
RISK FACTORS

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

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

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

If we fail to keep pace with the changing market requirements, maintain market acceptance of our products and solutions or retain and attract customers, our business, financial condition and results of operations could be adversely affected.

We sell our products and solutions to OEMs for incorporation into their vehicle models, which are then sold to consumers. Accordingly, our success depends on both our ability to develop and upgrade technologies and solutions that align with OEMs' product roadmaps and the rapid technological evolution of the automotive industry, and continued adoption of our products and solutions by existing and new customers.

Our business and growth prospects are also closely tied to our ability to satisfy new technological standards and meet 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, security and cost-effectiveness that OEMs and consumers demand, we risk diminished market acceptance and reduced business performance. Even technically robust products can struggle if OEMs and consumers do not recognise their value or if competitors outperform us in terms of price, brand strength, technology or channel relationships.

In China, our current primary market, the broader adoption of smart vehicle technologies depends on factors such as extent of functionalities, total costs, driver and passenger preferences and overall awareness of in-vehicle intelligence solutions. There is no guarantee that our products and solutions will gain or maintain wide recognition among OEMs or consumers.

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. These factors include changes in OEM procurement strategies or vehicle development priorities, increased competition from domestic or international technology providers, shifts in technology standards or regulatory requirements and our ability to deliver consistent product performance, maintain cost competitiveness and achieve timely innovation.

As we expand our customer base and work with an increasingly diverse set of OEM partners, we might struggle to tailor our products and solutions to each customer's unique requirements or to sustain the high level of support they expect. Our ability to retain current customers and attract new ones may also be adversely affected due to our failure to meet customer service expectations, inability to hold or apply for certain licenses, permits or qualification or customer's decision to develop their vehicle computing solutions.

RISK FACTORS

If we are unable to keep pace with evolving market requirements, maintain broad OEM and consumer acceptance of our products and solutions, retain our existing OEM customers, attract new ones or increase customer spending on our offerings, our business, results of operations and financial condition could be adversely affected.

We derived a significant portion of our revenue from SA8155 domain controllers during the Track Record Period and any decline in demand for, pricing of, or market acceptance of such products would materially and adversely affect our business, financial condition and results of operations.

We derived a significant portion of our revenue from SA8155 domain controllers during the Track Record Period, and any decline in demand for, pricing of, or market acceptance of the SA8155 domain controllers would materially and adversely affect our business, financial condition and results of operations. In 2023, 2024 and 2025, our revenue derived from SA8155 domain controllers amounted to RMB2,283.8 million, RMB2,631.0 million and RMB1,704.9 million, representing 99.4%, 99.1% and 82.5% of our total revenue, respectively.

This concentration of revenue in a single product line exposes us to significant risks. As newer and more advanced SoCs are introduced to the market and as industry competition intensifies, the price of SA8155 domain controllers has declined. Our average selling price for SA8155 domain controllers declined from RMB3,661 in 2023 to RMB3,296 in 2024 and further to RMB3,028 in 2025 due to intensified competition. This pricing pressure may continue as the automotive intelligent cockpit market evolves and as OEM customers seek to reduce costs through their supply chains.

Our ability to offset such declines depends on the successful commercialization and market acceptance of next-generation products, such as SA8255, SA8775, MT8675 and MT8676, as well as our ability to attract new customers or secure increased order volumes from our existing customers for SA8155 domain controllers. There can be no assurance that we will be able to develop, commercialize or scale our next-generation products in a timely manner or at all. If we are unable to maintain our existing customers or secure new customers for SA8155 domain controllers, or grow revenue from our next-generation products, our business, financial condition and results of operations could be materially and adversely affected.

The market for vehicle computing 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 products and 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 on a commercial scale, key industry participants may decline to adopt our products and solutions or develop competing technologies. 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 vehicle computing solutions, even those unrelated to our products and solutions and technologies, may lead to severe negative publicity. Such incidents can provoke calls

RISK FACTORS

for suspension or stricter regulation of our products and solutions as well as more rigorous industry standards. If the broader issues of safety and reliability in vehicle computing solutions are not satisfactorily resolved, our business, prospects, operating results and financial condition could be materially harmed.

We rely on Bosch, our largest supplier, for the procurement of PCBAs and related services, and any disruption in such supply or deterioration in our relationship with Bosch could materially and adversely affect our operations.

