
RISK FACTORS

An [REDACTED] in our H Shares involves significant risks. You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an [REDACTED] in our H Shares. The following is a description of what we consider to be our material risks. Any of the following risks could materially and adversely affect our business, financial condition and results of operations. The [REDACTED] of our H Shares could significantly decrease due to any of these risks, and you may lose all or part of your [REDACTED].

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

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

We face intensified competition in the memory products industry, and our failure to innovate or respond to the market trends may undermine our competitiveness.

The memory products industry in which we operate is characterized by constant and rapid technological development, frequent new product introduction and increasing new market entrants, as well as evolving industry standards. We face intense competition from global and domestic companies in the memory products industry with greater business scale, established customer bases, global brand recognition, access to raw material supply, chip IP and sales channels. Such competition may result in aggressive pricing, lower profitability, higher customer certification thresholds and shortened product life cycles, resulting in loss of customers and market share.

We must continue to invest in product innovations and technological R&D. Our R&D projects, may not yield the expected results or may be overtaken by technological advancements by our peers. If we fail to anticipate or respond to market and technological developments on a timely and cost-effective basis, we may be unable to retain existing customers or attract new ones. Consequently, our business, results of operations, financial condition and prospects could be materially and adversely affected.

If we fail to develop new solutions that achieve market acceptance, our competitive position may be undermined.

Our growth depends on our ability to deliver new and enhanced semiconductor memory solutions that achieve market acceptance at competitive prices. We may misread market trends or customer demand, and competitors may introduce alternative solutions with superior performance, features or more competitive pricing. Even where we achieve technical success, initial sales volumes may be lower than anticipated, requiring additional marketing or price concessions and resulting in longer payback periods for our development investments. We may also face lower production outputs, higher unit costs, longer lead times and supply constraints during the ramp-up period to mass production of new semiconductor memory solutions, which could disrupt product deliveries and compress profit margins.

Moreover, our failure to timely develop, launch, and manufacture products that meet customer requirements and receive market acceptance would cause product obsolescence, lost sales and market share, reduced revenue, inventory write-downs and adverse effects on our profitability and cash flows. As a result, our business, financial condition and results of operations may suffer from material adverse effects.

RISK FACTORS

The fluctuations in prices or disruptions to the supply of key raw materials, such as wafers and critical equipment, may interrupt our production and affect our profitability.

Our principal raw materials are NAND and DRAM wafers. The global production capacity of wafers concentrated among a limited number of suppliers. Meanwhile, production expansion generally has long lead times, while downstream demand from AI-related applications can change rapidly. As a result, the memory wafer market is prone to temporary shortages or oversupply, leading to frequent price volatility. According to Frost & Sullivan, the market price for 12-inch wafers amounted to US\$623.5 per unit, and US\$605.6 per unit, US\$654.1 respectively, in 2023, 2024 and 2025. During the Track Record Period, raw material costs constituted 85.5%, 89.3% and 90.8% of our cost of sales in 2023, 2024 and 2025, respectively. If memory wafer prices fluctuate significantly, the prices and profit margins of our products may experience substantial volatility. In addition, anticipated wafer price increases can prompt short-term stocking by downstream customers, whereas anticipated price declines can cause purchasing deferrals, both of which may exacerbate supply-demand imbalances and contribute to further price swings, adversely affecting our profitability.

In addition to price volatility, any shortage or delay in the supply of NAND and DRAM wafers or other key raw materials could disrupt our production schedules, delay deliveries and require us to make price or term adjustments. We cannot assure you that we will be able to secure sufficient wafers on favorable terms, or at all, during supply shortage. Also, there is no guarantee that alternative sources can be qualified in a timely and cost-effective manner. Any failure to procure adequate wafers and other raw materials may prevent us from timely manufacturing and delivering our solutions, which could adversely affect our business, financial condition and results of operations.

Furthermore, our advanced packaging and testing lines require specialized equipment. Our key equipment suppliers are primarily overseas vendors. For instance, we had three, five and 15 raw material and equipment suppliers from the United States in 2023, 2024 and 2025, respectively. Our procurement of raw materials and equipment from these vendors amounted to RMB16.5 million, RMB15.6 million and RMB54.3 million in 2023, 2024 and 2025, respectively, accounting for 0.5%, 0.3% and 0.7% of the total costs of raw materials and consumables used in the respective periods. International trade disputes or changes in export control regimes may impose new licensing requirements, which may in turn result in delays or prohibitions on the export of certain equipment, software or components to the PRC. Any tightening of export restrictions or extended lead times for critical semiconductor equipment could delay our production and the ramp-up of our planned wafer-level packaging, increase capital costs, constrain production expansion plan, and adversely affect our ability to meet customer demand. Consequently, our business operations and financial condition could be materially and adversely affected.

Supply of key raw materials for our products is highly concentrated among a few suppliers, and any deterioration of our relationships with them may severely disrupt our production and business operations.

The supply of key raw materials for our product, is highly concentrated among a limited number of leading global suppliers. In each year of the Track Record Period, our purchases from our five largest suppliers accounted for 58.2%, 62.4% and 66.1% of our total purchase in 2023, 2024 and 2025, respectively, and purchases from our largest supplier accounted for 16.8%, 23.5% and 29.3% of our total purchase, respectively, for the same periods. Any significant disruption or adverse change may affect these suppliers could have a material adverse effect on our business, financial condition and results of operations. Supply may also be disrupted by accidents or natural disasters, labor disputes, logistics issues, public health emergencies, geopolitical instability, trade disputes, sanctions, tariffs, or export controls. If our principal suppliers experience adverse business development or if international trade conditions deteriorate, we may be unable to procure the required materials in the necessary quantities and timelines.

RISK FACTORS

There is no assurance that we could qualify and secure alternative sources on a timely basis or on commercially reasonable terms, given stringent customer qualification requirements and long lead times spanning from 8 to 16 weeks for NAND and DRAM wafers. Any inability to source sufficient raw materials could result in production delays, missed customer deliveries, increased costs, less favorable contractual terms, or the need to re-engineer products, which could adversely affect our business, financial condition and results of operations.

Decline in downstream consumer demand and slower-than-expected development of the end markets of our solutions, may reduce the sales volumes, depress average selling prices and margins of our solutions.

Demand for our semiconductor memory solutions depends on demand in the end markets served by our customers, including smart mobile and emerging edge AI devices, PC and enterprise storage, intelligent automotive and other applications. These markets are highly cyclical and feature rapidly changing technologies, evolving industry standards, and shifting consumer preferences. The end markets for our semiconductor memory solutions experienced cyclical downturns. Our customers, who themselves may face pricing pressure on their products due to the declining demand from end-use consumers, often expect ongoing cost reductions from suppliers. If we are unable to meet such expectations or to offset pricing pressure, our sales and profitability may be adversely affected.

Fluctuations in downstream demand and end-product pricing can be driven by numerous factors, including, among others: (i) changes in consumer preferences; (ii) general economic conditions; (iii) regulatory changes, trade disputes, tariffs, trade policies and export controls; (iv) cyclicity and timing of technology transitions and new product launches; (v) customers’ inability to promote and commercialize end products; (vi) failure of our customers’ products to achieve market acceptance; and (vii) catastrophic or disruptive events that affect manufacturing, logistics or customer qualification activities. We may not be able to further capture the opportunities brought by the growth of end markets, and the future revenue and income potential of our business is uncertain. We may also need to adapt our business focus from time to time in response to the ever-evolving end markets for our products, but we may not be able to do so in a timely and efficient manner.

Moreover, the global memory products market has experienced declines in average selling prices during the Track Record Period, reflecting the inherently cyclical nature of the industry, which is characterized by periodic fluctuations in supply-demand dynamics driven by macroeconomic conditions, technological advancements and evolving downstream demand. Since the second half of 2023, the global demand for memory products began to recover, which in turn led to increases in memory product prices and corresponding improvements in our average selling prices and gross profit margins. In 2024 and 2025, as global inventory level of memory products stabilizes and the demand from AI applications increased, the average selling prices for memory products increased. According to Frost & Sullivan, our business performance and gross profit margins were generally in line with our industry peers during the Track Record Period.

Going forward, our profitability and financial performance may be adversely affected if we fail to increase sales volumes of existing products or to introduce and sell new products in quantities sufficient to offset declines in selling prices. Additionally, competitors and customers also impose significant pricing pressures on us by lowering their prices or reducing purchases of our premium products, which compel us to lower the prices of our products. Such declines in average selling prices may have a material adverse effect on our business, results of operations and financial condition.

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RISK FACTORS

We recorded net operating cash outflows during the Track Record Period. If we continue to record net operating cash outflows, our liquidity, financial condition and growth prospects may be materially and adversely affected.

During the Track Record Period, we recorded net cash outflows from operating activities of RMB1,789.1 million and RMB1,964.5 million in 2023 and 2025, respectively. There is no assurance that we will not experience net cash outflows from operating activities in the future. Our ability to generate positive operating cash flow depends on procurement of NAND and DRAM wafers, revenue growth, pricing and product mix, operating efficiency, working capital management, and the timing of customer payments and supplier settlements.

