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Application Proof of

ASR MICROELECTRONICS CO., LTD.
翱捷科技股份有限公司

(the "Company")

(A joint stock company incorporated in the People's Republic of China with limited liability)

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翱捷科技股份有限公司

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[REDACTED]	**:**	**HK$[REDACTED] per H Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565% (payable in full on application in Hong Kong dollars and subject to refund)**
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SUMMARY

This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you. You should read this document in its entirety before you decide to ***[REDACTED]*** *in the* ***[REDACTED]****. There are risks associated with any* ***[REDACTED]****. Some of the particular risks in* ***[REDACTED]*** *in the* ***[REDACTED]*** *are set out in "Risk Factors." You should read that section carefully before you decide to* ***[REDACTED]*** *in the* ***[REDACTED]****.*

OVERVIEW

Who We Are

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

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

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

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

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

(1) According to Frost & Sullivan.

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

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

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

(5) As of June 30, 2026.

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

Our Market Opportunities

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

technology and on-device AI computing have become the two critical technology foundations for deploying AI across edge-to-cloud application scenarios with ubiquitous, low-latency and power-efficient connectivity.

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

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

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

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

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

Our Integrated Technology Platform

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

- ***High performance with low power consumption.*** AI-enabled chips must deliver sufficient computing power within strict power and thermal limits, especially for battery-powered and cost-sensitive edge devices. Hardware-software co-optimization and efficient workload allocation are critical to enabling reliable AI experiences and coordinating tasks across devices, edge nodes and cloud infrastructure.

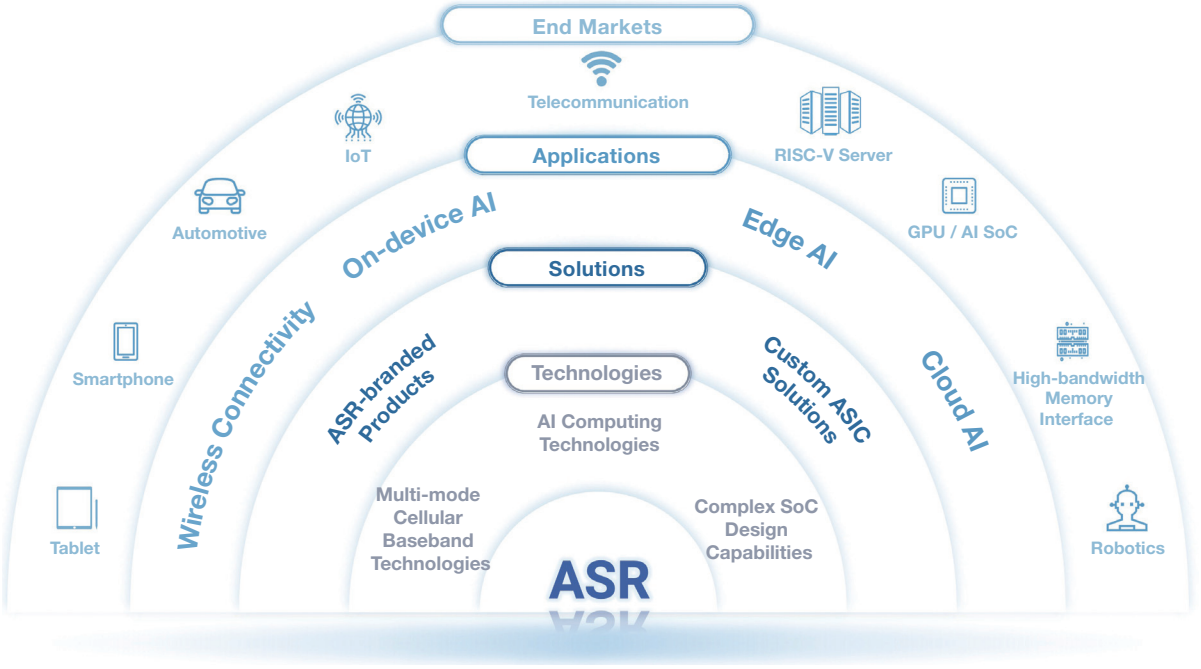
- ***High integration.*** AI-enabled chips increasingly integrate connectivity, computing, sensing, multimedia processing and other system functions. Higher integration reduces external components, simplifies system design, improves power and area efficiency, and supports smaller form factors and lower system costs.

- ***High reusability and configurability.*** As AI applications diversify, chip solutions must adapt to different standards, AI models, operating systems, hardware environments and performance requirements. Reusable architectures, modular IP and software frameworks improve development efficiency and support faster commercialization across device, edge and cloud scenarios.

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

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

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



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

- ***Multi-mode cellular baseband technologies.*** We possess end-to-end cellular capabilities covering all standards from 2G to 5G, including protocol stacks, baseband and RF technologies, and complete cellular chipset development. Cellular networks uniquely combine wide-area coverage, seamless mobility, predictable latency and reliability, and support for massive connections, providing the communications foundation for mobile, wide-area and mission-critical AI applications. Our 5G network slicing technology further enables differentiated control over latency, bandwidth and reliability. Our Wi-Fi, Bluetooth, LoRa, GNSS and satellite communications technologies complement our cellular capabilities and broaden the range of applications we serve.

- ***AI computing technologies.*** At the edge, our self-developed NPU architecture supports mainstream AI models, with computing capacities scalable from 0.2 TOPS to hundreds of TOPS. This supports on-device generative AI, real-time voice translation, video enhancement and other local AI inference tasks. For the cloud, our large-scale heterogeneous AI chip design technology supports the development of complex AI ASICs and cloud computing chips integrating tens of billions of transistors for large-model training and inference. These capabilities are further supported by edge computing, edge-cloud AI model collaboration and heterogeneous compute scheduling technologies, which coordinate AI workloads across devices, edge nodes and cloud infrastructure.

