An **[REDACTED]** *in our Shares involves various risks. You should carefully consider all of the information in this Document, including the risks and uncertainties described below, before making an* **[REDACTED]** *in our Shares.*

The occurrence of any of the following events could materially and adversely affect our business, financial condition, results of operations or prospects. If any of these events occurs, the **[REDACTED]** *of our Shares could decline and you may lose all or part of your* **[REDACTED]** *You should seek professional advice from your relevant advisers regarding your prospective* **[REDACTED]** *in the context of your particular circumstances.*

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

The market for integrated domain control solutions is rapidly evolving. Changes in sales, production and market demand can materially and adversely affect our business, financial condition, and results of operations.

Demand for smart vehicle technologies and solutions depends to a large extent on general, economic, political, and social conditions in each market, as well as consumers' sentiment upon smart vehicle technologies. The market opportunities we are pursuing are at an early stage of development, and it is difficult to predict market demand or adoption rates for our solutions, or the future growth of the markets in which we operate. Despite our continued substantial investments in research and development, our technologies require sustained significant investment and may never be commercially successful on a large scale, or at all.

Further, even if we succeed in operating at a commercial scale, key industry participants may decline to adopt our solutions, develop competing technologies or take steps to impede our progress. This could result in negative publicity, concerted lobbying efforts directed at legislators in our active or prospective markets to enact constraining laws or regulations, or boycotts against us or our customers and partners. Any of these developments could materially harm our business, results of operations and financial conditions. Furthermore, our business faces potential setbacks from regulatory, safety, and reliability concerns, many of which are beyond our control. Public perception plays a significant role, and any loss of confidence in smart vehicle technologies may affect our potential customers and partners. Incidents involving vehicles with integrated domain control solutions, even those unrelated to our solutions and technologies, may lead to severe negative publicity. Such incidents can provoke calls for suspension or stricter regulation of our solutions as well as more rigorous industry standards. If the broader issues of safety and reliability in integrated domain control solutions are not satisfactorily resolved, our business, prospects, operating results, and financial condition could be materially harmed.

Our business, financial condition and results of operations are highly correlated with the overall performance of China's passenger vehicle market, and are subject to seasonality.

Our business success is intrinsically linked to the health and growth of the global and Chinese passenger vehicle market, including new-energy vehicles. Our revenue is primarily derived from the sales of our integrated domain control solutions to automotive OEMs. Consequently, the production volumes and sales performances of these OEMs are the primary drivers of demand for our products. The automotive industry is cyclical and is significantly affected by a wide range of macroeconomic factors, including but not limited to, general economic conditions, levels of disposable consumer income, credit availability, fuel prices and consumer confidence.

Furthermore, government policies related to the automotive sector, such as purchase tax incentives, subsidies for new-energy vehicles and license plate regulations, can have a substantial impact on vehicle sales. Any adverse development in the automotive market or unfavorable changes in government policies could lead to a reduction in vehicle production by our OEM customers, who may in turn delay, reduce or cancel their orders with us. For instance, we have experienced the effects of such industry-wide fluctuations during the Track Record Period. According to Frost & Sullivan, the number of passenger vehicles insured in China in the fourth quarter of 2025 reached 13 million, a decrease of over 16% compared to 15 million in 2024. This industry-wide decrease adversely impacted our delivery volume in 2025. We cannot assure you that similar or more severe industry downturns will not occur in the future. Any significant or prolonged slowdown in the Chinese or global automotive market could materially and adversely affect our business, revenue, profitability and financial condition.

Our financial performance is subject to seasonal fluctuations that align with automotive production and sales cycles. Revenue typically trends lowest in the first quarter of the year, primarily due to OEMs' production schedules and temporary slowdowns around the Chinese New Year holiday period. Revenue generally increases through the second and third quarters as OEMs ramp up vehicle production to meet annual targets and prepare for model year launches, culminating in a peak during the fourth quarter as OEMs typically engage in promotional activities to drive sales. This seasonality also affects our working capital dynamics, as higher production levels in the second half of the year often lead to increased inventory, which may temporarily impact our cash flow and liquidity. As a result of these seasonal fluctuations, our results of operations in any single quarter or interim period may not be indicative of our full-year performance.

Our position in the automotive value chain subjects us to uncertainties in customer forecasting and planning, which may materially and adversely affect our performance and potentially deviate from expectations.

As a solutions provider to OEMs, our production planning and revenue forecasts are heavily dependent on the commercial forecasts and purchase orders provided by our customers. However, our customers' own production and sales plans are subject to a multitude of complex factors, many of which are beyond our control, including their internal strategic adjustments, market competition, supply chain stability and shifts in end-consumer demand. Our OEM customers may, with little or no advance notice to us, adjust their vehicle development road maps, new model launch schedules, production volumes, procurement forecasts or sales strategies. For example, an OEM may decide to delay the launch of a vehicle model for which we have secured a design-win, pause a production line due to a shortage of another critical component, or alter its production targets in response to competitive pricing pressures. Such business decisions by our customers, which are made based on their own commercial considerations, can affect us rapidly and directly, potentially leading to the delay, reduction or even cancellation of our expected orders.

Our position in the value chain creates an inherent uncertainty in our revenue forecasting. Any sudden change in our customers' plans can lead to a material deviation between our actual results and our expectations. We can provide no assurance that we will always be able to accurately predict our customers' demand or that our customers will place orders in line with their preliminary forecasts. This difficulty in prediction and the volatility of customer plans could materially and adversely affect our revenue stability, profitability, inventory management and the efficiency of our resource allocation.

We face intense competition from both well-established companies and new market entrants. If we fail to compete effectively in areas such as technology, pricing or customer service, our business, financial condition, and results of operations may be materially and adversely affected.

Our success depends on our ability to maintain and strengthen our competitive position in the global and China's integrated domain control solutions industries, which are characterized by rapid technological advances, aggressive pricing and ever-evolving customer requirements. Our competitors include large, well-capitalized Tier 1 suppliers, global automotive electronics conglomerates and OEM in-house programs that often have deeper R&D budgets, established brand reputations and long-standing relationships with OEMs. We also compete with new competitors that may be preparing to enter or are entering the global and China's integrated domain control solutions industries. Our competitors may start, or have already started, pursuing the large-scale deployment of autonomous vehicle technology on their own. We cannot predict how close any of our existing or potential competitors is to bringing its smart vehicle technologies to market, nor can we know what features or products it plans to introduce next. If competitors launch advanced solutions sooner or with more attractive functionality, we may face reduced market share, downward pricing pressure or the need to accelerate our R&D investments, all of which could materially and adversely affect our business, financial condition and operating results.

Our competitors may also offer similar or comparable functionality as ours at lower development cost or shorter time-to-market. Large OEMs and their system integrators are also expanding vertically, investing heavily to develop their proprietary domain control technologies. We cannot predict if or when these competitors will launch new products, reduce prices or bundle domain control solutions with broader vehicle leadership offerings, all of which could erode our addressable opportunity, limit our pricing flexibility and force us to increase spending on sales, marketing, product enhancements or customer support.

Moreover, the competitive pressure we face may intensify the pace of product obsolescence and place downward pressure on margins. If we fail to anticipate shifts in regulatory standards, such as functional-safety certification, cybersecurity mandates or over-the-air update, or OTA, requirements, or to invest sufficiently in innovative features such as natural-language interfaces, advanced driver-assistance integrations or multi-domain orchestration, our offerings could lose relevance. Even minor delays in our development cycles or misalignment with evolving industry benchmarks could impair our ability to win or retain key OEM contracts. In addition, resource constraints may limit our capacity to hire and retain the specialized engineers, software architects and quality-assurance experts necessary to match competitor innovation. Absent effective differentiation, superior system performance, reliability, flexible integration and responsive support, our market share, revenue growth and profitability could decline materially, and our overall financial condition and prospects could be materially and adversely affected.

Failure to retain our existing customers, attract new ones, or increase customer spending could materially impact our business, financial condition, and results of operation.

In order to increase our revenue and maintain our growth, we are committed to retaining existing customers and attracting new customers. Our customers primarily consist of OEMs that purchase our solutions for incorporation into their vehicle models. We have actively maintained long-term strategic cooperation with OEMs. However, we cannot guarantee that our existing customers will continue to procure integrated domain control solutions or other solutions from us for their new vehicle models, or to otherwise engage us for ongoing or future vehicle model development. Our ability to retain existing customers, attract new customers, or increase customer spending also depends on a range of factors, some of which are beyond our control, including (i) changes in OEM procurement strategies or vehicle development priorities, as OEMs may change their sales and promotion strategies and focus on vehicle models which we do not secure design-wins; (ii) increased competition from domestic or international technology providers, or customers who decide to develop their integrated domain control solutions; (iii) shifts in technology standards or regulatory requirements; (iv) our ability to deliver consistent product performance, cost competitiveness, and timely innovation; (v) our ability to meet customer service expectations, including tailoring our solutions to each customer's unique requirements and/or to sustain the level of support they expect and (vi) our ability to hold or apply for certain licenses, permits or qualification. If we are unable to retain our existing customers, attract new customers, or increase customer spending due to any of the foregoing factors, our business, results of operations, and financial condition will be materially and adversely affected.

If our solutions fail to meet the evolving market need in the automotive industry, or if the adoption of our solutions and technologies declines, our business, financial condition, and results of operations, could be adversely affected.

We sell our solutions to OEMs for integration into their vehicle models which are then sold to consumers. Therefore, our success heavily depends on the continued market acceptance of our solutions, an outcome we cannot guarantee. Our business and prospects also significantly rely on our ability to meet new technological standards and consumer expectations. However, we may not be able to develop or introduce new technologies quickly enough or improve existing ones to address emerging industry requirements. If our technologies and solutions do not evolve in line with OEMs' roadmaps or fail to deliver the functionality, reliability and security that OEMs and consumers demand, we risk diminished market acceptance and reduced business performance.

In China, our current primary market, the broader adoption of smart vehicle technologies depends on factors such as feature breadth, total cost of ownership, driver and passenger preferences, and overall awareness of in-vehicle intelligence solutions. There is no guarantee that our solutions will gain widespread recognition within the market. Even a technically sound product can struggle if OEMs and consumers do not recognize its value or if competitors win on price, brand strength or channel relationships. Should our solutions fail to align with the industry's rapid technological evolution or gain widespread OEM and consumer endorsement, our growth and results of operations could be materially and adversely affected.