If we are unable to generate sufficient cash from operations or otherwise obtain adequate funding, our liquidity could be strained and we may be forced to delay or reduce investments, scale back R&D, marketing or capital expenditures, renegotiate payment terms with suppliers, or take other actions that could impair our competitiveness. We cannot assure you that cash from other sources, including existing cash balances, banking facilities, vendor financing, government grants or subsidies, asset dispositions, or equity or debt financing, will be available when needed or on acceptable terms. If we resort to additional financing, we will incur additional financing costs and potentially restrictive covenants, security interests or dilution to existing shareholders, and there can be no assurance that such financing will be available on favorable terms or at all. Any sustained shortfall in operating cash generation could materially and adversely affect our business, financial condition, results of operations and prospects.

Our prolonged cash conversion cycle may adversely affect our liquidity and working capital.

We recorded a prolonged cash conversion cycle during the Track Record Period. In 2023, 2024 and 2025, our cash conversion cycle was 282.9 days, 227.1 days and 226.1 days, respectively, as the turnover days of our inventories and trade receivables were longer than those of our trade payables. In particular, our inventory turnover days were 274.0 days, 233.6 days and 234.2 days in 2023, 2024 and 2025, respectively, while our trade receivables turnover days were 58.0 days, 38.9 days and 38.8 days over the same years. In contrast, our trade payables turnover days were comparatively shorter at 49.1 days, 45.4 days and 46.9 days, respectively. As a result, cash invested in inventories and trade receivables generally takes a longer time to be converted into operating cash inflows, thereby increasing our working capital requirements. During the Track Record Period, we recorded net cash used in operating activities of RMB1,789.1 million in 2023 and RMB1,964.5 million in 2025, primarily due to increases in inventories and trade receivables. If we are unable to effectively manage our inventory levels, improve the efficiency of our receivables collection or further optimize our supplier payment arrangements, our liquidity position could be adversely affected. In such circumstances, we may need to rely on additional external financing to support our operations and future growth, and there can be no assurance that such financing would be available on commercially acceptable terms, or at all.

If we fail to expand or diversify our customer bases or fail to retain our existing customers, our business, financial condition and results of operations may be materially and adversely affected.

We relied on revenue contributions from certain customers. In each year of the Track Record Period, revenue from our five largest customers accounted for 32.3%, 46.7% and 40.9% of our total revenue in 2023, 2024 and 2025, respectively, and revenue from our largest customer accounted for 8.9%, 17.2% and 11.0% of our total revenue during the same periods, respectively. Our existing customers may significantly reduce or cease purchases. If we fail to maintain competitive pricing, performance and support, or if we are unable to meet evolving qualification requirements, these customers may cease their cooperation with us or reduce their orders. Any material adverse changes in our relationships with existing customers may have material adverse effects to our business, financial condition and results of operations.

RISK FACTORS

If we fail to retain key customers, meet their evolving needs for memory solutions, or expand our customer base to offset demand fluctuations, our sales could decline. We have invested significant resources in branding, sales and marketing to acquire and retain customers. During the Track Record Period, our selling and marketing expenses were RMB162.5 million, RMB253.8 million and RMB328.5 million in 2023, 2024 and 2025, respectively, and we expect to continue to invest in sales and marketing efforts. However, there is no assurance that we may engage new customers through our sales and marketing initiatives, or that revenues and margins from such customers will offset our customer acquisition costs. In such circumstances, our business, financial condition and results of operations may be materially and adversely affected.

We have invested and continue to invest in research and development, which may not generate commercially viable products.

We must continuously develop and introduce innovative memory products and features. During the Track Record Period, in 2023, 2024 and 2025, we incurred research and development expenses of RMB250.0 million, RMB447.4 million and RMB632.4 million, respectively. We plan to continue to invest on R&D. However, there is no guarantee that our R&D projects will lead to commercially viable products that can recoup such investments. Our R&D initiatives face inherent risks and uncertainties, including that we: (i) select products or technologies that deviate from market trends; (ii) fail to meet key specifications or performance targets; (iii) encounter difficulties migrating designs to viable solutions; (iv) experience verification, qualification or certification delays; or (v) face challenges achieving mass production. Even when technical development succeeds, we may be unable to commercialize the resulting technologies on a timely basis or achieve market acceptance due to competing offerings, shifting customer requirements, long customer qualification cycles, or supply and cost constraints. In addition, if our products do not perform as expected in customer applications, we may lose customers and orders. As a result, our business, financial condition and results of operations may be materially and adversely affected.

Our production may not be able to match the customer demand, and our production expansion plan from time to time may fail.

We plan production schedules based on our forecasts and on customer projections. If we overestimate demand, we may build excess or obsolete inventory, incur carrying costs, face price reductions and recognize inventory write-downs. If we underestimate demand or cannot secure sufficient capacity, we may experience product shortages, miss sales opportunities, lose market share and damage customer relationships.

Our production base and production lines under development or upgrade may face risks including delays in commencing operations, failure to achieve expected production yields, and challenges in delivering products on time. Unforeseen operational or supply chain disruptions at the new facility could further exacerbate these risks, potentially leading to increased costs and reduced market competitiveness.

Our production processes may also be disrupted by natural disasters, labor strikes and shortages, equipment malfunctions and power outages. Any disruptions to our production processes may cause failure to meet our customer demand on time. In addition, our ability to meet demand depends on the timely execution of our production expansion plans. These initiatives are complex and capital intensive and are subject to various factors beyond our control, including delays in construction, disruption to equipment supply and installation, failure to hire qualified engineers and operators, and long customer qualification cycles.

In the future, if any of our production expansion plans are delayed or fail to achieve expected output, we may be unable to fulfill customer demand during peak periods. Conversely, if demand weakens after capacity additions, we may face under-utilization, higher unit costs, and potential impairment of assets dedicated to underperforming programs. Any mismatch between our production and market demand could adversely affect our business, financial condition and results of operations.

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RISK FACTORS

Any failure to meet customers’ quality and qualification standards could result in product returns, delayed or lost sales, and reputational harm.

Our customers impose stringent quality, reliability and qualification requirements on our products. They typically require extensive qualification, including functionality, performance, interoperability and long-term reliability testing in their systems. Qualification is product- or platform-specific, which may need to be repeated for process changes, and can take long time. Even after product qualification, customers may not place orders, and may defer or cancel production ramps for reasons beyond our control. If our solutions fail to meet customer specifications, applicable industry standards or reliability targets, we may face removal from qualified vendor lists, extended qualification process, product returns or exchanges, inventory write-downs and rectification costs, damages to our brand and customer relationships.

Customers may return or refuse products that do not meet their standards. High levels of returns or failures in the field can also trigger recalls, or broader customer audits of our quality systems. In addition, changes to customer specifications, firmware, or platform designs, as well as process changes at our suppliers or contract manufacturers, may require requalification. Any inability to consistently satisfy these quality and qualification requirements on a timely and cost-effective basis could delay or preclude expected sales, increase our costs, reduce margins, and harm our reputation, which in turn could materially and adversely affect our business, financial condition and results of operations.

Errors, defects or reliability issues in our solutions may lead to recalls, warranty and liability claims, damage to our reputation and loss of business.

Our solutions may contain errors, defects or bugs when first introduced or as new versions, process changes or component substitutions are released. We may fail to promptly identify such defects and latent reliability issues until after shipment or deployment in end-user applications. Contamination, process drift, tool calibration issues, design marginalities, firmware interactions, or changes in raw materials can degrade performance or reliability, and may be difficult, time-consuming or costly to diagnose and correct.

If our solutions fail to meet quality, performance or reliability specifications in development, qualification or field use, we could face product recalls, replacements, repairs, litigations and arbitrations, product liability and other product-related claims, and reputation damages. Any such event may have material adverse effects on our business, financial condition and results of operations.

We face credit risks associated with trade receivables.

We are subject to credit risk in collecting amounts due from customers under our trade receivables, and significant payment delays or defaults could materially and adversely affect our operating cash flows, liquidity, and results of operations. We generally grant credit terms based on customers’ creditworthiness and transaction history, which exposes us to risks of non-payment or delayed collections. As of December 31, 2023, 2024 and 2025, our trade and notes receivables, net of credit loss allowances, were RMB613.7 million, RMB815.2 million and RMB1,584.7 million, respectively. Our trade receivables turnover days were 58.0, 38.9 and 38.8 days in 2023, 2024 and 2025, respectively. While most balances are current, adverse economic conditions, customer-specific stress or downstream delays may lengthen collection cycles and require higher expected credit loss allowances or write-offs. There is no assurance that all amounts due will be collected on time or at all. Any significant deterioration in customer credit quality, insolvency or bankruptcy of major customers could materially and adversely affect our business, financial condition, cash flows and results of operations.

RISK FACTORS

Our international business is subject to various risks and uncertainties.

A substantial portion of our revenue generated from sales outside Chinese mainland. As we further enhance our market penetration into overseas markets, we face a range of risks. In markets where we have limited experience or lack established sales network, we may miscalculate local demand, pricing expectations, or product-market fit. In addition, commercializing our solutions in new jurisdictions often entails longer sales cycles, additional local certifications or adaptations, training and recruiting new sales personnel and channels and higher go-to-market costs, which may delay or reduce our return on investment. There is no guarantee that our international operations will achieve or sustain profitability to recoup costs associated with international expansion.

We may become subject to investigations or enforcement under governmental authorities, laws and regulations relating to import and export controls, customs and trade restrictions, tariffs and duties, sanctions, antitrust, labor and employment, product standards and safety, environmental, health and safety, tax and securities disclosure. In certain emerging or unfamiliar markets, we may find it difficult to obtain, maintain or enforce permits, licenses and approvals necessary to manufacture, import, market and sell our products. As a result, we may incur substantial compliance costs in relation to our international operations.

