations.

We may be involved in legal proceedings and commercial or contractual disputes, which could materially and adversely affect our reputation, business, results of operations and financial condition.

We may be involved in legal proceedings and commercial or contractual disputes in the ordinary course of our business. For example, in October 2025, a customer commenced legal proceedings against us in relation to contractual disputes. As of the Latest Practicable Date, the proceedings remain ongoing and no judgment has been rendered. See "Business — Legal Proceedings and Compliance." We cannot guarantee that we will not be involved in various legal and other disputes in the future, which may expose us to additional risks and losses. In addition, we may have to pay legal costs associated with such disputes, including fees relating to appraisal, auction, execution and legal advisory services. Litigation and other disputes may lead to inquiries, investigations and proceedings by regulatory authorities and other governmental agencies and may result in damage to our reputation, additional operating costs and diversion of resources and management's attention from our core business. The disruption of our business due to judgment, arbitration and legal proceedings against us or adverse adjudications in proceedings against our Directors, senior management or key employees may materially and adversely affect our reputation, business, results of operations, financial condition and prospects. In particular, any publicity related to legal matters involving our leadership or technologies could undermine investor confidence and customer relationships, impacting both current and future business opportunities.

We may be unable to obtain, maintain or enforce adequate intellectual property protection for our proprietary technologies, which could expose us to increased competition and adversely affect our business.

Our business relies significantly on our ability to obtain, maintain and enforce intellectual property rights to protect our proprietary technologies and solutions. We have sought to safeguard key technologies primarily through patent filings in the PRC. However, the process of applying for, prosecuting and maintaining patents is complex, time-consuming and costly, and there can be no assurance that all applications will be granted, maintained or enforced on terms that provide meaningful protection.

We may fail to identify all patentable aspects of our research and development activities in a timely manner, and granted patents may be rejected, invalidated, narrowed in scope or deemed unenforceable due to deficiencies, lack of novelty or changes in laws or their interpretation. Even where patents are granted, competitors may design around our intellectual property by developing non-infringing alternatives, and patent protection is inherently limited in duration. Upon expiration, we may face increased competition for similar products or solutions.

In addition, compliance with procedural, documentary and fee-related requirements imposed by relevant authorities is required throughout the lifecycle of intellectual property rights. Any failure to comply with such requirements could result in the lapse or abandonment of our intellectual property rights or applications. Furthermore, the scope and effectiveness of intellectual property protection may vary by jurisdiction, and we may not be able to obtain or enforce protection in all markets in which competitors operate. Changes in intellectual property laws or their application could further diminish the value or scope of our intellectual property rights.

If we are unable to obtain, maintain or effectively enforce adequate intellectual property protection, competitors may be able to develop and commercialize competing solutions, which could materially and adversely affect our business, results of operations, financial condition and competitive position.

We may become involved in intellectual property-related disputes or litigation, including claims of infringement by or against third parties, which could be costly, time-consuming and adversely affect our business and financial condition.

Our industry is characterized by intensive intellectual property activity, and we may become involved in disputes or legal proceedings to protect, enforce or defend our intellectual property rights, or to respond to allegations that we infringe the intellectual property rights of third parties. Competitors or other third parties may infringe or misappropriate our intellectual property, requiring us to initiate litigation or other proceedings to enforce our rights.

Conversely, third parties may assert that our solutions infringe their intellectual property rights. Such claims may arise due to the broad and complex nature of patent claims, undisclosed pending patent applications, or the employment of personnel who previously worked for other industry participants. Intellectual property disputes are often costly, time-consuming and uncertain in outcome, and may result in injunctions, damages, licensing obligations, product redesign or discontinuation, or diversion of management attention, regardless of their merit.

Intellectual property disputes may also arise from collaborative arrangements, including disagreements over ownership of jointly developed technologies. In addition, litigation or administrative proceedings may result in our patents being invalidated, narrowed or deemed unenforceable, or may require the disclosure of confidential information through discovery or other procedural requirements. Many competitors may have greater financial and legal resources than we do, which could place us at a disadvantage in such disputes. Any adverse outcome in intellectual property-related proceedings could materially and adversely affect our business, results of operations and financial condition.

In addition to patented technologies, we rely on trade secrets and confidential know-how for critical aspects of our solutions. If such information is disclosed, misappropriated or independently developed by others, our ability to maintain technological differentiation and competitive edge could be adversely affected.

In addition to our issued intellectual property rights and pending applications, we rely on trade secrets, including unpatented know-how, technologies, and other proprietary information, to protect our solutions and maintain our competitive position. We protect these trade secrets through measures such as non-disclosure and confidentiality agreements, non-compete covenants, and incorporating similar undertakings into agreements with parties that have access to such information. We also enter into employment agreements requiring employees to assign to us any inventions or discoveries made during their employment. However, we cannot guarantee that employees or third parties will not intentionally or inadvertently use or disclose our proprietary confidential information. Competitors may obtain access to and exploit such information, potentially compromising our competitive position, despite any legal action we may pursue against unauthorized disclosures. The failure or inability to protect these unpatented proprietary technologies, trade secrets, processes and know-how could have a material adverse effect on our results of operations. In addition, disputes may arise if our employees or business partners use intellectual property owned by others in their work for us, particularly regarding rights to related or resulting know-how and inventions.

Trade secrets are inherently difficult to protect. Employees or business partners may intentionally or inadvertently disclose our trade secrets to competitors, or such information may otherwise be misappropriated. Enforcing claims that a third party has illegally obtained and is using our trade secrets is costly, time-consuming, and unpredictable in outcome.

We entered into outsourced R&D arrangements with certain business partners for R&D projects. If any such collaboration is terminated, our business, financial condition and prospects may be materially and adversely affected.

From time to time, we engage third party suppliers for certain outsourced R&D arrangements. Such arrangements may reduce our direct control over the quality, development, and deployment of our solutions. There is no assurance that our business partners or third-party vendors will continue to collaborate with us on commercially reasonable terms or at all. Furthermore, we cannot guarantee that we will be able to establish new partnerships or extend existing relationships upon the expiration of current agreements. If we are unable to maintain collaborations with key business partners for R&D projects and other initiatives, our business, results of operations and financial condition could be adversely affected.

Any failure to provide high-quality maintenance and support services for our customers may harm our relationships with them and, consequently, our business.