We incurred net loss and net operating cash outflows during the Track Record Period.

We incurred net losses of RMB356.6 million, RMB291.1 million and RMB1,368.4 million in 2023, 2024 and 2025, respectively. We may continue to generate net losses in the near term, as we are still in the process of scaling our business and expanding our operations. We expect to maintain a high level of investment in our operations, including continuous enhancements to our existing solutions, the development of new offerings, recruitment of qualified personnel, and pursuit of technological breakthroughs. We will also incur substantial administrative expenses associated with our growth, including costs related to internal systems and operating as a public company after the **[REDACTED]** However, there is no assurance that our revenue will grow at a pace sufficient to offset these rising expenses. If we fail to effectively grow our customer base, expand our product and service portfolio, implement competitive pricing strategies, control raw material costs, optimize sales and marketing efficiency, or improve our operational productivity, our financial performance could be adversely affected. In addition, unforeseen changes in customer demand, investments, acquisitions, or capital expenditures as well as any substantial shifts in the competitive or regulatory landscape may further erode our profitability. As a result, we cannot assure you that we will achieve or sustain profitability in the future.

We recorded net cash operating outflow of RMB332.5 million, RMB560.7 million and RMB446.1 million for the years ended December 31, 2023, 2024 and 2025, respectively. These net cash operating outflows were primarily due to our sustained significant investments in product development, technological innovation, and customer acquisition 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 experience net operating cash outflows in the future, our working capital may be constrained, which may adversely affect our financial condition.

If we fail to secure design-wins from OEMs or convert initial engagements into meaningful commercial relationships, our business, financial condition, and results of operations could be significantly and adversely affected.

We consider securing a design-win from an OEM as a key milestone as it not only validates our technology but also paves the way for deeper collaboration on subsequent vehicle models. Therefore, we have invested substantially in presenting our solutions to OEMs to earn design-wins. However, despite significant efforts, we may nevertheless fail to achieve a design-win for our solutions on one or more vehicle models, and our credibility with OEMs may suffer, making it more difficult to compete for additional vehicle models in the future. Such failure to secure a sufficient number of design-wins across OEMs and their vehicle models could have an adverse impact on our business, results of operations, and financial condition. Even if we successfully secure design-wins from OEMs, our solutions may not be able to reach mass production due to factors that we cannot control. For example, OEMs may decide to terminate the vehicle program it had planned before.

We currently have a limited number of key customers for a significant portion of our revenue. If any of these customers reduce their purchases or terminate their business with us, our revenue could be adversely affected, subsequently our results of operations.

A limited number of customers have in the past, and are expected to in the future, contribute to a vast majority of our total revenues. In 2023, 2024 and 2025, the single largest customer accounted for 53.0%, 22.8% and 17.0% of our total revenues, respectively, and the five largest customers in the aggregate contributed 91.2%, 84.7% and 67.8% of our total revenues, respectively. We are subject to risks associated with customer concentration. This dependence on a limited number of customers could make it difficult for us to negotiate attractive prices for our solutions and could expose us to the risk of substantial losses if we experience declines in the business from any of our major customers, whether due to lower overall demand for our solutions, cancelation of existing contracts or design-win, or the failure to secure new business awards, among other reasons. These customers may choose to reduce their purchases or cease to use our solutions altogether for various reasons, including changes in technology preferences, shifts in market outlook, or broader economic conditions, many of which are beyond our control. Any significant loss of, or reduction in, business from any of our major customers could have a material adverse effect on our business, financial condition, and results of operations.

If the vehicle models that incorporate our solutions underperform in the market or fail to gain meaningful market acceptance, our business, financial condition, and results of operations could be materially and adversely affected.

Our business is significantly influenced by the launch timeline, performance and market acceptance of the vehicle models that incorporate our solutions. If those vehicle models underperform in sales or fail to achieve meaningful market acceptance—due to factors such as weak consumer demand, negative reviews, competitive alternatives or macroeconomic downturns—OEMs may reduce production volumes, delay new program launches, cancel future integrations of our solutions, or change their sales and promotion strategies. OEMs may also experience delay in their production plans due to policy changes, delay or failure to obtain regulatory approval, delay or failure to perform by their suppliers, or changes in their internal production schedule, which are all beyond our control and usually of limited visibility to us. These setbacks could diminish order forecasts, delay revenue recognition and impair our ability to achieve economies of scale. Furthermore, poor vehicle performance in the market may tarnish our reputation with other potential OEM customers and the end users, making it more difficult to secure new design-wins or expand into additional vehicle platforms. Any of these outcomes could materially and adversely affect our business, financial condition, results of operations and growth prospects.

We rely on a limited number of suppliers for certain critical components and services, and any disruption in their supply or deterioration in our relationships with them could materially and adversely affect our operations.

We source certain key components, including automotive-grade chips, from a limited number of suppliers. In addition, we rely on third-party contract manufacturers to integrate our software into hardware components and assemble our integrated domain control solutions. During the Track Record Period, a significant portion of our procurement volume was concentrated among a small group of suppliers. In 2023, 2024 and 2025, our single largest supplier—who supplied us with chips—accounted for 48.2%, 34.3% and 39.2%, of our total purchases, respectively, and the five largest suppliers in the aggregate accounted for 82.4%, 77.2% and 69.6% of our total purchases, respectively.

We are subject to risks associated with supplier concentration. Any interruption in the supply of these components and services—whether due to shortages, capacity constraints, geopolitical tensions, regulatory restrictions, price increases, changes in business priorities or contractual terms, or the supplier's own operational issues—could result in delays or increased costs in the production and delivery of our solutions. In particular, sourcing constraints in chips or SoCs could affect our ability to deliver domain control systems at scale, which may in turn impair our ability to fulfill customer orders or achieve planned production targets.

In addition, if any of our key suppliers were to discontinue supply, materially alter their commercial terms, or cease operations, we may not be able to secure alternative sources on a timely basis or on terms commercially acceptable to us. Re-qualifying alternative suppliers, especially for components requiring stringent automotive-grade certification, could be time-consuming and may involve additional development and testing costs. Any of the foregoing could materially and adversely affect our business, financial condition, results of operations and reputation.

Our historical performance may not be indicative of our future growth or financial results. If we fail to effectively manage the growth of our business or execute our growth strategies, our business, financial condition, and results of operations could be materially and adversely affected.

We have experienced substantial growth in recent years. The number of our OEM customers amounted to 10, 12 and 13 in 2023, 2024 and 2025, respectively. In addition, we had 75 active design-wins in 2025, compared to 48 active design-wins in 2024, and 26 active design-wins in 2023. However, scaling places significant demands on our supply chain, R&D capacity and workforce, and may lead to unforeseen delays, cost overruns or quality issues. In addition, our future growth depends on factors beyond our control, including:

(i) softening demand for integrated domain control solutions in China and other key markets;

(ii) extended sales cycles or delays in R&D, testing, certification and commercialization of new solutions and software features;

(iii) intensifying competition from established companies and new entrants with alternative technologies;

(iv) evolving regulatory requirements for functional safety, cybersecurity, data privacy and OTA updates;

(v) supply-chain constraints, export controls or tariffs limiting our access to advanced chips or other critical components;

(vi) challenges in scaling manufacturing capacity while maintaining quality;

(vii) our ability to attract, develop and retain technical talent;

(viii) intellectual property disputes or infringement claims; and

(ix) macroeconomic or geopolitical events that reduce vehicle production, vehicle electrification or end-customer spending.

Because we operate in a nascent, fast-moving industry, our forecasts require significant judgment and are subject to substantial uncertainty, and if the assumptions underlying our growth strategy prove incorrect or we fail to mitigate the risks described in "Risk Factors," our revenue, gross margins, cash flow and overall financial condition could deviate materially from our expectations, and the **[REDACTED]** of our securities could decline.

If our customers choose to develop their own integrated domain control solutions instead of continuing to source from us, our business, financial condition, and results of operations could be materially and adversely affected.

Our customers primarily are OEMs that install our solutions for integration into their vehicle models. For further details, see "Business—Our Customers." In response to the accelerating shift toward automotive intelligence, a growing number of OEMs have launched internal initiatives to develop proprietary smart vehicles solutions. Some OEMs have already succeeded in developing in-house alternatives, reducing their reliance on external suppliers. We cannot assure you that our existing customers will not follow this path or that they will continue to procure our solutions for future vehicle models. It is possible that more OEM customers will choose to develop their own integrated domain control solution and related solutions, which may reduce their demand for our solutions. We cannot assure you that our existing OEM customers will continue to purchase our solutions and not develop their proprietary solutions. If some of our OEM customers choose to develop such solutions on their own, it could lead to substantial and adverse effects on our business, financial condition, and results of operations.

Pricing pressure from our customers may materially and adversely affect our business, financial condition, and results of operations.

We have in the past been subject to, and may continue to face, requests or contractual requirements from our customers to reduce the prices of our solutions. Increasing pricing pressure from our customers, whether due to their own cost-cutting initiatives, competitive bidding processes, or shifts in purchasing strategies, may force us to lower our prices, offer more discounts, or improve our commercial terms, all of which could negatively impact our profit margins. To maintain profitability in such an environment, we must continuously reduce operating costs and improve efficiency.

Our business model is capital intensive and involves a significant fixed cost base, including investment in R&D, manufacturing infrastructure, and personnel. Accordingly, our profitability partially depends on our ability to achieve economies of scale and spread fixed costs across a sufficiently large sales volume. However, our ability to do so may be limited. In line with industry practice, OEMs often negotiate for lower unit prices as their order volumes increase, and pricing agreements typically anticipate a gradual price reduction over the term of the contract, particularly after mass production begins.

If we are unable to mitigate these downward pricing pressures through enhanced operational efficiency, introduction of higher-margin new or upgraded solutions, diversified sourcing strategies, and other cost-control initiatives, our gross margins may decline. As a result, our business, financial condition, and results of operations could be materially and adversely affected.

Disruptions in the supply of raw materials or components used in our solutions may materially and adversely affect our business and profitability.