International expansion also heightens operational risks in our supply chain and after-sales support. Providing timely customer service and warranty support across jurisdictions and languages can be costly and complex, and failures to meet local service expectations can damage our reputation. We may be subject to fluctuating tariffs imposed on our products or our raw materials, which further affect our margins and profitability. Any of these outcomes could materially and adversely affect our business, financial condition, results of operations and growth prospects.

We may require additional financing to support our development plans or strategic investments, but we may not obtain additional financing on acceptable terms or at all, and our strategic investments may not be successful.

We may pursue mergers and acquisitions, collaborations and other strategic investments to accelerate growth. However, executing these transactions and scaling our business will require substantial capital costs. We may also need additional financing to respond to changes in business conditions, competitive dynamics or regulatory requirements. There is no assurance that we will be able to obtain the necessary funding when needed, on commercially reasonable terms, or at all. If we cannot obtain additional capital when required, we may have to curtail or delay these development plans, which could weaken our competitive position.

Even if we secure financing, acquisitions and investments may not deliver the anticipated benefits. In evaluating potential acquisition or investment targets, we may make assumptions regarding valuation, future performance, growth prospects, synergies and market conditions that may prove to be inaccurate. If an acquired business, technology or brand underperforms, we may fail to realize a positive return on our investment and may be required to record impairment losses on goodwill, intangible assets or other assets, which could adversely affect our financial condition and results of operations. In addition, we could face difficulties integrating acquired assets and resources, delays or shortfalls in realizing synergies, systems misalignment, as well as execution challenges. We may also encounter difficulties in integrating acquired businesses or brands, including aligning business strategies, operational processes, internal controls, product positioning or brand management. If we cannot effectively integrate these resources, we could experience revenue shortfalls, margin compression, higher operating and compliance costs, and diversion of management attention. As of the Latest Practicable Date, we had not identified or pursued any acquisition target. If we fail to identify or acquire suitable projects or achieve our expected returns on such acquisitions or investments in the future, our business, financial condition, results of operations and prospects may be materially and adversely affected. We cannot assure you that the anticipated benefits, synergies, cost savings or operational efficiencies from such acquisitions or investments will be realized within the expected timeframe, or at all.

RISK FACTORS

Financing these initiatives could increase our financial and operational risk. Equity or equity-linked issuances would dilute existing shareholders and could include terms that are senior to our ordinary shares. Debt financing could raise our leverage, increase interest expense and impose covenants that limit our ability to incur additional indebtedness, make capital expenditures, declare dividends or pursue other strategic opportunities. We are also exposed to tax and accounting complexities related to structuring and operating acquired or invested businesses across multiple jurisdictions. Any of these outcomes could materially and adversely affect our business, financial condition, results of operations and prospects.

Damage to, or failure to maintain, promote and enhance our brand could reduce customer trust, weaken our competitive position.

Our brand and reputation are integral to winning new orders and retaining existing customers, securing premium pricing and expanding into new markets.

Our brand could be harmed by product quality issues, delays in product innovations and launches, negative publicity about us, our business partners or the broader memory products industry, disputes and legal proceedings, misconduct by our employees, perceived shortcomings in our ESG practices or supply chain responsibility.

We invest in marketing and branding, but such efforts may be costly and may not yield the expected increases in recognition, customer wins or revenue. If we do not effectively maintain, promote and enhance our brand, or if our brand is damaged, we may lose customer trust, experience reduced orders, and find it more difficult to enter new applications or markets, which could materially and adversely affect our business, financial condition and results of operations.

Any expiration, non-renewal and termination of third-party brand licensing may disrupt our business operations.

We have obtained conditional exclusive licenses to use third-party trademarks for certain solutions across various countries or regions. We generated revenue of RMB1,065.8 million, RMB1,214.4 million and RMB1,618.3 million from licensed brands in 2023, 2024 and 2025, respectively, accounting for 29.7%, 18.1% and 14.3% of our total revenue in the respective periods.

If we are unable to renew or extend these licenses upon expiration on terms that are commercially reasonable, or if the licensed brands reduce the authorized territories, change exclusivity or authorized product categories, impose additional conditions, or otherwise modify or terminate the licensing arrangements, our ability to market and sell licensed products could be restricted. As a result, we may be forced to transition to alternative branding, which may not achieve equivalent market acceptance. We could also incur incremental costs related to rebranding, packaging changes and renegotiation of channel agreements, and we may face delays or disruptions as we adjust our product and go-to-market strategies. Any of the foregoing could materially and adversely affect our business, results of operations and financial condition.

In addition, under the relevant license agreements, we are subject to minimum royalty payment obligations to licensed brands, which require us to pay predetermined minimum royalty amounts to the authorized brands on a periodic basis, irrespective of our actual sales volumes, to maintain the rights to use their brand names on our products. During the Track Record Period, we paid royalty fees of RMB35.8 million, RMB34.0 million and RMB39.9 million in 2023, 2024 and 2025, respectively. If sales of the relevant licensed products fall short of expectations, we may still be required to pay minimum royalties, which could negatively affect our cash flows. Adverse currency movements, marketing or promotional restrictions, quality or compliance issues, or reputational events affecting the licensors or the licensed brands could further undermine the market demand for licensed products.

RISK FACTORS

Changes in industry standards and technical requirements could render our solutions non-compliant or less competitive.

Many of our solutions are integrated into various types of applications governed by evolving industry standards and technical specifications, including requirements related to performance, reliability, safety, security, environmental compliance and functional safety, among others. If new or revised industry standards and technical requirements emerge, or if our key customers modify product-specific requirements, our existing or in-development solutions may become incompatible, non-compliant, or less attractive relative to competing solutions. In such cases, we may need to: undertake unplanned redesigns, re-layout or requalification efforts; invest additional engineering time and expense to achieve compliance and interoperability, potentially delaying product introductions; repeat customer and third-party qualifications or certifications; and carry or write down inventory of products that cannot be cost-effectively updated. As of December 31, 2023, 2024 and 2025, we have recorded provision for inventory impairment of RMB249.0 million, RMB283.8 million and RMB193.7 million, respectively.

Failure to timely anticipate, influence or comply with evolving standards and technical requirements could cause us to miss critical sales opportunities or be removed from approved vendor lists. Additionally, standards development may raise implementation costs or limit our design flexibility. Any of these outcomes could increase our R&D and compliance costs, reduce revenue and margins, thus materially and adversely affecting our business, results of operations and long-term prospects.

Our historical growth rates may not be indicative of our future growth, and we may fail to manage our growth or execute our strategies effectively.

We have experienced rapid expansion in revenue, customers and memory solution portfolio, but these historical successes are not reliable predictors of our future performance. Our markets are cyclical and highly competitive. In the meantime, market demand and our pricing strategies are influenced by macroeconomic conditions, technology transitions, customers’ inventory consumption, and shifts in purchasing patterns by key customers. There is no assurance that our growth strategies will lead to growth at historical rates or on timelines sufficient to offset the associated investments and operating costs. Accordingly, our business, financial condition and results of operations may suffer from material adverse effects.

We recorded a net loss during the Track Record Period, and we may not be able to maintain profitability in the future.

We recorded net losses of RMB630.9 million in 2023. There is no assurance that we will achieve or sustain profitability in future periods. Our revenue growth and operating performance will depend on factors including our ability to develop and commercialize new memory solutions and technologies, enhance customer services and compete effectively in our markets. We expect costs and expenses to rise as we expand our business and operations and continue to invest in research and development. If we are unable to generate sufficient revenue to offset these costs or to manage our expenses effectively, we may incur further losses and may be unable to achieve or maintain profitability.

We face risks associated with international trade policies, geopolitics and trade protection measures, export control, economic or trade sanctions, and investment restrictions.

Our international operations are subject to tariffs, trade agreements, export control and foreign investment regimes. For example, in April 2025 the U.S. government announced substantial new tariffs across a wide range of products and jurisdictions and signaled continued policy development. Certain governments announced or implemented retaliatory measures. China and the United States announced in October and November 2025 to substantially reduce tariff levels. On February 20, 2026, the U.S. Supreme Court struck down tariffs imposed by President Trump pursuant to executive orders issued under a national emergency statute. On the same day, President Trump

RISK FACTORS

announced a 10% across-the-board tariff. The underlying trade tensions and the potential reimposition of elevated tariffs may continue to pose risks to global supply chains and bilateral economic relations. These developments may depress cross-border trade, investment and technology exchange, alter political and economic relations among countries, and lead to sanctions, export controls, import restrictions, localization mandates, increased duties and taxes, labor market disruption and broader political instability.

We may be affected by U.S. Export Administration Regulations (the “**EAR**”) administered by the Bureau of Industry and Security (the “**BIS**”) and analogous controls in other jurisdictions. **BIS**’ October 2022 interim final rule imposed licensing requirements for certain items subject to the **EAR** when there is “knowledge” they are for specified advanced semiconductor end uses in China. On December 2, 2024, **BIS** issued an interim final rule (the “**BIS December 2024 IFR**”) and a final rule (the “**BIS December 2024 FR**”) that further expanded controls on advanced computing and semiconductor manufacturing items. In parallel, governments including Japan and the Netherlands have adopted additional controls and licensing requirements applicable to exports to China. These restrictions may limit our ability to supply affected customers, regions or parties and could constrain our access to components, software, tools, equipment or technologies used to design, manufacture, package or test our products. Compliance may require product redesigns, supply chain changes, substitute technologies, additional screening, licenses or approvals, any of which could increase costs, extend lead times, delay shipments or reduce addressable markets. Noncompliance, either by us or by our suppliers, distributors or other partners, may result in investigations, fines, penalties, revocation of export privileges, denial of licenses, restrictions on our ability to transact with certain counterparties, or reputational harm.

