
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

Our business depends on the demand for end products that incorporate our cellular IoT chips, and a downturn in the markets for smartphones, IoT devices, or other connected devices could significantly reduce demand for our products.

We operate within the global cellular IoT chip industry, which is rapidly evolving with the advancement of 4G and 5G technologies. This industry serves as a key enabler for smart devices and connected systems across various sectors, including automotive, healthcare, industrial automation, and smart cities. Our business focuses on the design, development, and commercialization of cellular IoT chips, catering to the needs of both low-power, long-range communication applications and medium-speed IoT solutions. The cellular IoT industry is undergoing rapid technological changes and frequent updates to communication standards, particularly with the ongoing transition to 5G networks and the development of 5G RedCap. These shifts are not only driving demand for higher-speed, lower-latency communication but also creating a significant risk of obsolescence for technologies that fail to meet these evolving standards. While our company has made substantial investments in the development of next-generation 5G products, the pace at which these new standards are being adopted by the market remains uncertain. If our products do not align with emerging technologies or if the industry transitions to alternative communication solutions faster than anticipated, our market share could diminish, and we may face reduced demand for our existing product lines.

Market penetration also remains a critical challenge, especially as new technologies and competitors continue to emerge. Our cellular IoT chips are highly integrated and designed to meet specific communication needs in various IoT applications. However, as the market grows, there is an increasing risk of technological substitution, where competing wireless communication standards such as Wi-Fi, Bluetooth, or even non-cellular LPWAN technologies (e.g., LoRa) could replace cellular solutions in certain applications. For instance, while our NB-IoT chips are ideal for low-power, wide-area communication, competing technologies might offer similar performance in specific use cases, potentially lowering the demand for our chips. Additionally, the shift towards more cost-effective, low-power alternatives in emerging markets further compounds this risk, as price-sensitive customers might favor cheaper solutions, impacting our growth in those regions.

Furthermore, the alignment between our research and development efforts and market demand is crucial for sustaining long-term growth. Our research and development investment, while significant, faces the challenge of accurately forecasting the future needs of the market. The fast-paced nature of the IoT industry means that we must continuously innovate and adapt to emerging trends, yet not all research and development investments will result in marketable products. Misjudging customer requirements or failing to deliver timely product updates could lead to wasted resources and missed

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market opportunities. If we cannot effectively translate our technological advancements into products that meet the evolving needs of the market, our competitive position may weaken, and we could face significant financial losses from unprofitable projects.

Additionally, broader macroeconomic factors and geopolitical developments also play a pivotal role in shaping the cellular IoT market. Economic downturns in key markets such as China, the U.S., or Europe could lead to reduced consumer spending, which would negatively affect the demand for connected devices and, by extension, cellular IoT chips. Furthermore, geopolitical tensions, particularly between major economies such as the U.S. and China, could lead to trade restrictions or changes in regulations that disrupt supply chains and affect our ability to operate smoothly in international markets. These factors introduce an additional layer of uncertainty to the market environment and could undermine the growth prospects of the entire industry.

Our historical operating and financial performance has been highly volatile, including net losses, declines in the ASP of our products and operating cash outflows, and such volatility may continue.

Our historical operating and financial performance during the Track Record Period has been highly volatile and subject to significant fluctuations. Our historical financial volatility reflects the combined effect of ASP compression, competitive dynamics, cost structure movements and product mix changes. There can be no assurance that our operating results will stabilize in future periods. If our revenue declines, ASP continues to decrease, costs increase or operating cash flows remain negative, our financial condition, liquidity and prospects could be materially and adversely affected.

We recorded substantial net losses in certain periods. For the year ended December 31, 2023, we recorded a net loss of RMB158.5 million. Although we recorded a net profit of RMB12.4 million for the year ended December 31, 2024, we recorded net losses of RMB16.0 million and RMB39.0 million, respectively, for the year ended December 31, 2025 and the six months ended June 30, 2026. Our profitability has therefore fluctuated materially on a period-to-period basis, and our gross profit and gross profit margin have also experienced significant movements during the Track Record Period.

Our financial performance has been materially affected by significant declines in the ASP of our major chip products. From 2023 to 2024, the ASP of our NB-IoT chips decreased by approximately 5.8%, and the ASP of our Cat.1bis chips decreased by approximately 23.7%. From 2024 to 2025, the ASP of our NB-IoT chips further decreased by approximately 12.8%, and the ASP of our Cat.1bis chips further decreased by approximately 24.2%. For the six months ended June 30, 2026, the ASP of our NB-IoT chips fell by approximately 13.7% compared with the same period in 2025, and the ASP of our Cat.1bis chips declined by approximately 15.6%. Such sustained ASP compression has directly affected our revenue growth, gross profit and overall profitability. There is no assurance that pricing pressure will ease, and further ASP declines could materially reduce our margins.

In addition, our operating cash flow has not been consistently positive. For the year ended December 31, 2025, we recorded net cash used in operating activities of approximately RMB186.0 million. Fluctuations in working capital items such as inventories, trade receivables and prepayments, together with earnings volatility, have resulted in instability in our operating cash flows. If our operating cash outflows continue or increase, our liquidity position may be materially and adversely affected.

Our continuous success will rely on our research and development efforts, and such investment may not generate the results we expect to achieve.

Our continuous success is heavily dependent on our research and development efforts, which are essential for maintaining our competitive position in the rapidly evolving cellular IoT chip industry. For the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our

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research and development expenses amounted to RMB186.1 million, RMB138.9 million, RMB134.9 million, RMB68.0 million and RMB69.1 million, respectively. However, the path from investment in research and development to successful commercialization is fraught with uncertainties. And there is no guarantee that these efforts will yield the expected results or meet our objectives.

Our research and development activities might involve various unforeseen technical challenges. Developing new products in this dynamic sector often involves complex, long-term processes where unexpected issues can arise, delaying development, failing to meet market expectations, and disrupting our competitive edge. Research and development costs may also exceed initial estimates, as advancing technology may require new materials, specialized equipment, and advanced expertise, increasing expenses and potentially diverting resources from other critical areas or delaying product launches. Intellectual property risks arise from competitors’ similar or superior technologies, which could diminish our ability to capitalize on research and development investments, undermining the long-term viability of our innovations. Regulatory barriers from evolving regulations can delay product development or require substantial compliance investments, slowing time-to-market or preventing full exploitation of technological advancements and reducing our competitive advantage. In addition, the rapid pace of technological advancements and shifts in standards or new technologies may render our products obsolete or less competitive if we fail to align research and development strategies with new development trends and market demands, significantly harming our prospects.

If any of these challenges materialize, our ability to maintain and grow our market share could be negatively affected. A failure in our research and development efforts to produce successful and marketable products would impair our competitive position, hurt our reputation, and significantly impact our financial performance and prospects.

We operate in a highly competitive and rapidly evolving cellular IoT chip industry, and any failure to maintain our market position or adapt to industry dynamics could materially and adversely affect our business, financial condition, and prospects.

The global and Chinese markets for cellular IoT chips are increasingly competitive, with three to five established industry leaders and numerous new entrants vying for market share. Large, well-established players possess significant financial resources, technical expertise, and brand recognition, enabling them to innovate rapidly and capture substantial market segments.

The cellular IoT chip industry, particularly in the PRC market, is also subject to ongoing structural pricing pressure. Competition is especially intense in the low-speed and medium-speed segments, including NB-IoT and Cat.1bis, where products are generally standardized and customers are highly price-sensitive. In these segments, average selling prices have experienced sustained downward trends, and market participants frequently compete on price to secure design wins, expand shipment volume and maintain utilization. In contrast, emerging higher-speed and 5G-related connectivity products generally command relatively higher pricing levels due to enhanced performance requirements and broader functionality. However, our 5G product offerings have not yet generated revenue. As industry value increasingly shifts toward higher-speed categories, our current revenue base remains concentrated in lower-speed and medium-speed segments that are structurally more exposed to pricing compression. If pricing pressure in these segments persists or intensifies, and if we are unable to generate meaningful revenue contribution from higher-speed products on a timely basis, our revenue growth, gross profit and overall profitability may be materially and adversely affected.

