
RISK FACTORS

[REDACTED] in our H Shares involves significant risks. You should carefully read and consider all information in this document, including the risks and uncertainties described below, before deciding whether to [REDACTED] in our H Shares. The following is a description of what we consider to be our material risks. Any of these risks could have a material adverse effect on our business, results of operations, financial condition and growth prospects. In any such case, the [REDACTED] of our H Shares could decline, and you may lose all or part of your [REDACTED]. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently consider immaterial may also materially and adversely affect our business, results of operations and financial condition.

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 INDUSTRY AND BUSINESS

The industry in which we operate is highly competitive and rapidly evolving. If we are unable to compete successfully with existing or new competitors or respond effectively to changes in competitive dynamics and industry standards, our business, results of operations, financial condition and prospects could be materially and adversely affected.

The semiconductor industry is characterized by intense competition and rapid technological advances, which continually reshape customer demand and the basis on which industry participants compete. Significant technological advancements in wireless connectivity, AI computing and related fields may result in new product architectures, performance requirements and competitive offerings and may favor competitors with broader technological capabilities, more established product ecosystems or greater resources. Competition among providers of different wireless connectivity chips, smart device SoCs and custom ASIC solutions may increase substantially in the future. We not only compete with other chip designers but also face competition from some of our downstream customers, which may possess or develop in-house chip design capabilities. Some of our direct and indirect competitors may have greater resources and certain advantages, including longer operating history, stronger financing capabilities, more mature technologies, more extensive sales and marketing capabilities, and stronger customer relations. These competitors may be able to offer a broader range of products or bundled solutions, respond more quickly to changes in market conditions, price their products more aggressively or leverage their existing customer relationships and product ecosystems to secure additional business. If we are unable to compete effectively, we may lose customer design wins or market share, experience reduced sales volumes or be required to lower our prices or make other commercial concessions, which could adversely affect our revenue and profitability.

Compared with large international companies, we operate on a relatively small scale, with a more concentrated product portfolio and customer base. We may have less flexibility in reallocating resources across different business lines, markets or customer segments, and may be less resilient in responding to sudden changes in demand, pricing or technology. As a result, our ability to diversify risks and absorb the impact of adverse changes in macroeconomic conditions, industry cycles, technological trends, customer structure and competitive dynamics is more limited, and our revenue and profitability could be more quickly and severely affected than those of larger industry peers, which could have a material adverse effect on our business, results of operations, financial condition and prospects.

RISK FACTORS

In addition, our chip products are required to comply with various industry standards and technical specifications issued or adopted by regulatory bodies, standard-setting organizations, customers and other industry participants. Such industry standards and technical specifications are subject to change and may become more stringent or be replaced by new standards over time. Our customers may also impose additional specifications when introducing new or enhanced products and solutions. New or revised industry standards and technical specifications could render our products incompatible with other suppliers’ offerings or cause our products to fail to meet customer requirements. As a result, we could be required to invest significant time and effort and incur significant expenses to modify or redesign our products to ensure compliance with relevant standards and specifications. If our products fail to comply with, or are not timely adapted to, prevailing industry standards and technical specifications, we could lose business opportunities and customer design wins, experience delays in commercialization or be excluded from relevant product ecosystems, which could materially and adversely affect our business, results of operations, financial condition and prospects.

Our business and results of operations are subject to the inherent cyclicity of the semiconductor industry.

Our performance is subject to the market conditions of the semiconductor industry. According to Frost & Sullivan, the semiconductor industry has historically experienced rapid fluctuations, including cyclical downturns due to constant and rapid technological changes, short product life cycles, and fluctuations in product supply and demand. Downturns in the semiconductor industry are characterized by reduced demand, price erosion, lower capacity utilization rates, higher inventory levels and lower inventory valuation. We may not be able to reduce our inventory level quickly enough in response to declining demand, and our selling prices and margins may come under pressure. Conversely, during periods of strong industry demand, competition for access to third-party foundry and assembly capacity may intensify. As such, if we cannot anticipate market changes or adjust to unforeseen fluctuations, our business, results of operations and financial condition may be materially and adversely affected.

Our business and financial performance depend heavily on demand in the downstream markets served by our customers. A downturn in or adverse developments affecting these downstream markets could materially and adversely affect our business, results of operations and financial condition.

Our wireless connectivity chips, including cellular connectivity chips and non-cellular IoT chips, and smart SoCs are sold, directly or through distributors, to module manufacturers, solution providers, device manufacturers and brand customers. These chips support a broad range of terminal-use applications, including cellular and non-cellular IoT, mobile broadband, smartphones, smart wearables and other AIoT devices. Our custom ASIC solutions are used in a wide range of applications, including cloud and edge AI inference, RISC-V, enterprise storage, multimodal sensing and processing, intelligent robotics, intelligent driving, and industrial control. As a result, demand for our products and services is affected by the sales performance, inventory levels, capital expenditure plans and deployment schedules of participants across a diverse range of consumer electronics, IoT, automotive electronics, industrial digitalization and AI computing markets. If demand in these markets declines, grows more slowly than expected or becomes subject to intensified competition, our customers may reduce or cancel orders, delay new projects, draw down existing inventories or demand lower prices or other commercial concessions from us.

RISK FACTORS

Demand in our downstream markets may be affected by factors including, but not limited to: (i) deterioration in macroeconomic conditions or adverse industry cycles, which may reduce consumer spending or enterprise and government investment in relevant end products and systems; (ii) slower-than-expected deployment or adoption of wireless communication technologies, IoT solutions, AI-enabled devices and applications or other emerging technologies and use cases; (iii) changes in consumer preferences, product replacement cycles, inventory levels or competitive conditions affecting our customers’ end products; (iv) our customers’ failure to successfully develop, commercialize or achieve market acceptance of their end products, including due to product obsolescence, design flaws, inability to meet industry standards or ineffective resource allocation; and (v) regulatory restrictions, trade disputes, tariffs, supply chain disruptions, natural disasters or other events that impair our customers’ ability to manufacture or sell their products or otherwise disrupt their operations. Any of these factors, individually or in combination, could result in reduced, delayed or cancelled orders, increased pricing pressure, excess or obsolete inventories, lower sales and gross margins or an inability to recover our product development expenditures, which could have a material adverse effect on our business, results of operations and financial condition.

If we fail to develop and introduce new or upgraded products that meet customer requirements and achieve market acceptance in a timely and cost-effective manner, our business, results of operations, financial condition and prospects could be materially and adversely affected.

Our future success depends in part on the successful expansion of our chip product portfolio and customer base. As our customers are constantly seeking new products with greater efficiency and improved performance, and in order to gain market share and keep up with the technological advancements in the semiconductor industry, we must continuously introduce new products and respond to new and evolving customer demands. The success of a new product depends on a number of factors, including: (i) timely development of new technologies and adaptation to changes in existing technologies; (ii) timely and cost-effective qualification and mass production, while ensuring functionality, performance and reliability; and (iii) effective marketing to generate and sustain market demand.

Product development is a complex, costly process with no assurance of return. Meanwhile, the semiconductor industry is highly competitive, characterized by rapidly changing technologies and technological obsolescence, and our investments in R&D activities may not generate sufficient returns to justify the costs and risks associated with these investments. See also “— We have invested and will continue to invest significant resources in R&D activities, which may adversely affect our profitability and operating cash flow and may not generate the results we expect to achieve.” Furthermore, if initial sales volumes for new or enhanced products do not reach anticipated levels within the time periods we expect, we may be required to engage in additional marketing efforts to promote such products. Accordingly, the costs of developing and commercializing such products may be higher than anticipated. To the extent that we fail to develop new products in a timely manner or to quickly achieve market acceptance in a cost-effective manner, our results of operations could be materially and adversely affected.

Our products may be subject to lengthy and expensive qualification and verification process. If we are unsuccessful in or delayed in qualifying any of our products with a customer, our business, results of operations and financial condition could suffer.

Our direct sales customers and downstream customers may require extensive qualification and verification before purchasing or adopting our products. Device manufacturers and brand owners further down the supply chain may impose similar requirements. These processes may take several months or longer, and their timing and outcome may be affected by factors beyond our control, including changes in customers’ product development schedules, technical requirements and resource allocation.

RISK FACTORS

Completing the qualification process does not guarantee that our product will be selected for a customer’s product design, that the customer will place any orders or that its end product will proceed to volume production. A customer may select a competing product, modify or discontinue the relevant product development project or otherwise decide not to commercialize a product incorporating our chip, even after we have devoted substantial R&D, engineering, sales, marketing and management resources to the qualification and design-in process. In addition, if we modify a qualified product, change its manufacturing process or engage a new supplier, we may be required to repeat all or part of the qualification process. Any resulting requalification may delay shipments, disrupt production planning or cause us to hold excess or obsolete inventory. If we are unsuccessful in, or experience delays in, obtaining or maintaining qualification or securing design wins for our products, sales of those products could be delayed, reduced or lost, which could materially and adversely affect our business, results of operations and financial condition.

Our lengthy and complex product development and commercialization cycles may result in uncertainty and delays in revenue generation.

The development and commercialization cycle for our semiconductor products involves multiple stages, including market assessment, product definition, product design, design verification, tape-out, wafer fabrication, packaging and testing, customer qualification and design-in, production ramp-up and commercial launch, and typically lasts 12 to 24 months or longer. Delays or failures may occur at any stage of this cycle, including as a result of technical difficulties, manufacturing or supply chain constraints, changes in customer requirements or delays in the development or launch of customers’ end products. Even when a customer selects our chips for use in its products or systems, additional time may pass before the customer begins volume production and generates demand for commercial quantities of our products. A customer may also delay, scale back or cancel the relevant product program before or after commercial launch. See also “— Our products may be subject to lengthy and expensive qualification and verification process. If we are unsuccessful in or delayed in qualifying any of our products with a customer, our business, results of operations and financial condition could suffer.”

