FINANCIAL INFORMATION

You should read the following discussion in conjunction with the consolidated financial statements and the notes thereto included in the Accountant's Report set out in Appendix I to this document which have been prepared in accordance with IFRS Accounting Standards and the selected historical financial information and operating data included elsewhere in this document. Our historical results do not necessarily indicate results expected for any future periods. The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. Our actual results may differ from those anticipated in these forward-looking statements as a result of any number of factors, including those set forth in "Forward-looking Statements" and "Risk Factors." In evaluating our business, you should carefully consider the information provided in "Risk Factors" in this document."

OVERVIEW

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.

We experienced rapid revenue growth during the Track Record Period. Our revenue increased by 30.2% from RMB2,599.9 million in 2023 to RMB3,385.7 million in 2024, and further by 12.7% to RMB3,816.8 million in 2025. Our revenue increased by 29.1% from RMB1,898.1 million for the six months ended June 30, 2025 to RMB2,451.3 million for the six months ended June 30, 2026. Our profitability fluctuated during the Track Record Period. In 2023, 2024 and 2025, we recorded net losses of RMB505.8 million, RMB693.0 million and RMB390.3 million, respectively. Our profitability improved substantially in the first half of 2026, as we turned from a net loss of RMB245.4 million for the six months ended June 30, 2025 to a net profit of RMB84.2 million for the six months ended June 30, 2026.

BASIS OF PREPARATION

Our historical financial information has been prepared in accordance with IFRS Accounting Standards. See Note 2 to the Accountant's Report in Appendix I to this document for more information on the basis of the preparation of our historical financial information. In addition, our historical financial information includes the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Listing Rules. We applied amendments to IFRS Accounting Standards which are mandatorily effective for the annual periods beginning on January 1, 2026 for the preparation of our consolidated financial statements. The new and amendments to IFRS Accounting Standards that have been issued but are not effective and have not been early adopted are set out in Note 2 to the Accountant's Report in Appendix I to this document.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business and results of operations are affected by a number of general factors, including overall economic conditions and growth in China and globally, the cyclicality of the semiconductor industry, technological developments in our addressable markets, geopolitical dynamics, and regulatory oversight and government policies. Our business and results of operations have also been, and will continue to be, affected by a number of company-specific factors, primarily including the following:

Industry Trends and Demand Across End Markets

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 wireless connectivity chips, smart device SoCs and custom ASIC solutions. Our ability to capture these opportunities is expected to be an important driver of our revenue growth and results of operations.

These industry trends are supporting demand across each of our principal offerings. For our wireless connectivity chips, the proliferation of AI-enabled devices and applications is raising connectivity requirements and accelerating the evolution of cellular technologies, driving continued growth in demand across cellular and non-cellular IoT, mobile broadband and other connected applications. 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 of 18.4%. For our smart device SoCs, the growing intelligence of connected devices is driving demand for SoCs that integrate application processing, connectivity and AI computing within tight power and cost constraints. 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 at a CAGR of 17.2%, while its AI segment is expected to grow from US$62.7 billion to US$151.0 billion over the same period at a CAGR of 24.6%. For our custom ASIC solutions, growing chip complexity and workload specialization, together with the broader shift of AI computing from training to inference and from the cloud toward the connected edge, are creating sustained demand for workload-optimized silicon across internet, robotics, automotive, enterprise storage and other applications. According to Frost & Sullivan, the global custom ASIC solution market is expected to grow from US$100.5 billion in 2026 to US$235.5 billion in 2030 at a CAGR of 23.7%, while its AI segment is expected to grow from US$58.4 billion to US$178.5 billion over the same period at a CAGR of 32.2%. See "Industry Overview" for further details.

Notwithstanding these structural growth trends, our results of operations are affected by the level and mix of actual end-market demand for the devices and systems that incorporate our products. The semiconductor industry is cyclical, and demand, pricing and inventory levels may fluctuate in response to macroeconomic conditions, downstream inventory adjustments, transitions in communications standards and technologies and changes in the supply-demand balance. Demand for our products and solutions also depends on the commercial success of end devices incorporating our products and the cost structures of the downstream devices in which our products are incorporated. For our custom ASIC solutions, the pace at which underlying demand translates into our revenue also depends on customers' project initiation, development and delivery schedules.

Our Ability to Develop and Commercialize New Products and Secure and Execute Custom ASIC Projects

The markets in which we operate are characterized by rapid technological advancement, evolving communications standards, the convergence of connectivity and computing on the same silicon, and the continued emergence of new AI-enabled use cases across devices, edge and cloud. Our ability to

capitalize on these opportunities through the development and commercialization of new ASR-branded products and the winning and delivery of new custom ASIC projects is therefore an important driver of our revenue growth and long-term competitiveness. Accordingly, the pace at which we develop new products and solutions, and the extent to which they are adopted by customers, have affected, and will continue to affect, our revenue growth and revenue mix.

Our ASR-branded products comprise (i) wireless connectivity chips, including cellular connectivity chips and non-cellular IoT chips, and (ii) smart device SoCs. The breadth of this portfolio enables us to address a wide range of customer requirements and application scenarios, including mobile broadband, industrial and commercial IoT, connected vehicles, wearables, smart financial terminals, smartphones, tablets and other smart devices. Our revenue generated from ASR-branded products increased from RMB2,246.3 million in 2023 to RMB3,579.3 million in 2025, representing a CAGR of 26.2%, and increased by 20.5% from RMB1,753.6 million for the six months ended June 30, 2025 to RMB2,113.6 million for the six months ended June 30, 2026. This growth was principally driven by the increased sales of our wireless connectivity chips, as well as an increase in their average selling price, as higher-priced products such as 5G eMBB chips accounted for a greater proportion of our sales volume upon entering volume production.

We deliver our custom ASIC solutions in a project-based manner. Its growth depends on our ability to secure new projects, successfully complete the NRE stage and generate subsequent volume-production orders. We generally recognize design service revenue from a custom ASIC project when engineering samples are delivered and pass the agreed acceptance procedures, while revenue from any subsequent volume-production chip sales depends on separate orders. Accordingly, the number and value of new projects we secure, the timing at which such projects reach the delivery and revenue recognition stage, and the extent to which completed projects subsequently progress to volume production may cause revenue from our custom ASIC solutions to fluctuate from period to period.

Our future growth and financial performance will therefore depend in part on our ability to continue introducing and delivering new ASR-branded products in a timely and cost-effective manner and to achieve customer adoption at scale, as well as our ability to secure new custom ASIC projects, successfully complete their NRE stages and convert them into volume-production orders. The pace at which our new ASR-branded products are adopted by customers, and the number of custom ASIC projects that progress from the NRE stage to volume production, will accordingly affect the growth of our revenue from period to period.

Our Customer Relationships and Supply Chain Partnerships

Our results of operations depend on our ability to establish and maintain close commercial and technical relationships with a broad range of direct sales customers and downstream customers, including module manufacturers, device manufacturers, internet companies and AI companies. Our engagement with these customers gives us visibility into their product roadmaps and technical requirements, supports customer adoption and repeat purchases and informs the development of our next-generation products. Nevertheless, as these customers purchase our products on a purchase-order basis and are not committed to purchase beyond confirmed orders, changes in their procurement plans, product roadmaps or supplier arrangements may affect the timing and volume of their purchases.

As a fabless semiconductor company, we do not own wafer fabrication, packaging or testing facilities, and our suppliers consist principally of foundries and OSAT vendors, which together account for a substantial majority of our purchases. Our relationships with manufacturing partners affect our access to process technologies and capacity, production yields, lead times and procurement terms, and therefore affect our ability to deliver products and manage unit costs. We maintain a qualified supplier pool and pursue diversified foundry and OSAT cooperation where technically feasible. Our foundry relationships support products and projects using process nodes as advanced as 4nm. Our advanced-node

wafer procurement is concentrated with our principal foundry partner, and our long-standing relationships with our principal foundry and OSAT partners have provided us with stable access to capacity and competitive procurement terms, which contributed to the decrease in our average unit costs in 2025 and the six months ended June 30, 2026. As cost of wafers and outsourced assembly and testing fees together accounted for approximately 90% of our cost of sales, the pricing, capacity and terms of our manufacturing partners would affect our overall profitability.

Our Continued Investment in R&D and Improvement in R&D Efficiency

Our business is underpinned by our integrated technology platform, which is built on three core pillars: multi-mode cellular baseband technologies, AI computing technologies and complex SoC design capabilities. We advance our platform through continued R&D investment, and the level, timing and efficiency of this investment directly affect our results of operations, both through the R&D expenses we recognize and through the extent to which our R&D translates into commercially successful products and solutions.

Our research and development expenses amounted to RMB1,115.8 million, RMB1,241.8 million, RMB1,298.7 million, RMB668.5 million and RMB663.3 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively, representing 42.9%, 36.7%, 34.0%, 35.2% and 27.1% of our revenue for the respective periods. This investment supports the continuous development of our core technologies in cellular baseband, AI computing and complex SoC design, as well as market-driven product development for specific end markets. As of June 30, 2026, approximately 90% of our total employees were R&D personnel.

Our significant R&D expenditures may affect profitability in the periods in which they are incurred, while the resulting products and solutions may not begin generating revenue until later periods following completion, validation, customer design-in and volume-production ramp-up. Continued improvements in our IP portfolio, architectures and delivery capabilities, together with greater reuse of common technologies across ASR-branded products and custom ASIC projects, may support shorter development cycles, improved cost-performance and a broader revenue base over which to leverage our R&D investment. We expect to continue to invest significant resources in R&D, and our results of operations will be affected by the level and timing of such investment and the efficiency with which it is converted into commercially successful offerings.

Our Offering Mix, Cost Structure and Operating Efficiency

Our ability to improve profitability depends in part on our ability to manage our offering mix, unit costs and pricing as our business expands. Our gross profit increased from RMB584.4 million in 2023 to RMB695.8 million in 2024 and further to RMB890.7 million in 2025, and from RMB405.9 million for the six months ended June 30, 2025 to RMB699.5 million for the six months ended June 30, 2026. Our gross profit margin fluctuated during the Track Record Period at 22.5%, 20.5%, 23.3%, 21.4% and 28.5% in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively, primarily reflecting shifts in our offering mix, changes in our unit costs and movements in the average selling prices of our products.

Our ASR-branded products and custom ASIC solutions carry different gross profit margins. The gross profit margin of our custom ASIC solutions was generally higher than that of our ASR-branded products during the Track Record Period, although it fluctuated from period to period depending on the mix of projects delivered. An increase in the revenue contribution of our custom ASIC solutions therefore raises our overall gross profit margin. Within our ASR-branded products, higher-end products such as our 5G chips carry higher average selling prices and gross profit margins than our mature 4G products, and their increased sales would also improve our gross profit margin.

Cost of wafers is the largest component of our cost of sales, accounting for 71.6%, 68.8%, 69.8%, 68.9% and 70.4% of the total for the respective periods, followed by outsourced assembly and testing fees at approximately 19% to 21%. We manage these costs through product design optimization, including higher integration and smaller die sizes, and through more favorable procurement terms as our purchase volumes grow. In 2025 and the six months ended June 30, 2026, the resulting decrease in our average unit costs outpaced the decrease in average selling prices of our mature products and improved our gross profit margin.

We price our ASR-branded products by reference to customer demand, the competitive landscape and our costs, and our custom ASIC projects on a project-by-project basis by reference to their complexity and development cost. Our gross profit margin therefore depends on our pricing and product complexity.