As we continue to expand our customer base, we have to maintain the ability to deliver efficient customer support and maintenance services at scale to meet growing demand. We may not be able to recruit or retain a sufficient number of qualified support personnel with experience in servicing our solutions. Consequently, we may be unable to respond promptly to short-term increases in customer demand for technical support or maintenance assistance. In addition, we may not be able to adapt the scope of our maintenance and technical support services to remain competitive with evolving offerings from our competitors. Any failure to maintain high-quality maintenance and support services could adversely affect our business.

If customer demand for support and maintenance increases, we may incur higher costs that could negatively impact our results of operations. Delays in expanding service capacity, inefficiencies in servicing our solutions, unforeseen reliability issues, or failure to provide high-quality maintenance and support could harm customer relationships and, in turn, our business. Any failure to, or any perception in the market that we do not, maintain high-quality maintenance and support services could materially and adversely affect our business.

We rely on third party suppliers, including a limited number of key suppliers, and any disruption to or deterioration of these supplier relationships could materially and adversely affect our business.

We rely on third party suppliers for the provision of key components and parts used in our solutions, and collaborate with automotive OEMs and contract manufacturers for the manufacturing, assembly and testing of our solutions. This reliance reduces our direct control over production capacity, product quality and delivery schedules. If we are unable to maintain stable relationships with these partners, or if such services or supplies become unavailable or cannot be obtained on commercially reasonable terms, we may be unable to secure alternative suppliers in a timely manner, or at all, which could materially and adversely affect our business, results of operations, financial condition and competitive position.

In addition, our procurement is significantly concentrated among a limited number of suppliers. In 2023, 2024 and 2025, purchases from our five largest suppliers accounted for approximately 60.0%, 54.3% and 84.0% of our total purchase amount, respectively, while purchases from our largest supplier accounted for approximately 32.2%, 29.7% and 44.8% of total purchase amount in the same periods. Any disruption to, or deterioration of, our relationships with these key suppliers, whether due to operational issues, capacity constraints, pricing changes, compliance failures or other factors, could result in supply shortages, increased costs or delays in production.

Our supply chain may also be adversely affected by factors beyond our control, including suppliers' failure to procure raw materials, insufficient manufacturing or testing capacity, quality issues, shipment delays, prioritization of other customers, manufacturing yield issues, supplier misconduct, or disruptions caused by natural disasters or other incidents. Any significant supply chain disruption could interrupt the manufacturing or delivery of our solutions, delay research and development or commercialization efforts, and result in loss of customers, contractual penalties or reputational harm. If these risks materialize, our ability to meet customer demand, scale our operations and maintain stable margins could be materially and adversely affected.

Increases in costs of the materials and other components that we use in our products, services and solutions would adversely affect our business, results of operations and financial condition.

Significant changes in the markets in which we purchase materials, components, and supplies for our products, services and solutions may adversely affect our profitability. In the event of any supply shortages or inflationary pressures, we may experience increases in the cost of our products, services and solutions, and, therefore, our gross profit margin may decrease, at least in the short term, as a result of these cost increases. Competitive and market pressures limit our ability to recover increases in costs through increases in prices we charge to our customers. The inability to pass on price increases to our customers when raw material or component prices increase rapidly or are significantly higher than historic levels would adversely affect our business, results of operations and financial condition.

Our success depends on the continued service and contribution of our management and skilled technical personnel, including R&D and engineering talents. Any failure to attract, retain or motivate such individuals could materially and adversely affect our operations and growth.

Hiring and retaining key individuals, such as key management, technical staff, qualified executives, developers and engineers, are critical to our business, particularly to the R&D and commercialization of each of our solutions. As of December 31, 2025, our R&D team consisted of 72 members, representing 44.7% of our total employees. Our ability to continue to conduct and expand our business operations depends in part on our ability to attract and retain a large and growing number of key R&D personnel. However, our ability to meet our R&D needs, including the availability of qualified personnel to fill potentially vacant R&D positions, while controlling our R&D costs, is generally subject to numerous external factors, including but not limited to, the availability of a sufficient number of qualified persons in the market, prevailing remuneration standards, changing demographics, health and other insurance costs and the adoption of new or revised employment and labor laws and regulations that are applicable to our operations. If we are unable to locate, attract or retain qualified R&D personnel, our technological capabilities and quality of solutions provided to customers or collaborators may decrease, which could lead to impaired competitive advantages and reduced financial performance.

Changes in our management team would also disrupt our business. Our management and senior leadership team has significant industry experience, and their knowledge and relationships would be difficult to replace. Changes in our management team may occur from time to time, and we cannot predict whether significant resignations will occur or whether we will be able to recruit qualified personnel.

We may experience difficulty in hiring employees with appropriate qualifications. Many of the companies with which we compete for experienced personnel may have greater resources than we have and may offer more attractive compensation packages for new employees. If we hire employees from competitors or other companies, their former employers may attempt to assert that these employees have breached their legal obligations, resulting in a diversion of our time and resources and potentially in litigation.

Our employee hiring and retention also depend on our ability to build and maintain a diverse and inclusive workplace culture and be viewed as an employer of choice. If our share-based or other compensation programs and workplace culture cease to be viewed as competitive, our ability to attract, retain, and motivate key individuals would be weakened, which would in turn materially and adversely affect our business, results of operations and financial condition.

Our business may suffer from claims relating to, among other things, actual or alleged defects in our solutions, or if our solutions actually or allegedly fail to perform as expected, and publicity related to these claims could harm our reputation and decrease demand for our solutions or increase regulatory scrutiny.

Our solutions are highly technical and complex and may contain undetected defects, errors, or bugs at different stages of development or deployment. Such issues may not be identified until after our solutions have been tested, commercialized, or used in the field. If defects arise, we may incur significant development, repair, recall, or replacement costs, and may be unable to correct such issues in a timely manner.

As our autonomous driving technology is used in mining environments involving significant operational hazards, any actual or alleged malfunction, whether caused by our solutions or not, may result in accidents leading to personal injuries, fatalities, or property damage. Publicity surrounding such incidents could harm our brand, reduce customer trust, and increase regulatory scrutiny.

