

BUSINESS

OVERVIEW

Who We Are

We are a fabless semiconductor platform company positioned to power a wide array of AI-enabled applications across devices, edge and cloud. We have built an integrated technology platform underpinned by multi-mode cellular baseband technologies, AI computing technologies and complex SoC design capabilities. According to Frost & Sullivan, we are one of the very few global semiconductor companies that possess all three of these key capabilities within a single integrated platform. Our platform supports three synergistic offerings: wireless connectivity chips centered on cellular connectivity, smart device SoCs and custom ASIC solutions, enabling us to address fast-changing customer needs in the AI era. As an established market-leading player in the global cellular connectivity chip industry, our scale and market position demonstrate our proven ability to commercialize high-complexity IC design technologies across diversified application scenarios, providing a strong foundation for extending our platform into AI-enabled applications. In 2025, we ranked No. 1 globally in cellular connectivity chip market by shipment volume, capturing a 37.8% market share; we also outpaced other global top-five peers in terms of shipment volume growth rate from 2023 to 2025.

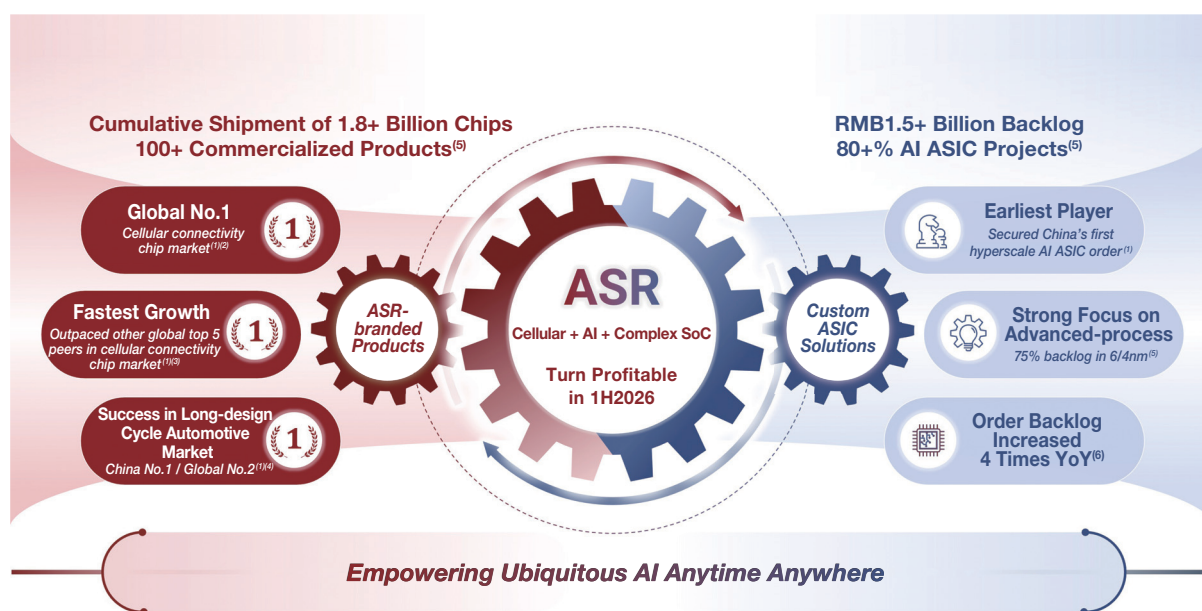
As AI enters a new era of broad-based deployment, applications increasingly require the combination of efficient computing and ubiquitous, anytime-anywhere connectivity to enable real-time data transmission, computing task coordination and intelligence flow across devices, edge and cloud. Among wireless communication technologies, cellular technology, particularly 5G and the emerging 6G standards, is irreplaceable in delivering continuous, wide-area and mobility-supported connectivity. For example, an intelligent connected vehicle requires real-time exchange of road conditions, hazard alerts and sensor data with the cloud while moving across locations, a use case that cannot be reliably supported by fixed Wi-Fi hotspots alone. Only cellular networks provide continuous coverage and seamless handover across base stations, keeping devices connected on the move. Mastering cellular baseband technologies is highly challenging and requires deep expertise across multiple generations of cellular standards, complex hardware-software co-design, extensive interoperability testing and certification, and sustained optimization of performance, power consumption and cost. These capabilities require long-term investment and form significant entry barriers.

Cellular baseband technologies form the foundation of our technology platform. Since our inception, we have developed and commercialized successive generations of cellular products covering all standards from 2G to 5G, through which we accumulated complex SoC design capabilities in chip architecture, large-scale digital and mixed-signal design, hardware-software co-design, system integration, and performance, power and cost optimization. We have also developed in-house AI computing technologies, including self-developed NPUs, enabling on-device AI processing with strong performance and energy efficiency. The combination of cellular baseband technologies, AI computing technologies and complex SoC design capabilities positions us to capture AI chip opportunities across device, edge and cloud scenarios. Leveraging these capabilities, we have developed smart device SoCs for intelligent edge applications, including ASR7801 and ASR8861, each integrating our self-developed NPU with on-device AI computing power. We also provide custom ASIC solutions to hyperscalers and leading AI and semiconductor companies in areas such as cloud inference, edge/on-device AI, RISC-V and enterprise storage. As of June 30, 2026, we had successfully delivered dozens of custom ASIC projects, including designs using process nodes as advanced as 4nm.

BUSINESS

Our integrated technology platform creates a self-reinforcing business model across ASR-branded products and custom ASIC solutions. Unlike companies focused primarily on standalone chip products or ASIC services, we benefit from the interaction between product commercialization and customized chip design. The volume production of our ASR-branded wireless connectivity chips and smart device SoCs continuously validates and refines our complex SoC IP, design methodologies and full-lifecycle execution capabilities, which can then be applied to custom ASIC solutions. Custom ASIC solutions, in turn, extend our capabilities into advanced process nodes, complex chip architectures and emerging applications, generating know-how for future products and projects. This flywheel effect enhances our innovation efficiency, execution certainty and commercialization capabilities, and positions us to capture broader AI-enabled chip opportunities across devices, edge and cloud.

The following diagram sets forth our key market positions and financial highlights:



(1) According to Frost & Sullivan.

(2) As measured by 2025 shipment volume of cellular connectivity chips in global market.

(3) In terms of shipment volume growth rate from 2023-2025.

(4) As measured by 2025 shipment volume of 4G cellular connectivity chips in global market.

(5) As of June 30, 2026.

(6) From order backlog as of June 30, 2025 to that as of June 30, 2026.

Our Market Opportunities

AI is entering a new phase focused on real-world deployment and productivity enhancement. As AI extends from the cloud into devices, vehicles, machines, robots and other physical-world applications, it increasingly requires the close collaboration of connectivity and computing. Data, computing tasks and intelligence must move efficiently across devices, edge and cloud with low latency, high reliability and energy efficiency. This is driving structural growth opportunities across connectivity

BUSINESS

chips, smart device SoCs and custom ASIC solutions. Against this backdrop, cellular baseband technology and on-device AI computing have become the two critical technology foundations for deploying AI across edge-to-cloud application scenarios with ubiquitous, low-latency and power-efficient connectivity.

While AI is the driving technology, connectivity has become indispensable to its deployment. AI applications require intensified data and computing task transmission among devices, edge nodes and cloud infrastructure, particularly in mobile, wide-area and high-volume scenarios. Cellular technology, especially 5G and the evolution toward 6G, is irreplaceable in enabling ubiquitous, anytime-anywhere connectivity with mobility support, wide-area coverage, high bandwidth, low latency and massive connection density. This is expected to drive demand for cellular connectivity chips across different generations and application scenarios. According to Frost & Sullivan, global shipments of cellular connectivity chips are expected to increase from 914.4 million in 2026 to 1,797.4 million in 2030, representing a CAGR 18.4%.

AI is also driving the need for more capable smart device SoCs. As intelligence moves onto devices, chips must integrate application processing, connectivity, multimedia, sensing and AI computing within stringent power, cost and form-factor constraints. This raises demand for SoCs with higher computing performance, energy efficiency and system-level integration. According to Frost & Sullivan, the global smart device SoC market is expected to grow from US\$90.9 billion in 2026 to US\$171.3 billion in 2030, representing a CAGR of 17.2%, while its AI segment is expected to grow from US\$62.7 billion in 2026 to US\$151.0 billion in 2030, representing a CAGR of 24.6%.

Custom ASIC solutions represent the fastest-growing of these three markets and a significant opportunity for us. Demand for custom ASIC solutions is expanding as AI applications become more application-specific and technically complex. From cloud inference and edge AI to enterprise storage and customized device-level chips, customers increasingly require purpose-built silicon optimized for performance, power consumption, cost and latency. As chip design complexity rises, companies that can efficiently translate application requirements into optimized silicon are well positioned to capture this trend. According to Frost & Sullivan, the global custom ASIC solutions market is expected to grow from US\$100.5 billion in 2026 to US\$235.5 billion in 2030, representing a CAGR of 23.7%, while its AI segment is expected to grow from US\$58.4 billion in 2026 to US\$178.5 billion in 2030, representing a CAGR of 32.2%.

We are one of the very few semiconductor companies globally positioned at the convergence of these three opportunities. With an integrated technology platform and synergistic offerings across wireless connectivity chips, smart device SoCs and custom ASIC solutions, we believe we are well positioned to capture the growth of AI-driven connectivity and computing across devices, edge and cloud.

Scaling Edge-to-Cloud AI Through Our Integrated Platform and Offerings

Our Integrated Technology Platform

As AI is deployed across devices, edge and cloud, chips must deliver more than computing power. They need to combine performance, energy efficiency, connectivity, integration and development flexibility under varying latency, power, cost and form-factor constraints. We believe the following capabilities are increasingly critical for chip solutions in the AI era:

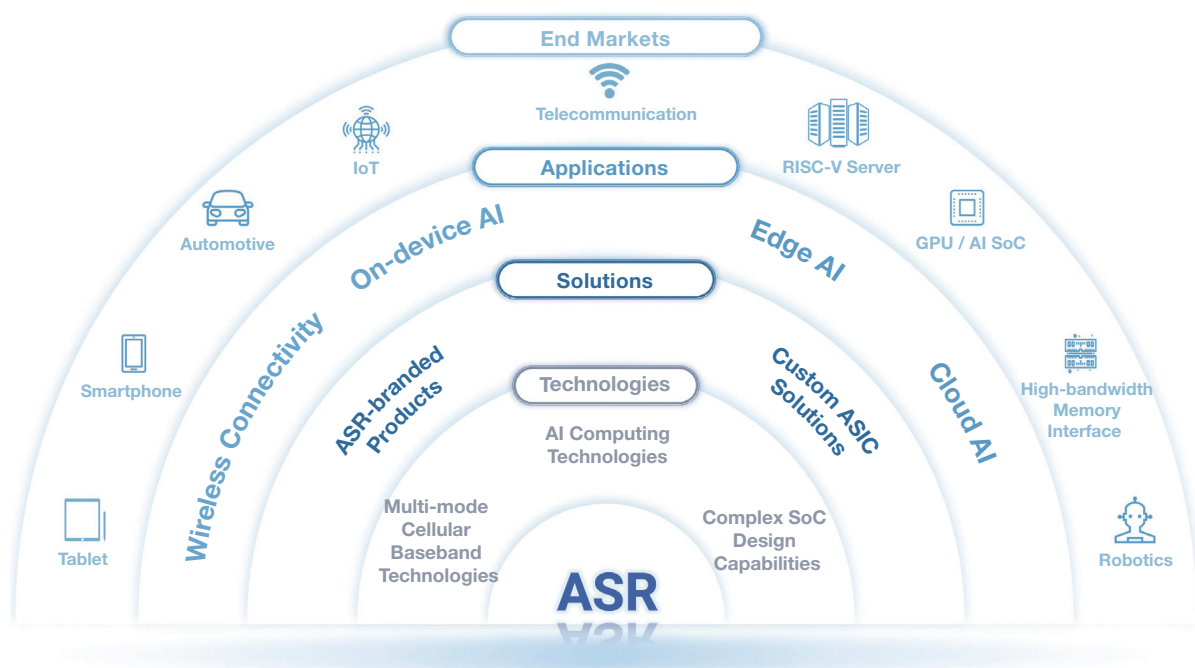
BUSINESS

- **High performance with low power consumption.** AI-enabled chips must deliver sufficient computing power within strict power and thermal limits, especially for battery-powered and cost-sensitive edge devices. Hardware-software co-optimization and efficient workload allocation are critical to enabling reliable AI experiences and coordinating tasks across devices, edge nodes and cloud infrastructure.
- **High integration.** AI-enabled chips increasingly integrate connectivity, computing, sensing, multimedia processing and other system functions. Higher integration reduces external components, simplifies system design, improves power and area efficiency, and supports smaller form factors and lower system costs.
- **High reusability and configurability.** As AI applications diversify, chip solutions must adapt to different standards, AI models, operating systems, hardware environments and performance requirements. Reusable architectures, modular IP and software frameworks improve development efficiency and support faster commercialization across device, edge and cloud scenarios.

Our integrated technology platform enables us to develop and commercialize chips efficiently across multiple products, projects and application scenarios. Rather than developing each new chip from the ground up, we reuse and adapt our technologies, proprietary IP, design methodologies and execution capabilities across ASR-branded products and custom ASIC solutions. This allows us to extend our platform into new communication standards, AI workloads and end markets with greater efficiency and execution certainty.

Built on this platform, we have developed three synergistic offerings for edge-to-cloud AI applications. Our wireless connectivity chips provide the communications foundation for AI applications; our smart device SoCs integrate processing, connectivity, sensing and on-device intelligence for intelligent edge devices; and our custom ASIC solutions apply our platform to application-specific computing at the edge and in the cloud.

The following diagram illustrates how our core technologies translate into our ASR-branded products and custom ASIC solutions, and the applications and end markets they serve:



BUSINESS

We have devoted sustained R&D efforts to building our integrated technology platform shared across our ASR-branded products and custom ASIC solutions. This platform rests on three core pillars:

- **Multi-mode cellular baseband technologies.** We possess end-to-end cellular capabilities covering all standards from 2G to 5G, including protocol stacks, baseband and RF technologies, and complete cellular chipset development. Cellular networks uniquely combine wide-area coverage, seamless mobility, predictable latency and reliability, and support for massive connections, providing the communications foundation for mobile, wide-area and mission-critical AI applications. Our 5G network slicing technology further enables differentiated control over latency, bandwidth and reliability. Our Wi-Fi, Bluetooth, LoRa, GNSS and satellite communications technologies complement our cellular capabilities and broaden the range of applications we serve.
- **AI computing technologies.** At the edge, our self-developed NPU architecture supports mainstream AI models, with computing capacities scalable from 0.2 TOPS to hundreds of TOPS. This supports on-device generative AI, real-time voice translation, video enhancement and other local AI inference tasks. For the cloud, our large-scale heterogeneous AI chip design technology supports the development of complex AI ASICs and cloud computing chips integrating tens of billions of transistors for large-model training and inference. These capabilities are further supported by edge computing, edge-cloud AI model collaboration and heterogeneous compute scheduling technologies, which coordinate AI workloads across devices, edge nodes and cloud infrastructure.
- **Complex SoC design capabilities.** A smart device SoC must combine multiple functions on a single chip, including processing, memory and high-speed interfaces, graphics and display, sensing, security and power management. Leveraging our ultra-large-scale digital and mixed-signal design technologies and multimodal sensing and processing technologies, we design and integrate these functions into complex SoCs while balancing performance, power consumption, chip area and cost, underpinning the commercial viability of our products in mass-market applications.

With our high-volume chip shipment, we have mastered end-to-end design-to-production and supply chain capabilities spanning the full chip development lifecycle, from chip definition and architecture design through front-end and back-end design, verification, tape-out, foundry and OSAT coordination, production ramp-up, quality management and cost control. These capabilities enable us to translate complex designs into reliable, volume-produced silicon. In our custom ASIC solutions, these capabilities also allow us to provide customers with one-stop support from chip definition and design through mass production. Our high-volume commercial shipments continuously stress-test, validate and refine these capabilities, creating practical design, manufacturing and supply chain know-how that we believe is difficult for peers without comparable mass-production experience to replicate.

We believe our commercialization capabilities accumulated in our cellular IoT success are highly relevant to on-device AI and edge AI applications. Both markets are characterized by fragmented and diversified application scenarios, long-tail customer demand and stringent requirements for power efficiency, cost optimization, rapid product iteration and long-term technical support. Customers in these markets typically have lengthy qualification cycles and value suppliers with proven product capabilities, stable delivery and established service relationships. Leveraging our experience in connectivity chips and relationships with downstream customers, we are well positioned to extend our product offerings to AI SoCs, as customers may prefer to adopt on-device AI chips from suppliers that already provide the connectivity foundation for their devices.

BUSINESS

Our Product and Service Offerings

We have developed three synergistic product and service lines to capture opportunities arising from the AI era. Our wireless connectivity chips provide a strong commercial foundation and support broad participation in the growth of connected devices. Our smart device SoCs extend our capabilities into integrated on-device intelligence, while our custom ASIC solutions allow us to address application-specific computing opportunities at the edge and in the cloud. Together, these offerings combine established commercialization with exposure to high-growth AI opportunities, all anchored in our integrated technology platform.