In addition, we are committed to continuously enhancing our operational efficiency across our selling and marketing, administration and R&D functions. During the Track Record Period, our operating expenses (including selling and marketing expenses, administrative expenses and R&D expenses) amounted to RMB1,271.9 million, RMB1,413.1 million, RMB1,467.5 million, RMB759.1 million and RMB738.7 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively, accounting for 48.9%, 41.7%, 38.4%, 40.0% and 30.1% of our total revenue for the corresponding periods. The decrease in operating expenses as a percentage of revenue reflected our revenue growth and the operating leverage inherent in our platform-based business model. Going forward, our operating expenses may continue to increase in absolute terms as we invest in product development, talent and operational infrastructure to support our future growth, and our ability to maintain operating leverage and achieve further economies of scale will continue to affect our profitability.

MATERIAL AND SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The preparation of our consolidated financial information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future. We continually evaluate these estimates based on our own historical experience, knowledge and assessment of current business and other conditions, our expectations regarding the future based on available information and our best assumptions, which together form our basis for making judgments about matters that are not readily apparent from other sources. Since the use of estimates is an integral component of the financial reporting process, our actual results could differ from those estimates and expectations. Our critical accounting estimates and judgements are set forth in detail in Note 4 to the Accountant's Report in Appendix I of this document.

RESULTS OF OPERATIONS

The following table sets forth a summary of our consolidated statements of comprehensive (loss)/income for the periods indicated. Our historical results presented below are not necessarily indicative of the results that may be expected for any future period.

	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)*	
Revenue	**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**
Cost of sales	(2,015,508)	(77.5)	(2,689,975)	(79.5)	(2,926,123)	(76.7)	(1,492,183)	(78.6)	(1,751,783)	(71.5)
Gross profit	**584,408**	**22.5**	**695,768**	**20.5**	**890,680**	**23.3**	**405,883**	**21.4**	**699,492**	**28.5**
Selling and marketing expenses	(24,444)	(0.9)	(30,734)	(0.9)	(23,971)	(0.6)	(12,933)	(0.7)	(11,054)	(0.5)
Administrative expenses	(131,669)	(5.1)	(140,600)	(4.2)	(144,732)	(3.8)	(77,719)	(4.1)	(64,341)	(2.6)
Research and development expenses	(1,115,775)	(42.9)	(1,241,808)	(36.7)	(1,298,748)	(34.0)	(668,450)	(35.2)	(663,323)	(27.1)
Net impairment (losses)/reversals on financial assets and contract assets	(128)	(0.0)	(17,565)	(0.5)	3,455	0.1	(1,090)	(0.1)	(827)	(0.0)
Other income	39,161	1.5	54,276	1.6	118,567	3.1	99,670	5.3	8,318	0.3
Other gains/(losses), net	116,747	4.5	(37,773)	(1.1)	39,122	1.0	5,896	0.3	46,966	1.9
Operating (loss)/profit	**(531,700)**	**(20.5)**	**(718,436)**	**(21.2)**	**(415,627)**	**(10.9)**	**(248,743)**	**(13.1)**	**15,231**	**0.6**
Finance income	46,486	1.8	53,020	1.6	67,944	1.8	31,872	1.7	28,646	1.2
Finance costs	(2,380)	(0.1)	(4,109)	(0.1)	(5,991)	(0.2)	(2,042)	(0.1)	(8,380)	(0.3)
Finance income – net	**44,106**	**1.7**	**48,911**	**1.4**	**61,953**	**1.6**	**29,830**	**1.6**	**20,266**	**0.8**
Share of net profit of investment in an associate	939	0.0	7,730	0.2	3,037	0.1	1,837	0.1	19,705	0.8
(Loss)/profit before income tax	**(486,655)**	**(18.7)**	**(661,795)**	**(19.5)**	**(350,637)**	**(9.2)**	**(217,076)**	**(11.4)**	**55,202**	**2.3**
Income tax (expense)/credit	(19,166)	(0.7)	(31,219)	(0.9)	(39,648)	(1.0)	(28,328)	(1.5)	29,042	1.2
(Loss)/profit for the year/period	**(505,821)**	**(19.5)**	**(693,014)**	**(20.5)**	**(390,285)**	**(10.2)**	**(245,404)**	**(12.9)**	**84,244**	**3.4**

NON-IFRS MEASURE

To supplement our consolidated financial statements that are presented in accordance with IFRS Accounting Standards, we use adjusted net (loss)/profit (non-IFRS measure) as an additional financial measure, which is not required by, or presented in accordance with, IFRS Accounting Standards. We believe that the non-IFRS measure facilitates comparisons of operating performance from period to period and company to company by eliminating the potential impact of items that our management does not consider to be indicative of our operating performance. We believe that such a measure provides useful information to investors and others in understanding and evaluating our results of operations in the same manner as it helps our management. However, our presentation of adjusted net (loss)/profit (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for, analysis of our results of operations or financial condition as reported under IFRS Accounting Standards.

We define adjusted net (loss)/profit (non-IFRS measure) as (loss)/profit for the year/period adjusted by adding back our equity-settled share-based compensation expenses, which were incurred in connection with our share incentive schemes. Such expenses in any specific period are not expected to result in future cash payments and are not indicative of our core operating results. The following table sets out a reconciliation from adjusted net (loss)/profit (non-IFRS measure) to (loss)/profit for the year/period, which is presented in accordance with the IFRS Accounting Standards:

	For the year ended December 31,			For the six months ended June 30,	
	2023	2024	2025	2025	2026
	(RMB in thousands)				
				(Unaudited)	*(Unaudited)*
(Loss)/profit for the year/period	(505,821)	(693,014)	(390,285)	(245,404)	84,244
Add:					
Share-based compensation expenses	10,710	176,274	127,134	76,715	35,868
Adjusted net (loss)/profit (Non-IFRS Measure)	**(495,111)**	**(516,740)**	**(263,151)**	**(168,689)**	**120,112**

KEY COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

Revenue By Product and Service Type

During the Track Record Period, our revenue was derived primarily from sales of our ASR-branded products and the provision of our custom ASIC solutions. The following table sets forth the breakdown of our revenue by product and service type, both in absolute amount and as a percentage of 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)*	
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[(1)]	**226,262**	**8.7**	**335,728**	**9.9**	**217,222**	**5.7**	**126,232**	**6.7**	**321,903**	**13.1**
Others[(2)]	**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) We generally recognize revenue from a custom ASIC project upon its completion and delivery, and our revenue from this service in any given period therefore depends largely on the number of projects reaching the delivery and revenue recognition stage in that period, rather than on the overall level of our business activities.

(2) 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.

During the Track Record Period, over 80% of our revenue was generated from sales to customers located in Hong Kong and other overseas countries and regions.

The following table sets forth the sales volume and average selling price of our ASR-branded products by product type for the periods indicated:

	For the year ended December 31,						For the six months ended June 30,			
	2023		2024		2025		2025		2026	
	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price
	(units in thousands)	*(RMB per unit)*	*(units in thousands)*	*(RMB per unit)*	*(units in thousands)*	*(RMB per unit)*	*(units in thousands)*	*(RMB per unit)*	*(units in thousands)*	*(RMB per unit)*
Wireless connectivity chips	124,119	12.6	213,189	11.6	301,713	10.0	161,485	9.4	168,292	11.3
Smart device SoCs	31,943	21.4	29,028	18.3	29,264	19.5	11,185	20.5	10,586	20.7

The sales volume of our wireless connectivity chips continued to increase during the Track Record Period, primarily driven by our continued launch of new products and the expansion of the downstream application scenarios of our cellular connectivity chips. The sales volume of our smart device SoCs fluctuated from 2023 to 2025, primarily reflecting the transition of our smart device SoC portfolio from earlier-generation products to newer-generation products, such as our octa-core and AI-enabled smartphone SoCs. As shipments of earlier-generation products gradually declined, our newer-generation products went through customer design-in, certification and volume ramp-up, which typically take time, and the timing of our customers' own product launches and procurement also affected our shipments from period to period. The sales volume of our smart device SoCs decreased from the six months ended June 30, 2025 to the six months ended June 30, 2026, primarily because higher memory prices dampened demand in downstream markets.

The average selling prices of our wireless connectivity chips trended downwards from 2023 to 2025, primarily reflecting the continued launch of new products at more accessible price points, to cater to evolving market demand. The average selling prices subsequently increased from the six months ended June 30, 2025 to the six months ended June 30, 2026, primarily due to an increased sales contribution from our high-end products, such as 5G chip products, which carried higher average selling prices, driven by the continued ramp-up in customer adoption and market demand.

The average selling price of our smart device SoCs fluctuated from 2023 to 2025, primarily reflecting changes in our product mix. The average selling price of our smart device SoCs remained relatively stable for the six months ended June 30, 2025 and 2026, respectively.

Revenue By Sales Channel

We have built a sales network to serve our diverse customer base. It gives us broad market coverage while keeping our technical support and customer service consistent across different deployment scenarios. 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. 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. Under the buy-out distribution arrangements, we recognize revenue when the chip products are delivered to the distributor or its designated carrier. Under the consignment arrangements, we recognize relevant revenue when the distributor ships our products to the downstream customer and submits a consignment settlement statement to us. See "Business — Sales and Marketing — Distributorship" for details. The following table sets forth a 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	**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**

Cost of Sales

Our cost of sales primarily consisted of (i) cost of wafers, (ii) outsourced assembly and testing fees, and (iii) provision for impairment of inventories. Our cost of sales amounted to RMB2,015.5 million, RMB2,690.0 million, RMB2,926.1 million, RMB1,492.2 million and RMB1,751.8 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. The following table sets forth a breakdown of our cost of sales by nature 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)*	
Cost of wafers	1,442,491	71.6	1,849,473	68.8	2,040,262	69.8	1,028,406	68.9	1,232,974	70.4
Outsourced assembly and testing fees	418,235	20.8	570,394	21.2	612,548	20.9	306,593	20.5	329,096	18.8
Provision for impairment of inventories	38,630	1.9	87,711	3.3	58,602	2.0	62,007	4.2	20,117	1.1
Others[(1)]	116,152	5.7	182,397	6.7	214,711	7.3	95,177	6.4	169,596	9.7
Total	**2,015,508**	**100.0**	**2,689,975**	**100.0**	**2,926,123**	**100.0**	**1,492,183**	**100.0**	**1,751,783**	**100.0**

(1) Primarily include royalty costs, IP licensing costs and other miscellaneous costs.

Gross Profit and Gross Profit Margin

As a result of the foregoing, we recorded gross profit of RMB584.4 million, RMB695.8 million, RMB890.7 million, RMB405.9 million and RMB699.5 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively, representing gross profit margin of 22.5%, 20.5%, 23.3%, 21.4% and 28.5% for the respective periods. The following table sets forth our gross profit and gross profit margin 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	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands, except for percentages)									
							(Unaudited)		*(Unaudited)*	
ASR-branded products	**443,527**	**19.7**	**610,850**	**20.3**	**857,645**	**24.0**	**419,054**	**23.9**	**585,229**	**27.7**
— Wireless connectivity chips	316,179	20.2	501,785	20.2	711,167	23.6	362,103	23.8	517,874	27.3
— Smart device SoCs	127,348	18.6	109,066	20.6	146,478	25.6	56,951	24.9	67,355	30.8
Custom ASIC solutions	**66,341**	**29.3**	**136,925**	**40.8**	**71,740**	**33.0**	**30,963**	**24.5**	**118,744**	**36.9**
Others[(1)]	**113,170**	**88.9**	**35,703**	**98.5**	**19,897**	**98.3**	**17,873**	**98.1**	**15,636**	**99.3**
Subtotal	**623,038**	**24.0**	**783,479**	**23.1**	**949,282**	**24.9**	**467,890**	**24.7**	**719,609**	**29.4**
Impairment loss of inventories	(38,630)	N/A	(87,711)	N/A	(58,602)	N/A	(62,007)	N/A	(20,117)	N/A
Total	**584,408**	**22.5**	**695,768**	**20.5**	**890,680**	**23.3**	**405,883**	**21.4**	**699,492**	**28.5**

(1) Primarily represent (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.

