

INDUSTRY OVERVIEW

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DEVELOPMENT TRENDS OF IC INDUSTRY IN THE AI ERA

AI-Driven Evolution of the IC Industry Value Chain

Divergence of AI Training and Inference Creating Diverse Chip Demand and Unlocking Further Growth Potential

As AI adoption deepens, model size and data volume are growing exponentially, and deployment scenarios are becoming increasingly diverse. Therefore, a clear divergence has emerged between the computing demands of training and inference. Training demands large-scale parallelism and high bandwidth resources, while inference requires low-latency, energy-efficient, and scenario adaptability. This fundamental difference makes it difficult for a centralized cloud computing architecture to serve both ends, driving AI from centralized cloud deployment to the edge and terminals, where the cloud handles complex model training and large-scale non-real-time data processing, edge nodes process near field real-time inference, and terminals focus on ultra-low latency local perception and immediate response. Accordingly, the rapid growth of edge and intelligent devices across various industries is expected to drive a significant increase in chip deployment, creating broad opportunities for the market growth throughout the value chain.

Meanwhile, to address the distinct requirements of training and inference, chip types in the market is diverging. General-purpose chips, represented by GPUs, dominate training workloads due to their mature ecosystems, while various ASICs are increasingly adopted for inference. As AI enters the phase of large-scale inference deployment where algorithms are rather fixed, there is a greater emphasis on deployment efficiency, power management, and cost optimization. By removing redundant units and dedicating resources to specific inference algorithms, ASICs achieve higher throughput, superior energy efficiency, and lower cost per unit than GPUs, demonstrating clear advantages in large-scale inference scenarios. Amidst this ongoing technological evolution across chip types, industry participants with strong technical foundations and rapid innovation capabilities are better positioned to build sustainable competitive advantages.

Software-Defined Hardware Reshaping the Value Chain and Driving Demand for Specialized Technology Services

Rapid growth in AI applications, both in scale and complexity, is placing increasing demands on the flexibility and scalability of underlying hardware. The software-defined hardware approach, which allows hardware resources to be dynamically configured and managed through software, is critical for system performance differentiation and reshaping the product delivery model in the IC industry. Leading AI companies are increasingly moving beyond standalone chip offerings and are building vertically integrated hardware-software capabilities. By integrating algorithms, models, hardware, and application ecosystems, these companies provide full-stack solutions that enable system-level performance breakthroughs from underlying computing infrastructure to application deployment.

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AI companies tend to focus their strategic resources on software algorithms and application innovation, while partnering with specialized technology service providers to undertake key hardware-related work. This enables AI companies to access advanced hardware capabilities efficiently, while further reinforcing specialization across the value chain. This approach allows AI companies to improve market responsiveness and accelerate business iteration with lower research and development expenses and more controllable project risks, hereby improving the overall research and development efficiency and innovation capacity across the industry.

Rising Chip Development Complexity Driving Higher Value-Added Chip Customization Services

As downstream applications demand higher performance and energy efficiency, advanced process nodes and packaging technologies have become key upgrade pathways. As chips migrate to more advanced process nodes, extremely high structural precision and electrical performance must be achieved within increasingly smaller geometries, placing unprecedented demands on process stability. Meanwhile, chiplet-based heterogeneous integration architectures have gradually emerged as a mainstream development trend, replacing the traditional highly integrated monolithic SoC model. Under this architecture, a single large chip is disaggregated into multiple chiplets with distinct functional specializations, including computing, memory, and high-speed interconnection chiplets, and achieves high-density integration and high-speed interconnection through advanced packaging technologies such as 2.5D and 3D integration. In particular, high-speed interfaces and interconnect architectures that ensure bandwidth, energy efficiency, and signal integrity play a critical role in enabling coordination among system components and ultimately determine system performance and reliability.

The rising complexity of chip development has turned it into a highly specialized system engineering process requiring coordination across multiple advanced technologies, posing significant challenges for chip companies. As a result, chip customization service providers that are capable of supporting the full process from chip architecture design to delivery are becoming increasingly important. Leveraging platformized capabilities and reusable technical expertise, these providers can offer a diverse range of customized products and services and deliver higher value-added solutions to meet the comprehensive needs of downstream customers, while continually expanding their business scalability.