- ***Complex SoC design capabilities.*** A smart device SoC must combine multiple functions on a single chip, including processing, memory and high-speed interfaces, graphics and display, sensing, security and power management. Leveraging our ultra-large-scale digital and mixed-signal design technologies and multimodal sensing and processing technologies, we design and integrate these functions into complex SoCs while balancing performance, power consumption, chip area and cost, underpinning the commercial viability of our products in mass-market applications.

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

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

Our Product and Service Offerings

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

Wireless connectivity chips — established foundation for connected AI. We provide a broad portfolio of cellular connectivity chips covering all standards from 2G to 5G, including 5G NR and RedCap. Our products serve major cellular IoT and mobile broadband applications, such as mobile broadband terminals, industrial and commercial IoT, connected vehicles, wearables and smart financial terminals. These products enable ubiquitous, real-time and massive connectivity across devices, edge and cloud. According to Frost & Sullivan, as of 2025, we were one of the very few China-based providers capable of developing and bringing into volume production cellular connectivity chips across all standards from 2G to 5G. We were also one of the very few providers globally with coverage across the principal technology pathways and application scenarios. Our cellular products have been adopted by leading module manufacturers and device manufacturers in China and overseas, and have passed the certification of four of the world's top five telecommunications operators, which is a prerequisite for commercial deployment on their networks. According to Frost & Sullivan, in 2025, we ranked No. 1

globally in cellular connectivity chip market in terms of shipment volume, and also ranked No. 1 globally by shipment volume in 4G cellular connectivity chips, Cat.1 cellular connectivity chips and Cat.4 cellular connectivity chips. According to Frost & Sullivan, in 2025, we also ranked No. 1 globally by shipment volume across a number of downstream application segments, including mobile gateway devices, wearable devices, smart electric meters and smart grid. In addition, our Wi-Fi, Bluetooth, LoRa and GNSS products broaden our application coverage in short-range and other specialized connectivity scenarios. In 2025, we shipped over 300 million units of ASR-branded wireless connectivity chips worldwide.

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

Custom ASIC solutions — application-specific computing from edge to cloud. Under our turnkey model, we provide end-to-end custom ASIC solutions and support the delivery of customized chips into volume production. We tailor silicon to customers' specific workloads and requirements for performance, power consumption, cost, latency and system integration. Our projects span AI computing, RISC-V, enterprise storage, robotic vision, smart wearables and industrial control, with particular strengths in inference-oriented ASICs. This strength dates back to 2018, when, following a competitive selection process involving several international chip design companies, we were selected by a leading AI company to develop custom hyperscale cloud-AI chips. According to Frost & Sullivan, we were the first China-based custom ASIC solution provider to secure an order to develop such chips. Today, our ASIC customers include hyperscalers and leading AI and semiconductor companies. As of June 30, 2026, we had successfully delivered dozens of custom ASIC projects, including designs using process nodes as advanced as 4nm. According to Frost & Sullivan, among major global providers, we hold leading positions in R&D efficiency, comprehensive coverage of application scenarios and service processes, platform-based capabilities and the proportion of ongoing projects on advanced process nodes of 6nm and below.

Our Achievements

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

and top five smart cockpit chip suppliers, as well as the world's top five XR device vendors. As of June 30, 2026, our order backlog of custom ASIC solutions amounted to over RMB1.5 billion, representing an increase of 416.5% from June 30, 2025.

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

COMPETITIVE STRENGTHS

We believe the following competitive strengths have contributed to our success and differentiated us from our competitors: (i) distinctive capabilities across multi-mode cellular baseband and complex SoC design; (ii) versatile integrated platform built on self-developed, mass-production-validated IP; (iii) efficient R&D capabilities proven by volume production and commercial success; (iv) reliable design-to-production delivery backed by long-term supply chain partnerships; and (v) visionary leadership and experienced management team. For details, see "Business — Competitive Strengths."

GROWTH STRATEGIES

We intend to pursue the following strategies to drive the continued growth of our business and to further strengthen our market leadership: (i) reinforce our market leadership and expand our offerings to capture edge-to-cloud AI opportunities; (ii) expand our custom ASIC solutions to capture growing demand for customized silicon; (iii) advance R&D to enrich our IP portfolio and maintain technological leadership; (iv) further explore new market with existing customers and expand our customer base at home and abroad; (v) attract and retain talent to elevate our innovation DNA; and (vi) pursue strategic investments and acquisitions to expand our technology platform and ecosystem. For details, see "Business — Growth Strategies."

OUR RESEARCH AND DEVELOPMENT

Our R&D activities support the development of the three technology pillars and the ASR-branded products and custom ASIC solutions that use them. We have made, and will continue to make, substantial R&D investments. In 2023, 2024, 2025 and the six months ended June 30, 2026, our R&D expenses were RMB1,115.8 million, RMB1,241.8 million, RMB1,298.7 million and RMB663.3 million, respectively, representing 42.9%, 36.7%, 34.0% and 27.1% of our total revenue for the respective periods. Our R&D capabilities are supported by an interdisciplinary team of engineers. As of June 30, 2026, we had 1,180 R&D personnel, representing approximately 90% of our total employees. Approximately 74.7% of our R&D personnel held master's degrees or higher, including 23 doctoral degree holders. Our team includes technology specialists and senior engineers with experience at leading global wireless communications companies and expertise in system architecture, signal processing, communication protocol stacks, and digital, analog and RF circuit design. Our R&D organization combines centralized development of foundational technologies with product-specific development. Functional teams develop and maintain reusable assets and methodologies across cellular baseband, AI computing and complex SoC design, supported by digital, analog, RF, software and verification functions. These assets include IP for signal processing, analog and RF circuits, protocol stacks and low-power design, which can be reused across product categories. For details, see "Business — Research and Development."