During the Track Record Period, our gross profit margin varied across our product and service lines. Our custom ASIC solutions generally carried higher gross profit margins than our ASR-branded products, primarily because they were tailored to customer-specific requirements and involved design and development services. At the same time, as these solutions were priced on a case-by-case basis, their gross profit margins may fluctuate more significantly, depending on the mix of projects delivered. Within our ASR-branded products, gross profit margins differed between our wireless connectivity chips and our smart device SoCs, reflecting differences in product mix. Our other revenue carried substantially higher gross profit margins, as the relevant activities were service- and licensing-based in nature and involved a substantially different cost structure from our chip products. Our overall gross profit margin was therefore affected by the relative revenue contribution of each of our product and service lines, as well as by changes in the average selling prices and unit costs of the relevant products. In addition, our impairment losses on inventories fluctuated during the Track Record Period, primarily because larger one-off impairment provisions were recognized in certain periods in response to changes in demand in the relevant downstream end markets.

Selling and Marketing Expenses

Our selling and marketing expenses primarily consisted of (i) employee benefit expenses, representing salaries, allowances, bonus, social security cost and other employee benefits and share-based payments for our sales personnel, (ii) travelling expenses, (iii) business development expenses, and (iv) rental expenses and property management fees. The following table sets forth the breakdown of our selling and marketing expenses, in absolute amount and as a percentage of total selling and marketing expenses, 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)*	
Employee benefit expenses	19,766	80.9	25,838	84.1	20,599	85.9	11,171	86.4	9,253	83.7
Travelling expenses	1,254	5.1	1,671	5.4	1,327	5.5	638	4.9	656	5.9
Business development expenses	973	4.0	1,205	3.9	846	3.5	444	3.4	387	3.5
Rental expenses and property management fees	633	2.6	767	2.5	257	1.1	253	2.0	58	0.5
Others[(1)]	1,818	7.4	1,253	4.1	942	4.0	427	3.3	700	6.4
Total	**24,444**	**100.0**	**30,734**	**100.0**	**23,971**	**100.0**	**12,933**	**100.0**	**11,054**	**100.0**

(1) Primarily include depreciation and amortization, sample fees and other miscellaneous fees.

Administrative Expenses

Our administrative expenses primarily consisted of (i) employee benefit expenses, representing salaries, allowances, bonus, social security cost and other employee benefits and share-based payments for our administrative personnel, (ii) professional service fees, representing audit, legal and consulting fees, (iii) rental expenses and property management fees, (iv) depreciation and amortization, and (v) communication expenses. The following table sets forth the breakdown of our administrative expenses, in absolute amount and as a percentage of total administrative expenses, 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)*	
Employee benefit expenses	76,811	58.3	89,389	63.6	97,427	67.3	54,222	69.8	42,517	66.1
Professional service fees	22,044	16.7	20,724	14.7	16,718	11.6	7,004	9.0	7,948	12.4
Rental expenses and property management fees	6,315	4.8	7,386	5.3	6,947	4.8	3,219	4.1	3,489	5.4
Depreciation and amortization	10,075	7.7	10,894	7.7	9,819	6.8	5,228	6.7	2,433	3.8
Communication expenses	5,111	3.9	5,169	3.7	4,910	3.4	2,506	3.2	2,657	4.1
Others[(1)]	11,313	8.6	7,038	5.0	8,911	6.1	5,540	7.2	5,297	8.2
Total	**131,669**	**100.0**	**140,600**	**100.0**	**144,732**	**100.0**	**77,719**	**100.0**	**64,341**	**100.0**

(1) Primarily include business development expenses, taxes and surcharges and other miscellaneous administrative expenses.

Research and Development Expenses

Our research and development expenses primarily consisted of (i) employee benefit expenses, representing salaries, allowances, bonus, social security cost and other employee benefits and share-based payments for our R&D personnel, (ii) depreciation and amortization, and (iii) technical service and R&D outsourcing fees, primarily representing tape-out fees and other outsourced development expenses incurred for our R&D projects. The following table sets forth the breakdown of our research and development expenses, in absolute amount and as a percentage of total research and development expenses, 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)*	
Employee benefit expenses	804,415	72.1	949,840	76.5	944,221	72.7	489,947	73.3	464,918	70.1
Depreciation and amortization	185,858	16.7	215,860	17.4	198,902	15.3	101,199	15.1	106,833	16.1
Technical service and R&D outsourcing fees	107,789	9.7	59,832	4.8	145,401	11.2	71,384	10.7	86,256	13.0
Others[(1)]	17,713	1.5	16,276	1.3	10,224	0.8	5,920	0.9	5,316	0.8
Total	**1,115,775**	**100.0**	**1,241,808**	**100.0**	**1,298,748**	**100.0**	**668,450**	**100.0**	**663,323**	**100.0**

(1) Primarily include rental expenses and property management fees and other miscellaneous expenses.

Net Impairment (Losses)/Reversals on Financial Assets and Contract Assets

Our net impairment (losses)/reversals on financial assets and contract assets primarily related to the allowance for credit losses on our trade receivables, other receivables and contract assets measured under the expected credit loss model. We recorded net impairment losses on financial assets and contract assets of RMB0.1 million, RMB17.6 million, RMB1.1 million and RMB0.8 million in 2023, 2024 and the six months ended June 30, 2025 and 2026, respectively. We recorded net impairment reversals on financial assets and contract assets of RMB3.5 million in 2025.

Other Income

Our other income primarily consisted of government grants, which were mainly awarded in recognition of our R&D projects and technological advancement initiatives. Such grants were generally non-recurring in nature and depended on the progress of the underlying projects. Our other income amounted to RMB39.2 million, RMB54.3 million, RMB118.6 million, RMB99.7 million and RMB8.3 million in 2023, 2024, 2025, and the six months ended June 30, 2025 and 2026, respectively.

Other Gains/(Losses), Net

Our other gains/(losses), net primarily consisted of (i) net fair value gains/(losses) on financial assets at FVPL; (ii) reversal of provision for litigation compensation; and (iii) net foreign exchange gains/(losses). We recorded other gains, net of RMB116.7 million, RMB39.1 million, RMB5.9 million and RMB47.0 million in 2023, 2025 and the six months ended June 30, 2025 and 2026, respectively. We recorded other losses, net of RMB37.8 million in 2024. The following table sets forth a breakdown of our other gains/(losses), net for the periods indicated:

	For the year ended December 31,			For the six months ended June 30,	
	2023	2024	2025	2025	2026
	(RMB in thousands, except for percentages)				
				(Unaudited)	*(Unaudited)*
Net fair value gains/(losses) on financial assets at FVPL	88,202	(47,130)	59,965	7,834	73,090
Reversal of provision for litigation compensation	24,410	—	—	—	—
Net foreign exchange gains/(losses)	2,981	8,883	(21,279)	(2,404)	(25,605)
Others[(1)]	1,154	474	436	466	(519)
Total	**116,747**	**(37,773)**	**39,122**	**5,896**	**46,966**

(1) Primarily related to asset disposal and investment gains/(losses) and other miscellaneous income/(expenses).

Finance Income, Net

Our finance income primarily represented interest income on cash and cash equivalents. Our finance costs primarily represented interest expenses on borrowings and lease liabilities. We recorded finance income, net of RMB44.1 million, RMB48.9 million, RMB62.0 million, RMB29.8 million and RMB20.3 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. The following table sets forth a breakdown of our finance income, net for the periods indicated:

	For the year ended December 31,			For the six months ended June 30,	
	2023	2024	2025	2025	2026
	(RMB in thousands)				
				(Unaudited)	*(Unaudited)*
Finance income					
Interest income on cash and cash equivalents	46,165	50,633	67,873	31,801	28,646
Interest income on certificates of deposits	321	2,387	71	71	—
	46,486	53,020	67,944	31,872	28,646
Finance costs					
Interest expenses on borrowings	—	(2,286)	(3,428)	(1,081)	(4,845)
Interest expenses on lease liabilities	(2,380)	(1,823)	(2,138)	(961)	(961)
Interest expenses on other non-current liabilities	—	—	(425)	—	(2,574)
	(2,380)	(4,109)	(5,991)	(2,042)	(8,380)
Finance income, net	**44,106**	**48,911**	**61,953**	**29,830**	**20,266**

Share of Net Profit of Investment in an Associate

Our share of net profit of investment in an associate represented our proportionate share of the profits of our associate. We recognized share of net profits of investment in an associate of RMB0.9 million, RMB7.7 million, RMB3.0 million, RMB1.8 million and RMB19.7 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively.

Income Tax (Expense)/Credit

We recorded income tax expense of RMB19.2 million, RMB31.2 million, RMB39.6 million and RMB28.3 million in 2023, 2024, 2025 and the six months ended June 30, 2025, respectively, and an income tax credit of RMB29.0 million for the six months ended June 30, 2026. We are subject to varying tax rates in different jurisdictions.

Hong Kong

Our subsidiary in Hong Kong is subject to Hong Kong profits tax at a rate of 8.25% on the first HK$2.0 million of assessable profits and 16.5% on assessable profit above that amount during the Track Record Period.

Chinese Mainland

In accordance with the Enterprise Income Tax Law ("**EIT Law**"), foreign-invested enterprises ("**FIEs**") and domestic companies established in Chinese Mainland are subject to enterprise income tax ("**EIT**") at a rate of 25%. In addition, certain of our subsidiaries benefit from a preferential tax rate of 15% under the EIT Law as they qualify as "High and New Technology Enterprises" under the relevant regulations. This qualification is subject to review by Shanghai Municipal Science and Technology Commission, Shanghai Municipal Finance Bureau, and Shanghai Municipal Tax Service of the State Taxation Administration in the PRC every three years.

Other Jurisdictions

Income tax on profit arising from other jurisdictions, including the United States and Italy, has been calculated on the estimated assessable profit for the year/period at the respective rates prevailing in the relevant jurisdictions. Our subsidiary incorporated in the United States is subject to a federal income tax rate of 21% and a state income tax rate of 8.84%, and our subsidiary incorporated in Italy is subject to an income tax rate of 24%.

During the Track Record Period and up to the Latest Practicable Date, we had paid all relevant taxes when due and there were no matters in dispute and unresolved with the relevant tax authorities.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Six Months Ended June 30, 2026 Compared to Six Months Ended June 30, 2025

Revenue

Our revenue 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, primarily due to the following reasons:

- ***ASR-branded products.*** Our revenue generated from the sales of our chip products increased from RMB1,753.6 million in the six months ended June 30, 2025 to RMB2,113.6 million in the six months ended June 30, 2026, primarily attributable to an increase of RMB370.4 million in revenue from our wireless connectivity chips, reflecting (i) an increase in their average selling price from RMB9.4 to RMB11.3, primarily because our higher-priced products, such as 5G chip products, accounted for an increased proportion of our sales volume as they entered volume production, and (ii) an increase in their sales volume from 161.5 million units to 168.3 million units, primarily driven by our continued launch of new products and the expansion of the downstream application scenarios of our cellular connectivity chips. The increase was partially offset by a slight decrease in revenue from our smart device SoCs, primarily due to lower sales volume as higher memory prices dampened demand in downstream markets.

- ***Custom ASIC solutions.*** Our revenue generated from custom ASIC solutions increased from RMB126.2 million in the six months ended June 30, 2025 to RMB321.9 million in the six months ended June 30, 2026, primarily because a greater number of custom ASIC projects reached the delivery and revenue recognition stage during the period, as our in-hand orders progressively moved into delivery.

