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

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

We operate and compete in highly competitive markets, against both established competitors and new market entrants. We may not be able to compete successfully against our existing or potential competitors.

We primarily operate in the highly competitive driving assistance solutions industry, offering driving assistance solutions through our proprietary *ODIN* architecture, of which the competition will continue to intensify in the future. We operate in a highly competitive environment, facing challenges from both established competitors and emerging market entrants in the driving assistance solutions sector. The landscape of competition is influenced by various dynamic factors, including but not limited to general economic conditions, infrastructural developments, advancements in technology, deployment capabilities, public acceptance of intelligent technologies, regulatory changes, adoption rates among OEMs, cost-effectiveness, system dependability, integration into existing vehicle designs and production processes, as well as strategic alliances within the industry. These elements are often beyond our control and can shift unpredictably, impacting our competitive position.

In addition to the existing competitors, we also encounter challenges from new market entrants. These can include established technology companies and OEMs that have already entered or are planning to enter the driving assistance solutions market. Certain competitors in our industry may have more extensive resources and established capabilities in areas such as design, development, manufacturing, distribution, promotion, sales and support of their products, potentially giving them a competitive advantage over us. Additionally, OEMs developing proprietary driving assistance solutions may choose to compete with us indirectly. OEMs that have purchased our solutions in the past may decide to design their own in-house solutions and we cannot rule out the possibility that our current customers may decide to develop their own in-house technologies or acquire technologies instead of purchasing our offerings, potentially diminishing our market presence. Additional competitors that could emerge, including large technology companies, may be resource-rich and able to deploy such resources to compete. Such new market entrants may offer lower prices or develop new technologies and solutions such that the competition may be further intensified.

The competitive pressures may also exacerbate pricing challenges and erode our profit margins. Such conditions make it difficult to enhance the sales of our solutions, potentially leading to reduced market share. Ultimately, such intensified competition could negatively affect our business operations, financial health, and operational results.

We derived a significant portion of our revenue from a limited number of customers, including Geely Holding Group, and the loss of, or a significant reduction in, business from any major customer could materially and adversely affect our business, financial condition and results of operations

We have been and expect to continue to be subject to customer concentration risk. A significant portion of our revenue in each year during the Track Record Period and up to the Latest Practicable Date was derived from a relatively small number of customers, including Geely Holding Group, which was one of our largest customers in each of 2023, 2024 and 2025. For the years ended December 31, 2023, 2024 and 2025, revenue from our five largest customers accounted for approximately 76.4%, 91.2%, and 94.6% of our total revenue, respectively, and revenue from Geely Holding Group, accounted for approximately 43.3%, 59.4%, and 78.9% of our total revenue for the same years. The increase was primarily driven by an increase in Geely's overall sales volume, particularly in 2025, when sales grew by 26.0% compared to 2024, outpacing the industry average of 9.4%.

This high level of customer concentration exposes us to the risk that the loss of, or a significant decrease in, sales to any one of our major customers could materially and adversely affect our business. There is no assurance that Geely Holding Group or any other major customer will continue to place orders with us at current or historical levels, or that they will not reduce or cease their use of our products and solutions due to changes in strategic direction, internal R&D capabilities, product roadmaps, cost considerations, or operational or financial performance. OEMs, including Geely Holding Group, may also choose to substitute our solutions with internally developed alternatives or work with competing suppliers for future vehicle models, particularly as competition in the autonomous driving sector intensifies and as more suppliers emerge with cost-competitive offerings.

Our products sold to Geely Holding Group have become increasingly concentrated, especially FT Ultra, as adoption of higher-tier autonomous driving systems expands. For the years ended December 31, 2023, 2024 and 2025, our total revenue from Geely Holding Group amounted to approximately RMB393.1 million, RMB762.5 million and RMB1,798.1 million, accounting for approximately 43.3%, 59.4% and 78.9% of our total revenue, respectively. The increase was primarily driven by an increase in Geely's overall sales volume, particularly in 2025, when sales grew by 26.0% compared to 2024, outpacing the industry average of 9.4%. Of this, revenue generated from FT Ultra alone increased substantially from RMB302.9 million, or 33.4% of total revenue, in 2023 to RMB524.7 million, or 40.9% of total revenue, in 2024 and further to RMB1,364.2 million, or 59.9% of total revenue, in 2025. While this growth reflects the commercial success of our solutions and deepened collaboration with Geely Holding Group, it also heightens our dependence on both the customer and the specific solution line.

The commercial performance of these solutions is subject to multiple factors outside of our control, including the market acceptance, pricing strategies, and production volumes of the vehicle models in which they are deployed. For instance, sales of FT Ultra are tied to Geely Holding Group's high-end models. Any adverse developments affecting the commercial success or production ramp-up of these models, including weaker-than-expected demand, pricing adjustments by Geely Holding Group, or reputational challenges associated with such brand, may have a direct and significant negative impact on our revenue. Moreover, our increasing sales on FT Ultra amplifies product concentration risk — if the product becomes technologically obsolete, is replaced by in-house alternatives, or faces strong competition, we will experience a sharp decline in revenue contribution from our largest customer. We cannot guarantee that our new offerings will be adopted by OEMs or achieve commercial success.

Furthermore, the nature of the automotive industry, particularly in China, is rapidly evolving, with increasingly compressed product lifecycles, intensifying competition, and fast-changing consumer demands. There can be no assurance that we will be successful in acquiring or retaining new customers on commercially favorable terms. Any inability to diversify our customer base, reduce reliance on major customers, or expand into new vehicle programs could limit our growth trajectory and make us more vulnerable to adverse developments affecting our key customers.

In light of the above, any reduction, delay, or termination of business from Geely Holding Group or other major customers — whether due to strategic shifts, pricing changes, project reallocations, or adverse developments in their own operations — could materially and adversely affect our business, financial condition and results of operations.

There is uncertainty in achieving sufficient growth through our business strategies.

Our success depends on our ability to develop technologies and solutions aligned with market trends. However, the driving assistance industry is rapidly evolving, and our strategies may not achieve expected results due to factors beyond our control, including economic conditions, regulatory changes, customer demand, and industry developments. Our growth is also affected by broader conditions in the automotive market, which is characterized by changing technologies, competitive dynamics and consumer behavior. Demand for our solutions depends in part on consumer demand for vehicles, which may be impacted by economic uncertainty, purchasing power and other external factors. If we are unable to effectively execute our strategies or adapt to market changes, or if we fail to develop and commercialize new products in a timely and cost-effective manner, our business, financial condition and results of operations could be materially and adversely affected.

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

In 2023, 2024 and 2025, we had operating losses of RMB587.7 million, RMB423.8 million and RMB291.9 million, respectively. During the same years, we had incurred net losses of RMB738.1 million, RMB527.7 million and RMB358.2 million, respectively. There is the possibility of continued losses due to increases in costs and expenses along with our business expansion, as well as our continuous investment in research and development. If we are unable to generate sufficient revenue and effectively manage our expenses, we may continue to experience significant losses and may not achieve or sustain profitability. We may not be able to achieve profitability in the future. We plan to consistently invest in developing new technologies, improving user experience, implementing effective commercialization strategies, and introducing new products and solutions, which are considered crucial for our sustainable growth.

We have a limited operating history, which makes it difficult to forecast our future results of operations, and our historical growth may not be indicative of our future performance.

We commenced operations in 2016. As a result of our limited operating history, our ability to accurately forecast our future results of operations is subject to uncertainties such as our ability to plan for and model future growth. We have experienced rapid growth since the inception of our operations. However, our historical results may not provide a meaningful basis for evaluating our business, results of operations, financial condition and prospects, and we may encounter unforeseen expenses, difficulties, complications, delays and other known and unknown factors, and may not be able to achieve promising results in future periods. In future periods, our revenue growth may slow down or even decline for a number of reasons, including from lower demand for our solutions and technologies, intensified competition, material changes in technology, declining growth rate of our overall addressable market, or our failure to continue to take advantage of growth opportunities.

We recorded net operating cash outflows historically and there can be no assurance that we will have net cash inflow from operating activities in the future.

We recorded net cash outflow from operating activities of RMB498.1 million, RMB152.7 million and RMB412.8 million in 2023, 2024 and 2025, respectively. See "Financial Information — Liquidity and Capital Resources — Cash Flow Analysis — Net Cash Used in Operating Activities." We cannot assure you that we will be able to generate positive cash flows from operating activities in the future. If we continue to record net operating cash outflows in the future, our working capital may be constrained, which may adversely affect our financial condition. Our future liquidity primarily depends on our ability to achieve positive cash flows from our operating activities and adequate external financing such as offering and issuing securities, or other sources such as external debt, which may not be available on terms favorable or commercially reasonable to us or at all. If we fail to obtain sufficient funding in a timely manner and on reasonable terms, such as conditions, restrictive covenants or interest rates, or at all, our ability to meet our payment obligations may be significantly affected and may not be able to expand our business. Our series C equity financings provide liquidity to our operations. We also utilize our banking facilities to maintain sustainable cash flows. Our bank borrowing agreements contain standard terms, conditions and covenants that are customary for commercial bank loans. If we breach any of such terms, conditions or covenants, we may be found in default of our borrowing agreements which may trigger default obligations. Thus, our business, results of operations and financial condition may be adversely affected.

We had incurred net liabilities and net current liabilities in the past and may continue to do so in the future.

We had net liabilities of RMB1,769.4 million as of December 31, 2023. We recorded net liabilities primarily attributable to our redemption liabilities on Shares with preferred rights previously conferred upon the Pre-[**REDACTED**] Investors and borrowings used to finance our increased working capital requirements driven by our business expansion. We and the related Pre-[**REDACTED**] Investors have mutually agreed to terminate such preferred rights. As a result, we recorded the balance of financial liabilities of such redeemable Shares as capital reserves. Therefore, we do not expect to recognize any further loss or gain from change of the present value of redemption amount. However, we cannot assure you that we would not incur a net liabilities position in the future which can expose us to the risk of shortfalls in liquidity. This in turn would require us to undertake additional equity financing, which could result in dilution of your equity interests. Any difficulty or failure to meet our liquidity needs when needed can have a material adverse effect on our prospects.

We had net current liabilities of RMB204.8 million as of December 31, 2023, primarily because we recorded current portion of borrowings of RMB610.1 million and trade and notes payables of RMB460.4 million as of the same date, respectively. Net current liabilities may expose us to certain liquidity risks and may constrain our operational flexibility, as well as adversely affect our ability to expand our business. If we do not have sufficient working capital to meet future financial needs, we may need to resort to external funding. Our inability to obtain additional external borrowings on a timely basis and on acceptable terms, or at all, may force us to abandon our development and expansion plans, and our businesses, financial positions and results of operations may be materially and adversely affected. While we had net current assets of RMB335.9 million and RMB569.4 million as of December 31, 2024 and 2025, respectively, there is no guarantee that we will continue such net asset position in the future.