SALES AND MARKETING

We serve customers through a combination of direct sales and distributor channels. 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. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our direct sales revenue was RMB463.3 million, RMB593.5 million, RMB658.7 million, RMB356.0 million and RMB535.2 million, respectively, representing 17.8%, 17.5%, 17.3%, 18.8% and 21.9% of our total revenue for the corresponding periods.

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. According to Frost & Sullivan, the use of distributors is a common practice among fabless semiconductor companies supplying cellular connectivity and IoT chips. Most of our distribution sales are made under consignment arrangements, under which we retain primary responsibility for end-customer development and technical engagement. Our sales and technical teams identify and approach downstream customers, agree on product models and pricing with them, and provide technical support directly, while the distributor provides warehousing and stocking support, arranges delivery and collects payments. The remainder of our distribution sales are made under buy-out arrangements, under which the distributor purchases our products for resale to its customers and bears the related inventory risk, and we recognize revenue upon delivery to the distributor or its designated carrier. As of June 30, 2026, we engaged seven distributors through our sales network. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our revenue generated by distribution was RMB2,136.6 million, RMB2,792.2 million, RMB3,158.1 million, RMB1,542.0 million and RMB1,916.1 million, respectively, representing 82.2%, 82.5%, 82.7%, 81.2% and 78.2% of our total revenue for the corresponding periods. For details, see "Business — Sales and Marketing."

OUR CUSTOMERS AND SUPPLIERS

During the Track Record Period, customers for our ASR-branded products consisted of distributors of electronic components and, under direct sales, module manufacturers and device manufacturers. Customers for our custom ASIC solutions were primarily internet, AI and semiconductor companies. Our revenue generated from sales to the five largest customers in each year/period during the Track Record Period amounted to RMB2,083.6 million, RMB2,780.6 million, RMB3,150.9 million and RMB1,957.8 million, respectively, representing 80.1%, 82.1%, 82.6% and 79.9% of our total revenue for the corresponding years/periods. Our revenue generated from the largest customer in each year/period during the Track Record Period amounted to RMB1,108.9 million, RMB1,255.8 million, RMB1,433.9 million and RMB904.3 million, respectively, representing 42.7%, 37.1%, 37.6% and 36.9% of our total revenue for the corresponding years/periods. For details, see "Business — Our Customers."

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

OUR SUPPLY CHAIN MANAGEMENT

As a fabless semiconductor company, we do not own wafer fabrication, packaging or testing facilities. Our outsourced production process generally includes wafer fabrication, bumping, wafer sort, assembly, final testing and system-level testing. Our suppliers therefore consist principally of foundries,

which fabricate our wafers, and OSAT vendors, which perform packaging and testing. Together, they account for the substantial majority of our purchases. We also purchase certain semiconductor products, third-party semiconductor IP, design software, equipment and outsourced technical services. We procure wafer fabrication and packaging and testing services for our ASR-branded products and custom ASIC solutions on a unified basis, with commercial terms negotiated at group level. Consolidating the requirements of both businesses increases our aggregate volume with our manufacturing partners and supports our access to capacity and competitive commercial terms, while individual arrangements remain tailored to the relevant product or project requirements. During the Track Record Period and up to the Latest Practicable Date, we did not experience any disruption to our business as a result of a shortage of, or delay in, the supply of wafer fabrication or packaging and testing services, and we did not encounter any suspension or termination of our relationship with any major supplier or any material dispute with our suppliers. We select and assess our suppliers based on a range of factors, including technological expertise, product quality and quality control, price, delivery capability, service and responsiveness, and overall track record. Before we admit a new supplier, we review its commercial capability and its background, including its legal qualifications, its credit and compliance records and any connected relationship with us. For key manufacturing partners, we also conduct on-site reviews of their manufacturing facilities, quality systems and operational processes, and require samples for testing against our technical specifications. For details, see "Business — Our Supply Chain Management."

COMPETITION

The markets in which we operate are highly competitive, with both established international players and emerging domestic companies. We compete across our principal product and service offerings, comprising wireless connectivity chips, smart device SoCs and custom ASIC solutions. The principal competitive factors vary by product and service offering. We believe our position is supported by the combination of our three technology pillars, our reusable and mass-production-validated IP and our experience bringing complex chips through design, tape-out and volume production. We apply these capabilities across ASR-branded products and custom ASIC solutions and coordinate the relevant foundry and OSAT resources. See "Industry Overview" for further information on the competitive landscape of the markets in which we operate.

RISK FACTORS

Our business and the **[REDACTED]** involve certain risks. Some of the major risks we face include: (i) intense competition and rapidly evolving technologies and industry standards; (ii) the inherent cyclicality of the semiconductor industry; (iii) our dependence on demand in downstream markets; (iv) failure to develop and commercialize new or upgraded products in a timely and cost-effective manner; (v) lengthy and costly product qualification and verification processes; (vi) uncertainty and delays in revenue generation arising from lengthy product development and commercialization cycles; (vii) project execution, customer acceptance and revenue recognition risks associated with our custom ASIC solutions; (viii) substantial R&D expenditure and uncertain returns; (ix) our reliance on a limited number of third-party suppliers for critical products and services; and (x) limited control over outsourced manufacturing processes and production schedules. For details, see "Risk Factors."

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following table sets forth a summary of our consolidated statements of profit or loss for the periods indicated. Our historical results presented below are not necessarily indicative of the results that may be expected for any future period. The summary financial data set forth below should be read together with, and is qualified in its entirety by reference to, the consolidated financial statements in this Document, including the related notes. Our consolidated financial information was prepared in accordance with IFRS Accounting Standards.

	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 Measures

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**

Revenue

During the Track Record Period, our revenue was derived primarily from sales of our ASR-branded products and, to a lesser extent, from 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.