Given these lengthy cycles, we may experience a significant mismatch between the time we incur R&D, engineering, outsourced manufacturing, sales and marketing expenditures and the time we generate revenue, if any, from the relevant products. We may therefore incur substantial upfront expenditures for an extended period without generating corresponding revenue or cash inflows. This time lag also makes it more difficult to forecast customer demand, make appropriate procurement and outsourced production arrangements, and manage inventory and working capital. In addition, the commercial life cycles of some of our products or the end products into which they are incorporated can be relatively short. Delays in development, production ramp-up or customers’ commercial launches may materially shorten the period during which we can sell the relevant products. As a result, we may fail to sell sufficient quantities to recover our upfront expenditures or may be required to write down excess or obsolete inventory. Any of the foregoing could cause our revenue, profitability and cash flow to fluctuate significantly and materially and adversely affect our business, results of operations and financial condition.

Our custom ASIC solutions involve long development cycles, project execution risks and uncertainty in customer acceptance and revenue recognition.

Our custom ASIC solutions involve complex development projects that typically span 12 to 18 months. During these extended cycles, we commit significant resources, incur substantial expenditures, and face technical challenges that may delay project timelines or increase expenses beyond our original estimates. The successful execution of these projects depends on our ability to meet stringent performance specifications and manage the integration of complex subsystems. Any failure to achieve required benchmarks or resolve unforeseen technical issues could result in project delays, cost overruns, or the inability to deliver a commercially viable product, which could adversely affect our business, results of operations and financial condition.

RISK FACTORS

In addition, the timing of revenue recognition for our custom ASIC solutions may vary from period to period. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, revenue generated from our custom ASIC solutions amounted to RMB226.3 million, RMB335.7 million, RMB217.2 million, RMB126.2 million and RMB321.9 million, respectively. Our contracts may include milestone-based acceptance criteria, and revenue may not be recognized until the customer formally accepts the delivered design. There can be no assurance that projects currently in development will achieve customer acceptance, proceed to volume production or generate meaningful revenue. The termination, deferral, or reduction in the scope of any significant project could have a material adverse effect on our results of operations and financial condition.

We have invested and will continue to invest significant resources in R&D activities, which may adversely affect our profitability and operating cash flow and may not generate the results we expect to achieve.

We invest in R&D activities to develop and introduce new and enhanced products. In 2023, 2024, 2025 and the six months ended June 30, 2026, our research and development expenses amounted to RMB1,115.8 million, RMB1,241.8 million, RMB1,298.7 million and RMB663.3 million, respectively. The industry in which we operate is subject to rapid technological change. To expand our product and solution portfolio and to remain competitive in the industry, we must continue to invest significant resources in R&D activities. See “— The industry in which we operate is highly competitive and rapidly evolving. If we are unable to compete successfully with existing or new competitors or respond effectively to changes in competitive dynamics and industry standards, our business, results of operations, financial condition and prospects could be materially and adversely affected.” As a result, we may continue to incur significant research and development expenses in the future.

However, we cannot guarantee that our efforts will be successful or deliver the performance, functionality or commercial benefits we expect. We may not be able to obtain sufficient resources, including qualified R&D personnel and equipment to support the development of new or enhanced products. We may also encounter technical, operational or commercial challenges in commercializing our R&D outcomes, and new technologies could render our products obsolete, in which case we may not be able to recover related R&D costs. Even if our R&D efforts successfully result in the development and commercialization of new products, these efforts may not generate revenue or profits within our expected timeframe, or at all. The success and profitability of our new products are subject to various factors such as market demand, macroeconomic conditions or the pace of technological advancement, which are beyond our control. Therefore, the returns from our R&D efforts may fall short of our expectations or fail to cover the associated costs, which would materially and adversely affect our business, results of operations, financial condition and competitive position.

We depend on a limited number of third-party suppliers for products and services critical to our operations. Any interruption or shortage in such supply, or our inability to qualify alternative suppliers in a timely manner, could materially and adversely affect our business, results of operations and financial condition.

As a fabless semiconductor company, we rely on third-party suppliers for wafer fabrication, packaging and testing, substrates and other materials, intellectual property licenses and certain technical services. Purchases from our largest supplier in each year/period during the Track Record Period accounted for 52.4%, 51.5%, 45.5% and 51.1%, respectively, of our total purchases in each respective year/period. Purchases from our five largest suppliers in each year/period during the Track Record Period in aggregate accounted for 75.0%, 77.6%, 71.4% and 74.8%, respectively, of our total purchases in each respective year/period. Our reliance on a limited number of suppliers, particularly for specialized manufacturing processes, materials and services, may limit our ability to secure sufficient supply and meet customer demand.

RISK FACTORS

Our suppliers may experience shortages of materials, equipment or utilities, cybersecurity incidents, financial difficulties or other operational disruptions. They may also discontinue products, processes or services on which we rely, reduce the quantities available to us, increase prices or otherwise alter their commercial arrangements with us. Geopolitical tensions, trade restrictions, natural disasters, public health emergencies and changes in regulatory requirements may further impair the availability of critical products and services. Evolving regulatory requirements and customer and other stakeholder expectations relating to responsible sourcing and supply chain due diligence may also require us to enhance supplier screening, traceability and compliance oversight, which could increase our costs, limit the availability of qualified suppliers or expose us to reputational harm if our suppliers fail to meet applicable standards.

Identifying and qualifying alternative suppliers can be costly and time-consuming, particularly because semiconductor manufacturing processes are technically complex and alternative sources for certain advanced or specialized processes, materials and services may be limited. A change in supplier or manufacturing process may also require product validation or customer requalification. We may therefore be unable to replace an affected supplier promptly, or at all, which could delay our R&D activities, production or product deliveries, increase our costs or cause us to lose customer orders.

In addition, we place purchase orders and make capacity and inventory arrangements based on forecasts of customer demand and project schedules. If actual demand or project progress differs materially from our expectations, we may need to modify or cancel supplier arrangements, potentially resulting in cancellation charges, losses of advance payments, purchase commitments for products or services that we no longer require or excess or obsolete inventory. Any of the foregoing could impair our ability to fulfill customer orders in a timely and cost-effective manner and materially and adversely affect our reputation, customer relationships, business, results of operations and financial condition.

We are subject to risks associated with outsourced production, including risks inherent in managing manufacturing processes and production schedules.

As a fabless semiconductor company, we engage third-party foundries and OSAT vendors to manufacture, package and test our chips. See “Business — Our Major Suppliers” for details. Because we do not own or operate semiconductor manufacturing, packaging or testing facilities, we have limited control over the manufacturing processes and operational decisions of these third parties. In particular, we may be unable to control or influence their production yields, capacity allocation, production priorities, lead times, delivery schedules or process changes.

The manufacture of semiconductor products is highly complex, and minor deviations in production processes or operating conditions may result in lower-than-expected yields or require additional production runs. Unsatisfactory yields, production delays or failures to meet our specifications could reduce the number of saleable products available to us, delay deliveries to our customers and increase our per-unit manufacturing costs. In addition, foundries and OSAT vendors generally serve multiple customers and may prioritize other customers, particularly during periods of capacity constraints or heightened demand. We may therefore be unable to obtain production capacity at the times or in the quantities we require, even if the relevant vendors remain operational and continue to supply us. For risks relating to supplier concentration, supply interruptions and the qualification of alternative suppliers, see “— We depend on a limited number of third-party suppliers for products and services critical to our operations. Any interruption or shortage in such supply, or our inability to qualify alternative suppliers in a timely manner, could materially and adversely affect our business, results of operations and financial condition.”

RISK FACTORS

Our ability to maintain the performance and competitiveness of our products also depends on timely access to appropriate manufacturing, packaging and testing technologies. Our foundries or OSAT vendors may delay the introduction of new process technologies, restrict our access to advanced or specialized processes or discontinue processes used for our existing products. Adapting our designs to alternative or updated processes may require additional engineering work, testing and customer requalification and may delay product development or commercialization.

Moreover, the prices charged by our foundries and OSAT vendors may increase due to changes in capacity utilization, process complexity or raw material, energy, equipment and labor costs. We may be unable to pass these cost increases on to our customers in a timely manner or at all. Any failure by our foundries or OSAT vendors to achieve satisfactory yields, adhere to production schedules, provide timely access to required process technologies or control manufacturing costs could delay our product launches and deliveries, increase our costs, reduce our gross margins and materially and adversely affect our business, results of operations and financial condition.

Any defects, failures or reliability issues in our products could reduce market acceptance of our products, damage our reputation and expose us to product liability, warranty and other claims.

Our customers typically impose stringent requirements regarding the quality, functionality, performance and reliability of our products. Due to the complexity of semiconductor design and production, defects or reliability issues may not be detected until after our products have been incorporated into customers’ products or systems or commercial deployment has commenced. Changes in product designs, materials, manufacturing processes or suppliers may also adversely affect product quality or reliability.

Defects or failures in our products could cause malfunctions, production delays or failures of customers’ end products. Even if an issue is attributable to another component, customers or end users may perceive our products as the cause. Any actual or perceived quality issue could lead customers to delay or cancel orders, remove our products from current or future designs and damage our reputation and customer relationships. We may be required to investigate and remedy such issues, provide software or design updates, accept returns or exchanges, repair or replace affected products or support product withdrawals or recalls. We may also incur substantial engineering, return, replacement, warranty and inventory-related costs or face contractual, indemnification or product liability claims, which may not be fully covered by insurance or recoverable from our manufacturers or suppliers. Any of the foregoing could materially and adversely affect our business, results of operations and financial condition.

Any failure to provide timely and effective technical and after-sales support could harm our customer relationships, reputation and business.

Given the technical complexity of our products and their integration into modules, devices and systems, our direct sales customers and downstream customers may require our support during product evaluation, system integration, testing, troubleshooting and commercial deployment. See “Business — Quality Control — Warranty and After-Sale Services” for details. If we fail to respond promptly to technical inquiries, identify and resolve integration or performance issues or otherwise provide effective support, these customers may experience delays in product development, qualification, production ramp-up or commercialization. This could result in customer dissatisfaction, loss of design wins or orders and damage to our reputation and customer relationships.