New Opportunities Arising from Self-Reliant Strategy Amid Global Supply Chain Restructuring

As a strategic industry with high technological barriers, the IC industry is shifting from a globally optimized supply chain to a more regionalized structure focusing on security and stability. To adapt to changes in the external environment and strengthen resilience, China is pursuing a self-reliance strategy for the IC industry, including expanding advanced process capacity, ensuring key infrastructure independence, and driving industry growth and domestic substitution.

Against this backdrop, China’s chip customization service industry is entering a new phase of growth opportunities. The rapid expansion of advanced process capacity is leading more chip projects to adopt advanced process nodes at earlier stages of development. However, advanced process nodes involve more complex design rules, increasing physical constraints, and greater verification challenges, making it difficult for chip companies to independently achieve a full development cycle from design to delivery. This is driving demand for high-end end-to-end chip customization services. In addition, as chip companies place increasing emphasis on the security and stability of key steps in chip development, they are increasingly turning to flexible and collaborative domestic providers to ensure supply chain stability and responsiveness. This creates significant opportunities for chip customization service providers that are capable of offering localized and one-stop solutions.

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Growing Importance of Chip Customization Services in the AI Era

In the AI era, chip design is becoming significantly more complex and development risks are rising. From product definition to stable chip delivery, chip development faces multiple challenges, including technical complexity, process adaptation, cost management, and supply chain coordination. Chip customization services bridge the gap between concept and manufacturable products by translating chip concepts into reliable and production-ready solutions. By improving development efficiency, reducing execution risks, and lowering overall costs, these services enable customers to focus on product definition and algorithm innovation, while supporting the broader development of the semiconductor industry.

- ***Improved Development Efficiency Through IP Reuse and Modular Tools.*** Chip customization service providers leverage proven and validated IPs to rapidly integrate key functional modules and avoid repetitive, high-risk, and costly development of foundational components. In addition, modular and standardized tools help shorten development cycles and simplify workflows, significantly reducing technical barriers and time costs.
- ***Accumulated Experience Lowering Project Failure Risk.*** Extensive project experience in advanced process nodes and packaging allows chip customization service providers to anticipate and mitigate technical and manufacturing issues in advance, minimizing redesigns and tape-out failures and improving the reliability of project delivery.
- ***Lowered Overall Costs Through Cost Visibility and Risk Management.*** Chip companies that develop chips independently often face high upfront investment and limited cost visibility. Leveraging their accumulated project experience, chip customization service providers can accurately forecast costs and manage the full development process, thereby converting uncertain development expenses into predictable and controllable costs, while further reducing total investment through improved efficiency and risk management.

ANALYSIS OF CHINA’S CHIP CUSTOMIZATION SERVICE INDUSTRY

Key Stages of Chip Customization Services

Chip customization services refer to technical support services spanning multiple stages of chip development, from chip design to delivery. Their core value lies in leveraging specialized design and engineering capabilities to undertake key tasks for customers, particularly in areas such as advanced process nodes, design resources, and supply chain management, enabling the delivery of manufacturable chip design data and successfully mass-produced chip products. The following summary sets forth the key stages of chip customization services.

- ***Chip Design.*** This stage involves translating chip specifications defined based on customer requirements into manufacturable chip layouts through architecture design, logic design, testability design, physical design, tape-out, and post silicon service.
 - ***Chip Architecture Design.*** Defining chip functions, technology paths, and module integration schemes through system architecture design and IP solution planning.
 - ***Logic Design.*** Translating functional requirements into implementable logic netlists through coding, simulation verification, logic synthesis, and formal verification.
 - ***Design for Testability.*** Enhancing chip controllability and observability by inserting specialized structures such as scan chains, self-test features, and boundary scan units into the design.
 - ***Physical Design.*** Converting logic netlists into physical layouts that comply with process rules and generating tape-out data for manufacturing.