We cannot guarantee success in our efforts to secure design wins for our solutions.

We invest significant effort and resources from our initial contact with an OEM until the OEM chooses our solutions and incorporates such into their vehicle models. This selection process, known as a "design win," involves substantial resource expenditure. We cannot guarantee success in our efforts to secure design wins for our solutions, which we regard as critical milestones in our relationships with OEM customers. Achieving a design win is pivotal for expanding collaboration opportunities and is integral to the commercialization of our solutions. To this end, we have devoted substantial efforts to present our offerings to OEMs, aiming to secure such design wins. As of December 31, 2025, we have collaborated with 55 OEMs, and our technologies have been incorporated into more than 330 cumulative projects under mass production.

Despite these significant efforts, there is a risk that we may not secure a design win for our driving assistance solutions. Failure to obtain a design win could hinder the development and commercialization of our solutions, adversely affecting our revenue. Moreover, failing to secure a design win for a particular vehicle model could diminish our competitive edge in securing design wins for other mass-produced vehicle models from the same OEMs. Typically, OEMs generally do not change complex technologies already integrated into their systems until a vehicle model is overhauled. Therefore, it is uncommon for OEMs to switch to a different solution or technology unless significant and recurring issues, such as frequent accidents or other major problems, arise with their current vehicle models. Consequently, if we do not win a significant number of design competitions with OEMs in the future, it could negatively impact our business, financial condition, and operational results.

If the market acceptance of our solutions and related technologies fails to sustain or grow, it could have an adverse impact on our business, financial condition and results of operations.

We provide our driving assistance solutions to OEMs for integration into their vehicle models, which are then sold to end-users. Moreover, we are also in the relatively early stage of commercialization of our driving assistance solutions. Market acceptance of our offerings depends on various factors beyond our control, including mandatory regulations, evolving safety standards, cost considerations, and end-user preferences. The market's reception of our solutions hinges critically on the industry's ability to address the technical challenges posed by increasingly complex driving assistance technologies in an effective and cost-efficient manner. Moreover, safety incidents involving driving assistance technologies, even those not related to our solutions, may influence market perceptions and acceptance.

As we are developing new offerings and progressing to more advanced levels of driving assistance solutions, our future operational results also depend on OEMs' ability to enhance and expand end-user acceptance of such new solutions. However, there is no guarantee that OEMs will achieve these objectives. We cannot assure you that the market acceptance of our solutions and related technologies will align with our expectations or evolve positively with market developments. If the market acceptance of driving assistance products and solutions does not grow, it could adversely impact our business, financial condition, and results of operations.

We cannot ensure that there will be sufficient future market adoption of driving assistance solutions to drive our growth, nor can we ensure that industry developments as well as market acceptance of driving assistance solutions will develop in our favor. If the markets toward smart vehicles and driving assistance solutions falter, or if these trends do not grow as rapidly or as positively as expected, our business, results of operations and financial condition may be adversely affected.

Currently, ADAS features are becoming standard in the latest vehicle models and there is increasing focus on advanced driving assistance solutions from OEMs and consumers alike. However, there is considerable uncertainty regarding the scale and growth rate of these solutions. Growth of demand for our solutions is dependent on the trend toward smart vehicles and driving assistance solutions as a growing segment of the automotive industry. Therefore, our growth is highly dependent upon the worldwide adoption by consumers of driving assistance solutions as well as the ability of OEMs to maintain and increase consumer acceptance of driving assistance solutions. Businesses and consumers have demonstrated increasing demand for advanced user experiences and technological functions, leading to growing interest in driving assistance solutions. However, this interest in our industry is dependent on general economic development, particularly in advanced industrialized economies.

Within the automotive industry, our long-term growth opportunity will come from the increasing demands of higher-level driving assistance, which will require technological innovations of increasing complexity in algorithms, software and hardware capabilities, and which are not guaranteed developments for our industry or for our business. Various functions and capabilities are in different stages of development and their reliability must continue to improve to meet the higher standards required for higher-level driving assistance solutions. We are also affected by industry trends such as consumer demand and market acceptance for higher-level driving assistance, which has furthered interest in our driving assistance solutions and aided our growth to date, but there is no assurance that higher-level driving assistance will be fully accepted by the market even if technologically feasible. Market acceptance of driving assistance solutions may also be adversely affected by safety incidents involving driving assistance solutions, even if the incidents do not involve our solutions. If the market that we operate in does not grow as we expect, our revenue may decline or fail to grow.

We have also seen an increased demand for our technology and the growth of our business that correlates with driver awareness and acceptance of the safety features our driving assistance solutions provide. This acceptance and awareness are primarily due to the influence of regulators and safety organizations that provide both mandates and incentives to OEMs to include active safety technology in their vehicle models. We believe that this trend in regulation and ratings will continue and even accelerate over the next decade, thus increasing awareness and acceptance of, and consequently demand for, active safety technology. However, should there be a slowing of the increasing requirements for active safety technology, our growth might be limited and our business, results of operations and financial condition may be adversely affected. Conversely, if regulatory requirements of the smart vehicle sector tighten to impose a chilling effect on the industry, we may be adversely affected if there is a diminished demand for our solutions. External economy-wide and industry trends may impact our prospects by diminishing demand for industry and our solutions, negatively affecting our business operations, results of operations and financial condition.

We cannot guarantee that our existing or potential OEM customers will purchase our solutions in specified quantities or at certain prices.

Following design wins, we undertake customized development of our solutions for specific vehicle models. However, successful deployment depends on effective integration with OEM systems, which can be complex and may delay or prevent commercialization. Development cycles are typically lengthy and require significant upfront investment, with no assurance of corresponding revenue. Our contracts with OEMs generally do not specify firm purchase volumes, and actual demand may vary due to changes in production plans, delays or cancellations of vehicle models. In addition, the sales performance of our solutions depends on the commercial success of our customers' vehicles, which is influenced by factors beyond our control, including overall vehicle performance and end-user experience. We are also subject to pricing pressure from OEMs, which typically have significant bargaining power and may require price reductions during mass production. Pricing is often renegotiated periodically, and increased competition within the automotive supply chain may further pressure margins. If we are unable to maintain pricing or offset cost pressures through product upgrades or operational efficiencies, our profitability may be adversely affected.

We have been and intend to continue investing significantly in R&D. Failure to obtain the desired benefits from our R&D efforts may adversely affect our profitability and operating cash flow, and lead to decrease in the demand for our solutions.

Our long-term success in the competitive environment depends on our ability to continually develop new technologies and solutions, and enhance our existing offerings. For example, we are in the process of developing more advanced driving assistance solutions, as well as continuously enhancing the performance of our controllers and sensors. In 2023, 2024 and 2025, we incurred research and development expenses of RMB561.2 million, RMB446.8 million and RMB540.5

million, accounting for 61.8%, 34.8% and 23.7% of our revenue for the same years, respectively. We anticipate to continue incurring substantial and potentially increasing R&D expenses as part of our efforts to design, develop, manufacture and commercialize new solutions and enhance existing offerings.

We view our technological capabilities as a key component of our competitiveness and focus our R&D efforts on areas such as proprietary algorithms and data analytics. However, the driving assistance industry is rapidly evolving, and we may not accurately anticipate technological or market developments. As a result, our R&D efforts may not deliver the expected benefits or lead to successful or commercially viable products.

Even if our technologies align with industry trends, we may face challenges in commercialization or market adoption. Rapid technological advancements and competition may render our solutions less competitive or obsolete, limiting our ability to recover development costs and affecting our revenue and profitability. In addition, certain markets we target, such as Level 3 solutions, remain at an early stage, with uncertainties in demand, regulatory development and commercialization timelines. Our R&D initiatives may require greater investment than expected, and may not generate sufficient revenue to offset such costs, which could adversely affect our financial performance.

We need to make significant capital and operating expenditures, and we may need to raise additional capital in the future, which may not be available on terms acceptable to us, or at all. If we cannot raise additional funds on attractive terms when we need them, our operations and prospects could be negatively affected.

The development of our solutions will require us to make regular capital and operating expenditures to maintain our level of service. Changing competitive conditions or the emergence of any significant advances in driving assistance solutions could require us to invest significant capital in order to remain competitive. We expect our capital and operating expenditure requirements will primarily relate to research and development expenses to maintain and upgrade our driving assistance solutions to serve our customers and remain competitive. If we are unable to fund any such investment or otherwise fail to invest in our research and operations, our business, results of operations or financial condition could be adversely affected. Our capital and operating expense requirements will depend on many factors, including, but not limited to: (i) technological advancements; (ii) market acceptance of our solutions, and the overall level of sales of our solutions; (iii) research and development expenses; (iv) our relationships with OEMs and other customers; (v) our ability to control costs; (vi) sales and marketing expenses; (vii) enhancements to our platform and systems and any capital improvements to our facilities; (viii) potential acquisitions of businesses and solution/service lines; and (ix) general economic conditions, including the effects of international conflicts and their impact on the automotive industry in particular.

Furthermore, if our capital requirements are materially different from those currently planned, we may need additional capital sooner than anticipated. If additional funds are raised through the issuance of equity or convertible debt securities, the percentage ownership of our shareholders at that point in time will be reduced. Additional financing may not be available on favorable terms, on a timely basis, or at all. If adequate funds are not available on acceptable terms, we may be unable to continue our operations as planned, develop or enhance our solutions, expand our sales and marketing programs, take advantage of future opportunities or respond to competitive pressures.

If we are unable to continuously develop, introduce, and commercialize new solutions, as well as to improve our existing ones in a cost-effective and timely manner, our business, financial condition, and operational results would be materially and adversely affected.

Our ability to introduce and commercialize new driving assistance solutions, as well as enhance our existing offerings, is crucial to our business, financial condition and results of operations. During the Track Record Period, we have achieved mass production of several driving assistance solutions. However, there is no assurance that our assessments, introduction and commercialization of the new solutions, or the enhancement of current offerings will turn out to be successful in a cost-effective and timely manner and generate the expected returns.

We have been devoting our resources and efforts in the development of new solutions, which requires significant investments in research and development, and may not always yield the expected results. See "— We have been and intend to continue investing significantly in R&D. Failure to obtain the desired benefits from our R&D efforts may adversely affect our profitability and operating cash flow, and lead to decrease in the demand for our solutions." We may face unforeseen technical challenges that could delay the completion and delivery of our solutions or release of new solutions, as well as hinder our ability to produce them cost-effectively. Such delays and inefficiencies could weaken our competitive position and harm our customer relationships. Furthermore, even if we successfully develop new technologies and solutions, there is no guarantee that these will sufficiently differentiate our offerings from those of our competitors in terms of accuracy, safety, and comfort-enhancing features.