Bosch was our largest supplier during the Track Record Period. In the years ended December 31, 2023, 2024 and 2025, we procured PCBAs and related R&D services from Bosch in connection with its R&D activities on the PCBAs, and the relevant purchase amount amounted to RMB2,217.8 million, RMB2,019.0 million and RMB1,664.1 million, respectively, which accounted for 82.9%, 80.3% and 62.4% of our total purchase, respectively. See "Business—Our Suppliers—Our Relationship with Bosch."

Although we seek to maintain stable relationships with Bosch, we remain subject to risks associated with supplier concentration. Any interruption in the supply of these components, 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 products and solutions.

In addition, if Bosch were to discontinue supply, materially alter its commercial terms or cease operations or if we enter into disputes with Bosch, 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. See "Business—Our Supplier—Our Relationship with Bosch—Our Supplier Concentration on Bosch—We have proactively sought other suppliers to procure comparable PCBAs as we expand our portfolio of vehicle computing solutions" for our efforts to seek alternative suppliers. Any of the foregoing could materially and adversely affect our business, financial condition, results of operations and reputation.

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 contributed, and are expected to contribute in the future, a vast majority of our total revenue. In the years ended December 31, 2023, 2024 and 2025, the single largest customer accounted for 59.0%, 58.7% and 30.6%, of our total revenue, respectively, and the five largest customers in aggregate contributed 99.5%, 98.7% and 90.4% of our total revenue, respectively, for the same periods. This dependence on a limited number of customers could make it difficult for us to negotiate attractive prices for our products and solutions and could expose us to the risk of substantial losses if we experienced declines in the business from any of our major customers, whether due to lower overall demand for our products and solutions, cancelation of existing contracts or design wins or the failure to secure new business, among other reasons. These customers may choose to reduce their purchases or cease to use our products and 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.

RISK FACTORS

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 retain key customers, our business, financial condition and results of operations could deteriorate.

We have experienced revenue growth in recent years. Our revenue increased by 15.6% from RMB2,297.7 million in 2023 to RMB2,655.6 million in 2024. However, rapid 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:

- intensifying competition from OEM in-house programs, established Tier 1 suppliers and new entrants with alternative technologies;
- softening demand for vehicle computing solutions in China and other key markets;
- extended sales cycles or delays in R&D, testing, certification and commercialization of new solutions and software features;
- evolving regulatory requirements for functional safety, cybersecurity, data privacy and over-the-air updates;
- supply-chain constraints, export controls or tariffs limiting our access to advanced chips or other critical components;
- challenges in scaling manufacturing capacity while maintaining quality;
- our ability to attract, develop and retain technical talent;
- intellectual property disputes or infringement claims;
- and macroeconomic or geopolitical events that reduce vehicle production, vehicle electrification or end-customer spending.

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 retain key customers, our business, financial condition and results of operations could be materially and adversely affected. In particular, our financial condition and results of operations may deteriorate. 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, our revenue, gross margins, cash flow and overall financial condition could deviate materially from our expectations, and the price of our securities could decline.

We incurred net loss and net operating cash outflows during the Track Record Period, and we cannot make any guarantee in relation to our future financial condition.

We incurred net losses of RMB201.2 million, RMB253.1 million and RMB575.7 million in the years ended December 31, 2023, 2024 and 2025, respectively. We may continue to generate net losses in the near term and we are uncertain about our future profitability, 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 products and solutions, the development of new offerings, recruitment of qualified personnel and pursuit of technological breakthroughs. 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,

RISK FACTORS

investments, acquisitions or capital expenditures, substantial shifts in the competitive or regulatory landscape or significant costs could further reduce our revenue. As a result, we cannot assure you that we will achieve or sustain profitability in the future.

We recorded net cash operating outflow of RMB697.0 million, RMB1,011.1 million and RMB872.2 million in the years ended December 31, 2023, 2024 and 2025, respectively. The net cash operating outflow during such periods 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.

We had net current liabilities, net liabilities historically which may continue into the foreseeable future and 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, our net current liabilities amounted to RMB672.9 million, RMB501.8 million and RMB161.2 million, respectively. As of December 31, 2023 and 2024, we recorded net liabilities of RMB1,672.7 million and RMB1,925.8 million, respectively. As of December 31, 2025, we recorded net assets of RMB182.1 million. Our net current liabilities and net liabilities positions primarily arose from paid-in capital with preferred rights, amounts due to related parties and borrowings. A net current liabilities position may constrain our operational flexibility and adversely affect our ability to expand our business. Our future liquidity 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.

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

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 products and solutions for future vehicle models. It is possible that more OEM customers will choose to develop their own smart cockpit and related solutions, which may reduce their demand for our products and solutions. We cannot assure you that our existing OEM customers will continue to purchase our products and 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.