RISK FACTORS

As our business and customer base expand, we will need to scale our technical and after-sales support capabilities accordingly. We may not be able to recruit or retain sufficient qualified support personnel, maintain adequate support infrastructure or respond to an increasing volume of customer requests in a timely and effective manner. In addition, our distributors provide technical and after-sales support to certain downstream customers, and we have limited control over the quality and responsiveness of such services. Any failure by our distributors to provide accurate, timely and satisfactory support could adversely affect downstream customers’ experience with our products and damage our reputation. Any of the foregoing could materially and adversely affect our business, results of operations and financial condition.

We conduct a substantial portion of our sales through a limited number of distributors. If we are unable to maintain and effectively manage our relationships with these distributors or transition the relevant downstream customers to another distributor or direct sales arrangements when needed, our business, results of operations and financial condition may be materially and adversely affected.

We extend our market reach beyond direct sales through a distributor network. We sell a substantial portion of our ASR-branded products through a limited number of distributors, and most of our distribution sales are made under consignment arrangements. We have deliberately maintained a limited distributor network to improve operating efficiency and simplify channel management. As of December 31, 2023, 2024 and 2025 and June 30, 2026, we engaged 20, 11, nine and seven distributors, respectively. This channel structure contributes to our reported customer concentration. Revenue generated from our largest customer in each year/period during the Track Record Period accounted for 42.7%, 37.1%, 37.6% and 36.9% of our total revenue for the respective years/period, while revenue generated from our five largest customers accounted for 80.1%, 82.1%, 82.6% and 79.9%, respectively. Such concentration principally reflects the fact that revenue recorded against an individual distributor represents sales to a range of downstream customers, rather than reliance on any single downstream customer. Nevertheless, the cessation or material reduction of business with one or more of our major distributors could disrupt the fulfilment of orders from the relevant downstream customers and adversely affect our sales and cash flows.

We have limited control over the operations and conduct of our distributors. Our distributors may fail to properly manage inventory, arrange timely delivery, collect payments from downstream customers, provide accurate and timely sales and inventory information or otherwise perform their obligations in accordance with our expectations. Although a distributor’s payment obligation to us is generally not contingent upon its collection of payment from the relevant downstream customer, any deterioration in its financial condition or failure to make timely payments to us could increase our credit exposure and adversely affect our cash flows. If any of our distributors breaches its agreement with us, fails to comply with applicable regulatory requirements or misuses our brands, products or intellectual property rights, we may be exposed to customer complaints, regulatory investigations, legal claims and reputational harm. Such conduct could also undermine customer confidence in us and reduce demand for our products.

Because we originate and maintain relationships with relevant downstream customers and the functions performed by our distributors are generally available from other authorized distributors, we believe that we would be able to transition the affected downstream customers to another distributor or serve them directly. However, there can be no assurance that we will retain our existing distributors or be able to appoint suitable replacements or additional ones on commercially acceptable terms or within the required timeframe. Any such transition may require us to reallocate inventory, establish new logistics and payment arrangements and coordinate with the affected downstream customers, which could result in temporary delays or disruption. Our distributors may underperform, terminate their cooperation with us or devote more resources to marketing, selling and supporting competing products.

RISK FACTORS

Any of the foregoing could disrupt our sales channels, impair our market coverage and customer relationships, and materially and adversely affect our business, results of operations and financial condition.

Our competitive position depends on our ability to obtain, maintain, protect and enforce our intellectual property rights and trade secrets, and the protection available to us may be limited, particularly across different jurisdictions.

Our proprietary technologies, chip designs, software, source code, know-how and other intellectual property are important to our business. We employ a combination of measures to protect these assets, including patents, software copyrights, integrated circuit layout designs, trademarks, trade secrets and contractual protections, such as confidentiality agreements or terms with employees and other third parties. However, applications for intellectual property rights can be costly and time-consuming, and we cannot assure you that such rights will be granted in a timely manner or at all, provide sufficient scope of protection or withstand challenges to their validity or enforceability.

Certain aspects of our technology and know-how may not be eligible for statutory protection and are therefore protected primarily as trade secrets. Confidentiality agreements and other protective measures may be breached or otherwise prove ineffective, and we may not have adequate or timely remedies for any breach. Our trade secrets and proprietary information may also be disclosed without authorization, independently developed by others or discovered through reverse engineering or other lawful means, in which case we may be unable to assert proprietary rights against the relevant parties.

Intellectual property rights are territorial, and the availability, scope and enforceability of such rights vary across jurisdictions. Our international operations require us to protect our intellectual property in Chinese Mainland and various overseas jurisdictions. Obtaining and maintaining protection in every jurisdiction in which we operate or may expand could be prohibitively expensive. Competitors may use our technologies in jurisdictions where we have not obtained sufficient protection or where enforcement is difficult, and may subsequently sell competing products in other markets. Proceedings to protect or enforce our intellectual property rights could be costly and time-consuming, divert management attention and expose our rights to invalidation or narrow interpretation. We may not prevail in such proceedings, and any remedies obtained may not be commercially meaningful. Any failure to adequately protect or enforce our intellectual property and trade secrets could weaken our competitive position and materially and adversely affect our business, results of operations and financial condition.

We may become subject to intellectual property infringement or other claims by third parties, which could be costly and disrupt our business.

The semiconductor industry involves a large number of patents and other intellectual property rights, and identifying all potentially relevant third-party rights can be difficult. Third parties may allege that our products, technologies, software or development activities infringe, misappropriate or otherwise violate their intellectual property rights, or may require us to obtain licenses from them. We may also face claims arising from alleged misuse of third-party intellectual property by our employees, contractors or business partners. Such claims may arise in Chinese Mainland or other jurisdictions and may be asserted against us, our customers or other parties in our supply chain, regardless of their merits.

Defending against intellectual property claims can be costly and time-consuming and may divert significant management and technical resources. If any claim is successful, we may be required to pay damages or ongoing royalties, obtain licenses, redesign our products or technologies, indemnify customers or other business partners, or cease developing or offering the affected products or using the affected technologies. Any required license may not be available on commercially acceptable terms or at all, while redesigning affected products may delay product launches, require customer requalification or

RISK FACTORS

impair product performance. Any of the foregoing could result in substantial costs, loss of design wins or customers and material disruption to our operations, and could materially and adversely affect our business, results of operations and financial condition.

Our business involves licenses to certain third-party technologies and intellectual property, and any loss of access to, or unfavorable changes in, these licensing arrangements could materially and adversely affect our business.

Our product development and operations depend on certain third-party technologies and intellectual property, primarily including semiconductor IP, software and development tools, which we use under various licensing arrangements. These arrangements may involve upfront fees, ongoing royalties or other restrictions on the manner in which the licensed technology may be used. We cannot assure you that we will be able to maintain or renew these licenses on commercially acceptable terms, or that the relevant licensors will continue to provide the licensed technologies, updates or technical support.

Our access to licensed technologies could be disrupted if a license expires or is terminated, if we are alleged to have breached its terms, if the licensor discontinues the relevant technology or changes its licensing policies, or if our relationship with the licensor deteriorates. Licensing fees and royalties may also increase. Identifying and adopting alternative technologies, where available, could require substantial time, expense and engineering resources and may require product redesign, additional testing or customer requalification. Any loss, interruption or increased cost of access to third-party technologies could delay our product development or commercialization, increase our costs, reduce the functionality or competitiveness of our products and materially and adversely affect our business, results of operations and financial condition.

We utilize open-source software, which may pose particular risks to our business.

We use certain widely adopted open-source software, operating systems and software platforms in the development of certain of our products and in our operations. Certain open-source licenses impose requirements that may be ambiguous or difficult to interpret, particularly when open-source software is combined with proprietary software. If we fail to comply with applicable license terms, we could face claims requiring us to disclose or make freely available our proprietary source code, obtain a commercial license, pay damages or cease offering affected products until we can re-engineer them. We may also be unable to identify or control all open-source software incorporated into our products or systems by our employees or third-party providers.

Open-source software is generally provided without warranties or guaranteed technical support. Its developers may discontinue maintenance, fail to release timely updates or introduce changes that impair compatibility with our products or systems. Undetected defects or security vulnerabilities could impair product functionality, delay product launches, result in product failures or increase our exposure to cybersecurity incidents. Certain of our products may also depend on specific open-source tools or community-driven projects to remain compatible with proprietary computing platforms, hardware architectures or other technologies, and changes to such projects or platforms could impair such compatibility. Addressing these issues may require significant engineering resources and could adversely affect our proprietary technology, product performance, system security, business, results of operations and financial condition.

We operate in a knowledge-intensive industry, and our failure to attract and retain talent could weaken our core competitiveness and adversely affect our business.

Our future success depends in part on the continued contributions of our senior management and other key employees, many of whom are difficult to replace. The loss of any such personnel, or an inability to attract and retain qualified employees in a timely manner and at an acceptable cost, could disrupt our operations, slow execution of our growth plans and adversely affect our business. Hiring suitable replacements and integrating them into our existing teams require a significant amount of time, training and resources, and may impact our existing corporate culture. Additionally, competition for highly skilled personnel is often intense, and we may incur significant costs to attract and retain highly skilled personnel for our R&D team. In addition, wage inflation and labor shortages may increase our

RISK FACTORS

labor costs and compress our margins. If we fail to attract, train and retain sufficient qualified personnel, or if labor costs rise materially, our business, results of operations and financial condition could be materially and adversely affected.

We may be unable to manage our growth effectively.