We typically offer a standard warranty of one to two years. Material defects could expose us to damages, warranty claims, and statutory quality-related liabilities. If defects related to components supplied by third parties, our indemnification rights may be limited, and repair or replacement costs beyond supplier liability caps may need to be borne by us. We could face material claims for breach of contract, product liability, personal injury, fraud, tort, or breach of warranty. Defending such claims, regardless of merit, could be costly, time-consuming, distract management, and adversely affect our reputation and customer relationships. Given our customers' reliance on our solutions for mission-critical operations, any defect, error, security vulnerability, service interruption, or failure may cause substantial customer losses. Customers could seek significant compensation or cease doing business with us, and any negative publicity or customer dissatisfaction could further reduce market demand. These developments could materially and adversely affect our business, results of operations, financial condition and prospects.

We may be subject to the risks associated with international trade policies, investment restrictions, geopolitics and trade protection measures, including imposition of trade restrictions and sanctions, and our reputation, business, results of operations and financial condition could be adversely affected.

Our operations may be affected by deteriorating political and economic relations among countries, as well as by sanctions and export and import controls imposed by governmental authorities in the jurisdictions where we operate and where our technologies and components originate. We also face broader geopolitical risks, including economic and labor conditions, increased duties, taxes and other costs, and political instability. Our business in certain countries, and the financial performance of our solutions containing components with origins in other countries, could be materially and adversely affected by international trade regulations, including duties, tariffs, and antidumping penalties. In particular, the U.S. government has imposed economic and trade sanctions that directly or indirectly affect China-based technology companies. These regulations are subject to frequent change, and their interpretation and enforcement carry significant uncertainty, which may be heightened by national security considerations or driven by political or other factors beyond our control. See "Regulatory Overview — Laws and Regulations Relating to International Sanctions and U.S. Outbount Investment Rule."

While we believe that currently applicable sanctions and export controls do not impose material limitations on our operations during the Track Record Period, we cannot assure you that regulators will not take the position that our past, current or future activities globally constitute sanctionable activities or business. Furthermore, new requirements or restrictions could come into effect which might increase the scrutiny on our business or result in one or more of our business activities being deemed to have violated sanctions or export controls. Our business and reputation could be adversely affected if the authorities of the U.S., the UN, and/or any other jurisdiction or regions were to determine that any of our activities constitutes a violation of the sanctions or export controls they impose or provides a basis for a designation of our Group. Non-compliance with international sanctions laws and export controls could subject us to whistleblower complaints, adverse media coverage, investigations and severe administrative, civil and criminal sanctions, collateral consequences, remedial measures and legal expenses, all of which could materially and adversely affect our business, reputation, financial condition and results of operations. In addition, If any of our customers, end users or suppliers becomes subject to international sanctions or export controls in the future, we may have to discontinue our business with such customers, end users or suppliers due to potential economic sanctions liability risks. In such events, our financial results may be materially and adversely affected.

International sanctions and export controls measures continue to evolve. These restrictions, and any similar or more expansive measures that may be imposed now or in the future by the U.S. Office of Foreign Assets Control or other authorities in various jurisdictions, may materially and adversely affect the ability of our customers and suppliers to obtain or use technologies, systems, software, devices, or components that are critical to their products, services offerings, or business operations. This, in turn, may adversely impact our business, results of operations and financial condition. Such restrictions or similar measures that may be implemented by the U.S. or other jurisdictions may be difficult or costly to comply with and could materially and adversely affect our ability to obtain technologies, systems, devices, or components that are essential to our technology infrastructure, offerings, and business operations.

Other countries may also consider adopting similar trade restrictions or policies that could affect our import and export activities. As a result, our business, results of operations and financial condition could be negatively impacted by new sanctions, export controls, or other trade-related measures.

On August 9, 2023, the Biden administration issued an executive order and an advance notice of proposed rulemaking outlining a framework for outbound investment controls focused on China, including Hong Kong and Macau. On October 28, 2024, the U.S. Department of the Treasury issued a final rule implementing this executive order (the "**Outbound Investment Rule**"), which took effect on January 2, 2025. The Outbound Investment Rule imposes investment prohibitions and notification requirements on U.S. persons for certain investments in entities associated with China (including Hong Kong and Macau) that engage in activities relating to three sectors: (i) semiconductors and microelectronics, (ii) quantum information technologies, and (iii) artificial intelligence systems, collectively referred to as "covered activities." Such entities associated with China are referred to as "covered foreign persons." U.S. persons subject to the Outbound Investment Rule are prohibited from engaging in, or required to report, certain investments in a "covered foreign person." Transactions subject to the investment prohibition or notification requirement include acquisitions of equity or contingent equity interests, certain debt financing arrangements, greenfield and brownfield investments, joint ventures, and certain limited partner investments in non-U.S. pooled investment funds. The Outbound Investment Rule excludes certain investments, such as purchases of publicly traded securities. On December 18, 2025, the U.S. Congress enacted the Comprehensive Outbound Investment National Security Act of 2025 (the "**COINS Act**"), which codifies and expands the Outbound Investment Rule and provides independent statutory authority for the program for at least seven years. The Department of the Treasury was given 450 days to amend the Outbound Investment Rule to conform with the provisions set forth therein, and the existing Outbound Investment Rule remains in effect until then.

We may be deemed a "covered foreign person" under the Outbound Investment Rule because we develop AI systems intended for the control of robotic systems, which constitutes a covered activity. If

U.S. persons engage in a covered transaction involving us, such as acquiring equity interests in us that are not publicly traded, they may be required to submit notifications to the U.S. Department of the Treasury. Although acquisitions of publicly traded securities (such as our H Shares after the **[REDACTED]**) are exempt from covered transaction requirements, the Outbound Investment Rule may reduce U.S. investors' interest in our equity securities. If our ability to raise such capital is significantly impaired, it could adversely affect our business, financial condition, and prospects.

Investors, including those that are U.S. persons or are subsidiaries of U.S. persons, should consult their legal counsel regarding the applicability of the publicly traded securities exception to the **[REDACTED]**, notification obligations, if any, applicable to them under the Outbound Investment Rule, and the procedures for filing such notifications.

Our operations are subject to extensive and evolving regulatory requirements, and changes in automotive safety and autonomous driving regulations may create significant uncertainties for our business and financial prospects.

We operate in highly regulated industries and are required to comply with applicable laws, rules, and regulations governing our operations. See "Regulatory Overview — Laws and Regulations Relating to the Autonomous Driving and Intelligent Connected Vehicle Industry." Given the dynamic nature of the regulatory environment, we cannot assure you that we will remain in full compliance with all applicable laws and regulations on a continuous basis.