The United States has also adopted industrial policy measures such as the Creating Helpful Incentives to Produce Semiconductors and Science Act of 2022 (the “**CHIPS Act**”) to promote domestic semiconductor manufacturing, research and supply chain resilience. While these measures may create opportunities in some areas, they can also be accompanied by “guardrails,” local-content, sourcing, or expansion restrictions that limit certain activities in China and other jurisdictions. The scope, interpretation and enforcement of these rules are subject to change and may be influenced by national security considerations or political factors, increasing compliance burden and planning uncertainty for our business.

Foreign investment review regimes create additional risks for our financing and strategic initiatives. On October 28, 2024, the U.S. Department of the Treasury (the “**Treasury**”) issued a final rule at 31 C.F.R. part 850 implementing Executive Order 14105 (the “**Final Rule**” or the “**OIR**”), effective January 2, 2025, that imposes prohibitions and notification requirements on U.S. persons with respect to certain investments in entities associated with China (including Hong Kong and Macau) engaged in activities related to semiconductors and microelectronics, quantum information technologies, and artificial intelligence systems. Covered transactions can include equity acquisitions, certain debt financings, joint ventures and limited partner interests in non-U.S. funds, subject to limited exceptions (e.g., certain publicly traded securities without enhanced rights). On February 21, 2025, the “America First Investment Policy” memorandum (the “**America First Memo**”) indicated that Executive Order 14105 is under review and that new or expanded restrictions, including sectoral expansions, may be considered. According to our Sanctions Legal Advisor, only three subsidiaries within our Group qualify as “covered foreign persons” under the **OIR**, by virtue of their engagement in integrated circuit design and packaging activities. Our other Group entities, including our Company, are not “covered foreign persons” under the **OIR** for the following reasons: (i) they do not engage in any “covered activity” specified in the **OIR** in the semiconductors and microelectronics, quantum information technologies, or AI sectors; (ii) they do not meet the criteria set out in Section 850.209(a)(2) of the **OIR** regarding interest in, and financial metrics attributable to, a covered foreign person; and (iii) they do not participate in any joint venture that engages, or plans to engage, in any “covered activity.”

RISK FACTORS

Consistent with FAQ III.4 published by the Treasury, absent additional facts, a U.S. person’s investment in us that is not intended for any covered foreign person would not constitute an indirect “covered transaction,” notwithstanding our ownership of three subsidiaries that are “covered foreign persons.” Furthermore, investments in publicly traded securities on both U.S. and non-U.S. exchanges are generally considered excepted transactions. Accordingly, even if investments in us were deemed to constitute indirect “covered transactions” involving the three subsidiaries, U.S. investors would not be prohibited or restricted from investing in our publicly traded securities following our [REDACTED] on the Stock Exchange, except to the extent any such investment confers rights beyond standard minority shareholder protections. Consequently, investment in our H Shares would not constitute a “notifiable transaction” or a “prohibited transaction” under the OIR. However, as the future regulatory landscape governing U.S. outbound investments is subject to legislative change, it remains unclear if our activities will be re-characterized, and if the investment in our H Shares will be further restricted. See “Business — Sanctions, Export Control and Outbound Investment Rules — Outbound Investment Rules.” These rules, and potential changes to analogous regimes in other jurisdictions, could limit our ability to raise capital from U.S. and other investors, complicate or delay strategic transactions, increase compliance costs, or deter potential partners.

Separately, foreign direct investment screening and national security review laws in the United States and other countries can impose conditions, delay closings, or block acquisitions, joint ventures, minority investments or other strategic collaborations, sometimes based on investor identity, target activities, data sensitivities or supply chain considerations. In some cases, investors in our securities may be required to submit filings to local regulators or may be restricted from acquiring or holding our shares, which could reduce our investor base and liquidity and increase our cost of capital.

Trade policy volatility also affects our customers and suppliers. If our customers, channel partners or suppliers become subject to sanctions, export controls, tariffs, import bans, entity listings, outbound investment restrictions, or licensing requirements, their demand, solvency or ability to perform could be impaired, and we may be required to suspend shipments or terminate relationships. Retaliatory or blocking statutes in some jurisdictions may conflict with U.S. or other extraterritorial measures, creating compliance challenges and potential legal risk regardless of the course of action we take. Furthermore, sudden changes in tariff rates, customs classifications, rules of origin, or value-added and other taxes can increase our costs, lengthen logistics timelines, disrupt inventory positioning and reduce competitiveness in affected markets.

The laws and regulations described above are frequently revised, unevenly interpreted and vigorously enforced, often with short transition periods and limited guidance. Ensuring compliance requires significant resources for product and end-use screening, supply chain diligence, licensing, employee training, contract amendments and monitoring of counterparties across multiple jurisdictions. We may nonetheless face investigations or enforcement actions, incur penalties, be required to modify business practices, or experience shipment holds and license denials. Any of these developments could reduce our revenue opportunities, delay or prevent product deliveries, increase operating costs, restrict access to critical inputs or capital, and adversely affect customer relationships. In the aggregate, changes in international trade policies, geopolitical dynamics, export controls, economic and trade sanctions, and investment restrictions could materially and adversely affect our business, financial condition, results of operations and growth prospects.

Deterioration of global economic conditions, geopolitical instabilities and shifts in diplomatic and trade relations could reduce demand for our products.

Economic slowdowns, recessionary pressures, inflation, tightening credit conditions, currency volatility, changes in consumer and enterprise spending, and volatility in capital markets can reduce our customers’ capital expenditures and operating budgets, extend sales cycles, intensify pricing pressure and increase order cancellations or postponements.

RISK FACTORS

Political tensions in the regions where we operate, terrorism, labor disruptions, public health emergencies, or infrastructure and energy shortages, can disrupt our supply chain, manufacturing, logistics and customer services. Deterioration in diplomatic relations between countries may trigger new trade barriers, sanctions and countermeasures that impede our ability, or that of our suppliers and customers, to import or export components, equipment, software, or finished goods, or to access critical services. If additional tariffs or surcharges are imposed on raw materials, our operating costs could rise and we may be unable to pass such cost increases to customers. Similarly, if our customers face adverse policy changes, their financial condition and purchasing capacity may weaken, resulting in lower order volumes, reduced average selling prices and unfavorable product mix.

Any of the foregoing factors could lead to demand fluctuations, reduced revenue visibility, inventory write-offs, lower factory utilization, margin compression and increased working capital needs. Prolonged adverse macroeconomic or geopolitical developments, or rapid policy changes with limited transition periods, could materially and adversely affect our business, financial condition and results of operations.

Any failure to deliver high-quality customer service and support could harm our reputation, customer relationships and results of operations.

As our business scales and our product portfolio evolve, we must continue to recruit, train and retain experienced service and support personnel, expand localized coverage across time zones and languages, and enhance our systems to manage higher volumes of inquiries, returns, exchanges, warranty claims and maintenance requests. We may not always have sufficient staffing, domain expertise or infrastructure to meet these requirements, particularly during new product launches, major upgrades, seasonal peaks or unforeseen incidents. In addition, we may be unable to adapt the scope and delivery of services quickly enough to address emerging needs, evolving standards or competitive offerings, which could cause delays in resolving issues, inconsistent service levels and customer dissatisfaction.

If our service quality declines, or if we fail to meet contractual service levels, we could face increased costs and liabilities, including higher warranty, return and exchange expenses, service credits and penalties, and additional logistics and spare-parts costs. We may also be required by law or market practice to modify our product return, exchange and warranty policies to improve customer protection. Such changes may increase our costs, and could lead to customer dissatisfaction.

Any sustained inability to provide high-quality customer service and support could result in lower customer satisfaction and retention, reduced renewal and expansion rates, diminished new customer acquisition, higher operating costs and potential claims or disputes. These events, individually or in aggregate, could materially and adversely affect our business, financial condition and results of operations.

Our business depends on the continued service of our key personnel and our ability to attract, develop and retain qualified talent, and we may not be able to retain, attract, recruit and train such personnel.

Our success relies heavily on our senior management, engineers and core technical experts, and our production team. The qualified professionals are in short supply and command increasingly competitive compensation. As industry demand accelerates, scarcity of experienced talent may drive up wages, equity compensation, retention bonuses and benefits, increasing our operating costs and putting pressure on margins.

RISK FACTORS

We may not be able to recruit or retain the leaders and specialists we need, or to replace them in a timely manner if they depart. Competition for talent is intense among established IDMs, foundries, leading technology companies and well-funded startups, some of which have greater resources, brand recognition and research ecosystems than we do. Our retention and recruitment efforts could be hindered by regional talent shortages, restrictions on lateral hiring, non-compete and non-solicitation disputes, and evolving employee preferences. Loss of one or more members of our senior management or key technical staff could disrupt our operations, delay product development, weaken customer relationships, and impair knowledge transfer.