Our business has grown in recent years, and further growth may increase the complexity of management of our operations, supplier and partner relationships, sales network and workforce. As we expand our product portfolio, customer base and geographic reach, we will need to strengthen our infrastructure, technology, internal controls, reporting systems and operating procedures, while continuing to recruit, train and manage a larger employee base. These efforts require significant management attention and financial and human resources. We cannot assure you that our existing systems, procedures and resources, or any improvements we implement, will be sufficient to support our growth or enable us to execute our strategies successfully. In addition, developments in the industries in which we operate may require us to reassess our business model and adjust our long-term strategies and plans. If we fail to respond effectively to such changes, or if our strategic initiatives do not produce the expected benefits, our business, results of operations and financial condition could be materially and adversely affected.

Our brand is integral to our success. If we fail to maintain, promote and enhance our brand effectively, our business and competitive position may be harmed.

Maintaining and enhancing our brand is important to our ability to retain existing customers, attract new customers and sustain our market position. The strength of our brand depends largely on our ability to consistently deliver high-quality products and services, provide reliable and responsive customer support and effectively communicate the value of our products and technologies to customers.

We expect to continue investing significant resources in brand building and marketing activities. However, such activities may not increase our brand recognition or generate benefits commensurate with the costs incurred. If we fail to differentiate our brand from those of our competitors, maintain customer confidence or effectively promote our products and technologies, our market recognition, customer relationships and competitive position could deteriorate, which could materially and adversely affect our business, results of operations and financial condition.

We may be subject to unfair competition, regulatory complaints, negative publicity or other harmful conduct by third parties, which could damage our reputation and business.

We may from time to time be targeted by competitors or other third parties through regulatory complaints, negative social media posts, false or misleading allegations, malicious public statements or other detrimental conduct. Regardless of their merits, such allegations or complaints may result in regulatory inquiries or investigations and require us to devote significant management attention and incur substantial costs to respond. We may be unable to conclusively refute each allegation in a timely manner, or at all.

Inaccurate or malicious information about us may also be posted anonymously and spread rapidly through social media and other online channels, leaving us with limited opportunity to verify, correct or respond to such information before it attracts public attention. Even if subsequently disproved, such information may continue to affect public perception of us. Any resulting negative publicity could undermine customer confidence, damage our reputation, disrupt our operations and cause us to lose customers, market share and revenue, which could materially and adversely affect our business, results of operations and financial condition.

RISK FACTORS

Our expansion into overseas markets may expose us to operational, financial and regulatory risks.

Overseas operations are subject to a number of risks, including: (i) foreign exchange controls and rate fluctuations; (ii) increased costs of establishing local market presence and difficulties in staffing, managing operations and providing after-sales support; (iii) compliance with different legal and commercial requirements across jurisdictions, failure to obtain or maintain necessary permits, and inability to protect intellectual property rights; (iv) trade barriers such as tariffs and customs requirements, stringent product compliance regulations, and unanticipated changes in economic conditions or regulatory requirements; and (v) compliance with applicable laws and regulations for overseas investments, including, but not limited to, obtaining necessary licenses, approvals, filings, and registrations from competent authorities. The occurrence of any of these risks could impair our overseas expansion and consequently our business, results of operations and financial condition.

We are subject to risks related to sanctions, export control laws and regulations, economic and trade restrictions, and developing domestic and foreign laws and regulations on AI, semiconductor and related technologies.

Our business may be affected by evolving international trade policies, export control regimes and economic sanctions that apply to China-based entities and to the broader AI and semiconductor industries. Governments and supranational organizations, including the U.S. and other jurisdictions, have in recent years imposed, and may further impose or expand, laws, regulations and policies relating to export controls, investment restrictions, tariffs, import and export licensing, supply chain security, data and cybersecurity, foreign ownership or participation in strategic sectors, and sanctions on certain countries, regions, entities and individuals. Many of these measures specifically target or affect AI, semiconductor and related technologies, and may directly or indirectly affect our access to overseas markets, customers, suppliers, technologies, equipment and capital.

Our products, technologies and certain of our raw materials and R&D equipment are or may become subject to export controls or licensing requirements, which could restrict or delay our or our business partners’ ability to, among other things, (i) obtain or maintain access to certain semiconductor IP, EDA tools, software, technologies, materials or components required for our R&D and outsourced production, or engage suppliers that have access to the necessary production equipment; (ii) export or re-export our products or technologies to certain customers, regions or applications; or (iii) provide services, technology transfer or technical assistance to certain counterparties. As advised by our International Sanctions Legal Advisor, during the Track Record Period, our transactions with our counterparties did not constitute a violation of the applicable International Sanctions and export control regulations. If we or any of our subsidiaries, customers, suppliers or other business partners become subject to sanctions, export restrictions, import bans, additional licensing requirements or other restrictive measures, our operations, supply chain, sales and business development activities could be materially disrupted.

In addition, changes in international policies or geopolitical tensions may result in retaliatory measures. These developments may (i) limit or delay our ability to expand into or maintain our presence in certain overseas markets; (ii) cause certain foreign customers or suppliers to reduce, suspend or terminate their cooperation with us due to compliance concerns or perceived political or regulatory risks; (iii) require us to adjust our product specifications, technology roadmap, supply chain structure or customer mix in ways that are suboptimal or more costly; and (iv) increase our compliance and operational costs, including for legal, consulting and internal control resources. Moreover, the interpretation and enforcement of export control laws and sanctions are complex, constantly evolving and may involve significant uncertainties. Even unintentional or perceived non-compliance, or association with entities or individuals that are or become sanctioned or subject to export controls, may expose us to investigations, fines, penalties, debarment, restrictions on our ability to engage in certain transactions, reputational damage and other adverse consequences.

RISK FACTORS

We may be required to modify our business practices, product offerings or contractual arrangements, change our sourcing strategies, reconfigure or localize portions of our outsourced wafer fabrication, packaging and testing arrangements, or seek alternative suppliers, technologies or markets in response to changes in international policies, export controls and sanctions. There can be no assurance that we will be able to implement such adjustments in a timely, cost-effective or commercially feasible manner, or at all. Any inability to secure alternative supply arrangements or to maintain access to key markets and technologies on acceptable terms could result in supply disruptions, delays in product development or delivery, reduced product performance or competitiveness, or loss of existing and potential customers.

In addition, on October 28, 2024, the U.S. Department of the Treasury (the “**Treasury**”) issued a final rule titled Provisions Pertaining to U.S. Investments in Certain National Security Technologies and Products in Countries of Concern (the “**Outbound Investment Rule**”) to implement Presidential Executive Order 14105, issued on August 9, 2023. The Outbound Investment Rule took effect on January 2, 2025. It imposed certain investment prohibition and notification requirements, additional diligence responsibilities, and record-keeping requirements on U.S. persons and their controlled foreign entities involving new investments in entities associated with China (including Hong Kong and Macau) that are engaged in activities involving certain sectors, currently including semiconductors and microelectronics, quantum information technologies and artificial intelligence (such activities, “**Covered Activities**,” and such entities, “**Covered Foreign Persons**”). U.S. persons subject to the Outbound Investment Rule are prohibited from making or are required to report certain investments in Covered Foreign Persons, which are defined as “covered transactions.” Covered transactions may include, among other things, acquisitions of equity interests, certain debt financing transactions, the formation of certain joint ventures, and certain investments as a limited partner in a non-U.S. person pooled investment fund. On December 18, 2025, President Donald J. Trump signed into law the National Defense Authorization Act for Fiscal Year 2026, which includes the Comprehensive Outbound Investment National Security Act of 2025 (the “**COINS Act**”). The COINS Act largely codifies the core of the current Outbound Investment Rule while making certain modifications. While the COINS Act was enacted and became effective on that date, its implementation remains contingent on the issuance of implementing regulations. The existing Outbound Investment Rule continues to apply pending the effectiveness of such implementing regulations.

As we are incorporated in China, we are considered a “person of a country of concern.” As advised by our International Sanctions Legal Advisor, we would be viewed as a “covered foreign person” engaging in “notifiable transactions” under the Outbound Investment Rule as we design integrated circuits. Consequently, acquisition of our equity interests by U.S. persons may constitute a notifiable transaction, which imposes an obligation on U.S. persons to make a notification to the Treasury pursuant to the Outbound Investment Rule. Under the Outbound Investment Rule, U.S. persons’ purchases of certain publicly traded securities are neither prohibited nor subject to notification to Treasury under an exception that applies to U.S. persons’ purchase of “any publicly traded security (the “**PTSE**”), with ‘security’ as defined in the U.S. Exchange Act, denominated in any currency, and that trades on a securities exchange in any jurisdiction,” provided that such U.S. persons or their non-U.S. person subsidiaries are not afforded rights beyond standard minority shareholder protections. Although investments in our [REDACTED] shares, including [REDACTED] of our shares in this [REDACTED], may fall within the PTSE, [REDACTED] that are U.S. persons should consult their own legal counsel regarding the applicable compliance requirements, including their notification obligation and any applicable exception, under the Outbound Investment Rule in connection with this [REDACTED].

There has been no enforcement action taken under the Outbound Investment Rule and it remains unclear how it will be enforced. There is no assurance that the Treasury will take the same view as ours. Further, on February 21, 2025, the U.S. President issued a memorandum titled the “America First Investment Policy,” indicating that Executive Order 14105 is under review and that new or expanded restrictions will be considered. The Outbound Investment Rule, the America First Investment Policy and

RISK FACTORS

any related policies, laws and regulations may be changed and updated from time to time, which may increase the compliance burden of U.S. investors and may cause certain U.S. investors to adopt a more cautious approach in their investments, affecting the investor sentiment towards us, and therefore negatively impacting our ability to raise capital.

Cybersecurity threats or other security breaches, or any other impairment of the confidentiality, integrity or availability of our IT systems or those of third-party service providers could have a material adverse effect on our business.

We increasingly rely on information technology (“IT”) systems to process, transmit and store information relating to our operations. A significant portion of the communications between our employees and our business partners, suppliers and customers depends on IT. Our IT systems are subject to various risks beyond our control, including natural disasters, telecommunications failures, power outages, malicious code, cyberattacks, unauthorized access and other security threats. Actual or perceived breaches of security affecting us or our service providers, or failures affecting the reliability, security or integrity of our products, technology platforms or IT systems, may expose us to litigation, regulatory action, reputational harm and financial losses. Additionally, third-party software used or licensed by us could introduce vulnerabilities that may compromise the security of our systems. See “— We utilize open-source software, which may pose particular risks to our business” for details describing the risks associated with our use of open-source software.