Wireless connectivity chips — established foundation for connected AI. We provide a broad portfolio of cellular connectivity chips covering all standards from 2G to 5G, including 5G NR and RedCap. Our products serve major cellular IoT and mobile broadband applications, such as mobile broadband terminals, industrial and commercial IoT, connected vehicles, wearables and smart financial terminals. These products enable ubiquitous, real-time and massive connectivity across devices, the edge and the cloud. According to Frost & Sullivan, as of 2025, we were one of the very few China-based providers capable of developing and bringing into volume production cellular connectivity chips across all standards from 2G to 5G. We were also one of the very few providers globally with coverage across the principal technology pathways and application scenarios. Our cellular products have been adopted by leading module manufacturers and device manufacturers in China and overseas, and have passed the certification of four of the world’s top five telecommunications operators, which is a prerequisite for commercial deployment on their networks. According to Frost & Sullivan, in 2025, we ranked No. 1 globally in cellular connectivity chip market in terms of shipment volume, and also ranked No. 1 globally by shipment volume in 4G cellular connectivity chips, Cat.1 cellular connectivity chips and Cat.4 cellular connectivity chips. According to Frost & Sullivan, in 2025, we also ranked No. 1 globally by shipment volume across a number of downstream application segments, including mobile gateway devices, wearable devices, smart electric meters and smart grid. In addition, our Wi-Fi, Bluetooth, LoRa and GNSS products broaden our application coverage in short-range and other specialized connectivity scenarios. In 2025, we shipped over 300 million units of ASR-branded wireless connectivity chips worldwide.

Smart device SoCs — integrated intelligence at the edge. Building on our complex SoC design capabilities, we provide smart device SoCs that integrate application processing with connectivity, multimedia, sensing, security and power management. Selected products incorporate our in-house NPU for power-efficient on-device intelligence. We are capable of developing highly integrated, power-efficient products across an exceptionally broad range of computing power, from 0.2 TOPS to hundreds of TOPS, to meet diverse end-device requirements. Our smart device SoC products have been commercially proven. For example, ASR8601, our first commercialized 4G smartphone SoC, had achieved cumulative shipments of approximately 5.8 million units as of June 30, 2026, validating its performance and overall reliability when running the Android platform. Our product line has since advanced from quad-core to octa-core intelligent SoCs with integrated on-device AI. Our latest-generation products, ASR7801 and ASR8861, each integrate a self-developed NPU delivering up to 20 TOPS of on-device AI computing power. ASR7801 is designed for AI-enabled imaging, multimedia processing and other edge AI applications. ASR8861 supports AI assistants, on-device large language models and real-time voice and text translation, enabling real-time AI responses without relying on cloud processing.

Custom ASIC solutions — application-specific computing from edge to cloud. Under our turnkey model, we provide end-to-end custom ASIC solutions and support the delivery of customized chips into volume production. We tailor silicon to customers’ specific workloads and requirements for performance, power consumption, cost, latency and system integration. Our projects span AI computing, RISC-V, enterprise storage, robotic vision, smart wearables and industrial control, with particular strengths in inference-oriented ASICs. This strength dates back to 2018, when, following a competitive

BUSINESS

selection process involving several international chip design companies, we were selected by a leading AI company to develop custom hyperscale cloud-AI chips. According to Frost & Sullivan, we were the first China-based custom ASIC solution provider to secure an order to develop such chips. Today, our ASIC customers include hyperscalers and leading AI and semiconductor companies. As of June 30, 2026, we had successfully delivered dozens of custom ASIC projects, including designs using process nodes as advanced as 4nm. According to Frost & Sullivan, among major global providers, we hold leading positions in R&D efficiency, comprehensive coverage of application scenarios and service processes, platform-based capabilities and the proportion of ongoing projects on advanced process nodes of 6nm and below.

Our Achievements

We have achieved substantial commercial scale. In 2025, we shipped over 330 million units of ASR-branded products worldwide, including approximately 29.3 million units of smart device SoCs. As of June 30, 2026, cumulative shipments of our Cat.1, Cat.4 and Cat.7 chipsets approached one billion units globally. Our wireless connectivity chips have been adopted by four of the world’s top five cellular module manufacturers by shipment volume in 2025, including all of the top three, according to Frost & Sullivan. Our products have entered the supply chains of leading end customers, reaching over 130 countries and regions as of June 30, 2026. In our custom ASIC business, we have served blue-chip customers with demand for AI inference and other AI-related chips. Our ASIC customers include companies ranked among China’s top ten AI chip companies, top five full-stack cloud service providers and top five smart cockpit chip suppliers, as well as the world’s top five XR device vendors. As of June 30, 2026, our order backlog of custom ASIC solutions amounted to over RMB1.5 billion, representing an increase of 416.5% from June 30, 2025.

We achieved significant growth during the Track Record Period. Our revenue increased from RMB2,599.9 million in 2023 to RMB3,816.8 million in 2025 at a CAGR of 21.2%. Our revenue further increased by 29.1% from RMB1,898.1 million in the six months ended June 30, 2025 to RMB2,451.3 million in the six months ended June 30, 2026. Our gross profit increased from RMB584.4 million in 2023 to RMB890.7 million in 2025 at a CAGR of 23.5%. Our gross profit further increased by 72.3% from RMB405.9 million in the six months ended June 30, 2025 to RMB699.5 million in the six months ended June 30, 2026. Moreover, we achieved a turnaround to profitability in the six months ended June 30, 2026, recording a net profit of RMB84.2 million, compared with a net loss of RMB245.4 million for the corresponding period in 2025.

COMPETITIVE STRENGTHS

We believe the following competitive strengths have contributed to our success and differentiated us from our competitors:

Distinctive Capabilities Across Multi-Mode Cellular Baseband and Complex SoC Design

Our differentiation lies in combining, on a single platform, multi-mode cellular baseband technologies with AI chip design capabilities built on in-house AI computing technologies and complex SoC design. According to Frost & Sullivan, we are one of the very few semiconductor companies globally that combine multi-mode cellular baseband capabilities, smart device SoC platforms and end-to-end ASIC design capabilities within an integrated technology platform.

This rare combination is increasingly relevant in the AI era. Cellular baseband technologies provide the wide-area, real-time, mobile and reliable connectivity needed for data and intelligence to flow seamlessly across devices, the edge and the cloud. As AI deployment scales, this connectivity has no substitute among wireless communication technologies, and the strategic value of mastering cellular baseband rises accordingly. At the same time, cellular baseband is among the most technologically

BUSINESS

demanding areas of semiconductor design and is mastered by only a handful of semiconductor companies globally. By developing and commercializing successive generations of cellular products across all standards from 2G to 5G, we have built deep capabilities in complex chip architecture and integration, ultra-large-scale digital and mixed-signal design, and performance, power and cost optimization. These accompanying capabilities are transferable to the design of smart device SoCs and ASICs and, together with our in-house AI computing technologies, enable us to deliver high-performance chips within stringent power and cost budgets. We believe this ability is essential to the mass adoption of AI.

Our synergistic offerings are progressive extensions of this combined foundation: wireless connectivity chips provide the communications foundation for AI applications; smart device SoCs integrate processing, connectivity, sensing and on-device intelligence for intelligent edge devices; and custom ASIC solutions apply our platform to application-specific computing at the edge and in the cloud. The commercial scale and continued evolution of our wireless connectivity chips validate the depth of our cellular technology. Within the select group of companies that have mastered multi-mode cellular baseband, we have established clear leadership in cellular IoT and other high-volume, cost-sensitive applications. According to Frost & Sullivan, in 2025, we ranked No. 1 globally in cellular connectivity chip market by shipment volume, capturing a 37.8% market share; we also outpaced other global top-five peers in terms of shipment volume growth rate from 2023 to 2025. We also ranked No. 1 globally in terms of shipment volume in 4G cellular connectivity chips and the Cat.1 and Cat.4 segments. In addition, we held leading positions across a number of downstream application segments, including wearable devices, mobile gateway devices, smart electric meters and smart grid applications. As of June 30, 2026, cumulative shipments of our Cat.1, Cat.4 and Cat.7 chipsets approached one billion units globally. In 5G, ASR1901, our first 5G platform, entered mass production in early 2026. We also secured a majority share of the 5G CPE procurement of a leading Indonesian telecommunications operator, the largest 5G CPE procurement globally in 2026, in a competitive tender involving major industry players.

The transferability of this combined foundation is further demonstrated by our expansion into smart device SoCs and ASICs. ASR8601, our first commercialized 4G smartphone SoC, achieved cumulative shipments of approximately 5.8 million units as of June 30, 2026. Our latest smart device SoC platform integrates our self-developed NPU to support mainstream large models and multimodal AI applications. In our ASIC business, we provide end-to-end, full-lifecycle chip customization services under a turnkey model, an execution capability underpinned by our experience as a product company. As of June 30, 2026, we had successfully delivered dozens of custom ASIC projects, including designs using process nodes as advanced as 4nm. Our customers include hyperscalers and leading AI and semiconductor companies. According to Frost & Sullivan, among major global custom ASIC solution providers, we hold leading positions in R&D efficiency, comprehensive coverage of application scenarios and service processes, platform-based capabilities and the proportion of ongoing projects on advanced process nodes of 6nm and below.

Versatile Integrated Platform Built on Self-Developed, Mass-Production-Validated IP

Our versatile integrated platform is built on a common foundation of self-developed, production-validated IP that can be reused and adapted across ASR-branded products and custom ASIC solutions. Through sustained R&D investment and high-volume commercialization, we have developed a broad proprietary IP portfolio supported by invention patents and IC layout design certificates, with substantially all of our core IP validated through the volume production of our ASR-branded products. This production validation continuously refines our IP and design methodologies, while our custom ASIC solutions extend their application into advanced process nodes, complex chip architectures and emerging use cases. Together, our ASR-branded products and custom ASIC solutions form a reinforcing technology cycle that expands and strengthens our common IP foundation.

BUSINESS

This reusable IP foundation improves development efficiency and delivery certainty. By reusing production-validated proprietary IP and supplementing it with third-party IP where appropriate, we can optimize IP selection for each project, reduce duplicative development and reliance on external IP, shorten time to market and mitigate design and tape-out risks. According to Frost & Sullivan, we are among the few China-based fabless companies with an IP portfolio spanning the baseband, smart complex SoC and on-device AI domains. To date, we have maintained a 100% first-pass silicon success rate across all of our ASR-branded chip products and custom ASIC projects.

Baseband IP. Our baseband IP portfolio covers multi-standard 2G-to-5G protocol stacks, including 5G NR and RedCap, RF front-end analog IP, high-precision self-calibrating ADC/DAC, and baseband-RF integration technology. We independently develop complete cellular connectivity chipsets in-house. Building on this IP, we developed ASR8603, the world’s first chip product to combine RedCap connectivity with smart operating system capabilities, according to Frost & Sullivan.

Smart complex SoC IP. Our portfolio covers the core modules required for complex SoC design, including memory and high-speed interfaces, graphics and display, sensing, security and power management. These IP blocks support the development and commercialization of our smartphone SoCs. We are continuing to promote the customer adoption of our 4G smartphone SoCs, while our first-generation 5G smartphone SoC is expected to begin gradual customer introduction by early 2027.

On-device AI computing IP. Our on-device AI IP comprises our self-developed, reconfigurable NPU architecture, which scales from 0.2 TOPS to hundreds of TOPS and supports mainstream AI models, as well as supporting software toolchains. These IP assets can be integrated into our own smart device SoCs and the customized chips developed for ASIC customers, enabling on-device AI capabilities across a range of performance, power and cost requirements.

Efficient R&D Capabilities Proven by Volume Production and Commercial Success

We anchor our long-term growth in technology-led innovation with sustained, substantial R&D investment. During the Track Record Period, our aggregate research and development expenses amounted to RMB4,319.7 million, representing 35.3% of our total revenue during the same period, significantly higher than the average level among China-based SoC design companies. These investments have enabled us to build deep technical capabilities across the semiconductor design stack and continuously develop technologies that can be commercialized across ASR-branded products and custom ASIC solutions.

Our R&D system is distinguished not only by technological depth, but also by its ability to convert complex innovation into volume-produced silicon efficiently. During the Track Record Period, we achieved a first-pass silicon success rate of 100%, reflecting the robustness of our design, verification and tape-out capabilities. Our flat, engineer-driven organizational structure places technical teams at the center of product definition and development decisions, facilitating close collaboration among architecture, algorithm, software, hardware, verification and supply chain teams. This enables us to shorten development cycles, respond quickly to customer and market needs, and improve the probability of successful commercialization.

Our years of focused R&D have resulted in a series of technology breakthroughs across multiple design disciplines, including technologies that integrate functions conventionally implemented using separate chips and technologies that support frontier AI workloads. Representative examples include:

- **Baseband and RF integration.** Our single-die architecture integrates baseband and RF functions into a single chip, enabling greater integration, lower BOM costs, a smaller footprint, lower power consumption and simpler PCB design for downstream customers.

BUSINESS

- **High-efficiency NPU computing.** Leveraging our self-developed NPU architecture and supporting software toolchain, we optimize the execution of mainstream AI workloads to deliver high throughput on edge devices. Integrated into our high-performance smart device SoCs, our NPU delivers competitive inference performance and power efficiency for mainstream AI models, supporting real-time visual perception and other compute-intensive on-device AI applications within constrained power budgets.
- **High-speed serial interface PHY.** We develop proprietary high-speed interface PHY circuits, including our DDR PHY IP, which supports high-speed data transfer between DRAM and memory controllers.

Our technological achievements have been recognized by both government authorities and the industry. For example, in 2025, we received the Shanghai Science and Technology Award from the Shanghai Municipal People’s Government. In the same year, ASR1806 was named a winner of the Chip Power Award (優秀芯擎獎) at the 2025 China Innovative IC Awards in recognition of its technological innovation. In 2026, ASR1903, our first 5G RedCap chip, was named a winner of the Innovation Breakthrough Award (創新突破獎) at the 2026 China IC Design Innovation Conference in recognition of its technological innovation and industry adoption.

Our R&D capabilities are supported by a deep, cohesive and stable engineering team. As of June 30, 2026, approximately 90% of our employees were R&D personnel. Our R&D workforce combines experienced technical leadership with a strong pipeline of younger engineering talent: a majority of our R&D engineers have more than 10 years of hands-on experience in wireless connectivity and chip design, while R&D employees under the age of 40 accounted for 66.4% of our R&D workforce. Our core R&D capabilities in smartphone platforms, spanning application processors and cellular technology, originated from our acquisition of Marvell’s mobile business unit, then one of the world’s leading handset SoC teams, in 2017. Over the subsequent nine years, our core R&D team, led by Dr. ZHOU Xuan, our Director and chief executive officer, has remained substantially intact and has independently developed all of our current-generation platforms, including multi-mode cellular baseband platforms and smart device SoCs. According to Frost & Sullivan, our voluntary employee churn rate in 2025 was below the industry average.

Reliable Design-to-Production Delivery Backed by Long-term Supply Chain Partnerships

As both a fabless product company and a custom ASIC solution provider, we operate at the design and solution-delivery layer of the semiconductor value chain, translating market and customer requirements into production-ready chips and coordinating foundry and OSAT resources through volume production. With more than a decade of experience in the fabless semiconductor industry, we have established long-standing, in-depth strategic partnerships with world-class foundries and OSAT vendors. This well-structured partner network underpins our proven track record of reliable volume-production delivery. It also supports our future expansion in high-growth sectors, including smart device SoCs and custom ASIC solutions.

We adopt a diversified foundry and OSAT cooperation strategy, which enables us to collaborate with major global foundries and OSAT vendors across different technology platforms and capacity arrangements. This flexible multi-vendor framework underpins our ability to deliver chips on advanced process nodes down to 4nm, while securing robust supply resilience and stability. As of June 30, 2026, we had established close and stable relationships with leading foundries and OSAT providers worldwide, including the world’s largest foundry. Our operating scale further translates into procurement advantages: as an important customer of our principal foundry and OSAT partners, we benefit from stable access to capacity and competitive procurement terms.

BUSINESS

Beyond capacity, we work closely with industry-leading partners across the semiconductor value chain to co-innovate in areas such as advanced packaging. Joint efforts in process optimization, yield improvement and cost efficiency enable us to deliver differentiated, high-value solutions to our global customers. We have also made targeted strategic equity investments in key industry segments to align long-term interests with ecosystem partners, support collaborative R&D and the commercialization of frontier technologies, and help foster a mutually beneficial semiconductor ecosystem. Together with our position as an important supplier to leading downstream module manufacturers and device manufacturers worldwide, these deep upstream partnerships embed us at both ends of the global semiconductor supply chain, a position that competitors and new entrants would require years to replicate, as it requires both time and a track record of sustained, large-scale shipments that underpins such partnerships and builds long-term trust.

Visionary Leadership and Experienced Management Team

Our founding team and senior management are forward-thinking industry veterans with expertise across communications technology, IC development and ASIC design, bringing an average of over 20 years of hands-on industry experience. Core members built their careers at leading global semiconductor companies, including Marvell and Synopsys, and combine deep technical acumen with an innovative mindset and a pragmatic entrepreneurial spirit. Their deep understanding of the evolution of global communications and semiconductor technology underpins our forward-looking and disciplined strategic direction and has been instrumental to our sustained growth and market success.

Our founder, Mr. Vincent TAI, serves as our chairperson and chief strategy officer. As a widely recognized pioneer and serial entrepreneur in the global semiconductor industry with nearly 40 years of experience, Mr. Tai co-founded multiple semiconductor ventures, including RDA Microelectronics in 2004. He developed RDA into a leading Nasdaq-listed fabless wireless communication company, which was subsequently acquired and taken private by Tsinghua Unigroup. That track record reflects tenacious entrepreneurship, sharp industry insight and global strategic vision. Having witnessed and helped drive the evolution of wireless connectivity from the 2G era through 5G and the development of the ASIC industry, Mr. Tai has demonstrated an ability to anticipate technology trends and industry cycles, enabling him to steer our long-term strategic direction with steady and disciplined judgment.