Additionally, we are committed to enhancing our existing solution portfolio. Our strategy involves continuous development of our offerings in driving assistance solutions, as detailed in "Business — Our Growth Strategies — Promoting Technology Innovation." However, continuous technological improvements do not necessarily guarantee enhanced reliability and may lead to unexpected deployment and safety issues. Delays in technological advancements, failure to develop and deliver anticipated solutions, or challenges in enhancing our existing offerings could impede our ability to meet customer expectations, secure additional design wins, obtain new purchase orders, and achieve broader market acceptance. Such setbacks could materially and adversely impact our business, financial condition, and operational results.

The implementation and validation processes of our solutions could be lengthy and unpredictable, and are subject to risks of contract cancellation, postponement, supply chain shortages, or unsuccessful solution implementation.

Prospective OEM customers generally must make significant commitments of capital and resources to test and validate our solutions before implementing them in any particular model vehicle. Our driving assistance solutions and technologies are technologically complex and designed for applications in settings with high safety standards. Due to the complexity involved in the driving assistance solutions, the implementation and validation processes of driving assistance solutions with new OEM customers are lengthy and would take a long time even after we were chosen by such OEMs as the driving assistance solution provider. As such, we must typically invest significant resources before generating any revenues, which presents a risk to our ability to forecast our results of operations and manage our business operations.

In addition to the large upfront investment required prior to commercialization, OEM customers may cancel or postpone implementation of our solutions due to an internal strategy shift or other reasons beyond our control. For example, shortages in supply chain procurement may be a short-term issue that delays OEMs' manufacturing and business operations, postponing the implementation of our solutions and adversely affecting our business. Due to the technological complexity of our industry, the implementation of our solutions into OEMs' car models may not be smooth despite reference designs and extensive communication due to the complexity of our solutions, thus requiring higher costs and more investments of financial and human resources further along the process. Further, vehicle models in which our solutions are implemented may experience unfavorable sales volumes, which could lead to reduced demand for our solutions. Any of the foregoing factors may have a material adverse effect on our business operations, results of operations, and financial condition.

We have a limited number of key third-party suppliers. Failure to effectively maintain business relationships with third-party suppliers, control the stability, reliability and quality of our procurement, as well as any delays or interruptions in delivery, can disrupt our supply chain and pose a risk to our ability to deliver solutions to customers.

We are exposed to risks relating to price fluctuations of key raw materials and components. During the Track Record Period, we faced challenges such as the global semiconductor shortage, which led to increased chip prices. Should there be any further rise in price of raw materials and components, our business, financial condition and results of operations could be materially and adversely affected. In addition, we may in the future experience shortages of certain key raw materials and components with limited foresight into their supply stability. In particular, we rely on a selected number of third-party suppliers for the automotive-grade chips used in our solutions. If a global semiconductor shortage occurs again, we may not have sufficient supplies or readily available backup alternatives and these potential shortages could significantly and negatively impact our business in the future.

Our success is also partly dependent on our capability to manage our supply chain efficiently, ensuring the timely manufacturing and delivery of high-quality solutions. We source the raw materials and components of our solutions from certain third-party suppliers, including suppliers for chips, mechanical parts, and electrical parts. Our business operation and financial condition rely on our capabilities to obtain raw materials and components in a stable, sufficient and cost-effective manner.

We work closely with certain major suppliers. In 2023, 2024 and 2025, purchases from our five largest suppliers in each year during the Track Record Period accounted for 49.8%, 61.1%, and 70.1% of our total purchases for each year, respectively, and purchases from our single largest supplier in each year during the Track Record Period accounted for 13.3%, 39.5%, and 39.4% of our total purchases for the respective year. We cannot ensure the steady continuation of these relationships or the continuation of these relationships at all. A disruption or termination in our dealings with these major suppliers could lead to delays or interruptions in the supply of key components. Should we fail to find alternative sources at reasonable prices and within acceptable time frames, our ability to meet customer expectations with quality and cost-effective solutions might be compromised, materially and adversely affecting our business, financial condition, and operational results.

Furthermore, our global supply chain could be impacted by geopolitical tensions or health epidemics, leading to potential procurement challenges. For instance, our reliance on third-party chips for our driving assistance solutions could be jeopardized by any future chip shortages or restrictions on supply, leading to higher costs for alternative chips and selective allocation among customers by suppliers. Failure to secure an adequate supply of chips under favorable terms could impede our ability to fulfill client commitments. Any failure to fulfill our customers' orders could cause us to record lower sales and lose customers. Moreover, such shortage could lead to increases in raw material cost and negatively impact our future results of operations, including gross profit margins and profitability. We may have to maintain a higher level of inventories to mitigate the anticipated shortage, resulting in increases in inventory costs and potential write-offs. See "— If we fail to manage our inventories effectively, our results of operations, financial condition and liquidity may be materially and adversely affected."

If we fail to manage our inventories effectively, our results of operations, financial condition and liquidity may be materially and adversely affected.

Our inventories during the Track Record Period primarily consist of (i) raw materials and parts, such as electronic components, automotive-grade chips, PCB and camera modules, (ii) semi-finished goods, mainly representing PCBA, (iii) finished goods, mainly representing driving assistance solutions that are ready for transit at our manufacturing facilities or in transit to fulfill customer orders, and (iv) contract fulfillment costs. As of December 31, 2023, 2024 and 2025, we recorded our inventories of RMB419.2 million, RMB573.9 million and RMB846.1 million, respectively, and we recorded provision for inventories of RMB52.3 million, RMB31.8 million and RMB29.7 million, respectively. See "Financial Information — Discussion of Certain Key Items from Our Consolidated Statements of Financial Position — Inventories."

We place significant emphasis on accurately predicting market demand and aligning our production plans to maintain sufficient inventory levels to meet customer needs while optimizing costs. However, unpredicted fluctuations in market demand or changes in our production plans may hinder our ability to maintain adequate inventory levels, potentially affecting our ability to deliver solutions timely and cost-effectively. Our ability to forecast market demand accurately is subject to numerous external factors beyond our control, including the rapidly evolving driving assistance solutions industry, uncertainties surrounding customer acceptance and market penetration of driving assistance technologies, the commercialization pace of our solutions, emergent markets, competitive product launches, work stoppages or interruptions, and unexpected shifts in general market and economic conditions affecting consumer confidence.

Unpredicted fluctuations in the customer demand for or production plans of our solutions may affect our ability to maintain sufficient inventories to deliver solutions in a cost-effective and timely manner. We cannot guarantee our ability to forecast inventory needs accurately in the future. Failure in effective inventory management could adversely affect our future operational results, impacting our revenue, gross profit margins, cash flows, and overall profitability.

Additionally, any mismanagement of inventory could result in inventory levels in excess of customer demand, inventory write-downs and the sale of excess inventory at discounted prices. Our inventories turnover days were 173 days, 157 days and 134 days in 2023, 2024 and 2025, respectively. As our business expands, our inventory obsolescence risk may also increase commensurately with the increase in our inventories and our inventory turnover days, which may adversely impact our business, financial condition and results of operations.

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

We are exposed to credit risk related to delay in payment and defaults of our various customers. As of December 31, 2023, 2024 and 2025, our trade and notes receivables amounted to RMB497.9 million, RMB735.6 million and RMB752.8 million, respectively. Our trade and notes receivables turnover days in 2023, 2024 and 2025 were 145 days, 173 days and 118 days, respectively. Fluctuations of trade and notes receivables turnover days from major customers may have significant impact on our cash flow. We may not be able to collect all of our trade and notes receivables due to factors beyond our control, such as adverse operating conditions or financial condition of our customers, and customers' inability to pay due to delays in payment from their own end-users. If our customers delay or default on their payments to us, we may need to make impairment provisions and write off the relevant receivables. The allowance for impairment of trade and notes receivables were RMB81.4 million, RMB73.0 million and RMB69.5 million as of December 31, 2023, 2024 and 2025, respectively. Further delay or default on customers' payments to us would have a material negative impact on our liquidity and financial condition.

We are exposed to risks in connection with the fair value change of financial assets at fair value through profit or loss and related valuation uncertainty.

Fluctuation of the fair value of our financial assets at fair value through profit or loss may affect our results of operation. During the Track Record Period, our financial assets at fair value through profit or loss include structured deposits issued by reputable commercial banks.

We are exposed to credit risk in relation to our investments in financial assets at fair value through profit or loss, which may adversely affect the net changes in their fair value. Factors beyond our control can significantly influence and cause adverse changes to the estimates and thereby affect the fair value. These factors include, but are not limited to, general economic conditions, market conditions and regulatory environment.

We use significant unobservable inputs, such as expected volatility, discount for lack of marketability, risk-free rate and expected rate of return, in valuing such financial assets. The fair value change of financial assets at fair value through profit or loss may significantly affect our financial position and results of operations. Accordingly, such determination requires us to make significant estimates, which may be subject to material changes, and therefore inherently involves a certain degree of uncertainty. Factors beyond our control can significantly influence and cause adverse changes to the estimates we use and thereby affect the fair value of such financial assets. These factors include, but are not limited to, general economic condition, changes in market interest rates and the stability of capital markets. Any of these factors, as well as others, could cause our estimates to vary from actual results, which could materially and adversely affect our results of operation and financial condition. We cannot assure you that we will not incur any such fair value losses in the future, and any such fair value losses may adversely affect our results of operations, financial condition and prospects.

We may need to provide impairment losses for intangible assets, which could negatively affect our results of operations and financial condition.

We had intangible assets of RMB297.1 million, RMB214.3 million and RMB220.0 million as of December 31, 2023, 2024 and 2025, respectively. Our intangible assets mainly consist of software. However, the intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the carrying value of our intangible assets is considered to exceed its recoverable amount and is therefore determined to be impaired in the future, we would be required to write down the carrying value or record a provision of impairment loss for these intangible assets in our financial statements during the period in which our intangible assets are determined to be impaired, and this impairment would adversely affect our results of operations and our financial condition. We cannot assure you that there will be no impairment loss for intangible assets in the future, which could adversely affect our results of operations and financial conditions.

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

During the Track Record Period, we incurred significant procurement costs of raw materials and consumables, which amounted to RMB741.6 million, RMB1,083.9 million and RMB1,845.0 million in 2023, 2024 and 2025, respectively, representing 81.7%, 84.5% and 80.9% of our revenue, during the same years, respectively. Significant changes in the markets in which we purchase materials, components, and supplies for the production of our solutions may adversely affect our profitability. Our contracts with our suppliers do not provide us with long-term pricing or quantity guarantees. As a result of the global auto-part shortage and inflationary pressures, we have experienced and may continue to experience increases in the cost of our inventories. Competitive and market pressures limit our ability to recover increases in costs through increases in prices we charge to our customers, and, even where we are able to achieve price increases that would offset such increased costs, in some cases there may be a delay before we are able to do so. The inability to pass on price increases of raw materials or components to our customers would adversely affect our business, results of operations, and financial condition.

Our operations are subject to seasonal fluctuations.