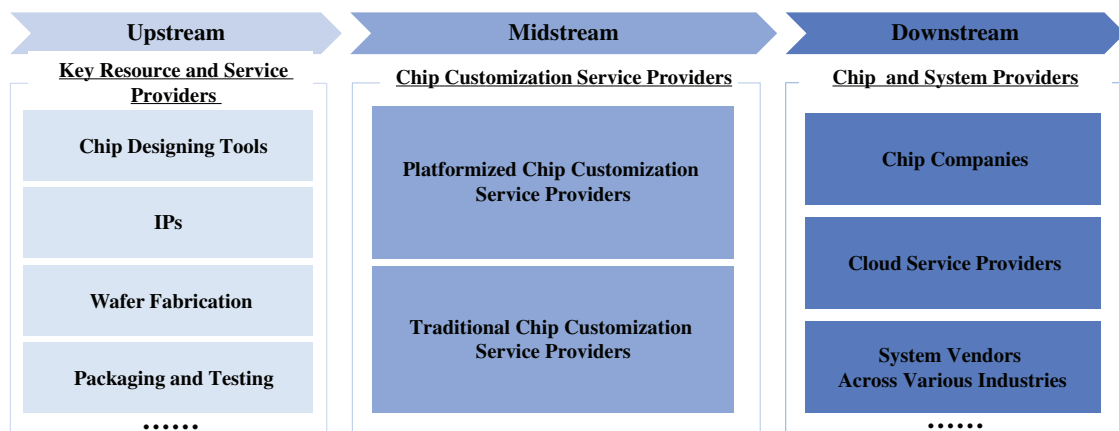
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- *Tape-Out.* Delivering the finalized verified physical layout to the foundry for chip fabrication.
- *Post Silicon Support.* Providing a series of testing, debugging, verification, and yield enhancement services to ensure proper chip functionality and a successful transition to mass production.
- **Chip Delivery.** This stage coordinates external parties, including foundries and packaging and testing service providers, based on customer requirements, to provide wafer-level silicon validation, packaging and testing services, and supply chain coordination, and ultimately delivers wafers or finished chips to customers.
 - *Wafer-Level Silicon Validation.* Performing preliminary functional and performance testing and validation of chips directly on the wafer.
 - *Packaging and Testing Services.* Coordinating back-end processes with packaging and testing providers to ensure chips meet required physical and functional standards, while conducting yield analysis and optimization.
 - *Supply Chain Coordination.* Establishing collaborative mechanisms, production planning and forecasting, order placement, inventory management, and professional logistics arrangements with partners across the supply chain.

Value Chain of Chip Customization Service Industry

The upstream of chip customization service value chain comprises various suppliers that provide key resources and services, including chip designing tools, IPs, wafer fabrication, and packaging and testing. The midstream consists of companies that are engaged in chip customization services, including platformized and traditional chip customization service providers. The downstream comprises various chip and system providers across various industries.

Value Chain of Chip Customization Service Industry



Source: CIC

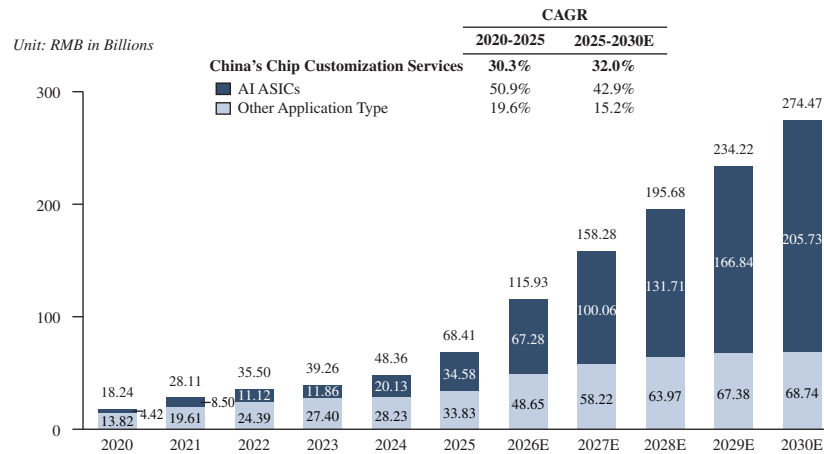
Size of China’s Chip Customization Service Industry