Furthermore, our pricing trajectory and financial performance may not necessarily align with overall market trends. Our pricing decisions, shipment allocation and product mix adjustments may vary over time due to internal commercial considerations, including market positioning and competitive strategy. As a result, our revenue growth rate and margin profile in any given period may diverge from

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broader industry growth or margin benchmarks. Such divergence may increase volatility in our operating results and reduce comparability with peers, which could adversely affect [REDACTED] perception and [REDACTED].

In addition, the industry may experience periods of intensified aggressive pricing competition, including strategic price undercutting aimed at expanding market share or forcing higher-cost competitors to exit the market. Such market share-driven price competition may result in rapid and significant price reductions across product categories. If such competitive dynamics occur, we may face pressure to reduce our selling prices to maintain shipment volume and customer relationships. Alternatively, if we do not match such pricing actions, we may experience loss of market share, reduced order volume or customer attrition. In either case, our revenue, gross profit margin and financial performance could be materially and adversely affected.

We are subject to the risk of customer concentration.

We are subject to the risk of customer concentration. For the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2026, revenue generated from our five largest customers in each year/period during the Track Record Period amounted to RMB462.4 million, RMB449.6 million, RMB547.8 million and RMB318.1 million, respectively, accounting for approximately 86.7%, 81.4%, 79.5% and 76.5% of our total revenue during these periods. For more details, please refer to “Business — Our Customers — Major Customers”. We expect this trend to continue for the foreseeable future.

The reliance on a small number of key customers exposes us to risks that could adversely impact our financial performance. Specifically, fluctuations in the demand for our products from these major customers, driven by factors such as market shifts, changes in customer strategies, or product preferences, could result in significant volatility in our revenue. The loss of any of these customers, or a reduction in the volume of orders placed by them, could materially affect our business. Similarly, any shift in the product mix or a consolidation of our key customers could limit the number of customers to whom we can sell our products, reducing overall demand and negatively impacting our sales.

Furthermore, as we are reliant on the continued collaboration with a few major customers, a disruption in our relationships with these customers, due to issues like failure to meet product specifications, changes in their business models, or their shift towards in-house production, could significantly reduce the demand for our products. This could further intensify the competitive pressures we face in the market. Any disruptions or changes in our relationship with any of our major customers could adversely affect our business.

In particular, our licensing services segment is currently dependent on a single customer, Customer Q, and we do not have any other licensing services customers as of the Latest Practicable Date. As a result, the continuation, scale and timing of our licensing services revenue are materially dependent on Customer Q’s project pipeline, internal product and procurement priorities, technology roadmap and commercial arrangements with us. There is no assurance that Customer Q will continue to engage us for new projects, renew or expand existing arrangements, or maintain the same level of cooperation, and any reduction, delay, suspension or termination of projects or collaboration with Customer Q could materially reduce or eliminate our licensing services revenue and adversely affect our results of operations. In addition, the future prospects of this business segment are inherently fluctuated. The licensing services business is project-based and milestone-driven in nature, with revenue recognized based on the achievement and acceptance of specified deliverables and project milestones. Accordingly, the timing and amount of revenue recognized from this segment may fluctuate significantly from period to period. Further, there is no assurance that we will be able to secure

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additional licensing services customers, and any uncertainty to diversify our licensing customer base may exacerbate the concentration risk and volatility of this segment. Any of the foregoing could materially and adversely affect our revenue structure, results of operations and financial condition.

We outsource key aspects of the production process, including wafer fabrication, assembly, and testing, to third-party manufacturers and OSAT partners. Any disruption in their operations could negatively impact our ability to meet customer demand and adversely affect our revenue and market share.

We operate under a fabless model, focusing on the design, development, and commercialization of cellular IoT chips, and outsourcing key aspects of the production process, including wafer fabrication, assembly, and testing, to third-party manufacturers and OSAT partners. This model exposes us to risks that are largely beyond our control. Any disruption in the operations of these third-party partners could significantly affect our ability to meet customer demand and impact our revenue, market share, and long-term growth prospects.

As we rely on third-party manufacturers for wafer fabrication, any disruptions in their operations could have a severe impact on our ability to fulfill customer orders on time. In the highly competitive semiconductor industry, even minor delays can result in lost market opportunities, reputational damage, and a decline in market share. Our fabless model limits our visibility and control over the manufacturing process, so inefficiencies or operational challenges faced by our manufacturing partners could lead to unmet customer expectations, strained relationships, and reduced revenue potential.

Moreover, our cooperations with OSAT partners for assembly and testing exposes us to quality control and operational risks. Quality control failures delivery delays, or capacity constraints at such partners could lead to costly products recalls, warranty claims, damage to our brand reputation. Furthermore, addressing these issues could require us to divert significant resources from core activities such as product innovation and marketing efforts.

Our fabless model exposes us to risks related to the performance and reliability of our third-party manufacturers and OSAT partners. If we are unable to effectively manage these risks, it could materially affect our ability to scale production, maintain quality standards, and meet customer expectations, ultimately impacting our financial performance and long-term market position.

We depend on a limited number of third-party suppliers to manufacture our products.

During the Track Record Period, our major suppliers primarily consisted of foundry partners and OSAT partners. Purchasing from our five largest suppliers in each year/period during the Track Record Period accounted for 86.8%, 87.6%, 84.7% and 85.3% of our total purchasing for the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2026, respectively. For details, please refer to “Business — Our Procurement and Suppliers — Our Procurement — Major suppliers” in this document. Our reliance on the major suppliers subjects us to concentration and counterparty risks. If we fail to manage our relationships with our major suppliers effectively, or if they experience delays, disruptions, geopolitical changes, capacity constraints/allocation pressures or quality control problems in their operations, our ability to ship products to our customers could be impaired and our competitive position and reputation could be harmed. In addition, any adverse change in any of our manufacturers and suppliers’ financial or business condition could disrupt our ability to supply quality products to our customers. If we are required to change our manufacturers, we may lose revenue, incur increased costs and damage our end-customer relationships. Moreover, we cannot guarantee that our major suppliers will not have a change of business scope or business model or will continue to maintain their market position and reputation as well as comply with the relevant laws and regulations. Any material adverse change to the reputation, financial condition and results of operations of our major suppliers may result in material adverse impact on their business with us.

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For the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2026, we partnered with four, four, two and three foundries, respectively, and three, three, three and three OSAT partners for the same year/period, respectively. With the limited number of our foundries and OSAT partners, if a disaster or other business disruption were to occur at any of our foundries’ or OSAT partners’ facilities, procuring and transitioning to new suppliers would take a significant period of time to complete and would likely adversely affect our inventory, business, financial condition and results of operations. Moreover, any shortage of raw materials used by our foundries and OSAT partners may result in shortage in the supply of our products. Therefore, we are vulnerable to the risk that our current foundries and OSAT partners may be unable to meet our demand. If we cannot manage these risks effectively, it could impair our ability to timely supply competitive products, increase our costs, and adversely affect our business, financial condition and results of operations.

Our success depends on the continued contribution of our core management and research personnel, and any loss of key talent may disrupt our innovation capabilities and adversely affect our business.

The talent acquisition and retention challenges we face are common across the high-tech semiconductor industry, where specialized skills and expertise are in high demand. As a fabless company, our core competencies are concentrated in design and systems capabilities, making the stability of our design and systems teams critical for the continuity of our operations. Our success hinges on these teams’ ability to drive innovation, optimize our chip designs, and maintain the technical standards expected in the cellular IoT market. Given the high barriers to entry in this sector, the loss of key engineers or executives with critical knowledge and experience could severely disrupt our business operations. These professionals possess unique expertise that is challenging to replace and their departure could significantly delay or hinder our ability to meet market demands and technological advancements.

The labor market for skilled professionals in the semiconductor industry is fiercely competitive, characterized by rising costs, fluctuating workforce participation rates, and intense competition for top-tier talent. Companies in the cellular IoT industry are typically required to make substantial investments in talent ecosystems. The scarcity of qualified personnel, coupled with the complexity of chip design, further exacerbates the challenges in securing skilled engineers and managers. High turnover rates and labor costs present ongoing obstacles in maintaining a stable workforce. Failure to attract and retain key talent could compromise our innovation and business strategy, adversely affecting our research and development capabilities, delaying new product launches, and undermining customer satisfaction amid increasing market innovation.