Our solutions rely on specialized chips, SoCs and other components sourced from a pool of semiconductor manufacturers and suppliers. In each year of 2023, 2024 and 2025, our purchases of raw materials and key components from suppliers outside of PRC in aggregate accounted for approximately 65%, 73% and 62% of our total purchase amounts, respectively. Global supply shortages, manufacturing capacity constraints or allocation priorities by raw material suppliers and contract manufacturers may result in extended lead times, delivery delays, pricing volatility, or even supply disruptions. Furthermore, rapidly evolving semiconductor process nodes and feature requirements may force us to redesign hardware or requalify components, compounding supply-chain complexity. Should we be unable to secure sufficient quantities of critical components on acceptable terms or at all, we may face production bottlenecks, delayed product launches and higher unit costs.

Such supply constraints could disrupt customer deployments, erode our relationships with OEM partners and damage our reputation for reliability. Persistent or severe shortages may also limit our ability to fulfill OEM forecasts, generate expected revenue or support after-sales upgrades, any of which could materially and adversely affect our business, financial condition, results of operations and long-term growth prospects.

Expanding into markets outside of China exposes us to a range of operational, financial, and regulatory risks.

We are actively engaging with internationally operated OEMs with a view to expanding our global footprint. Operating our business on a global scale could subject us to a number of risks and uncertainties, which could have a material adverse effect on our business, results of operations and financial condition, including, among others: (i) foreign markets impose differing automotive safety, data-privacy, cybersecurity, import/export control and local content requirements; (ii) established technology providers in mature markets often have entrenched relationships with OEMs and brand recognition, which may limit our market penetration and negotiating leverage; (iii) exchange rate fluctuations; (iv) economic and political instability, trade barriers (including export or import restrictions, tariffs, quotas, among others), sanctions or global or regional health crises which could disrupt our supply chains, restrict market access or increase the cost of exporting or importing components; (v) potential for violations of anti-corruption, bribery and fraud laws and regulations; (vi) preference for locally-branded products, and laws and business practices favoring local competition; (vii) increased difficulty in managing inventory; (viii) less effective protection of intellectual property; and (ix) unfavorable enforcement, application or interpretation of local tax and customs duty laws. If we are unable to manage these operational, financial and regulatory risks effectively, our international expansion efforts may falter, and our business, results of operations, and financial condition may be adversely affected.

Our ability to maintain technological leadership depends on attracting and retaining top-tier R&D talent, and failure to do so could significantly undermine our competitive position and future growth.

As a technology-driven company operating in the rapidly evolving smart vehicle industry, our ability to innovate and execute depends on the strength of our R&D team. In particular, we depend on highly specialized engineers with expertise in embedded systems, operating systems, AI algorithms, and automotive-grade software architecture. These individuals are in short supply and are aggressively sought after by other smart vehicle solution companies and companies from adjacent sectors such as robotics, and consumer electronics. In some cases, we compete against companies with substantially greater financial resources, brand recognition, or global presence. Moreover, the loss of key personnel, particularly those involved in core system architecture or proprietary software development, could disrupt our product roadmap, delay customer deliveries, or weaken our ability to respond to evolving industry standards and customer demands. Recruiting qualified replacements may require substantial time and cost, and there is no guarantee that ideal candidates will join us or new hires will achieve the same level of technical contribution. If we are unable to build and retain a leading R&D team, we may fall behind in critical technology, miss key commercialization opportunities, or fail to deliver on customer commitments, any of which could materially and adversely affect our business prospects, financial condition, and results of operations.

We are subject to risks associated with payment terms negotiated with our customers, and any deterioration in such terms or delays in customer payments could materially and adversely affect our financial condition and cash flows.

Our business model requires us to make significant investments upfront, including in R&D, inventory procurement, and project execution, before revenue can be recognized and cash is collected. We typically offer credit terms to our customers in line with industry practice, yet in some cases, we may need to offer extended payment periods to secure or retain strategic projects. However, we may not always be able to negotiate favorable payment terms, particularly with large OEMs or Tier 1 suppliers that have stronger bargaining power. In addition, customer payment behavior may vary significantly depending on their internal approval processes, design-win execution status, or financial position.

As we scale our business, any adverse changes in customer payment terms, including but not limited to longer settlement periods or agreeing to deferred or contingent payments as a condition to securing design-wins, could negatively impact our working capital. Furthermore, because payment terms for each design-win are negotiated individually and can vary, there may be timing mismatches between when we incur costs and when we receive the corresponding payments. If one or more of our major customers were to delay payments, dispute invoiced amounts, or default on their obligations, our operating cash flows, financial position, operating flexibility and ability to invest in future growth initiatives could be materially and adversely affected.

We are subject to risks associated with unfavorable contractual terms with suppliers.

We rely on third-party suppliers for key components used in our solutions such as chips. In many cases, we do not have long-term or exclusive agreements, and our ability to negotiate favorable pricing, payment terms, or delivery schedules may be limited by market dynamics or supplier bargaining power. If we are unable to align supplier payment terms with those of our customers, we may face working capital pressure. Some suppliers might also impose minimum order quantities, non-cancellable terms, or pricing volatility, which could increase our cost of revenue or lead to excess inventory. In addition, any delays, shortages, or quality issues on the part of our suppliers may impair our ability to meet delivery timelines or customer specifications. While we seek to manage these risks through forward planning and diversified sourcing, there is no assurance that our supplier arrangements will not materially and adversely affect our cost structure, cash flow, or customer relationships.

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

Our limited track record constrains our ability to accurately forecast revenue, manage costs and plan capital expenditures, and subjects our results of operations to significant uncertainties including but not limited to our ability to: (i) continue to produce and deliver solutions of acceptable operating and safe performance, reliability, and security; (ii) properly price and commercialize our solutions and services; (iii) retain and expand existing commercial relationships; (iv) attract new customers and partners; (v) compete effectively with our competitors; (vi) hire, integrate and retain talents; (vii) properly develop and protect our intellectual property and other proprietary rights; and (viii) comply with existing and new laws, regulations and standards applicable to our business. If we cannot navigate these technical, operational and regulatory challenges successfully, our business, financial condition, prospects and results of operations could be materially and adversely affected.

Our solutions and the associated hardware and software, due to the intricate nature, may contain unexpected defects, potentially diminishing our customers' satisfaction, even causing safety issues, all of which can expose us to product liability and reputation damage, subsequently, adversely affecting our business.

Most of our solutions are sold to OEMs for integration into their specific vehicle models. The solutions we develop are technical and complex, requiring rigorous manufacturing standards. They may contain errors, defects, security vulnerabilities, or software issues difficult to detect and correct, especially upon initial release or when introducing new versions or enhancements. We may encounter difficulties in effectively addressing issues to meet the expectations of our OEM customers, which could potentially cause a negative impact on our reputation and may limit our opportunities for collaboration with other OEMs.

Any real or perceived error, defect, security vulnerability, service interruption or software issue in our solutions could erode consumer confidence and undermine OEMs' trust in our offerings, potentially resulting in lost sales or warranty claims. Our efforts to correct such error may not satisfy OEM expectations or may disrupt our production schedules. In these circumstances, we may be compelled or proactively choose to commit significant additional resources to diagnose, correct and validate fixes, which could increase our operating costs and delay revenue recognition.

Furthermore, defects or cybersecurity incidents could give rise to litigation brought by OEMs, consumers or other third parties, exposing us to potential substantial liabilities and damages. There may also be subsequent negative publicity associated with litigation or negative user experience, regardless of the merit and/or outcome of such allegations. Any of the foregoing incidents could diminish our reputation and brand, weaken our market position and materially and adversely affect, our business, results of operations, and financial condition.

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

OEMs rely on our dedicated engineering team to promptly resolve technical issues related to our solutions and to provide continuous, hands-on support throughout the product lifecycle.

As we scale our operations and support a growing customer base, it is critical that we maintain efficient and responsive customer support at scale to consistently deliver high-quality customer support. However, we may face challenges in hiring or retaining sufficient qualified personnel with deep knowledge of our products and solutions, struggle to adapt quickly to short-term surges in demand or evolving customer expectations, or unable to adjust the scope, format, or quality of our support services to remain competitive with offerings from other market players. These factors could impair our ability to deliver timely technical support and maintenance, potentially leading to customer dissatisfaction, reduced customer retention, and lost business opportunities. Any actual or perceived shortfall in the quality of our support services could materially and adversely impact our reputation and overall business performance.

We have been and intend to continue investing substantial resources in R&D. However, there is no assurance that these efforts will prove successful, and we will generate the results we expect to achieve.

Our long-term success in the rapidly evolving automotive intelligence sector depends on our ability to continuously innovate and bring new solutions to market. To that end, we have made R&D a strategic priority. As of December 31, 2025, our R&D and fulfillment team comprised 636 employees, which represented 77.3% of our total workforce. We incurred R&D expenses of RMB290.2 million, RMB357.8 million and RMB367.9 million in 2023, 2024 and 2025, respectively.

We cannot assure you that our R&D expenditures will deliver the anticipated outcomes. Misjudgments about technology trends, delays in prototype development or unforeseen technical setbacks could impair our ability to introduce new features or products on schedule. Furthermore, even if our R&D efforts are successful technically, there is no guarantee that we will realize a financial return on our development investments. This uncertainty could limit our ability to recover R&D costs, cause potential declines in revenue and profitability, and affect our market position. Consequently, our business, results of operations, financial condition, and prospects could be materially and adversely affected.

Some technologies involved in our solutions are emerging technologies and involve risks and uncertainties.

Many of the core components of our solutions, such as advanced voice-recognition interfaces, haptic feedback controls, in-car AI assistants and secure connectivity modules, are emerging technologies and carry inherent risks and uncertainties. Because we have limited operating history deploying these technologies at scale, it is difficult for **[REDACTED]** to predict our ability to refine performance, integrate disparate hardware and software modules, and anticipate all technical or commercial obstacles.

China's smart vehicle solutions market continues to confront steep hurdles, from meeting rigorous automotive-grade reliability and safety standards under diverse cabin conditions to managing high R&D and prototyping costs driven by repeated design iterations. Recruiting and retaining the niche engineering talent required for human-machine interface design, real-time embedded software and automotive cybersecurity is intensely competitive. Furthermore, global regulators are still defining standards for in-vehicle infotainment safety, data privacy, software-update security and electromagnetic compatibility, any of which could require costly redesigns or additional certification testing. In addition, early interface glitches, unexpected software conflicts or delays in software maintenance could harm our brand and slow adoption. If we fail to navigate these challenges successfully, our business, prospects, financial condition, and results of operations will be negatively impacted and our efforts to create a commercially viable business may not materialize.