Our revenue, cash flow and results of operations are affected by seasonal fluctuations in demand for our solutions, which are primarily driven by the seasonal nature of the automotive industry which influences our customer demands. For example, given our OEMs customers usually deliver more of their vehicle models in the third and fourth quarters, it can have an impact on our delivery of driving assistance solutions accordingly. According to the China Association of Automobile Manufacturers and CIC, vehicle mass production and sales volumes in China were consistently over 20% higher in the second half of the year compared to the first half between 2020 and 2025. As a result, our delivery of relevant solutions typically increases in the second half of the year. See "Business — Seasonality" and "Financial Information — Major Factors Affecting Our Results of Operations — Seasonality." As we believe that this pattern is likely to continue in the foreseeable future, quarterly comparisons of our operating results may not be useful and our results of operations in any particular period will not necessarily be indicative of the results of operations to be expected for any future period. If our growth rate declines or seasonal spending becomes more pronounced, seasonality could have a material impact on our revenue, cash flow and operating results from year to year.

Our business and prospects depend on our ability to build our brand and reputation. Any negative publicity with respect to our industry, brands, solutions, Company, Directors, employees or business partners, whether warranted or not, could materially and adversely affect our business, financial condition and results of operations.

Our continued success and growth heavily depend on the market's perception of the technological advancements we offer, as well as the quality and reliability of our solutions. Our brand reputation could be jeopardized by product defects, liability claims, incident reports, or negative publicity, which could stem from various sources including the media or other forms of negative publicity about our industry, our brands, our solutions, our company, our directors, our employees, or our business partners. For instance, adverse publicity or media coverage about the driving assistance solutions industry or overall vehicle industry, or traffic or safety accidents, whether directly related to us or not, could negatively influence general consumer perceptions and diminish confidence in driving assistance technologies.

We cannot guarantee that our efforts in enhancing brand image will always be successful. Failure to promptly address negative publicity could result in reputational damage, divert management's focus and resources from other critical business activities, and potentially lead to a decline in product sales.

Our solutions may contain certain defects that expose us to product liability and other claims, which could damage our reputation, incur significant expenses, reduce market demand and attract increased regulatory scrutiny.

Our driving assistance solutions are sold to OEMs for integration into specific vehicle models and are subject to stringent technical and manufacturing requirements. While we have implemented quality control measures, we cannot guarantee that our solutions will be free from defects, errors or reliability issues during development or deployment. Any such issues may affect customer satisfaction, harm our reputation and limit future collaboration opportunities. Given the complexity of our solutions, undetected defects or vulnerabilities may result in safety incidents, including accidents, particularly if users are unfamiliar with the technology or if systems operate beyond their intended conditions. Such incidents could lead to litigation, regulatory scrutiny and negative publicity. In addition, issues may only become apparent after commercialization, potentially resulting in recalls, repairs or replacements and associated costs. This may also give rise to legal claims and reputational damage, which could affect customer demand and adversely impact our business and financial performance.

Additionally, any significant malfunctions or defects in our solutions could erode customer confidence in the broader market for driving assistance technologies. See "— If the market acceptance of our solutions and related technologies fails to sustain or grow, it could have an adverse impact on our business, financial condition and results of operations." As the market for driving assistance solutions is still emerging, any loss of confidence could materially and adversely affect not only our business prospects but also the future of the entire market.

Furthermore, the quality of components manufactured by third party-suppliers is largely dependent on the suppliers. We cannot assure you that the components we procure from our suppliers are safe and free of defects or can meet the relevant quality standards. In the event of any quality issues, we could be subject to complaints and product liability claims and we may not be able to seek indemnification from our suppliers. If we engage in legal proceedings against our suppliers, such proceedings may be time consuming and costly regardless of the outcomes. Any such issues may materially and adversely affect our business, results of operations and financial condition.

Any failure to effectively obtain, maintain, protect, defend or enforce our intellectual property rights may materially and adversely affect our business, financial condition and results of operations.

Our success partially relies on our capabilities to obtain patents and other intellectual property rights to maintain adequate legal protection for our technologies and solutions in the jurisdictions where we commercialize our solutions. Currently, we rely on a combination of patent, trademark, copyright and other intellectual property protection laws in the jurisdictions where we operate, fair trade practices, contractual arrangements and confidentiality procedures to establish and protect our proprietary technologies, know-how and other intellectual property rights. As of December 31, 2025, we maintained a patent portfolio with a total of 445 issued patents, including 209 inventions, 111 design patents and 125 utility model patents, 247 patent applications, 16 trademarks and 233 software copyrights registered in mainland China. See "Business — Intellectual Property." However, those measures only provide limited protection. We may encounter challenges in filing and prosecuting all necessary or desired patent applications within reasonable costs and timeframes. A failure to timely identify patentable innovations from our R&D activities could lead to a loss of patent protection, permitting competitors to develop and commercialize similar solutions, thereby potentially impacting our key solutions, technologies, and overall business.

Unauthorized parties may copy, reverse engineer, disclose, obtain, or use our technologies and solutions. Competitors might also develop similar or competitive technologies, solutions, or services, or design around our existing patents. Such activities could materially and adversely affect our competitive position. Engaging in legal proceedings to defend our intellectual property could result in substantial costs and divert our resources and management's attention from other strategic areas, potentially impacting our ability to innovate and manage our business effectively.

If we fail to maintain our licenses or other intellectual property-related agreements for the foundation of certain of our core technologies or if we otherwise experience disruptions to our business relationships, we could lose the ability to continue the development of our core technologies.

Our business relies in part on licensed and collaborative access to certain core technologies. If we fail to maintain these licenses or comply with the relevant agreements, or if our counterparties fail to perform their obligations, our ability to develop and commercialize our solutions may be adversely affected. Any breach or termination of such agreements could result in the loss of our rights to use the relevant technologies, and we may not be able to preserve or replace such rights on acceptable terms, or at all. In addition, disputes may arise regarding the scope of rights, use of intellectual property, performance obligations or ownership of resulting technologies, which could disrupt our collaborations or delay development and commercialization. Any of the foregoing may limit our ability to continue developing and commercializing our solutions and adversely affect our business, financial condition and results of operations.

We may be subject to third-party claims on intellectual property which may incur liabilities including financial penalties or injunctions, resulting in significant cost and materially and adversely impact our business operations.

We operate in the highly competitive driving assistance solutions industry, where intense R&D investment and the protection of derived technologies are common among competitors. Consequently, there is a risk that third parties may have independently developed similar technologies or acquired them through other means. If we do not promptly and effectively secure our intellectual property and a third party successfully files or registers a similar technology under relevant laws before us, we could face intellectual property claims. Whether these claims are valid or not, they could lead to substantial legal expenses, divert our management's resources and attention, and potentially damage our reputation.

Should a claim of infringement be successfully asserted against us, we may be compelled to cease selling, integrating, or using products or services that involve the disputed intellectual property. This situation could result in substantial liability for damages. In such cases, we may need to seek a license from the holder of the infringed intellectual property right, which may not be available on favorable terms or at a reasonable cost, if available at all. Alternatively, we may need to re-engineer our solutions to avoid infringement. The failure or inability to obtain a necessary license or to re-engineer solutions could have a material and adverse impact on our business, financial condition, and operational results.

We may be unable to protect the confidentiality of our trade secrets, and we may be subject to claims that our employees or third parties have wrongfully used or disclosed alleged trade secrets owned by others.

We rely on trade secrets, including unpatented know-how, technology and other proprietary information in addition to our existing patents and pending patent applications to protect our solutions, enabling us to maintain a competitive position in the market. We protect these trade secrets, in part, by entering into non-disclosure and confidentiality agreements, non-compete covenants or including such undertakings in the agreements with employees and business partners. We also seek to enter into agreements with our employees that obligate them to assign any inventions created during their work for us to us. See "Business — Intellectual Property."

There is no guarantee that intentional or inadvertent unauthorized use or disclosure of our proprietary confidential information will not occur. However, we may fail to enter into the necessary agreements, and even if entered into, these agreements may be breached or may otherwise fail to prevent disclosure, third-party infringement, or misappropriation of our proprietary information, may be limited as to their term, and may not provide an adequate remedy in the event of unauthorized disclosure or use of proprietary information. Despite taking legal action against those responsible for unauthorized disclosures, it is possible that a competitor may utilize such disclosure and gain access to our confidential information and exploit it, compromising our competitive position. Furthermore, disputes may arise regarding the rights to related or resulting know-how and inventions if our employees or business partners utilize intellectual property owned by others in their work for us. Furthermore, if the employees who are parties to these agreements breach or violate the terms of these agreements, we may not have adequate remedies for any such breach or violation.

Moreover, as the driving assistance solutions industry is highly competitive, our competitors have invested in research and development of new technologies, thus it is possible that technology relevant to our business will be independently developed by third parties. As a result, we may be involved in claims by or against us related to the ownership of such intellectual property, and enforcing a claim that a third party illegally obtained and is using any of our trade secrets is expensive and time-consuming, and the outcome is unpredictable. If we fail to prosecute or defend any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights, face diminished competitiveness and a decrease in market share. Even if we are successful in prosecuting or defending against such claims, litigation could result in substantial costs and be a distraction to our management research and development personnel. If any of the above occurs, it may materially and adversely affect our business, financial condition and results of operations.

We face certain risks relating to our collaboration with business partners.

We have engaged and plan to continue engaging in collaborations with other companies in the driving assistance solutions industry to enhance our technology, commercialize our solutions, and drive market acceptance. However, we may face difficulties in successfully negotiating new definitive agreements with these business partners, and such agreements may not always be on favorable terms. Additionally, we might need to identify, negotiate and establish relationships with other third parties. There is no guarantee that we will successfully secure definitive agreements with these parties on attractive terms, or at all, which could result in increased costs for us to develop and provide these capabilities. In addition, there is no guarantee that our collaboration with business partners may lead to significant revenue increase.

Collaborating with business partners involves various risks, some beyond our control. Our agreements may contain termination clauses that allow either party to end the contract with or without cause. Termination of a partnership could delay or even halt our research and development efforts. Furthermore, there may be limitations on the scope of our collaborations specified in these agreements. Future agreements could also include exclusivity clauses that restrict our ability to work with other persons, potentially those with superior technology or preferred partnership opportunities. Delays may arise if partners do not adhere to agreed-upon timelines or encounter capacity issues. Disputes over budgets or funding for joint projects are also possible, which could result in potential delays of the overall projects or potential termination of such projects. Additionally, potential disputes with partners, particularly concerning intellectual property rights, might occur, which could harm our relationship with such partners on other business perspectives beyond specific collaboration projects. Any of the foregoing could adversely affect our business, results of operations and financial condition. It is crucial to recognize and manage these potential challenges and risks linked to our collaborative efforts.

Our success depends on the continuing efforts of our key management and capable personnel performing vital functions.