Safety regulations, among other regulatory requirements, play a critical role in our operations. These regulations often impose stringent compliance and reporting obligations and may evolve in response to new technological developments, adverse publicity related to industry recalls, or safety concerns regarding autonomous driving. If the manufacturing, use, or sale of our solutions fails to meet the conditions or requirements of any new regulations applicable at the time, our business, results of operations and financial condition could be materially and adversely affected.

Failure to adapt to new legislation or changes in regulatory requirements, including evolving judicial interpretations of such regulations in the automotive intelligence industry, could adversely impact our business. We must continuously monitor applicable laws, regulations, and compliance procedures to ensure adherence in all markets where we operate. Given the potential complexity and frequent changes in these regulations, we may incur higher compliance costs. If we are not currently in compliance with existing regulations, fail to comply with new regulations, or fail to keep pace with regulatory updates, we may incur costs to remedy non-compliance, and our operations may be disrupted. Furthermore, we have no control over the sale or use of our solutions by customers in jurisdictions where such products may be deemed non-compliant, which could damage our brand and adversely affect our business, results of operations and financial condition.

If we fail to obtain and maintain the requisite licenses and approvals required in any jurisdiction where we operate, our business, results of operations and financial condition may be materially and adversely affected.

We are required to obtain and maintain all necessary licenses and approvals in the jurisdictions where we operate. However, we cannot assure you that we will be able to successfully update or renew such licenses or complete the required filings in a timely manner, or that these licenses and filings will be sufficient to support all of our current or future business activities. There are significant uncertainties regarding the interpretation and enforcement of existing and future laws, regulations, and policies applicable to our operations. We cannot guarantee that we will not be deemed in violation of any current or future laws, regulations, or policies as a result of changes in interpretation by relevant authorities.

Failure to obtain, maintain, or renew the requisite licenses or approvals, or to complete necessary filings, could subject us to penalties, including confiscation of revenues, imposition of fines, suspension, or restriction of our operations. Any such penalties could disrupt our business and have a material adverse effect on our operations, financial condition, and prospects.

We are exposed to risks and uncertainties associated with strategic transactions or acquisitions.

As we continue to scale our operations around the globe, we may enter into strategic transactions, including joint ventures or equity or debt investments, with various third parties to further our business purpose from time to time. Strategic transactions could subject us to a number of risks, including risks associated with sharing proprietary information, non-performance by the counterparty, and an increase in expenses incurred in establishing new strategic alliances, any of which may materially and adversely affect our business. We may have limited ability to control or monitor their actions. To the extent strategic third parties suffer negative publicity or harm to their reputation from events relating to their business, we may also suffer negative publicity or harm to our reputation by virtue of our association with such third parties.

In addition, we may acquire additional assets, technologies or businesses that are complementary to our existing businesses. Future acquisitions and the subsequent integration of new assets, technologies and businesses into our own would require significant attention from our management and could result in a diversion of resources from our existing businesses, which in turn could adversely affect our business. Acquired assets, technologies or businesses may not generate the financial or operating results we expect. In addition, acquisitions could result in the use of substantial amounts of cash, dilutive issuances of equity securities, incurrence of debt, incurrence of significant goodwill impairment charges, amortization expenses for other intangible assets and exposure to potential unknown liabilities of the acquired business.

Our business and prospects depend on our ability to build our brands and reputation. Negative publicity regarding us, our Directors, employees, branding or solutions, whether warranted or not, could adversely affect our business.

We believe that maintaining and strengthening our brand is critical to the continued success of our business. A well-recognized brand enhances our appeal to customers and supports our competitive positioning. Operating in a highly competitive market, our ability to maintain and improve brand recognition directly impacts our market share and growth prospects. The success of our brand promotional efforts depends on the effectiveness of our marketing strategies and the extent of positive word-of-mouth referrals from satisfied customers. While we may incur additional expenses to promote our brand, we cannot assure you that such efforts will be successful or achieve the desired impact.

Furthermore, negative publicity or allegations concerning us, our Directors, employees, or the industry in which we operate could materially and adversely affect our brand image and reputation. Such events may erode market recognition and trust in our solutions, resulting in reduced sales, loss of business partners, and difficulty in attracting and retaining highly skilled personnel. Negative publicity may also arise from malicious harassment or unfair competition by third parties, which are beyond our control. These circumstances could divert management's attention and lead to governmental investigations or other forms of scrutiny, materially and adversely impacting our business, financial condition, and prospects.

We may also be subject to anti-competitive, harassing, or other harmful conduct by third parties, including anonymous or non-anonymous complaints to regulatory authorities. As a result, we could face government or regulatory investigations, requiring significant time and resources to address such matters, with no assurance that we can conclusively refute all allegations within a reasonable timeframe, or at all. Additionally, allegations may be posted online anonymously. Customers often rely on readily available information about solutions without further verification or regard for accuracy. Information on social media spreads almost instantaneously, and its impact is immediate. Social media platforms typically publish user-generated content without filtering or verifying its accuracy. Such information may be inaccurate and unfavorable to us, potentially harming our business, financial performance, and prospects. The resulting damage may occur immediately, leaving us little or no opportunity to respond or correct misinformation. Our reputation could be adversely affected by the public dissemination of anonymous allegations or malicious statements about our business, which, in turn, may lead to loss of market share, customers, and revenue.

Any failure or perceived failure to comply with data privacy and security laws, or other concerns about our practices or policies with respect to the collection, use, storage, retention, transfer, disclosure, and other processing of data, could damage our reputation and deter current and potential customers from using our solutions.

In recent years, cybersecurity, data protection, and personal information security have become an increasing regulatory focus for government authorities worldwide. In China, a series of laws, regulations, and policies have been introduced to strengthen oversight in these areas. We are subject to a variety of laws and regulations relating to data security and privacy, as our business operations involve collection, use, storage, retention, transfer, disclosure and other processing of data. The interpretation and application of laws, regulations and standards relating to cybersecurity, data protection and privacy are still subject to change, and these regulations are also affected by different interpretations or significant changes, making it difficult for us to anticipate the scope of our responsibilities in this regard. See "Regulatory Overview — Laws and Regulations Relating to the Cybersecurity, Personal Information Protection and Data Security." While we strive to comply with our privacy guidelines as well as all applicable data protection laws and regulations, any failure or perceived failure to comply may result in proceedings or actions against us by government entities or others, and could damage our reputation.