The development cycles of our solutions could be lengthy and we are subject to risks associated with the planning, coordination, and execution of complex design-wins.

The development of our solutions often entails complex, multi-phase design-wins involving hardware prototyping, software integration, system validation and certification. These cycles can be protracted, sometimes spanning several quarters or longer, particularly when addressing novel features or meeting stringent automotive-grade reliability standards. During such extended timelines, we may encounter technical challenges (for example, unexpected sensor calibration issues), process setbacks (such as supplier delays or tooling rework) or shifting OEM requirements. Resolving these obstacles can drive up R&D and operational expenses, strain our quality-control processes and, in some cases, lead to design-win cancelations if solutions fail to meet performance benchmarks.

Further, automotive OEMs generally do not commit to minimum purchase quantities—even after nominating a supplier for a specific design-win—leaving us unable to forecast production volumes or secure favorable unit economics until OEMs finalize their production schedules. As a result, prolonged development cycles paired with non-binding purchase forecasts may prevent us from commercializing our technologies on a predictable timetable or at attractive margins. Any failure to bring a solution to market swiftly and cost-efficiently, or to convert development efforts into meaningful production orders may have a material adverse effect on our business, financial condition and results of operations.

We are subject to risks and uncertainties associated with our reliance on third-party contract manufacturers.

We rely on third-party contract manufacturers to integrate our software into hardware components and assemble our integrated domain control solutions. This dependency exposes us to several risks beyond our direct control, including potential production delays, supply-chain disruptions, quality-control lapses or financial instability. Because integrated domain control solutions are safety-critical components, any defects or inconsistencies introduced during outsourced production could impair system performance, trigger recalls or damage our reputation with OEM customers. Additionally, working through external manufacturers increases the risk of intellectual property leakage or misuse of our trade secrets, confidential designs or other intellectual properties. We may also face challenges enforcing our environmental, health and safety standards, securing sufficient production capacity during industry-wide chip shortages, or qualifying substitute suppliers on acceptable timelines and terms. If our contract manufacturers cannot meet our volume, quality or delivery requirements, our ability to fulfill customer orders, maintain reliable product performance and support after-sales service could be materially and adversely affected, with negative consequences for our business, financial condition and results of operations.

We rely on third-party service providers and business partners to support the delivery of our solutions to customers. Any failure by these third parties to meet our standards or fulfill their obligations could disrupt our operations, harm our customer relationships, and adversely affect our business performance.

We work with a broad range of third-party service providers and business partners, such as software integrators, testing laboratories and logistics providers. These partners are responsible for critical functions, such as system validation and component assembly. We lack direct control over their internal operations, governance and compliance systems. If any of these providers fails to fulfill its commitments in a timely manner, fails to comply with contractual terms or applicable laws, or experiences operational disruptions, we may be unable to complete product development, conduct required safety testing or deliver fully validated solutions to our OEM customers on schedule. Moreover, if we are unable to effectively manage our relationships with such third-party service providers, lose the cooperation of a key partner or be unable to source a qualified replacement in a timely and commercially acceptable manner, whether due to capacity constraints, geographic limitations or heightened market demand, we could face production delays, increased unit costs or quality lapses. Such disruptions may prevent us from offering our products in the quantities, at the prices or within the timeframes expected by our customers, undermining our reputation for reliability and service. Any prolonged or repeated failures by third parties to meet their obligations could materially and adversely affect our ability to attract and retain OEM relationships, fulfill orders, maintain customer satisfaction and, ultimately, could have a material adverse impact on our business, financial condition, results of operations and growth prospects.

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

We extend credit to our OEMs in the ordinary course of business, which subjects us to the risk that we may not be able to collect all amounts due. As of December 31, 2023, 2024 and 2025, our trade receivables amounted to RMB669.3 million, RMB649.2 million and RMB456.5 million, respectively. We may not be able to collect all of our trade receivables due to factors beyond our control, such as adverse operating conditions or financial conditions of our customers, and customers' inability to pay due to delays in payment from their own end users. Prolonged or widespread payment challenges among our customer base could also force us to increase our credit-risk monitoring, redirect working capital to cover shortfalls or seek more stringent payment terms, all of which could have a negative impact on our liquidity and financial condition.

We may be subject to impairment losses risks in relation to prepayments, deposits and other receivables.

Our prepayments, deposits and other receivables mainly represent receivables due from our contract manufacturers. As of December 31, 2023, 2024 and 2025, our prepayment, deposits and other receivables amounted to RMB348.4 million, RMB584.0 million and RMB542.4 million, respectively. See "Financial Information — Discussion of Selected Items from the Consolidated Balance Sheets" for details. During the Track Record Period, we did not record impairment losses in relation to prepayments, deposits and other receivables.

We perform impairment assessment under expected credit loss ("ECL") model on financial assets. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses. The assessment of impairment losses involves a significant degree of management judgments as well as estimates in determining the key assumptions. Such management's estimates and the related assumptions have been made in accordance with information available to us and are subject to further adjustment if new information becomes known. Therefore, there is uncertainty on the prediction of the movement of impairment of prepayments, deposits and other receivables. If we incur significant impairment losses on prepayments, deposits and other receivables, it may have a material adverse effect on our financial condition and results of operations.

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

Our business partners may be subject to anti-corruption, anti-bribery, anti-money laundering, and similar laws and regulations in various jurisdictions in which we or our business partners conduct business activities.

Any failure to comply with such laws and regulations could lead to significant penalties and damage to our reputation. The policies and procedures our business partners have adopted may not be effectively implemented in protecting our solutions and services from being exploited for money laundering, terrorist financing, bribery and corruption, terrorism, and other illegal purposes and we have no control over our business partners' internal control system. If there is any violation of anti-corruption, anti-bribery, anti-money laundering, and similar laws and regulations associated with our solutions or services, we could be subject to fines, enforcement actions, regulatory sanctions, additional compliance requirements, increased regulatory scrutiny of our business, other penalties levied by government authorities, and damages to our reputation, all of which may adversely affect our business, results of operations, and financial condition.

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

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

In addition, if appropriate opportunities arise, we may acquire additional assets, products, technologies, or businesses that are complementary to our existing business. In addition to possible shareholder approval, we may have to obtain approvals and licenses from relevant government authorities for the acquisitions and to comply with any applicable laws and regulations of China or other jurisdictions, which could result in increasing delay and costs, and may derail our business strategy if we fail to do so. Moreover, the costs of identifying and consummating acquisitions may be significant. Furthermore, future acquisitions and the subsequent integration of new assets and businesses into our own require significant attention from our management and could result in a diversion of resources from our existing business, which in turn could have an adverse effect on our operations. Acquired assets or businesses may not generate the financial results we expect. Acquisitions could result in the use of substantial amounts of cash, potentially dilutive issuances of equity securities, the occurrence of significant goodwill impairment charges, amortization expenses for other intangible assets, and exposure to potential unknown liabilities of the acquired business. Any acquired business may be involved in legal proceedings originating from historical periods prior to the acquisition, and we may not be fully indemnified, or at all, for any damage to us resulting from such legal proceedings, which could materially and adversely affect our financial position and results of operations.

We may not continue to enjoy the level of government grants that we received in the past.

We have historically benefited from government grants and preferential tax treatments awarded in recognition of our research and development activities. We have recognized government grants for our continuing operations of RMB5.3 million, RMB7.6 million and RMB11.1 million in 2023, 2024 and 2025, respectively. However, these grants are typically one-off awards rather than recurring commitments, and there can be no assurance that similar incentives will be available in the future. Moreover, Chinese regulatory authorities may alter, reduce or eliminate these subsidy programs at their discretion, or even require repayment of grants previously received if we fail to satisfy statutory conditions, any of which could materially diminish our cash flows, increase our effective tax rate and adversely affect our financial position. Should we be unable to secure equivalent government support or preferential tax treatment going forward, our ability to fund ongoing R&D investments and sustain our competitive position in the market may be significantly impaired.

Our business success depends on our ability to build and maintain strong brand recognition and a positive reputation. Negative publicity or legal proceedings involving our Company, directors, senior management, employees, business partners, or our industry could adversely affect our reputation, business operations, and financial performance.

We believe that building our brands and reputation is crucial to our success. Our brand reputation and images may be damaged by solution defects, incident reports, negative media coverage, reports of legal proceedings or other forms of negative publicity regarding our industry, brands, solutions, our Company, directors, senior management, employees or business partners. For example, adverse news or social media commentary about the automotive intelligence industry, even if unrelated to us, may shape consumer attitudes and erode confidence in smart vehicle technologies as a whole. Negative media coverage including negative comments, reviews or false information about our brand, products or specific vehicle models of OEMs that integrate our products on social media platforms, or any negative publicity, regardless of veracity, whether related to us or not, may adversely impact consumer perception and confidence in our brands and products. Certain negative publicity may come from malicious harassment or unfair acts by third parties or our competitors, and some of legal proceedings may be without grounds, both of which are beyond our control but likely to affect our reputation and business materially and adversely.

If we fail to meet our contractual obligations to customers, including those related to contract liabilities, our business, financial condition, and results of operations may be materially and adversely affected.

As of December 31, 2025, our contract liabilities were RMB17.0 million. Our contract liabilities represent advance payments from our customers while the underlying embedded solutions have yet to be provided. If we fail to fulfill our obligations under our contracts with customers, we may not be able to convert such contract liabilities into operating revenue, and our customers may also require us to refund the purchase price we have received, which may adversely affect our cash flows, liquidity condition and our relationship with such customers, any of which may affect our business, financial condition and results of operations.

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

Our solutions depend critically on the availability, reliability and security of our information technology and communications infrastructure. Our systems, infrastructure, integrated software and related data may be vulnerable to security breaches and other breaches. Hackers may attempt in the future to gain unauthorized access to modify, alter, and use such systems to gain control of, or to change, the functionality, user interface and performance characteristics of vehicles incorporating our solutions, or to gain access to data stored in or generated by the vehicle. Unauthorized third parties may circumvent our security measures, misappropriate proprietary information and cause interruptions in our information technology systems. In addition, credential stuffing attacks are becoming increasingly common and sophisticated actors can mask their attacks, making them increasingly difficult to identify and prevent. A successful breach could allow attackers to modify firmware or application code, alter user-interface behavior, disable safety functions or exfiltrate confidential data.