Rapid growth in cloud-based large model training is driving strong demand for computing power, while large-scale deployment of AI on edge and end devices increases requirements for chip energy efficiency and scenario-specific optimization. Compared with GPUs, ASICs can achieve better performance, power efficiency, and cost efficiency through customized architectures, making them a key

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carrier for AI computing deployment. This trend is driving strong demand for AI ASIC customization service, positioning it as a key driver for overall market growth. The size of China’s AI ASIC customization service industry in terms of revenue increased from RMB4.42 billion in 2020 to RMB34.58 billion in 2025, and is expected to reach RMB205.73 billion by 2030, representing a CAGR of 42.9% from 2025 to 2030.

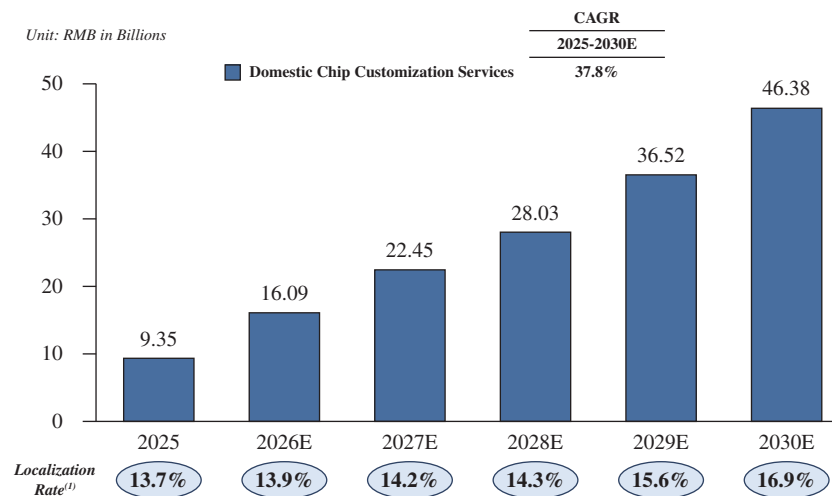
Size of China’s Chip Customization Service Industry by Application Type (in terms of revenue) (2020-2030E)



Sources: expert interviews, industry publications, CIC

Against the backdrop of accelerating self-reliance and control in the IC industry, domestic chip customization service providers are gaining wide recognition through deep understanding of local applications, continued technological breakthroughs, and improved supply chain collaboration. The market size of domestic chip customization services in terms of revenue is expected to grow from RMB9.35 billion in 2025 to RMB46.38 billion by 2030, representing a CAGR of 37.8%, with the localization rate rising from 13.7% to 16.9% for the same period.

Market Size of Domestic Chip Customization Services (in terms of revenue) (2020-2030E)



Note:

- (1) The localization rate refers to the aggregate revenue generated by domestic providers as a percentage of the overall market size of China’s chip customization service industry.

Sources: expert interviews, industry publications, CIC

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Growth Drivers of China’s Chip Customization Service Industry

- ***Rising ASIC Demand Driving Chip Customization Service Market Growth.*** As AI expands from model training to inference deployment, structural shifts in computing demand are driving significant ASIC demand. Moreover, leading cloud service providers and system vendors are ramping up customized ASIC initiatives to secure core technology, differentiate products, drive algorithm innovation, control costs, and ensure supply chain self-reliance. Cloud service providers, with operations spanning internal applications, software as a service, and infrastructure as a service, face highly fragmented computing demands. Customized ASICs allow them to optimize for specific tasks, improve performance and energy efficiency, reduce operating costs, and mitigate reliance on single suppliers. System vendors, that are focusing on delivering complete products and seeking innovation and differentiated offerings concentrate resources on AI software development while partnering with specialized hardware providers to align software innovation with efficient hardware platforms. These trends directly support ASIC market growth. Given that most companies lack sufficient design capabilities and resources, they increasingly rely on professional chip customization service providers, creating substantial market opportunities.
- ***Increasing Development Complexity Driven by Advanced Process Nodes and Packaging.*** As chips are applied in increasingly complex scenarios, their development requires higher functional integration while continually optimizing performance, power consumption, and reliability. In this context, chip processes are moving toward advanced process nodes, and heterogeneous integration and advanced packaging technologies are widely applied. These developments introduce multi-dimensional challenges across architecture and physical design, increasing chip development complexity. Deeper specialization across the industry has emerged to reduce design and tape-out risks and improve development efficiency, driving growing demand for chip customization service providers with proven experience and technical expertise in these critical stages.
- ***Supportive Policies and Regulations.*** The PRC government has introduced a series of measures to foster a favorable environment for the chip customization service industry. In March 2026, the State Council released the 15th Five-Year Plan for National Economic and Social Development (《中華人民共和國國民經濟和社會發展第十五個五年規劃》), emphasizing the coordinated use of national resources to achieve decisive breakthroughs in critical technologies in key sectors, including semiconductors. In December 2025, the State Council, together with seven other ministries, issued the Implementation Opinions on the “AI + Manufacturing” Special Action (《“人工智能+製造業”專項行動實施意見》), calling for the integrated development of hardware and software for smart chips and breakthroughs in core technologies such as high-end training chips and edge inference chips.