Our information technology networks and systems may experience malfunction, unexpected system failure, interruption, insufficiency or security breaches.

Our information technology networks and systems are critical to the smooth functioning of our operations, including electronic communications among our personnel, customers and suppliers. These networks and systems are essential for synchronizing demand forecasts, order placements, and service status updates, as well as for ensuring real-time communication and data sharing with key stakeholders. Some of these systems are managed by third parties, which may expose us to additional risks. Our information technology networks and systems may encounter malfunctions, unexpected failures, interruptions, insufficiencies, or security breaches. These networks and systems could be susceptible to damage or disruptions from software upgrades, hardware failures, power outages, cyberattacks, computer viruses, telecommunication failures, user errors, or other unforeseen catastrophic events. If our IT networks and systems suffer damage or disruption, we may incur substantial costs to repair or replace critical infrastructure.

Failure to detect or prevent fraudulent, illegal or other misconduct by our employees, customers, suppliers or third parties may materially and adversely affect our business.

We are exposed to fraudulent, illegal activities or other misconduct by our employees, customers, suppliers or other third parties in connection with the R&D, manufacturing, deployment and support of our solutions, that could subject us to liabilities, fines and other penalties imposed by government authorities and negative publicity. There can be no assurance that our internal controls and policies will effectively detect or prevent all forms of misconduct. Any illegal, fraudulent, corrupt or collusive activity by our employees, customers, suppliers or other third parties, including but not limited to, those in violation of anti-corruption or anti-bribery laws, could subject us to negative publicity that could severely damage our brand and reputation, especially in high-visibility or government-related deployments, and, if conducted by our employees, could further subject us to significant financial and other liabilities to third parties and fines and other penalties imposed by government authorities. Accordingly, our failure to detect and prevent fraudulent or illegal activities or other misconduct by our employees, customers, suppliers or other third parties could materially and adversely affect our business, results of operations, financial condition and prospects.

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

While we continuously review and seek to strengthen our internal controls, we cannot assure you that these systems are fully comprehensive or consistently effective in identifying, managing, and mitigating all risks, including those related to fraud, non-compliance, or operational errors. See "Business — Risk Management and Internal Control." Our internal control and risk management frameworks rely on effective implementation by employees across departments and deployment sites. Given the scale and complexity of our operations, such as autonomous driving related product and solution deployments in remote mining areas, customized delivery projects, and ongoing technical support, we depend on cross-functional coordination and real-time judgment by our employees. We cannot guarantee that all employees involved in these processes are adequately trained or that implementation will be free from human error, oversight, or circumvention. Any failure to update, adapt, or enforce our internal control systems in response to evolving regulatory requirements, business expansion, or operational changes could result in process breakdowns or control lapses. Furthermore, if we are unable to allocate sufficient qualified personnel or technical resources to monitor and maintain these systems, particularly in key risk areas such as procurement, data security, safety compliance, and deployment execution, our business, results of operations, financial condition and prospects could be materially and adversely affected.

Failure to comply with property-related laws and regulations regarding certain of our leased properties and to renew our leases could adversely affect our business.

Under applicable PRC laws and regulations, real property lease agreements are required to be filed with the relevant competent authorities for record purposes. As of the Latest Practicable Date, eight lease agreements had not been registered with relevant authorities. As advised by our PRC Legal Advisor, the absence of such filings does not affect the validity or enforceability of these lease agreements, nor does it require us to vacate the leased premises. However, the relevant government authorities may require the parties to complete the filing within a specified period and may impose a fine ranging from RMB1,000 to RMB10,000 for each lease agreement that is not filed within the prescribed timeline. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any penalties arising from the non-registration of our lease agreements. Based on the foregoing, our PRC Legal Advisor is of the view that the non-registration of such lease agreements would not have any material adverse impact on our business operations. However, we cannot assure you that we would not be subject to any penalties and/or requests from local authorities to fulfill the registration requirements, which may increase our costs in the future. In addition, as of the Latest Practicable Date, the lessors of one of our leased properties did not provide us with the relevant title certificates. If the title of any leased properties were successfully challenged, we may be forced to relocate our operations on the affected properties and we may have to cease our operational activities in the event we face challenges in relation to our properties. If we fail to find replacement properties which are suitable or on terms acceptable to us for the affected operations, our business, financial condition and results of operations may be materially and adversely affected.

Our insurance coverage may not be sufficient to cover all losses or potential claims by our customers which would affect our business, results of operations and financial condition.

We maintain insurance coverage, including property all-risks insurance for our facilities, machinery, and key equipment. While we believe our insurance arrangements are generally consistent with industry practice, our coverage may not be sufficient to fully protect us against all potential risks associated with our operations. In particular, our solutions are deployed in complex, heavy-duty mining environments where risks of operational disruption, equipment damage, or third-party injury may be elevated. Insurance coverage for certain high-severity events, such as vehicle malfunction leading to operational downtime, safety incidents involving personnel, or damage caused by natural disasters at remote mining sites, may be unavailable, limited, or subject to significant exclusions. If we were to suffer unexpected losses, particularly involving product liability, on-site accidents, or severe equipment damage, our existing insurance coverage may not be sufficient to mitigate the financial impact. This could materially and adversely affect our business, results of operations, financial condition and growth prospects.

Our business may be materially and adversely affected by force majeure events, natural disasters or other issues beyond our control.

Uncertainties about global economic conditions and regulatory changes and other factors including fluctuation of interest rates, inflation level, unemployment, labor and healthcare costs, access to credit, consumer confidence and other macroeconomic factors may pose risks and materially and adversely affect demand for our solutions. In addition, force majeure events or natural disasters such as floods, earthquakes, sandstorms, snowstorms, fire or drought, the outbreak of a widespread health epidemic or any severe epidemic disease, acts of war, terrorism or other force majeure events beyond our control may disrupt our R&D, commercialization activities and business operations, all of which could adversely affect our business, financial condition and prospects.

RISKS RELATING TO OUR FINANCIAL CONDITION AND ADDITIONAL CAPITAL

We have incurred significant operating losses and net losses during the Track Record Period and may not be able to achieve or subsequently maintain profitability in the near future.