Our success and future growth depend largely upon the continued services of our executive officers and other key employees. We also rely on our leadership team in the areas of research and development, manufacturing, marketing, sales, services, and general and administrative functions. From time to time, there may be changes in our executive management team resulting from the hiring or departure of executives, which could disrupt our business. We do not have employment agreements with our executive officers or other key personnel that require them to continue to work for us for any specified period, and they could terminate their employment with us at any time. The loss of one or more of our executive officers or other key employees and any failure to develop an appropriate succession plan for these persons could have a serious adverse effect on our business and results of operations.

In addition, the future success of our company also depends significantly on the continued efforts to attract, motivate and retain our key individuals, including management, technical staff, executives, engineers, and sales representatives. See "— If we fail to attract, recruit, retain R&D talents, or our significant R&D efforts do not generate expected outcomes, our business, financial condition and results of operations may be materially and adversely affected."

If we fail to attract, recruit, retain R&D talents, or our significant R&D efforts do not generate expected outcomes, our business, financial condition and results of operations may be materially and adversely affected.

We rely on our R&D talents to advance our technologies, develop and commercialize our new solutions, and improve our existing solutions. We have maintained a capable and experienced in-house R&D team during the Track Record Period. As of December 31, 2025, we had 459 research and development personnel, accounting for 64.5% of our total employees as of the same date. We view our ability to attract, recruit and retain a wide range of capable and experienced research and development talents as crucial to our sustained growth, and have implemented comprehensive incentive initiatives for our R&D staff. See "Business — Employees."

However, we cannot guarantee that our various incentive initiatives will be sufficient to attract, recruit and retain the necessary R&D talents. The competition for talent in the driving assistance solutions industry, both in China and globally, is highly intense. We may need to offer higher compensation and additional benefits to attract and retain these individuals. However, even with these incentives, there is no assurance that these talented individuals will choose to join or remain with us. If we fail to attract or retain R&D talents with the required expertise, it could lead to delays or disruptions in our R&D projects, which could result in damage to our competitiveness in the market.

Any misconduct or non-compliance with relevant laws and regulations of our affiliates, customers, suppliers and other business partners could disrupt our business, damage our reputation, and materially and adversely affect our business, financial condition and results of operations.

Our business operations and reputation are significantly influenced by the conduct of our affiliates, customers, suppliers and other business partners. We cannot assure you that our affiliates, customers, suppliers and other business partners will not incur liabilities or suffer losses due to any misconduct or non-compliance. If we fail to identify misconduct or non-compliance in the business practices of our affiliates, customers, suppliers and other business partners, or any other third parties we conduct business with, or if such misconduct or non-compliance will not be corrected in a prompt and proper manner, our business activities and reputations could be harmed, which may in turn affect our business, financial condition and results of operations.

Any misconduct by these parties, including fraudulent activities, non-compliance with laws and regulations, unethical business practices, or any other actions that are inconsistent with our corporate policies and values, could result in legal proceedings, regulatory fines and other penalties, further damaging our reputation, eroding consumer trust and leading to loss of business, decreased market share and potential difficulties in attracting and retaining business partners.

We are subject to security breaches and other disruptions to our in-vehicle systems and related data, which could jeopardize the safety of our end-users and damage customers' confidence and satisfaction in our solutions.

Our driving assistance solutions, which are integrated into vehicles and used by end-users, rely on complex technologies and information technology systems. These systems interact with critical vehicle functions such as the engine, steering, and braking. To mitigate the risk of unauthorized access, we have implemented robust security measures and conducted extensive testing on data security. For detailed measurements implemented to address cybersecurity concerns, see "Business — Data Privacy and Security."

Despite these precautions, there is a potential risk that hackers may attempt to gain unauthorized access in the future, aiming to modify or alter the functionality, user interface, and performance of vehicles equipped with our solutions. They could also attempt to access the data stored in or generated by these vehicles. Additionally, as our solutions may include cloud-based enhancements and support OTA updates, they could be more susceptible to cyber threats. We store the data on cloud servers, and any unauthorized breach or access to this data poses potential risks of malfunctions in our in-vehicle systems. Cybersecurity attacks targeting our systems, especially those related to automotive safety and sensitive data, could potentially cause bodily harm or even fatalities. Unauthorized access or control of vehicles using our solutions could compromise their safety, lead to legal or regulatory claims, and result in liability or regulatory penalties.

Failures to comply with data privacy, data protection, and information security requirements could subject us to liability, damage our reputation, or result in legal or regulatory proceedings which may adversely and materially impact our business, financial condition and results of operations.

Our provision of driving assistance solutions calls for substantial amount of data. We also collect and process personal information from selected qualified third-party data providers for DMS research and development purpose. Thus, we are subject to various laws and regulations concerning data security and privacy. Recently, the governments worldwide have placed increasing emphasis on privacy and data protection regulations. The PRC government, in particular, has implemented a series of laws, regulations, and policies to safeguard personal data. However, the interpretation and application of these laws, regulations, and standards related to cybersecurity, data protection, and privacy remain uncertain and are constantly evolving, which may create uncertainty regarding our responsibilities in this area. See "Regulatory Overview — PRC Laws and Regulations — Regulations on Internet Information Security, Privacy Protection and Automotive Date Security — Internet Information Security." Any failure or perceived failure of compliance could lead to potential legal proceedings or actions initiated by government entities or other parties. Should any of such occur, it could materially and adversely impact our reputation, thereby harming our business, financial condition and results of operations.

Any significant failure, weakness, interruption, cyber event, incident, or breach of security of our operational systems, security systems, infrastructure and integrated software could subject us to cybersecurity risks and hinder the availability and effectiveness of our solutions.

We heavily rely on information technologies within our operational systems to conduct our business, which encompass a wide range of functions, including those related to business operations, finance, accounting, product development, data processing, and production processes. Therefore, we are exposed to the risk of interruptions, outages, and breaches in various operational systems. Additionally, our facility security systems, in-product technology, integrated software and operational data are also susceptible to cyber incidents. We cannot guarantee the effective implementation, maintenance, or expansion of the operational systems we rely on, including those of our third-party vendors or suppliers. Any cyber incidents or any failure to successfully implement, maintain or expand our operational systems could disrupt these systems, result in the loss of intellectual property or trade secrets, compromise operational data, jeopardize facility security, or impact the performance of our solutions.

Furthermore, cyber incidents can be caused by natural disasters, insider actions (both inadvertent and malicious), or sophisticated targeted attacks by malicious third parties. These attackers may employ hacking, fraud, deception, or other methods to bypass firewalls, encryption, and other security defenses. Detecting such attacks can be challenging as cyber attackers frequently change their techniques. Implementation of information technology measures to protect against intellectual property theft, data breaches and other cyber incidents requires ongoing updates and improvements. We cannot guarantee that these measures will be sufficient to detect, prevent, or mitigate cyber incidents. Implementing, maintaining, segregating, and improving these systems require significant management time, support, and cost. Furthermore, there are inherent risks associated with developing, improving, expanding, and updating our current systems, which may disrupt various processes such as data management, procurement, production execution, finance, supply chain, sales, and service. These risks can affect our ability to manage data and inventory, procure parts or supplies, produce, sell, deliver, and service our solutions, protect our intellectual property, and comply with applicable laws, regulations, and contracts.

Any delays, disruptions or cost overruns of our manufacturing activities may materially and adversely affect our business, financial condition and results of operations.

Our business operations depend on our manufacturing capabilities. We operate a manufacturing facility in Wuzhen, Zhejiang, which enables us to control quality, costs, and production timelines. Disruptions or inefficiencies in our production processes, whether due to equipment malfunctions, labor disputes, supply chain issues, or other unforeseen circumstances, could severely impact our ability to meet customer demand and maintain our market position. In addition, we outsource certain components to third party manufacturers. As we do not have direct control over the production schedule and quality of the materials and intermediate products manufactured or supplied by such third parties, we are exposed to risks relating to the delay of delivery and quality of such materials and intermediate solutions. Such issues could result in lost sales, customer dissatisfaction, and potential harm to our reputation.

Additionally, equipment malfunctions or breakdowns may cause production delays and affect our ability to meet production targets. Such failures might necessitate costly repairs or replacements, leading to additional expenses and prolonged downtime. Unexpected maintenance issues could also disrupt production schedules and result in operational inefficiencies, diminishing our manufacturing capacity and profitability.

Delays, disruptions, or cost overruns in our manufacturing activities can have significant negative effects on our financial condition and operational results. These effects may comprise increased operating expenses, reduced profit margins, decreased revenue due to missed sales opportunities, and potential penalties or contractual liabilities for failing to meet customer commitments.

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

We require a certain number of operators on our production line as part of our continuous efforts to develop automated production process to enhance production efficiency. As a result, labor shortages or workforce disruptions can also pose significant risks to our manufacturing activities. Inadequate staffing levels or the inability to attract and retain skilled workers may result in production delays and increased labor costs.

We cannot guarantee we would not face any labor-related issues, including labor disputes, strikes, or the inability to attract and retain qualified workers, which may lead to work stoppages or labor shortages and significantly impact our ability to meet customer demands and fulfill orders within the expected timeframes. Furthermore, such labor-related matters could incur addition costs associated with resolving labor disputes, hiring temporary workers, or implementing contingency plans to mitigate the impact of labor shortages. These additional expenses, coupled with potential revenue losses from delayed deliveries, may negatively affect our profitability and overall results of operations.

Our reputation for reliability and timely delivery is crucial to maintaining and expanding our customer base. Any delays in production of our solutions could potentially harm our reputation and result in dissatisfied customers, which could lead to potential loss of business. Any negative impact on our reputation may lead to decreased customer loyalty, reduced sales, and ultimately, adverse effects on our financial performance.

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

We are subject to numerous environmental, fire protection, drainage or health and safety laws and regulations, including but not limited to those governing the handling, use, storage, treatment and disposal of hazardous materials and wastes discharge of stationary pollution sources. The cost of compliance with health and safety regulations is substantial. Our manufacturing activities involve the controlled storage, use and disposal of hazardous materials. We cannot eliminate the risk of contamination or injury from these materials, which could cause an interruption of our commercialization efforts, research and development efforts and business operations. In addition, we may be required to incur substantial costs to comply with current or future environmental, health and safety laws and regulations which are complex, change frequently and have tended to become more stringent. In the event of an accident or environmental discharge, we may be held liable for any consequential damage and any resulting claims for damages, which may exceed our financial resources and may materially adversely affect our business, financial condition, results of operations and future growth prospects.

Failure to comply with anti-corruption laws and regulations, or effectively manage our employees, affiliates and business partners, could severely damage our reputation, and materially and adversely affect our business, financial condition, results of operations and prospects.