Moreover, employee attrition, especially among our high-caliber talent, could accelerate if we fail to offer competitive compensation, career development opportunities, and a compelling work culture. External market conditions, such as fluctuations in compensation structures, stock-based compensation value in times of market volatility, and other competing offers, may undermine our efforts to keep key personnel. If we are unable to recruit, train, and retain high-caliber personnel across our research, engineering, and management teams, or if employee attrition outpaces our ability to fill key roles, our innovation capabilities could suffer. This would adversely affect our ability to meet product development milestones, execute on business initiatives, and sustain the growth of our business.

Failure to adequately protect, maintain and enforce our intellectual property and confidential information could erode our competitive advantages, increase costs and harm our brand and operating results.

We rely on patents, copyrights, trademarks, domain names, trade secrets and other proprietary rights to safeguard our technologies, products, content and brand assets. As of the Latest Practicable Date, we owned 37 patents (including 33 invention patents), two registered trademarks and four

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software copyrights. However, legal protection and contractual measures may be insufficient to prevent unauthorized use, copying or disclosure. Many of our core know-how, algorithms, design files, process parameters and datasets are protected principally as trade secrets; such information is difficult to secure, particularly given employee mobility, remote work, and the need to share sensitive information with suppliers, manufacturing partners, consultants and joint-development partners. We cannot assure you that employees, contractors, vendors or other partners will comply with confidentiality, IP-assignment or limited-use obligations, or that these obligations will be fully enforceable or provide adequate remedies in all jurisdictions.

We may not detect misappropriation or counterfeiting promptly. Policing infringements, pursuing takedowns, domain name disputes and administrative/civil actions is time-consuming and costly, often with uncertain outcomes; even when successful, damages may be limited and infringers may re-emerge. Differences among IP regimes and evidentiary standards across markets can further complicate enforcement and delay injunctive relief.

Our pending patent applications may not issue, may issue with narrower claims than expected, or may be opposed, re-examined or invalidated by third-parties. Our issued rights require ongoing maintenance, renewal and recordables; any lapse, missed fee, defect in chain-of-title, or ambiguity in joint-development or licensing arrangements could weaken our protection. If we cannot prevent third-parties from using technologies, designs, or brand assets that are identical or substantially similar to ours, or if we must devote significant resources to monitoring and enforcement, our differentiation, pricing power, partner confidence and market share could be materially and adversely affected, and our operating costs and management distraction could increase. We cannot assure you that we may fully control such risks, and if similar patents are granted, we may face the additional burden of future patent litigation, which could incur significant costs, divert management’s attention, and potentially damage our reputation.

Furthermore, the evolving legal standards surrounding IP rights in different jurisdictions make it difficult to guarantee the long-term security of our patents. Our granted patents remain susceptible to scope disputes, and their enforceability may be reduced if challenges are made. We also face the risk of third parties using similar or identical technologies, potentially undermining our IP value. In case of significant IP disputes, we may be required to pay damages, redesign our products, or even cease the sale of certain products in affected markets, all of which could harm our financial condition and operational capabilities.

Third-party intellectual property claims could require us to pay significant damages, accept unfavorable licenses, redesign products or cease sales, materially and adversely affecting our business, financial condition and results of operations.

We operate in fields characterized by dense and rapidly evolving patent landscapes. We may face allegations that our technologies, designs, processes, content or data practices infringe patents, copyrights, trademarks, mask works or misappropriate trade secrets owned by competitors, non-practicing entities or other rightsholders in the PRC, the United States, the European Union and other jurisdictions. Adverse outcomes could include injunctions or import bans, recalls, product holds, mandatory feature removals, significant damages, attorneys’ fees, destruction of inventory, and requirements to pay past and ongoing royalties or accept licenses on unfavorable terms.

If our products implement industry standards, we may be subject to assertions involving standard-essential patents (“SEPs”). While SEP owners typically commit to license on fair, reasonable and non-discriminatory (“FRAND”) terms, what constitutes FRAND is often disputed. We could face “royalty stacking,” jurisdictional rate-setting disputes, or demands that materially exceed our expectations. We may be unable to secure or renew licenses from key rightsholders on commercially acceptable terms or at all, which could force us to suspend sales or redesign products with reduced

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performance or delayed time-to-market. In addition, our commercial agreements with customers and channel partners often include IP indemnity obligations; we may be required to defend claims or bear settlement or judgment costs, which could exceed any indemnities we receive from our suppliers or any insurance coverage we maintain.

Defending or prosecuting IP disputes is inherently uncertain, expensive and time-consuming, and may divert the attention of our management and engineers, require intrusive discovery into our confidential information, and generate adverse publicity. Future matters could be similar or more complex. Even allegations that lack merit can be costly to resolve and may prompt customers to delay purchases, require contractual safeguards, or select alternative suppliers. Any of the foregoing could materially and adversely affect our business, financial condition and results of operations.

Failure to maintain optimal inventory levels could increase our inventory holding costs and cause us to lose sales.

As we operate under a fabless model, we do not manage the production process directly. Instead, we rely on third-party manufacturers and OSAT partners for wafer fabrication, assembly, testing, and final product delivery. Given this structure, there is an inherent time gap of several months between when the manufacturing and testing processes are completed and when the final products are shipped to customers. During this period, our semi-finished and finished products are typically stored in the warehouses of our manufacturing and testing partners, but the inventory risks, including the potential for obsolescence or overstocking, remain with us. For the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2026, our inventory turnover days were 81 days, 83 days, 100 days and 99 days, respectively. Our inventory costs are also exposed to raw material price fluctuations. Based on the estimated bill of materials of our products, raw materials accounted for approximately 65% to 85% of the cost of our work in progress and finished goods. Assuming a 5% increase in raw material prices and based on our inventory balance as of June 30, 2026, our inventory holding cost would have increased by approximately RMB7.5 million to RMB8.8 million, representing approximately 3.8% to 4.5% of our total inventory balance as of the same date.

We base our inventory levels on historical sales data, customer orders, demand forecasts, and fluctuations in supply chain capacity. Such assessments are inherently uncertain, as forecasting customer demand and supply chain fluctuations can be challenging, especially in a fast-paced, technology-driven industry such as cellular IoT. If we fail to accurately assess demand, we may face inventory-related risks, such as inventory obsolescence or shortages. Overestimating demand could result in excessive inventory, leading to increased holding costs, greater exposure to raw material price fluctuations, potential write-downs, or the need to sell excess stock at discounted prices, which could negatively impact profitability. Conversely, underestimating demand could result in product shortages, delays in delivery, and damage to customer relationships and our reputation. Any inefficiencies in managing inventory, whether due to overstock or understock, could have a material and adverse impact on our profitability, operational efficiency, and long-term growth prospects.

Any failure or perceived failure to comply with data privacy and security laws could subject us to potential liabilities.

We are subject to various laws and regulations concerning data security and privacy. Recently, the governments worldwide have placed increasing emphasis on privacy and data protection regulations. The Chinese government, in particular, has implemented a series of laws, regulations and policies to safeguard personal data. We must comply with applicable laws and regulations throughout the entire life cycle of personal information, including its collection, storage, use, processing, transmission, provision, disclosure and deletion. Failure to comply with the increasingly stringent data and personal information protection laws in the PRC, as well as evolving data security and privacy regulations in

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other jurisdictions where we operate or plan to operate, could result in significant legal and regulatory penalties, reputational damage, and adverse effects on our business, financial condition, and results of operations.

As data privacy laws and industry standards continue to evolve globally, we will need to implement and maintain robust internal controls, compliance mechanisms, and risk management policies. Ensuring compliance with these requirements may require substantial resources, personnel, and capital investment. The unauthorized access, loss or misuse of data and personal information, whether by our company or our partners, could lead to significant consequences, including increased cybersecurity expenditures, regulatory investigations, enforcement actions, fines, litigation, indemnification obligations, remediation costs, and operational disruptions. In addition, defending against potential legal claims arising from such incidents may result in further financial and reputational exposure. Even unsubstantiated concerns raised by customers, employees, or third-parties regarding our handling of data and personal information could harm our reputation and undermine trust in our brand, which may, in turn, negatively impact our business prospects and market perception.