Under the leadership of our founder and chairperson, we have assembled a highly experienced core management team with complementary expertise across our key business domains. Our senior executives have extensive experience at leading global semiconductor companies and bring deep technical and management capabilities across cellular baseband, complex SoC, ASIC design, semiconductor IP and volume-production delivery. Their collective experience spans the full chip development lifecycle, from architecture definition and R&D management to tape-out, customer delivery and mass production. This combination of strategic vision, engineering judgment and execution discipline enables us to develop clear product roadmaps, manage complex development programs, support reliable project delivery and cultivate a strong innovation-driven engineering culture.

GROWTH STRATEGIES

We intend to pursue the following strategies to drive the continued growth of our business and to further strengthen our market leadership:

Reinforce Our Market Leadership and Expand Our Offerings to Capture Edge-to-Cloud AI Opportunities

We have established a leading position in wireless connectivity chips, underpinned by our multi-mode 2G-to-5G cellular baseband capabilities and large-scale commercial deployment of cellular IoT chips, supplemented by a broad portfolio of non-cellular connectivity technologies. Building on this

BUSINESS

foundation, we intend to expand our ASR-branded product portfolio across edge-to-cloud AI applications: our growing smart device SoC portfolio and self-developed NPU capabilities position us to extend from connectivity into on-device intelligence, while the technologies and know-how accumulated on our integrated technology platform open broader opportunities over time, from intelligent terminals to cloud AI computing.

The increasing integration of AI into connected devices is driving the growth of the IoT market, which is expected to reach US\$2.27 trillion by 2030. Leveraging our integrated connectivity and AI computing platform, we will strengthen our leadership in cellular IoT and expand across key applications, including mobile broadband, smart grid, industrial IoT, smart cities and smart vehicles. We will also develop smart device SoCs for intelligent edge applications, integrating connectivity and positioning features such as Wi-Fi, Bluetooth and GNSS based on specific application needs. This will enable us to capture opportunities arising from the evolution of connected devices toward intelligent edge computing.

We view smartphones as a platform for deploying our edge AI capabilities. Drawing on our product development and market traction to date, we will broaden our smartphone SoC portfolio, enhance on-device large language model inference capabilities, and advance the commercialization of our 5G smartphone SoCs. By combining cost-effective 4G platforms and on-device AI capabilities with a clear roadmap to 5G, we aim to capture demand in domestic and overseas markets, particularly where 4G remains prevalent while demand for AI features continues to grow.

Over the longer term, we intend to expand our ASR-branded products into additional applications. Our large-scale heterogeneous AI chip design capabilities, production-validated IP and advanced-node experience provide a foundation for developing a broader range of chips, potentially including ASR-branded cloud AI chips. We will evaluate and pursue these opportunities in a disciplined manner.

Expand Our Custom ASIC Solutions to Capture Growing Demand for Customized Silicon

Edge and cloud AI inference will remain a core focus of our ASIC business. Building on our capabilities in designing and validating ultra-large-scale SoCs on advanced process nodes and our reusable, production-validated IP, we will broaden our ASIC offerings. Our target applications include cloud and edge AI inference, RISC-V, enterprise storage, multimodal sensing and processing, intelligent robotics, intelligent driving, and industrial control. Working closely with customers throughout their chip programs, we will continue to deepen our AI platform capabilities and engineering know-how, improve the cost-performance of the chips we deliver and accelerate product iteration. We prioritize customers with clear and scalable customization needs, strong financial resources and a credible path to volume production, including leading internet companies, independent GPU vendors, system providers and other semiconductor companies.

To scale this business, we have established a dedicated subsidiary for custom ASIC solutions. This structure concentrates resources on customer engagements, reduces potential competition for resources between customer projects and our own product roadmaps, and supports more efficient project delivery. We will continue to expand our ASIC team, refine our design processes and project management systems, and strengthen our customer service capabilities to better meet customers’ customization needs.

Advance R&D to Enrich Our IP Portfolio and Maintain Technological Leadership

We will continue to reinforce our cellular baseband technologies through sustained R&D investment. As connectivity evolves toward 5G-Advanced and 6G, the network generations purpose-built for AI, we intend to secure a leading position in each successive cellular standard. In 5G, we will advance next-generation eMBB and RedCap platforms, and invest further in 5G-Advanced technologies to support higher bandwidth, lower latency, greater reliability and more intelligent connectivity. In 6G,

BUSINESS

we will closely track the standardization of potential key technologies, such as integrated sensing and communication, and will initiate pre-research investment at the appropriate time to prepare for future opportunities. Across these generations, we will apply our deep knowledge of wireless standards to pursue industry-leading levels of integration through innovative architecture design.

We will continue to expand our self-developed IP portfolio to strengthen our technological moat and accelerate time-to-market. We plan to deepen our baseband IP across multi-mode protocol stacks from 2G to 5G and baseband-RF integration; our smart complex SoC IP across high-speed interfaces, memory, multimedia, sensing, security and power management; and our on-device AI IP across NPU architectures and supporting software. By extending the reuse of these IP capabilities across our ASR-branded products and custom ASIC solutions, we aim to reduce NRE costs, lower tape-out risks and enhance design efficiency.

Building on this IP foundation, we will systematically strengthen our edge-to-cloud AI capabilities. For cloud AI, we will deepen our ability to design high-performance inference chips, including through advanced packaging and memory technologies. At the edge, we will enhance our self-developed NPU IP to deliver higher compute density and broader model support across our SoC platforms, targeting robotics, wearables and smart devices. We will also leverage our cellular baseband strength to differentiate our edge AI offerings by embedding AI acceleration into connectivity-centric chips for latency-sensitive and power-constrained scenarios. In parallel, we will advance our design capabilities at 4nm and more advanced process nodes to support next-generation AI workloads.

As the 3GPP NTN standards continue to evolve and clarify the technical pathway for integrating satellite communications with cellular networks, we will leverage our cellular baseband capabilities to advance related technology development and interoperability verification. We will also strengthen our development efforts in next-generation non-cellular connectivity technologies and other emerging connectivity standards.

Further Explore New Market with Existing Customers and Expand Our Customer Base at Home and Abroad

We will deepen collaboration with customers that are established market leaders of their respective markets, as well as ecosystem partners across the semiconductor value chain, to accelerate the adoption of our wireless connectivity chips, smart device SoCs and custom ASIC solutions across industries. In the domestic market, we will continue to expand our high-quality customer base and deepen partnerships with leading module manufacturers and branded terminal customers, keeping our products closely aligned with market needs and competitive. We will also deepen relationships with leading internet companies, AI companies and system providers to expand our ASIC customer base and capture opportunities across cloud and edge AI applications.

Internationally, we will expand our global business development team and accelerate the overseas adoption of our products through collaboration with module manufacturers, terminal customers and telecom operators. We will deepen cooperation with operators and branded terminal customers globally. We will also seek to expand our international ASIC customer base by engaging AI companies and system providers with demand for complex SoCs and AI ASICs. For our ASR-branded products, we will support customers in obtaining the required chip-level and terminal-level certifications across overseas markets. In addition, we will actively participate in leading global industry exhibitions and technology events, including the Mobile World Congress.

BUSINESS

Attract and Retain Talent to Elevate Our Innovation DNA

We regard talent as our most fundamental competitive advantage and will continue to invest in building a world-class engineering organization with multidisciplinary capabilities spanning cellular baseband, AI computing and complex SoC design. We will maintain our flat organizational structure and an open environment that encourages experimentation and views setbacks as opportunities for learning.

Our innovation DNA lives in the accumulated judgment of our engineering team, and we will institutionalize the transfer of this expertise. We will develop rising engineers through hands-on participation in active chip development programs under the guidance of senior engineers, complemented by internal technical training. Through these mechanisms, the know-how accumulated over two decades of baseband and SoC development will be passed on and further developed across successive generations of engineers.

We recruit both accomplished scientists and outstanding graduates, and will deepen our partnerships with leading universities to broaden and strengthen our talent pool. We will also continue to refine our compensation and performance management systems to support employee development, and offer competitive equity incentives that reward individual contributions and align employees’ interests with our long-term success.

Pursue Strategic Investments and Acquisitions to Expand Our Technology Platform and Ecosystem

We will selectively pursue strategic investments, acquisitions and partnerships that strengthen our integrated technology platform and accelerate access to critical technologies, product commercialization or market expansion. For cloud AI, we may focus on AI compute architectures, high-speed interconnect and memory technologies, advanced packaging and engineering capabilities for advanced process nodes and complex SoCs. For edge AI, we may focus on NPU technologies, compilers and software toolchains, specialized analog and RF IP, and security technologies that enhance on-device intelligence, energy efficiency and system-level integration. We may also invest in ecosystem participants that can expand our access to priority customers, application scenarios, supply-chain resources or international markets. We will evaluate potential opportunities based on strategic fit, technology and talent value, commercialization prospects, integration feasibility and financial discipline, and seek to enhance IP reuse and execution efficiency central to our business model.

OUR PRODUCTS AND SERVICES

We are a fabless semiconductor platform company positioned to power a wide array of AI-enabled applications across devices, edge and cloud. Our integrated technology platform is underpinned by multi-mode cellular baseband technologies, AI computing technologies and complex SoC design capabilities, and allows us to develop a broad range of chip products and design services efficiently. During the Track Record Period, we primarily offered ASR-branded products, comprising wireless connectivity chips, which connect devices to cellular and non-cellular networks, and smart device SoCs, which integrate application processing, connectivity and other system functions on a single chip. We sell these products principally to module manufacturers and device manufacturers, which incorporate our chips into their modules and devices to enable network connectivity, data transmission and information processing. Leveraging the same IP, design methodologies and supply chain capabilities, we also provide custom ASIC solutions to customers requiring chips designed to their own specifications for AI computing, RISC-V, enterprise storage, wearables, industrial control and other applications. Volume production of our ASR-branded products validates and refines the capabilities we reuse in custom ASIC solutions, while custom ASIC solutions extend those capabilities to more advanced process nodes, more complex architectures and new applications.

BUSINESS

During the Track Record Period, we generated revenue primarily from the sale of ASR-branded products and, to a lesser extent, from the provision of custom ASIC solutions. The following table sets forth the breakdown of our revenue by product and service type for the periods indicated:

	For the year ended December 31,						For the six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(RMB in thousands, except for percentages)						(Unaudited)		(Unaudited)	
ASR-branded products . . .	2,246,293	86.4	3,013,761	89.0	3,579,331	93.8	1,753,622	92.4	2,113,622	86.2
— Wireless connectivity chips	1,562,666	60.1	2,483,501	73.4	3,007,896	78.8	1,524,544	80.3	1,894,990	77.3
— Smart device SoCs	683,627	26.3	530,260	15.6	571,435	15.0	229,078	12.1	218,632	8.9
Custom ASIC solutions	226,262	8.7	335,728	9.9	217,222	5.7	126,232	6.7	321,903	13.1
Others ⁽¹⁾	127,361	4.9	36,254	1.1	20,250	0.5	18,212	0.9	15,750	0.7
Total	2,599,916	100.0	3,385,743	100.0	3,816,803	100.0	1,898,066	100.0	2,451,275	100.0

- (1) Primarily comprised revenue from (i) standalone semiconductor IP licensing, and (ii) chip testing and verification services provided to EDA vendors. Such activities are ancillary to our principal businesses and are not a focus of our business development efforts. Accordingly, the amount and timing of such revenue were non-recurring and depended largely on the relevant customers’ own product development and evaluation schedules.

The following diagram illustrates the product categories of our ASR-branded products and the representative product series and models under each category:

Wireless Connectivity Chips - Cellular Connectivity Chips



Wireless Connectivity Chips - Non-Cellular IoT Chips



Smart Device SoCs



Wireless Connectivity Chips

Our wireless connectivity chips provide the communications foundation for connected devices and terminals. They process radio-frequency signals and run communications protocols in accordance with applicable wireless standards, enabling devices to establish network connections and transmit and receive information. This connectivity allows data collected by devices to be transmitted to, and processed by, computing resources on the device, at the edge or in the cloud. Our wireless connectivity chips comprise (i) cellular connectivity chips, for which our technology spans all standards from 2G to 5G and our current product portfolio principally comprises 4G and 5G products; and (ii) non-cellular IoT chips, comprising Wi-Fi, Bluetooth, LoRa-based low-power wide-area network (LPWAN), GNSS positioning chips and combo products integrating Wi-Fi and Bluetooth. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, we shipped 124.1 million, 213.2 million, 301.7 million, 161.5 million and 168.3 million units of wireless connectivity chips, respectively.

BUSINESS

Cellular Connectivity Chips

Cellular baseband technology processes radio signals and runs the communication protocols that enable a device to access a cellular network and send and receive data over a wide area, including while moving. It therefore provides the mobile, reliable and ubiquitous connectivity on which connected devices and terminals depend. Mastering cellular baseband technology requires expertise across multiple generations of cellular standards, extensive interoperability testing and certification, and sustained optimization of performance, power consumption and cost. Since our inception, we have focused on cellular baseband technology and have developed and commercialized successive generations of cellular products across all standards from 2G to 5G. According to Frost & Sullivan, we were one of the very few China-based providers capable of developing and bringing into volume production cellular connectivity chips across all standards from 2G to 5G, and we ranked No. 1 globally in cellular connectivity chip market by shipment volume in 2025. We design our 4G and 5G products for different requirements for data throughput, power consumption, integration, cost and device form factor. The following sections discuss the representative 4G and 5G products we currently offer:

4G Chips

We offer 4G cellular products in three product categories: Cat.1, Cat.4 and Cat.7. In this context, “Cat.” refers to an LTE user-equipment category under applicable cellular communication standards. The categories principally distinguish maximum data transmission speed and related capabilities. Within each category, we offer product series and models with different levels of integration and configurations of baseband, RF, memory and power-management functions. This allows customers to select products suited to their application requirements, including data throughput, power consumption, system cost, device size and performance. Our products have been adopted in diverse applications and achieved large-scale commercialization. As of June 30, 2026, cumulative shipments of our Cat.1, Cat.4 and Cat.7 chipsets approached one billion units globally. These products are used across trackers, smart meters and payment terminals, industrial and vehicle terminals, and portable hotspots and CPE.

The following table sets forth key information on representative cellular connectivity chips we offer under each product category:

Product Category	Key Features	Representative Products
Cat.1	Speed: low to medium data rates, for uses that need long battery life and wide coverage rather than high throughput Integration: more integrated models add Bluetooth/BLE, GNSS, power optimization and memory, with supporting software Design focus: low cost and small size, for compact modules and terminals	ASR160X series
Cat.4	Speed: medium to high data rates, for uses that need sustained mobile broadband throughput Integration: baseband and RF on one chip, with memory in selected models; RTOS and Linux, with rich peripheral interfaces Design focus: security, with hardware-isolated execution and secure boot	ASR180X series

BUSINESS

Product Category	Key Features	Representative Products
Cat.7	Speed: high data rates, for uses that need fast upload and download Integration: baseband with memory control and high-speed interfaces; multi-mode Linux Design focus: smaller circuit board and simpler end-product design	ASR182X series

Cat.1 Chips. Our Cat.1 products address high-volume, cost-sensitive IoT applications, and customers may select among our product series and models within this category according to their requirements for network compatibility, integration, device size, battery life and peripheral expansion. According to Frost & Sullivan, based on the timing of commercialization, we were among the early China-based providers to commercially launch Cat.1 products. Our cost-optimized products are designed for compact IoT modules and terminals. Our more integrated products combine selected functions, such as cellular baseband and RF, Bluetooth and Bluetooth Low Energy, GNSS, power optimization and memory, and are offered with hardware and software support.

Cat.4 Chips. Our Cat.4 products serve mobile broadband, industrial and vehicle terminals that require sustained bandwidth, security and processing performance. They integrate baseband and RF functions, and selected models also integrate memory. They support RTOS and Linux, rich peripheral interfaces and multimedia processing, together with security features such as Arm TrustZone and secure boot. Products based on our Cat.4 category have been deployed globally in mobile broadband and industrial applications and adopted in vehicle models of major domestic and joint-venture automakers.

Cat.7 Chips. Our Cat.7 products address higher-speed applications and are used in devices such as portable Wi-Fi hotspots (MiFi), USB data terminals (UFI), customer premises equipment (CPE) and laptops. Our Cat.7 products are multi-mode Linux chips that integrate memory control and high-speed interfaces, reducing circuit-board area and simplifying our customers’ end-product design. ASR1826, a representative model in our ASR182X series, has been adopted by customers in MiFi and CPE end products that have achieved volume shipments and been sold worldwide.

5G Chips

5G is the most advanced generation of cellular technology to have achieved large-scale commercialization, and represents the direction in which cellular connectivity continues to evolve. Compared with earlier generations, 5G offers higher transmission speed and bandwidth, lower latency, greater reliability and higher connection density. These capabilities support the timely and continuous transmission of data between devices, the edge and the cloud in the AI era. We possess end-to-end 5G cellular baseband technologies, covering 5G protocol stacks, baseband and RF technologies, and complete chipset development and commercialization. Building on these technologies, our 5G products comprise two categories: 5G NR and 5G RedCap. Our 5G NR products address high-throughput mobile broadband and industrial connectivity applications. Our 5G RedCap products address IoT and smart device applications that require lower throughput and have tighter power, form factor and cost requirements. These products are used in mobile broadband and fixed wireless access devices, communication modules and CPE/MiFi, and in smart grid, industrial IoT, vehicle and smart wearable applications.