We have adopted stringent internal policies to ensure compliance of our business with applicable laws and regulations. However, we are still subject to risks in relation to actions taken by us, our employees, affiliates or business partners that constitute violations of the anti-corruption laws and regulations. We cannot guarantee that we maintain compliance to the applicable laws and regulations at all times or across jurisdictions where we operate our business. If we, our employees, affiliates or business partners violate these laws, rules or regulations, we could be subject to fines and/or other penalties. Actions by PRC regulatory authorities or the courts to provide an interpretation of PRC laws and regulations that differs from our interpretation or to adopt additional anti-bribery or anti-corruption related regulations could also require us to make changes to our operations. Our reputation, corporate image, and business operations may be materially and adversely affected if we fail to comply with these measures or become the target of any negative publicity as a result of actions taken by us, our employees, affiliates or business partners, which may in turn have a material adverse effect on our business, financial condition, results of operations and prospects.

Our future share-based payments may cause shareholding dilution to our existing Shareholders, which may have a material and adverse effect on our financial performance.

In 2023, 2024 and 2025, we recorded RMB13.8 million, RMB33.3 million and RMB28.0 million, respectively, in share-based payment expenses. To further incentivize our employees, we may incur additional share-based payment expenses in the future. Expenses incurred with respect to such share-based payments may also increase our operating expenses and therefore have a negative effect on our financial performance. Issuance of additional H Shares with respect to such share-based payments may dilute the shareholding of our Shareholders and could result in a decline in the value of our H Shares.

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

We maintain various insurance policies based on our operational needs and industry standards during our course of business and cooperation with business partners, including employee business insurance, inventory property insurance, and logistics and transportation insurance. We do not, however, carry insurance in respect of certain risks that we believe are not insured under customary industry practice in China, or which are uninsurable on commercially acceptable terms, if at all, such as those caused by war, nuclear contamination, tsunami, pollution, acts of terrorism and civil disorder. Accordingly, there may be circumstances in which we will not be covered or compensated, in part or at all, for specific losses, damages and liabilities.

In addition, we cannot assure you that our insurance coverage is sufficient to prevent us from any loss or that we will be able to successfully claim our losses under our current insurance policies on a timely basis, or at all. If we incur any loss that is not covered by our insurance policies, or the amount of compensation is significantly less than our actual loss, our business, financial condition and results of operations may be materially and adversely affected.

Our business may be materially and adversely affected by force majeure events, natural disasters or outbreaks of contagious diseases.

Any future occurrence of force majeure events, natural disasters or outbreaks of epidemics and contagious diseases may lead to power outages, communication interruptions, and transportation disruptions, which may materially and adversely affect our business, financial condition and results of operations. An outbreak of an epidemic or contagious disease could result in a widespread health crisis and restrict the level of business activities in affected areas, which may, in turn, materially and adversely affect our business. Moreover, natural disasters such as snowstorms, earthquakes, fires, and floods can cause physical damage to our production facilities, equipment, and inventory which could result in production delays, inventory shortages and obsolete, which could increase our impairment and costs for repairs and replacements.

Our failure to fulfill our obligations in respect of contract liabilities may materially and adversely affect our liquidity and financial position.

Our contract liabilities mainly arise from the advance payments made by customers while the underlying services or goods are yet to be provided. We recorded contract liabilities of RMB13.7 million, RMB11.2 million and RMB17.4 million as of December 31, 2023, 2024 and 2025, respectively. For further details, see "Financial Information — Discussion of Certain Key Items from Our Consolidated Statements of Financial Position — Contract liabilities" in this Document. There is no assurance that we will be able to fulfill our obligations in respect of contract liabilities as the fulfillment of our performance obligations is subject to various factors that are beyond our control, including the supply of materials and components, and the normal operation of our business. If we are not able to fulfill our obligations with respect to our contract liabilities, the amount of contract liabilities will not be recognized as revenue, and we may have to refund the advance payment made by our customers. As a result, our liquidity and financial position may be adversely affected.

RISKS RELATING TO THE JURISDICTION IN WHICH WE OPERATE

Changes in the laws and regulations of the jurisdiction in which we operate may affect our business, financial condition and results of operations.

We primarily operate in mainland China and are subject to the civil law system based on written statutes. Unlike the common law system, prior court decisions under the civil law system may be cited for reference but have limited precedential value. Laws and regulations that are recently enacted may not sufficiently cover all aspects of economic activities in the market. In particular, the application of some of these laws and regulations to our business is still evolving. Since local administrative and court authorities have certain discretion in interpreting and implementing statutory provisions and contractual terms in accordance with relevant laws and regulations, it may be difficult to evaluate the outcome of administrative and court proceedings. Local courts may have discretion to reject enforcement of foreign awards or arbitration awards in accordance with relevant laws and regulations. These factors may affect our judgment on the relevance of legal requirements and our ability to enforce our contractual rights or claims. In addition, regulatory changes may be exploited through unmerited or frivolous legal actions, claims concerning the conduct of third parties or threats in an attempt to extract payments or benefits from us. Furthermore, administrative and court proceedings may be protracted, resulting in substantial costs and diversion of resources and management's attention.

Changes in the economic, political or social conditions or government policies in the countries and regions where we operate could affect our business, financial condition and results of operations.

A substantial part of our assets and operations are located in China. Accordingly, our business, financial condition and results of operations are affected to a significant extent by the general political, economic and social conditions. Economic conditions, such as inflation, recession, or currency fluctuations, can affect consumer purchasing power and demand for our solutions. Changes in government policies, such as changes in trade policies, tax laws, or regulations, can impact our operational costs, market access, and business strategies. In addition, social conditions, including changes in consumer preferences, social norms, or demographic trends, can also affect the demand for our solutions. In addition, the global macroeconomic environment is facing challenges. For example, the public health event has caused significant downward pressure for the global economy, and many major economies have lowered their expected growth rate. It is unclear whether these challenges and uncertainties will be contained or resolved, and what effects they may have on the global political and economic conditions in the long term.

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

Our operations may be negatively affected by any deterioration in the political and economic relations among countries and restrictions and export controls administered by the government authorities in the countries in which we operate, and other geopolitical challenges, including, but not limited to, economic and labor conditions, increased duties, taxes and other costs and political instability. For example, the U.S. government imposed economic and trade restrictions directly or indirectly affecting China-based technology companies.

Since February 2025, the U.S. administration has cumulatively imposed additional 145% tariffs on Chinese imports. On April 11, 2025, China has responded by hiking its levies on U.S. imports to 125%. Currently, after the China-U.S. economic and trade consultations in Kuala Lumpur in October 2025, the reciprocal tariff rate of U.S. duty on goods from China has been retained as 10%, and additional 24 percentage points of that rate has been suspended until November 10, 2026. Also the counter-tariff rate of PRC duty on goods from U.S. has also been retained as 10%, and additional 24 percentage points of that rate has been suspended. The United States Supreme Court's decision on February 20, 2026, however, determined that the President lacks authority under IEEPA to impose tariffs, thereby rendering the reciprocal tariffs and the "fentanyl-related" tariffs imposed pursuant to IEEPA invalid. On February 24, 2026, a 10% global baseline tariff under Section 122 of the Trade Act of 1974 became effective for a 150-day period, notwithstanding the U.S. President's prior announcement of the intent to impose a tariff of up to 15% for the same duration under the same statutory authority. Historically, tariffs have led to increased trade and political tensions, between the U.S. and China, as well as between the U.S. and other countries. Political tensions as a result of trade policies could reduce trade volume, cross-border investment, technological exchange, and other economic activities between major economies, resulting in a material adverse effect on global economic conditions and the stability of global financial and stock markets. Moreover, the heightened geopolitical uncertainty and potential for further escalation may discourage investments in securities issued by China-based issuers (including us) and affect the global macroeconomic environment.

In addition, the EU imposed countervailing duties of 17% to 35.3% (except for Tesla, which has been assigned a countervailing duty of 7.8%) on EVs from China for five years starting October 30, 2024 on top of the EU's standard 10% car import duty. Such laws and regulations are likely subject to frequent changes, and their interpretation and enforcement involves substantial uncertainties, which may be heightened by national security concerns or driven by political or other factors that are out of our control. The increased tariffs imposed by the EU and the United States will directly impact our Chinese OEM customers, and in particular, the increased tariffs imposed by the E.U. may indirectly affect downstream demand for vehicles equipped with our products, which may have an indirect negative impact on our business, operations, and financial performance as well. In addition, in the event that our driving assistance solutions are exported directly to the EU, the United States or other jurisdictions that have similar tariffs, we may be subject to such increased duties as well. There is also risk relating to the future relationship between the United States and China and the EU and China with respect to trade policies, treaties, government regulations and tariffs. Such potential uncertainties and restrictions, as well as any associated inquiries or investigations or any other government actions, may be difficult or costly to comply with and may, among other things, delay or impede the development of our technology and solutions, hinder the stability of our supply chain, negatively affect the market demand for our offerings, and may result in negative publicity, require significant management time and attention and subject us to fines, penalties or orders that we cease or modify our existing business practices. Moreover, the escalated Palestinian-Israeli conflict, the war in Ukraine and the imposition of broad economic sanctions on Russia could raise energy prices and disrupt global markets. Unrest, terrorist threats and the potential for war in the Middle East and elsewhere may increase market volatility across the globe. Any circumstance mentioned above may have a material and adverse effect on our business, financial condition and results of operations. For detailed discussion, see "Summary — Impact of the Tariffs" and "Business — Supply of Raw Materials and Components".

Meanwhile, we are subject to the risk that we, our employees or our affiliates may take action determined to be in violation of anti-corruption laws in any jurisdiction in which we conduct business, including the U.S. Foreign Corrupt Practices Act ("**FCPA**"). Any violation of the FCPA or any similar anti-corruption law or regulation could result in substantial fines, sanctions, civil and/or criminal penalties and curtailment of operations in certain jurisdictions and might adversely affect our reputation, business, results of operations and financial condition.

In recent years, the United States has increased export controls restrictions on China through the Export Administration Regulations (the "**EAR**"), administered by the Bureau of Industry and Security of the U.S. Department of Commerce ("**BIS**"), which includes a list of foreign persons on which certain trade restrictions are imposed, including businesses, research institutions, government and private organizations, individuals and other types of legal persons (the "**Entity List**"). Where a foreign person is included on the Entity List, the export, re-export and/or transfer (in-country) of items which are subject to the EAR generally is prohibited unless the specified license requirements are met. For instance, in 2019 and 2020, the U.S. government announced several executive orders and regulations effectively barring American firms from selling, exporting, re-exporting, or transferring U.S.-origin technology, components and software, among other items, to Chinese technology companies and their respective affiliates. In May 2020, BIS announced plans to restrict certain Chinese companies and their overseas-related affiliates' ability to use U.S. technology and software to design and manufacture their products. Since October 2022, BIS released broad changes in export control regulations, including new regulations restricting the export to China of advanced semiconductors, supercomputer technology, equipment for the manufacturing of advanced semiconductors, and components and technology for the manufacturing in China of certain semiconductor manufacturing equipment. These restrictions or regulations, and similar or more expansive restrictions or regulations that may be imposed by the U.S. or other jurisdictions in the future, may materially and adversely affect our ability to acquire technologies, systems, devices or components that may be critical to our technology infrastructure, service offerings and business operations. In addition, these restrictions or regulations may involve uncertainties and fluctuations, which may impose new restrictions to the business activities of companies involved in the driving assistance industry from time to time. There can be no assurance that the current and/or future restrictions or regulations implemented by the U.S. government, or authorities in other jurisdictions, and related developments, will not have a negative impact on our business operations or reputation. If certain of our customers and suppliers are listed on the Entity List and subject to restrictions from sourcing or selling technologies, software, or components from/to us, there is no guarantee that we will be able to obtain as well as extend and maintain the requisite regulatory permits in relation to our transactions with these customers and suppliers, or that such permits will cover all our existing and potential transactions with such customers and suppliers. We cannot be certain what additional export control actions the U.S. government may take that could impact our solutions, suppliers or customers. As of the Latest Practicable Date, such restrictions or regulations have not had any material adverse effect on our business operations, and based on our current understanding and interpretation, we do not expect that they would materially and adversely impact our business operations.