Disruptions and unauthorized access such as cyberattacks to our IT systems or those of third-party service providers could have a material adverse effect on our business operations, results of operations, reputation and financial condition.

Our products and technologies may provide us with access to sensitive and/or confidential data or information, which pose a tempting target for malicious actors who may seek to carry out cyberattacks against us or our suppliers or service providers. Actual or perceived breaches of our or our service providers’ security measures or any failure to maintain reliability, security and integrity of our solutions and technical platform, including third-party cloud platform and information technology, or IT, services upon which we rely, may expose us to significant consequences. We can provide no assurance that our IT systems or those of third-party service providers are fully protected against third-party intrusions, viruses, hacker attacks, ransomware attacks and other cyberattacks, information or data theft or other similar threats. Additionally, software authorized or licensed by third-parties which is incorporated into our technologies may present certain risks related to cybersecurity, such as the general lack of support for such software which could result in vulnerabilities that could compromise the security of our systems.

Therefore, our systems, servers and equipment, and those of our service providers, may be subject to such incidents, which may lead to damages to our IT systems, material disruption to our business, or theft, rendering inaccessible, improper disclosure or misappropriation of our or our customers’ business information, trade secrets, sensitive data and other confidential or proprietary information. Any such event could have a material adverse effect on our business, irrespective of whether backup information is used for recovery. Consequences may include legal and financial exposure, loss of business and customers, loss or unauthorized disclosure of trade secrets or other proprietary information or personal information, and could give rise to litigation (including class-action litigation and litigation and indemnity claims against us by our customers based on our customer agreements and other commercial arrangements), regulatory actions and fines, consumer protection actions, other related costs (including in connection with our investigation and remediation efforts) and significant harm to our reputation. This may hinder our ability to retain existing customers and business partners and attract new partners and customers. To the extent we experience a cyberattack or security breach, we may be unsuccessful in implementing remediation plans to address exposure and future harm. Also, we may not maintain sufficient insurance coverage relating to cybersecurity incidents, and so any expenses or costs incurred as a result of, or related to, any cyberattacks or security breaches, could be at our own expense. Any such actual or perceived disruptions, access, breaches, uncertainties or events could materially and adversely affect our business operations, results of operations, and financial condition.

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We may from time to time be subject to claims, disputes, lawsuits and other legal and administrative proceedings.

From time to time, we are or may be a party to various litigation claims, legal or arbitral proceedings, government, and regulatory inquiries and/or proceedings, including, but not limited to, intellectual property, fraud, unfair business practices, product liability, employee related claims, breach of contract claims and securities actions. Additionally, alleged non-compliance and breaches of laws and regulations may also lead to litigation, legal proceedings, government, and regulatory inquiries and/or proceedings. We may also initiate legal proceedings against business partners for material breach of contractual obligations, third-parties engaged in intellectual property infringement or trade secret misappropriation, current or former employees involved in fraudulent or corrupt activities, as well as any party whose unlawful acts materially and adversely impact our substantive rights, business operations, or corporate reputation. Any negative publicity arising from such proceedings, claims, litigation or disputes, regardless of the accuracy of such negative publicity, could damage our reputation and brand.

Defending these proceedings and/or addressing such negative publicity can be time consuming and result in significant ongoing expenditures and the diversion of our management’s time and attention from the day-to-day operation of our business, which could have a negative impact on our business operations. Due to the inherent uncertainty of the litigation process, there is no guarantee that we will succeed in defending ourselves against such claims or proceedings, or that the management’s assessment of the materiality of these matters, including the accounting provisions made in connection therewith, will be consistent with the ultimate outcome of such claims or proceedings. Unfavorable outcomes or developments relating to any proceedings, such as judgments for monetary damages, penalty fees, injunctions, product recalls or denial or revocation of licenses or permits, could have a material adverse effect on our business, prospects, and financial condition. Our failure to successfully defend or settle any litigation, legal or arbitral proceedings or to assess accurately the materiality of a claim could result in liabilities that, to the extent not covered or only partially covered by our insurance, could have a material and adverse effect on our business, financial condition, and prospects.

Delivery delays, inappropriate handling by third-party logistics service providers or disruptions in the transportation network may adversely affect our business.

We use third-party logistics service providers to deliver certain of our work-in-progress and products. Disputes with or terminations of our contractual relationships with our logistics service providers could result in delayed delivery of products or increased costs. We may not be able to continue or extend relationships with our current logistics service providers on terms acceptable to us or establish relationships with new logistics service providers to ensure accurate, timely and cost-efficient delivery services. If we are unable to maintain or develop good relationships with logistics service providers, it may inhibit our ability to offer products in sufficient quantities, on a timely basis, or at prices acceptable to our customers. If there is any breakdown in our relationships with our preferred logistics service providers, we may suffer business interruptions that could materially and adversely affect our business, financial condition and results of operations. As we do not have any direct control over these logistics service providers, we cannot guarantee their quality of services. If there is any delay in delivery, damage to products or any other issue due to transportation shortages, natural disasters, labor strikes or other factors, we may lose customers and sales and our reputation may be tarnished. In addition, our suppliers sometimes deliver materials to us through third-party logistics service providers. Delays in delivery could adversely impact our suppliers’ ability to timely deliver materials to us, and our ability to deliver to our customers.

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We are subject to risks associated with sanctions and export controls laws and regulations, international trade policies and actions, and developing domestic and foreign laws and regulations.

We participate in global supply chains and our customers’ end products are shipped worldwide. While our direct sales exposure to the United States was limited during the Track Record Period, the cellular IoT industry is sensitive to evolving geopolitical and trade measures. Tariffs, quotas or other trade actions are generally borne by the importer of record but may be passed through along the supply chain, which could dampen demand for customers’ end products and indirectly affect our order flow.

The EAR may apply to items of U.S. origin as well as certain foreign-made items that incorporate U.S. content or are produced using specified U.S. technology (including under “foreign direct product” rules). The BIS also maintains the Entity List, which identifies foreign parties that are subject to specific license requirements for the export, reexport, or in-country transfer of items subject to the EAR. The scope of the license requirement, applicable license exceptions, and the applicable review policy (including, in some cases, a presumption of denial) are determined by the language of each individual Entity List entry. Exporting, re-exporting or transferring items subject to the EAR without satisfying the applicable licensing requirements could result in criminal and/or civil penalties. As a fabless design company that relies on third-party design tools, IP cores, foundry processes and other inputs, we procure mask generation and wafer foundry services from certain third-party foundries, some of which are currently designated on the Entity List. During the chip-design stage, we used U.S.-origin software design tool that our suppliers have classified under ECCN 3D991 and therefore subject to U.S. export control. During the Track Record Period, we did not sell products to, or provide services for, customers on the Entity List. Please refer to “Business — Impact of Export Control and Outbound Investment Restrictions — Impact of U.S. Export Control Laws” in this document for more details.

If our products — even though manufactured in China — incorporate U.S.-origin controlled items or are the “direct product” of specified U.S.-origin technology or software, they may be subject to the EAR and we might be required to obtain licenses from BIS for in-country transfers or for sales to parties on the Entity List. Because licenses for transactions involving parties on the Entity List are presumptively denied, our inability to obtain required authorizations could force us to suspend or terminate sales to affected customers. Even where direct restrictions do not apply, tightened controls or new listings could create licensing requirements, require design adjustments, lengthen qualification or sourcing cycles, and increase compliance and procurement costs. Future policy changes, expanded controls on advanced process nodes or design tools, or additional listings could require us to modify sourcing or customer engagement and, in certain scenarios, could adversely affect our business and results of operations.

U.S. outbound investment restrictions targeting China could limit our access to U.S. capital and strategic investors, which may adversely affect our business, financial condition, and results of operations.