BUSINESS

The following table sets forth representative cellular connectivity chips we offer under each 5G product category:

Product Category	Key Features	Representative Products
5G NR.	Speed: high data throughput Network: NR, LTE, WCDMA and GSM, in standalone and non-standalone architectures Integration: integrated or external memory, plus high-speed interfaces Design focus: performance, with carrier aggregation and downlink 4x4 MIMO	– ASR1901 (first commercialized 5G NR product) – ASR1906 (next-generation product built on a 6nm process node)
5G RedCap. .	Speed: moderate data throughput Network: 5G connectivity at reduced device and system complexity Integration: baseband, RF and memory on one chip Design focus: lower power and cost, with choice of processor, operating system and memory	– ASR1903 (flexible configurations for modules and industrial applications) – ASR1905 (next-generation product for industrial IoT)

5G NR Chips. Our 5G NR products address high throughput applications, including mobile broadband, fixed wireless access and industrial connectivity. They support NR, LTE, WCDMA and GSM in standalone and non-standalone architectures, and offer carrier aggregation, downlink 4x4 MIMO and flexible memory and high-speed interface configurations. Our 5G NR products have achieved commercial deployment. ASR1901, our first commercialized 5G NR product, entered mass production in early 2026. It is used in Indonesia’s first 5G standalone fixed wireless access deployment on the 1.4 GHz spectrum band, led by a leading Indonesian telecommunications operator. Our next-generation ASR1906 was undergoing engineering validation as of the Latest Practicable Date. We expect customer introduction of ASR1906 to commence progressively from around the first quarter of 2027.

5G RedCap Chips. Our 5G RedCap products address applications that require 5G connectivity, including modules, CPE/MiFi, smart grids, industrial IoT and vehicle connectivity. Compared with our 5G NR products, they have lower device and system complexity and lower maximum throughput, and may reduce power consumption and cost for these applications. They offer flexible processor, operating system and memory configurations, allowing customers to balance performance, power consumption, device size and system cost. Our 5G RedCap products have progressed to certification and commercialization. ASR1903 has completed field testing on commercial networks nationwide and has passed the qualification tests of major telecommunications operators in China. Over thirty modules and end products have been launched based on it, and we have achieved volume shipments to customers including ZTE and Flymodem. In March 2026, we launched ASR1905, our next-generation 5G RedCap product, which offers a smaller chip size, lower power consumption and a more cost-optimized design compared with ASR1903. ASR1905 was undergoing volume production validation as of the Latest Practicable Date. We also apply our 5G RedCap technologies to our smart device SoCs, integrating RedCap connectivity with application processing and on-device AI capabilities on a single chip. See “— Smart Device SoCs — Smart Wearable SoCs” for details.”

BUSINESS

Non-Cellular IoT Chips

Our non-cellular IoT chip products complement cellular baseband products by providing local or low-power wide-area connectivity. They comprise five product categories: Wi-Fi, Bluetooth, LoRa-based LPWAN, GNSS positioning and combo products integrating Wi-Fi and Bluetooth. Depending on the product and application, a non-cellular chip product may serve as a device’s main controller or operate alongside an external controller to provide connectivity or positioning. These products address smart home, consumer electronics, industrial IoT and other connected-device applications, where compact form factor, low power consumption, reliable connectivity and cost efficiency are important. Where an application requires both wide-area or mobile connectivity and local or short-range connectivity or positioning, customers may use the relevant non-cellular chip products together with cellular products in the same end device. These products are used in smart home devices and home appliances, wearables and asset trackers, industrial wireless control and sensor networks, and metering and smart city applications.

The following table sets forth the representative non-cellular IoT chips we offer under each product category:

Product Category	Key Features	Representative Products
Wi-Fi	Range: local wireless networking Power: low power consumption Role: main controller or alongside an external controller Design focus: rich peripheral interfaces and security features	ASR550X
Bluetooth . . .	Range: short-range links between nearby devices Power: low power consumption Role: highly integrated SoC combining radio, processing and power management Design focus: multiple data rates, positioning and Bluetooth Mesh	ASR560X
LoRa-based LPWAN . .	Range: long-range transmission Power: low power consumption over long deployment cycles Role: microcontroller and RF in a single SoC Design focus: broad frequency-band support; SoC or compact system-in-package	ASR6601; ASR650X

BUSINESS

Product Category	Key Features	Representative Products
GNSS positioning	Range: satellite coverage, for positioning rather than data transmission Power: low power consumption Role: adds location to devices that use our other chips Design focus: major satellite navigation systems, single- or multi-system positioning	ASR5311
Combo.	Range: Wi-Fi and Bluetooth on a single chip Power: low-power operating modes Role: main controller or alongside an external controller, depending on the model Design focus: Wi-Fi 6 and BLE in selected models; rapid provisioning and Mesh networking	ASR553X; ASR5952S; ASR5955S/T; ASR582X; ASR5825S/T

Wi-Fi Chips. Our Wi-Fi chips provide local wireless connectivity for home appliances, smart electronic products, industrial wireless control and sensor networks. Our ASR550X series comprises highly integrated WLAN SoCs that combines wireless communication, processing and power-management functions. They may serve as a device’s main controller or operate alongside an external controller to provide Wi-Fi connectivity, allowing customers to select an architecture suited to their functionality, power consumption, device size and cost requirements.

Bluetooth Chips. Our Bluetooth chips principally address low-power, short-range wireless connectivity applications. Our ASR560X series comprises highly integrated Bluetooth Low Energy SoCs that combines wireless communication, processing and power-management functions and supports multiple data rates, positioning functions and Bluetooth Mesh. They are suitable for wearable devices, tracking and positioning devices, data transmission and wireless peripherals.

LoRa-based LPWAN Chips. Our LoRa-based LPWAN chips are designed for applications requiring long-range wireless transmission with low power consumption. ASR6601 integrates a microcontroller and radio-frequency functions in a single SoC and supports LoRa across a broad range of frequency bands. Our ASR650X series provides compact system-in-package solutions supporting LoRa connectivity. These products are used in applications including smart cities, smart meters, smart agriculture, smart home, smart logistics and smart buildings.

GNSS Positioning Chips. Our GNSS positioning chips support major satellite navigation systems and enable single- and multi-system positioning. They add location capabilities to vehicle terminals, wearable devices, asset trackers, industrial equipment and other connected devices, and complement our wireless connectivity chips.

Combo Chips. Our combo chips integrate Wi-Fi and Bluetooth connectivity in a single chip, reducing external component count and simplifying device design. This category includes models supporting different Wi-Fi standards; selected models support Wi-Fi 6 and Bluetooth Low Energy, as well as rapid device provisioning and Mesh networking. Depending on the model, they may serve as a

BUSINESS

device’s main controller or operate alongside an external controller to provide wireless connectivity. They are used in smart home devices, home appliances, wearable devices, industrial wireless control, sensor networks, smart security devices and wireless data terminals.

Smart Device SoCs

Smart device SoCs integrate application processing, AI computing, connectivity, multimedia and other system functions on a single chip. They run the operating system and applications of devices such as smartphones, smart wearables, tablets, intelligent displays and other smart devices, enabling local data processing and connection to networks and cloud services. This integration can reduce external component count, board space, bill-of-materials cost and power consumption while simplifying system design. We develop our smart device SoCs using our integrated technology platform, comprising multi-mode cellular baseband technologies, in-house AI computing technologies and complex SoC design capabilities. We classify our smart device SoCs into smartphone SoCs, smart wearable SoCs and other smart device SoCs. The functions integrated into each category vary by product series, model and target application. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, we shipped 31.9 million, 29.0 million, 29.3 million, 11.2 million and 10.6 million units of smart device SoCs, respectively.

Our self-developed NPU, one of our core in-house AI computing technologies, enables on-device AI in our latest-generation smart device SoCs, including ASR8861 and ASR7801. It supports computation in INT4, INT8, FP16 and BF16 numerical formats and is compatible with major AI frameworks, including ONNX, TensorFlow and TensorFlow Lite. Within a SoC, it works together with CPU, GPU, ISP and VPU to process AI and multimedia workloads, supporting functions such as AI assistants, real-time voice and text translation, local voice interaction and visual enhancement, as well as the on-device deployment of large language models and vision language models. Processing these workloads on the device allows AI functions to operate where connectivity is limited or unavailable and may improve response times, power efficiency and data privacy. These products are used in smartphones, wearable devices, intelligent displays, educational devices and smart POS terminals.

The following table sets forth representative smart device SoCs we offer under each product category:

Product Category	Key Features	Representative Products
Smartphone SoCs.	Processing & AI: quad-core and octa-core CPUs with graphics, in-house ISP and VPU, and an NPU in selected models Connectivity: cellular, Wi-Fi, Bluetooth and satellite positioning Design focus: on-device AI, with AI assistants, on-device large language models and real-time translation running without reliance on cloud processing	– ASR8601 (first commercialized 4G smartphone SoC) – ASR8661 and ASR8662 (first-generation octa-core products) – ASR8861 (latest-generation, AI-enabled smartphone SoC) – ASR9601 (first 5G NR smartphone SoC)

BUSINESS

Product Category	Key Features	Representative Products
Smart Wearable SoCs.	Processing & AI: application processor with audio subsystem and a sensor hub that reduces main-processor wake-ups Connectivity: 4G or 5G RedCap connectivity, with satellite positioning Design focus: battery life and compact size, via single-chip designs and multi-level low-power modes	– ASR360X series and ASR3660 (4G RTOS) – ASR8601C and ASR8602C (4G Android) – ASR3901 (5G RedCap RTOS) – ASR8603 (Android-compatible smart wearable SoC with 5G RedCap connectivity)
Other Smart Device SoCs.	Processing & AI: quad-core and octa-core CPUs with in-house ISP and VPU, and an NPU in selected models for edge AI imaging Connectivity: multi-camera and multi-sensor inputs; cellular and satellite positioning in selected models Design focus: data security, with secure boot, isolated execution and a hardware encryption engine	– ASR7801 (AI-enabled) – ASR8602 (integrated LTE Cat.1)

Smartphone SoCs

Our smartphone SoCs are designed primarily for smartphones, while selected products also support smart modules, tablets and other intelligent devices. The product series cover quad-core and octa-core architectures and integrate application processing, connectivity and multimedia functions. Our latest-generation smartphone SoCs also integrate an in-house ISP and VPU, and selected models integrate our self-developed NPU. Flexible memory and storage configurations are available across this product category.

The representative products described below illustrate the successive generations of our smartphone SoCs, along which we have progressively enhanced processing and AI capabilities and extended connectivity from 4G to 5G, while advancing each generation through customer validation into volume production. ASR8601, our first commercialized 4G smartphone SoC, had achieved cumulative shipments of approximately 5.8 million units as of June 30, 2026, validating its performance and overall reliability when running the Android platform. Building on this quad-core architecture, ASR8661 and ASR8662, our first-generation octa-core products, have entered volume production and have been adopted in smartphones, tablets and other intelligent devices. Advancing this product category to on-device AI, ASR8861, our latest-generation smartphone SoC, is built on an advanced 6nm process, integrates our self-developed NPU and supports both LPDDR4x and LPDDR5/5x memory. Further extending this product category to 5G connectivity, ASR9601, our first 5G NR smartphone SoC, taped out in September 2025 and has since completed system-level testing. A second-generation product is now in development.

BUSINESS

Smart Wearable SoCs

Our smart wearable SoCs are highly integrated SoCs for smartwatches, health-monitoring devices and other wearable devices. They integrate the modem, RF transceiver, application processor, audio subsystem, sensor hub, satellite positioning and embedded memory, reducing external component count and supporting compact, power-efficient device designs. Our products in this category support different operating system, connectivity and performance configurations, including RTOS and Android, and 4G or 5G RedCap connectivity, allowing customers to select a configuration suited to their requirements.

The representative products described below illustrate how we have extended this product category from 4G to 5G RedCap connectivity and from RTOS to Android. ASR3660, our latest 4G wearable SoC based on a RTOS, incorporates a 2.5D graphics processor and more than 130 motion algorithms for activity recognition, and customer projects based on it have entered volume production. ASR3901 extends our RTOS-based wearable SoCs to 5G RedCap and has commenced volume shipments. More than 20 devices based on it have obtained network-access certification from the MIIT. ASR8603 further extends the category to Android, and is, according to Frost & Sullivan, the world’s first chip product to combine RedCap connectivity with smart operating system capabilities.

Other Smart Device SoCs

Our other smart device SoCs are designed for intelligent displays, educational devices, smart POS terminals and other intelligent devices for industrial and vertical-specific applications. Our representative products in this category, ASR7801 and ASR8602, address different performance, integration and cost requirements. ASR7801 is a 6nm high-performance AI-enabled SoC that integrates our in-house ISP, VPU and NPU and supports multi-camera and multi-sensor connectivity for AI-enabled imaging, multimedia processing and other edge AI applications. ASR8602 integrates LTE Cat.1, non-cellular connectivity and satellite positioning, and incorporates security features such as Arm TrustZone, secure boot and a hardware encryption engine. It is designed for applications that do not require the processing performance or cellular throughput of ASR7801, including educational devices, intelligent terminals and other smart IoT devices.

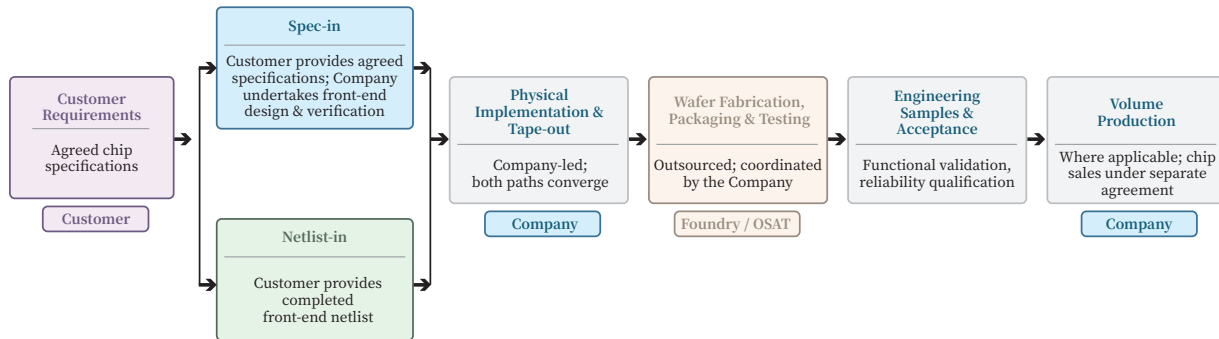
Custom ASIC Solutions

AI applications are increasingly deployed across devices, the edge and the cloud, and customers require chips tailored to specific requirements for computing performance, power consumption, latency, interfaces, integration, cost and deployment environments. General-purpose chips may not meet these application-specific requirements. We entered this business in 2018, when a leading AI company selected us, following a competitive selection process involving several international chip design companies, to develop large-scale cloud inference chips. We expanded into high-performance RISC-V and edge AI custom chips in 2022, and since 2024 demand for application-specific chips has expanded our project pipeline. Our ASIC customers today include hyperscalers and leading AI and semiconductor companies. Our custom ASIC projects cover AI computing, including inference at the edge and in the cloud, RISC-V, enterprise storage, robotic vision, smart wearables and industrial control.

Our custom ASIC solutions and our ASR-branded product business reinforce each other. Volume production of ASR-branded products has validated and refined our cellular baseband, AI computing and complex SoC design capabilities, reusable IP and supporting software, which we apply directly to custom ASIC solutions. Our advanced-node design and verification, design-to-production and supplier-coordination experience can be reused in custom ASIC solutions, while custom ASIC solutions in turn extend these capabilities to advanced process nodes, complex architectures and emerging applications, generating know-how that we apply to subsequent products and projects. We believe this interaction differentiates us from providers focused primarily on standalone chip products or design services alone.

BUSINESS

We generally undertake custom ASIC projects under a turnkey model, under which we support a project from the agreed starting point through to volume production. The principal stages of our ASIC workflow are summarized below:



- **Project initiation and specification.** We confirm the customer’s requirements, chip specifications, architecture and project scope, including the IP to be used or licensed.
- **Design and verification.** We carry out front-end design, IP selection and integration and functional verification, as applicable to the agreed scope. Each party generally retains its pre-existing IP. Under Spec-in engagements, we typically retain our proprietary design database, source code and underlying IP and grant the customer the rights required to implement the agreed product. Under Netlist-in engagements, rights in the final GDSII file are allocated under the relevant project agreement. Any expanded or joint rights are subject to the relevant agreement and may require separate authorization fees.
- **Physical implementation and tape-out.** We undertake back-end physical implementation and related verification, complete design reviews and release the design for tape-out.
- **Foundry and OSAT coordination.** We coordinate wafer fabrication with our foundry partners and packaging and testing with OSAT vendors in accordance with the agreed specifications.
- **Engineering sample delivery, validation and qualification.** We deliver packaged engineering samples and support functional validation, performance testing and reliability qualification, including design iteration and re-tape-out where required.
- **Volume production and agreed support.** Following validation and qualification, we support the transition to volume production and, depending on the agreed scope, provide supporting software and other production support.

Within this turnkey model, projects principally differ according to the stage of the workflow at which the customer engages us, and the scope of our work and our charging arrangements vary accordingly.

- **Spec-in.** The customer provides the agreed chip specifications, and we undertake front-end SoC design and back-end physical implementation, together with other agreed design and validation work. The broader scope generally uses more of our proprietary design capabilities and IP. The period from project kick-off to volume production is typically approximately 15 to 18 months, and Spec-in currently represents the larger share of our ASIC business.

BUSINESS

- **Netlist-in.** The customer provides a completed front-end netlist, and we undertake back-end physical implementation, tape-out and the agreed production support activities. The narrower scope generally results in a shorter project cycle, with the period from project kick-off to volume production typically approximately 12 months.

Our charging arrangements vary with the scope agreed for each project. We generally charge NRE fees for the design and delivery of a project. Where a project proceeds to volume production, we sell the customized chips to customers under separate purchase orders. As of June 30, 2026, we had successfully delivered dozens of custom ASIC projects, including designs using process nodes as advanced as 4nm, each of which achieved first-pass silicon success and passed customer acceptance. As of June 30, 2026, our order backlog of custom ASIC solutions was over RMB1.5 billion.