Trends of China’s Chip Customization Service Industry

- ***Rising Service Depth and Value.*** As chip customization service providers build technical expertise and enhance service capabilities, their role is shifting from execution-focused design to collaborative technology partner. Correspondingly, their business focus is shifting from providing basic design and related support across foundry, packaging, and testing processes to leading full-cycle development of high-performance ASICs, thereby increasing both service value and profit potential.
- ***Providers with Platformized Capabilities Capturing Greater Market Share.*** Providers with platformized capabilities can offer proprietary IPs that serve as pre-verified design modules, enabling rapid integration of specific functional units, improving development efficiency while reducing cost and risks. By supporting the full cycle from chip design to delivery, these providers continually extend their service scope. With growing synergy across stages, providers with platformized capabilities are well positioned to gain larger market share through comprehensive technical support and integrated service offerings.

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- ***Responsiveness and Delivery Efficiency Becoming Key Competitive Factors.*** With downstream applications evolving rapidly and product cycles accelerating, chip customization projects increasingly require rapid response, efficient design iterations, and predictable delivery schedules. Providers capable of quickly responding to customer needs, offering flexible customization, and ensuring efficient delivery will gain a significant advantage in customer acquisition and market competition.
- ***Strengthened Competitiveness of Domestic Providers.*** Facing global supply chain uncertainty and potential security risks, China is pursuing a self-reliant semiconductor strategy to expand advanced process capacity, strengthen local design and manufacturing, and reduce dependence on critical external resources. In this context, the expansion of domestic advanced processes and downstream customers’ focus on supply chain security are driving domestic substitution. Leveraging deep understanding of local applications, continued technological breakthroughs, and stronger industry chain collaboration, domestic chip customization service providers have strengthened their capabilities, service quality, and responsiveness, earning wide recognition from downstream customers.

Competitive Landscape of China’s Chip Customization Service Industry

Classification of China’s Chip Customization Service Providers

China’s chip customization service providers include overseas and domestic providers. Overseas providers currently account for the majority of market share, leveraging first-mover advantage along with established technology, research and development capabilities, and global reach. Domestic providers, though entering the market at a relatively late stage, have developed rapidly in recent years. With ongoing progress in independent innovation, technological breakthroughs, and understanding of local application scenarios, their market share is expected to rise, by capturing the significant growth opportunities. Domestic providers can be further categorized based on service coverage:

- ***Chip Customization Service Providers with Platformized Capabilities:*** providers with in-house high-end IP development capabilities, capable of supporting complex chip architecture design, matching advanced process nodes and packaging requirements, and delivering full-process services from design to delivery.
- ***Traditional Chip Customization Service Providers:*** providers that typically source IPs externally and focus on post-design support, including chip delivery services.

Competitive Advantages of Chip Customization Service Providers with Platformized Capabilities

Chip customization service providers with platformized capabilities are distinguished by the following five advantages, which underpin their market position and industry influence.