Malfunction, unexpected failure or interruption, whether due to physical events (such as fire, natural disasters, power outages, theft or terrorist acts), cyberattacks (including viruses, ransomware, denial-of-service or social engineering schemes), insider misconduct or failures at third-party providers (such as cloud or mapping service vendors), could render our platforms unavailable or significantly degrade their performance. An attempted or actual attack, perceived or actual vulnerability can undermine OEM and consumer confidence in our solutions, interrupt our development or production activities and force us to divert significant resources to incident response, remediation and legal defense. In addition to potential litigation and regulatory penalties, such events could expose us to financial losses from fraud, damage our reputation in the market and materially and adversely affect our business, financial condition, results of operations and growth prospects.

The smart vehicle industry in China is still emerging and rapidly evolving, and the regulatory landscape remains uncertain. As a result, we may face increased scrutiny or stricter regulatory requirements in the future, which could adversely affect our business and growth prospects.

China's smart vehicle industry remains nascent and is developing at a rapid pace. Regulators are actively shaping the automotive intelligence market, and introducing new rules and regulations mandating licensing regimes, safety protocols, data-privacy mandates and cybersecurity requirements for in-vehicle intelligence systems. Given that many of these laws and regulations are still being drafted or refined, there remains uncertainty as to how they should be interpreted and implemented in practice. The evolving regulatory landscape may subject us to heightened regulatory scrutiny, require us to incur substantial additional compliance costs, modify certain aspect of our solutions product, delay product launches and complicate our market planning. If regulators impose onerous obligations or restrict key features of our solutions, our ability to innovate, compete and expand could be materially and adversely affected, with negative consequences for our business, financial condition and growth prospects.

Our business is subject to a variety of laws, regulations, rules, policies, and other obligations regarding privacy, data protection, and cybersecurity. Any losses, unauthorized access, or releases of confidential information or personal information could subject us to significant reputational, financial, legal, and operational consequences.

We process various categories of data in the course of our operations, including automobile-related data and other information necessary to support our business activities. We do not collect or process any personal information from end users of our products and solutions.

We are subject to an evolving and increasingly complex regulatory framework governing the collection, storage, use, transfer, disclosure, and other processing of data. See "Regulatory Overview" for laws, rules, and regulations in this respect. Interpretation, application, and enforcement of these laws, rules, and regulations evolve from time to time, and their scope may continually change through new legislation, amendments to existing legislation, and changes in enforcement. We have incurred, and will continue to incur, significant expenses to comply with privacy, data protection, and cybersecurity standards and protocols imposed by laws, regulations, national and industry standards, or contractual obligations. Changes in existing laws or regulations or adoption of new laws and regulations relating to privacy, data protection, and cybersecurity, particularly any new or modified laws or regulations that require enhanced protection of certain types of data or new obligations regarding data retention, transfer, disclosure, or other processing, could significantly increase the cost to us of providing our product or service offerings or require significant changes to our operations.

Despite our efforts to comply with applicable laws, regulations, and other obligations relating to privacy, data protection, and cybersecurity, it is possible that our practices, product and service offerings could fail to meet all of the requirements imposed on us by such laws, regulations, or obligations. Any failure on our part to comply with applicable laws or regulations or any other obligations relating to privacy, data protection, or cybersecurity, or any compromise of security that results in unauthorized access, use, or release of data, or the perception or allegation that any of the foregoing types of failure or compromise has occurred, or any perceptions of privacy concerns, whether or not valid, could damage our reputation, discourage new and existing customers from using our products or solutions, or result in investigations, fines, suspension or termination of operations, or other penalties by government authorities and private claims or litigation, any of which could materially and adversely affect our business, financial condition, and results of operations.

In addition, pursuant to the revised Measures for Cybersecurity Review (《網絡安全審查辦法》) (the "Revised Measures for Cybersecurity Review"), effective on February 15, 2022, (i) a critical information infrastructure operator ("**CIIO**") purchasing network products and services, and platform operators carrying out data processing activities, which affect or may affect national security, shall be subject to the cybersecurity review, (ii) a platform operator holding more than one million users' personal information which pursues listing in a foreign country must apply for cybersecurity review according to Article 7 of the Revised Measures for Cybersecurity Review. As of the Latest Practicable Date, we have not been notified by any competent PRC authority responsible for critical information infrastructure security protection that we are classified as a CIIO. Since **[REDACTED]** on the Stock Exchange does not constitute **[REDACTED]** "in a foreign country", the cybersecurity review requirement under Article 7 of the Revised Measures for Cybersecurity Review is not applicable to the proposed **[REDACTED]**. Nevertheless, the Revised Measures for Cybersecurity Review grant the governmental authorities the discretion to initiate a cybersecurity review if they deem any data processing activity affects or may affect national security. As of the Latest Practicable Date, we have not received any notice from the Cyberspace Administration of China ("**CAC**") to initiate any cybersecurity review on us under the Revised Measures for Cybersecurity Review. However, given that the meaning of terms such as "activities that affect or may affect national security" under current PRC laws and regulations requires further clarification from the competent authorities, uncertainties still exist in relation to the interpretation and implementation of the Revised

Measures for Cybersecurity Review. We cannot assure you that we will not be subject to the cybersecurity review or that new rules or regulations promulgated in the future will not impose additional compliance requirements on us.

We may not be able to obtain or maintain adequate protection for our intellectual property rights, or the scope of such intellectual property rights protection may not be sufficiently broad, which could harm our business and competitive position.

Intellectual property rights are instrumental in safeguarding our future commercial success. We have invested significant resources to develop our own intellectual property. However, events and factors beyond our control may pose risks to our intellectual property rights as well as our solutions.

There is no guarantee that our application of intellectual property rights will always be granted. We may not be able to prevent others from unauthorized use of our intellectual property, which could harm our business and competitive position. We cannot assure you that our employment agreements with confidentiality, non-compete or intellectual property ownership clauses will not be breached, that we will have adequate remedies for any breach in time or at all, or that our proprietary technology, know-how or other intellectual property will not otherwise become known to third parties. In addition, others may independently discover trade secrets and proprietary information, limiting our ability to assert any proprietary rights against such parties. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain trade secret protection could adversely affect our competitive position. We also rely on a combination of patent, copyright, trademark, and trade secret laws and restrictions on disclosure to protect our intellectual property rights. Despite our efforts to protect our proprietary rights, third parties may attempt to copy or otherwise obtain and use our intellectual property or seek court declarations that they do not infringe upon our intellectual property rights. Monitoring unauthorized use of our intellectual property is difficult and costly, and we cannot assure you that the steps we have taken or will take will prevent misappropriation of our intellectual property.

We may be involved in litigation brought by third parties claiming infringement by us of their intellectual property rights, which could be time-consuming and would cause us to incur substantial costs.

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

Any claims or litigation could cause us to incur significant expenses and, if successfully asserted against us, could require that we pay substantial damages or ongoing royalty payments, prevent us from offering our services, require us to develop alternative non-infringing technologies or require that we comply with other unfavorable terms, any of which could have a material adverse effect on our business, financial condition and results of operations. We may also be obligated to indemnify our customers or business partners in connection with any such litigation and to obtain licenses or modify our services, which could further exhaust our resources. Even if we were to prevail in the event of claims or litigation against us, any claim or litigation regarding intellectual property could be costly and time-consuming and divert the attention of our management and other employees from our business.

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

We use open-source software in the development and deployment of our services, and we expect continued reliance on open-source software in the future. Companies that use open-source software for their products have, from time to time, encountered challenges related to the use of such software and potential non-compliance with open-source licensing terms. As a result, we could be subject to legal actions initiated by third parties who claim ownership of software that we believe falls under the category of open-source software, or who allege breaches of open-source licensing terms.

Failure to comply with relevant regulations, or obtain and maintain required licenses, approvals and permits in a timely manner, could adversely affect our operations and expose us to penalties or enforcement actions.

We cannot assure you that the licenses we have obtained are sufficient to conduct all of our present or future business. The interpretation and implementation of existing and future laws, regulations and policies governing our business activities may be further amended. We cannot assure you that we will not be found in violation of any future laws, regulations and policies or any of the laws, regulations and policies currently in effect due to further interpretation by relevant authorities of these laws, regulations and policies. If we fail to complete, obtain or maintain any of the required licenses or approvals or make the necessary filings in any of the jurisdiction where we operate our business, we may be subject to various penalties, such as the imposition of fines and the discontinuation or restriction of our operating, investing or financing activities. Any such penalties may affect our business operations and materially and adversely affect our business, results of operations, and financial condition. For details of the requisite licenses and approvals for our business operations, see "Regulatory Overview."

Non-compliance with applicable laws or regulations by any third parties we work with—including suppliers, service providers, or other business partners—could disrupt our operations and expose us to reputational, legal, or financial risks, which may adversely affect our business, financial condition, and results of operations.

Our business operations and reputation are significantly influenced by the conduct of third parties we work with. We cannot assure you that our suppliers, service providers 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 the third parties we work 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.

Furthermore, it may not always be possible to prevent or detect misconduct of these parties. 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 face certain risks relating to our lease properties, including any legal defects and unforeseen lease terminations of such properties.

As of the Latest Practicable Date, we leased nine properties in the PRC, among which six of our lease agreements had not been registered with the relevant local authorities. There is no assurance that the lessors will cooperate and complete the registration in a timely manner. Failure to complete the lease registration will not affect the legal effectiveness of the lease agreements according to PRC law, but the real estate administrative authorities may require the parties to the lease agreements to complete lease registration within a prescribed period of time, and the failure to do so may subject the parties to fines from RMB1,000 to RMB10,000 for each of such lease agreements. As of the Latest Practicable Date, we had not been ordered by any PRC government authorities to register any lease agreements. However, if we are fined for unregistered leases, we may be unable to recover those penalties from our lessors.