OUR TECHNOLOGY

We have devoted sustained R&D efforts to building an integrated technology platform shared across our ASR-branded products and custom ASIC solutions. It rests on three pillars: multi-mode cellular baseband technologies, AI computing technologies and complex SoC design capabilities. The pillars may be used independently or in combination according to the requirements of the relevant product or project.

We have developed our technology platform in-house since our inception in 2015, when we began developing cellular baseband and smart device chips. Our acquisition of Marvell’s Mobile Business Unit in 2017 strengthened our cellular baseband and application-processor capabilities, and our core team has since developed and iterated all of our current-generation technologies in-house. Over successive product generations, we have extended these capabilities from cellular baseband into complex SoC design and, more recently, into AI computing, where our NPU architecture and supporting toolchains have been developed entirely in-house. These three pillars are shared across our wireless connectivity chips, smart device SoCs and custom ASIC solutions.

Substantially all of our core IP has been validated through volume production of our ASR-branded products. We reuse proven IP, software and design methodologies across products and customer projects, reducing duplicative development and reliance on externally sourced IP. We also make selected mature IP available in certain ASIC engagements, subject to the relevant contractual arrangements.

The three pillars support different parts of our portfolio as follows:

- **Multi-mode cellular baseband technologies.** They process radio signals and run communication protocols for cellular network access all across standards from 2G to 5G, including 5G NR and RedCap, and include independently developed protocol stacks, baseband and RF circuit design and power-management technologies. They primarily enable our wireless connectivity chips, the connectivity functions of our smart device SoCs and the connectivity elements of the customized chips we design under our custom ASIC solutions.
- **AI computing technologies.** They include our self-developed NPU architecture and supporting software for on-device AI, as well as technologies for application-specific AI computing at the edge and in the cloud. They primarily enable selected recent smart device SoCs and our AI-focused custom ASIC solutions.
- **Complex SoC design capabilities.** They integrate processing, memory and high-speed interfaces, graphics and display, imaging, sensing, security and power management into complex chips and support their transition to volume production. They primarily enable our smart device SoCs, our custom ASIC solutions and selected IP licensing in connection with ASIC engagements.

BUSINESS

Multi-Mode Cellular Baseband Technologies

Our multi-mode cellular baseband capabilities cover all standards from 2G to 5G, with ongoing development for 5G-Advanced and pre-research toward 6G. They include independently developed multi-mode protocol stacks, baseband and RF circuit design and power-management technologies. The protocol stacks can be reused and adapted across product series and configurations, supporting deployment in different countries and operator network environments. Our 5G network slicing technology enables differentiated control over latency, bandwidth and reliability.

Our Wi-Fi, Bluetooth, LoRa-based LPWAN, GNSS positioning and satellite communications technologies complement our cellular capabilities. Cellular connectivity provides wide-area, mobile and predictable network access, which is useful for devices that must transmit data while moving or operating over a wide geographic area. Together, our cellular and non-cellular technologies enable devices to transmit data to and from systems at the edge and in the cloud and broaden the applications addressed by our wireless connectivity chips and smart device SoCs.

Selected products integrate baseband, RF, memory, audio and other system functions on a single chip. This can reduce external components, bill-of-materials cost and board space, simplify system design and improve power efficiency. ASR1803, ASR1806, ASR1803SC and ASR3901 demonstrate this integration across cellular applications.

AI Computing Technologies

AI applications increasingly require data transmission and local or remote workload processing. Our AI computing technologies address these requirements across devices, the edge and the cloud. Processing close to the device can reduce latency and data-transmission requirements for applications relying on video or sensor inputs and can support operation where connectivity is limited or data is sensitive.

- **On-device AI computing.** Our self-developed NPU executes AI models on devices. Its architecture supports mainstream AI models and computing capacities from 0.2 TOPS to hundreds of TOPS, spanning always-on voice wake-up to on-device large language models. We also develop supporting software to adapt models to the computing and battery constraints of devices. These technologies support on-device generative AI, real-time translation, video enhancement and other local inference tasks.
- **Cloud AI architecture.** Certain AI workloads are too demanding to run on devices. Our large-scale heterogeneous AI chip design technology supports the development of complex AI ASICs and cloud computing chips integrating tens of billions of transistors, which we apply through our custom ASIC solutions, primarily for cloud inference.
- **Coordinating AI across devices, the edge and the cloud.** We develop edge-computing, edge-cloud model collaboration and heterogeneous compute scheduling technologies to allocate workloads according to latency, computing and power requirements, including where an application must respond in real time or continue to operate when a cloud connection is unavailable.

BUSINESS

We began investing in NPU technologies in 2018, when we acquired a dedicated NPU team, and have since developed several NPU generations and a proprietary software toolchain for model conversion, quantization, compilation and runtime execution. The toolchain supports models developed using mainstream AI frameworks and deployment of commonly used large language models on end devices. We upgrade the NPU architecture approximately annually and the software operator library monthly. Our latest-generation NPU delivers up to 20 TOPS of INT8 on-device AI computing power and is integrated into selected recent smart device SoCs, including ASR8861 and ASR7801. We integrate our NPU into our own smart device SoCs and, where a project so requires, into the customized chips we design for our ASIC customers, and we do not license it to third parties on a standalone basis.

Complex SoC Design Capabilities

Integrating the connectivity and AI capabilities described above into a single, complete chip design requires complex SoC design capabilities. We develop selected functions in-house, including an ISP, VPU, graphics and display technologies, low-power sensing technologies and a sensor hub. Our high-speed interface circuits provide data paths between computing units, memory and external devices, including memory interfaces, USB, PCIe, MIPI and high-speed serial interfaces. Our self-developed DDR PHY IP connects an on-chip memory controller to external memory and has been deployed in smartphone SoCs and AI-related customized chips.

These modular functions allow us to configure smart device SoCs for smartphones, smart wearables and other smart devices according to processing, multimedia and sensing requirements. Power consumption is a key consideration in these design choices, which we address through single-die integration, low-power blocks such as our sensor hub, and the adoption of more advanced process nodes across product generations. Our modular architectures, IP and supporting software can also be adapted to different communication standards, AI models, operating systems and hardware environments. We provide software and sample design support alongside the chips to reduce customers’ integration work.

Delivering a complex chip also requires reliable execution through volume production. Our capabilities cover system architecture, IP selection and reuse, design, verification, physical implementation and tape-out, coordination with foundries and OSAT vendors, quality checks and volume-production support. We have applied these capabilities across our ASR-branded products and custom ASIC solutions and have completed tape-outs and volume production of complex chips with our foundry and OSAT partners. These capabilities support our custom ASIC solutions from chip definition and design through volume production.

OUR RESEARCH AND DEVELOPMENT

Our R&D Force

Our R&D activities support the development of the three technology pillars and the ASR-branded products and custom ASIC solutions that use them. We have made, and will continue to make, substantial R&D investments. In 2023, 2024, 2025 and the six months ended June 30, 2026, our R&D expenses were RMB1,115.8 million, RMB1,241.8 million, RMB1,298.7 million and RMB663.3 million, respectively, representing 42.9%, 36.7%, 34.0% and 27.1% of our total revenue for the respective periods.

Our R&D capabilities are supported by an interdisciplinary team of engineers. As of June 30, 2026, we had 1,180 R&D personnel, representing approximately 90% of our total employees. Approximately 74.7% of our R&D personnel held master’s degrees or higher, including 23 doctoral degree holders. Our team includes technology specialists and senior engineers with experience at leading global wireless communications companies and expertise in system architecture, signal processing, communication protocol stacks, and digital, analog and RF circuit design.

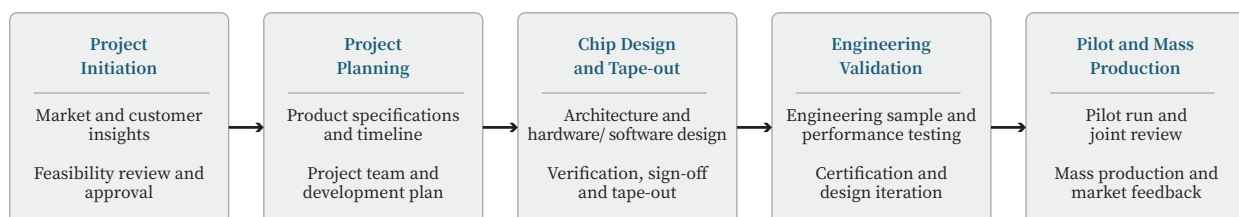
BUSINESS

Our R&D organization combines centralized development of foundational technologies with product-specific development. Functional teams develop and maintain reusable assets and methodologies across cellular baseband, AI computing and complex SoC design, supported by digital, analog, RF, software and verification functions. These assets include IP for signal processing, analog and RF circuits, protocol stacks and low-power design, which can be reused across product categories.

Our R&D Approach and Process

We identify potential R&D programs based on our development strategy, industry and technology trends, and customer requirements. Our internal R&D process comprises the following stages:

- **Project initiation.** Our marketing team monitors emerging technologies, industry developments and customer demand. Together with our R&D and operations teams, it conducts a feasibility analysis covering product positioning, target market and preliminary technical assessment and submits a proposal to a project review committee. The committee decides whether to approve the project based on technical and business feasibility.
- **Project planning.** For approved projects, our marketing, sales and R&D teams jointly prepare a development plan setting out the timeline, product specifications and hardware and software requirements. We appoint a project manager and assemble a cross-departmental project team before the project enters the design stage.
- **Chip design.** Our system architects define the product architecture. Specialized teams then conduct functional module design, including logic design, physical layout, simulation and verification. In parallel, our software teams develop associated firmware, protocol software and system-level simulations. Each stage involves design reviews and sign-offs, and we conduct extensive simulation and verification before releasing the design data to the foundry for tape-out.
- **Engineering validation.** Once our foundry and OSAT partners return packaged engineering samples, our operations and R&D teams conduct engineering validation and performance testing. If validation identifies design deficiencies, we revise the design and, if necessary, tape out a new version. Our cellular products also undergo certification testing with mobile network operators before commercial deployment.
- **Pilot production and volume production.** Following pilot production runs, the project manager organizes a joint review by our marketing, operations and R&D teams. Upon approval, the product enters volume production. After launch, our marketing team tracks sales performance, customer feedback and competitive dynamics, and these inputs are considered in subsequent product iterations and next-generation product definition.



BUSINESS

SALES AND MARKETING

Overview

We serve customers through a combination of direct sales and distributor channels. Direct relationships allow us to understand customer requirements and provide technical and after-sales support. We also sell a substantial portion of our ASR-branded products through distributors, including buy-out distribution arrangements and consignment distribution arrangements. We engage distributors principally to serve efficiently a large and diversified base of downstream customers across a wide range of applications. The following table sets forth the breakdown of our revenue by sales channel, in absolute amounts and as a percentage of our total revenue, for the periods indicated:

	For the year ended December 31,						For the six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
(RMB in thousands, except for percentages)										
							(Unaudited)		(Unaudited)	
Direct Sales	463,282	17.8	593,527	17.5	658,725	17.3	356,020	18.8	535,161	21.9
Distribution	2,136,634	82.2	2,792,216	82.5	3,158,078	82.7	1,542,046	81.2	1,916,114	78.2
Buy-out Distribution . . .	220,657	8.5	147,747	4.4	171,962	4.5	83,581	4.4	86,264	3.5
Consignment Distribution	1,915,977	73.7	2,644,469	78.1	2,986,116	78.2	1,458,465	76.8	1,829,850	74.6
Total	<u>2,599,916</u>	<u>100.0</u>	<u>3,385,743</u>	<u>100.0</u>	<u>3,816,803</u>	<u>100.0</u>	<u>1,898,066</u>	<u>100.0</u>	<u>2,451,275</u>	<u>100.0</u>

Direct Sales

Our direct customers principally include (i) module manufacturers and device manufacturers that purchase our ASR-branded products in volume and (ii) customers of our custom ASIC solutions. For our custom ASIC solutions, we contract with customers on a project basis in accordance with their agreed specifications, as described in “— Our Products and Services — Custom ASIC Solutions.” For our ASR-branded products, we sell to these customers mainly under standard direct sales agreements, the salient terms of which during the Track Record Period are set out below:

- **Pricing policy.** The selling price of our products is separately agreed in the purchase order placed by the customer, and unit prices are exclusive of tax unless otherwise agreed.
- **Payment.** We typically require our customers to make prepayment in full after we accept the order and before shipment, and we may suspend performance or terminate the agreement if payment is materially overdue.
- **Logistics and transfer of risks.** We deliver the products to the customer or its designated consignee or carrier, and unless otherwise agreed in the order the trade term is EXW, with risks transferred to the customer upon delivery.
- **Warranty arrangements.** Our customers inspect the products upon delivery and are generally entitled to replacement or replenishment of products that do not meet the agreed quality standards or specifications, provided they raise the objection within the agreed inspection period.
- **Termination.** Either party may terminate for the other party’s unrectified material breach, bankruptcy or insolvency, or where a force majeure event continues beyond the agreed period.

BUSINESS

Distributorship

We sell a substantial portion of our ASR-branded products through distributors, principally to serve efficiently a large and diversified base of downstream customers across a wide range of applications. According to Frost & Sullivan, the use of distributors is a common practice among fabless semiconductor companies supplying wireless connectivity chips.

Most of our distribution sales are made under consignment arrangements, under which we retain primary responsibility for downstream-customer development and technical engagement. Our sales and technical teams identify and approach downstream customers, agree on product models and pricing with them, and provide technical support directly, while the distributor provides warehousing and stocking support, arranges delivery and collects payments. Our contractual counterparty under these arrangements is the distributor, and its payment obligation to us is generally not contingent upon its collection of payment from the downstream customer. We recognize relevant revenue when the distributor ships our products to the downstream customer and submits a consignment settlement statement to us. The remainder of our distribution sales are made under buy-out arrangements, under which the distributor purchases our products for resale to its own customers and bears the related inventory risk, and we recognize revenue upon delivery.

Given the nature of these arrangements, and in particular our direct engagement with downstream customers under our consignment model, we have adopted a relatively concentrated distributor network. A limited number of distributors with sufficient scale, financial strength and operational capabilities is sufficient to support our downstream customers, and concentrating our distribution volume among such distributors improves our operating efficiency and facilitates channel management. Accordingly, although a substantial portion of our revenue is recorded against a small number of distributors, such revenue represents sales to a diversified base of underlying downstream customers across numerous application scenarios. See also “— Our Customers” below for a discussion of our customer concentration.

Distributor Selection and Management

We select distributors based on their reputation and credibility in the relevant markets and application sectors, including their financial strength and their ability to provide reliable warehousing, logistics and payment-collection support. We evaluate their performance on an ongoing basis by reference to criteria including order fulfilment, logistics and inventory management, payment performance and responsiveness.

We maintain regular communication with our distributors and the relevant downstream customers and monitor sales and inventory information. Where a distributor’s performance is unsatisfactory, we may require it to take remedial measures or replace it. Because we originate and maintain relationships with downstream customers ourselves, and the functions performed by our distributors are standardized and readily available from other authorized distributors, we do not consider ourselves unduly dependent on any individual distributor. If a distributor ceased to act for us, we believe we could transition the relevant downstream customers to another distributor, or serve them directly, without material disruption to our business.

Distribution Network

The following table sets forth the movements in the number of distributors, as calculated on a group basis, during the Track Record Period:

BUSINESS

	For the year ended December 31,			For the six months ended
	2023	2024	2025	June 30, 2026
Number at the beginning of the year/period	20	20	11	9
Number of newly engaged distributors ⁽¹⁾	–	3	–	–
Number of terminated distributors ⁽²⁾	–	12	2	2
Number at the end of the year/period	20	11	9	7

- (1) New distributors refer to distributor groups that recorded at least one sales transaction with us or any of our subsidiaries in the relevant year/period and did not record any sales transaction with us or any of our subsidiaries in the immediately preceding calendar year.
- (2) Terminated distributors refer to distributor groups that recorded at least one sales transaction with us or any of our subsidiaries in the immediately preceding calendar year and did not record any sales transaction with us or any of our subsidiaries in the relevant year/period. The decrease in the number of our distributors in 2024 primarily reflected our proactive optimization of our distribution network, under which we concentrated our distribution volume among distributors with greater scale, financial strength and operational capabilities, so as to improve our operating efficiency and facilitate channel management.

Distribution Agreement

We enter into standardized framework distribution agreements with our distributors. While the specific commercial terms may vary depending on the applicable distribution arrangement, the key terms of these agreements primarily include:

- ***Duration.*** The agreement is effective from signing and continues until terminated in accordance with its terms.
- ***Geographical exclusivity.*** We generally appoint distributors on a non-exclusive basis, and they may distribute our products only within their designated territories.
- ***Payment and credit terms.*** Prices are determined in accordance with our applicable price policies and the relevant purchase orders or territory term sheets. Distributors are generally required to settle the relevant amounts within 45 days of the relevant invoice. Under consignment arrangements, the payment schedule is independent of the timing of revenue recognition, and distributors are generally required to make payment regardless of whether they have received payment from the relevant downstream customer.
- ***Delivery and transfer of title and risk of loss.*** Products are generally delivered in accordance with the delivery terms specified in the relevant orders. Under buy-out arrangements, control of and the relevant risks relating to the products generally pass to the distributor upon delivery. Under consignment arrangements, products held by distributors remain included in our inventories until they are sold and delivered to downstream customers. We generally recognize revenue only after the distributor has shipped our products to the relevant downstream customer and submitted a consignment settlement statement to us.
- ***Warranty and return.*** We generally provide a warranty period of 12 months from the distributor’s shipment of the relevant products to its customer and generally do not accept returns other than for quality issues or other limited circumstances expressly provided in the applicable agreements. During the Track Record Period, our distributors did not return products to us.

BUSINESS

- **Termination.** Either party may terminate the agreement in accordance with its terms, including upon the other party’s unrectified material breach, bankruptcy or insolvency. Termination does not release either party from its obligation to pay amounts then due.