- ***Technology Capability.*** Through project experience, providers with platformized capabilities develop modular, process-driven, and intelligent technology platforms, forming a complete toolchain across front-end and back-end operations. Leveraging existing toolchains and proprietary IPs, providers can rapidly configure solutions and integrate systems for efficient delivery. Embedding AI agents into design and optimization stages further enhances automation, shortens design and verification cycles, and accelerates project execution. Meanwhile, design outputs from ongoing projects feed back into reusable IPs, creating a virtuous cycle where IPs support subsequent projects and drive continued technical evolution.

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- **Ecosystem Integration and Expansion.** Through serving multi-industry customers and delivering complex projects, providers with platformized capabilities gradually build robust supply chain collaboration capabilities. For downstream customers, they expand from chip-level solutions to module and system-level hardware delivery, enabling customized system-level solutions. For upstream partners, they provide Foundation IPs to foundries and participate in technology adaptation, thereby contributing to the development of advanced process platforms and enhancing supply chain self-reliance.
- **End-to-End Service Capability.** Providers with platformized capabilities offer full-process support from design to delivery. Early in projects, they evaluate process compatibility, yield risks, cost structure, and supply chain alignment, establishing efficient coordination between design and manufacturing. This comprehensive oversight enhances delivery certainty, improves tape-out success rates, and ensures more reliable chip delivery, particularly for advanced process nodes and complex packaging projects.
- **Cross-Market Adaptability.** Driven by customer demand, providers with platformized capabilities accumulate diverse technology stacks and experience across different applications. Leveraging reusable IPs, modular design, and mature engineering practices, they can transfer technologies and adapt solutions across AI, automotive electronics, consumer electronics, and other sectors, expanding application types and business coverage.
- **Risk Management Capability.** Advanced process and high-performance chip development involves complex cross-stage coordination and multiple verification cycles, imposing higher requirements on project management and risk control capabilities. Providers with platformized capabilities have accumulated a systematic experience database from projects across various process nodes and application scenarios, and have established standardized risk identification and correction mechanisms. Meanwhile, leveraging accumulated cases and data, they can conduct upfront design assessments and achieve rapid problem identification and correction during tape-out and chip delivery, improving project success rates and delivery stability.

Rankings of China’s AI ASIC Customization Services Providers

In 2025, the size of China’s AI ASIC customization service industry in terms of revenue reached RMB34.58 billion, with domestic providers contributing RMB4.49 billion. In terms of AI ASIC customization service revenue in China, the Company ranked third among domestic providers with a market share of 9.4%.

Rankings of Chip Customization Service Providers in China (in terms of revenue from AI ASICs) (2025)

Ranking	Providers	Revenue ⁽¹⁾ (RMB in millions)	Market Share ⁽¹⁾ (%)
1	Company A ⁽²⁾	~1,511.7	~33.7%
2	Company B ⁽³⁾	~774.0	~17.2%
3	The Company	423.0	9.4%
4	Company C ⁽⁴⁾	~283.5	~6.3%
5	Company D ⁽⁵⁾	~192.0	~4.3%
	Total	~3,184.2	~70.9%

Notes:

- (1) The revenue includes revenue generated from AI ASIC customization services in China. The market share is calculated as the revenue of a provider from AI ASIC customization services divided by the aggregate AI ASIC revenue from all domestic chip customization service providers.
- (2) Company A is a company founded in 2001, listed on Shanghai Stock Exchange and headquartered in Shanghai, China. It primarily provides chip customization services.

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- (3) Company B is a private company founded in 2007 and headquartered in Beijing, China. It primarily provides chip customization services and sells GPUs.
- (4) Company C is a company founded in 2015, listed on Shanghai Stock Exchange and headquartered in Shanghai, China. It primarily provides chip customization services and sells wireless communication baseband chips.
- (5) Company D is a company founded in 2008, listed on Shanghai Stock Exchange and headquartered in Shanghai, China. It primarily provides chip customization services.

Sources: public filings of listed companies, expert interviews, industry publications, CIC

Chip design and delivery services constitute the core components of chip customization services, covering the full cycle from architecture design and tape-out validation to chip delivery. These services serve as a critical enabler in translating technical designs into manufacturable chips, handling system-level design, engineering implementation, and production management. Positioned closer to product delivery in the value chain, they feature deeper service penetration and a larger market scale.