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.

Gross Profit and Gross Profit Margin

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.

SUMMARY OF CONSOLIDATED BALANCE SHEETS

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	**901,471**	**1,063,652**	**1,136,659**	**1,434,692**
Current assets	**6,397,081**	**5,473,216**	**5,843,560**	**6,359,266**
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**
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**

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.

SUMMARY OF CONSOLIDATED STATEMENTS OF CASH FLOWS

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**

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. For details, see "Financial Information — Liquidity and Capital Resources."

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.

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.

FUTURE PLANS AND [REDACTED]

We estimate that we will receive **[REDACTED]** from the **[REDACTED]** of approximately HK$**[REDACTED]**, after deducting **[REDACTED]** commissions, fees and estimated expenses payable by us in connection with the **[REDACTED]**, assuming an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]** (being the **[REDACTED]**) and that the **[REDACTED]** is not exercised.

We intend to use the **[REDACTED]** as follows: (i) approximately **[REDACTED]**%, or HK$**[REDACTED]**, will be used to enhance our R&D capabilities and expand our product portfolio; (ii) approximately **[REDACTED]**%, or HK$**[REDACTED]**, will be used for strategic investments or acquisitions in furtherance of our long-term growth strategy; (iii) approximately **[REDACTED]**%, or HK$**[REDACTED]**, will be used to expand our sales network and enhance our sales and marketing capabilities; and (iv) approximately **[REDACTED]**%, or HK$**[REDACTED]**, will be used for working capital and other general corporate purposes. For details, see "Future Plans and **[REDACTED]**."

OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

Pursuant to a concert party agreement entered into by Mr. TAI, Ningbo Jiexin, Great ASR1 and Great ASR2 in September 2020, they have undertaken to act in concert regarding our Company's operations and material decisions. Mr. TAI has sole discretion to direct the exercise of all voting rights attached to the Shares held by them.

As of the Latest Practicable Date, Mr. TAI, directly and indirectly through Ningbo Jiexin, Great ASR1 and Great ASR2, controlled approximately 22.32% of voting rights in our Company. Immediately following completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised and no other changes are made to the issued share capital of our Company from the Latest Practicable Date to the **[REDACTED]**), Mr. TAI, directly and indirectly through Ningbo Jiexin, Great ASR1 and Great ASR2, will control approximately **[REDACTED]**% of voting rights in our Company. Therefore, Mr. TAI, Ningbo Jiexin, Great ASR1 and Great ASR2 are, and will continue to be our Single Largest Group of Shareholders upon **[REDACTED]**.

LISTING OF A SHARES ON THE SHANGHAI STOCK EXCHANGE

On January 14, 2022, the A Shares of our Company were listed on the STAR Market of the Shanghai Stock Exchange (SSE: 688220). Our Directors confirm that, since our listing on the Shanghai Stock Exchange and up to the Latest Practicable Date, we had no instances of material non-compliance with the rules of the Shanghai Stock Exchange and other applicable securities laws and regulations of the PRC in any material respects, and, to the best knowledge of our Directors, having made all reasonable inquiries, there was no material matter that should be brought to the investors' attention in relation to our compliance record on the Shanghai Stock Exchange. Our PRC Legal Advisor is of the view that the confirmation of our Directors above with regard to our compliance records is accurate. Based on the independent due diligence conducted by the Joint Sponsors, nothing has come to the Joint Sponsors' attention that would cause them to disagree with the Directors' confirmation with regard to the compliance records of our Company on the Shanghai Stock Exchange.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

LEGAL PROCEEDINGS AND COMPLIANCE

Our Directors, as advised by our PRC Legal Advisor, confirm that we had complied with the relevant PRC laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date. During the Track Record Period and up to the Latest Practicable Date, we were not subject to any claims, damages, or losses that would have a material adverse effect on our financial position or results of operations as a whole.

[REDACTED]

[REDACTED]

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that, up to the date of this Document, there has been no material adverse change in our financial or trading position or prospects since June 30, 2026, being the end date of our latest audited financial statements, and there has been no event since June 30, 2026 that would materially affect the information shown in the Accountant's Report set out in Appendix I to this Document.

DEFINITIONS

In this document, unless the context otherwise requires, the following terms and expressions shall have the meanings set out below. Certain technical terms are explained in "Glossary of Technical Terms."

"A Share(s)"	ordinary share(s) issued by our Company, with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange and traded in Renminbi
"A-Share Listing"	public offering and listing of A Shares of our Company on the STAR Market of the Shanghai Stock Exchange under the stock code 688220 in January 2022
"Accountant's Report"	the accountant's report of our Company for the Track Record Period, as set out in Appendix I to this document
"affiliate"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AFRC"	the Accounting and Financial Reporting Council of Hong Kong
"Articles of Association" or "Articles"	the articles of association of our Company adopted on September 2, 2026, which will become effective upon the **[REDACTED]** and as amended from time to time, a summary of which is set out in Appendix III to this document
"Audit Committee"	the audit committee of the Board
"Board" or "Board of Directors"	the board of Directors of our Company
"Business Day" or "business day"	any day on which banks in Hong Kong are generally open for normal banking business and which is not a Saturday, Sunday or public holiday in Hong Kong
"CAGR"	compound annual growth rate
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
"China" or "the PRC"	the People's Republic of China
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended from time to time