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 intelligent cockpit domain controller 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

RISK FACTORS

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 intelligent cockpit domain controller 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 are to bringing their smart vehicle technologies to market, nor can we know what features or products they plan to introduce next. This lack of visibility makes it difficult for us to anticipate shifts in customer demand or to align our own development roadmap with emerging industry trends. 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. Leading OEMs and their system integrators are also expanding vertically, investing heavily to develop their proprietary cockpit and vehicle-domain technologies. We cannot predict if or when these competitors will launch new products, reduce prices or bundle cockpit solutions with broader smart vehicle 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 and experts necessary to match competitor innovation. Absent effective differentiation, through superior system performance, proven 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.

We may be subject to inventory obsolescence risk.

Our business expansion requires us to manage inventory effectively. During the Track Record Period, our inventories consisted of raw materials, work-in-progress and finished goods. Our inventories decreased from RMB315.9 million as of December 31, 2023 to RMB110.8 million as of December 31, 2024 and then increased to RMB254.0 million as of December 31, 2025. Our turnover days of inventories decreased from 43 days in 2023 to 35 days in 2024 and increased to 38 days in 2025. We manage inventory through an integrated sales, production and material planning process, including monthly ABC classification of materials, defined safety stock levels for finished goods and raw materials, and regular monitoring of stock days and inventory turnover. However, we cannot guarantee that our inventories can be fully utilized within their shelf life. As our business expands, our inventory obsolescence risk may also increase commensurately with the increase in our inventories and our inventory turnover days.

There can be no assurance that our efforts seeking design wins for our products and solutions will succeed. If we fail to win new OEM customers, lose existing sales opportunities, encounter difficulties in contract negotiations or are unable to 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 products and solutions to OEMs to earn design wins.

RISK FACTORS

However, despite significant efforts, we may nevertheless fail to achieve a design win for our products and solutions on one or more vehicle models, which could disrupt the development and commercialization of our products and solutions, further resulting in a negative impact on our revenue. Furthermore, if we fail to achieve a design win for a specific vehicle model, our credibility with that OEM may suffer, making it more difficult to compete for additional vehicle models in the future. Should we fail to secure a sufficient number of design wins across OEMs and their vehicle models, it could have an adverse impact on our business, results of operations and financial condition.

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 products and solutions to market. To that end, we have made R&D a strategic priority. We incurred R&D expenses of RMB406.6 million, RMB367.7 million and RMB336.9 million in the years ended December 31, 2023, 2024 and 2025, respectively.

Although we invest substantial resources in research and development to maintain our competitive edge, 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 OEMs will adopt our innovations or that end users will embrace them, nor that we will realize a 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.

If the vehicle models that incorporate our products and 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 performance and market acceptance of the vehicle models that incorporate our products and 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 or cancel future integrations of our products and solutions. 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.

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 from our customers to reduce the prices of our products and 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.

RISK FACTORS

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, or significant increases in the prices of, raw materials or components used in our products and solutions may materially and adversely affect our business and profitability.

Our products and solutions rely on chips and other components sourced from a pool of suppliers. Global shortages, manufacturing capacity limitations or allocation priorities by such suppliers, as well as significant increases or volatility in their prices, can lead to extended lead times, delivery delays and higher procurement costs. During the Track Record Period and up to the Latest Practicable Date, we experienced material fluctuations of raw material prices, such as storage units and memory chips. 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. In addition, if we are forced to source alternative components at higher prices or with inferior performance, our profit margins may suffer and our competitive position could weaken. 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.

Our ability to maintain technological strengths 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 operating systems, AI algorithms and automotive-grade software architecture. These individuals are in short supply and are aggressively sought after by both leading OEMs and global technology companies.

We face intense competition for such talent, not only from other smart vehicle solution companies but also 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. Even if we are able to identify suitable candidates, there can be no assurance that they will choose to join us. 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 new hires will achieve the same level of technical contribution.

RISK FACTORS

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 and credit exposure to our customers, and any deterioration in such terms, delays in customer payments or defaults 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, could negatively impact our working capital.

We extend credit to our OEM customers 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 were RMB1,158.6 million, RMB1,153.5 million and RMB782.8 million, respectively. Our trade receivables turnover days were 108 days, 159 days and 171 days for the years ended December 31, 2023, 2024 and 2025. 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. Furthermore, our revenue recognition may be subject to timing uncertainty due to design win-specific contractual terms, which can also result in a lag between the incurrence of cost and the recognition of revenue and corresponding cash inflows. If one or more of our major customers were to delay payments, dispute invoiced amounts, seek to renegotiate payment schedules or default on their obligations, our operating cash flows, financial position and ability to invest in future growth initiatives could be materially and adversely affected. Any deterioration in our ability to collect payments from customers on a timely basis may lead to higher trade receivables, increased bad debt provisions or constraints on our operating flexibility.