The U.S. government under the President Donald J. Trump's leadership could further expand the scope of items subject to the EAR in a manner that captures our solutions. Additional actions could also take the form of additional designations on the Entity List, which could make our solutions subject to the EAR for certain transactions if involving those parties. In addition, the political landscape in the United States could affect U.S. government's attitude towards China and increase the likelihood of the imposition of further restrictions on semiconductor-focused export to companies with substantial operations in China, in particular following the completion of the 2024 United States presidential election. The United States has implemented and has proposed additional restrictions, some of which may impact Chinese companies. For example, on June 21, 2024, the U.S. Department of the Treasury issued proposed regulations in a Notice of Proposed Rulemaking (the "**NPRM**") to implement E.O. 14105 ("**E.O.**"). On October 28, 2024, the U.S. Department of the Treasury released a final rule to implement the E.O., which became effective on January 2, 2025 (the "**OIR Final Rule**"). Notably, President Trump issued the America First Investment Policy Memorandum on February 21, 2025, which sets forth policy direction but does not itself amend the existing Outbound Investment Rule. On December 18, 2025, President Trump signed into law the National Defense Authorization Act for Fiscal Year 2026 ("**NDAA**"), including legislation that codifies and makes certain changes to the existing OIR Final Rule, including the addition of "hypersonic systems" and "highperformance computing and supercomputing" sectors. Until the U.S. Treasury issues implementing regulations, however, the current OIR Final Rule remains effective. See "Regulatory Overview — U.S. Laws and Regulations — Regulations on Outbound

Investments." The OIR Final Rule is aimed at exerting greater U.S. government oversight over U.S. direct and indirect investments involving China, and may introduce new hurdles and uncertainties for cross-border collaborations, investments, and funding opportunities of China-based issuers including us. Even though U.S. persons' acquisitions of certain publicly traded securities after this [**REDACTED**] will be exempted from the scope of covered transactions under the E.O., the E.O. could still limit our ability to raise capital or contingent equity capital from U.S. investors after this [**REDACTED**], or our ability to raise such capital may be significantly and negatively affected, which could be detrimental to our capital raising capacity and our business, financial condition and prospects.

On February 29, 2024, the U.S. Department of Commerce commenced a study on the risks that "connected vehicles" could pose to the United States and on March 1, 2024 published an advance notice proposed rulemaking ("**CV ANPRM**") that requested comments on issues related to inputs (including software and hardware) from certain countries, including China, to the U.S. information and communications technology and services ("**ICTS**") supply chain for connected vehicles in the United States. The CV ANPRM contemplates possible regulations to monitor, limit or ban these inputs. Following the public comment period on the CV ANPRM, on September 26, 2024, the BIS published a proposed rule that would prohibit the importation into the United States of certain vehicle connectivity system ("**VCS**") hardware from China or Russia. Additionally, the proposed rule would restrict the importation, sale, or distribution within the United States of completed connected vehicles incorporating VCS or autonomous driving system software from, as well as prohibit manufacturers owned by, controlled by, or under the jurisdiction of China or Russia from selling such vehicles in the U.S. The prohibitions would apply to VCS hardware and software that are designed, developed, manufactured, or supplied by entities owned by, controlled by, or under the jurisdiction of China or Russia. Comments on the proposed rule were due by October 28, 2024. The BIS issued a final rule cementing the procedures it will follow in investigating foreign adversary threats to information and communications technology and services (ICTS) transactions that may harm U.S. national security, pursuant to Executive Order 13873: *Securing the Information and Communications Technology and Services Supply Chain*. Such final rule became effective on February 4, 2025. Furthermore, other countries may continue to adopt semiconductor-focused export controls that could impact our solutions and operations.

The aforementioned restrictions, and similar or more expansive restrictions or sanctions, including sanctions currently imposed or may be imposed in the future by the Office of Foreign Assets Control of the United States or other relevant authorities in other jurisdictions, may materially and adversely affect our customers' and suppliers' ability to acquire or use technologies, systems, software, devices or components that may be critical to their products, service offerings and business operations, which in turn may adversely affect our business, results of operations and financial condition.

Any discontinuation of preferential tax treatments, government grants or imposition of any additional taxes and surcharges could adversely affect our financial condition and results of operations.

Our PRC subsidiaries are incorporated in the PRC and are governed by applicable PRC income tax laws and regulations. The EIT Law and its implementing rules, impose a statutory rate of 25% on PRC enterprises. Under the EIT Law, its implementation regulations and other relevant rules, companies qualified as "High and New Technology Enterprise" are entitled to enjoy a preferential EIT rate of 15%. Certain of our PRC subsidiaries have obtained qualification as a High and New Technology Enterprise and were subject to a reduced preferential tax rate of 15% during the Track Record Period. The discontinuation of any of our current tax treatments could materially increase our tax obligations and adversely impact our net income.

In 2023, 2024 and 2025, we recognized government grants of RMB8.5 million, RMB18.5 million, and RMB16.1 million as other income, respectively. Preferential tax treatments and incentives granted to us by PRC governmental authorities are subject to review and may be adjusted or revoked at any time in the future. We cannot guarantee that the preferential tax treatments and incentives to which our PRC subsidiaries are currently entitled would be successfully renewed. There can be no assurance that the local tax authorities will not, in the future, change their position and discontinue any of our current tax treatments, potentially with retrospective effect.

We may also operate in countries and regions overseas in the future. Due to the fact that the tax environment can vary in different jurisdictions and that the regulations regarding various taxes, including but not limited to corporate income tax, are complex, our future international operations may expose us to risks associated with the overseas tax policy changes. Dealing with such regulatory complexities and uncertainties may require us to divert more managerial and financial resources, which in turn could affect our results of operations.

We may be subject to additional regulatory requirements relating to new laws and regulations in connection with overseas listings issued by PRC government authorities.

PRC laws and regulations in relation to overseas issuance and listing of shares have been evolving. As a result, we may be required to make filings with or report to CSRC or other PRC regulatory authorities for our future capital raising activities. Any failure or perceived failure to make filing, report or comply with other applicable laws and regulations would have a material adverse effect on our future capital raising activities and result in negative publicity and legal proceedings or regulatory actions against us.

In addition, if the CSRC or other PRC regulatory authorities in the future promulgate new rules or explanations imposing further requirements that we obtain their approvals or complete the required filing or other regulatory procedures for this [**REDACTED**] or future capital raising activities, there can be no assurance that we will be able to obtain a waiver of such approval requirements, if and when procedures are established to obtain such a waiver. Any uncertainties or negative publicity regarding such approval, filing or other requirements could materially and adversely affect our business, prospects, financial condition, reputation, and the [**REDACTED**] of our Shares.

The CSRC or other PRC regulatory authorities may also take actions requiring us, or making it advisable for us, to halt this [**REDACTED**] or future capital raising activities before settlement and delivery of the Shares [**REDACTED**] hereby. Consequently, there is risk that settlement and delivery may not occur.

You may have limited recourse in effecting service of legal process or enforcing foreign judgments against us and our management.

We are a company incorporated under the laws of the PRC and the majority of our assets and subsidiaries are located in the PRC. The majority of our Directors and senior management reside within the PRC. The assets of these Directors and senior management may also be located within the PRC. As the cross-border service of legal process is typically cumbersome and time-consuming, it may be difficult for [**REDACTED**] outside China to effect service of legal process upon those persons residing in China or to enforce against us or them in China any judgments obtained from non-PRC courts. 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 China may be subject to uncertainties.

Furthermore, although we will be subject to the Listing Rules and the Takeovers Code upon the [**REDACTED**] 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.

You may be subject to taxation in mainland China.

Individual holders of H Shares who are not residents of mainland China and whose names appear on the register of members of H Shares ("non-mainland China resident individual holders") are subject to PRC individual income tax on dividends received from us. Pursuant to the Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) (Guo Shui Han [2011] No. 348) (國稅函[2011]348號), dated June 28, 2011, issued by the STA, dividends paid to non-mainland China resident individual holder of H Shares are generally subject to individual income tax of the PRC at the withholding tax rate of 10%, dependent on whether there is any applicable tax treaty between mainland China and the jurisdiction in which the non-mainland China resident individual holder of H Shares resides as well as the tax arrangement between mainland China and Hong Kong. Non-mainland China resident individual holders who reside in jurisdictions that have not entered into tax treaties with mainland China are subject to a 20% withholding tax on dividends received from us. See "Appendix III — Taxation and Foreign Exchange — Taxation of Security Holders — The PRC Taxation." In addition, under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) and its implementation regulations, non-mainland China resident individual holders of H Shares are subject to individual income tax at a rate of 20.0% on gains realized upon the sale or other disposition of H Shares. However, pursuant to the Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the MOF and the STA on March 30, 1998, gains of individuals derived from the transfer of listed shares in enterprises may be exempt from individual income tax. As of the Latest Practicable Date, no aforesaid provisions have expressly provided that whether individual income tax shall be levied from non-mainland China resident individual holders on the transfer of shares in mainland China resident enterprises listed on overseas stock exchanges. If such tax is collected in the future, the value of such individual holders' investments in H Shares may be materially and adversely affected.

Under the EIT Law and its implementation regulations, a non-mainland China resident enterprise is generally subject to EIT rate of 10% with respect to its mainland China-sourced income, including dividends received from a mainland China company and gains derived from the disposal of equity interests in a mainland China company, subject to reductions under any special arrangement or applicable treaty between mainland China and the jurisdiction in which the non-mainland China resident enterprise resides. See "Appendix III — Taxation and Foreign Exchange — Taxation of Security Holders — The PRC Taxation." If such tax is collected in the future, the value of such non-mainland China resident enterprise holders' [**REDACTED**] in H Shares may be materially and adversely affected.

Fluctuations in exchange rates could result in foreign currency exchange losses or a decrease in our gross profit margin.