In 2023, 2024 and 2025, our net losses amounted to RMB312.7 million, RMB344.6 million and RMB163.7 million, respectively. We may continue to incur net losses in the near term, as we are still expanding our business and operations and consistently investing in R&D. We may not achieve profitability, or maintain it thereafter, in the foreseeable future.

We believe that our future revenue growth will depend, among other factors, on our ability to develop new technologies, enhance customer experience, establish effective commercialization strategies, compete successfully, introduce new solutions, and maintain and secure additional customers. However, you should not rely on the revenue growth of any prior period as an indication of our future performance, as our growth in a relatively short period of time is not necessarily indicative of results that we may achieve in the future.

We also expect our costs and expenses to increase in future periods as we continue to expand our business and operations, invest in R&D, and broaden our geographic presence. If we are unable to generate sufficient revenues and effectively manage our costs, we may continue to record significant losses and may not achieve, or subsequently maintain, profitability.

We recorded net current liabilities during the Track Record Period, which we may continue to experience in the future.

As of December 31, 2023, 2024 and 2025, we recorded net current assets of RMB37.8 million and net current liabilities of RMB1,233.2 million and RMB25.6 million, respectively. Our net current liabilities position may reduce our financial flexibility, limit our ability to execute our business plans, and expose us to liquidity risks. Our ability to meet short-term obligations, including the settlement of trade and other payables as they fall due, will depend primarily on our capacity to generate sufficient operating cash flows and obtain external financing when required.

Our liquidity position will be affected by various factors, including our future operating and financial performance, industry conditions, and the broader economic and capital market environment, many of which are beyond our control. If we are unable to maintain adequate working capital, we may need to pursue additional external funding to support our operations and growth initiatives. If such financing is unavailable on acceptable terms, in a timely manner, or at all, we may be forced to delay or discontinue certain business plans, which could materially and adversely affect our business, results of operations and financial condition.

We recorded net operating cash outflows historically and there can be no assurance that we will not have net cash outflow from operating activities in the future.

We recorded net cash used in operating activities of RMB204.5 million and RMB177.3 million, and net cash from operating activities of RMB37.9 million in 2023, 2024 and 2025, respectively. We cannot assure you that we will generate positive cash flows from operating activities in the future. If we continue to experience net operating cash outflows, our working capital may become constrained, which could adversely affect our financial condition.

Our future liquidity will depend primarily on our ability to maintain sufficient cash inflows from operating activities and to obtain adequate external financing, including through issuing securities and/or other sources such as external debt. Such financing may not be available to us on favorable or commercially reasonable terms, or at all. If we fail to secure sufficient funding in a timely manner and on reasonable terms, or at all, we may default on our payment obligations and may be unable to expand our business. As a result, our business, results of operations and financial condition could be adversely affected.

We are subject to credit risk related to delay in payment and defaults of customers or related parties, which would adversely affect our liquidity and financial condition.

We are exposed to credit risk arising from delays in payment and potential defaults by our customers or related parties. As of December 31, 2023, 2024 and 2025, our trade and notes receivables were RMB79.4 million, RMB48.1 million and RMB349.4 million, respectively. The collectability of these receivables may be affected by factors beyond our control, including prolonged deployment acceptance and settlement cycles, adverse financial conditions or operational challenges faced by customers, and their inability or unwillingness to make timely payments. If any of our customers delay or default on their payment obligations, we may be required to recognize impairment losses or write off the relevant receivables, which could materially and adversely affect our liquidity, cash flow and financial condition.

If we fail to maintain adequate inventory, or if we mismanage our inventory, we could lose sales or incur high inventory-related expenses, which could negatively affect our results of operations and financial condition.

Our inventories primarily include raw materials and contract fulfillment costs. As of December 31, 2023, 2024 and 2025, we had inventories of RMB53.1 million, RMB92.6 million and RMB56.1 million, respectively. To ensure adequate inventory supply, we must forecast inventory needs and expenses, place orders sufficiently in advance with our suppliers and manufacturing partners based on our estimates of future demand for particular products. Our ability to accurately forecast demand for our solutions could be affected by many factors, including but not limited to uncertain market conditions, volatile customer demand, fierce market competition, general economic conditions and other factors beyond our control.

In addition, any mismanagement of our inventory could result in inventory levels exceeding customer demand, inventory write-downs, or the sale of excess inventory at discounted prices, which would adversely affect our financial condition, including our gross margin, and negatively impact our brand. We face heightened risks of excessive or obsolete inventory when launching new portfolios of solutions, as market acceptance is inherently uncertain. We periodically assess our inventories for impairment and may record provisions to write down inventory to its net realizable value if it becomes outdated, damaged, or subject to price declines that reduce its net realizable value below cost.

Failure to obtain or maintain any of the government grants or preferential tax treatments could adversely affect our business, results of operations, financial condition and prospects.

During the Track Record Period, we received government grants, many of which were non-recurring or subject to periodic review. In 2023, 2024 and 2025, the government grants recognized as other income amounted to RMB5.8 million, RMB2.8 million and RMB3.9 million, respectively. In addition, we benefited from various preferential tax treatments under prevailing PRC tax laws. For example, we were recognized as a High-New Technology Enterprise and entitled to a reduced income tax rate during the Track Record Period. See Note 12 to the Accountants' Report in Appendix I to this document.

The PRC governmental authorities may, at their discretion, reduce or cancel such government grants or preferential tax treatments, which could adversely affect our business, results of operations, financial condition and prospects. As government grants are typically provided on a one-off basis, there is no assurance that we will continue to receive or benefit from them in the future. Furthermore, we may not be able to successfully or timely obtain government grants or preferential tax treatments that may become available to us, and any such failure could negatively impact our business, results of operations, financial condition and prospects.

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

We require substantial capital to support key initiatives, including research and development of our autonomous driving technology, attracting and retaining top talent, launching new solutions, growing our customer base, and delivering high-quality technical support services. Our capital needs will depend on various factors, including: (i) technological advancements; (ii) market acceptance of our solutions, including enhancements and overall sales performance; (iii) R&D expenditures; (iv) relationships with customers and suppliers; (v) cost-control capabilities; (vi) sales and marketing expenses; (vii) infrastructure and system upgrades, as well as capital improvements to our facilities; (viii) potential acquisitions of businesses or product lines; and (ix) general economic conditions, inflation, rising interest rates, and international conflicts and their impact on our industry.