In 2025, the market size of China’s chip design and chip delivery services in terms of revenue reached RMB44.62 billion, accounting for 65.2% of China’s chip customization service market, making it a major pillar of the market. Within China’s chip design and chip delivery service market, revenue contributed by domestic providers reached RMB4.86 billion. In terms of chip design and chip delivery service revenue in China, the Company ranked second among domestic providers with a market share of 8.8%.

Rankings of Chip Customization Service Providers in China (in terms of revenue from chip design and chip delivery services) (2025)

Ranking	Providers	Revenue ⁽¹⁾ (RMB in millions)	Market Share ⁽¹⁾ (%)
1	Company A	~1,560.0	~32.1%
2	The Company	426.6	8.8%
3	Company D	~380.0	~7.8%
4	Company B	~360.0	~7.4%
5	Company C	~320.0	~6.6%
	Total	~3,046.6	~62.7%

Note:

- (1) The revenue includes revenue generated from chip design and chip delivery services in China. The market share is calculated as the revenue of a provider from chip design and chip delivery services divided by the aggregate revenue from chip design and chip delivery services of all domestic providers.

Sources: public filings of listed companies, expert interviews, industry publications, CIC

Entry Barriers and Key Success Factors in China’s Chip Customization Service Industry

- **Full-Stack Research and Development Capabilities.** Providers that possess comprehensive technological capabilities, including proprietary development of high-end IPs, advanced process chip design, and advanced physical implementation, are able to provide end-to-end solutions spanning chip architecture definition to chip delivery. Such capabilities significantly reduce customers’ coordination costs across multiple providers and development stages, improve overall development efficiency and project success rates, and facilitate the establishment of stable trust and long-term strategic partnerships. Such full-stack capabilities involve coordinating expertise across multiple dimensions, including architecture design, interface development, process adaptation, and system integration. The formation of such capabilities requires long-term accumulation and cross-disciplinary integration, thereby creating a high entry barrier.

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- ***Development Capabilities of High-End IPs.*** For high-performance chips represented by AI ASICs, computing units and memory systems are highly connected, leading to significantly higher requirements for data transmission rates, memory interaction efficiency, and chiplet interconnect performance. In this context, high-speed data interface IPs, high-speed memory interface IPs, and chiplet interconnect interface IPs have become critical technology components. Compared with processor IPs, which are relatively mature and highly standardized, interface IPs typically require deeper adaptation and optimization for specific application scenarios, placing higher requirements on design coordination capabilities. Providers with proprietary development capabilities for high-speed interface IPs are therefore better positioned to achieve system-level coordination and overall optimization in complex chip design, while reducing reliance on external IPs vendors, enhancing technological flexibility, and achieving better cost control.
- ***Advanced Process Chip Design Capabilities.*** Extensive experience accumulated in designing high-performance chips under advanced process nodes ensures that the chips developed achieve an optimal balance among performance, power consumption, and chip area. Such capabilities also enable providers to conduct more accurate feasibility assessments and technical risk evaluations at an early stage of projects, thereby significantly improving tape-out success rates and forming a critical foundation for undertaking high-end and complex chip projects.
- ***Advanced Physical Implementation Capabilities.*** The ability to conduct chip physical implementation on heterogeneous structure using advanced packaging technologies enables providers to help customers overcome performance and integration constraints of single-chip architectures and achieve significant improvements in system-level computing power, which is essential for meeting the customization requirements of high-performance computing and AI chips.
- ***Highly Skilled Talents.*** As a technology-intensive industry integrating expertise across multiple technology domains, chip customization services need professionals with strong multidisciplinary knowledge. As chip development advances toward more advanced process nodes and packaging technologies, a highly skilled talent team is critical for addressing complex technical challenges throughout the development process. This is the foundation for providers to sustain technological leadership and consistently deliver high-quality services.
- ***Brand Recognition and High-Quality Customer Base.*** To mitigate chip development risks, downstream customers tend to select providers that are market proven and have established strong reputations for service quality. Leading providers have accumulated stable and high-quality customer base, enabling them to secure continued project pipelines while enhancing brand influence through customer endorsement and building deep trust through long-term collaboration.