We are subject to foreign exchange risk arising from future commercial transactions and recognized assets and liabilities which are denominated in non-RMB and net investment in foreign operations. We recorded net foreign exchange losses of RMB0.7 million, RMB0.7 million and RMB1.1 million in 2023 and 2024 and 2025, respectively. The value of RMB against other currencies may fluctuate, subject to changes resulting from relevant government's policies and depends to a large extent on domestic and international economic and political developments as well as supply and demand in the local market. It is difficult to predict how market forces or government policies may impact the exchange rates between the RMB and the U.S. dollar or other currencies in the future.

Failure to comply with the PRC Social Insurance Law and the Regulation on the Administration of Housing Provident Funds may subject us to fines and other legal or administrative sanctions.

Companies operating in China are required to participate in various employee benefit plans, including social insurance, housing provident funds and other welfare-oriented payment obligations. The amounts of contributions should be equal to prescribed percentages of salaries, including bonuses and allowances, of our employees up to a maximum amount specified by the local governments from time to time, at the locations where we operate our businesses. The requirement of employee benefit plans has not been implemented consistently by the local governments in China given the different levels of economic development in different locations. The relevant government authorities may examine whether an employer has made adequate payments of the requisite employee benefit payments, and employers who fail to make adequate payments may be subject to late payment fees, fines and/or other penalties. Pursuant to the Urgent Notice on Implementing the Spirit of the Executive Meeting of the State Council in Stabilizing the Collection of Social Security Contributions (《人力資源社會保障部辦公廳關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知》) issued by the Ministry of Human Resources and Social Security on September 21, 2018, it is strictly prohibited for the relevant authorities to collectively initiate and proactively collect historical outstanding social security contributions from enterprises. During the Track Record Period, we have not received any notices, complaints or demand for payment of these outstanding contributions from the relevant government authorities. We have obtained the written confirmations from the relevant government authorities in charge of social insurance and housing provident fund that, during the Track Record Period, there was no record indicating that we violated any laws, regulations or rules in relation to social insurance and housing provident fund, and there was no record of any administrative penalty against us for such violation.

As advised by our PRC Legal Advisor, based on the confirmation letters issued by the competent local authorities, during the Track Record Period, we were not in violation of applicable laws and regulations related to social insurance and housing provident funds in all material aspects, which will subject us to payments of outstanding contributions or administrative penalties by the local competent authorities. There is no assurance that our historical and current practice with respect to the contribution of social insurance plans will at all times be deemed in full compliance with relevant laws and regulations in mainland China by government authorities. In the event of any such non-compliance, we may be required to pay any shortfall in social insurance contributions within a prescribed time period and to pay penalties if we fail to do so. As advised by our PRC Legal Advisor, (i) under the Regulations on Administration of Housing Provident Fund, (a) if we fail to complete housing provident fund registration before the prescribed deadlines, we may be subject to a fine ranging from RMB10,000 to RMB50,000 for each non-compliant subsidiary or branch; and (b) if we fail to pay housing provident fund contributions within the prescribed deadlines, we may be subject to an order by the relevant people's court to make such payments; and (ii) according to the PRC Social Insurance Law, (a) for outstanding social insurance fund contributions that we did not fully pay within the prescribed deadlines, the relevant PRC authorities may demand that we pay the outstanding social insurance contributions within a stipulated deadline and we may be liable for a late payment fee equal to 0.05% of the outstanding contribution amount for each day of delay; and (b) if we fail to make such payments, we may be liable to a fine of one to three times the outstanding contribution amount.

We are subject to risks in relation to leased properties.

As of the Latest Practicable Date, we had signed eight property lease agreements in the PRC in respect of eight leased properties with a total area of approximately 26,873.8 square meters. Among these properties, the lease agreements for the six properties have not been registered and filed with the relevant PRC authorities in accordance with PRC laws and regulations. As advised by our PRC Legal Advisor, we may be subject to penalties of RMB1,000 to RMB10,000 for each of the above-mentioned non-registered lease should we and our landlords fail to register the lease agreements upon request by the relevant authority.

RISKS RELATING TO THE [REDACTED]

There has been no prior [REDACTED] for our H Shares and the liquidity and [REDACTED] of our H Shares may be volatile.

Prior to completion of the [**REDACTED**], there was no [**REDACTED**] for our Shares. There can be no guarantee that an active [**REDACTED**] for our Shares will develop or be sustained after completion of the [**REDACTED**]. The [**REDACTED**] is the result of negotiations between the Group and the [**REDACTED**] (for themselves and on behalf of the [**REDACTED**]), which may not be indicative of the [**REDACTED**] at which our Shares will be [**REDACTED**] following completion of the [**REDACTED**]. The [**REDACTED**] of our Shares may drop below the [**REDACTED**] at any time after completion of the [**REDACTED**]. We have applied to the Hong Kong Stock Exchange for [**REDACTED**] of, and permission to [**REDACTED**], our [**REDACTED**]. A [**REDACTED**] on the Hong Kong Stock Exchange, however, does not guarantee that an active and liquid [**REDACTED**] for our H Shares will develop, or if it does develop, that it will be sustained following the [**REDACTED**], or that the [**REDACTED**] of the H Shares will not decline following the [**REDACTED**].

The [**REDACTED**] and [**REDACTED**] of our H Shares may be highly volatile. Several factors, some of which are beyond our control, such as variations in our operating and financial results, changes in our pricing policy, the emergence of new technologies, development in laws and regulations in regions where we operate, political, economic, financial and social developments in regions where we operate and in the global economy, strategic alliances or acquisitions, the addition or departure of key personnel or senior management, 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 [**REDACTED**] at which our H Shares will [**REDACTED**]. Furthermore, the business and performance and the market price of the shares of other companies engaging in similar business may affect the [**REDACTED**] and [**REDACTED**] of our H Shares. In addition, the Hong Kong Stock Exchange and other securities markets have, from time to time, experienced significant price and volume volatility that is not related to the operating performance of any particular company.

You will incur immediate and significant dilution and raising additional Shares or other equity securities in the future may cause further dilution or restrict our operation.

The [**REDACTED**] of the [**REDACTED**] is higher than the net tangible asset value per Share immediately prior to the [**REDACTED**]. Therefore, purchasers of the [**REDACTED**] in the [**REDACTED**] will experience an immediate dilution in [**REDACTED**] consolidated net tangible asset value. There can be no assurance that if we were to immediately liquidate after the [**REDACTED**], any assets will be distributed to Shareholders after the creditors' claims. To expand our business, we may consider offering and issuing additional Shares in the future. To the extent that we raise additional capital through the sale of equity or convertible debt securities, your ownership interest will be diluted, and the terms may include liquidation or other preferences that adversely affect your rights as a holder of our H Shares. Purchasers of the [**REDACTED**] may experience dilution in the net tangible asset value per Share of their Shares if we issue additional Shares in the future at a price which is lower than the net tangible asset value per Share at that time.

Future sales or perceived sales of substantial amount of our H Shares in the [REDACTED], especially by our Directors, executive officers and substantial shareholders, could materially adversely affect the prevailing [REDACTED] of our H Shares and our ability to raise capital in the future.

The [**REDACTED**] of our H Shares could decline as a result of future sales of a substantial number of our H Shares or other securities relating to our H Shares in the [**REDACTED**], or the issuance of new shares or other securities, or the perception that such sales or issuances may occur. Future sales, or anticipated sales, of substantial amounts of our H Shares, including any future offerings, could also materially and adversely affect our ability to raise capital at a specific time and on terms favorable to us. In addition, our Shareholders may experience dilution of their holdings if we issue more securities in the future. New shares or shares-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the H Shares.

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

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

We cannot guarantee the accuracy of facts, forecasts and other statistics obtained from official governmental sources contained in this Document.

Certain facts, forecasts and statistics in this Document relating to the PRC and global economy and the industry in which we operate are obtained from the CIC Report, which was commissioned by us, and from official government publications. We believe that the sources of the information are appropriate sources for such information, and we have taken reasonable care in extracting and reproducing such information. However, facts, forecasts and statistics from official government sources have not been independently verified by us or any other parties involved in the [**REDACTED**]. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics in this Document relating to the PRC and the global economy and the industry in which we operate may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon. As such, no representation as to the accuracy of such facts, forecasts and statistics obtained from official government sources is made. Moreover, these facts, forecasts and statistics involve risk and uncertainties and are subject to change based on various factors and should not be unduly relied upon. Further, there can be no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case in other jurisdictions. In all cases, you should consider carefully how much weight or importance you should attach to or place on such information or statistics.

There can be no assurance whether and when we will pay dividends in the future.

Since our inception, we have not declared or paid any dividends on our Shares. We expect to continue to invest in technology and innovation to implement our growth strategies, which we believe will contribute to the value creation for customers, employees and Shareholders. Our Board of Directors will review our dividend policy by taking into consideration a number of factors, including our evolving strategies, results of operations, financial condition, operating and capital investment requirements and other factors it may deem relevant. Any declaration and payment, as well as the amount of the dividends, will be subject to our Articles of Association and the relevant PRC laws and regulations, according to which the dividends may be paid only out of the distributable profits as determined under PRC GAAP or IFRS, whichever is lower. In addition, we rely on dividends and other distributions on equity from our subsidiaries for our cash requirements to pay dividends. Our ability to pay dividends may be adversely affected if our subsidiaries fail to adequately pay dividends and other distributions to us in a timely manner due to their respective capital needs. As a result, there can be no assurance whether, when and in which form we will pay dividends in the future or that we will pay dividends in accordance with our dividend policy. See "Financial Information — Dividends."

Forward-looking information in this Document is subject to risks and uncertainties.

This Document contains certain statements and information that are forward-looking and uses forward-looking terminology such as "anticipate," "believe," "could," "going forward," "intend," "plan," "project," "seek," "expect," "may," "ought to," "should," "would" or "will" and 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.

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

You are strongly advised to read the entire Document carefully and are cautioned against placing any reliance on the information in any press article or any other media coverage which contains information not disclosed or not consistent with the information included in this Document. Prior to the completion of the [**REDACTED**], there may be press and media coverage regarding our Group and the [**REDACTED**], which may contain, among other things, certain financial information, projections, valuations and other forward-looking information about us and the [**REDACTED**]. Our Directors would like to emphasize to prospective [**REDACTED**] that we do not accept any responsibility for the accuracy or completeness of such information, and such information is not sourced from or authorized by our Directors or our management team. Our Directors make no representation as to the appropriateness, accuracy, completeness and reliability of any information or the fairness or appropriateness of any forecast, projections, valuations, other forward-looking information, view or opinion expressed by the press or other media regarding our Group or our H Shares. To the extent such statements are inconsistent with, or conflict with, the information contained in this Document, we disclaim responsibility for them. In making decisions as to whether to [**REDACTED**] in our H Shares, prospective [**REDACTED**] should rely only on the financial, operational and other information included in this Document.