Cost of Sales

Our cost of sales increased by 17.4% from RMB1,492.2 million in the six months ended June 30, 2025 to RMB1,751.8 million in the six months ended June 30, 2026, primarily due to (i) an increase of RMB204.6 million in cost of wafers in line with the growth in sales volume of our chip products, and (ii) an increase of RMB74.4 million in others, primarily reflecting higher third-party IP licensing costs incurred for the custom ASIC projects delivered during the period.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit 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. Our gross profit margin increased from 21.4% in the six months ended June 30, 2025 to 28.5% in the six months ended June 30, 2026. Specifically:

- ***ASR-branded products.*** The gross profit margin of our ASR-branded products increased from 23.9% in the six months ended June 30, 2025 to 27.7% in the six months ended June 30, 2026, primarily due to (i) the increase in the sales volume of our 5G chip products, which carried substantially higher average selling prices and higher gross profit margins than our other wireless connectivity chips, and (ii) the decrease in the average unit costs of our 4G chip products, as the relevant manufacturing processes matured and our supply chain arrangements continued to improve.

- ***Custom ASIC solutions.*** The gross profit margin of our custom ASIC solutions increased from 24.5% in the six months ended June 30, 2025 to 36.9% in the six months ended June 30, 2026, primarily due to differences in the mix of custom ASIC projects delivered during the respective periods. In particular, the projects delivered in the six months ended June 30, 2026 generated higher gross profit margins, reflecting the case-by-case pricing of our custom ASIC projects based on their respective complexity and development costs. In addition, as our custom ASIC solutions carried a higher gross profit margin than our ASR-branded products during the period, the increase in their revenue contribution from 6.7% to 13.1% of our total revenue further contributed to the increase in our overall gross profit margin.

Selling and Marketing Expenses

Our selling and marketing expenses decreased by 14.5% from RMB12.9 million in the six months ended June 30, 2025 to RMB11.1 million in the six months ended June 30, 2026, primarily due to a decrease of RMB1.9 million in employee benefit expenses, mainly driven by the decrease in share-based compensation expenses as previously granted awards progressively vested.

Administrative Expenses

Our administrative expenses decreased by 17.2% from RMB77.7 million in the six months ended June 30, 2025 to RMB64.3 million in the six months ended June 30, 2026, primarily due to a decrease of RMB11.7 million in employee benefit expenses mainly resulting from the decrease in share-based compensation expenses as previously granted awards progressively vested.

Research and Development Expenses

Our research and development expenses remained relatively stable at RMB668.5 million in the six months ended June 30, 2025 and RMB663.3 million in the six months ended June 30, 2026.

Net Impairment Losses on Financial Assets and Contract Assets

Our net impairment losses on financial assets and contract assets decreased by 24.1% from RMB1.1 million in the six months ended June 30, 2025 to RMB0.8 million in the six months ended June 30, 2026, primarily due to the reversal of credit loss allowances previously recognized for certain long-aged receivables following their collection.

Other Income

Our other income decreased significantly from RMB99.7 million in the six months ended June 30, 2025 to RMB8.3 million in the six months ended June 30, 2026, as fewer government grants were recognized during the period.

Other Gains, Net

Our other gains, net increased significantly from RMB5.9 million in the six months ended June 30, 2025 to RMB47.0 million in the six months ended June 30, 2026, primarily attributable to an increase of RMB65.3 million in net fair value gains on financial assets at FVPL, as a result of an increase in the valuation of the underlying investments. The change was partially offset by an increase of RMB23.2 million in the net foreign exchange losses, as a result of the appreciation of the Renminbi against the U.S. dollar during the period, which was greater than that in the corresponding period in 2025.

Finance Income, Net

Our finance income, net decreased by 32.1% from RMB29.8 million in the six months ended June 30, 2025 to RMB20.3 million in the six months ended June 30, 2026, primarily due to (i) an increase of RMB3.8 million in interest expenses on borrowings, as we maintained a higher average balance of outstanding bank borrowings during the period, (ii) a decrease of RMB3.2 million in interest income on cash and cash equivalents, as the prevailing deposit interest rates on both Renminbi-denominated and U.S. dollar-denominated deposits declined, and (iii) an increase of RMB2.6 million in interest expenses on other non-current liabilities, primarily representing interest accrued on our long-term payables for the purchase of IP licenses.

Share of Net Profit of Investment in an Associate

Our share of net profit of investment in an associate increased significantly from RMB1.8 million in the six months ended June 30, 2025 to RMB19.7 million in the six months ended June 30, 2026, primarily due to the increase in the income recognized by such associate during the period.

Income Tax (Expense)/Credit

We recorded an income tax expense of RMB28.3 million in the six months ended June 30, 2025, as compared to an income tax credit of RMB29.0 million in the six months ended June 30, 2026, primarily due to the recognition of a deferred income tax credit of RMB43.1 million during the period, which more than offset our current income tax expense of RMB14.1 million.

(Loss)/Profit for the Period

For the foregoing reasons, we recorded loss for the period of RMB245.4 million in the six months ended June 30, 2025 and profit for the period of RMB84.2 million in the six months ended June 30, 2026.

Year Ended December 31, 2025 Compared to Year Ended December 31, 2024

Revenue

Our revenue increased by 12.7% from RMB3,385.7 million in 2024 to RMB3,816.8 million in 2025, primarily due to the following reasons:

- ***ASR-branded products.*** Our revenue generated from the sales of our ASR-branded products increased from RMB3,013.8 million in 2024 to RMB3,579.3 million in 2025, primarily attributable to an increase in the sales volume of our wireless connectivity chips from 213.2 million units to 301.7 million units, primarily driven by our continued launch of new products and the expansion of the downstream application scenarios of our cellular connectivity chips.

- ***Custom ASIC solutions.*** Our revenue generated from custom ASIC solutions services and related product sales decreased from RMB335.7 million in 2024 to RMB217.2 million in 2025. The decrease in 2025 was primarily because a greater number of custom ASIC projects progressed to the delivery and revenue recognition stage in 2024 as compared with 2025.

Cost of Sales

Our cost of sales increased by 8.8% from RMB2,690.0 million in 2024 to RMB2,926.1 million in 2025, primarily due to an increase of RMB190.8 million in cost of wafers and an increase of RMB42.2 million in outsourced assembly and testing fees, reflecting the growth in sales volume of our chip products.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 28.0% from RMB695.8 million in 2024 to RMB890.7 million in 2025. Our overall gross profit margin increased from 20.5% in 2024 to 23.3% in 2025. Specifically:

- ***ASR-branded products.*** The gross profit margin of our ASR-branded products increased from 20.3% in 2024 to 24.0% in 2025, with that of our wireless connectivity chips increasing from 20.2% to 23.6% and that of our smart device SoCs increasing from 20.6% to 25.6%. The increase was primarily because the decrease in the average unit costs of our chip products outpaced the decrease in their average selling prices, as the relevant manufacturing processes matured and our supply chain arrangements continued to improve.

- ***Custom ASIC solutions.*** The gross profit margin of our custom ASIC solutions decreased from 40.8% in 2024 to 33.0% in 2025, primarily reflecting the case-by-case pricing of our custom ASIC projects based on their respective complexity and development costs.

Selling and Marketing Expenses

Our selling and marketing expenses decreased by 22.0% from RMB30.7 million in 2024 to RMB24.0 million in 2025, primarily due to a decrease of RMB5.2 million in employee benefit expenses, mainly driven by (i) the decrease in share-based compensation expenses as previously granted awards progressively vested, and (ii) the decrease in salaries and other benefits for our sales personnel, as we optimized the size of our sales team following the streamlining of certain business units.

Administrative Expenses

Our administrative expenses remained relatively stable at RMB140.6 million in 2024 and RMB144.7 million in 2025.

Research and Development Expenses

Our research and development expenses increased by 4.6% from RMB1,241.8 million in 2024 to RMB1,298.7 million in 2025, primarily due to an increase of RMB85.6 million in technical service and R&D outsourcing fees, as more of our new chip projects involved advanced process nodes, which carry higher tape-out costs.

Net Impairment (Losses)/Reversals on Financial Assets and Contract Assets

We recorded net impairment losses on financial assets and contract assets of RMB17.6 million in 2024, as compared to net impairment reversals on financial assets and contract assets of RMB3.5 million in 2025, primarily due to the reversal of credit loss allowances previously recognized for certain long-aged receivables following their collection.

Other Income

Our other income increased significantly from RMB54.3 million in 2024 to RMB118.6 million in 2025, as more government grants were recognized during the period.

Other Gains/(Losses), Net

We recorded other losses, net of RMB37.8 million in 2024, as compared to other gains, net of RMB39.1 million in 2025, primarily attributable to the net fair value gains on financial assets at FVPL of RMB60.0 million recognized in 2025, as a result of the fair value changes of such financial assets at FVPL. The change was partially offset by the net foreign exchange losses of RMB21.3 million recognized in 2025, as compared to net foreign exchange gains of RMB8.9 million in 2024, as a result of the appreciation of the Renminbi against the U.S. dollar during the year.

Finance Income, Net

Our net finance income increased by 26.7% from RMB48.9 million in 2024 to RMB62.0 million in 2025, primarily due to an increase of RMB17.2 million in interest income on cash and cash equivalents, as we allocated a greater proportion of our deposits to U.S. dollar-denominated deposits, which carried higher prevailing interest rates than Renminbi-denominated deposits during the same period. The increase was partially offset by a decrease of RMB2.3 million in interest income on certificates of deposits, as a result of the decline in the applicable deposit interest rates.

Share of Net Profit of Investment in an Associate

Our share of net profits of investment in an associate decreased by 60.7% from RMB7.7 million in 2024 to RMB3.0 million in 2025, primarily because our associate, an industry investment fund, recorded lower income during the year as a result of lower returns on its underlying investments.

Income Tax Expense

We recorded income tax expense of RMB31.2 million in 2024 and RMB39.6 million in 2025, primarily because the deferred income tax credit we recognized decreased from RMB15.6 million in 2024 to RMB5.0 million in 2025, mainly as a result of the reversal of temporary differences recognized in prior years, while our current income tax remained relatively stable.

Loss for the Year

For the foregoing reasons, we recorded loss for the year of RMB693.0 million and RMB390.3 million in 2024 and 2025, respectively.

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Revenue

Our revenue increased by 30.2% from RMB2,599.9 million in 2023 to RMB3,385.7 million in 2024, primarily due to the following reasons:

- ***ASR-branded products.*** Our revenue generated from the sales of our chip products increased from RMB2,246.3 million in 2023 to RMB3,013.8 million in 2024, primarily attributable to an increase in the sales volume of our wireless connectivity chips from 124.1 million units in 2023 to 213.2 million units in 2024, primarily driven by our continued launch of new products and the expansion of the downstream application scenarios of our cellular connectivity chips.

- ***Custom ASIC solutions.*** Our revenue generated from custom ASIC solutions increased from RMB226.3 million in 2023 to RMB335.7 million in 2024, primarily due to our continued expansion of the customer base, which resulted in a greater number of projects delivered during the year.

Cost of Sales

Our cost of sales increased by 33.5% from RMB2,015.5 million in 2023 to RMB2,690.0 million in 2024, primarily due to an increase of RMB407.0 million in cost of wafers and an increase of RMB152.2 million in outsourced assembly and testing fees, reflecting the growth in sales volume of our chip products.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 19.1% from RMB584.4 million in 2023 to RMB695.8 million in 2024. Our overall gross profit margin decreased from 22.5% in 2023 to 20.5% in 2024, primarily due to the increased impairment losses on inventories we recorded in 2024 in response to changes in demand in the relevant end markets.

- ***ASR-branded products.*** The gross profit margin of our ASR-branded products remained relatively stable at 19.7% and 20.3% in 2023 and 2024, respectively.