We are subject to risks relating to lawsuits, claims, disputes, regulatory investigations or administrative proceedings, which could adversely affect our business, results of operations and financial condition.

We may from time to time become a party to litigation, legal disputes, claims, administrative or regulatory proceedings in connection with contractual disputes, labor or employment-related matters, allegations of intellectual property infringement or misappropriation, product quality or safety issues, data protection and privacy, anti-corruption or compliance matters, or disputes involving alleged misconduct or negligence of our employees, agents or other representatives. Such disputes and claims may evolve into lengthy and costly litigation and could damage our reputation, thereby adversely affecting our customer base and our relationships with business partners and other stakeholders. In addition, we may from time to time become subject to investigations, inquiries, inspections or enforcement actions by governmental or regulatory authorities, which may also require substantial time and resources, result in the imposition of fines, penalties, sanctions, remedial measures or other restrictions, and may give rise to follow-on civil claims by third parties. Any of the foregoing could adversely affect our business, results of operations and financial condition.

Misconduct or other improper activities by our employees or business partners could expose us to significant liability, harm our reputation and materially and adversely affect our business operations.

We rely on our employees and business partners, including suppliers, distributors, agents, consultants and other third parties, to conduct business honestly and in compliance with applicable laws, contractual obligations and our internal policies. However, they may engage in fraud, bribery, corruption, misappropriation of assets, unauthorized use or disclosure of confidential information, falsification of records, abuse of authority, undisclosed conflicts of interest or other improper conduct. Such conduct may be intentional, concealed or otherwise difficult to detect or prevent despite our internal controls and compliance measures. Misconduct undertaken in connection with our business may be attributed to us or otherwise expose us to regulatory investigations, civil or criminal liability, contractual claims, financial losses or loss of business opportunities, even if it was not authorized by us.

RISK FACTORS

It may also damage our reputation, undermine the confidence of our customers and other business partners and divert significant management attention and resources. Any of the foregoing could materially and adversely affect our business, results of operations and financial condition.

We rely on certain third-party service providers to provide products and services to us and our customers.

We work with certain third-party service providers, including cloud computing, information technology infrastructure, software maintenance, logistic services, and other technical and operational support services. These third parties face their own operational, legal and regulatory risks and may fail to perform their obligations on time, in accordance with agreed terms or in compliance with applicable law. Because we have limited control over their operations, governance and compliance systems, their acts or omissions may expose us to financial, legal, operational and reputational risks. In addition, upon expiry of existing contracts with third parties, we may not be able to renew such contracts on commercially favorable terms, if at all, or find an appropriate substitute in a timely manner. Any of the foregoing could adversely affect our business, results of operations and financial condition.

We have limited insurance coverage, and any claims beyond our insurance coverage may result in additional costs and a diversion of resources.

We believe we maintain insurance policies in line with industry standards. Nevertheless, our insurance coverage may be insufficient against certain risks. Any uninsured occurrence of business disruption, litigation or natural disaster, or significant damages to our uninsured equipment or facilities could have a material adverse effect on our results of operations. Our current insurance coverage may not be sufficient to cover all of our losses, and there is no certainty that we will be able to successfully claim our losses under our current insurance policy in a timely manner, 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, results of operations and financial condition could be materially and adversely affected.

We may pursue strategic investments, partnerships or acquisitions, and our business could be adversely affected if we fail to successfully identify, evaluate and integrate any target business.

We may from time to time seek to grow our business through strategic investments, partnerships or acquisitions. However, the execution and success of any such transactions depend on various factors, including market conditions, regulatory developments, competition for attractive targets and the availability of internal and external resources. We may not be able to identify suitable targets or partners on acceptable terms, within the desired timeframe, or at all. In addition, any strategic investment, partnership or acquisition that we pursue may involve uncertainties and risks, such as (i) difficulties in integrating acquired businesses, technologies, products, systems or personnel; (ii) challenges in realizing expected synergies, cost savings or growth opportunities; and (iii) potential conflicts of interest or disagreements with partners. If we are unable to effectively manage these risks, the relevant transactions may fail to achieve their intended benefits or may even negatively affect our existing operations. These initiatives, if any, could result in losses on invested capital or expose us to impairment charges, contractual disputes, indemnity claims or other obligations to counterparties or third parties.

We may need to raise additional capital in the future to execute our business plan, which may not be available on acceptable terms, or at all.

We may need additional capital in the future to fund our continued operations, and we may be unable to raise additional funds, whether through equity or debt financing, when needed on favorable terms, or at all. If we do raise additional capital through public or private equity offerings, the ownership interest of our existing shareholders, including [REDACTED] in this [REDACTED], could be adversely affected, and the terms of these securities may include liquidation or other preferences that adversely affect our shareholders' rights. If we raise additional capital through debt financing, we may be subject

RISK FACTORS

to covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. Any failure to raise capital as and when needed could have a negative impact on our financial condition and on our ability to pursue our business plans and strategies.

We may incur additional costs to address ESG-related risks and comply with evolving ESG requirements.

To identify, assess, manage and mitigate ESG-related risks, we may incur additional costs and expenses which could adversely affect our financial performance. Given the nature of our business, our operations do not generate material amounts of emissions or waste or involve significant pollution. Nonetheless, we remain exposed to environmental and climate-related risks that may affect our business, strategy and financial performance. We evaluate the magnitude of any resulting impact over the short, medium and long-term. We monitor a wide range of environmental indicators, including power consumption, greenhouse gas emissions and water consumption, and seek to maintain a safe, comfortable and inclusive workplace environment for our employees. These efforts may require significant investments and ongoing expenditures, which could adversely affect our profitability. See “Business — Environmental, Social and Corporate Governance” for details.

In addition, ESG-related regulatory requirements and stakeholder expectations continue to evolve and may become increasingly stringent. Compliance with such requirements may require us to devote additional resources to, among other things, data collection and reporting, internal controls, operational improvements and supply chain management, thereby increasing our compliance costs, cost of sales and other operating expenses. Failure to comply with applicable requirements or keep pace with evolving industry standards and customer expectations could expose us to regulatory scrutiny or penalties, damage our reputation or cause customers to choose competing products and services, any of which could materially and adversely affect our business, results of operations and financial condition.

We face risks related to natural disasters, health epidemics and other outbreaks, which could significantly disrupt our operations.

Our business could be materially and adversely affected by natural disasters, outbreaks of a widespread health epidemic or pandemic, or other events such as wars, acts of terrorism, environmental accidents, power outages or communication interruptions. Such events may also significantly affect our industry and may disrupt our supply chain, delivery and sales, reduce workforce productivity, delay shipments and receipt of key components, and increase costs. In addition, our revenue and profitability could be materially reduced to the extent that a natural disaster, health epidemic or pandemic or other event harms the global or PRC economy in general.

RISKS RELATING TO FINANCIAL, ACCOUNTING AND TAX MATTERS

Our historical results may not be indicative of our future performance.

During the Track Record Period, we experienced rapid growth and recorded revenue of RMB2,599.9 million, RMB3,385.7 million, RMB3,816.8 million, RMB1,898.1 million and RMB2,451.3 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. However, our historical performance and growth rates may not be indicative of our future results, and there can be no assurance that we will be able to maintain such growth in future periods. As a rapidly growing fabless semiconductor company operating in an evolving and highly competitive industry, we may encounter various risks and challenges, including (i) developing competitive products that address rapidly changing technologies and customer requirements; (ii) securing design wins and successfully converting them into volume orders; (iii) managing lengthy product development, customer qualification and commercialization cycles; (iv) coordinating with third-party foundries and outsourced semiconductor assembly and test vendors to secure sufficient capacity and meet our yield, quality and delivery requirements; (v) accurately forecasting customer demand and making appropriate procurement, capacity

RISK FACTORS

and inventory arrangements; (vi) sustaining substantial investment in R&D, tape-outs, semiconductor intellectual property and electronic design automation tools; and (vii) attracting and retaining experienced R&D and other technical personnel.

Managing our growth may place significant demands on our managerial, operational and financial resources. Our expansion and R&D initiatives may require greater investment than anticipated, and the resulting revenue may be delayed, lower than expected or insufficient to offset our increased costs and expenses. We may also incur losses due to fluctuations in semiconductor demand, unsuccessful product development or commercialization, changes in product or customer mix, supply chain constraints and other risks described in this document. If we are unable to effectively manage our growth, improve operating efficiency or achieve and sustain profitability, our growth rate and business prospects could deteriorate, [REDACTED] perceptions of our business may be adversely affected and the [REDACTED] of our H Shares could decline.

Our results of operations are subject to seasonal fluctuations.

During the Track Record Period, a significant portion of our revenue was generated from wireless connectivity chips, sales of which are affected by the procurement and inventory cycles of our downstream customers, particularly those in the consumer electronics and smart terminal markets. These customers generally increase their procurement in the third and fourth quarters in preparation for the traditional peak sales season, which typically falls in September and October. Certain customers may also take delivery of products before the Chinese New Year in anticipation of their post-holiday inventory requirements, while demand is generally lower in the months immediately following the Chinese New Year. Accordingly, the first and second quarters generally represent the traditional off-season, while the third and fourth quarters generally represent the traditional peak season for our relevant products. We expect our revenue to continue to fluctuate as a result of these seasonal procurement patterns. The timing and extent of such fluctuations may also vary from period to period depending on the timing of the Chinese New Year, changes in downstream demand and customers' inventory levels and procurement schedules. Therefore, comparisons of our results of operations between different periods, particularly interim or quarterly periods, may not be meaningful, and you should not rely on our past results as an indication of our future performance. Our revenue, costs and expenses, and margins in a given period may differ significantly from our historical or projected levels, and our results of operations in future periods may fall below expectations.