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

Our relatively limited operating history in developing and commercializing our vehicle computing solutions makes it challenging to assess our prospects or plan for our anticipated future growth. This 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:

- achieve sufficiently safe performance and earn trust from regulatory agencies, our customers, partners and the public;
- continue to evolve and expand the commercialization of our technologies;
- continue to successfully complete system testing, validation and safety approvals;
- continue to produce and deliver solutions of acceptable performance, reliability and security;
- forecast our revenue and budget and manage our costs and expenses;

RISK FACTORS

- plan for and manage capital expenditures for our current and future needs;
- retain and expand existing commercial relationships;
- attract new customers and partners;
- compete effectively with our competitors;
- properly price our products and solutions;
- hire, integrate and retain talented people at all levels of our organization;
- obtain, maintain, expand, enforce and protect our intellectual property and other proprietary rights; and

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 products and 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 products and 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 products and solutions could erode consumer confidence and undermine OEMs' trust in our offerings, potentially resulting in lost sales or warranty claims. Although we strive to identify and remedy such issues promptly, our remediation efforts may not satisfy OEM expectations or may disrupt our production schedules. In these circumstances, we may be compelled 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, damages and legal expenses. There may also be subsequent negative publicity associated with litigation or negative user experience, regardless of whether the allegations are valid or whether we are ultimately found liable. Any of these outcomes 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.

Our ability to retain existing OEM customers and attract new ones depends on our capacity to consistently deliver high-quality customer support. As we scale our operations and support a growing customer base, it is critical that we maintain efficient and responsive customer support at scale. However, we may face challenges in hiring or retaining sufficient qualified personnel with deep knowledge of our products and solutions. We may also struggle to adapt quickly to short-term surges in demand or evolving customer expectations. In addition, we may be unable to adjust the

RISK FACTORS

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.

The development cycles of our products and 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 products and 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 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 cancellations 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.

Our business is subject to seasonality.

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. This seasonality also affects 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. Such fluctuations are seasonal in nature and thus our quarterly or half-year results may not be indicative of our results of operations for the full year.

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

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

The policies and procedures we and our business partners have adopted may not be effectively implemented in protecting our products and solutions from being exploited for money laundering, terrorist financing, bribery and corruption, terrorism and other illegal purposes. If there is any

RISK FACTORS

violation of anti-corruption, anti-bribery, anti-money laundering and similar laws and regulations associated with our products and solutions, we could be subject to fines, enforcement actions, regulatory sanctions, additional compliance requirements, increased regulatory scrutiny of our business or other penalties levied by government authorities and damages to our reputation, all of which may adversely affect our business, results of operations and financial condition. Similarly, if any of our subsidiaries, affiliated entities, directors, senior management, employees, business partners or agents engage in fraudulent, corrupt or other unfair business practices or otherwise violate applicable laws, regulations or internal control policies, we could become subject to one or more enforcement actions or otherwise be found to be in violation of such laws, which may result in penalties, fines or sanctions and in turn adversely affect our reputation, business, results of operations and financial condition.

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.

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 of RMB21.1 million, RMB9.5 million and RMB10.9 million in the years ended December 31, 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, relevant governments may alter, reduce or eliminate these subsidy programs at their discretion, 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 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 or products on social media platforms or any negative publicity, regardless of veracity, relating to our Company, directors or senior management or employees, customers and suppliers or other strategic partners, whether related to us or not, may adversely impact consumer perception and confidence in our brands and products. In particular, as we sell solutions to OEMs to integrate them to specific vehicle models, any negative publicity relating to those vehicle models could lead

RISK FACTORS

to a decrease in market demand for OEMs, further damaging our sales to OEMs. In addition, we may face negative publicity or legal proceedings involving our Company, directors, senior management, employees or business partners we collaborate with from time to time, which may adversely affect our brand, reputation and business and diminish the appeal of our brand to consumers. 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.

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.