On August 9, 2023, the Biden administration released an executive order (the “**Executive Order**”) and an advanced notice of proposed rule-making (the “**ANPRM**”) providing a conceptual framework for outbound investment controls focused on China (including Hong Kong and Macau). Further to this ANPRM, on June 21, 2024, the U.S. Department of the Treasury issued a proposed rule on outbound U.S. investments involving China that generally follows the ANPRM. On October 28, 2024, the U.S. Department of the Treasury issued a final rule to implement the Executive Order (the “**Final Rule**”). The Final Rule became effective on January 2, 2025. On December 18, 2025, the Comprehensive Outbound Investment National Security Act of 2025 (the “**COINS Act**”) was passed by the U.S. congress and became law. The COINS Act directs the U.S. Secretary of the Treasury to issue regulations restricting United States outbound investments in countries of concern (including China) involving certain technologies and will supersede the Final Rule. It was instructed that the regulations

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implementing the relevant provisions of the new law will be issued within 450 days of its enactment (i.e., before March 2027). The Final Rule remains in effect until the regulations implementing the COINS Act are issued.

The Final Rule imposes investment prohibition and notification requirements on U.S. Persons for a wide range of investments in entities associated with China (including Hong Kong and Macau) that are engaged in activities relating to three sectors: (i) semiconductor and microelectronics, (ii) quantum information technologies, and (iii) AI systems, collectively defined as “Covered Foreign Persons.” U.S. Persons subject to the Final Rule are prohibited from making, or required to report, certain investments in Covered Foreign Persons. Such investments are defined as “covered transactions” and include (i) acquisitions of equity interests that are not yet publicly traded, (ii) certain debt financing, (iii) joint ventures, and (iv) certain investments as a limited partner in a non-U.S. person pooled investment fund. The Final Rule is aimed at exerting greater U.S. government oversight over U.S. direct and indirect investments involving China and may introduce new hurdles and uncertainties for cross-border collaborations, investments, and funding opportunities of China-based issuers including us.

As a joint stock company organized under the laws of the PRC, we qualify as a “person of a country of concern” under the Final Rule. We primarily engaged in the design and development of cellular IoT communication chips utilizing 22-nanometers and 40-nanometers process nodes. While these process nodes are not expected to fall within the categories of prohibited semiconductor transactions under the Final Rule based on currently applicable technical thresholds, the design of such integrated circuits falls within the scope of notifiable covered activities under the Final Rule. As a result, we would meet the definition of a “covered foreign person” under 31 C.F.R. § 850.209(a)(1), and certain investments in us by U.S. Persons could constitute notifiable transactions under the Final Rule. However, acquisitions of publicly traded securities, including our publicly [REDACTED] H Shares, are generally exempt from the definition of “covered transactions” under the Final Rule, if the applicable exemption conditions are satisfied. Nevertheless, after this [REDACTED], the Final Rule could limit our ability to raise capital from U.S. through issuances of equity or contingent equity interests that are not “publicly traded securities.” In addition, relevant laws, regulations and policies continue to evolve, and there is substantial uncertainty as to how the COINS Act will be implemented, including whether the regulations to be issued under the COINS Act will maintain the current exemptions. Any amendments to the Final Rule or the introduction of similar regulations, including regulations implementing the COINS Act, may further restrict our ability to raise capital. Any material adverse effect on our ability to raise capital could harm our business, financial condition and prospects. Potential U.S. [REDACTED] shall consult their own legal advisers regarding participation in this [REDACTED] and their obligations under applicable rules and regulations at the time of [REDACTED].

Changes in global economic, political or social conditions, particularly trade measures and geopolitical tensions, could increase our compliance costs, lengthen lead times or dampen demand, and, in certain scenarios, could adversely affect our operations.

A substantial portion of our assets and operations is located in the PRC. For the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, revenue generated from the PRC accounted for approximately 71.2%, 68.0%, 37.3%, 31.4% and 30.5% of our total revenue for the same year/period, respectively. We participate in global supply chains, and our customers’ end products are shipped worldwide. Our integration into global supply chains supporting the international distribution of customers’ end products exposes our business to heightened risks from trade policy fluctuations affecting the cellular IoT industry, including tariffs, export controls, sanctions, and other trade measures. Tariffs are generally borne by the importer of record but may be passed through along the supply chain, which can reduce the competitiveness of customers’ end products and indirectly affect our order volumes or commercial terms.

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Since 2018, the United States has imposed additional duties on imports from China under Section 301 in several stages. Initial actions applied 25% duties to the first two tranches of products in 2018; a third tranche began at 10% in September 2018 and increased to 25% in May 2019; and, following the Phase One agreement signed in January 2020, duties on a subsequent tranche were reduced from 15% to 7.5% in February 2020 while 25% duties on the earlier tranches remained. Subsequent reviews introduced targeted adjustments, including in 2024 to 2025 for sectors such as electric vehicles, solar products and certain semiconductors, and periodically extended or modified product-specific exclusions. The coverage, rates and exemptions under these measures have changed over time and can be revised with limited notice. Our products can be embedded in downstream goods that enter the United States, and any pass-through of tariffs or reduced competitiveness of those goods could affect demand for our products. Even under scenarios where tariff impacts are partially absorbed by supply chain partners, the potential for demand erosion remains significant due to end-market price sensitivity.

Outside the U.S.–China context, geopolitical tensions and sanctions related to the Russia–Ukraine conflict have contributed to energy price volatility, shipping route and insurance constraints, and heightened compliance screening obligations for global transactions. In addition, broader trade frictions such as anti-dumping and anti-subsidy investigations, local-content policies and critical-minerals strategies in various jurisdictions can alter the economics and timing of cross-border sourcing and production. Future policy changes such as expanded tariff coverage, changes to exclusion regimes, or tightened controls on design tools, foundry technologies or materials could require us to modify sourcing, scheduling, pricing or contractual arrangements and, in certain scenarios, could adversely affect our business, financial condition and results of operations.

Our net current liabilities and net liabilities may expose us to certain liquidity risks and could restrain our operational flexibility as well as affect our ability to expand our business.

As of June 30, 2026, we recorded net current liabilities of RMB526.0 million and net liabilities of RMB504.3 million, shifting from net current assets to net current liabilities and net assets to net liabilities. This was primarily attributable to the recognition of financial liabilities in respect of redemption rights issued to investors. For details, see “Financial Information — Discussion of Certain Selected Items from the Consolidated Statements of Financial Position” in this document.

Net current liabilities may expose us to certain liquidity risks and could constrain our operational flexibility as well as adversely affect our ability to expand our business. Our future liquidity, and the payment of trade payables, accrued expenses and other payables as and when they become due, will primarily depend on our ability to maintain adequate cash inflows from our operating activities and adequate external financing, which will be affected by our future results of operations, prevailing economic conditions, and financial, business and other factors, many of which are beyond our control. If we do not have sufficient working capital to meet future financial needs, we may need to resort to external funding. Our inability to obtain additional external borrowings on a timely basis or on acceptable terms, or at all, may also force us to abandon our development and expansion plans, and our business, financial condition and results of operations may be materially and adversely affected.

Negative publicity, whether substantiated or not, may harm our reputation and adversely affect our business and prospects.

Our business performance and customer relationships are closely tied to our reputation in the industry. Any negative publicity, whether resulting from actual or alleged product defects, service failures, employee misconduct, data security concerns, regulatory inquiries, or associations with third parties, may damage public perception of our brand and credibility, even if such claims are unfounded or unrelated to our operations. In today’s era of instant online communication and global media coverage, negative publicity can be amplified rapidly across social media platforms, industry forums, and other public channels, especially when it involves high-profile incidents or government customers.

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This includes potential misconduct or inappropriate public statements made by our management, employees, customers, suppliers, or business partners. In particular, inappropriate or damaging comments posted on social media platforms by any of these parties, whether intentionally or unintentionally, could lead to widespread reputational damage. This is especially true in an age where the viral nature of social media can rapidly escalate concerns or rumors, even if they are later proven to be baseless.

Such negative publicity, whether related to our own actions or those of our key stakeholders, including employees, executives, customers, suppliers, and business partners, could significantly harm our reputation. Moreover, we are also at risk from negative publicity associated with these third parties such as issues with their operations, actions, or public statements that could indirectly affect our own brand image and public trust. A negative incident involving any of our stakeholders could, therefore, have a ripple effect, harming relationships with current customers, suppliers, and partners, and potentially deterring new business opportunities. If we are unable to respond effectively to adverse public narratives, restore stakeholder confidence, or correct misinformation in a timely manner, our ability to retain customers, win new business, attract partners, or enter into strategic collaborations may be materially and adversely affected. The negative impact could extend beyond short-term financial losses to long-term harm to our market position, leading to reduced sales, regulatory scrutiny, and difficulties in securing future business opportunities.