We have historically incurred net losses and net operating cash outflows, and we may continue to incur net losses and net operating cash outflows in the future.

During the Track Record Period, we incurred net losses of RMB505.8 million, RMB693.0 million, RMB390.3 million and RMB245.4 million in 2023, 2024, 2025 and the six months ended June 30, 2025, respectively, and we recorded net profit of RMB84.2 million in the six months ended June 30, 2026. Meanwhile, we recorded net operating cash outflow of RMB678.3 million, RMB411.5 million, RMB455.7 million, RMB272.1 million and RMB378.1 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. For details, see “Financial Information — Results of Operations” and “— Liquidity and Capital Resources.”

The expansion of our product offerings may not be consistently successful and we may incur losses if the revenue from the sales of our chip products fails to offset our costs, which may materially and adversely affect our results of operations and financial condition. In addition, our future profitability will depend on a variety of factors, including the expansion and performance of our existing business, competitive landscape, customer preferences and the macroeconomic and regulatory environment. Our revenue may not grow at the rate we expect, and it may not increase sufficiently to offset the increase in our costs and expenses. Consequently, we may incur losses in the future and we cannot assure you that we will eventually achieve profitability. We may still record negative cash flow in the future and need

RISK FACTORS

to seek external financing to support our operations, such as equity financing or bank facilities. If we continue to record net operating cash outflow in the future, our working capital may be constrained, which may adversely affect our business and financial condition.

We may be exposed to credit risk arising from our trade receivables. Failure to collect our trade receivables in a timely manner or at all could have a material and adverse impact on our business, financial condition, liquidity and prospects.

Our trade receivables represent amounts due from customers for products sold and services rendered for which payment has not yet been received. As of December 31, 2023, 2024 and 2025 and June 30, 2026, our trade receivables amounted to RMB267.7 million, RMB338.4 million, RMB308.8 million and RMB455.9 million, respectively. There can be no assurance that the collection of amounts due from our customers will be timely. Delays in collection could result in slower turnover of our trade receivables and restrict our working capital resources. Our trade receivables turnover days were 34 days, 33 days, 32 days and 29 days in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively. Our customers may encounter unexpected financial difficulties, liquidity constraints, changes in their own business operations, or other adverse developments, which may in turn affect their ability or willingness to settle amounts due to us. This may also render our judgments or estimations on expected credit loss allowance on trade receivables inaccurate, potentially resulting in higher losses. Our loss allowance for trade receivables was RMB1.5 million, RMB13.3 million, RMB10.2 million and RMB8.2 million as of December 31, 2023, 2024 and 2025 and June 30, 2026, respectively. As a result, we may not be able to recover all or any of our trade receivables, or within the expected credit terms, and may be exposed to increased credit risk, higher impairment provisions and bad debt write-offs, which could have a material and adverse effect on our business, results of operations and financial condition.

If we fail to maintain adequate inventory, or if we mismanage our inventory, we could lose sales or incur high inventory-related expenses, which could negatively affect our results of operations and financial condition.

Our inventories primarily consist of consigned processing materials, finished goods, raw materials, contract fulfilment costs and goods in transit. As of December 31, 2023, 2024 and 2025 and June 30, 2026, we had inventories of RMB1,480.1 million, RMB1,350.6 million, RMB1,703.7 million and RMB2,155.4 million, respectively. Our outsourced production, procurement and inventory arrangements are based on internal demand forecasts, customer orders and market expectations. However, demand for our chip products can be highly volatile and is influenced by factors such as downstream capital expenditure cycles, customers’ product roadmaps, technological changes, pricing and competitive dynamics, many of which are beyond our control. Some of our key materials have long lead times, may require advance commitments or prepayments, and may not be cancellable or returnable, which further increases our inventory risk if demand falls short of expectations. Our inventory turnover days were 257 days, 213 days, 213 days and 219 days in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively.

Our inventories are carried at the lower of cost and net realizable value, and as of December 31, 2023, 2024 and 2025 and June 30, 2026, we recorded provision for impairment of inventories of RMB70.7 million, RMB142.5 million, RMB153.1 million and RMB139.9 million, respectively. If we overestimate demand or experience yield issues, or if product and technology cycles shorten or technological iteration accelerates in the semiconductor markets, we may face increasing levels of slow-moving, excess or obsolete inventories, leading to higher storage and handling costs, additional write-downs or write-offs, and reduced profitability. Conversely, if we underestimate demand, are unable to ramp up production through our suppliers in a timely manner, or encounter disruptions in our supply of critical materials or outsourced processes, we may experience inventory shortages or extended lead times, which could result in delayed deliveries, the loss of customers, or a reduced share of customers’ future projects or product platforms. As a result of these dynamics, we may experience fluctuations in inventory turnover days in the future, and we cannot guarantee that our inventory levels will always

RISK FACTORS

match market and customer demand. Any failure to effectively manage our inventories, whether due to excess, obsolete or insufficient inventories, could materially and adversely affect our working capital, business, results of operations and financial condition.

We have recognized, and may in the future recognize, impairment losses on our goodwill.

As of December 31, 2023, 2024 and 2025 and June 30, 2026, the net carrying amounts of our goodwill remained stable at RMB16.2 million. As of the same dates, our accumulated impairment provisions for goodwill remained stable at RMB248.9 million. We have therefore recognized significant impairment losses in relation to goodwill historically.

Goodwill is tested for impairment at least annually, while other intangible assets are tested for impairment when events or changes in circumstances indicate that their carrying amounts may not be recoverable. Impairment assessments require significant management judgment and estimates, including assumptions regarding revenue growth, gross margins, future cash flows and discount rates. Adverse changes in market demand, technological developments, the performance or commercialization of our products, the expected benefits from acquired businesses or technologies or other relevant circumstances could reduce the recoverable amounts of the relevant assets or asset groups. If our actual performance falls short of expectations or the assumptions used in our impairment assessments otherwise prove inaccurate, we may be required to recognize additional impairment losses. Such losses could reduce our reported profit, total assets and shareholders’ equity and materially and adversely affect our financial condition and results of operations.

The discontinuation of any of the financial incentives, such as preferential tax treatment or government grants, currently available to us could adversely affect our operations, revenue and profitability.

During the Track Record Period, we benefited from government grants, many of which are non-recurring in nature or are subject to periodic review. In 2023, 2024, 2025 and the six months ended June 30, 2026, the government grants we recognized as other income amounted to RMB37.5 million, RMB53.0 million, RMB117.3 million and RMB6.5 million, respectively. In addition, a number of our PRC subsidiaries enjoy various types of preferential tax treatment according to the prevailing PRC tax laws. For details, see Note 13 to the Accountant’s Report in Appendix I to this document. The PRC governmental authorities may decide to reduce or cancel such government grants or preferential tax treatment, or require us to repay part or all of the government grants we previously received at any time. As these government grants are typically provided on a one-off basis, there is no guarantee that we will continue receiving or benefiting from them in the future. In addition, we may not be able to obtain, in a timely manner or at all, any government grants or preferential tax treatment that may become available to us in the future, which could adversely affect our business, results of operations and financial condition.

We may be subject to risks associated with our transfer pricing arrangements.

We have certain intra-group transactions among our subsidiaries that may be subject to audit or challenge by the relevant tax authorities. See “Business — Transfer Pricing Arrangement.” There are uncertainties associated with the profit allocation and the tax position in respect of the intra-group transactions. The tax treatment of these transaction arrangements may be subject to interpretation by the respective tax authorities in the PRC and overseas. There is no assurance that the tax authorities will not subsequently challenge the appropriateness of our transfer pricing arrangements or that the relevant regulations or standards governing such arrangements will not be subject to future changes. If any competent tax authority in the PRC or overseas later considers that our transfer pricing arrangements do

RISK FACTORS

not comply with the relevant transfer pricing laws and regulations, we may face adverse tax consequences including additional taxes, interest or penalties, which may result in a higher overall tax liability for us and may adversely affect our business, results of operations and financial condition.

Share-based payments may have a material and adverse effect on our financial performance and affect our Shareholders’ interests.

We adopted share incentive schemes, including share-based compensation, to incentivize and reward the eligible individuals who have contributed to our success. In 2023, 2024, 2025 and the six months ended June 30, 2026, we incurred share-based compensation expenses of RMB11.2 million, RMB180.5 million, RMB137.9 million and RMB39.0 million, respectively. The issuance of Shares or other equity interests under such awards may affect existing Shareholders’ interests, while the related accounting charges may adversely affect our results of operations. We may continue to grant share-based compensation awards to employees in the future. As a result, our expenses associated with share-based compensation may increase, which may affect our results of operations and financial condition. We may modify the vesting schedules, lock-up period, or other key terms applicable to the grants under the share incentive schemes from time to time. If we choose to do so, we may experience a substantial change in our share-based compensation expenses in the reporting periods following the [REDACTED].

We are exposed to changes in the fair value of our financial assets measured at fair value. Fluctuations in their values would affect our results of operations and financial condition.

As of December 31, 2023, 2024 and 2025 and June 30, 2026, we recorded financial assets measured at fair value through profit or loss (“FVPL”) of RMB2,172.1 million, RMB1,102.6 million, RMB587.8 million and RMB446.1 million, respectively. As of the same dates, we recorded financial assets measured at fair value through other comprehensive income (“FVOCI”) of RMB51.4 million, RMB58.1 million, RMB50.1 million and RMB356.9 million, respectively. Fair values of financial assets at FVPL and financial assets at FVOCI are determined based on quoted prices in active markets, other market-observable inputs, or unobservable inputs using valuation techniques. For details, see Note 22 and Note 23 to the Accountant’s Report in Appendix I to this document.