We have designed, implemented and tested security measures intended to prevent unauthorized access to our systems. For details, see "Business—Privacy and Data Security." However, our systems, infrastructure, integrated software and related data may be vulnerable to security breaches. 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. Even an attempted attack or a perceived vulnerability can undermine OEM and consumer confidence in our products and 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 as they introduce new rules and regulations mandating licensing regimes, safety protocols, data-privacy mandates and cybersecurity requirements for in-vehicle intelligence systems, we may face increased scrutiny, higher compliance costs and potential delays in product roll-outs while securing necessary approvals. However, 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 require us to incur substantial additional compliance costs, modify certain aspect of our products and solutions, delay product launches, and complicate our market planning. If regulators impose onerous obligations, 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 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

RISK FACTORS

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 increase significantly 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.

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 serve as a cornerstone of our business strategy and are instrumental in safeguarding our future commercial success. We have invested significant resources to develop our own intellectual property. As of December 31, 2023, 2024 and 2025, our research and development expenses amounted to RMB406.6 million, RMB367.7 million and RMB336.9 million, respectively. However, events and factors beyond our control may pose risks to our intellectual property rights as well as our products and 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. Although we enter into employment agreements with confidentiality, non-compete covenants and intellectual property ownership clauses with our employees, we cannot assure you that these agreements will not be breached, that we will have adequate remedies for any breach in time or at all, or that our proprietary technology, know-how or other intellectual property will not otherwise become known to third parties. In addition, others may independently discover trade secrets and proprietary information, limiting our ability to assert any proprietary rights against such parties. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain trade secret protection could adversely affect our competitive position. 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.

RISK FACTORS

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.

As our business expands and the competitive landscape evolves, the risk that our technologies may infringe patents, copyrights, trademarks or other proprietary rights owned by third parties increases. We may not always be aware of existing intellectual property rights that cover aspects of our products and solutions. 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.

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.

Failure to 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. 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 operations. Any such penalties may affect our business operations and materially and adversely affect our business, results of operations and financial condition.

Failure to promptly and effectively address any fraudulent, illegal or otherwise improper conduct by our employees could harm our business operations, damage our reputation and expose us to legal or regulatory liabilities.

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

RISK FACTORS

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. Despite our efforts to implement stringent oversight mechanisms and ethical guidelines, 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 entered into six lease agreements for four properties in the PRC used as office and production facilities, and 86 talent apartments as employee dormitories. As of the same date, five lease agreements had 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. If we are fined for unregistered leases, we may be unable to recover those penalties from our lessors. As of the Latest Practicable Date, we had not received any notice from any regulatory authority with respect to rectification or potential administrative penalties as a result of our failure to file the lease agreements described above.

In addition, as of the Latest Practicable Date, in respect of one of our leased office properties and all of our leased talent apartments, the landlords of such leased properties failed to provide us with the relevant title ownership certificates for the leased properties or proof of authorizations from the property owners to sublease the properties to us. There is a risk that such landlords may not have the relevant property ownership certificates or the right to lease or sublease such properties to us, in which case the relevant lease agreements might be deemed unenforceable in accordance with the relevant laws and regulations and we may be forced to vacate these properties and relocate. Given that such properties are used as employee dormitories or offices, and there are abundant alternative properties available in adjacent areas, we believe the relocation cost would not be material if we are requested to relocate from such properties.

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.

RISK FACTORS

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

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. 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. 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, our Directors and senior management may be exposed to risks related to legal and administrative proceedings that could materially and adversely affect our business, financial condition and results of operations.

We, our Directors and senior management 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. 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 products and solutions, our business and financial conditions could be materially and adversely affected. See also "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 success depends on the continued efforts of our key management and certain qualified and experienced personnel. If we lose their services, we may not be able to locate or may incur 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. 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.

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.

RISK FACTORS

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 Russia-Ukraine military conflict—have created a complex and evolving global business landscape. 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 2025, the U.S. government adopted a two-tier tariff structure: a universal 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. For electric vehicles (EVs), the U.S. government announced a quadrupling of tariffs on Chinese EVs from 25% to 100%, citing concerns over unfair subsidies and threats to domestic manufacturing competitiveness. Furthermore, the European Union has imposed countervailing duties on EVs imported from China for a period of five years starting October 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 vehicle computing 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. These tariff measures could increase our import costs and, in turn, adversely impact our competitiveness, business, financial condition and operating results. 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.

In addition, in 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 in January 2025. Under the Outbound Investment Rules, U.S. Persons face prohibitions and notification requirements for a broad range of investments in entities associated with China, 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

RISK FACTORS

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 H Shares, such U.S. persons may need to submit a notification to Treasury under the Outbound Investment Rules.

Although we believe the [REDACTED] is currently not restricted by 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 H Shares could decline significantly or even become worthless.

Additionally, heightened scrutiny of Chinese companies, 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.