To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, all our distributors were Independent Third Parties, with no employment, financial or familial relationship with us. Over the same period, we did not terminate any distributor for material breach of a distribution agreement, and we did not have any material dispute with our distributors.

Prevention of Channel Stuffing

We have adopted measures to align shipments to distributors with demands from downstream customers and to mitigate the risk of channel stuffing, including:

- **Demand-driven ordering.** We generally do not impose mandatory sales targets on distributors and encourage them to place orders and arrange shipments based on actual market demand and sales forecasts.
- **Regular communications.** Our sales and marketing team maintains regular communications with distributors and relevant downstream customers to understand sales performance, expected demand and inventory requirements.

Based on the foregoing measures, we believe that our risk of channel stuffing is low. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any material procurement or sales activity by our distributors that was inconsistent with actual demands from downstream customers.

Pricing

We price our products based on several factors, including (i) customer demand; (ii) the competitive landscape, including our strengths relative to competitors, their pricing strategies and our customers’ cost sensitivity; and (iii) product costs, which cover production, R&D and operational costs and vary by product type. After we set base prices on these factors, we adjust pricing on a case-by-case basis to reflect specific customer requirements.

Marketing

Marketing plays a strategic role in supporting our operations and market position. We rely primarily on our technical strength and our reputation among customers, and we participate in industry associations, professional exhibitions and technical conferences to strengthen our engagement with industry customers and partners and to raise the profile of our Company and our products in our target markets. Our customers’ actual applications and successful deployments, together with word-of-mouth referrals, form an important basis for our market development.

We conduct our market communications in a professional and practical manner, principally through product materials, technical documentation and application case studies that demonstrate the functions, performance and application advantages of our products. Through continued technology investment, an expanding customer base and successful product deployments, we seek to strengthen market recognition of our products and technological capabilities in support of our continued business development.

OUR CUSTOMERS

During the Track Record Period, customers for our ASR-branded products consisted of distributors of electronic components and, under direct sales, module manufacturers and device manufacturers. Customers for our custom ASIC solutions were primarily internet, AI and semiconductor companies. Our revenue generated from sales to the five largest customers in each year/period during the Track

BUSINESS

Record Period amounted to RMB2,083.6 million, RMB2,780.6 million, RMB3,150.9 million and RMB1,957.8 million, respectively, representing 80.1%, 82.1%, 82.6% and 79.9% of our total revenue for the corresponding years/periods. Our revenue generated from the largest customer in each year/period during the Track Record Period amounted to RMB1,108.9 million, RMB1,255.8 million, RMB1,433.9 million and RMB904.3 million, respectively, representing 42.7%, 37.1%, 37.6% and 36.9% of our total revenue for the corresponding years/periods. During the Track Record Period, our customers settled amounts due to us by bank transfer.

The following table sets out certain information on our five largest customers in each year/period of the Track Record Period:

Customer	Type of Products Purchased	Commencement of Business Relationship	Credit Term	Revenue Contribution (RMB'000)	% of Total Revenue (%)
For the year ended December 31, 2023					
Customer A ⁽¹⁾	Wireless connectivity chips	2017	Around 45 days	1,108,886	42.7
Customer B ⁽²⁾	Wireless connectivity chips	2018	Around 45 days	425,117	16.4
Customer C ⁽³⁾	Wireless connectivity chips	2021	Around 45 days	225,120	8.7
Customer D ⁽⁴⁾	Wireless connectivity chips	2017	Around 45 days	201,464	7.8
Customer E ⁽⁵⁾	ASIC	2019	10 days	122,983	4.7
Total				2,083,569	80.1
For the year ended December 31, 2024					
Customer A ⁽¹⁾	Wireless connectivity chips	2017	Around 45 days	1,255,833	37.1
Customer B ⁽²⁾	Wireless connectivity chips	2018	Around 45 days	722,042	21.3
Customer D ⁽⁴⁾	Wireless connectivity chips	2017	Around 45 days	445,927	13.2
Customer C ⁽³⁾	Wireless connectivity chips	2021	Around 45 days	232,724	6.9
Customer F ⁽⁶⁾	ASIC	2019	Prepayment	124,059	3.7
Total				2,780,584	82.1
For the year ended December 31, 2025					
Customer A ⁽¹⁾	Wireless connectivity chips	2017	Around 45 days	1,433,906	37.6
Customer B ⁽²⁾	Wireless connectivity chips	2018	Around 45 days	848,336	22.2
Customer D ⁽⁴⁾	Wireless connectivity chips	2017	Around 45 days	441,900	11.6
Customer C ⁽³⁾	Wireless connectivity chips	2021	Around 45 days	278,508	7.3
Customer G ⁽⁷⁾	Wireless connectivity chips	2018	Prepayment	148,259	3.9
Total				3,150,909	82.6
For the six months ended June 30, 2026					
Customer A ⁽¹⁾	Wireless connectivity chips	2017	Around 45 days	904,346	36.9
Customer B ⁽²⁾	Wireless connectivity chips	2018	Around 45 days	462,376	18.9
Customer D ⁽⁴⁾	Wireless connectivity chips	2017	Around 45 days	329,667	13.4
Customer C ⁽³⁾	Wireless connectivity chips	2021	Around 45 days	159,532	6.5
Customer H ⁽⁸⁾	ASIC	2025	20 days	101,847	4.2
Total				1,957,768	79.9

- (1) Customer A is a private company established in 2010 and headquartered in Guangdong Province, China, primarily engaged in the distribution of electronic components in fields such as mobile communications and consumer electronics. The revenue set out above represents our sales to this customer and other entities within the same group.
- (2) Customer B is a private company established in 2010 and headquartered in Shanghai, China, primarily engaged in the distribution of electronic components. The revenue set out above represents our sales to this customer and other entities within the same group.
- (3) Customer C is a private company established in 2021 and headquartered in Shanghai, China, primarily engaged in technical services and product development related to the software and information technology services industry. The revenue set out above represents our sales to this customer and other entities within the same group.

BUSINESS

- (4) Customer D is a public company established in 1993 and headquartered in Taiwan, China, primarily engaged in the processing, manufacturing and trading of various electronic components and finished products. Customer D is listed on the Taiwan Stock Exchange. The revenue set out above represents our sales to this customer and other entities within the same group.
- (5) Customer E is a private company established in 2017 and headquartered in Jiangsu Province, China, primarily engaged in integrated circuit research and development.
- (6) Customer F is a public company established in 2016 and headquartered in Guangdong Province, China, primarily engaged in the research, development and sale of semiconductor products for enterprise applications. Customer F is listed on the Shenzhen Stock Exchange. The revenue set out above represents our sales to this customer and other entities within the same group.
- (7) Customer G is a private company established in 2010 and headquartered in Shanghai, China, primarily engaged in the research and development of wireless communication and IoT products. The revenue set out above represents our sales to this customer and other entities within the same group.
- (8) Customer H is a private company established in 2017 and headquartered in Shandong Province, China, primarily engaged in the research and development and sale of virtual reality devices and related software.

To the best of our knowledge, none of our Directors, their respective associates or any shareholder who owned more than 5% of our Company’s issued share capital as of the Latest Practicable Date had any interest in any of our five largest customers in each year/period during the Track Record Period.

During each year/period of the Track Record Period, a majority of our revenue was generated from a small number of customers, principally because a substantial portion of our ASR-branded products is sold through a small number of distributors, which together serve a large and diversified base of downstream customers across a wide range of applications. This concentration reflects our deliberate choice to work with a limited number of distributors for operating efficiency, in line with industry practice, rather than dependence on any particular distributor. Under our consignment arrangements, which accounted for the substantial majority of our distribution sales, we identify and approach the downstream customers ourselves and retain the direct commercial and technical relationships with them, while distributors principally provide warehousing, logistics and payment-collection support. These functions are standardized and can be performed by other distributors. See “— Sales and Marketing — Distributorship” for details. The revenue contribution of our largest customer decreased from 42.7% in 2023 to 36.9% in the six months ended June 30, 2026, and the composition of our five largest customers changed during the Track Record Period. Taking into account the foregoing, including our diversified underlying downstream-customer base, our direct relationships with downstream customers and our ability to replace distributors or serve downstream customers directly, our Directors are of the view that we are not unduly dependent on any single customer or distributor.

OUR SUPPLY CHAIN MANAGEMENT

Overview

As a fabless semiconductor company, we do not own wafer fabrication, packaging or testing facilities. Our outsourced production process generally includes wafer fabrication, bumping, wafer sort, assembly, final testing and system-level testing. Our suppliers therefore consist principally of foundries, which fabricate our wafers, and OSAT vendors, which perform packaging and testing. Together, they account for the substantial majority of our purchases. We also purchase certain semiconductor products, third-party semiconductor IP, design software, equipment and outsourced technical services. We procure wafer fabrication and packaging and testing services for our ASR-branded products and custom ASIC solutions on a unified basis, with commercial terms negotiated at group level. Consolidating the requirements of both businesses increases our aggregate volume with our manufacturing partners and supports our access to capacity and competitive commercial terms, while individual arrangements remain tailored to the relevant product or project requirements. During the Track Record Period and up to the Latest Practicable Date, we did not experience any disruption to our business as a result of a shortage

BUSINESS

of, or delay in, the supply of wafer fabrication or packaging and testing services, and we did not encounter any suspension or termination of our relationship with any major supplier or any material dispute with our suppliers.

Foundries

We engage leading foundries to fabricate our wafers on advanced process nodes, based strictly on our own designs and specifications. For each year/period of the Track Record Period, foundry services accounted for approximately 65% to 70% of our total purchases.

The salient terms of our agreements with foundries are set out below:

- **Duration.** Generally one to five years, with agreements of shorter initial terms renewing automatically for successive one-year periods unless terminated earlier or otherwise agreed.
- **Scope of supply.** We provide product parameters, technical specifications and process requirements to our foundry partners, and they fabricate wafer products in accordance with those requirements.
- **Production Volume.** We typically decide production volume on a purchase order basis, and where a foundry accepts our rolling forecast the near-term volumes are binding on us.
- **Payment.** We make payments according to the terms specified in the agreements or purchase orders, and payment is typically due upon receipt of invoice.
- **Logistics.** We collect the products from our foundry partners’ facilities at the times agreed between us, and the trade term is generally EXW, with title and risk of loss passing to us upon collection.
- **Quality control.** Our foundry partners are required to deliver products meeting our specified quality requirements and product specifications, and we are entitled to audit their quality and process controls and to request reliability reports.
- **Product return.** We have the right to reject, replace or return products that do not conform to our quality requirements or specifications due to the foundry’s fault, subject to notification within the agreed inspection period.
- **Term and termination.** Either party is entitled to terminate in accordance with the terms specified in the agreement, including for material breach, bankruptcy or insolvency of the other party.

OSAT Vendors

We engage OSAT vendors to handle chip packaging and testing. They apply quality control procedures designed to ensure that each chip meets our standards. For each year/period of the Track Record Period, OSAT services accounted for approximately 17% to 19% of our total purchases.

The salient terms of our agreements with OSAT vendors are set out below:

- **Duration.** Generally two to three years, renewing automatically for successive one-year periods unless a party gives notice of non-renewal, unless otherwise agreed.
- **Scope of supply.** We provide wafers or dies and technical specifications to our OSAT vendors, who are responsible for dicing, packaging and/or testing in accordance with our requirements, following a project introduction stage for each new product.

BUSINESS

- **Production Volume.** We typically decide production volume on a purchase order basis, with each order specifying the model, quantity, processing content, price and delivery terms.
- **Payment.** We typically settle with our OSAT vendors on a monthly basis and are generally granted a credit term of 30 to 60 days.
- **Logistics.** We deliver the wafers or dies to the vendor’s facility and collect the finished products from it, with freight and insurance borne by us.
- **Quality control.** We typically set assembly yield rates and other quality requirements in a separate quality agreement forming part of the processing agreement, and we evaluate each vendor periodically against agreed performance indicators.
- **Product return.** We have the right to reject, replace or return products that do not conform to our quality requirements or specifications due to the vendor’s fault, subject to notification within the agreed inspection period.
- **Term and termination.** Either party is entitled to terminate in accordance with the terms specified in the agreement, generally on one to three months’ prior written notice or for material breach by the other party.

IP Cores and Design Tools Providers

We procure certain third-party semiconductor IP cores and EDA tools to support the design, verification and development of our ASR-branded products and custom ASIC solutions. The third-party IP cores we procure primarily comprise standardized functional, interface and other supporting IP cores used to perform specific functions within our chips, while the EDA tools we license support various stages of our development workflow. Such licensed technologies serve as pre-verified foundational elements that improve development efficiency, facilitate compatibility with industry standards and allow our R&D teams to focus their resources on our proprietary technologies and differentiated product functions.

The core functionality and differentiated performance of our products are principally supported by technologies and IP developed in-house. Substantially all of our core IP has been validated through the volume production of our ASR-branded products, including our proprietary cellular baseband, AI computing and high-speed interface technologies. Our growing portfolio of reusable and mass-production-validated IP reduces our reliance on externally sourced IP and supports reuse across our ASR-branded products and custom ASIC solutions. Third-party IP cores and EDA tools complement, rather than replace, these proprietary capabilities. We select third-party technologies primarily where they provide standardized or supporting functions, or where the use of established industry solutions can reduce duplicative development work, shorten development cycles and manage execution risk.

The salient terms of our agreements with IP core and EDA tool providers are set out below:

- **Scope of license.** Providers generally grant us non-exclusive and non-transferable licenses to use specified IP cores or EDA tools for the development of agreed products. Depending on the agreement, the license may also include related technical documentation, software updates, maintenance and technical support. The agreements generally restrict unauthorized distribution, assignment, sublicensing and reverse engineering of the licensed technologies.
- **Fees and payment.** We generally pay fixed license fees, and may also pay separate support fees and royalties, depending on the licensed technology and contractual arrangement. Payments are generally made in installments over the license term.

BUSINESS

- **Intellectual property rights.** Each party generally retains ownership of its pre-existing intellectual property. Our agreements specify the permitted use of the licensed technology in our chip design activities and, where applicable, allocate ownership and usage rights in modifications, improvements or other developments arising during the license term.
- **Termination.** The agreements may generally be terminated upon expiry, mutual agreement, material breach, insolvency or other specified events.

Supply Chain Management and Risk Mitigation

We select and assess our suppliers based on a range of factors, including technological expertise, product quality and quality control, price, delivery capability, service and responsiveness, and overall track record. Before we admit a new supplier, we review its commercial capability and its background, including its legal qualifications, its credit and compliance records and any connected relationship with us. For key manufacturing partners, we also conduct on-site reviews of their manufacturing facilities, quality systems and operational processes, and require samples for testing against our technical specifications. Only suppliers that pass this review are recorded as qualified suppliers and may enter into a framework agreement with us. We manage our qualified suppliers on an ongoing basis, maintaining dedicated communication channels for production scheduling, capacity planning and technical support, reviewing their performance regularly and adjusting our qualified supplier list where material issues arise.

The global foundry market is characterized by high technological barriers to entry and significant concentration among a small number of leading providers, particularly at advanced process nodes. According to Frost & Sullivan, a relatively high degree of concentration in wafer foundry procurement is considered an industry norm among fabless semiconductor companies. A significant portion of our wafer procurement is placed with Supplier A, which was our largest but not our sole foundry partner in each year/period of the Track Record Period. We selected Supplier A principally for its process technology, yield levels, production maturity and capacity at the advanced nodes that our products require, which are important to the quality and reliability of our products. We have worked with Supplier A since 2017 and have maintained a stable long-term relationship with it, under which we have obtained consistent access to advanced-node capacity, without any suspension or termination of the relationship or any material dispute during the Track Record Period and up to the Latest Practicable Date.

We also maintain alternative sources of supply. According to Frost & Sullivan, other qualified foundries with comparable advanced-node capabilities are available in the market. For our procurement categories other than advanced-node wafer fabrication, we have qualified multiple suppliers and are able to allocate orders among them. As transitioning a product in volume production to another foundry would require product redesign and requalification, we plan our capacity requirements and product roadmap accordingly, and we have adopted the following measures to support stable supply:

- **Qualified supplier pool.** We maintain qualified suppliers for each key manufacturing step and engage additional foundries and OSAT vendors as our product requirements evolve.
- **Inventory management.** We maintain inventory levels of key products having regard to lead times, expected demand and market availability, and review these levels periodically.
- **Rolling forecasts.** We provide rolling forecasts and advance production schedules to our manufacturing partners to assist them in planning capacity.
- **Dedicated communication channels.** We maintain dedicated channels with our major manufacturing partners for production scheduling, capacity planning and technical support.

BUSINESS

- **Performance review.** We review supplier performance regularly against agreed quality metrics and maintain our qualified supplier list accordingly.
- **Monitoring of alternative capacity.** We maintain an ongoing understanding of the process technologies and capacity arrangements of other qualified foundries at the process nodes relevant to our products, so as to support our capacity planning and the flexibility of our supply arrangements.
- **Diversification for other categories.** For mature process nodes, packaging and testing and our other procurement categories, we continue to engage additional qualified suppliers to broaden our supply base over time.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any shortage of, or material delay in, the supply of wafer fabrication or packaging and testing services that materially affected our ability to accept or fulfil customer orders. We have worked with Supplier A since 2017 and have established a long-term and stable collaboration. We maintained a constructive working relationship with Supplier A and did not experience any material dispute with it during the Track Record Period and up to the Latest Practicable Date. Other qualified foundries are available, and we have adopted the measures set out above. Based on the foregoing, our Directors do not expect any material adverse change in our relationship with Supplier A. Our Directors are also of the view that our concentration of advanced-node wafer procurement is not expected to have a material adverse effect on our business, results of operations or financial condition.