- ***Custom ASIC solutions.*** The gross profit margin of our custom ASIC solutions increased from 29.3% in 2023 to 40.8% in 2024, primarily attributable to the mix of projects delivered in the respective years.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 25.7% from RMB24.4 million in 2023 to RMB30.7 million in 2024, primarily due to an increase of RMB6.1 million in staff employee benefit expenses, mainly driven by the increase in share-based compensation expenses recognized in respect of the awards granted under our 2023 share incentive plans.

Administrative Expenses

Our administrative expenses increased by 6.8% from RMB131.7 million in 2023 to RMB140.6 million in 2024, primarily due to an increase of RMB12.6 million in employee benefit expenses, mainly driven by the increase in share-based compensation expenses recognized in respect of the awards granted under our share incentive plans.

Research and Development Expenses

Our research and development expenses increased by 11.3% from RMB1,115.8 million in 2023 to RMB1,241.8 million in 2024, primarily due to an increase of RMB145.4 million in employee benefit expenses, mainly driven by the increase in share-based compensation expenses recognized in respect of the awards granted under our share incentive plans.

Net Impairment Losses on Financial Assets and Contract Assets

Our net impairment losses on financial assets and contract assets increased significantly from RMB0.1 million in 2023 to RMB17.6 million in 2024, primarily due to increases in the allowance for credit losses on trade receivables and other receivables of RMB11.8 million and RMB5.7 million in 2024, respectively.

Other Income

Our other income increased from RMB39.2 million in 2023 to RMB54.3 million in 2024, as more government grants were recognized during the period.

Other Gains/(Losses), Net

We recorded other gains, net of RMB116.7 million in 2023, as compared to other losses, net of RMB37.8 million in 2024, primarily attributable to the net fair value losses on financial assets at FVPL of RMB47.1 million in 2024, as compared to the net fair value gains of RMB88.2 million in 2023, as a result of the fair value changes of our such financial assets at FVPL.

Finance Income, Net

Our net finance income increased by 10.9% from RMB44.1 million in 2023 to RMB48.9 million in 2024, primarily due to (i) an increase of RMB4.5 million in interest income on cash and cash equivalents, as we allocated a greater proportion of our deposits to U.S. dollar-denominated deposits, which carried higher prevailing interest rates than Renminbi-denominated deposits during the same period, and (ii) an increase of RMB2.1 million in interest income on certificates of deposits, similarly reflecting the increased proportion of our deposits denominated in U.S. dollars. This increase was partially offset by an increase of RMB2.3 million in interest expenses on borrowings, primarily because we drew down bank borrowings for working capital purposes during the year, whereas we had no borrowings in 2023.

Share of Net Profit of Investment in an Associate

Our share of net profits of investment in an associate increased significantly from RMB0.9 million in 2023 to RMB7.7 million in 2024, primarily because the returns on the associate's underlying investments improved in 2024.

Income Tax Expense

We recorded income tax expense of RMB19.2 million in 2023 and RMB31.2 million in 2024, primarily due to an increase in our current income tax, which was mainly attributable to the increase in the estimated assessable profits of our subsidiary.

Loss for the Year

For the foregoing reasons, we recorded loss for the year of RMB505.8 million and RMB693.0 million in 2023 and 2024, respectively.

DISCUSSION OF CERTAIN KEY ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth a breakdown of our consolidated statements of financial position as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			*(Unaudited)*
Non-current Assets				
Property, plant and equipment	145,000	126,541	99,505	81,865
Right-of-use assets	46,454	32,439	55,132	48,524
Intangible assets	277,262	313,242	360,537	276,000
Deferred tax assets	2,621	10,348	8,583	5,507
Contract assets	1,111	—	—	—
Prepayments, other receivables and other assets	9,033	18,974	10,603	15,608
Investment in an associate	100,939	208,669	184,511	204,216
Financial assets at FVOCI	51,449	47,150	50,074	356,890
Financial assets at FVPL	267,602	306,289	367,714	446,082
Total non-current assets	**901,471**	**1,063,652**	**1,136,659**	**1,434,692**
Current Assets				
Inventories	1,480,134	1,350,617	1,703,714	2,155,358
Contract assets	5,521	3,912	1,660	1,093
Trade receivables	267,651	338,428	308,828	455,938
Prepayments, other receivables and other assets	190,681	350,414	576,793	831,622
Financial assets at FVOCI	—	10,998	—	—
Financial assets at FVPL	1,904,526	796,308	220,115	—
Restricted cash	342	325	356	335
Cash and cash equivalents	2,548,226	2,622,214	3,032,094	2,914,920
Total current assets	**6,397,081**	**5,473,216**	**5,843,560**	**6,359,266**
Current Liabilities				
Trade payables	187,662	177,939	284,312	304,013
Contract liabilities	219,507	171,087	231,347	465,912
Other payables and accruals	361,195	348,047	463,283	492,361
Borrowings	—	—	350,319	498,820
Lease liabilities	27,910	21,543	22,315	22,290
Current income tax liabilities	1,168	17,680	418	13,700
Deferred income	3,562	3,946	8,494	5,416
Total current liabilities	**801,004**	**740,242**	**1,360,488**	**1,802,512**
Net current assets	**5,596,077**	**4,732,974**	**4,483,072**	**4,556,754**

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			
				(Unaudited)
Non-current liabilities				
Contract liabilities	1,106	2,487	450	1,608
Other payables and accruals	1,183	2,975	81,862	78,961
Lease liabilities	19,702	12,240	35,428	27,576
Deferred income	99,874	83,897	37,792	36,292
Deferred tax liabilities	20,130	13,250	6,370	2,930
Total non-current liabilities	**141,995**	**114,849**	**161,902**	**147,367**
Total liabilities	**942,999**	**855,091**	**1,522,390**	**1,949,879**
Net assets	**6,355,553**	**5,681,777**	**5,457,829**	**5,844,079**

Property, Plant and Equipment

Our property, plant and equipment consisted of research and development equipment, electronic and other equipment, buildings, and leasehold improvements. The following table sets forth a breakdown of our property, plant and equipment as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			
				(Unaudited)
Research and development equipment	106,263	94,430	74,555	60,248
Electronic and other equipment	25,750	21,694	20,494	17,265
Buildings	2,512	2,386	2,260	2,197
Leasehold improvements	10,475	8,031	2,196	2,155
Total	**145,000**	**126,541**	**99,505**	**81,865**

Our property, plant and equipment decreased from RMB145.0 million as of December 31, 2023 to RMB126.5 million as of December 31, 2024, to RMB99.5 million as of December 31, 2025 and further to RMB81.9 million as of June 30, 2026, as the depreciation charged in each year/period exceeded our additions to property, plant and equipment.

Intangible Assets

Our intangible assets consisted of license rights, IP and patents acquired in business combinations, purchased software and goodwill. The following table sets forth details of our intangible assets as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			
				(Unaudited)
License rights	55,509	155,262	262,681	214,113
IP and patents from business combinations	165,371	112,403	59,435	32,951
Purchased software	40,145	29,340	22,184	12,699
Goodwill	16,237	16,237	16,237	16,237
Total	**277,262**	**313,242**	**360,537**	**276,000**

Our intangible assets increased from RMB277.3 million as of December 31, 2023 to RMB313.2 million as of December 31, 2024, and further to RMB360.5 million as of December 31, 2025, primarily due to an increase in license rights in line with the growing demand of our R&D and business operations. Such increase was partially offset by the continued amortization of the IP and patents acquired in our previous business combinations. Our intangible assets then decreased to RMB276.0 million as of June 30, 2026, primarily due to (i) a decrease in license rights, as the amortization charged during the period exceeded our additions of new license rights, and (ii) the continued amortization of the IP and patents acquired in our previous business combinations.

Goodwill is not amortized and is tested for impairment annually. For details of the accounting policy and impairment testing methodology, see Note 18 to the Accountant's Report in Appendix I to this document.

Right-of-use Assets

Our right-of-use assets primarily consisted of leasehold buildings and machinery and equipment. Our right-of-use assets decreased from RMB46.5 million as of December 31, 2023 to RMB32.4 million as of December 31, 2024, primarily due to a decrease in buildings, as a result of depreciation charged during the year. Our right-of-use assets then increased to RMB55.1 million as of December 31, 2025, primarily due to an increase in buildings, as we renewed our lease arrangements for office premises. Our right-of-use assets decreased to RMB48.5 million as of June 30, 2026, primarily due to a decrease in buildings, as the depreciation charged during the period exceeded the right-of-use assets recognized for new leases.

Investment in an Associate

Our investment in an associate represented our investment in an associate accounted for using the equity method. Our investment in an associate increased from RMB100.9 million as of December 31, 2023 to RMB208.7 million as of December 31, 2024, primarily due to an additional investment made in the associate during the year and the recognition of our share of the profit of the associate under the equity method. Our investment in an associate decreased to RMB184.5 million as of December 31, 2025, primarily due to a dividend declared by the associate and the partial disposal of our interest in the associate during the year, partially offset by the recognition of our share of the profit of the associate. Our investment in an associate then increased to RMB204.2 million as of June 30, 2026, primarily due to the recognition of our share of the profit of the associate of RMB19.7 million during the period. For details, see Note 20 to the Accountant's Report in Appendix I to this document.

Financial Assets at FVOCI

During the Track Record Period, our financial assets at FVOCI comprised listed equity investment and unlisted equity investment at fair value, as well as certificates of deposits. Our financial assets at FVOCI increased from RMB51.4 million as of December 31, 2023 to RMB58.1 million as of December 31, 2024, primarily due to net fair value gains recognized in 2024 attributable to increases in the market prices and valuations of certain listed equity investments. Our financial assets at FVOCI decreased to RMB50.1 million as of December 31, 2025, primarily due to a decrease in certificates of deposits, as we did not renew our certificates of deposits upon their maturity. Our financial assets at FVOCI then increased significantly to RMB356.9 million as of June 30, 2026, primarily due to (i) net fair value gains on our equity investments recognized in other comprehensive income during the period, and (ii) additional equity investments made during the period. Certain of our financial assets at FVOCI were classified as level 3. See "— Financial Assets at FVPL" and Note 3.3 to the Accountant's Report in Appendix I to this document.

Financial Assets at FVPL

During the Track Record Period, our financial assets at FVPL comprised structured deposits, industry fund investments, and equity investment in unlisted entities at fair value. Our financial assets at FVPL decreased from RMB2,172.1 million as of December 31, 2023 to RMB1,102.6 million as of December 31, 2024, to RMB587.8 million as of December 31, 2025 and further to RMB446.1 million as of June 30, 2026, primarily due to a decrease in structured deposits, as we redeemed our structured deposits upon maturity and redeployed the proceeds into cash and cash equivalents.

As of December 31, 2023, 2024 and 2025 and June 30, 2026, all of our financial assets at FVPL were classified as level 3, the fair value of which was determined using valuation techniques involving significant unobservable inputs, including the expected return method, the market comparable company approach, the backsolve method using the latest round of financing and the asset-based approach. Our Directors are of the view that the valuation analysis performed on level 3 instruments is fair and reasonable and the financial statements of our Group are properly prepared. For further details regarding the valuation techniques and inputs used in fair value measurements, see Note 3.3 to the Accountant's Report in Appendix I to this document.

We have formulated investment management policies (the "**Investment Management Policies**") to regulate the investing activities across our Group, effectively execute our investment strategies and preserve and improve the return on our capital. Our shareholders' meeting and our Board of Directors are generally responsible for the decision-making process of our investments. The approval procedures of our investing activities shall strictly comply with applicable laws and regulations, and shall abide by the authority and meeting procedures of our shareholders' meeting and our Board of Directors. Specifically, our shareholders' meeting or our Board of Directors is responsible for approving an investment, by reference to the thresholds prescribed under our Articles of Association. Each investment is subject to a feasibility assessment, and a project with an aggregate investment amount exceeding 30% of our most recently audited net assets additionally requires the participation of at least one professional institution in the preliminary due diligence and feasibility study. Our finance department is responsible for the financial management of our investments. Upon the completion of the **[REDACTED]**, our investments in financial assets will be subject to compliance with Chapter 14 of the Listing Rules.