Investors of our H Shares may become subject to PRC taxation on dividends received from us and gains from the disposition of our H Shares.

Non-Chinese resident individual holders of H Shares whose names appear on the register of members of H Shares (“Non-Chinese Resident Individual Holders”), are subject to Chinese individual income tax on dividends received from us. Pursuant to the Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348) (關於國稅發 [1993] 045號文件廢止後有關個人所得稅徵管問題的通知(國稅函 [2011] 348號)) dated June 28, 2011 and issued by the State Tax Administration (the “SAT”), the tax rate applicable to dividends paid to Non-Chinese Resident Individual Holders of H Shares varies from 5% to 20% (usually 10%), depending on whether there is any applicable tax treaty between China and the jurisdiction in which the Non-Chinese Resident Individual Holder of H Shares resides, as well as the tax arrangement between China and Hong Kong. Non-Chinese Resident Individual Holders who reside in jurisdictions that have not entered into tax treaties with the PRC are subject to a 20.0% withholding tax on dividends received from us. In addition, under the Individual Income Tax Law of the PRC (中華人民共和國個人所得稅法) (the “Individual Income Tax Law”) and its implementation regulations, Non-Chinese Resident Individual Holders of H Shares are subject to individual income tax at a rate of 20% on gains realized upon the sale or other disposition of H Shares. However, pursuant to the Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知) issued by the Ministry of Finance and the SAT on March 30, 1998, gains of individuals derived from the transfer of listed shares of enterprises may be exempt from individual income tax. As of the Latest Practicable Date, no aforesaid provisions have expressly provided that whether individual income tax shall be levied from non-mainland China resident individual holders on the transfer of shares in mainland China resident enterprises listed on overseas stock exchanges and to our knowledge, in practice the mainland China tax authorities had not collected individual income tax on such gains. If such tax is collected in the future, the value of such individual holders’ investments in H Shares may be materially and adversely affected.

Under the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法) (the “EIT Law”) and its implementation regulations, a non-Chinese resident enterprise is generally subject to enterprise income tax at a rate of 10% with respect to its income sourced from China, including dividends received from a Chinese company and gains derived from the disposition of equity interests in a Chinese company. This rate may be reduced under any special arrangement or applicable treaty between China and the jurisdiction in which the non-Chinese resident enterprise

RISK FACTORS

resides. There are uncertainties as to the interpretation and implementation of the EIT Law and its implementation rules by the Chinese tax authorities, including whether and how enterprise income tax on gains derived upon the sale or other disposition of H Shares will be collected from non-Chinese resident enterprise holders of H Shares. If such a tax is collected in the future, the value of such non-Chinese resident enterprise holders' investments in H Shares may be materially and adversely affected.

Payment of dividends is subject to laws and regulations in regions where we operate.

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

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

The value of Renminbi against other currencies may fluctuate, subject to changes resulting from relevant government's policies and depends to a large extent on domestic and international economic and political developments as well as supply and demand in the local market. It is difficult to predict how market forces or government policies may impact the exchange rates between the RMB and the Hong Kong dollar, the U.S. dollar or other currencies in the future.

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. The [REDACTED] from the [REDACTED] will be received in Hong Kong dollars. As a result, any appreciation of the RMB against the Hong Kong dollar and the U.S. dollar may result in the decrease in the value of our [REDACTED] from the [REDACTED]. Conversely, any depreciation of the RMB may adversely affect the value of and any dividends payable on, the H Shares in foreign currency. In addition, there are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. All of these global and geographical political and economic factors may adversely affect our business, hence the value of our H Shares in Hong Kong dollars.

We engaged third-party agencies to make contributions to the social insurance and housing provident fund, which could subject us to penalties.

Pursuant to the relevant PRC laws and regulations, employers are obligated to directly and duly contribute to the social insurance and housing provident funds for their employees. During the Track Record Period, instead of making the contributions directly, we engaged third-party agencies to make such contributions to the social insurance and housing provident funds for six, six and two employees in 2023, 2024 and 2025, respectively, which was not in strict compliance with applicable PRC laws and regulations.

RISK FACTORS

We cannot assure you that the relevant competent government authority will not take the view that this third-party agency arrangement does not satisfy the requirements under the relevant PRC laws and regulations. In respect of housing provident fund, we might be ordered to pay the outstanding balance to the relevant local authority within a prescribed period of time, and the government authority can apply to the people’s court for compulsory enforcement if we do not comply, but no penalties are provided under the relevant PRC laws and regulations. In respect of social insurance, we might be ordered to pay the outstanding balance within a certain period of time and a late fee that equals 0.05% of the total outstanding balance per day from the date of the failure to make payment, failing which we may be subject to a fine ranging from one to three times the total outstanding balance.