Our Major Suppliers

During the Track Record Period, our suppliers primarily consisted of foundries and OSAT vendors, together with suppliers of semiconductor products and third-party semiconductor IP. Our purchases from our five largest suppliers in each year/period during the Track Record Period amounted to RMB1,920.0 million, RMB2,214.9 million, RMB2,672.1 million and RMB1,697.8 million, respectively, representing 75.0%, 77.6%, 71.4% and 74.8% of our total purchases for the corresponding years/periods. Our purchases from our largest supplier in each year/period during the Track Record Period amounted to RMB1,340.8 million, RMB1,470.8 million, RMB1,705.2 million and RMB1,158.4 million, respectively, representing 52.4%, 51.5%, 45.5% and 51.1% of our total purchases for the corresponding years/periods. We believe we have a good relationship with our major suppliers. For suppliers who grant us a credit period, the term is typically 30 to 60 days, and we settle amounts due to our suppliers by bank transfer.

The following table sets out certain information on our five largest suppliers in each year/period of the Track Record Period:

Supplier	Type of Products/Services Provided	Commencement of Business Relationship	Credit Term	Purchase Amount (RMB'000)	% of Total Purchase (%)
<i>For the year ended December 31, 2023</i>					
Supplier A ⁽¹⁾	Wafer	2017	Upon receipt	1,340,750	52.4
Supplier B ⁽²⁾	Assembly & test	2019	45 days	244,557	9.6
Supplier C ⁽³⁾	Assembly & test	2017	30-60 days	120,234	4.7
Supplier D ⁽⁴⁾	Memory products	2017	30 days	118,279	4.6
Supplier E ⁽⁵⁾	Memory products	2019	30 days	96,211	3.8
Total				1,920,031	75.0

BUSINESS

Supplier	Type of Products/Services Provided	Commencement of Business Relationship	Credit Term	Purchase Amount (RMB'000)	% of Total Purchase (%)
<i>For the year ended December 31, 2024</i>					
Supplier A ⁽¹⁾	Wafer	2017	Upon receipt	1,470,814	51.5
Supplier B ⁽²⁾	Assembly & test	2019	45 days	328,939	11.5
Supplier F ⁽⁶⁾	IP	2018	Upon receipt	185,603	6.5
Supplier C ⁽³⁾	Assembly & test	2017	30-60 days	121,680	4.3
Supplier D ⁽⁴⁾	Memory products	2017	30 days	107,911	3.8
Total				2,214,947	77.6

Supplier	Type of Products/Services Provided	Commencement of Business Relationship	Credit Term	Purchase Amount (RMB'000)	% of Total Purchase (%)
<i>For the year ended December 31, 2025</i>					
Supplier A ⁽¹⁾	Wafer	2017	Upon receipt	1,705,171	45.5
Supplier B ⁽²⁾	Assembly & test	2019	45 days	436,940	11.7
Supplier F ⁽⁶⁾	IP	2018	Upon receipt	238,144	6.4
Supplier D ⁽⁴⁾	Memory products	2017	30 days	161,796	4.3
Supplier E ⁽⁵⁾	Memory products	2019	30 days	130,083	3.5
Total				2,672,134	71.4

Supplier	Type of Products/Services Provided	Commencement of Business Relationship	Credit Term	Purchase Amount (RMB'000)	% of Total Purchase (%)
<i>For the six months ended June 30, 2026</i>					
Supplier A ⁽¹⁾	Wafer	2017	Upon receipt	1,158,373	51.1
Supplier B ⁽²⁾	Assembly & test	2019	45 days	254,007	11.2
Supplier G ⁽⁷⁾	Memory products	2018	30 days	128,008	5.6
Supplier D ⁽⁴⁾	Memory products	2017	30 days	81,229	3.6
Supplier C ⁽³⁾	Assembly & test	2017	30-60 days	76,209	3.4
Total				1,697,826	74.8

- Supplier A is a public company established in 1987 and headquartered in Taiwan, China, primarily engaged in dedicated integrated circuit manufacturing. Supplier A is listed on the Taiwan Stock Exchange and New York Stock Exchange.
- Supplier B is a public company established in 2017 and headquartered in Zhejiang Province, China, primarily engaged in the development of integrated circuit packaging and testing solutions. Supplier B is listed on the Shanghai Stock Exchange. The purchase amount set out above represents our purchases from this supplier and other entities within the same group.
- Supplier C is a public company established in 2018 and headquartered in Taiwan, China, primarily engaged in integrated circuit packaging and testing services. Supplier C is listed on the Taiwan Stock Exchange and New York Stock Exchange. The purchase amount set out above represents our purchases from this supplier and other entities within the same group.
- Supplier D is a public company established in 1987 and headquartered in Taiwan, China, primarily engaged in the design, development, manufacture and sale of semiconductor products. Supplier D is listed on the Taiwan Stock Exchange. The purchase amount set out above represents our purchases from this supplier and other entities within the same group.
- Supplier E is a private company established in 2016 and headquartered in Guangdong Province, China, primarily engaged in the sale of electronic components and integrated circuits.
- Supplier F is a private company established in 2016 and headquartered in Guangdong Province, China, primarily engaged in the design and licensing of semiconductor intellectual property.
- Supplier G is a private company established in 2010 and headquartered in Shanghai, China, primarily engaged in the distribution of electronic components. The purchase amount set out above represents our purchases from this supplier and other entities within the same group.

BUSINESS

To the best of our knowledge, none of our Directors, their respective associates or any shareholder who owned more than 5% of our Company’s issued share capital as of the Latest Practicable Date had any interest in any of our five largest suppliers in each year/period during the Track Record Period.

To the best of our knowledge and as of the Latest Practicable Date, we were not aware of any information or arrangement that would lead to the termination of our relationships with any of our major suppliers. For the reasons for, and the measures we have adopted in respect of, our supplier concentration, see “— Supply Chain Management and Risk Mitigation.” During the Track Record Period, we did not experience any material fluctuation in the prices set by our suppliers, any material breach of contract on the part of our suppliers or any material delay in the delivery of our orders. Our procurement in categories other than advanced-node wafer fabrication, including packaging and testing, semiconductor products and third-party IP and EDA tools, is spread across multiple suppliers.

OVERLAPPING OF CUSTOMERS AND SUPPLIERS

Among our five largest customers in each year/period during the Track Record Period, one customer was also our supplier. Among our five largest suppliers in each year/period during the Track Record Period, one supplier was also our customer. In each case the party concerned was Customer B, which was also Supplier G. Details are set out below.

Customer B/Supplier G was one of our five largest customers in 2023, 2024, 2025 and the six months ended June 30, 2026 and was also our supplier during the Track Record Period. Customer B/Supplier G, was one of our five largest suppliers for the six months ended June 30, 2026. Customer B/Supplier G is a private company established in 2010 and headquartered in Shanghai, China, primarily engaged in the distribution of electronic components. It purchases our ASR-branded products for onward sale to downstream customers. Separately, it supplies us with memory chips, which we use in certain of our chip products and reference designs.

Our sales of ASR-branded products to Customer B/Supplier G amounted to RMB425.1 million, RMB722.0 million, RMB848.3 million and RMB462.4 million in 2023, 2024, 2025 and the six months ended June 30, 2026, representing 16.4%, 21.3%, 22.2% and 18.9% of our total revenue for the same years/period, respectively. Our purchases from Customer B/Supplier G were nil in 2023, 2024 and 2025, and amounted to RMB128.0 million in the six months ended June 30, 2026, representing 5.6% of our total purchases for that period.

Negotiations of the terms of our sales to and purchases from this overlapping customer and supplier were conducted on an individual basis, and the sales and purchases were neither interconnected nor inter-conditional with each other. Our Directors confirm that all transactions with this overlapping customer and supplier were conducted in the ordinary course of business and were based on normal commercial terms and at arm’s length.

QUALITY CONTROL

We are committed to high product quality. We have designed and implemented a quality management system and obtained certifications under internationally recognized standards, including ISO 9001:2015. We have also established a management review process to assess our quality management system regularly and monitor its implementation. By continuously refining our internal processes, we support overall product quality and safety.

BUSINESS

R&D Activities

We control product quality and safety from the design stage onwards. Project initiation, tape-out and volume production each require formal review and sign-off by the project leader and the heads of our marketing, R&D, quality assurance and management functions before the project can proceed. Our quality assurance department sets the criteria a product must meet before release and participates in the volume-production review. Product quality information identified after launch is reviewed through our quality-management processes and considered in subsequent product versions. See also “— Our Research and Development — Our R&D Approach and Process.”

Supply Chain Management

We have established a supplier management system to ensure the quality and reliability of the processes, products and services we obtain from outside our Group. We place production-related orders only with suppliers that have passed our supplier review. Our quality assurance department coordinates supplier quality management, and we conduct periodic evaluations of suppliers. We also enter into separate quality agreements with our packaging and testing partners, which set out the yield rates and other quality standards they must meet. See also “— Our Supply Chain Management — Supplier Management.”

Warranty and After-sales Services

We provide customer service through an after-sales management system and a dedicated support team. Our sales, operations and quality assurance teams handle customer enquiries, technical support and quality complaints together, and we process returns under our return material authorization procedure. Where a customer raises a quality complaint, we require the packaging and testing partner responsible to identify the root cause and complete an agreed corrective action plan within a set period.

Through this quality management approach, we seek to maintain the reliability of our products. During the Track Record Period and up to the Latest Practicable Date, we did not experience any product liability claim due to quality issues that was material to our business, results of operations or financial position.

TRANSFER PRICING ARRANGEMENT

During the Track Record Period and up to the Latest Practicable Date, we conducted certain intra-group transactions among our Company and our subsidiaries in the ordinary course of business to facilitate the respective functions of our Group entities. Such transactions primarily comprised sales of chip products, provision of research and development and operational support services, licensing of intellectual property and intercompany financing. We entered into framework agreements governing such transactions and implemented transfer pricing policies having regard to the functions performed, assets employed and risks assumed by the relevant Group entities.

We engage professional tax advisors to review our intra-group transactions and assist in preparing applicable transfer pricing documentation. We determine the pricing of different types of intra-group transactions with reference to appropriate transfer pricing methods and benchmarking analyses, having regard to the nature and circumstances of the relevant transactions. We regularly monitor the implementation of our transfer pricing policies and make adjustments where appropriate to ensure that the results of the relevant intra-group transactions remain consistent with the arm’s length principle. Based on such reviews, we believe that our transfer pricing arrangements during the Track Record Period were consistent with the arm’s length principle.

BUSINESS

During the Track Record Period and up to the Latest Practicable Date, we had not received any audits, investigations, inquiries or challenges from the relevant tax authorities in connection with our transfer pricing arrangements. We intend to continue to engage professional tax advisors to review our transfer pricing arrangements and assist in preparing applicable contemporaneous documentation to support our ongoing compliance with relevant transfer pricing laws and regulations.

DATA PRIVACY AND SECURITY

In the course of our business operations, we collect, store and process business, administrative and transaction data, including information relating to our enterprise customers, suppliers and other business partners, such as their names, addresses, business contact details and order and transaction records. Our customers are primarily enterprises rather than individual consumers. As a provider of semiconductor products and design services, we transact primarily with enterprise customers and generally do not interact directly with individual end users. In the ordinary course of our business, we generally do not access or collect personal information or data of end users located in any country or region through our products or services. We may nevertheless process limited personal information relating to our employees and the representatives and contact persons of our customers, suppliers and other business partners where necessary for human resources management and ordinary business operations.

We attach importance to data privacy and information security and have established policies, procedures and controls to protect the confidentiality, integrity and availability of the data and information we process. Our principal measures include data and confidentiality classification, role-based access controls, identity authentication and authorization, network and system security controls, encryption of important R&D files during transmission, information backup and recovery arrangements, password management, protection of trade secrets, document control and confidentiality procedures, employee confidentiality obligations, operation and access logging, security testing and incident response measures. Access to confidential information is limited to authorized personnel based on their responsibilities and business needs. To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, we were not aware of any material cybersecurity incident or data breach that had a material adverse effect on our business.

During the Track Record Period and up to the Latest Practicable Date, we did not receive any notice or determination from a competent regulatory authority identifying us as a critical information infrastructure operator, and we were not an operator of critical information infrastructure under the Regulation for Safe Protection of Critical Information Infrastructure. As advised by our PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, we had complied with the applicable PRC laws and regulations relating to data privacy and security in all material respects. See “Risk Factors — Risks Relating to the Jurisdictions in which We Operate Our Business — 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.”

COMPETITION

The markets in which we operate are highly competitive, with both established international players and emerging domestic companies. We compete across our principal product and service offerings, comprising wireless connectivity chips, smart device SoCs and custom ASIC solutions. In wireless connectivity chips, we compete with semiconductor companies offering cellular baseband products and other connectivity products. In smart device SoCs, we compete with suppliers serving different device categories and application scenarios. In custom ASIC solutions, we compete with providers that offer their own chip products alongside chip design services and with providers focused primarily on customer-specific chip design projects.

BUSINESS

The principal competitive factors vary by product and service offering. For wireless connectivity chips, these factors include the breadth of supported communication standards, baseband and RF integration, protocol software, power consumption, product coverage, certification experience and large-scale commercialization capabilities. For smart device SoCs, they include chip architecture and system integration, processing performance and power efficiency, integration of connectivity, multimedia and AI computing functions, coordinated hardware and software development, product configuration and customer support. For custom ASIC solutions, they include technology capabilities, development efficiency, project execution and commercialization experience, including design and verification, tape-out, advanced-node design, project management, volume-production support, coordination with foundries and OSAT vendors, and the availability and reuse of proprietary IP.

We believe our position is supported by the combination of our three technology pillars, our reusable and mass-production-validated IP and our experience bringing complex chips through design, tape-out and volume production. We apply these capabilities across ASR-branded products and custom ASIC solutions and coordinate the relevant foundry and OSAT resources.

See “Industry Overview” for further information on the competitive landscape of the markets in which we operate. See also “Risk Factors — 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 if we fail to keep pace with technological developments and evolving industry standards, our business, results of operations, financial condition and prospects could be materially and adversely affected.”

INTELLECTUAL PROPERTY

We hold a broad portfolio of intellectual property rights related to our core technologies. To protect these rights, we rely on patent, trademark, copyright, domain name, trade secret and other proprietary-rights laws in the PRC, together with confidentiality procedures and contractual provisions.

As of June 30, 2026, we had 246 registered patents, 46 trademarks, 21 software copyrights, 161 integrated circuit layout design rights and one domain name registered in the PRC. For details of our material intellectual property rights, see “Appendix IV — Statutory and General Information — B. Further Information About Our Business — 2. Intellectual Property Rights.”

We seek to comply with applicable intellectual property laws. As advised by our PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, we had complied with all PRC applicable intellectual property laws and regulations in all material respects. Our Directors confirm that, during the Track Record Period and as of the Latest Practicable Date, we were not involved in any intellectual property infringement actions that, individually or in the aggregate, would have a material and adverse effect on our business, financial condition and results of operations.

We protect our intellectual property in several ways: we file intellectual property registrations and applications; we use anti-counterfeiting measures, especially for designs and trademarks; and we pursue litigation in response to actual or potential infringement. Despite these efforts, third parties may still obtain and misuse our intellectual property without authorization. During the Track Record Period and up to the Latest Practicable Date, to the best of our knowledge, we did not identify any such misappropriation of our intellectual property rights. Unauthorized use of our intellectual property by third parties, and the cost of protecting our rights, may adversely affect our business and results of operations. For details of the related risks, see “Risk Factors — Risks Relating to Our Industry and Business — 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” and “We may become subject to intellectual property infringement or other claims by third parties, which could be costly and disrupt our business.”

BUSINESS

EMPLOYEES

As of June 30, 2026, we had 1,313 full-time employees, substantially all of whom are based in Chinese Mainland. The following table sets forth the number of our full-time employees by function as of June 30, 2026:

Function	Number of Employees	% of Total
Research and development	1,180	89.9
Sales and marketing	17	1.3
Finance	11	0.8
General and administrative	105	8.0
Total	1,313	100.0

We recruit mainly through on-campus job fairs, recruitment agencies, online channels and internal referrals. We provide regular training and reviews on internal policies and work skills to support employees in improving their performance.

As required under PRC labor laws, we enter into individual employment contracts with our employees. These contracts cover matters such as wages, bonuses, employee benefits, workplace safety and grounds for termination. We also include confidentiality obligations in the employment contracts of our key employees. In compliance with PRC regulations, we participate in and contribute to social insurance, including pension, medical, maternity, work-related injury and unemployment insurance, and the housing provident fund.

We believe we have maintained good working relationships with our employees. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material labor dispute or strike that had a material adverse effect on our business, financial condition or results of operations.

INSURANCE

We consider our insurance coverage adequate. We maintain all the mandatory insurance policies required by PRC laws and regulations and consistent with industry practice. Our employee-related insurance consists of pension insurance, maternity insurance, unemployment insurance, work-related injury insurance and medical insurance, as required by PRC laws and regulations. In addition to the statutory social insurance and housing provident fund contributions, we also provide our employees with commercial insurance. We also maintain directors and officers liability insurance and property comprehensive insurance covering our offices and equipment.

We do not maintain business interruption insurance or product liability insurance. These are not mandatory under PRC laws, and, according to Frost & Sullivan, it is not uncommon in the industry not to maintain such insurance. We also do not maintain key-man life insurance or insurance covering damage to our network infrastructure or information technology systems. See “Risk Factors — Risks Relating to Our Industry and Business — We have limited insurance coverage, and any claims beyond our insurance coverage may result in additional costs and a diversion of resources.” During the Track Record Period and up to the Latest Practicable Date, we did not make any material insurance claim in relation to our business.