Inventories

Our inventories consisted of (i) consigned processing materials, representing wafers and dies that we have delivered to our OSAT vendors for packaging and testing, (ii) finished goods, (iii) raw materials, (iv) contract fulfilment costs, which mainly represented costs incurred in connection with our custom ASIC solutions prior to the recognition of the related revenue, and (v) goods in transit. The following table sets forth the breakdown of our inventories as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			
				(Unaudited)
Raw materials	188,776	136,368	187,682	360,221
Consigned processing materials	745,933	889,995	1,022,152	1,175,256
Contract fulfillment costs	97,557	38,372	80,550	92,343
Finished goods	435,165	383,688	547,443	645,853
Goods in transit	83,410	44,738	18,955	21,540
	1,550,841	1,493,161	1,856,782	2,295,213
Less: provision for impairment of inventories	(70,707)	(142,544)	(153,068)	(139,855)
Total	**1,480,134**	**1,350,617**	**1,703,714**	**2,155,358**

Our inventories decreased from RMB1,480.1 million as of December 31, 2023 to RMB1,350.6 million as of December 31, 2024, primarily due to (i) increased provision for impairment of inventories we made for certain products in response to changes in demand in the relevant downstream end markets, (ii) a decrease in contract fulfillment costs, as a greater number of our custom ASIC projects were delivered in 2024, and (iii) a decrease in our raw materials, as we optimized our inventory management and procurement planning based on our accurate forecast of customer demand. Our inventories then increased to RMB1,703.7 million as of December 31, 2025, and further to RMB2,155.4 million as of June 30, 2026, as we placed more orders with our foundry and OSAT vendors and built up our inventories in preparation for the anticipated growth in customer demand.

The following table sets forth the aging analysis of our inventories (before provision for impairment) as of the dates indicated:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	(RMB in thousands)			
				(unaudited)
Within two years	1,492,003	1,389,560	1,731,170	2,115,094
Over two years	58,838	103,601	125,612	180,119
	1,550,841	1,493,161	1,856,782	2,295,213

The following table sets forth our inventory turnover days for the periods indicated:

	For the year ended December 31,			For the six months ended June 30,
	2023	2024	2025	2026
Inventory turnover days [(1)]	257	213	213	219

(1) Inventory turnover days are calculated based on the average of the beginning and ending balances of inventories (before provision for impairment of inventories) for the relevant year/period divided by cost of sales (excluding impairment loss of inventories) for the relevant year/period and multiplied by 365 days for a year or 183 days for a six-month period, as applicable.

Our inventory turnover days decreased from 257 days in 2023 to 213 days in 2024 and remained relatively stable at 213 days in 2025, with the decrease in 2024 primarily attributable to our effective inventory management during the year, as we optimized our procurement planning based on accurate forecasts of customer demand, which reduced our raw material and overall inventory levels while our sales continued to grow. Our inventory turnover days then increased to 219 days in the six months ended June 30, 2026, primarily attributable to the build-up of our inventories in anticipation of growing customer demand.

As of July 31, 2026, approximately RMB308.9 million, or 13.5%, of our inventories (before provision for impairment) as of June 30, 2026 had been subsequently sold or utilized.

Trade Receivables

Our trade receivables represent amounts due from customers for products sold and services rendered for which payment has not yet been received. During the Track Record Period, we generally granted our customers credit periods of 30 to 90 days. The following table sets forth details of our trade receivables as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			
				(Unaudited)
Trade receivables	269,155	351,749	319,045	464,113
Less: allowance for credit losses	(1,504)	(13,321)	(10,217)	(8,175)
Total	**267,651**	**338,428**	**308,828**	**455,938**

Our trade receivables fluctuated during the Track Record Period, primarily reflecting the timing of the delivery of our custom ASIC projects relative to period ends and the subsequent settlement of the related receivables.

The following table sets forth the aging analysis of our trade receivables (before allowance for credit losses) based on the date of revenue recognition as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			
				(Unaudited)
Within three months	218,433	282,966	306,360	404,860
Three months to one year	39,825	49,651	1,584	50,663
One year to two years	10,897	19,132	11,101	1,734
Over two years	—	—	—	6,856
Total	**269,155**	**351,749**	**319,045**	**464,113**

During the Track Record Period, the majority of our trade receivables were aged within three months. We regularly assess the recoverability of our trade receivables and make allowance for credit losses based on the expected credit loss model. For details of our credit risk assessment and loss allowance policy, see Note 3.1(b) to the Accountant's Report in Appendix I to this document.

The following table sets forth our trade receivables turnover days for the periods indicated:

	For the year ended December 31,			For the six months ended June 30,
	2023	2024	2025	2026
Trade receivables turnover days [(1)]	34	33	32	29

(1) Trade receivables turnover days are calculated based on the average of the beginning and ending balances of trade receivables (before allowance for credit losses) for the relevant year/period divided by revenue for the relevant year/period and multiplied by 365 days for a year or 183 days for a six-month period, as applicable.

Our trade receivables turnover days slightly decreased during the Track Record Period, primarily due to our enhanced collection efforts, as we maintained close communication with our customers and closely monitored the aging and settlement status of our trade receivables.

As of July 31, 2026, approximately RMB300.2 million, or 64.7%, of our trade receivables (before allowance for credit losses) as of June 30, 2026 had been settled.

Prepayments, Other Receivables and Other Assets

During the Track Record Period, our prepayments, other receivables and other assets primarily consisted of VAT to be deducted or refunded, prepayments to suppliers and deposits for R&D projects. The following table sets forth the breakdown of our prepayments, other receivables and other assets as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			
				(Unaudited)
Non-current				
Long-term lease deposits	5,759	5,923	6,196	6,416
Less: provision for impairment	(131)	(129)	(145)	(142)
	5,628	5,794	6,051	6,274
Prepaid software subscription fees	—	—	3,930	3,169
Advances for purchase of long-term assets	3,405	13,180	622	6,165
	9,033	18,974	10,603	15,608
Current:				
Deposits for R&D projects	14,700	14,700	10,140	10,215
Cash in transit	—	21,203	—	—
Individual income tax receivable from employees in respect of share-based payments	—	—	—	27,633
Others	2,701	1,406	238	397
Less: provision for impairment	(1,974)	(7,699)	(7,311)	(10,018)
	15,427	29,610	3,067	28,227
VAT to be deducted or refunded	110,727	201,928	312,380	352,686
Prepayments to suppliers	63,713	118,537	256,993	446,728
Prepaid income tax	814	339	1,458	—
Prepaid withholding income tax	—	—	2,895	3,981
	190,681	350,414	576,793	831,622
Total	**199,714**	**369,388**	**587,396**	**847,230**

Our prepayments, other receivables and other assets increased from RMB199.7 million as of December 31, 2023 to RMB369.4 million as of December 31, 2024, primarily due to (i) an increase in VAT to be deducted or refunded, as the input VAT arising from our increased procurement exceeded the output VAT on our sales during the year, and (ii) an increase in prepayments to suppliers, as we increased our procurement volume during the year to support the growth in our sales. Our prepayments, other receivables and other assets further increased to RMB587.4 million as of December 31, 2025 and RMB847.2 million as of June 30, 2026, primarily due to (i) an increase in prepayments to suppliers, which were made to secure production capacity in advance for our business growth, and (ii) an increase in VAT to be deducted or refunded, as our procurement volume continued to increase and the input VAT arising from our purchases exceeded the output VAT on our sales.

As of July 31, 2026, approximately RMB236.0 million, or 27.5%, of our prepayments, other receivables and other assets as of June 30, 2026 had been subsequently settled or utilized.

Cash and Cash Equivalents

Our cash and cash equivalents primarily consisted of cash on hand and cash at banks. During the Track Record Period, our cash and cash equivalents were denominated primarily in Renminbi and U.S. dollars. Our cash and cash equivalents increased from RMB2,548.2 million as of December 31, 2023 to RMB2,622.2 million as of December 31, 2024, and further increased to RMB3,032.1 million as of December 31, 2025, primarily due to the proceeds received from the redemption of our structured deposits upon maturity and, in 2025, our drawdown of bank borrowings, which together more than offset the net cash used in our operating activities. Our cash and cash equivalents remained relatively stable at RMB2,914.9 million as of June 30, 2026.

Trade Payables

Our trade payables primarily represented payables for outsourced processing fees, royalties for third-party technologies licensed to us and raw materials. The credit periods granted by our suppliers are generally within 30 days. The following table sets forth a breakdown of our trade payables as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			
				(Unaudited)
Payables for outsourced processing fees	78,806	64,791	115,657	109,788
Payables for royalties	43,462	68,928	94,177	100,698
Payables for raw materials	65,394	44,220	74,478	93,527
Total	**187,662**	**177,939**	**284,312**	**304,013**

Our trade payables decreased from RMB187.7 million as of December 31, 2023 to RMB177.9 million as of December 31, 2024, primarily due to (i) a decrease in payables for raw materials and (ii) a decrease in payables for outsourced processing fees, in each case primarily reflecting temporary fluctuations in our procurement activities and the resulting differences in the timing of settlement with the relevant suppliers, partially offset by an increase in payables for royalties. Our trade payables increased to RMB284.3 million as of December 31, 2025, and further to RMB304.0 million as of June 30, 2026, primarily due to the increase in payables for raw materials in line with our business growth.

The following table sets forth the aging analysis of our trade payables based on invoice or recognition date as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			
				(Unaudited)
Within one year	170,548	153,387	236,138	245,608
Over one year	17,114	24,552	48,174	58,405
Total	**187,662**	**177,939**	**284,312**	**304,013**

During the Track Record Period, the majority of our trade payables were aged within one year. The following table sets forth our trade payables turnover days for the periods indicated:

	For the year ended December 31,			For the six months ended June 30,
	2023	2024	2025	2026
Trade payables turnover days [(1)]	28	25	29	31

(1) Trade payables turnover days are calculated based on the average of the beginning and ending balance of trade payables for the relevant year/period divided by cost of sales for the relevant year/period and multiplying by 365 days for a year or 183 days for a six-month period, as applicable.

Our trade payables turnover days remained relatively stable during the Track Record Period and generally in line with the credit terms granted by our suppliers. As we generally make prepayments to our largest foundry supplier, our trade payables primarily represented amounts due to OSAT vendors and other suppliers on credit terms, and the fluctuation in our trade payables turnover days primarily reflected changes in the proportion of our purchases made on credit terms and the timing of our settlement of such payables relative to the respective period ends.

As of July 31, 2026, RMB159.5 million, or 52.5%, of our trade payables as of June 30, 2026 had been settled.