If we fail to attract, develop and retain the necessary talent, or if compensation and retention costs rise faster than our revenue, we may face delays in product development and qualification, lower manufacturing yields and quality, reduced sales execution and customer satisfaction, and diminished competitiveness. Any of these events could materially and adversely affect our business, financial condition, results of operations and prospects.

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

We maintain substantial inventories. As of December 31, 2023, 2024 and 2025, our inventories were RMB3,552.2 million, RMB3,537.4 million and RMB7,868.4 million, respectively. In 2023, 2024 and 2025, our inventory turnover days were 274.0 days, 233.6 days and 234.2 days, respectively. Our inventory levels may further increase as our production expands and as we implement different stocking strategies in response to customer mix and demand patterns. Higher inventory levels can increase storage and insurance costs, and heighten exposure to obsolescence risk, which may adversely affect our liquidity and operating efficiency.

We seek to manage inventory through demand forecasting, historical sales analysis, customer order visibility, and alignment with our supply chain capacity. However, these assessments are inherently uncertain. Demand for our products may change materially between the time we place purchase orders or build inventory and the time of shipment. If we overestimate demand, we may carry excess or slow-moving inventory, or experience substantial declines in the expected market prices of our products, leading to write-downs or write-offs and potential sales at discounted prices, which would reduce our gross margins and profitability. As of December 31, 2023, 2024 and 2025, we have recorded provision for inventory impairment of RMB249.0 million, RMB283.8 million and RMB193.7 million, respectively. Conversely, if we underestimate demand or face supply constraints, we may be unable to fulfill orders on a timely basis, resulting in shipment delays, lost sales and harm to our reputation.

We engage third-party distributors to facilitate our sales, which may expose us to various risks that could materially and adversely affect our business, financial condition and results of operations.

In 2023, 2024 and 2025, 57.5%, 51.5% and 57.9% of our revenue, respectively, was attributable to sales via distributors, and as of December 31, 2023, 2024 and 2025, we had 446, 540 and 620 distributors, respectively. We have limited control over our distributors' daily operations, staffing quality, financial health, compliance practices and sales tactics. We cannot assure you that we can effectively manage or oversee our distributors, that they will comply with our agreements and policies, or that they will invest sufficient resources to market, sell and support our products successfully.

In addition, distributors may engage in behaviors that damage our brand or expose us to liability, including misrepresenting product features or performance, making unauthorized commitments, offering improper discounts or rebates, or failing to provide adequate pre- and post-sales support. They may also fail to comply with applicable laws and regulations which may result in investigations, fines, penalties, product seizures, loss of market access, contract termination, or litigation, and could harm our reputation, customer trust and long-term customer demand.

RISK FACTORS

Our contracts may not fully protect us from the consequences of distributor misconduct or underperformance, and monitoring multiple distributors across jurisdictions can be costly and imperfect. If distributors misuse our trademarks or other intellectual property, sell unauthorized goods, engage in channel stuffing, or manipulate pricing or territorial restrictions, our brand equity and channel integrity may be impaired, and we may incur additional enforcement and remediation. Distributors may prioritize competing products, experience management turnover, or face liquidity constraints that limit their ability to purchase, stock or promote our offerings. If major distributors reduce purchases, becomes insolvent, or terminates its relationship with us, we may not be able to reallocate demand quickly to other channels on comparable terms.

We may also face disputes with distributors regarding performance warranty responsibilities, returns and exchanges, credits, or territory rights. Resolving such disputes can divert management attention and increase legal and administrative costs. Furthermore, changes in our distributor network, such as transitions, consolidations, or the onboarding of new distributors, could cause temporary disruptions in sales coverage, forecasting accuracy and customer service quality. Any deterioration in distributor performance, compliance failures, or adverse changes in our distributor relationships could reduce sales, impair collections, increase costs and expose us to regulatory and legal risks, any of which could materially and adversely affect our business, financial condition and results of operations.

Moreover, our business on third-party e-commerce platforms is governed by the policies and enforcement of these platforms. These platforms have discretion in interpreting and enforcing their rules and policies, which are out of our control. Being deemed to have breached the platform policies may cause our sales on relevant platforms to be suspended, subject us to monetary penalties, among others.

We are exposed to foreign currency exchange risk.

Since we operate in markets outside mainland China, we are exposed to fluctuations in foreign currency exchange rates that can affect our reported results and cash flows. Our overseas operations recorded revenue of RMB1,548.2 million, RMB3,325.7 million and RMB6,030.1 million in 2023, 2024 and 2025, respectively, representing 43.1%, 49.7% and 53.4% of our total revenue for the same years/periods, respectively. Foreign currency-denominated income from our overseas principal businesses is mainly denominated in USD and HKD. We may deploy natural hedges to offset exposures between receivables and payables in the same currencies, and, where appropriate, enter into hedging instruments. Our overseas operations also incur foreign currency-denominated debt.

The USD/HKD linked exchange rate system could be adjusted or face market pressure, and we remain exposed to fluctuations among RMB, USD, HKD and other currencies. Exchange rates are affected by, among other factors, interest rate differentials, inflation, capital controls, geopolitical developments, trade balances, changes in monetary policy and market sentiment. It is difficult to predict how these factors may impact the exchange rates of RMB to HKD, USD or other currencies in the future. Further appreciation of the RMB against foreign currencies could reduce the RMB value of revenues and profits generated by our overseas operations. Conversely, if we convert RMB into HKD to pay dividends on our H Shares or for other purposes, depreciation of the RMB against the HKD would reduce the value of, and any dividends payable on, our H Shares.

Our hedging policies during the Track Record Period may be limited in availability, costly, imperfect or subject to counterparty and effectiveness risks. We may not be able to fully or adequately hedge our exposures, and our results of operations, financial condition, cash flows and the value of dividends payable on our H Shares could be materially and adversely affected by adverse currency movements.

RISK FACTORS

We are subject to third-party intellectual property infringement claims and may be subject to similar allegations in the future, while our intellectual property rights may also be infringed by others.

Our competitiveness depends in part on our ability to protect and enforce intellectual property and proprietary technology in China and other jurisdictions where we operate. The measures we take to safeguard our intellectual property may be insufficient. Laws, regulations and enforcement methods vary by jurisdiction, and are subject to change and differing judicial interpretation. It can be difficult, costly and time-consuming to register, maintain and enforce rights across multiple jurisdictions.

We cannot assure you that third parties will not copy, reverse engineer, misappropriate or otherwise obtain and use our technology or brands without authorization. Our patents, if and when issued, may be challenged, narrowed, designed around, found invalid or unenforceable, or may not adequately cover current or future products and processes. In addition, we may fail to timely file, prosecute or maintain applications or registrations, which could limit the scope or availability of protection. If our trade secrets are disclosed or independently developed by others, our competitive position could be harmed.

We may need to initiate claims, including litigation, arbitration or administrative proceedings, to protect or enforce our intellectual property rights. Such actions can be expensive, time-consuming and uncertain, and may divert management attention. Any unfavorable outcomes could limit our ability to assert rights, reduce the value of our technology, or result in fee-shifting or counterclaims.

We also face the risk that competitors and other third parties may allege that we infringe, misappropriate or otherwise violate their patents, copyrights, trademarks, trade secrets, or other intellectual property rights. We are currently defending against four patent infringement lawsuits filed in the PRC by Emtier Storage Technology (Shenzhen) Co., Ltd. (埃姆梯爾存儲技術(深圳)有限公司), a Shenzhen-based company pursuing patent litigations and patent licensing, concerning four distinct patents. The Plaintiff asserts that two patents, ZL200680051271.3 and ZL201110159902.6, are Standard Essential Patents (SEPs) related to JEDEC’s eMMC standard and claims that our related eMMC products infringe upon specific independent claims within these patents. The Plaintiff alleges that we failed to negotiate a license on Fair, Reasonable, and Non-Discriminatory (FRAND) terms and subsequently engaged in unauthorized manufacturing and sales. With respect to the other two cases filed in April 2026, one lawsuit concerns Patent No. ZL201510093389.3 titled “Extended Utilization Area of Storage Device”, and the other lawsuit concerns Patent No. ZL200980106241.1, also titled “Extended Utilization Area of Storage Device.” Both patents relate to the same technology and remain valid until January 30, 2029. The Plaintiff seeks court orders to halt our production and sales, destroy inventory, and hold us liable for litigation costs and expenses provisionally calculated at RMB608,425 per lawsuit filed in September 2025, and damages calculated at RMB25.0 million per lawsuit filed in April 2026. See “Business — Legal Proceedings and Compliance — Legal Proceedings Regarding Certain Patents.” If we are found to be liable, the claim could potentially harm our reputation, thereby adversely affecting our business. The frequency and stakes of similar disputes may increase as we scale our business, enter new markets, and deploy third-party design software. In addition, our insurance coverage for intellectual property disputes may be limited, subject to exclusions, deductibles and caps, and may not cover all losses.

Any inability to secure, protect, enforce or defend our intellectual property, or adverse outcomes in infringement or related claims against us, could result in lost sales, product delays, restrictions on our operations, increased costs, damage to our brand and relationships, and could materially and adversely affect our business, financial condition and results of operations.

RISK FACTORS

We may pursue strategic acquisitions and investments to expand our business, which could result in increased capital requirements, potential dilution to our Shareholders, the assumption of debt or contingent liabilities, and integration challenges.