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

We face various risks in connection with our business. During the Track Record Period, we complied with mandatory social insurance regulations in the PRC, providing the required pension, unemployment, work-related injury, maternity, and medical insurance to our employees. Additionally, we purchased commercial insurance to cover risks associated with our employees and properties, including commercial vehicle insurance, accident insurance for employees, and transportation insurance for goods. However, we cannot assure you that our insurance coverage is sufficient to prevent us from any loss, or that we will be able to successfully claim our losses under our current insurance policies on a timely basis, or at all. If we incur any loss that is not covered by our insurance policies, or the compensated amount is significantly less than our actual loss, our business, financial condition and results of operations could be materially and adversely affected.

Any reduction or termination of our government grants and preferential tax treatment could adversely affect our financial condition.

We have historically benefited from various forms of government support, including project-specific grants, talent subsidies, equipment incentives, and preferential tax treatment such as high and new technology enterprise (“HNTe”) status or local tax incentives. These forms of financial and policy support have contributed positively to our operating results and cash flows during the Track Record Period. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, we recorded government grants and value-added tax additional deduction amounting RMB5.4 million, RMB15.6 million, RMB11.5 million, RMB8.1 million and RMB2.3 million, respectively. However, such government support is subject to periodic review, administrative discretion, and policy changes at both the central and local levels. Many of the grants or tax benefits we receive are contingent upon our continued compliance with specific eligibility criteria. We cannot assure you that we will continue to meet such requirements in future periods, especially as our business model, operational scale, or geographic footprint evolves.

Furthermore, preferential policies may be suspended, reduced, or restructured due to changes in fiscal priorities, policy orientation, or macroeconomic conditions. In some jurisdictions, local governments may face budget constraints or apply more stringent scrutiny over incentive programs, particularly for cross-border enterprises or high-growth technology firms. If we are no longer eligible

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for certain grants or tax benefits, or if existing policies are withdrawn or curtailed, we may experience a corresponding increase in our effective tax rate, higher cost of doing business, or reduced funding for research and development. Such developments could adversely affect our financial condition, profitability, and investment capacity.

We have awarded and may continue to award equity instruments under equity incentive plans, which may cause shareholding dilution to our Shareholders and result in increased share-based compensations.

We adopted the a series of share incentive schemes during the Track Record Period. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, we recorded share-based payment expenses of RMB119.3 million, RMB21.0 million, and RMB16.0 million, RMB8.0 million and RMB2.7 million, respectively. To further incentivize our employees, we may adopt other equity incentive plans and award additional equity incentives in the future. Issuance of Shares with respect to our equity incentive plan may dilute the shareholding of our existing Shareholders and incur substantial share-based compensations that could have a material and adverse impact on our results of operations.

We may be subject to additional contributions of social insurance and housing provident fund and fines imposed by relevant authorities.

During the Track Record Period, we engaged third-party agencies to handle social insurance premiums and housing provident fund contributions for certain employees. This arrangement, established on the basis of practical considerations and employee agreements, failed to fully comply with all applicable PRC laws and regulations.

Additionally, we also did not provide housing provident fund contribution for one employee during the Track Record Period. According to our PRC Legal Advisers, non-compliance with requirements in relation to housing provident fund contribution may result in several potential legal consequences. If the relevant authorities determine that we make up for the required contributions under the relevant laws and regulations, it could lead to enforcement actions by the relevant housing provident fund management authorities, including fines and possible legal proceedings. For details, please refer to “Business — Employees — Social Insurance and Housing Provident Fund” in this document.

The lack of registration of our lease agreements may result in fines.

We currently lease several premises in China for various operational purposes. Under PRC laws and regulations, lease agreements of commodity housing are generally required to be registered with the local land and real estate administration bureau. However, as of the Latest Practicable Date, some of our leased properties have not been registered with the relevant PRC government authorities. We may be subject to fines if we do not rectify such non-compliance within the prescribed time frame after receiving notice from the relevant PRC government authorities. The penalty ranges from RMB1,000 to RMB10,000 for each unregistered lease, at the discretion of the relevant authority. For details, please refer to “Business — Properties — Leased Properties” in this document.

We are subject to anti-corruption, anti-money laundering, anti-bribery and other relevant laws and regulations.

We are subject to anti-corruption, anti-money laundering, anti-bribery and other relevant laws and regulations in the jurisdictions where we operate or plan to operate. We may be subject to investigations and proceedings by governmental authorities for alleged infringements of these laws if our compliance processes or internal control systems are not conducted or are not operating properly. These proceedings may result in fines or other liabilities and could have a material adverse effect on

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our reputation, business, financial condition and results of operations. If any of our subsidiaries, employees or other persons engage in fraudulent, corrupt or other unfair business practices or otherwise violate applicable laws, regulations or internal control policies, we could become subject to one or more enforcement actions or otherwise be found to be in violation of such laws or regulations, which may result in penalties, fines or sanctions and in turn adversely affect our reputation, business, financial condition and results of operations.

We face risks related to natural disasters, health epidemics and other outbreaks of contagious diseases.

Our business could be adversely affected by natural disasters such as floods, earthquakes, sandstorms, snowstorms, fire or drought, the outbreak of a widespread health epidemic or any severe epidemic disease such as SARS, Ebola, Zika or the COVID-19, acts of war, terrorism or other force majeure events beyond our control. These events may disrupt our research and development, manufacturing and commercialization activities and business operations, all of which could adversely affect our business, results of operations, financial condition and prospects. In particular, these natural disasters, outbreaks of contagious diseases and other adverse public health developments could severely disrupt our business operations by damaging our technology infrastructure or information technology system or impacting the productivity of our workforce, which may adversely affect our financial condition and results of operations.

Changes in Environmental, Social and Governance (“ESG”) compliance requirements could have an adverse impact on our business, operating results and financial condition.

With the rising awareness of ESG issues, including with respect to waste disposal, packaging waste, greenhouse gas emissions and environmental protection, more stringent laws and regulations that affect our business operations may be adopted. Accordingly, we may need to devote more effort and resources to ensure our compliance with such laws or regulations. We have adopted a series of measures aiming to ensure our compliance with the ESG-related laws and regulations applicable to us. There can be no assurance that these measures can effectively help us to navigate the complex and evolving regulatory environment. Changes in existing ESG-related laws and regulations or the promulgation of new ESG-related laws and regulations may increase our compliance costs, and accordingly may have a material and adverse impact on our business, results of operations and financial performance.

RISKS RELATING TO DOING BUSINESS IN CHINA AND OTHER MARKETS

We may face numerous risks associated with conducting operations in global markets.

We anticipate growth in international markets, increased international sales of our products and solutions, and enhanced international recognition. For the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, revenue generated from our international market was RMB153.5 million, RMB176.7 million, RMB432.0 million, RMB231.6 million and RMB288.9 million, accounting for approximately 28.8%, 32.0%, 62.7%, 68.6% and 69.5% of our total revenue in the corresponding year/period, respectively. We have invested resources and engaged in close collaboration with business partners outside of China to expand our international business and sales channels, these efforts may be subject to numerous risks, including related legal, regulatory, political, economic, commercial, and other risks.

Key risks involve alterations in international trade policies, such as sanctions, export/import controls, and tariffs, as well as challenges arising from conflicting legal frameworks across jurisdictions. Regulatory changes in foreign markets, particularly data privacy laws, and the complexities of complying with anti-bribery, anti-corruption, anti-money laundering, and antitrust

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regulations also pose significant threats. Additional concerns include enforcing intellectual property rights, recovering overdue payments through local legal channels, and navigating geopolitical instability in our operating regions. Our financial performance is further influenced by currency fluctuations, stringent foreign exchange controls, inflation/deflation, and interest rate variations. We also face risks from trade customer insolvency, legal/political/economic uncertainties, evolving tax landscapes (such as rate adjustments, judicial rulings), customer misconduct (such as contract violations, regulatory breaches), labor disputes at suppliers/partners, and escalating costs associated with adapting to local market dynamics and maintaining effective marketing strategies. Any of these risks could adversely affect the progress of our globalization efforts, our financial condition, and other critical aspects of our business.