"Company" or "our Company"	ASR Microelectronics Co., Ltd.(翱捷科技股份有限公司)(formerly known as ASR Microelectronics (Shanghai) Co., Ltd.(翱捷科技(上海)有限公司)), a joint stock company established in the PRC with limited liability on April 30, 2015, the A Shares of which have been listed on the Shanghai Stock Exchange (SSE: 688220)
"Company Law" or "PRC Company Law"	the Company Law of the PRC(中華人民共和國公司法), as amended from time to time
"Compliance Advisor"	Rainbow Capital (HK) Limited
"CSDC"	China Securities Depository and Clearing Corporation Limited(中國證券登記結算有限責任公司)
"CSRC"	China Securities Regulatory Commission(中國證券監督管理委員會)
"Director(s)" or "our Director(s)"	the director(s) of our Company
"downstream customer(s)"	primarily module manufacturers and device manufacturers that purchase our ASR-branded products from our distributors for incorporation into their modules or products
"EIT"	enterprise income tax
"EIT Law"	the Enterprise Income Tax Law of the PRC(中華人民共和國企業所得税法), as amended from time to time
"EU"	European Union
"Extreme Conditions"	extreme conditions as announced by the government of Hong Kong
[REDACTED]	**[REDACTED]**
"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., a market research and consulting company and an Independent Third Party, which prepared the Frost & Sullivan Report
"Frost & Sullivan Report"	an independent market research report prepared by Frost & Sullivan for the purpose of this document
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**

DEFINITIONS

"Great ASR1"	Great ASR1 Limited, a company incorporated in Hong Kong on August 31, 2020, which is a member of our Single Largest Group of Shareholders and an employee shareholding platform of our Group
"Great ASR2"	Great ASR2 Limited, a company incorporated in Hong Kong on August 31, 2020, which is a member of our Single Largest Group of Shareholders and an employee shareholding platform of our Group
"Group," "our Group," "our," "we" or "us"	our Company and all of our subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries, the businesses operated by such subsidiaries or their predecessors (as the case may be)
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC

"Hong Kong dollars," "HK dollars," "HK$" or "HKD"	Hong Kong dollars, the lawful currency of Hong Kong
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
"IFRS Accounting Standards"	the IFRS Accounting Standards as issued by the International Accounting Standards Board
"Independent Third Party(ies)"	person(s) or company(ies) who/which, to the best of our Directors' knowledge, information and belief, having made all reasonable inquiries, are not our connected persons
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
"International Sanctions"	all applicable laws and regulations to economic sanctions, export controls, trade embargoes and wider prohibitions and restrictions on international trade and investment related activities, including those adopted, administered and enforced by the U.S. government, the European Union and its member states, the United Kingdom, United Nations or Government of Australia
"International Sanctions Legal Advisor"	Hogan Lovells Cadwalader International LLP, the legal advisor to our Company as to U.S. outbound investment rules, U.S. export control and International Sanctions laws

[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
"Latest Practicable Date"	September 7, 2026, being the latest practicable date for the purpose of ascertaining certain information in this document prior to its publication
[REDACTED]	**[REDACTED]**
"Listing Committee"	the Listing Committee of the Stock Exchange
[REDACTED]	**[REDACTED]**
"Listing Guide" or "Guide for New Listing Applicants"	the Guide for New Listing Applicants as published by the Stock Exchange, as amended from time to time
"Listing Rules" or "Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
"Main Board"	the stock market (excluding the option market) operated by the Stock Exchange, which is independent from and operated in parallel with GEM of the Stock Exchange
"MIIT"	the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
"MOFCOM"	the Ministry of Commerce of the PRC (中華人民共和國商務部)
"Mr. TAI"	Mr. TAI Po Ka (戴保家), our founder, the chairperson of the Board, an executive Director, the chief strategy officer of our Company and one of a member Single Largest Group of Shareholders
"NDRC"	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)

"Ningbo Jiexin"	Ningbo Jiexin Ruiwei Enterprise Management Partnership (Limited Partnership)(寧波捷芯睿微企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on July 20, 2020, which is a member of our Single Largest Group of Shareholders and an employee shareholding platform of our Group
"Ningbo Jieyu Ruixin"	Ningbo Jieyu Ruixin Enterprise Management Consulting Co., Ltd.(寧波捷宇銳芯企業管理諮詢有限公司), a limited company established in the PRC on June 22, 2020, which is wholly owned by Mr. TAI
"Nomination Committee"	the nomination committee of the Board
"NPC"	the National People's Congress of the PRC(中華人民共和國全國人民代表大會)
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
"Overseas Listing Trial Measures"	Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies(境內企業境外發行證券和上市管理試行辦法), as amended from time to time
"PBOC"	the People's Bank of China(中國人民銀行)
"PRC GAAP"	generally accepted accounting principles in the PRC
"PRC Legal Advisor"	Merits & Tree Law Offices, the legal advisor to our Company as to the laws of the PRC

[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
"R&D"	research and development
[REDACTED]	**[REDACTED]**
"Reporting Accountants"	PricewaterhouseCoopers
"Remuneration and Appraisal Committee"	the remuneration and appraisal committee of the Board
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
[REDACTED]	**[REDACTED]**
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SAMR"	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
"STA"	the State Taxation Administration of the PRC (中華人民共和國國家税務總局)
"Securities and Futures Ordinance" or "SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
"Securities Law" or "PRC Securities Law"	the Securities Law of the PRC (中華人民共和國證券法), as amended from time to time
"SFC"	the Securities and Futures Commission of Hong Kong
"Shanghai-Hong Kong Stock Connect"	a securities trading and clearing links program developed by the Stock Exchange, Shanghai Stock Exchange, HKSCC and China Securities Depository and Clearing Corporation Limited for mutual market access between Hong Kong and Shanghai
"Share(s)"	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each, comprising A Shares and upon **[REDACTED]**, H Shares
"Shareholder(s)"	holder(s) of our Share(s)