If our capital requirements differ materially from current plans, we may need additional funding sooner than expected. Such financing may not be available on favorable terms, in a timely manner, or at all. Without adequate capital, we may be unable to execute our business plans, develop or enhance solutions, expand sales and marketing efforts, pursue strategic opportunities, or respond effectively to competitive pressures.

We may grant share-based awards, which may result in share-based compensation expenses and as a result, may adversely affect our results of operations and financial condition.

During the Track Record Period, we did not incur any share-based payment expenses. We believe the granting of share-based payments is of significant importance to our ability to attract and retain key personnel and employees. Nevertheless, share-based payment expenses would potentially dilute the shareholding of existing shareholders. We may grant share-based payments to employees in the future. As a result, we may incur share-based payment expenses, which may affect our results of operations and financial condition.

RISKS RELATING TO CONDUCTING BUSINESS IN THE JURISDICTIONS WHERE WE OPERATE

Failure to respond to development in the economic, government policies, laws and regulations in the principal place where we operate may have a material adverse effect on our business, results of operations and financial condition.

Our business, results of operations and financial condition may be influenced by the overall political, economic and social conditions in the countries where we operate. In particular, due to our extensive operations in the PRC, our business, results of operations, financial condition, and prospects are affected by economic, social and legal developments in the PRC. The PRC government as well as the governments of the other jurisdictions where we operate have implemented and may continue to introduce various policies, measures and regulations aimed at encouraging economic growth and guiding resource allocation. These policies and measures may be adjusted from time to time. Failure to respond to such development may materially and adversely affect our business.

You may experience difficulties in effecting service of the legal process and enforcing judgments against us and our management.

We are a company incorporated under PRC laws and substantially all of our assets and subsidiaries are located in the PRC. Substantially all of our Directors and senior management resides within the PRC. The PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts of most other jurisdictions. As a result, recognition and enforcement in the PRC of judgments of a court in any of these jurisdictions outside the PRC may be difficult. As a result, it may be difficult and time-consuming to effect service of process upon our Directors and senior management outside the PRC. In addition, investors may also experience difficulties in seeking recognition and enforcing foreign judgments in the PRC if there is a lack of reciprocal recognition and enforcement of judicial rulings and awards of other jurisdictions. Furthermore, although we will be subject to the Listing Rules and the Takeovers Code upon the **[REDACTED]** of our H Shares on the Stock Exchange, the holders of H Shares will not be able to bring actions on the basis of violations of the Listing Rules and must rely on the Stock Exchange to enforce its rules. Moreover, the Takeovers Code does not have the force of law and provides only standards of commercial conduct considered acceptable for takeover and merger transactions and share repurchases in Hong Kong.

Holders of our H Shares may be subject to PRC income tax on dividends from us or on any gain realized on the transfer of our H Shares.

As is customary with all major economies, China has tax treaties or similar arrangements with jurisdictions across the world. Under the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》) and its implementation rules, and subject to any applicable tax treaty or similar arrangement between China and your jurisdiction of residence that provides for a different income tax arrangement, PRC withholding tax at the rate of 10% is normally applicable to dividends from PRC sources payable to investors that are resident enterprises outside of the PRC, which do not have an establishment or place of business in the PRC, or which have such establishment or place of business if the relevant income is not effectively connected with the establishment or place of business. Any gain realized on the transfer of shares by such investors is subject to 10% (or a lower rate) PRC income tax if such gain is regarded as income derived from sources within the PRC unless a treaty or similar arrangement otherwise provides. Under the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得税法》) and its implementation rules, dividends from sources within the PRC paid to foreign individual investors who are not residents in the PRC are generally subject to a PRC withholding tax at a rate of 20% and gains from PRC sources realized by such investors on the transfer of shares are generally subject to 20% PRC income tax, in each case, subject to any reduction or exemption set forth in applicable tax treaties and PRC laws. Although our business operations are in China, it is unclear whether dividends we pay with respect to our H Shares, or the gain realized from the transfer of our H Shares, would be treated as income derived from sources within the PRC and as a result be subject to PRC income tax. If PRC income tax is imposed on gains realized through the transfer of our H Shares or on dividends paid to our non-resident investors, the value of your investment in our H Shares may be adversely affected. Furthermore, our Shareholders whose jurisdictions of residence have tax treaties or arrangements with the PRC may not qualify for benefits under such tax treaties or arrangements.

Payment of dividends is subject to restrictions under PRC laws.

Under PRC laws, dividends may be paid only out of distributable profits. Our distributable profits represent our distributable net profits less appropriations to statutory surplus reserve, general reserve, and discretionary surplus reserve (as approved by our Shareholders' meeting), each such appropriation based on the unconsolidated net profit determined under PRC GAAP. Our distributable net profit referred to above represents the lowest of (i) our net profit attributable to our equity holders for a period plus distributable profits or net of accumulated losses, if any, at the beginning of such period, as determined under PRC GAAP, and (ii) our net profit attributable to our equity holders for the period plus distributable profits or net of accumulated losses, if any, at the beginning of such period, as determined under IFRS Accounting Standards. As a result, we may not have sufficient distributable profits, if any, to make dividend distributions to our Shareholders in the future, including in respect of periods where we register an accounting profit. Any distributable profits that are not distributed in a given year are retained and available for distribution in subsequent years.

RISKS RELATING TO THE [REDACTED]

There has been no prior public trading market for our H Shares, and their liquidity and market price may be volatile.

Prior to the **[REDACTED]**, there was no public market for our H Shares. We cannot assure you that a public market for our H Shares with adequate liquidity and trading volume will develop and be sustained following the completion of the **[REDACTED]**. In addition, the **[REDACTED]** of our H Shares may not be an indication of the market price of our H Shares following the completion of the

[REDACTED]. If an active, liquid public market for our H Shares does not develop following the completion of the **[REDACTED]**, the market price and liquidity of our H Shares could be materially and adversely affected.

The price and trading volume of our H Shares may be highly volatile. Several factors, some of which are beyond our control, such as variations in our results of operations, changes in our pricing policy, the emergence of new technologies, strategic alliances or acquisitions, the addition or departure of key personnel, changes in profit forecast or recommendations by financial analysts, changes in ratings by credit rating agencies, litigation or the removal of the restrictions on share transactions, could cause large and sudden changes to the volume and price at which our H Shares will trade.