Furthermore, we cannot assure you that we are able to renew our lease on commercially acceptable terms upon expiry, or at all. If the title of any of our leased properties is controversial or the validity of the relevant lease is challenged by any third party, or if we fail to renew our lease upon expiry, we may be compelled to relocate from the affected premises. Such relocation may result in additional expenses or business interruption, which could, in turn, have an adverse effect on our business, financial condition and results of operations.

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

We are beneficiary of the property insurance purchased by our contract manufacturers, which covers potential risks and liabilities associated with our equipment and raw materials used in the manufacturing process. We also provide commercial medical insurance in addition to the insurance pursuant to PRC laws and regulations for our employees. However, we do not maintain business interruption insurance, key-person life insurance, or litigation insurance. Any uninsured occurrence of business disruption, litigation or natural disaster, or significant damages to our uninsured equipment or facilities could have a material adverse effect on our results of operations. Our current insurance coverage may not be sufficient to prevent us from any loss and there is no certainty that we will be able to successfully claim our losses under our current insurance policy on a timely basis, or at all. If we incur any loss that is not covered by our insurance policies, or the compensated amount is significantly less than our actual loss, our business, financial condition and results of operations could be materially and adversely affected. If such risk materializes, we may also suffer substantial losses as we do not have insurance coverage.

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

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

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

New legal or administrative proceedings and claims may arise in the future and the current legal or administrative proceedings and claims we face are subject to inherent uncertainties. If one or more legal or administrative matters were resolved against us or an indemnified third party for amounts in excess of our management's expectations or certain injunctions are granted to prevent us from using certain technologies in our solutions, our business and financial conditions could be materially and adversely affected. Further, such an outcome could result in significant compensatory or punitive monetary damages, disgorgement of revenue or profits, remedial corporate measures, injunctive relief or specific performance against us that could materially and adversely affect our financial condition and operating results. For details regarding our legal proceedings and compliance matters, see "Business—Legal Proceedings and Compliance."

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

Our business depends on the continued efforts of our key management and certain qualified and experienced personnel. If we lose their services, we may not be able to locate or may incur great costs to recruit and train suitable or qualified replacements in a timely manner, or at all, which could harm our business, results of operations, and financial condition. For more information on our R&D personnel, see "—Our ability to maintain technological leadership depends on attracting and retaining top-tier R&D talent, and failure to do so could significantly undermine our competitive position and future growth."

We believe that there is, and will continue to be, intense competition for highly skilled management, technical, sales and other personnel with experience in the automotive intelligence industry. Even if we were to offer higher compensation and other benefits, there can be no assurance that these individuals will choose to join or continue to work for us. If we are unable to retain and motivate our existing employees and attract qualified personnel to fill important positions, we may be unable to manage our business effectively, which could adversely affect our business, results of operations, and financial condition.

Our net current liabilities and net liabilities may expose us to liquidity risks.

Our net current liabilities and net liabilities may expose us to certain liquidity risks. As of December 31, 2023, 2024 and 2025, we recorded net current liabilities of RMB1,434.3 million, RMB1,730.0 million and RMB3,103.6 million, respectively. Our net current liabilities position primarily arose from convertible redeemable preferred shares. The value of such preferred shares, amounted to RMB1,967.1 million, RMB2,082.1 million and RMB3,532.1 million as of December 31, 2023, 2024 and 2025, respectively. Because the convertible redeemable preferred shares will automatically convert into ordinary shares upon the completion of the **[REDACTED]**, they will no longer be classified as liabilities afterwards. For a more detailed discussion of our net current liabilities and our working capital, see "Financial Information—Discussion of Selected Items from the Consolidated Balance Sheet and "Financial Information—Working Capital."

Net current liabilities and net liabilities may constrain our operational flexibility and adversely affect our ability to expand our business. Our future liquidity, including the payment of trade and other payables when they become due, will primarily depend on our ability to generate adequate cash inflows from operating activities and obtain sufficient external financing. This, in turn, will be affected by our future operating and financial performance, industry trends, and prevailing economic and capital market conditions, many of which are beyond our control.

If we are unable to maintain sufficient working capital to meet our financial needs internally, we may need to pursue external funding. A failure to secure additional financing on acceptable terms, or at all, may force us to delay or abandon development and expansion plans. As a result, our business, financial position, and operating results may be materially and adversely affected.

Our business, revenue, and financial results may be materially and adversely affected by macroeconomic conditions in China and globally, including any economic slowdown, financial or credit market instability, or changes in consumer spending patterns.

The success of our business ultimately depends on consumer spending. We derive a substantial majority of our revenues from China. As a result, our revenues and financial results are impacted to a significant extent by the economic conditions globally, particularly in China. The global macroeconomic environment is facing challenges, including the adverse impact on the global economies and financial markets from the COVID-19 pandemic. There is considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies adopted by the central banks and financial authorities of some of the world's leading economies, including the United States and China. There have been concerns over unrest and terrorist threats in the Middle East, Europe and Africa and over the conflicts involving Ukraine. The slow economic recoveries around the world and the high-inflation, high-interest environment have contributed to higher global volatility. These developments may adversely impact global liquidity, heighten market volatility and increase U.S. dollar funding costs resulting in tightened global financial conditions and fears of a recession. 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. Any severe or prolonged slowdown in the global or China's economy may materially and adversely affect our business, results of operations, and financial condition.

We face risks related to health epidemics, natural disaster, terrorist activities, political unrest, financial or economic crisis and other force majeure events, which could significantly disrupt our operations.

Natural disaster events (such as earthquakes, tsunamis, volcanic eruptions, floods, tropical weather conditions and landslides), health epidemics (such as swine flu, avian influenza, severe acute respiratory syndrome (SARS), Ebola, Zika and COVID-19), terrorist attacks, political unrest, financial or economic crisis and other force majeure events may adversely disrupt our operations in the countries we may expand into in the future, lead to economic weakness in such countries in which they occur and affect worldwide financial markets, and could potentially lead to economic recession, which could materially and adversely affect our business operations, financial performance, financial condition, results of operations and prospects. These events could precipitate sudden significant changes in regional and global economic conditions and cycles. These events may also potentially pose significant risks to our people and to our business operations.

RISKS RELATING TO DOING BUSINESS IN THE JURISDICTIONS WHERE WE OPERATE

Changes in international relations, geopolitical tensions, and trade protection policies, including the imposition of trade restrictions, investment restrictions, sanctions, export controls, or tariffs, may materially and adversely affect our business, financial condition, and results of operations.

Changes in international trade policies and rising geopolitical tensions—particularly between the United States and China, but also as a result of the war in Ukraine and sanctions on Russia—have created a complex and evolving global business landscape. Tensions between China and the United States have been especially pronounced since the COVID-19 pandemic, due to several developments, including the implementation of the Hong Kong National Security Law by the PRC National People's Congress, sanctions imposed by the U.S. Department of the Treasury ("**Treasury**") on certain officials of the Hong Kong Special Administrative Region and the PRC central government, U.S. export control laws administered by the Bureau of Industry and Security, and executive orders issued by the U.S. President in August 2020 that prohibit certain transactions with select China-based companies and their subsidiaries.

These developments have heightened uncertainty and risk across international trade, cross-border investment, and technology supply chains. Measures such as tariffs, export controls, sanctions, restrictions on technology transfer, and increased regulatory scrutiny of Chinese companies by U.S. and other foreign authorities could negatively impact our supply chain, limit our access to essential components or technologies, and constrain our ability to conduct business internationally. Moreover, the possibility of additional or expanded sanctions, trade restrictions, or regulatory actions—whether arising from new legislation, executive orders, or evolving geopolitical dynamics—could adversely affect our operations, financial condition, and prospects.

Most recently, in April 2025, the U.S. government adopted a two-tier tariff structure: a universal 10% baseline tariff on all imports to the U.S. and individualized, reciprocal higher tariffs on imports from certain countries and regions, including China, the European Union, and Japan. On April 10, 2025, the U.S. government suspended reciprocal tariffs for all countries and regions, except China, for a period of 90 days. Shortly thereafter, China and the European Union announced higher tariff rates on U.S. goods entering their markets. Furthermore, the European Union has imposed countervailing duties ranging from 17% to 35.3%—with certain exceptions, which face a duty of 7.8%—on electric vehicles (EVs) imported from China for a period of five years starting October 30, 2024. These duties are in addition to the EU's standard 10% car import duty. Laws and regulations such as these are subject to frequent change, and their interpretation and enforcement involve substantial uncertainty, often heightened by national security considerations and other factors beyond our control. The increased tariffs imposed by both the EU and the United States will directly affect our Chinese OEM customers and could indirectly have a material adverse effect on our business, operations, and financial performance. If our integrated domain control solutions are exported directly to the EU, the United States, or other jurisdictions with similar tariffs, we may also be subject to increased duties on those products. Because our business involves cross-border trade, these tariff measures could increase our import costs and, in turn, adversely impact our competitiveness, business, financial condition, and operating results. Subsequently, the two sides agreed to roll back most of these higher tariffs for a 90-day period ended August 12, 2025. On August 11, 2025, amidst continued discussions, the two sides agreed to extend the pause on the higher tariffs an additional 90 days until November 10, 2025. In addition to the tariffs on Chinese goods, the U.S. government has also pursued substantially higher tariff rates with substantially all of its trading partners. These and similar developments may mark a period of increased trade tensions and higher tariff rates, which could negatively affect both China's trade and other economic relations with the United States, but also global economic conditions generally. Future trade policies may continue to evolve, and new tariffs, import/export restrictions, or technology controls may be implemented, potentially introducing further uncertainty and operational challenges for our business. As our expand our business footprints globally, tariffs and export control measures taken by the PRC, U.S. or any other government or other trade tensions or unfavorable trade policies may affect the costs and/or marketability of our products. The current international trade tensions and political tensions between the United States and China, and any escalation of such tensions, may have a material negative impact on our ability to secure the supply of raw materials and key components necessary for our operations and our ability to continue to sell to global customers and further grow our customer base. For example, while we are not currently affected by the Entity List or other U.S. export control laws or regulations in any material respect, as the Entity List and other U.S. export control laws and regulations continue to expand and evolve, future U.S. export controls may materially affect or target some of our significant suppliers or customers, in which event our business may be affected if we fail to promptly secure alternative sources of supply or demand on terms acceptable to us.