"Single Largest Group of Shareholders"	Mr. TAI, Ningbo Jiexin, Great ASR1 and Great ASR2
"STAR Market"	the Science and Technology Innovation Board of the Shanghai Stock Exchange
[REDACTED]	**[REDACTED]**
"State Council"	the State Council of the PRC (中華人民共和國國務院)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"Strategy and ESG Committee"	the strategy and ESG committee of the Board
"subsidiary(ies)"	has the meaning ascribed to it under the Companies Ordinance
"Takeovers Code"	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended from time to time
"Track Record Period"	the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
"United States," "USA" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"U.S. dollars," "US$" or "USD"	United States dollars, the lawful currency of the United States
[REDACTED]	**[REDACTED]**
"VAT"	value added tax
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
"2023 Restricted Share Incentive Scheme"	the restricted share incentive scheme as adopted by our Company on November 15, 2023 and as amended from time to time, the principal terms of which are summarized in "Appendix IV — Statutory and General Information — C. Share Incentive Schemes"

"2023 Share Appreciation Rights Incentive Scheme"	the share appreciation rights incentive scheme as adopted by our Company on November 15, 2023 and as amended from time to time, the principal terms of which are summarized in "Appendix IV — Statutory and General Information — C. Share Incentive Schemes"

For the purpose of this document, references to "provinces" of China include provinces, municipalities under direct administration of the central government and provincial-level autonomous regions.

In this document the terms "associate(s)," "close associate(s)," "connected person(s)," "core connected person(s)," "connected transaction(s)," "substantial shareholder(s)" and "treasury share(s)" shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires. The terms "SEHK," "SSE," "SZSE" and "NASDAQ" are abbreviations for The Stock Exchange of Hong Kong Limited, the Shanghai Stock Exchange, the Shenzhen Stock Exchange and the Nasdaq Stock Market, respectively. Abbreviations for academic degrees and professional qualifications used in this document shall have their usual meanings, such as "MBA" for Master of Business Administration and "Ph.D." for Doctor of Philosophy.

For ease of reference, the names of PRC laws and regulations, governmental authorities, institutions, natural persons or other entities (including certain of our subsidiaries) have been included in this document in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail. English translations of company names and other terms from the Chinese language are provided for identification purposes only.

GLOSSARY OF TECHNICAL TERMS

This glossary contains explanations of certain technical terms used in this document. As such, these terms and their meanings may not correspond to standard industry meanings or usage of these terms.

"2G"/"3G"/"4G"/"5G"/"6G"	the second-generation, third-generation, fourth-generation, fifth-generation and sixth-generation technologies for cellular networks, with 6G referring to an emerging standard
"3GPP"	3rd Generation Partnership Project, a global partnership that develops technical specifications for mobile telecommunications systems, including 4G LTE and 5G
"5G RedCap"	5G reduced capability, a 5G standard for devices and applications that require lower throughput and lower power consumption than full-featured 5G platforms
"5G-Advanced"	the next evolution of the 5G standard, designed to support higher bandwidth, lower latency and greater reliability
"ADC"	analog-to-digital converter, a component or electronic circuit that converts continuous analog signals into discrete digital signals
"Arm TrustZone"	a hardware security technology developed by Arm that partitions a system into a secure world and a normal world to provide an isolated execution environment for sensitive functions
"ASIC"	application-specific integrated circuit, an integrated circuit designed and optimized for a particular application or set of functions
"baseband"	the part of a communication system that processes wireless signals and executes the communication protocols required for cellular network access
"BF16"	brain floating-point, a 16-bit floating-point numerical format used for artificial intelligence model computation
"BLE"	Bluetooth Low Energy, a wireless technology designed to provide short-range connectivity with low power consumption
"Bluetooth"/"Bluetooth 5.4"	a short-range wireless technology standard for exchanging data between devices; Bluetooth 5.4 is a version of that standard
"BOM"	bill of materials, a list of the components and materials required to manufacture a product
"BSP"	board support package, software that implements and supports an operating system on a specific hardware platform
"carrier aggregation"	a wireless communication technique that combines multiple component carriers to increase data throughput and network capacity

GLOSSARY OF TECHNICAL TERMS

"Cat.1"/"Cat.4"/"Cat.7"	categories of LTE user equipment defined by 3GPP, each specifying performance parameters such as data throughput, power consumption and system cost; Cat.1 (including its simplified variant Cat.1 bis) targets cost-sensitive internet of things applications; Cat.4 addresses applications requiring greater bandwidth; and Cat.7 supports higher-speed devices
"cellular connectivity chip"	a wireless connectivity chip designed for use in IoT devices to enable access to and communication over cellular networks
"cloud AI"	artificial intelligence workloads performed on centralized cloud infrastructure rather than locally on end-user devices
"CPE"	customer premises equipment, telecommunications equipment located at a subscriber's premises that connects the subscriber to a communications network
"CPU"	central processing unit, a processor that executes instructions and performs general-purpose computing tasks
"DAC"	digital-to-analog converter, a component or electronic circuit that converts digital signals into continuous analog signals
"DDR"	double data rate, a memory technology that transfers data on both the rising and falling edges of the clock signal
"DRAM"	dynamic random-access memory, a type of random-access semiconductor memory that stores data in memory cells
"EDA"	electronic design automation, software tools used to design, simulate and verify integrated circuits
"edge AI"	artificial intelligence applications and processing performed on end-user devices or at the edge rather than exclusively in centralized cloud infrastructure
"eMBB"	enhanced mobile broadband, a 5G network capability designed to provide higher data rates and network capacity for bandwidth-intensive applications
"fabless"	a business model under which a company focuses on semiconductor design and sales and outsources wafer fabrication, packaging and testing to external providers
"fixed wireless access"	a form of wireless broadband access under which a fixed device at a subscriber's premises connects to a cellular network as an alternative to a wired broadband connection
"foundry"	a manufacturer that fabricates integrated circuits for other companies based on their designs and specifications