Substantial future sales or the expectation of substantial sale of our H Shares in the public market could cause the price of our H Shares to decline.

Although our Single Largest Group of Shareholders are subject to restrictions on their sales of H Shares as described in "**[REDACTED]**" in this document, future sales of a significant number of our H Shares by our Single Largest Group of Shareholders or other existing Shareholders in the public market after the **[REDACTED]**, or the perception that these sales could occur, could cause the market price of our H Shares to decline and could materially impair our future ability to raise capital through **[REDACTED]** of our H Shares. We cannot assure you that our Single Largest Group of Shareholders, or other existing Shareholders will not dispose of H Shares held by them or that we will not issue H Shares pursuant to the general mandate to issue shares granted to our Directors, upon the expiration of restrictions set out above. We cannot predict the effect, if any, that any future sales of H Shares by our Single Largest Group of Shareholders or other existing Shareholders, or the H Shares available for sale by our Single Largest Group of Shareholders or other existing Shareholders, or the issuance of H Shares by our Company may have on the market price of the H Shares. Sale or issuance of a substantial number of H Shares by our Single Largest Group of Shareholders or us, or the market perception that such sale or issuance may occur, could materially and adversely affect the prevailing market price of our H Shares.

We may need additional capital, and the sale or issue of additional H Shares or other equity securities could result in additional dilution to our Shareholders.

Notwithstanding our current cash and cash equivalents and the net **[REDACTED]** from the **[REDACTED]**, we may require additional cash resources to finance our continued growth or other future developments. We cannot assure you that financing will be available in the amounts or on terms acceptable to us, if at all. If we fail to raise additional funds, we may need to sell additional equity securities, which could result in additional dilution to our Shareholders.

As the [REDACTED] of our H Shares is higher than our consolidated net tangible book value per Share, purchasers of our H Shares in the [REDACTED] may experience immediate dilution upon such purchases.

As the **[REDACTED]** of our H Shares is higher than the consolidated net tangible assets per Share immediately prior to the **[REDACTED]**, purchasers of our H Shares in the **[REDACTED]** may experience an immediate dilution. Our existing Shareholders will receive an increase in the **[REDACTED]** adjusted consolidated net tangible asset value per Share of their H Shares. In addition, holders of our H Shares may experience further dilution of their interest if the **[REDACTED]** is exercised or if we issue additional H Shares in the future to raise additional capital.

We have significant discretion as to how we will use the net [REDACTED] of the [REDACTED], and you may not necessarily agree with how we use them.

Our management may use the net **[REDACTED]** from the **[REDACTED]** in ways that you may not agree with or that may not generate favorable returns. For details on our current plans for the use of **[REDACTED]**, see "Future Plans and Use of **[REDACTED]**" in this document. However, our management will have broad discretion in how the net **[REDACTED]** are ultimately applied. By investing in our H Shares, you are placing your trust in our management's judgment regarding the allocation of these funds. If there is any change to the use of **[REDACTED]** as disclosed in this document, we will make appropriate announcement(s) and comply with all applicable requirements under the Listing Rules.

We cannot assure you whether and when we will declare and pay dividends in the future.

Our ability to declare and pay dividends will depend on a number of factors, including our profitability, financial condition, cash flow, and capital requirements. Any future declaration and payment of dividends will be subject to the discretion of our Board and dependent on our compliance with corporate approval procedures. In addition, the determination of dividend amounts, timing and form is subject to a range of factors, including but not limited to our operating results, cash flows, financial position, expected capital expenditures, available distributable profits as determined under IFRS Accounting Standards, provisions of our Articles of Association, the PRC Company Law and other applicable laws and regulations, as well as market conditions, our business strategy, contractual obligations, tax considerations and any other factors deemed relevant by our Board. There can be no assurance as to whether, when or in what form we will pay dividends in the future. Subject to the foregoing constraints, we may not be able to pay dividends in accordance with our stated dividend policy. See "Financial Information — Dividends."

Certain facts, forecasts and statistics contained in this document are derived from a third-party report and publicly available official sources and they may not be reliable.

Certain facts, forecasts and statistics contained in this document relating to, among other things, China, the PRC economy and the industry in which we operate have been derived from a third-party report and various official government publications. However, we have not independently verified information and statistics from official government sources, and we cannot assure you of the quality or reliability of such source materials. Information from official government sources have not been prepared or independently verified by us, the **[REDACTED]** or any of their respective affiliates or advisors and, therefore, we make no representation as to the accuracy of such statistics. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, such statistics in this document may be inaccurate or may not be comparable to statistics produced with respect to other economies. In all cases, investors should give consideration as to how much weight or importance they should attach to or place on such facts.

Forward-looking statements contained in this document are subject to risks and uncertainties.

This document contains certain statements and information that are forward looking and uses forward-looking terminology such as "believe," "expect," "estimate," "predict," "aim," "intend," "will," "may," "plan," "consider," "anticipate," "seek," "should," "could," "would," "continue," and other similar expressions. You are cautioned that reliance on any forward-looking statement involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. In light of these and other risks and uncertainties, the inclusion of forward-looking statements in this document should not be regarded as representations or warranties by us that our plans and objectives will be achieved, and these forward-looking statements should be considered in light of various important factors, including those set forth in this section. Subject to the requirements of the Listing Rules, we do not intend publicly to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this document are qualified by reference to this cautionary statement.

Investors should read the entire document carefully and should not consider any particular statements in this document or in published media reports without carefully considering the risks and other information contained in this document.

There may have been, prior to the publication of this document, and there may be, subsequent to the date of this document but prior to the completion of the **[REDACTED]**, coverage in the media regarding us and the **[REDACTED]**, which contained 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 such media coverage or forward-looking statements. We make no representation as to the appropriateness, accuracy, completeness or reliability of any information disseminated in the media or otherwise publicly available, nor the fairness or appropriateness of any estimates, forecasts, views or opinions expressed by the press of other media or otherwise publicly available regarding our H Shares or the **[REDACTED]** or us. We disclaim any information in the media to the extent that such information is inconsistent or conflicts with the information contained in this document. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of the information contained in this document only and should not rely on any other information.