In particular, our cross-border technology-related collaboration with Customer Q, a U.S.-listed global wireless-technology company, is exposed to evolving U.S.-China geopolitical tensions. Adverse regulatory changes stemming from such geopolitical frictions may impair Customer Q’s ability or willingness to continue our existing collaboration, including licensing, chip design service and other commercial arrangements. There exists a risk that our collaboration with Customer Q may be terminated due to U.S.-China geopolitical tensions in the future. If our collaboration with Customer Q is terminated, suspended, materially reduced or not renewed, or if Customer Q is restricted from continuing the relevant arrangements with us, our revenue from licensing and chip design services, business development, commercialization plans and financial performance may be materially and adversely affected. For an assessment of the risk of termination of our business collaboration with Customer Q amid evolving U.S.-China geopolitical tensions, see “Business — Our Business Model — Licensing and Chip Design Services.”

Any downturn in regional or global economy, or deterioration of geopolitical environment could affect our business, financial condition and results of operations.

The growth of the regional and global economy has slowed in recent years. It remains uncertain whether, and for how long, the regional and global economic downturn will persist. There are considerable uncertainties over the long-term effects of the monetary and fiscal policies adopted by the central banks and financial authorities of some of the world’s leading economies. The continued uncertainty and potential escalation of China-U.S. trade frictions further undermine global supply chain stability, potentially compelling enterprises to restructure trade routes and elevating compliance costs. Concurrently, the spread of geopolitical conflicts and terrorism threats in specific regions have triggered significant volatility in energy and commodity markets. Regional economic conditions are sensitive to global economic conditions, changes in domestic economic and political policies as well as the expected overall economic growth rate.

It is unclear that whether these challenges and uncertainties will be effectively managed or resolved and what effects they may have on the global political and economic conditions in the long term. Any economic downturn or slowdown or negative business sentiment could have an indirect potential impact on our industry. In addition, continued turbulence in the international markets may adversely affect our ability to access capital markets to meet liquidity needs. As a result, our business operations and financial performance may be adversely affected.

We are subject to numerous laws, regulations and policies at the national, regional and local levels of government in the markets where we do business.

We are subject to a variety of laws and regulations in the markets where we do business. some of which may conflict with each other and all of which are subject to change. These laws and regulations include data privacy regulations, export and import restrictions, tax laws and regulations, environmental regulations, labor laws, supply chain laws and regulations and other government requirements, approvals, permits and licenses. We also face trade barriers and trade remedies such as export requirements, tariffs, taxes and other restrictions and expenses, including antidumping and countervailing duty orders, which could increase the prices of our products and make us less competitive in some countries where we sell our products to and may have impact on our business and financial performance.

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In the countries where we do business, the market for markets for cellular IoT chips is influenced by national, state and local government regulations and policies concerning the semiconductor industry. These regulations and policies could deter further investment in the research and development of cellular IoT chips, which could result in a significant reduction in the potential demand for our products. We expect that our products and their downstream application will continue to be subject to national, state and local regulations and policies relating to data privacy, IP protection and other related matters. Any new regulations or policies pertaining to our semiconductor products may result in significant additional expenses to us and customers, which could cause a significant reduction in demand for our products.

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

We are a company incorporated under the laws of the PRC, and a substantial part of our assets, subsidiaries and a significant majority of our Directors and senior management, are located in China. As a result, it may not be possible for [REDACTED] to effect services of process upon us, or our Directors or senior management who reside in China. China has not entered into treaties or arrangements providing for the recognition and enforcement of judgments made by courts of most other jurisdictions.

On July 14, 2006, the Supreme People’s Court of the PRC and the Department of Justice of Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》), or the 2006 Arrangement, which was issued by the Supreme Court of the PRC on July 3, 2008 and effective from August 1, 2008. Under the 2006 Arrangement, where any designated PRC court or any designated Hong Kong court has made an enforceable final judgment requiring payment of money in a civil or commercial case under a choice of court agreement in writing, any party concerned may apply to the relevant PRC court or Hong Kong court for recognition and enforcement of the judgment. On January 18, 2019, the Supreme People’s Court of the PRC and the Department of Justice of Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》), or the New Arrangement, which was issued by the Supreme Court of the PRC on January 25, 2024 and effective from January 29, 2024, seeks to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgments in wider range of civil and commercial matters between the PRC court and Hong Kong court. The New Arrangement will only take effect after the promulgation of a judicial interpretation by the Supreme People’s Court of the PRC and the completion of the relevant legislative procedures in Hong Kong. The New Arrangement has, upon its effectiveness, superseded the 2006 Arrangement.

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

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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. Moreover, non-compliance with any applicable foreign exchange regulations could subject us to administrative penalties and fines, and could affect our business and reputation.

Fluctuations in exchange rates could result in foreign currency exchange losses.

We are subject to foreign currency risk arises from fluctuations in exchange rates between the RMB and foreign currencies. We recorded net foreign exchange gains and losses during the Track Record Period. Any significant revaluation of the Renminbi may adversely affect our financial condition and results of operations. Fluctuations in the exchange rates among the Renminbi, the Hong Kong dollar, the U.S. dollar and other foreign currencies may incur foreign exchange losses and thereby adversely affecting our business, financial condition and results of operations.

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

On February 17, 2023, the CSRC issued the Trial Measures for the Administration on Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) and five supporting guidelines, which had become effective on March 31, 2023, with two additional supporting guidelines being published on May 16, 2023 and May 7, 2024, respectively and coming into effect thereon (the “**Overseas Listing Regulations**”). The Overseas Listing Regulations are applicable to overseas securities offering and listing conducted by issuers who are (i) companies incorporated in the PRC (“**PRC domestic companies**”) and (ii) companies incorporated overseas with substantial operations in the PRC. The Overseas Listing Regulations lay out the arrangements for regulatory filings for both direct and indirect overseas offerings, and clarify the determination criteria for indirect overseas offerings in overseas markets. For details, please refer to “Regulatory Overview — Regulations concerning overseas listing” in this document. The Overseas Listing Regulations, or any pertinent rules or regulations promulgated in the future, may subject us, or our financing activities, to additional compliance requirements in the future. Any failure on our part to fully comply with the new regulatory requirements may significantly limit or completely hinder our future financing activities.

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

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

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We could be subject to changes in our tax rates, the adoption of new local or overseas tax legislation or exposure to additional tax liabilities.

The PRC EIT Law imposes a tax rate of 25% on business enterprises. Some of our subsidiaries are entitled to preferential tax treatment. Please refer to “Financial Information — Description of Selected Components of Consolidated Statements of Profit or Loss and Other Comprehensive Income — Income Tax (Credit)/Expense” 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. In addition, the PRC government may amend or restate regulations on income, withholding, value-added, and other taxes. Non-compliance with the PRC tax laws and regulations may also result in penalties or fines imposed by relevant tax authorities. Adjustments or changes to PRC tax laws and regulations and tax penalties or fines could affect our businesses, financial condition and results of operations.

We are also doing business in countries and regions overseas and are subject to various taxes. 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 [REDACTED]’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 [REDACTED] 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 [REDACTED] 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 [REDACTED] 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 [REDACTED] 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 STA, 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 of 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 and the STA 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 STA and the CSRC jointly issued the Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from

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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). On December 27, 2024, the STA, MOF and CSRC jointly issued the Announcement on Further Improving upon the Services for Collection and Administration of Individual Income Tax on Income from the Transfer of Restricted Shares of Listed Companies by Individuals (《關於進一步完善個人轉讓上市公司限售股所得個人所得稅有關徵管服務事項的公告》), which changed the venue of tax payment to the location of the listed company which issues the restricted shares and made further improvements on tax filings. As of the Latest Practicable Date, the aforesaid provisions have 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. To our knowledge, in practice, the PRC tax authorities have not sought to collect individual income tax from non-PRC resident individuals on gains from the transfer of listed shares of PRC resident enterprises on overseas stock exchanges. However, there is no assurance as to whether further implemented laws, regulations, or practices in the future would result in levying income tax on non-PRC resident individuals on gains from the [REDACTED] of H shares.