GLOSSARY OF TECHNICAL TERMS

"FP16"	half-precision floating-point, a 16-bit numerical format used for artificial intelligence model computation
"GDSII"	Graphic Data System II, an industry-standard file format for exchanging integrated circuit layout data
"GHz"	gigahertz, a unit of frequency equal to one billion hertz
"GNSS"	global navigation satellite system, an umbrella term encompassing global satellite positioning systems
"GPU"	graphics processing unit, a processor designed to accelerate graphics processing and certain parallel computing workloads
"GSM"	Global System for Mobile Communications, a standard for second-generation digital cellular networks
"hardware encryption engine"	a dedicated hardware component that encrypts and decrypts data to protect information processed or stored in a device
"IC"	integrated circuit, a semiconductor device that integrates electronic components on a single chip
"INT4"	4-bit integer, a low-precision numerical format used for artificial intelligence model computation
"INT8"	8-bit integer, a numerical format that represents values using 8 bits and is commonly used for artificial intelligence model computation
"IoT"	internet of things, a network of physical devices connected to exchange data and perform functions
"IP core"	intellectual property core, a reusable block of logic, circuitry or layout design used in an integrated circuit
"ISP"	image signal processor, a processor that processes raw data from an image sensor to produce an image
"LPWAN"	low-power wide-area network, a wireless network designed to enable long-range communications at a low data rate among connected devices
"LTE"	Long-Term Evolution, a standard for wireless broadband communication for mobile devices and data terminals, often associated with 4G
"mass production"	the stage at which a product is manufactured in large quantities on a regular basis after pilot production and design validation

GLOSSARY OF TECHNICAL TERMS

"MCU"	microcontroller unit, a small computer on a single integrated circuit containing a processor, memory and programmable input and output peripherals
"MiFi"	mobile Wi-Fi, a portable wireless router that provides internet connectivity to other devices over Wi-Fi
"MIMO"	multiple-input multiple-output, a technique that uses multiple transmitting and receiving antennas to increase the capacity of a radio link
"MIPI"	mobile industry processor interface, a set of interface standards for connecting components in mobile and other electronic devices
"modem"	the functional block or component that modulates and demodulates signals so that data can be transmitted over and received from a communication network
"netlist"	the output of front-end integrated circuit design, describing the logic gates in a design and the connections among them, which serves as the input to back-end physical implementation
"Netlist-in"	an ASIC design service model under which the customer provides a completed front-end netlist and the service provider performs back-end physical implementation and tape-out, together with agreed production-support activities
"network slicing"	a network architecture that enables multiple virtualized and independent logical networks to operate on the same physical network infrastructure
"NPU"	neural processing unit, a processor designed to accelerate artificial intelligence workloads
"NR"	New Radio, the 5G radio interface standard
"NRE"	non-recurring engineering, a one-time engineering cost associated with the design and development of a new product or component
"NTN"	non-terrestrial network, a wireless communication network that uses satellites or other non-terrestrial platforms to provide connectivity
"ONNX"	open neural network exchange, an open standard format for representing machine learning models that enables their transfer among different AI frameworks and hardware platforms
"OSAT"	outsourced semiconductor assembly and test, the assembly, packaging and testing of semiconductor devices by third-party vendors

GLOSSARY OF TECHNICAL TERMS

"PCB"	printed circuit board, a board that mechanically supports and electrically connects electronic components
"PCIe"	peripheral component interconnect express, a high-speed serial computer expansion bus standard
"PHY"	physical layer, the electronic circuit or functional block that provides the physical interface required by a communication or interface standard
"process node"	a generation of semiconductor manufacturing technology conventionally identified by a nanometer figure
"protocol stack"	the software that implements the layered communication procedures defined by a communication standard, enabling a device to connect to and operate over a network
"quantization"	the process of representing the weights and activations of an artificial intelligence model in a lower-precision numerical format, such as INT8 or INT4, to reduce memory usage and computational requirements
"RF"	radio frequency, the range of electromagnetic wave frequencies used for wireless communication
"RISC-V"	an open standard instruction set architecture based on reduced instruction set computer principles
"RTOS"	real-time operating system, an operating system designed to process data and respond to events within deterministic time limits
"satellite communications"	wireless communications using satellites to transmit signals between devices or ground stations
"secure boot"	a security mechanism that ensures a device starts up using only software authenticated as trusted by the device manufacturer
"sensor hub"	a dedicated microcontroller or co-processor that collects and processes data from multiple sensors, reducing the processing load on the main processor and lowering power consumption
"SoC"	system-on-chip, an integrated circuit that integrates most or all components of a computer or other electronic system
"Spec-in"	an ASIC design service model under which the service provider performs both front-end SoC design and back-end physical implementation based on specifications agreed with the customer

GLOSSARY OF TECHNICAL TERMS

"standalone"/"non-standalone"	the two 5G network architectures defined by 3GPP; a standalone network uses a 5G core network together with 5G radio access, whereas a non-standalone network uses 5G radio access anchored to an existing 4G core network
"system-in-package"	a packaging architecture in which multiple integrated circuits are enclosed in a single module or package so as to function as a complete system
"tape-out"	the stage at which the final layout of an integrated circuit design is released to a foundry for fabrication
"TensorFlow"/"TensorFlow Lite"	TensorFlow is an open-source machine learning framework; TensorFlow Lite is a lightweight version of TensorFlow designed for deploying machine learning models on mobile and edge devices
"toolchain"	a set of software tools used together to develop, compile and execute software or artificial intelligence models
"TOPS"	trillion operations per second, a measure of computing throughput commonly used to express the artificial intelligence computing power of a processor or accelerator at a specified numerical precision, such as INT8
"turnkey"	a project or service model under which the provider assumes responsibility for designing, developing and delivering a customized chip or solution in accordance with the customer's specifications
"UFi"	USB Wi-Fi, a portable wireless network terminal that connects to a host device through a universal serial bus interface
"unit(s)"	with respect to the sales volume of our chip products, as calculated by chipset(s), with each main chip and any accompanying chips, such as power management or RF chips, collectively counted as one unit
"USB"	universal serial bus, an industry standard that allows data exchange and power delivery between electronic devices
"VoLTE"	voice over Long-Term Evolution, a technology that enables voice calling over a 4G LTE network
"VoNR"	voice over New Radio, a technology that enables voice calling over a 5G standalone network
"VPU"	video processing unit, a processor designed to accelerate video processing tasks such as encoding and decoding
"wafer"	a thin slice of semiconductor material, such as silicon, used for fabricating integrated circuits