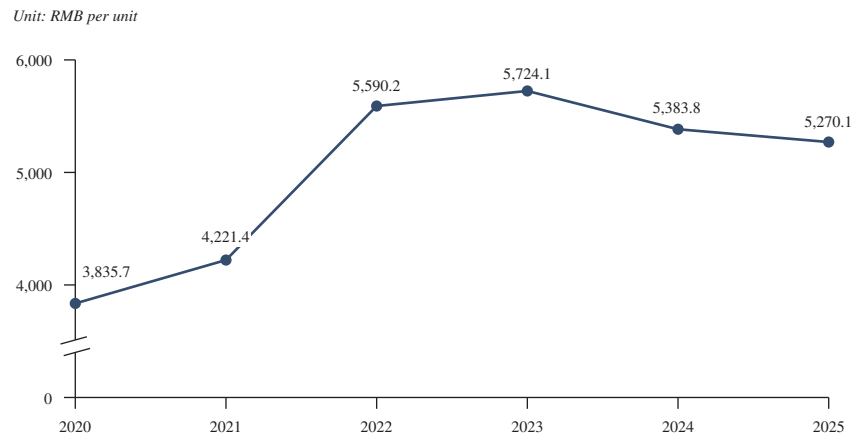
Analysis of Raw Materials of China’s Chip Customization Service Industry

Wafers are the core raw material used in the chip delivery stage of chip customization services and represent the major cost component. During this stage, wafers are procured externally based on customer-specific requirements, serving as the fundamental material for chips. The price of wafer is influenced by multiple factors, including market supply and demand, process nodes, and specification requirements.

Affected by rising demand, constrained upstream capacity, and emerging advanced process nodes, the average price of wafers in the industry consistently increased from 2020 to 2023 and peaked in 2023. Subsequently, the price declined as capacity increased and supply chain costs normalized. In 2024 and 2025, the price of wafers remained relatively stable.

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Average Price⁽¹⁾ of Wafers in China (2020-2025)



Note:

- (1) The average price of wafers is calculated based on the average selling price of 8-inch-equivalent wafers from major domestic foundries.

Sources: industry publications, CIC

SOURCE OF INFORMATION

In connection with the [REDACTED], we engaged CIC, an independent market research consultant, to conduct an analysis of, and to prepare a report about China’s chip customization service industry. The CIC Report has been prepared by CIC independent of the influence of our Group and other interested parties. We have agreed to pay CIC a total fee of RMB580,000 for the preparation and use of the CIC Report, and we believe that these fees are consistent with the market rate. CIC is a consulting firm founded in Hong Kong and provides professional industry consulting services across multiple industries. CIC’s services include industry consultancy services, commercial due diligence, and strategic consulting.

CIC conducted both primary and secondary research using a variety of resources. Primary research involved interviewing key industry experts and leading industry participants. Secondary research involved analyzing data from various publicly available data sources. The market projections in the commissioned report are based on the following key assumptions: (i) given China’s enduringly stable political system, effective social governance, and robust economic foundation, it is anticipated that the overall social, economic, and political environments in China will remain stable during the period forecasted; (ii) according to the National Bureau of Statistics of China, key economic indicators such as gross domestic product, industrial added value, and urbanization rate have shown an upward trend in China over the past decade. Therefore, we believe that the economic and industry development in China is likely to maintain a steady growth trajectory during the period forecasted, accompanied by continued urbanization; (iii) relevant key industry drivers such the rising ASIC demand, increasing development complexity driven by advanced processes and packaging, and supportive policies and regulations are likely to propel continued growth in China’s chip customization service industry throughout the period forecasted; and (iv) there will be no extreme force majeure event or unforeseen industry regulation that may significantly or fundamentally affect the market and industry.

Unless otherwise specified, all data and forecasts contained in this section are derived from the CIC Report. The Directors, upon acting with reasonable prudence, confirmed that there has been no occurrence of adverse change in the overall market information that would subject the data to significant restrictions, contradiction, or negative effects since the date of the CIC Report.