Although we did not engage in material acquisitions during the Track Record Period, we intend to selectively explore strategic investment and acquisition opportunities in the future. Pursuing these opportunities involves significant risks and uncertainties, as the negotiation process may consume substantial time and resources without guaranteeing a successful transaction. If we do complete an acquisition, we may encounter difficulties in integrating the acquired operations, corporate culture, intellectual property and personnel into our existing business, potentially failing to achieve anticipated synergies or cost savings, or discovering that the acquired technologies or products do not generate sufficient revenue to offset associated costs. Furthermore, the diversion of management’s attention from our core operations to integration efforts could adversely affect our existing product programs and strategic initiatives.

Future acquisitions could reduce our liquidity, or by issuing new equity securities, which would dilute existing Shareholders’ interests. Alternatively, we might incur significant debt, leading to higher interest expenses and restrictive covenants that limit our operational flexibility. Post-acquisition, we may record substantial goodwill or intangible assets, and if the acquired business underperforms, we could face significant impairment charges or increased amortization expenses. Additionally, we may assume known or unknown liabilities of the acquired entities, such as legal disputes, regulatory non-compliance or product liability claims, exposing us to penalties, lawsuits and reputational damage.

Moreover, we may face intense competition for attractive targets, driving up costs or preventing deals altogether. Even upon identifying a target, risks related to the counterparty, such as invalid regulatory approvals or weak internal controls, could arise, and failure to detect or address deficiencies in data integrity, product quality or compliance might lead to unforeseen liabilities. Any inability to manage these risks effectively could materially and adversely affect our business, financial condition, results of operations and prospects.

We may grant options and other types of awards which may result in increased share-based payment expenses and shareholder dilution.

To attract, retain and incentivize key personnel, we have granted and may continue to grant equity awards, including restricted shares, options and other share-based incentives, under our share incentive plans. Granting such awards increases our share-based payment expenses, which could adversely affect our profitability and financial condition. Under applicable accounting standards, we recognize share-based compensation over the vesting period based on the best estimate of awards expected to be assessed at each balance sheet date. During the Track Record Period, we recognized share-based payment expenses of RMB130.9 million, RMB338.1 million and RMB253.9 million in 2023, 2024 and 2025, in relation to our restricted share incentive plan. These amounts may fluctuate based on factors such as grant timing and size, service and performance conditions, employee turnover, fair value assumptions including volatility, risk-free rates and expected life, and modifications or cancellations.

Issuance of shares to satisfy current or future equity awards will dilute the ownership interests of existing shareholders and could depress the [REDACTED] price of our shares. There is no assurance that the number of shares currently reserved for issuance under our share incentive plans, if adopted or as amended, will be sufficient to meet our talent needs. If we increase the share reserve or issue additional equity to new or existing employees, shareholders may experience further dilution. Conversely, constraints on our ability to grant competitive equity awards could impair our ability to recruit, retain and motivate employees and other service providers, which could harm our business and growth prospects.

RISK FACTORS

We may incur additional costs for obtaining relevant licenses and permits.

Our industry is subject to various laws and regulations, with major aspects governed by multiple governmental authorities under the PRC regulatory framework and in other jurisdictions where we operate. We are required to obtain and maintain necessary licenses, approvals and permits. See “Regulatory Overview” and “Business — Licenses, Approvals and Permits.” Compliance with these regulations entails substantial costs. We may incur substantial costs in obtaining the necessary licenses, approvals and permits for our business operations, and our management’s attention may be diverted by the application and renewal processes of such licenses, approvals and permits. Any of these may materially and adversely affect our business, financial condition and results of operations.

We may become a party to litigation, arbitration, other legal and contractual disputes, claims and administrative proceedings in the ordinary course of our business from time to time.

We may from time to time be subject to or involved in lawsuits, contract disputes, employment-related controversies, and other legal or administrative proceedings or fines relating to our business operations. Such lawsuits and proceedings may involve substantial costs, including those associated with investigations, litigation, settlements, or judgments, and could be time-consuming, diverting management and personnel resources from our normal business operations. In addition, they may generate negative publicity that could harm our reputation and decrease customer acceptance of our products, regardless of the validity of the allegations or the ultimate outcome. Furthermore, our Directors, management and employees, as well as their affiliates, may from time to time be subject to litigation, regulatory investigations, proceedings or negative publicity, or otherwise face potential liability and expense in relation to commercial, labor, employment, or other matters, which could adversely affect our reputation and results of operations. If any of these events occur, our business, financial condition, results of operations or liquidity could be materially and adversely affected.

We may be subject to unfair competition, harassment and other detrimental conduct by third parties, which could harm our reputation and disrupt our operations.

We may from time to time become the target of unfair competitive practices, harassment or other harmful actions, including complaints to regulators, negative social media posts, and malicious reviews or statements about us. Such activities can prompt investigations by governmental or regulatory authorities and require significant time and resources to address, with no assurance that we can promptly or fully resolve all allegations. Anyone can publish accusations online, and social media platforms may amplify such content without verifying accuracy or giving us an opportunity to respond.

Negative statements or campaigns regarding our company, directors, employees, representatives or products, whether true or not, could damage our reputation, erode consumer confidence, strain relationships with partners, and impair our ability to attract and retain key personnel. Any of the foregoing could materially and adversely affect our business, financial condition and results of operations.

Our business is subject to seasonality.

We experience seasonality in our memory solutions sales, with sales of certain PC storage products typically increased in the second half of the year. These increases are primarily driven by increased consumer demand during holiday seasons, such as year-end festivities, which stimulate purchases of consumer electronics incorporating our products. Seasonality may present challenges in demand forecasting, inventory management and cash flow planning. If we fail to anticipate these patterns, or if external factors such as economic downturns, changes in consumer spending habits, or disruptions in downstream electronics markets alter expected buying cycles, our operating results could be adversely affected. In addition, deviations from historical trends may necessitate higher levels of discounting or inventory write-downs, which could negatively impact our profit margins.

RISK FACTORS

We may be subject to additional contributions of social insurance premium and housing provident funds, and late payments and fines imposed by relevant governmental authorities.

According to the Social Insurance Law of the PRC and the Administrative Regulations on the Housing Provident Fund of the PRC, we are required to make adequate amount of social insurance premium payments and contributions to housing provident funds for our employees. During the Track Record Period, we did not make adequate social insurance and housing provident fund contributions for certain of our employees. In 2023, 2024 and 2025, the shortfall in our social insurance and housing provident contributions amounted to RMB12.7 million, RMB13.8 million and RMB9.2 million, respectively.

Pursuant to relevant PRC laws and regulations, we may be ordered by the relevant PRC authorities to pay the outstanding social insurance contributions within a prescribed time limit and may be subject to an overdue charge of 0.05% of the delayed payment per day. If such payment is not made within the stipulated period, the competent authority may further impose a fine from one to three times the amount of any overdue payment. If we fail to pay the full amount of housing provident fund contributions as required, the housing provident fund management center may order us to make the outstanding payment within a prescribed time limit. If the payment is not made within such time limit, an application may be made to the PRC courts for compulsory enforcement. No administrative penalties would be imposed under such circumstances.

Furthermore, under Article 19(1) of the Interpretation (II) of the Supreme People’s Court on Issues Concerning the Application of Law 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**”), promulgated on July 31, 2025 and effective from September 1, 2025, any agreement or undertaking between an employer and an employee to waive the payment of social insurance contributions shall be deemed invalid by the People’s Court. In addition, if an employer fails to pay social insurance contributions as required by law and the employee terminates the labor contract and seeks economic compensation pursuant to Article 38(3) of the PRC Labor Contract Law, the People’s Court will support such claims. In such circumstances, the employer remains liable to pay economic compensation to the employee calculated as the number of years of employment multiplied by the monthly salary, regardless of any prior agreement to waive social insurance contributions. As a result, we may be exposed to legal claims from employees for economic compensation, which could result in increased labor costs, potential litigation, administrative penalties and reputational risks.

As advised by our PRC Legal Advisor, the risk of authorities proactively pursuing collection, clearing arrears, or imposing administrative penalties on us for any failure to pay the adequate amount of social insurance and housing provident fund contributions as required under PRC laws and regulations is remote.

We cannot assure you that any new laws and regulations or any changes in the implementation of the existing laws and regulations will not require us to pay any contribution shortfall, overdue charges or penalties retroactively, thereby adversely affecting our financial condition and results of operations.

We may encounter risks related to our properties.

As of the Latest Practicable Date, we leased 21 properties that are material to our operations in PRC, which were primarily used for research and development, office and warehousing purposes.

RISK FACTORS

As of the Latest Practicable Date, 20 of our lease agreements of our leased properties had not been registered and filed with the relevant governmental authorities in PRC. Under the relevant PRC laws and regulations, the parties to a lease agreement are required to register and file the executed lease agreement with the competent government authorities. As advised by our PRC Legal Advisors, the failure to register or file such agreements does not affect their validity. However, according to the relevant PRC regulations, we may be ordered by the competent authorities to register the lease agreements within a prescribed period, failing which we may be subject to a fine ranging from RMB1,000 to RMB10,000 for each unregistered lease. The potential maximum penalties we may face for such non-compliance would be approximately RMB200 thousand as of the Latest Practicable Date.

As of the Latest Practicable Date, we leased six properties whose usage did not align with that registered on their building planning permits. As advised by our PRC Legal Advisor, the relevant authorities may order our lessors to rectify such inconsistencies and order us to cease using the leased properties. As of the Latest Practicable Date, the lessors of five of our leased properties failed to provide us with complete and valid property certificates. If the lease agreements of the abovementioned leased properties are deemed invalid, or if we need to vacate the abovementioned leased properties, there is no assurance that we could timely relocate to alternative premises or enter into lease agreements on comparable commercial terms.