For financial assets measured at FVPL and FVOCI, factors beyond our control may adversely affect the market-observable inputs used to determine their fair values. Additionally, judgment and estimation are required in establishing the relevant valuation techniques when market-observable data for certain financial assets are not readily available, which inherently involves a certain degree of uncertainty. Changes in assumptions relating to our valuation could result in material adjustments to the fair value of such financial assets, which may have a material adverse effect on our results of operations and financial condition.

Failure to fulfill our obligations in respect of contract liabilities could adversely affect our liquidity and financial condition.

Our contract liabilities primarily arise from advance payments made by our customers to us before we fulfill our performance obligations. Our contract liabilities were RMB220.6 million, RMB173.6 million, RMB231.8 million and RMB467.5 million as of December 31, 2023, 2024 and 2025 and June 30, 2026, respectively. There is no assurance that we will be able to fulfill our obligations in respect of contract liabilities as the fulfillment of our performance obligations is subject to various factors that are beyond our control. If we are not able to fulfill our obligations with respect to our contract liabilities, the amount of contract liabilities will not be recognized as revenue, and we may have to refund advance payments made by our customers. As a result, our liquidity and financial condition may be adversely affected.

RISK FACTORS

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

The value of the Renminbi against the Hong Kong dollar, the U.S. dollar and other foreign currencies fluctuates and is affected by changes in international political and economic conditions, as well as market supply and demand. Because we conduct transactions and hold assets and liabilities in multiple currencies, exchange-rate movements may affect the Renminbi value of our revenue, costs, assets, liabilities and cash flows. In 2023, 2024, 2025 and the six months ended June 30, 2026, we recorded net foreign exchange gains of RMB3.0 million, net foreign exchange gains of RMB8.9 million, net foreign exchange losses of RMB21.3 million and net foreign exchange losses of RMB25.6 million, respectively. It is difficult to predict how market forces or government policies may impact the exchange rate between the Renminbi and other currencies in the future.

The [REDACTED] from the [REDACTED] will be received in Hong Kong dollars. As a result, any appreciation of Renminbi against the U.S. dollar, Hong Kong dollar or any other foreign currency may result in a decrease in the value of our [REDACTED] from the [REDACTED]. Conversely, any depreciation of the Renminbi may adversely affect the value of, and any dividends payable on, our H Shares in foreign currency. In addition, there are limited instruments available for us to manage our foreign currency risk exposure at reasonable costs. Any of these factors could materially and adversely affect our business, results of operations and financial condition, and could reduce the value of, and dividends payable on, our Shares in foreign currency terms.

RISKS RELATING TO THE JURISDICTIONS IN WHICH WE OPERATE OUR BUSINESS

Changes in global economic, political or social conditions or government policies in the countries and regions in which we operate could have a material and adverse effect on our business and operations.

Global economic, political and social conditions are subject to rapid change and significant uncertainty. Geopolitical tensions and conflicts, energy-market disruptions, inflation, interest-rate volatility, financial-system instability and changes in monetary, fiscal, industrial or trade policies may adversely affect the global economy and the markets in which we operate. Such developments could weaken demand for semiconductor products, reduce or delay our customers’ procurement and investment, increase our operating and financing costs, disrupt our supply chains or business operations, and limit our access to capital on commercially acceptable terms. Our business, results of operations, financial condition and prospects may also be significantly affected by policy, economic and social conditions in China, as substantially all of our operations are conducted in China. Changes in economic growth, government policies relating to the semiconductor industry, business and consumer confidence, credit availability or conditions in our downstream markets could adversely affect demand for our products and our ability to implement our business strategies. Any economic downturn in China, our overseas markets or the end markets served by our customers could materially and adversely affect our business, results of operations and financial condition.

We may be subject to the approval, filing, or other requirements of the CSRC or other PRC governmental authorities in connection with future capital raising activities.

On February 17, 2023, the CSRC promulgated the Overseas Listing Trial Measures and their implementation guidelines. The Overseas Listing Trial Measures, which came into effect on March 31, 2023, mainly provide the scope of activities subject to the filing requirement, the entities subject to filing obligations, and the filing procedures. For more details, see “Regulatory Overview — Regulatory Environment in the PRC — Regulation on Overseas Listings.” Pursuant to the Overseas Listing Trial Measures, where a PRC domestic company applies for an initial public offering with competent overseas regulators or overseas stock exchanges, such issuer must file with the CSRC within three business days after such application is submitted. In addition, according to the Overseas Listing Trial Measures, any

RISK FACTORS

future share issuance or [REDACTED] after the [REDACTED] will also be subject to filing procedures with the CSRC and we are required to report certain material matters to the CSRC after the [REDACTED]. If we are required to complete any filing with, obtain any authorization from or satisfy any other requirement of the CSRC or another PRC governmental authority in connection with future capital-raising activities or other material events, and we fail to do so in a timely manner or at all, we may be subject to regulatory action. The relevant authorities may impose fines or penalties, restrict our operations in the PRC, limit our ability to remit dividends outside the PRC or otherwise restrict our financing activities, any of which could materially and adversely affect our business.

[REDACTED] of our H Shares may be subject to PRC income tax on dividends from us or on any gain realized on the transfer of our H Shares.

As a PRC-incorporated company, we are subject to a tax of up to 25% on our global income. Furthermore, dividends payable to non-PRC [REDACTED] and gains realized on the sale of our H Shares are subject to PRC tax obligations. Non-PRC individuals are generally subject to a tax rate of 20% on dividends or gains under the Individual Income Tax Law of the PRC (中華人民共和國個人所得稅法). While we generally withhold 10% from dividends paid to [REDACTED], this rate may vary based on applicable tax treaties or increase to 20% if no treaty applies where the holder's identity is known. There is uncertainty as to whether gains realized upon disposition of H Shares by non-PRC individuals are subject to PRC individual income tax. Non-PRC resident enterprises that have no establishments or premises in the PRC, or that have establishments or premises in the PRC but whose relevant income is not effectively connected with such establishments or premises, are subject to the enterprise income tax (the “EIT”) under the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法) at the rate of 10% on dividends and gains, unless such rate is reduced or eliminated under special arrangements or applicable treaties. We intend to withhold tax at a rate of 10% from dividends. Enterprises entitled to lower treaty rates will be required to apply for a refund subject to regulatory verification. As of the Latest Practicable Date, specific rules regarding the levy of tax on gains realized by non-resident enterprises from H Share transfers had not been established. If any such tax is collected, the value of our H Shares may be affected accordingly.

Our offshore subsidiaries may be treated as a resident enterprise for tax purposes in Chinese Mainland.

Under the EIT Law and the Regulation on the Implementation of the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法實施條例), enterprises established under the laws of jurisdictions outside of Chinese Mainland with “de facto management bodies” located in Chinese Mainland may be considered PRC resident enterprises for tax purposes and may be subject to the PRC EIT at the rate of 25% on their global income. In addition, the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Resident Enterprises on the Basis of De Facto Management Bodies (國家稅務總局關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知) specifies that certain Chinese-controlled offshore incorporated enterprises will be classified as resident enterprises if all of the following conditions are met: (i) senior management personnel and departments that are responsible for daily production, operation and management are located mainly within Chinese Mainland; (ii) financial and personnel decisions are subject to determination or approval by bodies or persons in Chinese Mainland; (iii) primary properties, accounting books, company seal, and minutes of board meetings and shareholders’ meetings are located or kept within Chinese Mainland; and (iv) at least half of the directors with voting rights or senior management reside within Chinese Mainland. If our offshore subsidiaries are deemed PRC resident enterprises, the competent regulatory authorities may impose EIT at a rate of 25% on our offshore subsidiaries’ global income, except that the dividends they receive from our Chinese Mainland subsidiaries, if any, may be exempt from the EIT to the extent such dividend income constitutes “dividends received by a PRC resident enterprise from its directly invested entity that is also a PRC resident enterprise.” The EIT on our subsidiaries’ global income could significantly increase our tax burden and affect our cash flows and profitability.

RISK FACTORS

You may experience difficulties in effecting service of legal process and enforcing judgments against us and our management.

We are a company incorporated under the laws of the PRC and a significant portion of our business, assets and operations are located in Chinese Mainland. In addition, the majority of our Directors and executive officers reside in Chinese Mainland, and substantially all of the assets of such Directors and executive officers are located in Chinese Mainland. As a result, it may not be possible to effect service of process upon most of our Directors and senior management in Chinese Mainland. Moreover, the PRC does not have treaties providing for reciprocal recognition and enforcement of court judgments in the U.S., the United Kingdom, Japan or most other countries. In addition, Hong Kong has no arrangement for the reciprocal enforcement of judgments with the U.S. As a result, in Chinese Mainland or Hong Kong, recognition and enforcement of court judgments from the jurisdictions mentioned above may be difficult or impossible. Although we will be subject to the Listing Rules and the Takeover Codes, the [REDACTED] of H Shares will not be able to bring actions on the basis of violations of the Listing Rules and must rely on the Stock Exchange to enforce its rules. The Listing Rules and the Takeover Codes do not have the force of law in Hong Kong.

Uncertainties in the legal systems of certain geographic markets where we operate could affect our business, results of operations and financial condition.

The legal systems and regulatory environments in our operating markets vary significantly, and laws and regulations in certain jurisdictions may be evolving, inconsistently interpreted or unpredictably enforced. As a result, the scope and application of legal requirements, as well as the outcome of administrative or court proceedings, may be difficult to assess. In some jurisdictions, government policies or regulatory interpretations may change with limited notice and, in certain cases, may have retroactive effect. In addition, proceedings may be lengthy and costly, and may divert significant management time and resources. These factors may increase our compliance burden and legal exposure, limit our ability to enforce contractual rights (including the enforcement of foreign judgments or arbitral awards), and require additional resources to address regulatory developments. Any of the foregoing could materially and adversely affect our business, results of operations and financial condition.

Foreign exchange regulations may limit our business and results of operations and our ability to remit dividends.