On July 31, 2025, the Supreme People’s Court of the PRC issued the Interpretation II by the Supreme People’s Court of the PRC on Legal Issues in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》) (the “Interpretation”), which takes effect from September 1, 2025. As advised by our PRC Legal Advisor, the implementation of the Interpretation does not have any material adverse impact on our current employment arrangements or historical labour practices.

During the Track Record Period, we did not have any shortfall with respect to our social insurance and housing provident fund contributions. As of the Latest Practicable Date, no administrative action or penalty had been imposed by the relevant regulatory authorities with respect to our social insurance and housing provident fund contributions, nor had we received any order or been informed to make any supplementary payments.

You may experience difficulties in effecting service of process or enforcing foreign judgments against us, our Directors or senior management.

Substantially all of our assets are located in China and all of our executive Directors and senior management reside in China. Therefore, it may be difficult for investors to directly effect service of process within Hong Kong or elsewhere outside of China upon us or our Directors or senior management.

On July 14, 2006, China and Hong Kong signed 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 Pursuant to Choice of Court Agreements between Parties Concerned (《最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) (“Arrangement”), which came into effect on August 1, 2008. Under this Arrangement, where any designated people’s court of the PRC or any designated Hong Kong court has made an enforceable final judgment requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing by the parties, any party concerned may apply to the relevant people’s court of the PRC or Hong Kong court for recognition and enforcement of the judgment. On January 18, 2019, the PRC Supreme Court and the Hong Kong government signed 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》) or the New Arrangement, which seeks to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgments in wider range of civil and commercial matters between Hong Kong and the PRC. The New Arrangement discontinued the requirement for a choice of court agreement for bilateral recognition and enforcement. The New Arrangement will only take effect after the promulgation of a judicial interpretation by the Supreme Court and the completion of the relevant legislative procedures in Hong Kong. The New Arrangement will, upon its effectiveness, supersede the Arrangement. Therefore, before the New Arrangement comes into effect it may be difficult to enforce a judgment rendered by a Hong Kong court in China if the parties in the dispute do not agree to enter into a choice of court agreement.

RISK FACTORS

RISKS RELATING TO THE [REDACTED]

There has been no prior public market for our H Shares and an active trading market for our H Shares may not develop.

Prior to the completion of the [REDACTED], there has been no public market for our H Shares. There can be no guarantee that an active trading market for our H Shares will develop or be sustained after the completion of the [REDACTED]. The [REDACTED] is the result of negotiations between our Company, the [REDACTED] and the [REDACTED] (for themselves and on behalf of the [REDACTED]), which may not be indicative of the price at which our H Shares will be traded following completion of the [REDACTED]. The market price of our H Shares may drop below the [REDACTED] at any time after completion of the [REDACTED].

The price and trading volume of our H Shares may be volatile and investors may suffer substantial losses.

The trading price of our H 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, China, 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 mainland China that have listed their securities in Hong Kong may affect the volatility in the price of and trading volumes for our H Shares. A number of mainland China-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 [REDACTED]. The trading performances of the securities of these companies at the time of or after their offerings may affect the overall investor sentiment towards mainland China-based companies listed in Hong Kong and consequently may impact the trading performance of our H Shares. Pursuant to the PRC Company Law, within one year following the date of listing, shares issued prior to the listing shall not be transferred. Due to such a lock-up requirement, the liquidity and trading volume of the H Shares in the short-term following the [REDACTED] may be significantly affected. These factors may significantly affect the market price and volatility of our H Shares, regardless of our actual operating performance.

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

Our Unlisted Shares may be converted into H Shares and such converted H Shares may be listed or traded on an overseas stock exchange, provided that prior to the conversion and trading of such converted shares, the requisite internal approval processes and CSRS filing have been duly completed. In addition, such conversion, trading and listing must comply with the regulations prescribed by the State Council's securities regulatory authorities and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange. We can apply for the listing of all or any portion of our Unlisted Shares on the Stock Exchange as H Shares in advance of any proposed conversion to ensure that the conversion process can be completed promptly upon notice to the Stock Exchange and delivery of shares for entry on the H Share register. This could increase the supply of H Shares in the market, and future sales or perceived sales, of the converted H Shares may adversely affect the trading price of H Shares.