Furthermore, we cannot assure you that we will be able to renew our leases on terms acceptable to us, or that renewal will be possible at all. If we lose access to any leased property due to a failure to renew the lease, termination of the lease, or non-compliance with applicable laws and regulations, we may face penalties or be forced to relocate. Relocation could be costly, and our operations may be disrupted or suspended if we cannot complete the relocation process, including the necessary facility construction, in a timely manner.

We face risks relating to third-party payments.

During the Track Record Period, certain of our customers settled payments with us through third-party payors (the “**Third-Party Payment Arrangement(s)**”). The aggregate third-party payment amount was RMB10.8 million, RMB4.1 million and RMB3.3 million in 2023, 2024 and 2025, respectively, which accounted for 0.3%, 0.06% and 0.03% of our total revenue for the relevant periods. We had ceased Third-Party Payment Arrangement in October 2025 and had prohibited Third-Party Payment Arrangement going forward. See “Business — Third-Party Payment Arrangements.” We may be subject to risks relating to such Third-Party Payment Arrangements, including possible claims from third-party payors for return of funds, as they were not contractually indebted to us, and possible claims from liquidators of third-party payors. In the event of any such claims or legal proceedings were initiated against us in respect of third-party payments, we may need to allocate significant financial and managerial resources to defend against them, which could materially and adversely affect our financial condition and results of operations.

Our insurance coverage may not be sufficient to cover our potential liability or losses.

As of the Latest Practicable Date, we maintained insurance policies that we believe are customary for companies of our size and industry in China. See “Business — Insurance.” However, we cannot assure you that product liability claims or other litigation will not arise, or that we can obtain product liability or other coverage on acceptable terms in the future.

Significant losses or liabilities from events such as fires, explosions, floods or other natural disasters, disruptions to our network infrastructure, production facilities or operations, or material litigation could materially and adversely affect our results of operations. Our existing policies may not fully cover all losses, and there is no guarantee that claims will be paid in full, on a timely basis, or at all. If we are responsible for uninsured losses, or if insured claims exceed policy limits, our business, financial condition and results of operations could be materially and adversely impacted.

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE. THE INFORMATION IN THIS DOCUMENT MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

RISK FACTORS

The growing emphasis on environmental, social and governance matters may result in increased costs or expose us to additional risks.

Government authorities, advocacy groups and investors are placing greater emphasis on environmental, social and governance (the “ESG”) issues. Policies, laws and regulations related to environmental protection and other ESG matters are evolving, and influential investors increasingly evaluate companies based on ESG practices and perceived social impact. Heightened scrutiny may affect capital allocation decisions, potentially limiting or increasing the cost of our access to capital. Concerns regarding our ESG performance, whether driven by regulatory developments, investor expectations or public perception, could increase our compliance and reporting costs, require operational changes, and result in reputational harm if we are viewed as failing to meet evolving standards or our own ESG objectives, even absent a legal mandate. We may also incur additional expenditures to mitigate ESG risks. Any of the foregoing could materially and adversely affect our business, financial condition and results of operations.

RISKS RELATING TO DOING BUSINESS IN THE COUNTRIES AND REGIONS WHERE WE OPERATE

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

Global economic, political and social conditions are evolving rapidly and remain uncertain. Geopolitical tensions and conflicts, energy crises, inflationary pressures, interest rate increases, financial system instability and the tightening of monetary policies have introduced additional challenges and unpredictability to the global economy. In addition, the U.S. and other jurisdictions from time to time unilaterally impose sanctions and export control measures that may materially affect targeted countries, markets and entities. Chinese companies may be impacted by such actions. We may also face risks when dealing with business partners subject to sanctions or export controls. As a result, we could be required to incur additional costs to comply with complex regulatory regimes and could face penalties for any violations, even if inadvertent.

Substantially all of our operations are located in China. Accordingly, our business, financial condition, results of operations and prospects are significantly influenced by political, economic and social conditions in China and by the sustained growth of China’s economy. Government policies to encourage economic growth may not benefit us to the same extent as the broader economy. Any actual or perceived economic downturn, deceleration in growth or increased uncertainty in any other markets in which we operate, could adversely affect our business, financial condition and results of operations.

You may have limited recourse in effecting services of legal process or enforcing overseas judgments against us, our Directors and our senior management.

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

RISK FACTORS

Pursuant to the Arrangements for Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Cases 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》), effective from 29 January 2024 and promulgated by the Supreme People’s Court, a party holding an enforceable final judgment from a designated people’s court of the PRC or a designated court in Hong Kong in respect of civil and commercial cases (excluding certain specified types) may apply for recognition and enforcement of that judgment in the relevant people’s courts of the PRC or courts of Hong Kong.

Certain of our foreign exchange transactions are subject to regulatory requirements over foreign currency conversion.

Conversion and remittance of foreign currencies are subject to certain foreign exchange regulations. It cannot be guaranteed that under a certain exchange rate, we would have sufficient foreign exchange to meet our foreign exchange needs. For example, under the PRC current foreign exchange regulation system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from the State Administration of Foreign Exchange (the “SAFE”); however, we are required to present relevant documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within the PRC that have the licenses to carry out foreign exchange business. Foreign exchange transactions under the capital account, however, normally need to be approved by or registered with the SAFE or their local branch unless otherwise permitted by law. Any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to Shareholders or satisfy any other foreign exchange obligation. If we fail to obtain approvals from the SAFE to convert RMB into any foreign exchange for any of the above purposes, our potential offshore capital expenditure plans and even our business may be affected.

Our payment of dividends is subject to restrictions under applicable laws and regulations.

As our Company is a holding company, we rely on dividend from our subsidiaries for cash requirements, including services of any debts our Group may incur. However, our payment of dividends is subject to restrictions under applicable laws and regulations. For example, under the current PRC law, dividends may be paid only out of our PRC subsidiaries’ accumulated after-tax profits, if any, determined in accordance with PRC accounting standards and regulations. Moreover, each of our PRC subsidiaries is required to set aside at least 10% of its after-tax profits each year, if any, to fund certain statutory reserves, except where such reserve has reached 50% of its registered capital. These reserves are not distributable as cash dividends. In addition, in the future, if any of our subsidiaries incurs debt on its own behalf, the instruments governing the debt may impose restrictions on its ability to pay dividends or other payments to our Company. The inability of our subsidiaries to distribute dividends or other payments to our Company could significantly affect the amount of liquidity available to supply the development and growth of our business.

Our operations are subject to, and may be affected by, changes in tax laws and regulations in the countries and regions where we operate.

The PRC EIT Law imposes a tax rate of 25% on business enterprises. Some of our subsidiaries are entitled to preferential tax treatment. See “Financial Information — Description of Major Components of Our Results of Operations — Income Tax Credit/(Expenses)” in this document. To the extent there are any changes in the laws and regulations governing preferential tax treatment, or increases in our effective tax rate due to any other reasons, our tax liability would increase correspondingly, which could affect our businesses, financial condition and results of operations.

RISK FACTORS

We also operate in countries and regions overseas and are subject to various taxes. See “Financial Information — Description of Major Components of Our Results of Operations — Income Tax Credit/(Expenses)” in this document. Due to the fact that the tax environment can be different in different jurisdictions and that the regulations regarding various taxes, including but not limited to corporate income tax, are complex, our international operations may expose us to risks associated with the overseas tax policy changes. Dealing with such regulatory complexities and changes may require us to divert more managerial and financial resources, which in turn could affect our results of operations.

Non-PRC Holders of our H Shares may be subject to PRC income tax obligations.

Under the EIT Law and its implementation rules, subject to any applicable tax treaty or similar arrangement between the PRC and a non-PRC investor’s jurisdiction of residence that provides for a different income tax arrangement, PRC withholding tax at the rate of 10% is normally applicable to dividends from PRC sources payable to investors that are non-PRC resident enterprises, which do not have an establishment or place of business in the PRC, or which have an establishment or place of business in the PRC if the relevant income is not effectively connected with such establishment or place of business. Any gains realized on the transfer of shares by such investors are subject to a 10% PRC income tax rate if such gains are regarded as income from sources within the PRC unless a treaty or similar arrangement provides otherwise.

Under the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法》) and its implementation rules, dividends from sources within the PRC paid to foreign individual investors who are not PRC residents are generally subject to a PRC withholding tax at a rate of 20% and gains from PRC sources realized by such investors on the transfer of shares are generally subject to a 20% PRC income tax rate, in each case, subject to any reduction or exemption set forth in applicable tax treaties and PRC laws. Pursuant to the Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) (Guo Shui Han [2011] No. 348) (國稅函[2011]348號) dated June 28, 2011, issued by the SAT, dividends paid to non-PRC resident individual holders of H Shares are generally subject to individual income tax of the PRC at the withholding tax rate from 5% to 20% (usually 10%), depending on whether there is any applicable tax treaty between the PRC and the jurisdiction in which the non-PRC resident individual holder of H Shares resides as well as the tax arrangement between the PRC and Hong Kong. Non-PRC resident individual holders who reside in jurisdictions that have not entered into tax treaties with the PRC are subject to a 20% withholding tax on dividends received from us. However, pursuant to the Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the MOF of the PRC 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. In addition, on December 31, 2009, the MOF, the SAT and the CSRC jointly issued the Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Listed Shares Subject to Sales Limitation (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》) (Cai Shui [2009] No. 167) which states that individuals’ income from the transfer of listed shares on certain domestic exchanges shall continue to be exempted from individual income tax, except for the relevant shares which are subject to sales restrictions as defined in the Supplementary Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of the Listed Shares Subject to Sales Limitations (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》) (Cai Shui [2010] No. 70). As of the Latest Practicable Date, the aforesaid provision has not expressly provided that individual income tax shall be collected from non-PRC resident individuals on the sale of shares of PRC resident enterprises listed on overseas stock exchanges.