BUSINESS

AWARDS AND RECOGNITIONS

We have received numerous awards and recognitions from local governments and industry associations. The following table summarizes the major awards and recognitions we received during the Track Record Period:

Award/Recognition	Year Granted	Granting Authority
Innovation Breakthrough Award (創新突破獎) at the 2026 China IC Design Innovation Conference	2026	China Integrated Circuit Design Innovation Alliance
Chip Power Award (優秀引擎獎) at the 2025 China Innovative IC Awards	2025	China Integrated Circuit Design Innovation Alliance
Shanghai Innovative Products Recommendation Catalogue	2025	Shanghai Municipal Commission of Economy and Informatization
Shanghai Manufacturing Single Champion	2025	Shanghai Municipal Commission of Economy and Informatization
Second Prize of the Shanghai Science and Technology Progress Award	2025	Shanghai Municipal People’s Government
2024 Shanghai High and New Technology Enterprise Innovation Top 100 List. . . .	2024	Shanghai Technology Innovation Center
2024 Shanghai Key Service Listed Unicorn Enterprise	2024	Shanghai Municipal Commission of Economy and Informatization
Top 100 Enterprises on the 2024 Shanghai Specialized and Sophisticated “Little Giant” Enterprise Brand Value List . . .	2024	Shanghai Small and Medium Enterprise Development Service Center
High and New Technology Enterprise (re-accreditation)	2024	Shanghai Municipal Science and Technology Commission, Shanghai Municipal Finance Bureau, and Shanghai Municipal Tax Service of the State Taxation Administration
First Batch of Shanghai Innovative Enterprise Headquarters	2023	Office of the Leading Group for Strategic Emerging Industries of Shanghai Municipality

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

We are committed to fostering sustainable practices, promoting social responsibility and maintaining strong governance standards, reflecting our dedication to Environmental, Social and Governance (“ESG”) principles. As a fabless semiconductor company, our operations focus on chip design, research and development and related supporting activities. We operate primarily from office and R&D premises and work with outsourced manufacturing partners. These characteristics inform our approach to ESG management and our attention to responsible operations and relevant value chain practices.

BUSINESS

We have established a structured ESG governance framework comprising three levels to ensure systematic, standardized and effective management of ESG matters.

At the highest level, our Board of Directors has overall responsibility for overseeing and determining our environmental, social and climate-related risks and opportunities, approving ESG-related disclosures, establishing and adopting our ESG policies and targets, and reviewing our ESG performance annually against the targets and revising our ESG strategies as appropriate if significant variance from the target is identified.

At the management level, senior management serves as the leadership body for ESG work, providing strategic direction and coordinating resources across departments. Following the [REDACTED], the Strategy and ESG Committee of the Board will be responsible for studying, analyzing and evaluating ESG-related matters, deliberating on our Company’s ESG strategic direction and objectives, and reviewing ESG disclosures and material sustainability issues.

At the execution level, an ESG Working Group, composed of heads of relevant departments, coordinates day-to-day ESG management, conducts materiality analysis, formulates management objectives for environmental, social and governance topics, collects relevant data and organizes the preparation of our ESG disclosures. The ESG Working Group reports to the Board on an annual basis on our ESG performance and the effectiveness of our ESG systems.

ESG MATERIALITY AND MANAGEMENT

Based on the characteristics of our business, our employee-focused operating model and the expectations of our stakeholders, we identify and prioritize material ESG topics relevant to our operations and value chain. These topics include environmental management and resource efficiency, employee development and health and safety, ESG-related aspects of supply chain management, product quality and safety, business ethics and corporate governance, innovation-driven development and others.

We routinely conduct materiality assessments to identify potential ESG issues applicable to our Group by considering factors including regulatory frameworks, stakeholder priorities and the impact of such issues on our business operations, financial performance and development sustainability. Through our ESG governance structure and day-to-day management processes, we coordinate relevant measures across departments, review related information and continue to enhance our policies, procedures and disclosures as appropriate. This approach supports the integration of ESG considerations into our operations and ongoing engagement with stakeholders.

During the Track Record Period and up to the Latest Practicable Date, as advised by our PRC Legal Advisor, we had complied with all applicable PRC laws and regulations in relation to social, health, safety and environmental matters in all material respects, and we had not been subject to any material claims, fines or other penalties due to non-compliance with PRC social, health, safety or environmental laws and regulations.

Potential Impacts of ESG-related Risks

Given the nature of our business as a fabless semiconductor company, we do not generate material emissions or waste and do not cause significant pollution. Nonetheless, we monitor environmental and climate-related risks that may impact our business, strategy and financial performance and evaluate the magnitude of the resulting impact over the short-, medium- and long-term horizons. We monitor a wide range of indicators, such as power consumption, to manage environmental and climate-related risks arising from our operations.

BUSINESS

We have incorporated ESG-related risks into our risk management process and assess such risks on a qualitative basis. We actively identify climate change risks and opportunities and set up dedicated response initiatives to enhance our ability to cope with climate change in a comprehensive manner. We assess the impact of climate change risks under different scenarios and classify the risk levels accordingly. During the Track Record Period, we have not incurred significant capital expenditure or compliance costs related to climate and environmental protection.

Strategies for Addressing ESG-related Risks

We are adopting various strategies and measures to identify, assess, manage and mitigate ESG and climate-related risks, including but not limited to:

- reviewing and evaluating ESG reports of comparable companies in the industry so as to ensure timely identification of general ESG-related risks; and
- encouraging our ESG Working Group and other employees to participate in various ESG-related trainings and campaigns to ensure professional and effective ESG management.

In addition, we take comprehensive measures to mitigate, adapt and build resilience to the impact of the environment on our business, strategies and financial performance, which are summarized below:

Areas	Key Measures
Extreme weather	We regularly assess the potential impact of extreme weather on our operations, strengthen data backup management and obtain appropriate insurance coverage.
Energy consumption	In office, we encourage day-to-day energy saving practices such as thrifty light use and air conditioner settings, and regularly monitor electricity consumption.
Water consumption	We are committed to minimizing water consumption while maintaining normal operations through the implementation of water conservation measures. In daily operations, we promote water-saving awareness among our employees and prevent unnecessary water consumption by regular inspection and maintenance of our water systems.
Recycling	We actively embrace the circular economy on the path toward green transformation. We integrate recycling principles into our daily operations to improve resource utilization and reduce environmental impact. Our initiatives include plastics recycling and office paper reuse.
Waste management	We actively promote waste classification and ensure proper disposal and recycling in our office and business activities. Hazardous waste, including electronic waste, is classified and disposed of in accordance with applicable regulations.

Environmental Responsibility

As a fabless semiconductor company, we do not own or operate wafer fabrication, packaging or testing facilities. Our environmental management focuses on the electricity consumption and resource use associated with our office and R&D premises. Energy conservation awareness is promoted among

BUSINESS

employees, supported by the purchase and use of energy-efficient equipment and routine measures such as scheduled lighting and air-conditioning controls. Water is used for domestic and office purposes and supplied through municipal networks. Operational waste principally consists of office waste and a small quantity of electronic waste, which is classified and disposed of in accordance with applicable regulations.

Environmental considerations are also reflected in our management of packaging and testing suppliers. We require such suppliers to maintain ISO 14001 environmental management system certification, and encourage packaging and testing suppliers to submit Corporate Social Responsibility assessment reports to us, covering areas such as cleaner production and wastewater treatment.

Metrics and Targets

The ESG Working Group sets targets for each material KPI at the beginning of each financial year in accordance with the disclosure requirements of Appendix C2 to the Listing Rules and other relevant rules and regulations upon [REDACTED]. The relevant targets on material KPIs will be reviewed by the Board on an annual basis to ensure that they remain appropriate to the needs of our Group.

In setting targets for the KPIs, we have taken into account their respective historical levels and have considered our future business expansion thoroughly and prudently with a view to balancing business growth and environmental protection to achieve sustainable development. Our Board has overall responsibility for overseeing and determining our ESG development direction and strategies and approving our ESG policies, report and significant matters.

We identify the range of greenhouse gas emissions that we mainly generate as Scope 1 and Scope 2 emissions. Scope 1 emissions refer to direct greenhouse gas emissions primarily from the consumption of direct energy in our operations. Scope 2 emissions refer to indirect greenhouse gas emissions primarily from the consumption of purchased electricity at our office and R&D premises. As a fabless semiconductor company, we did not generate any direct GHG emissions under Scope 1 during the Track Record Period, and our GHG emissions therefore consisted solely of indirect GHG emissions under Scope 2. We monitor the following key environmental indicators:

	For the year ended December 31,			For the six months ended June 30,
	2023	2024	2025	2026
Total Scope 1 GHG emissions (tCO ₂ e)	–	–	–	–
Total Scope 2 GHG emissions (tCO ₂ e)	2,622.9	3,017.6	3,265.5	1,702.4
Purchased electricity consumption (MWh).	4,887.9	5,623.5	6,154.4	3,208.4

Social Responsibility

Employee Care and Development

A diversified and inclusive working environment is supported by merit-based recruitment that follows the principles of lawfulness, fairness, equality and voluntariness, together with a strict prohibition on employment discrimination. The workforce combines experienced senior professionals with dynamic younger talent, fostering a culture that brings together industry expertise and innovative perspectives.

BUSINESS

Employees receive competitive remuneration packages comprising base salary, performance bonuses and equity-based incentives, together with welfare benefits. We are committed to creating an open and inclusive culture that promotes equality and strives to provide a supportive workplace for all of our employees.

Training and development are managed systematically. Campus recruits undergo unified induction training, and external professionals are engaged from time to time to provide specialized training on topics including contract negotiation and anti-corruption.

Occupational Health and Safety

Workplace safety measures for our office and laboratory environments include hazard identification and assessment, regular fire safety inspections, routine safety patrols and annual health examinations for all employees. As we do not operate any production facilities, we are not subject to significant health, work safety, social or environmental risks.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material labor dispute, any work-related injury causing death or any other material workplace safety incident.

Corporate Governance and Business Ethics

Our business ethics framework includes the Anti-Fraud Policy and the Employee Anti-Bribery and Anti-Corruption Code of Conduct. These policies set out standards of conduct for employees and procedures for reporting suspected violations. The policies explain potential bribery and corruption conduct and our anti-bribery and anti-corruption measures. Improper payments prohibited by the policies include bribes, kickbacks, excessive gifts or facilitation payments, or any other payment made or offered to obtain an undue business advantage.

Our internal audit team is responsible for investigating reported incidents and taking appropriate measures as necessary. We conduct background check procedures before onboarding third parties and ensure that the engagement process is implemented fully in accordance with our policies. External professionals are engaged from time to time to provide anti-corruption and anti-commercial bribery training to relevant personnel.

Our anti-money laundering and sanctions compliance framework is being further developed through ongoing enhancements to related policies, procedures and training.

Supply Chain ESG Management

We consider a sustainable supply chain to be an integral part of our ESG strategy. We maintain close collaboration with our supply chain partners through standardized onboarding and evaluation processes, and have incorporated key ESG considerations, including product quality and qualification assessments, into our supplier evaluation framework.

We require our core packaging and testing suppliers to maintain environmental management systems certified under ISO 14001 and to comply with applicable environmental standards.

In addition, we encourage our suppliers to adopt management practices consistent with ESG requirements and to obtain relevant environmental and social management system certifications.

BUSINESS

PROPERTIES

As of June 30, 2026, we owned three properties in Chinese Mainland with an aggregate gross floor area (GFA) of approximately 536.0 sq.m. We use these properties as offices. As confirmed by our PRC Legal Advisor, we have obtained valid legal titles to these properties and land use rights for the land these buildings occupy, and we are entitled to legally occupy, use, benefit from, transfer, lease, mortgage or otherwise dispose of these properties.

As of June 30, 2026, we leased 27 properties from Independent Third Parties, including 23 in Chinese Mainland and four in overseas countries and regions, with a GFA of approximately 23,700 sq.m., which are primarily used as premises for R&D and office purposes. Our leased properties are used for non-property activities as defined under Rule 5.01(2) of the Listing Rules.

As of June 30, 2026, we did not have any single property with a book value accounting for 15% or more of our total assets. According to Chapter 5 of the Listing Rules and section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this document is exempt from the requirements of section 342(1)(b) of the Companies (Winding up and Miscellaneous Provisions) Ordinance to include all interests in land or buildings in a valuation report as described under paragraph 34(2) of the Third Schedule to the Companies (Winding up and Miscellaneous Provisions) Ordinance.

LICENSES, PERMITS AND APPROVALS

Our PRC Legal Advisor has advised that we have obtained all licenses, permits and certificates necessary to conduct our operations in all material respects from the relevant government authorities in the PRC during the Track Record Period and up to the Latest Practicable Date, and that such licenses, permits and certificates remained in effect as of the date of this document. We also do not anticipate any material difficulty in renewing these licenses, permits and certificates in the future. The following table sets forth the material licenses, permits and certificates currently held by us:

<u>License/Permit/Certificate</u>	<u>Holder</u>	<u>Grant Date</u>	<u>Expiration Date</u>
Registration Certificate for Customs Declaration . . .	Jiangsu Zhiduo Xin Electronic Technology Co., Ltd.	March 14, 2016	Perpetual
Filing Receipt for the Recordation of Customs Importer and Exporter of Goods.	Company ASR Smart Technology Co., Ltd.	August 19, 2020 January 27, 2021	Perpetual Perpetual
Filing Certificate for Customs Clearance	ASR Microelectronics (Shenzhen) Co., Ltd. ASR Innovation (Shanghai) Limited	June 28, 2023 April 14, 2026	Perpetual Perpetual

LEGAL PROCEEDINGS AND COMPLIANCE

As advised by our PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, we had not been involved in any claim, investigation, litigation, arbitration or administrative proceedings that could materially and adversely impact our operations, financial position, growth prospects, or reputation.

BUSINESS

During the Track Record Period and up to the Latest Practicable Date, we did not commit any material non-compliance of the laws and regulations, or experience any systemic non-compliance incident which, taken as a whole, in the opinion of our Directors, is likely to have a material adverse effect on our business, results of operations and financial condition. As advised by our PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, we had complied with the relevant PRC laws and regulations in all material respects.

RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management

We are exposed to various risks in our business operations, and we believe that risk management is important to our success. Our Directors oversee and manage the overall risks associated with our operations. We have prepared written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code and Corporate Governance Report as set out in Appendix C1 to the Listing Rules.

To monitor the ongoing implementation of our risk management policies and corporate governance measures after the [REDACTED], we have adopted, or will adopt, among other things, the following risk management measures:

- establish an Audit Committee to review and supervise our financial reporting process and internal control system;
- adopt various policies to ensure compliance with the Listing Rules, including but not limited to aspects related to risk management, connected transactions and information disclosure;
- provide anti-corruption and anti-bribery compliance training periodically to our senior management and employees to enhance their knowledge and compliance with applicable laws and regulations; and
- arrange for our Directors and senior management to attend training sessions on the relevant requirements of the Listing Rules and the duties of directors of companies [REDACTED] in Hong Kong.

We have formulated a series of anti-bribery compliance policies in accordance with the applicable laws and regulations as part of our internal control procedures. We have established an employee code of conduct, which covers anti-bribery compliance requirements in our business operations. We have also adopted an anti-fraud policy setting out our reporting channels, investigation procedures and disciplinary measures. Our employees involved in the accounting and finance function are required to be alert to any suspicious transactions and to report any suspected violations they identify. We also encourage all employees to report any suspicious violations in this area.

Internal Control

We engaged an independent internal control consultant to perform an assessment on the effectiveness of our internal controls, to identify deficiencies in our internal control system and to furnish recommendations on enhanced internal control measures. The work scope of our internal control consultant covered both company-level and process-level internal control assessments, including control environment, risk assessment, control activities, information and communication, monitoring, sales and accounts receivable management, procurement and accounts payable management, inventory

BUSINESS

management, production and cost control, human resources and compensation, fixed assets and intangible assets management, cash and treasury management, financial reporting and disclosure, insurance management, tax management, R&D management, and general IT controls.

Financial reporting risk management. We have in place a set of accounting policies in connection with our financial reporting risk management, such as financial report management policies, budget management policies and financial statements preparation policies. We also provide regular training to our finance department employees to ensure that they understand our financial management and accounting policies and implement them in our daily operations.

Legal compliance risk management. We have designed and adopted strict internal procedures to ensure the compliance of our business operations with the relevant rules and regulations. We have streamlined the process of application, maintenance and renewal of our licenses, permits and approvals. We continuously review the implementation of our risk management policies and measures to ensure that our policies and implementation are effective and sufficient. In addition, we strengthen our legal and compliance risk management by monitoring legal updates, including updates on the interpretation of applicable laws and regulations by relevant regulatory authorities, and accordingly updating our internal protocols and procedures in a timely manner.

Human resources risk management. We provide regular and specialized training tailored to the needs of our employees across different departments. We have in place an employee handbook approved by our management and distributed to all our employees, which sets out internal rules and guidelines on commercial practice and work ethics, together with our mechanisms for preventing fraud, negligence and corruption. We also provide employees with resources for explanation of guidelines contained in the employee handbook. We also have in place an anti-corruption policy to safeguard against corruption within our Company.

Information system risk management. Sufficient maintenance, storage and protection of customer data and our business data are critical to our success. We have established relevant internal procedures and controls to ensure that such data is protected and that leakage and loss of such data are avoided. We also regularly update our policies regarding our information system and engage in proactive threat monitoring and incident response.

Quality control and product safety internal control. We have implemented quality control measures to preserve the quality of our products. Our quality control team is responsible for formulating our quality control policies to ensure compliance with all applicable PRC laws and regulations. Our quality control process generally comprises: (i) quality control on product design and development; and (ii) quality control on transportation.

Internal audit and board oversight. We have established an internal audit team to monitor the implementation of our risk management policies across our Company on an ongoing basis to ensure that our internal control system effectively identifies, manages and mitigates risks involved in our business operations. The internal audit team is responsible for supervising our internal audit functions.