We have granted and may continue to grant restricted shares or other types of share-based compensation awards under our employee incentive scheme, which may result in increased share-based compensation expenses and may dilute shareholder value and cause the price of our H Shares to decline.

We adopted an employee incentive scheme for the purpose of granting share-based compensation awards to plan participants to incentivize their performance and align their interests with ours. We believe the granting of share-based compensation awards is important to attract and

RISK FACTORS

retain key personnel and employees, and we will continue to grant share-based compensation awards to employees in the future. Under our accounting policies, no share-based payment expense shall be recognized unless and until the Listing is probable. As a result, during the Track Record Period, no share-based compensation expense was recognized. We expect to recognize the share-based payment expense after the Track Record Period, which may have an adverse effect on our results of operations. Furthermore, share-based compensation awards issued under our employee incentive scheme may dilute the ownership interests of our shareholders. The allocation of our H Shares under our equity incentive plans, or the grant of share-based compensation awards, may adversely affect the market price of our H Shares. In addition, if any awards that we may issue vest, and those shares are sold into the public market, the market price of our H Shares may decline.

You will experience immediate dilution if the [REDACTED] of the [REDACTED] is higher than the net tangible asset value per H Share and may experience further dilution if we issue additional Shares in the future.

The [REDACTED] of the [REDACTED] is higher than the net tangible asset value per H Share immediately prior to the [REDACTED]. Therefore, purchasers of the [REDACTED] in the [REDACTED] will experience an immediate dilution in [REDACTED] consolidated net tangible asset value. There can be no assurance that if we were to immediately liquidate after the [REDACTED], any assets will be distributed to Shareholders after the creditors’ claims. To expand our business, we may consider offering and issuing additional Shares in the future. Purchasers of the [REDACTED] may experience dilution in the net tangible asset value per Share of their Shares if we issue additional Shares in the future at a price which is lower than the net tangible asset value per Share at that time.

We may not be able to pay any dividends on our H Shares.

We have never paid any dividends since our inception. We cannot guarantee when and in what form dividends will be paid on our H Shares following the [REDACTED]. The declaration of dividends is proposed by the Board and is based on, and limited by, various factors, including without limitation, our business and financial performance, capital and regulatory requirements and general business conditions. We may not have sufficient or any profits to enable us to make dividend distributions to our Shareholders in the future. See “Financial Information—Dividends” for details.

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

This document contains forward-looking statements with respect to our business strategies, operating efficiencies, competitive positions, growth opportunities for existing operations, plans and objectives of management, certain [REDACTED] information and other matters.

The words “anticipate,” “believe,” “could,” “potential,” “continue,” “expect,” “intend,” “may,” “plan,” “seek,” “will,” “would,” “should” and the negative of these terms and other similar expressions identify a number of these forward-looking statements. These forward-looking statements, including, among others, those relating to our future business prospects, capital expenditure, cash flows, working capital, liquidity and capital resources are necessary estimates reflecting the best judgment of our Directors and senior management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. As a result, these forward-looking statements should be considered in light of various important factors, including those set out in “Risk Factors” in this document. Accordingly, such statements are not a guarantee of future performance and 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.

RISK FACTORS

Certain facts and statistics in this document are derived from various government and third-party sources and may not be reliable.

Certain facts, forecasts and other statistics in this document relating to China and global economy and robotics industry in China and overseas markets are derived from various sources including official government publications, industry associations or the Industry Report, which we believe are reliable. The information derived from official government sources has not been independently verified by us, the Joint Sponsors, the [REDACTED], [REDACTED], [REDACTED] and [REDACTED], any of the [REDACTED], any of our and their respective directors, officers, representatives, employees or advisers or any other persons or parties involved in the [REDACTED] and no representation is given as to its completeness, accuracy or fairness. Accordingly, the information from official government sources contained herein may not be accurate and should not be unduly relied upon.

You should read the entire document carefully and should not rely on any information contained in press articles or other media regarding us, our H Shares or the [REDACTED].

Prior or subsequent to the publication of this document, there may have been or be press and media coverage regarding us and the [REDACTED]. We have not authorized the disclosure of any such information in the press or media. Financial information, financial projections, valuation and other information about us contained in such unauthorized press or media coverage may not truly reflect what is disclosed in the document or the actual circumstances. We do not accept any responsibility for such unauthorized press or media coverage or for the accuracy or completeness of any such information. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information. To the extent any such information appearing in the press and media is inconsistent with, or conflicts with, the information contained in this document, we disclaim responsibility for them. Accordingly, prospective investors are cautioned to make their decisions on the basis of the information contained in this document only and should not rely on any other information.