The conversion and remittance of foreign currencies are subject to the foreign exchange regulations. We cannot assure you that we will be able to obtain sufficient foreign currency or complete required conversions and remittances when needed. For example, under the current PRC foreign exchange control system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from the SAFE, but 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, its local branch or authorized banks unless otherwise permitted by law. If we fail to obtain such approvals or registrations, our business operations may be adversely affected and could subject us to administrative penalties and fines.

RISK FACTORS

Failure to obtain or renew requisite licenses, permits, or registrations may disrupt operations.

We are required to obtain applicable licenses, permits and approvals from various PRC regulatory authorities to conduct or expand our business. We cannot assure you that the PRC regulatory authorities will not issue or promulgate new regulations governing the semiconductor industry that might require us to obtain additional licenses, permits or approvals for our current or future business operations. Failure to obtain, renew or retain such licenses, permits or approvals may materially and adversely affect our business, results of operations and financial condition. In addition, as we expand to more overseas markets, we will be subject to local regulatory requirements, and may need to obtain additional licenses and permits for our business operations. We cannot assure you that we will be able to obtain or renew such licenses and permits in a timely manner or at all.

Failure to protect our leasehold interests could adversely affect our business operations.

As of the Latest Practicable Date, we primarily leased properties as our R&D and office premises. See “Business — Properties” for details. Any restrictions affecting the leased properties, defects in the lessors’ title to such properties, or discrepancies between the registered and actual use of the properties may impact our use of the offices or, in extreme cases, result in relocation, which may adversely affect our business operations and cause us to incur additional costs. Pursuant to applicable PRC laws and regulations, all lease agreements are required to be registered with the competent authorities. As of the Latest Practicable Date, 11 of our leased properties in China had not completed such lease registration procedures with the relevant PRC government authorities. While the lack of registration will not affect the validity of the leases under PRC laws and regulations, we may be ordered by the relevant government authorities to register the relevant leases within a prescribed period, failing which we may be subject to a fine ranging from RMB1,000 to RMB10,000 for each non-registered lease. In the event that any fine is imposed on us for our failure to register our lease agreements, we may not be able to recover such losses from the lessors.

We are subject to various regulations regarding the registration requirements for employee share incentive plans. Compliance with these regulations may result in increased costs, which may have a material adverse effect on our business, results of operations and financial condition.

According to the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company (關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知), upon completion of the [REDACTED], if we implement a share incentive plan involving H Shares, our executive officers and employees who are PRC citizens or who reside in China for a continuous period of not less than one year and have been granted H share options or restricted shares will be required to register with SAFE and retain an overseas-entrusted institution to handle matters in connection with the exercise or sale. Maintaining such registrations and retaining qualified overseas-entrusted institutions may result in increased administrative burden and compliance costs for us and the relevant participants. In light of the above, we cannot assure you that we will continue to adopt additional H shares incentive plans for our Directors, executive officers and employees under PRC law. In addition, our employees working in China who exercise share options or are granted restricted shares will be subject to PRC individual income tax. We have obligations to file documents related to employee share options or restricted shares with relevant tax authorities and to withhold individual income taxes of those employees who exercise their share options or restricted shares. If our employees fail to pay or we fail to withhold their income taxes according to relevant laws and regulations, we may face sanctions imposed by the tax authorities.

RISK FACTORS

We are subject to complex and evolving legal and regulatory frameworks relating to data protection domestically and abroad. Any loss of, unauthorized access to or unauthorized disclosure of confidential information and personal data could adversely affect our business, results of operations and financial condition.

Our business involves the utilization and storage of confidential information, including but not limited to personal information with respect to our employees. We are subject to laws relating to the collection, use, retention, protection and transfer of personal information domestically and abroad. In many cases, these laws not only apply to third-party transactions, but may also restrict transfers of personal information between us and our overseas subsidiaries. Several jurisdictions have passed laws in this area, and other jurisdictions are considering imposing additional restrictions. These laws continue to develop and may vary from jurisdiction to jurisdiction. Complying with emerging and changing overseas requirements may cause us to incur substantial costs. Failure to comply could result in regulatory proceedings, significant penalties and reputational damage. In addition, our security measures may not be sufficient to prevent or deter all incidents and may be vulnerable to hacking, employee error, malfeasance, system error, faulty password management or other security incidents.

RISKS RELATING TO THE [REDACTED]

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

As we are listed on the SSE STAR Market and will be [REDACTED] on the Main Board of the Stock Exchange, we will be required to comply with the applicable listing rules and other regulatory regimes in both jurisdictions. Accordingly, we may incur additional costs and devote additional management and other resources to complying with the requirements of both jurisdictions.

There has been no prior [REDACTED] market for our H Shares, and we cannot assure you that an active [REDACTED] market for our H Shares will develop or be sustained.

Prior to the [REDACTED], there was no [REDACTED] market for our H Shares. We cannot assure you that an active [REDACTED] market for our H Shares will develop following the [REDACTED] or, if developed, will be sustained with adequate [REDACTED] and [REDACTED]. The absence of such a market could materially and adversely affect the [REDACTED] and [REDACTED] of our H Shares.

Our A Shares are listed on the SSE STAR Market, and the characteristics of the A Share and H Share markets may differ.

Our A Shares are listed on the SSE STAR Market. Following the [REDACTED], our A Shares will continue to be traded on the SSE STAR Market and our H Shares will be [REDACTED] on the Stock Exchange. Under current PRC laws and regulations, without the approval from the relevant regulatory authorities, our H Shares and A Shares are neither interchangeable nor fungible. With different trading characteristics, the H Share and A Share markets have divergent [REDACTED], [REDACTED] and [REDACTED] bases, as well as different levels of retail and institutional [REDACTED] participation. As a result, the [REDACTED] of our H Shares and A Shares may not be comparable. Nonetheless, fluctuations in the price of our A Shares may adversely affect the [REDACTED] of our H Shares, and [REDACTED]. Furthermore, due to the different characteristics of the H Share and A Share [REDACTED], the historical prices of our A Shares may not be indicative of the [REDACTED] of our H Shares. You should therefore not place undue reliance on the trading history of our A Shares when making an [REDACTED] decision in our H Shares.

RISK FACTORS

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

The [REDACTED] at which our H Shares will [REDACTED] after the [REDACTED] will be determined by the marketplace, which may be affected by various factors beyond our control, including: (i) our financial performance and development prospects, including assessments by securities analysts or independent research; (ii) the valuation of comparable publicly traded companies and general market sentiment towards our industry; (iii) changes in PRC laws and regulations or broader political, economic and social conditions; and (iv) our actual or perceived competitive position in the market. In addition, the Stock Exchange has experienced and may in the future experience significant volatility in [REDACTED] and [REDACTED] that have affected the [REDACTED] of securities of companies quoted on the Stock Exchange. As a result, [REDACTED] in our H Shares may experience volatility in the [REDACTED] of their H Shares and a decrease in the value of their H Shares regardless of our operating performance or prospects.

Actual or perceived sale or availability for sale of substantial amounts of our H Shares could adversely affect the [REDACTED] of our H Shares.

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

We cannot assure you when, whether and in what form or amount we will pay dividends in the future.

Distributions of dividends shall be formulated by our Board of Directors at its discretion and will be subject to the approval of the general meeting. A decision to declare or to pay dividends and the amount thereof depend on various factors, including our results of operations, cash flows and financial position, operating and capital expenditure requirements, distributable profits as determined under PRC GAAP or IFRS Accounting Standards (whichever is lower), our Articles of Association and other constitutional documents, the PRC Company Law and any other applicable laws and regulations in China, market conditions, our strategy and projection for our business, contractual restrictions and obligations, taxation, regulatory restrictions and any other factors from time to time deemed by our Board of Directors as relevant to the declaration or suspension of dividends. As a result, there can be no assurance whether, when and in what form we will pay dividends in the future. Subject to any of the above constraints, we may not be able to pay dividends in accordance with our dividend policy.

Should the [REDACTED] be higher than the net tangible book value per Share, you may experience an immediate dilution in the book value of the [REDACTED] you [REDACTED] in the [REDACTED] and may experience further dilution if we issue additional Shares in the future.

The [REDACTED] of the [REDACTED] may be higher than the net tangible book value per Share immediately prior to the [REDACTED]. As a result, you and other [REDACTED] of the [REDACTED] in the [REDACTED] may experience an immediate dilution in [REDACTED] net tangible asset value. In order to expand our business, we may consider [REDACTED] and issuing additional Shares in the future. Purchasers of the [REDACTED] may experience dilution in the net tangible asset value per share of their Shares if we issue additional Shares in the future at a price which is lower than the net tangible asset value per Share at that time. Furthermore, we may issue Shares pursuant to share incentive schemes, which would further dilute Shareholders’ interests in our Company.

RISK FACTORS

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

Research reports published by securities or industry analysts about our business may influence the [REDACTED] of our H Shares. If one or more analysts who cover us downgrade their evaluations of our H Shares, or if they issue reports with negative views or inaccurate information regarding our operations, it could result in a material decline in the [REDACTED] of our H Shares. If one or more of these analysts cease covering us or fail to publish regular reports on us, we could lose visibility in the financial markets, which, in turn, could adversely affect the [REDACTED] or [REDACTED] of our H Shares.

Certain facts, forecasts and statistics contained in this document obtained from publicly available official government sources have not been independently verified and may not be reliable.

This document includes industry data and forecasts extracted from various official governmental publications. We have no reason to believe that the information and statistics from official government sources are false or misleading or that any fact has been omitted that would render the information and statistics from official government sources false or misleading. However, we cannot assure you of the accuracy or completeness of the information and statistics from official government sources. The information and statistics from official government sources have not been independently verified by us or any other parties involved in the [REDACTED], or any of our or their respective directors, senior management, representatives, advisors or any other persons involved in the [REDACTED]. The information and statistics from official government sources contained in this document should not be given undue reliance as a basis for making your [REDACTED] in our H Shares.

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

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

RISK FACTORS

You should not place any reliance on any information released by us in connection with the listing of our A Shares on the SSE STAR Market.

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

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

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