In addition, on August 9, 2023, former President Biden issued Executive Order 14105, "Addressing United States Investments in Certain National Security Technologies and Products in Countries of Concern," ("E.O. 14105"). In accordance with E.O. 14105, Treasury issued implementing regulations (the "Outbound Investment Rules"), which became effective on January 2, 2025. Under the Outbound Investment Rules, U.S. Persons face prohibitions and notification requirements for a broad range of investments in entities associated with Chinese Mainland, Hong Kong SAR, and Macau SAR that are engaged in any "covered activity" in (i) semiconductors and microelectronics, (ii) quantum information technologies, and (iii) artificial intelligence systems, such entities are collectively defined as "covered foreign persons." Covered transactions include certain equity investments, debt financing, joint ventures, and limited partnership investments in non-U.S. pooled funds. The Outbound Investment Rules also carve out certain excepted transactions. One such exception is an investment by a U.S. person in any "publicly traded security, with 'security' as defined in section 3(a)(10) of the Securities Exchange Act of 1934, that (i) trades on a securities exchange or through the method of trading that is commonly referred to as 'over-the-counter' in any jurisdiction" and (ii) does not afford the U.S. person rights beyond standard minority shareholder protections. The Outbound Investment Rules may introduce new hurdles and uncertainties for cross-border collaborations, investments, and fundraising activities of China-based issuers such as us. Although we believe that we are not a covered foreign person under the Outbound Investment Rules, as we do not engage in any "covered activity" or otherwise fall within the definition, there is no assurance that Treasury will share this view. If we are deemed to be a covered foreign person, and if U.S. persons engage in a covered transaction involving our Shares, such U.S. persons may need to submit a notification to Treasury under the Outbound Investment Rules.

Evolving regulations and differing interpretations could further restrict our future ability to raise capital from U.S. investors, potentially harming our business, financial position, and prospects. Under extreme circumstances, the value of our Shares could decline significantly or even become worthless.

Additionally, heightened scrutiny of Chinese companies, including potential delisting actions in the U.S. capital markets, increased regulatory oversight of cross-border investments, and restrictions on investment or business relationships with Chinese entities, could impair our access to international capital markets and limit our ability to secure financing or strategic partnerships. Given the dynamic and unpredictable nature of these geopolitical developments, our business could be materially and adversely affected by further changes in international trade policies or by ongoing geopolitical tensions.

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

Under the PRC Enterprise Income Tax Law (中華人民共和國企業所得稅法) and its implementation rules, an enterprise established outside of the PRC with "de facto management body" within China is considered a "resident enterprise" and will be subject to the enterprise income tax on its global income at the rate of 25%. For details, see "Regulatory Overview — Regulations on Tax — Enterprise income tax." The tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term "de facto management body." If the PRC tax authorities determine that we are a PRC resident enterprise for enterprise income tax purposes, we could be subject to PRC tax at a rate of 25% on our worldwide income, which could materially reduce our net income, and we may be required to withhold a 10% withholding tax from dividends we pay to our shareholders that are non-resident enterprises. In addition, non-resident enterprise shareholders may be subject to PRC tax at a rate of 10% on gains realized on the sale or other disposition of our Shares, if such income is treated as sourced from within China. Furthermore, if we are deemed a PRC resident enterprise, dividends payable to our non-PRC individual shareholders and any gain realized on the transfer of our Shares by such shareholders may be subject to PRC tax at a rate of 20% unless a reduced rate is available under an applicable tax treaty. However, it is unclear whether our non-PRC shareholders would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that we are treated as a PRC resident enterprise. Any such tax may reduce the returns on your investment in our Shares.

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

We are an offshore holding company conducting our operations in China through our PRC subsidiaries. We may make loans to our PRC subsidiaries subject to the approval from or registration with governmental authorities and limitation on amount, or we may make additional capital contributions to our PRC subsidiaries in China. Any loans to our PRC subsidiaries are subject to PRC regulations and applicable foreign exchange loan registrations. For example, any loans by us to our PRC subsidiaries to finance their activities are subject to applicable foreign loan registration with the local counterpart of SAFE and limitation on amount under PRC laws, and any medium or long-term loans by us to our PRC subsidiaries must be approved and registered with the NDRC. Additionally, if we finance such subsidiary by means of additional capital contributions, these capital contributions must be registered, reported or filed with certain government authorities, including the Ministry of Commerce, the State Administration for Market Regulation and the SAFE or their local counterparts. We cannot assure you that we will be able to obtain these government registrations or approvals or to complete registration procedures on a timely basis, if at all, with respect to future loans or capital contributions by us to our subsidiaries or any of their respective subsidiaries. If we fail to obtain such approvals or registrations, our ability to make equity contributions or provide loans to our PRC subsidiaries or to fund their operations may be materially and adversely affected. This may materially and adversely affect our PRC subsidiaries' liquidity, our ability to fund and expand our business in the PRC. As a result, this may have a material adverse effect on our business, financial condition and results of operations.

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

We are a Cayman Islands holding company and we may rely principally on dividends and other distributions on equity from our PRC subsidiaries for our cash requirements, including the funds necessary to pay dividends and other cash distributions to our shareholders for services of any debt we may incur. If our PRC subsidiaries incur debt on its own behalf in the future, the instruments governing the debt may restrict its ability to pay dividends or make other distributions to us. Under PRC laws and regulations, our PRC subsidiaries may pay dividends only out of their distributable profits. Distributable profits are our PRC subsidiaries' after-tax profits, less any recovery of accumulated losses and appropriations to statutory reserves as determined in accordance with PRC accounting standards and regulations. In addition, our PRC subsidiaries may also allocate a portion of their after-tax profits based on PRC accounting standards to a discretionary surplus fund at their discretion. The profits allocated into the statutory reserve funds and the discretionary funds cannot be distributed to us as dividends.

Any limitation on the ability of our PRC subsidiaries to pay dividends or make other kinds of payments to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends to our **[REDACTED]** or other obligations to our suppliers, or otherwise fund and conduct our business.

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

We face uncertainties on the reporting and consequences of previous and future private equity financing transactions, share exchanges or other transactions involving the transfer of shares in our Company by **[REDACTED]** that are non-PRC resident enterprises. See "Regulatory Overview—Tax on indirect transfer" for laws, rules, and regulations in this respect. The PRC tax authorities may pursue such non-resident enterprises with respect to a filing or the transferees with respect to withholding obligation, and request our PRC subsidiaries to assist in the filing. As a result, we and non-resident enterprises in such transactions may be subject to filing obligations or be taxed under the above mentioned two bulletins, and may be required to expend valuable resources to comply with them or to establish that we and our non-resident enterprises should not be taxed under these regulations.

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

In February 2012, SAFE promulgated the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company (國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知). Pursuant to these rules, PRC citizens and non-PRC citizens who reside in China for a continuous period of not less than one year and participate in any stock incentive plan of an overseas publicly listed company, subject to a few exceptions, are required to register with SAFE through a domestic qualified agent, which could be the PRC subsidiaries of such overseas-listed company, and complete certain other procedures. In addition, an overseas-entrusted institution must be retained to handle matters in connection with the exercise or sale of stock options and the purchase or sale of shares and interests. We and our executive officers and other employees who are PRC citizens or who reside in China for a continuous period of not less than one year and who have been granted options will be subject to these regulations when our Company becomes an overseas-**[REDACTED]** company upon the completion of the **[REDACTED]**. Failure to complete SAFE registrations may subject them to fines and legal sanctions and may also limit our ability to contribute additional capital into our PRC subsidiaries and limit our PRC subsidiaries' ability to distribute dividends to us. We also face regulatory uncertainties that could restrict our ability to adopt additional incentive plans for our directors, executive officers and employees under PRC law.

In addition, SAT has issued certain circulars concerning employee share options and restricted shares. Under these circulars, our employees working in China who exercise share options or are granted restricted shares will be subject to PRC individual income tax. Our PRC subsidiaries have obligations to file documents related to employee share options or restricted shares with relevant tax authorities and to withhold individual income taxes of those employees who exercise their share options. If our employees fail to pay or we fail to withhold their income taxes according to relevant laws and regulations, we may face sanctions imposed by the tax authorities or other PRC government authorities.

Fluctuations in exchange rates could result in foreign currency exchange losses and could materially and adversely affect our financial performance.

While our revenues are denominated in Renminbi, a substantial amount of our cost of revenues are denominated in U.S. dollar. We may need to obtain foreign currency to make payments of hardware materials and declare dividends, if any, on our Shares. In addition, our **[REDACTED]** from the **[REDACTED]** will be denominated in Hong Kong dollars. The value of currencies against the Hong Kong dollar, the U.S. dollar and other currencies is based on rates set by the People's Bank of China, which is affected by, among other things, changes in global and geographical political and economic conditions, supply and demand in the monetary markets, and economic and political developments domestically and internationally. It is difficult for us to predict how external factors in respect of markets or policies may impact the exchange rate between the Renminbi and the Hong Kong dollar, the U.S. dollar or other currencies in the future. Any appreciation of the Renminbi against the Hong Kong dollar may result in a decrease in the value of our **[REDACTED]** from the **[REDACTED]**. Conversely, any depreciation of the Renminbi may adversely affect our purchase power and the value of, and any dividends payable on, our Shares in a foreign currency. In addition, there are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. All of the above factors may adversely affect our business, hence the value of our Shares in Hong Kong dollars.

The enforcement of PRC Labor Contract Law and other labor related regulations may materially affect our business, financial condition, and results of operations.

Pursuant to the Labor Contract law of the PRC (《中華人民共和國勞動合同法》) and its implementation rules, employers are subject to strict requirements regarding the execution of labor contracts, minimum wage standards, payment of remuneration, limitations on overtime work hours, terms of employee probation, and restrictions on the unilateral termination of labor contracts. These regulations may limit our ability to adjust our workforce at will or terminate employment contracts as needed.

During the Track Record Period, we had engaged third-party human resource agencies to make social insurance and housing provident fund contributions for some of our employees. As a result, there is a risk that the relevant government authorities may determine that we have not properly contributed social insurance and housing provident funds for those employees. Furthermore, if such third-party agencies fail to fulfill their obligations under the relevant agreements to make such payments, it could lead to potential disputes between us and the affected employees. If we are deemed to have violated relevant labor laws and regulations, we could be required to provide additional compensation to our employees, and our business, financial condition, and results of operations could be materially and adversely affected.