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RISK FACTORS

If the PRC income tax is imposed on gains realized from the transfer of our H Shares or on dividends paid to our non-PRC resident investors, the value of your investment in our H Shares may be affected. Furthermore, our Shareholders whose jurisdictions of residence have tax treaties or arrangements with the PRC may not qualify for benefits under such tax treaties or arrangements.

RISKS RELATING TO THE [REDACTED]

We will be concurrently subject to [REDACTED] and regulatory requirements of the PRC and Hong Kong.

As we are listed on the Shanghai Stock Exchange and will be [REDACTED] on the Main Board of the Stock Exchange, we will be required to comply with the listing rules where applicable and other regulatory regimes of both jurisdictions, unless otherwise agreed by the relevant regulators. Accordingly, we may incur additional costs and resources in complying with the requirements of both jurisdictions.

Our A Shares are listed on the Shanghai Stock Exchange, and the characteristics of the A Share and H Share markets may differ.

Our A Shares are listed on the Shanghai Stock Exchange. Following the [REDACTED], our A Shares will continue to be traded on the Shanghai Stock Exchange and our H Shares will be [REDACTED] on the Stock Exchange. Under current PRC laws and regulations, without the approval from the relevant regulatory authorities, our H Shares and A Shares are neither interchangeable nor fungible, and there is no [REDACTED] or settlement between the H Share and A Share markets. With different [REDACTED] characteristics, the H Share and A Share markets have divergent [REDACTED] volumes, liquidity and [REDACTED] bases, as well as different levels of retail and institutional [REDACTED] participation. As a result, the [REDACTED] performance of our H Shares and A Shares may not be comparable. Nonetheless, fluctuations in the price of our A Shares may adversely affect the [REDACTED] of our H Shares, and vice versa. Furthermore, due to the different characteristics of the H Share and A Share markets, the historical prices of our A Shares may not be indicative of the performance of our H Shares. You should therefore not place undue reliance on the trading history of our A Shares when evaluating the [REDACTED] decision in our H Shares.

There has been no prior public market for our H Shares, and an active [REDACTED] market for our H Shares may not develop or be sustained.

Prior to the [REDACTED], there was no public market for our H Shares. We cannot assure you that a public market for our H Shares with adequate liquidity will develop and be sustained following the completion of [REDACTED]. The initial [REDACTED] for our H Shares to the public will be the result of negotiations, and the [REDACTED] may differ significantly from the market price of the H Shares following the [REDACTED].

We have applied to the Stock Exchange for the [REDACTED] of, and permission to [REDACTED], the H Shares (including any H Shares which may be [REDACTED] pursuant to the exercise of the [REDACTED]). However, the [REDACTED] on the Stock Exchange does not guarantee that an active and liquid [REDACTED] market for the H Shares will develop, or if it does develop, that it will be sustained following the [REDACTED], or that the market price of the H Shares will not decline following the [REDACTED]. If an active public market for our H Shares does not develop following the completion of the [REDACTED], the market price and liquidity of our H Shares could be materially and adversely affected.

RISK FACTORS

The price and [REDACTED] volume of our H Shares may be volatile, which could materially and adversely affect the market price of our H Shares.

The price and [REDACTED] volume of our H Shares may be subject to significant volatility in response to various factors beyond our control, including the general market conditions of the securities in Hong Kong and elsewhere in the world. The Stock Exchange and other securities markets have, from time to time, experienced significant price and [REDACTED] volume volatility that are not related to the operating performance of any particular company. The business and performance and the market price of the shares of other companies engaging in similar business may also affect the price and [REDACTED] volume of our Shares. In addition to market and industry factors, the price and [REDACTED] volume of our Shares may be highly volatile for specific business reasons, such as fluctuations in our revenue, earnings, cash flows, investments, expenditures, regulatory developments, relationships with our suppliers, movements or activities of key personnel, or actions taken by competitors. Moreover, shares of other companies listed on the Stock Exchange with significant operations and assets in the PRC have experienced price volatility in the past, and it is possible that our H Shares may be subject to changes in price not directly related to our performance.

You will incur immediate and substantial dilution, and may experience further dilution 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. In order to expand our business, we may consider [REDACTED] and [REDACTED] additional Shares in the future. Purchasers of the [REDACTED] may experience dilution in the net tangible asset value per H Share of their H Shares if we [REDACTED] additional Shares in the future at a price which is lower than the net tangible asset value per H Share at that time. Furthermore, we may [REDACTED] Shares pursuant to any existing or future share option incentive scheme, which would further dilute our Shareholders’ interests in our Company.

Actual or perceived sale or availability for sale of substantial amounts of our Shares could adversely affect the market price of our Shares.

Future sales of a substantial number of our Shares, especially by our Directors and executive officers, or the perception or anticipation that such sales might occur, could negatively impact the market price of our Shares and our ability to raise equity capital in the future at a time and price that we deem appropriate. Certain amount of the Shares controlled by our single largest shareholder are subject to certain lock-up periods beginning on the date on which [REDACTED] in our Shares commences on the Stock Exchange. While we currently are not aware of any intention of such persons to dispose of significant amounts of their Shares after the expiry of the lock-up periods, we cannot assure you that they will not dispose of any Shares they may own now or in the future. In addition, certain existing Shareholders of our Shares are not subject to lock-up agreements. Market sale of Shares by such Shareholders and the availability of these Shares for future sale may have a negative impact on the market price of our Shares.

RISK FACTORS

Our historical dividends may not be indicative of our future dividend policy, and there can be no assurance that we will declare and distribute any amount of dividends in the future.

We did not declare dividends during the Track Record Period. However, we may declare dividends in the future. Under the applicable PRC laws, the payment of dividends may be subject to certain limitations, and the calculation of our profit under applicable accounting standards differs in certain respects from the calculation under IFRS. The declaration, payment and amount of our future dividends will depend upon our earnings and financial condition, operating requirements, capital requirements, applicable laws and regulations and any other conditions that our Directors may deem relevant and will be subject to the approval of our Shareholders. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the applicable PRC laws and regulations, and would require approval at our shareholders’ meeting. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. There can be no assurance that dividends of any amount will be declared or distributed in any year in the future. Our historical dividends should not be taken as indicative of our dividend policy in the future.

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

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

Certain facts, forecasts and other statistics in this document are derived from government publications, which have not been independently verified and may not be reliable.

This document, particularly the section headed “Industry Overview,” contains information and statistics relating to the semiconductor industry and other economic data. Such information and statistics have been derived from various official government publications. We believe that the sources of the information are appropriate, and we have taken reasonable care in extracting and reproducing such information. However, the information derived from official government sources has not been independently verified by us, the [REDACTED], any of their respective directors and advisers, or any other persons or parties involved in the [REDACTED], and no representation is given as to its accuracy. Collection methods of such information may be ineffective, or there may be discrepancies between published information and market practice, which may result in the statistics being inaccurate or not comparable to statistics produced for other economies. You should therefore not place undue reliance on such information.

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RISK FACTORS

You should not place any reliance on any information released by us in connection with the listing of our A Shares on the Shanghai Stock Exchange.

As our A Shares are listed on the Shanghai Stock Exchange, we have been subject to periodic reporting and other information disclosure requirements in the PRC. As a result, from time to time we publicly release information relating to ourselves on the Shanghai Stock Exchange or other media outlets designated by the CSRC. However, the information announced by us in connection with our A Shares is based on the regulatory requirements of the securities authorities and market practices in the PRC which are different from those applicable to our H Shares. Such information does not and will not form a part of this document. As a result, prospective investors in our H Shares are reminded that, in making their investment decisions as to whether to purchase our H Shares, they should rely only on the financial, operating and other information included in this document. By applying to purchase our H Shares in the [REDACTED], you will be deemed to have agreed that you will not rely on any information other than that contained in this document and any formal announcements made by us in Hong Kong with respect to the [REDACTED].

You should read the entire document carefully and only rely on the information included in this document to make your investment decision, and we strongly caution you not to rely on any information contained in press articles or other media coverage relating to us, our Shares or the [REDACTED].

There has been, prior to the publication of this document, and there may be, subsequent to the date of this document but prior to the completion of the [REDACTED], press and media coverage regarding us and the [REDACTED]. We have not authorized the disclosure of any information concerning the [REDACTED] in the press or media. We do not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding our Shares, the [REDACTED] or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations or other forward-looking information about us. To the extent such statements are inconsistent with, or conflict with, the information contained in this document, we disclaim responsibility for them. You should rely solely upon the information contained in this document, the [REDACTED] and any formal announcements made by us in Hong Kong in making your investment decision regarding our H Shares. By applying to purchase our H Shares in the [REDACTED], you will be deemed to have agreed that you will not rely on any information other than that contained in this document and any formal announcements made by us in Hong Kong with respect to the [REDACTED].