Other Payables and Accruals

Our other payables and accruals primarily consisted of sales rebate accruals, salaries, wages and benefits, payables for the purchase of intangible assets, provision for warranties, and other taxes payable. The following table sets forth a breakdown of our other payables and accruals as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			*(Unaudited)*
Non-Current				
Payable for purchase of intangible assets	—	—	76,904	78,260
Salaries, wages and benefits	1,183	2,975	4,958	701
Subtotal	**1,183**	**2,975**	**81,862**	**78,961**
Current				
Salaries, wages and benefits	174,327	127,961	143,763	97,445
Sales rebate accruals	115,475	152,185	147,570	182,480
Payable for purchase of intangible assets	27,863	13,075	98,292	107,991
Provision for warranties	17,008	15,069	25,616	23,190
Other taxes payable	11,060	12,149	17,083	57,424
Deposits	7,725	9,845	13,033	13,988
Payables for professional services	2,421	2,598	1,817	127
Payables for technical services	2,015	3,839	7,465	5,125
Others	3,301	11,326	8,644	4,591
Subtotal	**361,195**	**348,047**	**463,283**	**492,361**
Total	**362,378**	**351,022**	**545,145**	**571,322**

Our other payables and accruals decreased from RMB362.4 million as of December 31, 2023 to RMB351.0 million as of December 31, 2024, primarily due to lower accruals for salaries, wages and benefits following adjustments to our employee compensation arrangements, partially offset by an increase in sales rebate accruals. Our other payables and accruals then increased to RMB545.1 million as of December 31, 2025, primarily due to (i) an increase in payables for the purchase of intangible assets, as we entered into a new IP licensing agreement in 2025, and (ii) an increase in accrued year-end bonuses as of December 31, 2025. Our other payables and accruals further increased to RMB571.3 million as of June 30, 2026, primarily due to (i) an increase in other taxes payable, primarily reflecting the individual income tax withheld in connection with the exercise of share options by our employees during the period, which had not yet been remitted as of June 30, 2026, and (ii) an increase in sales rebate accruals in line with the growth in our sales to distributors. Such increase was partially offset by a decrease in salaries, wages and benefits, as a result of the payment during the period of year-end bonuses accrued as of December 31, 2025.

As of July 31, 2026, RMB129.7 million, or approximately 22.7%, of our other payables and accruals as of June 30, 2026 had been subsequently settled.

Contract Liabilities

Our contract liabilities primarily comprised advances in respect of custom ASIC solutions and ASR-branded products, representing amounts received from our customers before the relevant products were delivered or the relevant services were rendered. The following table sets forth a breakdown of our contract liabilities as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			
				(Unaudited)
Non-Current				
Advances on semiconductor IP licensing	1,106	2,487	450	1,608
Current				
Advances on chip customization services	166,827	63,857	155,444	291,867
Advances on sales of chip products	49,346	101,334	73,039	171,870
Advances on semiconductor IP licensing	3,334	5,896	2,864	2,175
Total current portion	**219,507**	**171,087**	**231,347**	**465,912**
Total	**220,613**	**173,574**	**231,797**	**467,520**

Our contract liabilities decreased from RMB220.6 million as of December 31, 2023 to RMB173.6 million as of December 31, 2024, primarily due to a decrease in advances on chip customization services, as certain custom ASIC projects for which advances had previously been received were completed and the related revenue was recognized, partially offset by an increase in advances on sales of chip products in line with the growing demand for our ASR-branded products. Our contract liabilities then increased to RMB231.8 million as of December 31, 2025, primarily due to an increase in advances on chip customization services, as a result of advance payments received on new chip customization orders secured during the year, partially offset by a decrease in advances on sales of chip products, as we delivered the products in respect of which advances had previously been received and recognized the corresponding revenue. Our contract liabilities further increased to RMB467.5 million as of June 30, 2026, primarily due to (i) an increase in advances on chip customization services, as we received further advance payments on newly secured chip customization orders, and (ii) an increase in advances on sales of chip products, as a result of the growth in the orders for our chip products.

As of July 31, 2026, RMB37.0 million, or 7.9%, of our contract liabilities as of June 30, 2026 were subsequently recognized as revenue.

LIQUIDITY AND CAPITAL RESOURCES

Sources of Liquidity and Working Capital

Our primary uses of cash during the Track Record Period were to fund our procurement of wafers, packaging and testing services and other materials, our research and development activities and our employee compensation. During the Track Record Period, we financed our operations and other capital requirements primarily through cash and cash equivalents on hand, net redemptions of our financial assets at fair value through profit or loss, and proceeds from bank borrowings. Going forward, we believe that our liquidity requirements will be satisfied with cash generated from our operations, **[REDACTED]** from the **[REDACTED]**, and other debt and equity financing from time to time according to our needs.

Taking into account the financial resources available to us, including our cash and cash equivalents and the estimated **[REDACTED]** from the **[REDACTED]**, our Directors are of the view that we have sufficient working capital to meet our present requirements and for the next 12 months from the date of this document.

Summary of Consolidated Statements of Cash Flow

The following table sets forth a summary of our consolidated cash flow statements for the periods indicated:

	For the year ended December 31,			For the six months ended June 30,	
	2023	2024	2025	2025	2026
	(RMB in thousands)				
				(Unaudited)	*(Unaudited)*
Net cash used in operating activities	(678,328)	(411,525)	(455,717)	(272,133)	(378,051)
Net cash generated from investing activities	1,811,058	678,288	520,534	229,046	134,771
Net cash (used in)/generated from financing activities	(670,953)	(208,177)	385,882	253,232	191,824
Net increase/(decrease) in cash and cash equivalents	**461,777**	**58,586**	**450,699**	**210,145**	**(51,456)**
Cash and cash equivalents at beginning of the year/period	2,077,403	2,548,226	2,622,214	2,622,214	3,032,094
Effects of exchange rate changes on cash and cash equivalents	9,046	15,402	(40,819)	(5,597)	(65,718)
Cash and cash equivalents at end of the year/period	**2,548,226**	**2,622,214**	**3,032,094**	**2,826,762**	**2,914,920**

Operating Activities

In the six months ended June 30, 2026, our net cash used in operating activities was RMB378.1 million, which primarily reflected our profit before income tax of RMB55.2 million, as adjusted by (i) non-cash and non-operating items, primarily including amortization of intangible assets of RMB128.0 million and net fair value gains on financial assets at FVPL of RMB73.1 million; and (ii) changes in working capital that negatively affected our cash flows, primarily including an increase in inventories of RMB470.7 million, an increase in prepayments, other receivables and other assets of RMB230.8 million and an increase in trade receivables of RMB145.1 million, partially offset by changes in working capital that positively affected our cash flows, primarily including an increase in contract liabilities of RMB235.7 million.

In 2025, our net cash used in operating activities was RMB455.7 million, which primarily reflected our loss before income tax of RMB350.6 million, as adjusted by (i) non-cash and non-operating items, primarily including amortization of intangible assets of RMB191.5 million, and share-based compensation expenses of RMB137.9 million; and (ii) changes in working capital that negatively affected our cash flows, primarily including an increase in inventories of RMB410.6 million, and an increase in prepayments, other receivables and other assets of RMB225.9 million, partially offset by changes in working capital that positively affected our cash flows, primarily including an increase in trade payables of RMB106.4 million, and an increase in other payables and accruals of RMB40.1 million.

In 2024, our net cash used in operating activities was RMB411.5 million, which primarily reflected our loss before income tax of RMB661.8 million, as adjusted by (i) non-cash and non-operating items, primarily including share-based compensation expenses of RMB180.5 million, and amortization of intangible assets of RMB154.7 million; and (ii) changes in working capital that positively affected our cash flows, primarily including a decrease in inventories of RMB41.3 million, partially offset by changes in working capital that negatively affected our cash flows, primarily including an increase in prepayments, other receivables and other assets of RMB164.2 million, and an increase in trade receivables of RMB82.6 million.

In 2023, our net cash used in operating activities was RMB678.3 million, which primarily reflected our loss before income tax of RMB486.7 million, as adjusted by (i) non-cash and non-operating items, primarily including amortization of intangible assets of RMB124.1 million, and net fair value gains on financial assets at FVPL of RMB88.2 million; and (ii) changes in working capital that negatively affected our cash flows, primarily including an increase in inventories of RMB335.7 million, partially offset by changes in working capital that positively affected our cash flows, primarily including an increase in trade payables of RMB62.4 million.

Investing Activities

In the six months ended June 30, 2026, our net cash generated from investing activities was RMB134.8 million, which was primarily due to proceeds from the sale of financial assets at FVPL of RMB711.2 million, partially offset by payments for financial assets at FVPL of RMB496.7 million.

In 2025, our net cash generated from investing activities was RMB520.5 million, which was primarily due to proceeds from the sale of financial assets at FVPL of RMB6,037.2 million, partially offset by payments for financial assets at FVPL of RMB5,462.5 million.

In 2024, our net cash generated from investing activities was RMB678.3 million, which was primarily due to proceeds from the sale of financial assets at FVPL of RMB12,052.7 million, partially offset by payments for financial assets at FVPL of RMB11,033.8 million.

In 2023, our net cash generated from investing activities was RMB1,811.1 million, which was primarily due to proceeds from the sale of financial assets at FVPL of RMB18,260.6 million, partially offset by payments for financial assets at FVPL of RMB16,207.0 million.

Financing Activities

In the six months ended June 30, 2026, our net cash generated from financing activities was RMB191.8 million, which was primarily due to proceeds from borrowings of RMB255.6 million and proceeds from the exercise of share options of RMB63.9 million, partially offset by the repayment of borrowings of RMB107.1 million.

In 2025, our net cash generated from financing activities was RMB385.9 million, which was primarily due to proceeds from borrowings of RMB445.0 million and proceeds from the exercise of share options of RMB66.3 million, partially offset by the repayment of borrowings of RMB95.0 million and payments in relation to leases of RMB26.6 million.

In 2024, our net cash used in financing activities was RMB208.2 million, which was primarily due to the repurchase of shares of RMB175.2 million and payments in relation to leases of RMB30.7 million.

In 2023, our net cash used in financing activities was RMB671.0 million, which was primarily due to the repurchase of shares of RMB639.6 million and payments in relation to leases of RMB31.3 million.

Current Assets and Current Liabilities

The following table sets forth our current assets and current liabilities as of the dates indicated:

	As of December 31,			As of June 30,	As of July 31,
	2023	2024	2025	2026	2026
	(RMB in thousands)				
				(Unaudited)	*(Unaudited)*
Current assets					
Inventories	1,480,134	1,350,617	1,703,714	2,155,358	2,238,862
Contract assets	5,521	3,912	1,660	1,093	1,093
Trade receivables	267,651	338,428	308,828	455,938	546,745
Prepayments, other receivables and other assets	190,681	350,414	576,793	831,622	979,810
Financial assets at FVOCI	—	10,998	—	—	—
Financial assets at FVPL	1,904,526	796,308	220,115	—	80,077
Restricted cash	342	325	356	335	336
Cash and cash equivalents	2,548,226	2,622,214	3,032,094	2,914,920	2,829,467
Total current assets	**6,397,081**	**5,473,216**	**5,843,560**	**6,359,266**	**6,676,390**
Current liabilities					
Trade payables	187,662	177,939	284,312	304,013	307,118
Contract liabilities	219,507	171,087	231,347	465,912	781,707
Other payables and accruals	361,195	348,047	463,283	492,361	470,465
Borrowings	—	—	350,319	498,820	469,351
Lease liabilities	27,910	21,543	22,315	22,290	22,324
Current income tax liabilities	1,168	17,680	418	13,700	15,484
Deferred income	3,562	3,946	8,494	5,416	5,134
Total current liabilities	**801,004**	**740,242**	**1,360,488**	**1,802,512**	**2,071,583**
Net current assets	**5,596,077**	**4,732,974**	**4,483,072**	**4,556,754**	**4,604,807**

Our net current assets decreased from RMB5,596.1 million as of December 31, 2023 to RMB4,733.0 million as of December 31, 2024, primarily due to (i) a decrease in financial assets at FVPL, as we redeemed structured deposits upon maturity and applied the proceeds principally to fund our operating activities and our repurchase of shares during the year; and (ii) to a lesser extent, a decrease in inventories as we optimized our procurement planning and inventory levels. The decrease was partially offset by increases in prepayments, other receivables and other assets and trade receivables, generally in line with our increased procurement and sales growth over the same period.

Our net current assets further decreased to RMB4,483.1 million as of December 31, 2025, primarily due to increases in certain current liability items, mainly including (i) bank borrowings, which we drew down during the year for working capital purposes; and (ii) other payables and accruals and trade payables, mainly in connection with a new IP licensing agreement entered into in 2025 and our increased procurement of raw materials. The decrease was partially offset by increases in inventories and prepayments to suppliers, as we increased procurement in anticipation of growing customer demand.