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 [REDACTED], the value of your [REDACTED] 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]

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

Prior to the [REDACTED], there has been no [REDACTED] for our H Shares. The initial [REDACTED] for the H Shares was the result of negotiations between us and the Sole Sponsor (for itself and on behalf of the [REDACTED]), and the [REDACTED] may differ significantly from the [REDACTED] for our H Shares following the [REDACTED]. We cannot assure you that an active [REDACTED] for our H Shares will develop or be sustained after the [REDACTED] or that the [REDACTED] of our H Shares will not decline below the [REDACTED]. The [REDACTED] for our H Shares may be highly volatile and subject to wide fluctuations in response to a number of factors, some of which are beyond our control.

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

The [REDACTED] of our H Shares may be volatile and could fluctuate significantly due to factors beyond our control. Such factors include, but are not limited to, variations in our revenue, earnings and cash flow, changes in our operating results, changes in analysts’ estimates, perceptions of our industry and regulatory developments in the PRC and elsewhere. The [REDACTED] have from time-to-time experienced significant price and volume fluctuations that are not related to the operating performance of particular companies. These market fluctuations may also materially and adversely affect the [REDACTED] of our H Shares.

Additionally, under PRC law, all existing Shareholders (including [REDACTED] Investors) are restricted from disposing of any of their Shares within the first 12 months following the [REDACTED]. This lock-up period may affect the liquidity and [REDACTED] of our H Shares shortly after the [REDACTED]. These factors, independent of our actual business performance, could contribute to substantial price volatility and potential losses for [REDACTED] in our H Shares.

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[REDACTED] of our H Shares in the [REDACTED] may experience immediate dilution and may experience further dilution if we [REDACTED] additional Shares in the future.

The [REDACTED] of our H Shares in the [REDACTED] may be higher than the net tangible book value per H Share immediately prior to the [REDACTED]. As a result, [REDACTED] of our H Shares in the [REDACTED] may experience immediate dilution in net tangible book value. In addition, we may need to raise additional funds in the future and may [REDACTED] additional Shares or securities convertible into Shares. [REDACTED] of our H Shares may experience further dilution in the net tangible book value per Share if we [REDACTED] additional Shares or securities in the future.

Future [REDACTED] or perceived [REDACTED] of substantial amounts of our H Shares could adversely affect the [REDACTED] and dilute shareholder holdings.

The [REDACTED] of our H Shares and our ability to raise capital at favorable terms could be negatively impacted by the future [REDACTED] of substantial amounts of our H Shares in the [REDACTED], especially if sold by our Directors, executive officers, or largest Shareholders, or if we [REDACTED] new shares or share-linked securities. The perception of such [REDACTED] could also exert downward pressure on our [REDACTED]. Additionally, if we [REDACTED] additional securities in the future, our existing Shareholders may experience dilution in their holdings.

We may issue new shares under any current or future share incentive schemes, further diluting Shareholder interests. These newly issued shares or share-linked securities could carry rights and privileges that take precedence over those of our H Shares. Certain shares held by our largest Shareholders are subject to lock-up periods starting from the date our Shares commence [REDACTED] on the Hong Kong Stock Exchange. We cannot guarantee that they will not sell shares at that time or in the future. Such [REDACTED], or the potential for these shares to enter the market, could negatively affect the prevailing [REDACTED] of our H Shares.

Additionally, [REDACTED] who [REDACTED] to shares in the [REDACTED] may not be subject to any disposal restrictions on their H Shares, and they may have existing arrangements or agreements to sell part or all of their H Shares immediately after the [REDACTED] for various legal, regulatory, business, or market reasons. These [REDACTED], especially if occurring in a short period after the [REDACTED], could exert downward pressure on the [REDACTED] and create substantial volatility in the [REDACTED] of our H Shares.

The interests of our Largest Group of Shareholders may conflict with the best interests of our other shareholders.

Immediately upon completion of the [REDACTED], without taking into account any Shares issued under the [REDACTED], our Largest Group of Shareholders will hold an aggregate of approximately [REDACTED]% of our total issued share capital, giving them substantial control over our business and corporate decisions. This concentrated ownership allows our Largest Group of Shareholders to exercise significant influence over matters requiring Shareholder approval, including the election of directors, mergers, business combinations, asset acquisitions or disposals, issuance of additional Shares or other equity securities, dividend payments, and overall corporate strategy.

This level of control may lead our Largest Group of Shareholders to make decisions that serve their interests but are not necessarily aligned with those of our minority Shareholders. Additionally, this concentration of ownership may deter, delay, or prevent a change in control of our Company, which could otherwise provide Shareholders an opportunity to sell their shares at a premium. Such actions could negatively affect the [REDACTED] of our H Shares and limit the influence of other Shareholders on the Company’s governance and future direction.

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Additionally, our Shares held by our Largest Group of Shareholders are subject to certain lock-up periods. For details, please refer to “[REDACTED]” in this document. However, there is no assurance that after the restrictions of the lock-up periods expire, our Largest Group of Shareholders will not dispose of any Shares. [REDACTED] of substantial amounts of our Shares in the [REDACTED], or the perception that these [REDACTED] may occur, may materially and adversely affect the prevailing [REDACTED] of our H Shares.

Certain facts, forecast and other statistics in this document obtained from publicly available sources have not been independently verified and may not be reliable.

Certain facts, forecasts, and other statistics included in this document are derived from various publicly available official government sources. However, we cannot guarantee the accuracy, quality, or reliability of the underlying source materials. This data has not been independently verified by us or any other parties involved in the [REDACTED] and no representation is given as to their accuracy.

Additionally, we cannot assure our investors that this information has been compiled on a basis or with the same level of accuracy as similar data presented elsewhere. Therefore, [REDACTED] are advised to carefully consider the weight and importance they place on such facts and statistics when evaluating this document.

Our forward-looking statements are subject to uncertainties, and future results could differ materially from those expressed or implied.

This document contains forward-looking statements about our business based on management’s current beliefs, assumptions, and information available at the time. Forward-looking statements are identified by terms such as “aim,” “anticipate,” “believe,” “could,” “expect,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “seek,” “will,” and similar expressions. These statements reflect management’s views on future events, operations, liquidity, and capital resources; however, they are inherently subject to risks, uncertainties, and assumptions.

If one or more of these risks or uncertainties materialize, or if underlying assumptions prove incorrect, our actual results could differ significantly from those suggested by these forward-looking statements. Factors beyond our control and future business decisions could impact outcomes, many of which are discussed in the “Risk Factors” section of this document.

In light of these uncertainties, forward-looking statements should not be considered assurances of specific plans or objectives, and [REDACTED] are cautioned not to place undue reliance on them. All forward-looking statements in this document are qualified by these cautionary statements. Subject to ongoing disclosure obligations under the Listing Rules or Hong Kong Stock Exchange requirements, we do not intend to publicly update or revise forward-looking statements due to new information, future events, or other factors.

[REDACTED] should rely solely on this document and not on media reports when making [REDACTED] decisions.

We strongly caution you not to rely on any information contained in press articles or other media regarding us and the [REDACTED]. Prior to the publication of this document, there has been press and media coverage regarding us, our business, our industry and the [REDACTED]. There may be additional media coverage regarding us, our business, our industry and the [REDACTED] subsequent to the date of this document but prior to the completion of the [REDACTED]. Such press and media coverage may include references to certain information that does not appear in this document, including certain operating and financial information and projections, valuations and other information. None of us or any other person involved in the [REDACTED] has authorized the disclosure of any

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such information in the press or media and none of us accepts any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. Our Company, the Sole Sponsor, the [REDACTED], any of our and their respective directors, supervisors, officers, representatives, employees, advisers or any other persons or parties involved in the [REDACTED] make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this document, our Company, the Sole Sponsor, the [REDACTED], any of our and their respective directors, supervisors, officers, representatives, employees, advisers or any other persons or parties involved in the [REDACTED] disclaim responsibility for it, and you should not rely on such information.