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

We are a company incorporated in the Cayman Islands, and substantially all of our current operations are conducted in China. In addition, to our knowledge, most of our current Directors and officers are residents of China. As a result, it may be difficult or impossible for you to effect service of process within Hong Kong upon us or these persons, to bring an action in Hong Kong against us or against these individuals or their assets located in China in the event that you believe that your rights have been infringed under the applicable securities laws or otherwise, or seek to enforce a foreign judgment in Hong Kong courts. In addition, as there are no clear statutory and judicial interpretations or guidance on a PRC court's jurisdiction over cases brought under foreign securities laws, it may be difficult for you to bring an original action against us or our PRC resident officers and Directors in a PRC court based on the liability provisions of non-PRC securities laws. Even if you are successful in bringing an action of this kind, the laws of the Cayman Islands and of China may render you unable to enforce a judgment against our assets or the assets of our Directors and officers.

On January 18, 2019, the Supreme People's Court of the PRC and the government of the Hong Kong Special Administrative Region entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排), which seeks to establish a bilateral legal mechanism with further clarity and certainty for recognition and enforcement of Judgments in a wider range of civil and commercial matters between Hong Kong and mainland China, based on criteria other than a written choice of court agreement. However, outcomes of any applications to recognize and enforce such judgments and arbitral awards in mainland China will be subject to further adjudication by PRC courts in accordance with PRC laws, including the PRC Civil Procedure Law.

RISKS RELATING TO THE [REDACTED]

There has been no prior [REDACTED] market for our Shares, and their liquidity and [REDACTED] maybe volatile.

Prior to the **[REDACTED]**, there has been no **[REDACTED]** market for our Shares. The **[REDACTED]** for our Shares to the public will be the result of negotiations between us and the Overall Coordinators (for themselves and on behalf of the **[REDACTED]**), and the **[REDACTED]** may differ significantly from the **[REDACTED]** of our Shares following the **[REDACTED]**. We have applied to the Stock Exchange for the **[REDACTED]** of, and permission to deal in, the Shares in issue and to be issued pursuant to the **[REDACTED]** (including the Shares which may be issued pursuant to the exercise of the **[REDACTED]**). A **[REDACTED]** on the Stock Exchange, however, does not guarantee that an active and liquid **[REDACTED]** market for our Shares will develop, or if it does develop, that it will be sustained following the **[REDACTED]**, or that the **[REDACTED]** of our Shares will not decline following the **[REDACTED]**. If an active public market for our Shares does not develop following the completion of the **[REDACTED]**, the **[REDACTED]** and liquidity of our Shares could be materially and adversely affected.

The [REDACTED] and [REDACTED] of the Shares may be volatile, which could result in substantial losses to you.

The **[REDACTED]** and **[REDACTED]** of our Shares may be volatile and could fluctuate widely in response to factors beyond our control, including general market conditions of the securities markets in Hong Kong, Chinese Mainland, the United States and elsewhere in the world. In particular, the performance and fluctuation of the market prices of other companies with business operations located mainly in China that have listed their securities in Hong Kong may affect the volatility of the **[REDACTED]** of, and **[REDACTED]** for our Shares. A number of PRC-based companies have listed their securities, and some are in the process of preparing for listing their securities, in Hong Kong. Some of these companies have experienced significant volatility, including significant price declines after their offerings. The trading performances of the securities of these companies at the time of, or after, their offerings may affect the overall investor sentiment towards PRC-based companies listed in Hong Kong, and consequently may impact the **[REDACTED]** of our Shares. These broad market and industry factors may significantly affect the **[REDACTED]** and volatility of our Shares, regardless of our actual operating performance.

We have not recognized any share-based compensation expense in the past but will recognize a substantial amount of share-based compensation expense upon the completion of the [REDACTED], which will have a significant impact on our results of operations.

We have adopted the Pre-**[REDACTED]** Option Plan pursuant to which we may grant options to purchase our Shares. We are required to classify share options granted to our employees, directors and consultants as equity awards and recognize share-based compensation expense based on the fair value of such share options, with the share-based compensation expense recognized over the period in which the recipient is required to provide service in exchange for the equity award. Because the exercisability of the share options granted by us is conditional upon completion of the **[REDACTED]**, we have not recognized share-based compensation expense relating to these share options granted by us yet.

As a result, upon the completion of the **[REDACTED]**, we expect to begin to recognize a substantial amount of share-based compensation expense, and we expect the recognition of such share-based compensation expenses to have a significant impact on our results of operations following the **[REDACTED]** is completed. Moreover, if additional share options or other equity incentives are granted to our employees, directors or consultants in the future, we will incur additional share-based compensation expenses, and our results of operations will be further adversely affected. For more details of the Pre-**[REDACTED]** Option Plan, see "Statutory and General information — Pre-**[REDACTED]** Option Plan" in Appendix IV to this Document.

You will experience immediate dilution and may experience further dilution if we issue additional Shares or other equity securities in the future, including pursuant to the Pre-[REDACTED] Option Plan.

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

As of the Latest Practicable Date, we have adopted the Pre-**[REDACTED]** Option Plan. No options under the Pre-**[REDACTED]** Option Plan will be further granted after the **[REDACTED]** and all granted options have been granted to specified individuals under the Pre-**[REDACTED]** Option Plan. For more details of the Pre-**[REDACTED]** Option Plan, see "Statutory and General information — Pre-**[REDACTED]** Option Plan" in Appendix IV to this Document. Any options or any other share-based compensations that we may grant from time to time may result in an increase in our issued share capital, which in turn may result in a dilution of our shareholders' shareholding interest in our Company and a reduction in earnings per Share.

The actual or perceived sale or availability for sale of substantial amounts of our Shares, especially by our Directors, senior management and Pre-[REDACTED] Investors, could adversely affect the [REDACTED] of our Shares.

Future sales of a substantial number of our Shares, especially by our Directors, senior management and Pre-**[REDACTED]** Investors, or the perception or anticipation of such sales, could negatively impact the **[REDACTED]** of our Shares in Hong Kong and our ability to raise equity capital in the future at a time and price that we deem appropriate.

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

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

We do not expect to pay dividends in the foreseeable future after the [REDACTED].

We do not expect to pay any cash dividends in the foreseeable future. Therefore, you should not rely on an **[REDACTED]** in our Shares as a source for any future dividend income.

Our Board has complete discretion as to whether to distribute dividends. Even if our Board decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions (if any) received by us from our subsidiaries, our financial condition, contractual restrictions and other factors deemed relevant by our Board. Accordingly, the return on your **[REDACTED]** in our Shares will likely depend entirely upon any future price appreciation of our Shares. There is no guarantee that our Shares will appreciate in value after the **[REDACTED]** or even maintain the price at which you purchased the Shares. You may not realize a return on your **[REDACTED]** in our Shares and you may even lose your entire **[REDACTED]** in our Shares.

We are a Cayman Islands company and, because judicial precedent regarding the rights of shareholders is more limited under the laws of the Cayman Islands than other jurisdictions, the [REDACTED] may experience difficulties in enforcing Shareholder rights.

Our Company is an exempted company incorporated in the Cayman Islands with limited liability and the laws of the Cayman Islands differ in some respects from those of Hong Kong or other jurisdictions where investors may be located. The corporate affairs of our Company are governed by the Memorandum and the Articles, the Companies Act and the common law of the Cayman Islands. The rights of Shareholders to take legal action against our Company and/or our Directors, actions by minority Shareholders and the fiduciary duties of our Directors to our Company under Cayman Islands laws are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The rights of the Shareholders and the fiduciary duties of our Directors under Cayman Islands laws may not be as clearly established as they would be under statutes or judicial precedents in Hong Kong or other jurisdictions where investors reside. In particular, the Cayman Islands has a less developed body of securities laws. As a result of all of the above, Shareholders may have more difficulty in exercising their rights in the face of actions taken by the management of our Company, Directors or major Shareholders than they would as shareholders of a Hong Kong company or company incorporated in other jurisdictions.

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

This Document contains certain statements and information that are forward-looking and uses forward-looking terminology such as "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 and media coverage regarding us and the [REDACTED].

There may be, subsequent to the date of this Document but prior to the completion of the **[REDACTED]**, press and media coverage regarding us and the **[REDACTED]**, which may contain, among other things, certain financial information, projections, valuations and other forward-looking information about us and the **[REDACTED]**. We have not authorized the disclosure of any such information in the press or media and do not accept responsibility for the accuracy or completeness of such press articles or other media coverage. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations or other forward-looking information about us. To the extent such statements are inconsistent with, or conflict with, the information contained in this Document, we disclaim responsibility for them. Accordingly, prospective **[REDACTED]** are cautioned to make their **[REDACTED]** decisions on the basis of the information contained in this Document only and should not rely on any other information.

You should rely solely upon the information contained in this Document, the **[REDACTED]** and any formal announcements made by us in Hong Kong in making your **[REDACTED]** decision regarding our Shares. We do not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding our Shares, the **[REDACTED]** or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such data or publication. Accordingly, prospective **[REDACTED]** should not rely on any such information, reports or publications in making their decisions as to whether to **[REDACTED]** in our **[REDACTED]**. By applying to purchase our Shares in the **[REDACTED]**, you will be deemed to have agreed that you will not rely on any information other than that contained in this Document and the **[REDACTED]**.

[REDACTED] should not place undue reliance on facts, forecasts, estimates and other statistics in this Document relating to the economy and our industry obtained from official resources.

Facts, forecasts, estimates and other statistics in this Document relating to the economy and the industry in which we operate our business on have been collected from materials from official government sources. While we have exercised reasonable care in compiling and reproducing such information and statistics derived from government publications, we cannot assure you nor make any representation as to the accuracy or completeness of such information. Neither we or any of our respective affiliates or advisors, nor the **[REDACTED]**, or any of their respective directors, supervisors, officers, employees, advisors, agents or representatives or any other party involved in the **[REDACTED]**, have independently verified the accuracy or completeness of such information directly or indirectly derived from official government sources. In particular, due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, such information and statistics may be inaccurate or may not be comparable to information and statistics produced with respect to other countries. Statistics, industry data and other information relating to the economy and the industry derived from the official government sources used in this Document may not be consistent with other information available from other sources and therefore, **[REDACTED]** should not unduly rely on such information in this Document.