Our net current assets increased slightly to RMB4,556.8 million as of June 30, 2026, primarily due to increases in inventories and prepayments to suppliers, as we further increased procurement in anticipation of growing customer demand, and in trade receivables, in line with our sales growth during the period. These increases were partially offset by (i) increases in contract liabilities, representing advances received on new custom ASIC projects and orders for ASR-branded products, and in bank borrowings; and (ii) decreases in financial assets at FVPL and cash and cash equivalents, which, together with the customer advances and bank borrowings, were applied to fund our operations.

Our net current assets further increased slightly to RMB4,604.8 million as of July 31, 2026, as the continued increases in trade receivables, prepayments to suppliers and inventories were largely offset by an increase in contract liabilities from advances received on new orders.

INDEBTEDNESS

The following table sets forth the breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of June 30,	As of July 31,
	2023	2024	2025	2026	2026
	(RMB in thousands)				
				(Unaudited)	*(Unaudited)*
Current					
Borrowings	—	—	350,319	498,820	469,351
Lease liabilities	27,910	21,543	22,315	22,290	22,324
Other payables and accruals	—	—	69,090	70,308	70,513
	27,910	21,543	441,724	591,418	562,188
Non-current					
Lease liabilities	19,702	12,240	35,428	27,576	24,130
Other payables and accruals	—	—	76,904	78,260	78,488
	19,702	12,240	112,332	105,836	102,618
Total	**47,612**	**33,783**	**554,056**	**697,254**	**664,806**

Borrowings

Our borrowings consisted of unsecured bank borrowings. We did not have any outstanding borrowings as of December 31, 2023 and 2024. As of December 31, 2025 and June 30, 2026, we had total borrowings of RMB350.3 million and RMB498.8 million, respectively. All of our borrowings were classified as current liabilities and repayable within one year. As of June 30, 2026, the interest rates of our borrowings ranged from 2.11% to 2.30% per annum, and we did not have any overdue short-term borrowings. For details, see Note 37 to the Accountant's Report in Appendix I to this document.

As of July 31, 2026, we had total bank borrowings of RMB469.4 million. As of the same date, we had RMB859.3 million of unutilized banking facilities.

Our Directors confirm that we did not experience any difficulty in obtaining bank borrowings, default in payment of bank borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date. Given our credit history and our current credit status, we believe that we will not encounter any major difficulties in obtaining additional bank borrowings in the future.

Lease Liabilities

During the Track Record Period, our lease liabilities were primarily in relation to our leases of office buildings. We recognize lease liabilities with respect to all leases, except for short-term leases and leases of low-value assets. As of December 31, 2023, 2024, 2025 and June 30, 2026, we had lease liabilities of RMB47.6 million, RMB33.8 million, RMB57.7 million and RMB49.9 million, respectively. As of July 31, 2026, we had lease liabilities of RMB46.5 million.

Other Payables and Accruals

During the Track Record Period, our other payables and accruals included in our indebtedness represented the long-term consideration payable in respect of our purchase of intangible assets under an IP licensing agreement entered into in 2025. We did not have any such other payables and accruals as of December 31, 2023 and 2024. As of December 31, 2025, June 30, 2026 and July 31, 2026, we had such other payables and accruals of RMB146.0 million, RMB148.6 million and RMB149.0 million, respectively.

Save as disclosed above, as of July 31, 2026, being the latest practicable date for determining our indebtedness, we did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, borrowings or similar indebtedness, debentures, mortgages, charges, liabilities under acceptances (other than normal trade bills) or acceptance credits, hire purchase commitments, guarantees or other material contingent liabilities. Our Directors confirm that there has not been any material change in our indebtedness since July 31, 2026 and up to the date of this document.

CAPITAL EXPENDITURE

During the Track Record Period, our capital expenditure consisted of payments for intangible assets and property, plant and equipment. Our capital expenditure amounted to RMB119.9 million, RMB246.2 million, RMB88.5 million and RMB58.0 million in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively. We expect to fund our capital expenditure primarily with cash generated from our operations, our existing cash and cash equivalents and the **[REDACTED]** from the **[REDACTED]**.

CAPITAL COMMITMENTS

As of December 31, 2023, 2024 and 2025 and June 30, 2026, our capital commitments amounted to RMB14.9 million, RMB0.5 million, RMB130.3 million and RMB123.4 million, respectively, representing payments for purchases of intangible assets and purchases of property, plant and equipment. As of December 31, 2023, 2024 and 2025 and June 30, 2026, pursuant to the partnership agreements of the Company's associate and limited partnership funds, the remaining capital contributions of RMB430.0 million, RMB306.0 million, RMB330.0 million and RMB330.0 million, respectively, were to be paid within the respective remaining terms of the funds upon future capital calls. As of June 30, 2026, pursuant to the equity investment agreement with one of the Group's investees, the unpaid capital contribution of RMB8.0 million is payable on or before September 30, 2030. We expect to satisfy our capital commitments using financial resources currently available to us and the **[REDACTED]** from the **[REDACTED]**.

CONTINGENT LIABILITIES

During the Track Record Period and up to the Latest Practicable Date, we did not have any material contingent liabilities.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios as of the dates or for the periods indicated:

	As of/For the year ended December 31,			As of/For the six months ended June 30,
	2023	2024	2025	2026
Gross profit margin [(1)]	22.5%	20.5%	23.3%	28.5%
Current ratio [(2)]	8.0	7.4	4.3	3.5
Quick ratio [(3)]	6.1	5.6	3.0	2.3

(1) Gross profit margin is calculated based on gross profit divided by revenue and multiplied by 100%.

(2) Current ratio is calculated based on total current assets divided by total current liabilities.

(3) Quick ratio is calculated based on total current assets less inventories divided by total current liabilities.

Analysis of Key Financial Ratios

Gross Profit Margin

See "— Period to Period Comparison of Results of Operations" for a discussion of the factors affecting our gross profit margin during the Track Record Period.

Current and Quick Ratios

Our current ratio decreased from 8.0 as of December 31, 2023 to 7.4 as of December 31, 2024, primarily due to the decrease in our current assets as we redeemed structured deposits to fund our operating activities and share repurchases. Our current ratio further decreased to 4.3 as of December 31, 2025 and 3.5 as of June 30, 2026, primarily because our current liabilities increased significantly, as we drew down bank borrowings and received more advances from customers for new custom ASIC projects and chip product orders, while our current assets increased at a more moderate pace.

Our quick ratio decreased from 6.1 as of December 31, 2023 to 5.6 as of December 31, 2024, 3.0 as of December 31, 2025 and 2.3 as of June 30, 2026, generally in line with the trend of our current ratio and reflecting the same factors. In particular, our quick assets, being current assets excluding inventories, remained broadly stable from December 31, 2024 to June 30, 2026. Therefore, the increase in our current assets over this period was largely attributable to the build-up of inventories in anticipation of growing customer demand and the decrease in our quick ratio over this period was therefore driven primarily by the increase in our current liabilities. See "— Liquidity and Capital Resources — Current Assets and Current Liabilities" for further details.

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. For details about our related party transactions during the Track Record Period, see Note 40 to the Accountant's Report in Appendix I to this document. Our Directors are of the view that each of the related party transactions was conducted in the ordinary course of business on an arm's length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our track record results or make our historical results not reflective of our future performance.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Our activities expose us to a variety of financial risks, mainly including market risk, credit risk and liquidity risk. Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance. For further details, see Note 3 to the Accountant's Report in Appendix I to this document.

DIVIDENDS

No dividend was declared or paid by our Company during the Track Record Period. We currently expect to retain all future earnings for use in operation and expansion of our business, and do not anticipate paying cash dividends in the foreseeable future. The declaration and payment of any dividends in the future will be determined by our Shareholders at a general meeting and subject to our Articles of Association and the PRC Company Law, and will depend on a number of factors, including the successful commercialization of our products as well as our earnings, capital requirements, overall financial condition and contractual restrictions. Currently, we have a reasonable dividend policy with an appropriate pre-determined payout ratio in place. As confirmed by our PRC Legal Advisor, any future after-tax profit that we make will have to be applied to make up for our historically accumulated losses in accordance with the PRC laws, after which we will be obliged to allocate 10% of our profit to our statutory common reserve fund until the aggregate amount of such fund has reached 50% of our registered capital. We will therefore only be able to declare dividends after (i) all our historically accumulated losses have been made up for; and (ii) we have allocated sufficient profit to our statutory common reserve fund as described above.

DISTRIBUTABLE RESERVES

As of June 30, 2026, we did not have retained profits available for distribution to our Shareholders.

BUSINESS SUSTAINABILITY

We achieved rapid revenue growth during the Track Record Period. Our revenue increased from RMB2,599.9 million in 2023 to RMB3,816.8 million in 2025, representing a CAGR of 21.2%, and 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 net losses in 2023, 2024 and 2025 primarily reflected substantial R&D expenditure to build and advance our multi-mode cellular baseband technologies, AI computing technologies and complex SoC design capabilities. These investments laid the foundation for future growth, with their commercial benefits materializing progressively as the

resulting products and solutions advanced through development and validation and gained customer adoption. Our gross profit margin was also affected by changes in our offering mix and unit costs, as well as inventory impairment in certain periods.

For the six months ended June 30, 2026, we recorded a net profit of RMB84.2 million. In addition, our gross profit 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, and our gross profit margin improved from 21.4% to 28.5%, supported by an increased contribution from 5G chip products and custom ASIC solutions and lower unit costs for our mature products.

Looking ahead, we intend to support sustainable business growth and further improve profitability through the following measures:

- ***Driving revenue growth.*** We intend to capture growing demand for connectivity and AI computing through continued product development and broader customer adoption. Building on our established relationships with module manufacturers and device manufacturers, we will expand the applications and customer base for our wireless connectivity chips and advance the commercialization of our 5G products and AI-enabled smart device SoCs. In custom ASIC solutions, we will pursue opportunities in cloud and edge AI inference, RISC-V, enterprise storage and other applications requiring customized silicon. Our ASIC order backlog amounted to over RMB1.5 billion as of June 30, 2026, representing a year-over-year increase of 416.5%. We will focus on executing and delivering these projects, securing subsequent volume-production orders and winning new projects with clear commercialization prospects.

- ***Optimizing cost structure and enhancing operating leverage.*** Cost of wafers is the largest component of our cost of sales, accounting for 71.6%, 68.8%, 69.8%, 68.9% and 70.4% of the total for the respective periods, followed by outsourced assembly and testing fees at approximately 19% to 21%. We endeavor to continue to reduce unit costs through chip architecture optimization, greater integration and smaller die sizes. We will also work with our foundry and OSAT partners to improve production yields and seek more favorable procurement terms as our business scales, which will further improve our cash flow management. We are also improving efficiency at the operating expense level. Our operating expenses decreased as a percentage of revenue from 48.9% in 2023 to 30.1% for the six months ended June 30, 2026. While maintaining investment in core technologies, we will extend the reuse of proprietary IP, chip architectures and design methodologies across ASR-branded products and custom ASIC projects to reduce duplicated development work and shorten development cycles. We will also refine resource allocation and project management and maintain discipline in selling and administrative expenditure. As revenue grows, we expect these measures to spread our development and operating costs across a broader business base and improve operating efficiency.

[REDACTED]

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

For details, see Appendix IIA to this document.

[REDACTED]

[REDACTED]

NO MATERIAL ADVERSE CHANGE

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, our Directors confirm that there has been no material adverse change in our financial or trading position or prospects since June 30, 2026 and up to the date of this document.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors have confirmed that, as of the Latest Practicable Date, they were not aware of any circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.