GLOSSARY OF TECHNICAL TERMS

"WCDMA"	wideband code division multiple access, a third-generation mobile telecommunications technology used for broadband wireless access
"Wi-Fi"	a wireless networking technology used to provide local connectivity over radio waves
"Wi-Fi 6"/"Wi-Fi 7"	the sixth and seventh generations of the Wi-Fi standard; Wi-Fi 7 is a subsequent generation designed to provide higher throughput and lower latency
"WLAN"	wireless local area network, a communication network linking devices wirelessly within a localized area

FORWARD-LOOKING STATEMENTS

We have included in this document forward-looking statements. Statements that are not historical facts, including statements about our intentions, beliefs, expectations or predictions for the future, are forward-looking statements.

This document contains certain forward-looking statements and information relating to us and our subsidiaries that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this document, the words "aim," "anticipate," "believe," "could," "estimate," "expect," "going forward," "intend," "may," "might," "ought to," "plan," "potential," "predict," "project," "seek," "should," "will," "would" and the negative of these words and other similar expressions, as they relate to us or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change.

These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this document. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing our Company which could affect the accuracy of forward-looking statements include, but are not limited to, the following: (i) our mission, goals and strategies; (ii) our future business development, financial conditions and results of operations; (iii) future developments, trends and conditions in the industry and markets in which we operate or into which we intend to expand; (iv) our expectations regarding demand for and market acceptance of our products and services; (v) our expectations regarding our relationships with customers, business partners, suppliers and other partners; (vi) changes in the macro environment, regional and global economy, as well as industry trends related to our operations; (vii) our ability to adequately protect our reputation and brand image, as well as our intellectual property rights; (viii) our ability to obtain adequate capital resources to fund future development plans; (ix) our ability to control costs, as well as to achieve and maintain operational efficiency; (x) our ability to attract and retain qualified personnel; (xi) competition in the industries and markets in which we operate or into which we intend to expand; (xii) our proposed use of **[REDACTED]**; rapid developments in technology and our ability to successfully keep up with technological advancement; (xiii) changes in currency exchange rates; (xiv) relevant government policies and regulations relating to industries which we operate in; (xv) certain statements in this document with respect to trends in prices, operations, margins, overall market trends, and risk management; (xvi) change of volatility in interest rates, equity prices, volumes, operations, margins, risk management and overall market trends; (xvii) various uncertainties described in the "Risk Factors;" and (xviii) other statements in this document that are not historical facts.

Subject to the requirements of applicable laws, rules and regulations, we do not have any and undertake no obligation to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this document might not occur in the way we expect or at all. Accordingly, the forward-looking statements are not a guarantee of future performance and you should not place undue reliance on any forward-looking information. Moreover, the inclusion of forward-looking statements should not be regarded as representations by us that our plans and objectives will be achieved or realized. All forward-looking statements in this document are qualified by reference to the cautionary statements in this section.

In this document, statements of or references to our intentions or those of the Directors are made as of the date of this document. Any such information may change in light of future developments.

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

These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in "Forward-looking Statements" in this document.

RISKS RELATING TO OUR INDUSTRY AND BUSINESS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

We may be unable to manage our growth effectively.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

RISKS RELATING TO FINANCIAL, ACCOUNTING AND TAX MATTERS

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

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

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

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

Our results of operations are subject to seasonal fluctuations.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

RISKS RELATING TO THE JURISDICTIONS IN WHICH WE OPERATE OUR BUSINESS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

RISKS RELATING TO THE [REDACTED]

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

WAIVERS AND EXEMPTION

In preparation for the **[REDACTED]**, we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules and exemption from strict compliance with the relevant provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rules 8.12 and 19A.15 of the Listing Rules, an issuer must have sufficient management presence in Hong Kong. This will normally mean that at least two of its executive directors must be ordinarily resident in Hong Kong. Although one of our executive Directors is a Hong Kong resident, we do not have sufficient management presence in Hong Kong for the purposes of Rules 8.12 and 19A.15 of the Listing Rules.

Our Group's management headquarters, senior management, business operations and assets are primarily based outside Hong Kong. The Directors consider that the relocation of our executive Directors to Hong Kong and the appointment of additional executive Directors who will be ordinarily resident in Hong Kong would not be beneficial to, or appropriate for, our Group and therefore would not be in the best interests of our Company or the Shareholders as a whole. Therefore, our Company does not, and does not contemplate in the foreseeable future that we will, have sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rules 8.12 and 19A.15 of the Listing Rules.

Accordingly, we have applied for, and the Stock Exchange [has granted], a waiver from strict compliance with Rules 8.12 and 19A.15 of the Listing Rules. We will ensure that there is an effective channel of communication between the Stock Exchange and us by way of the following arrangements:

(i) **Authorized representatives**: both of our Company's authorized representatives, Ms. HAN Min (韓旻), an executive Director, an executive vice president and the Board secretary of our Company, and Ms. OH Sim Yee (胡倩鋭), will act as our Company's principal channels of communication with the Stock Exchange. Accordingly, the authorized representatives of our Company will be able to meet with the relevant members of the Stock Exchange on reasonable notice and will be readily contactable by telephone and/or email.

Each of the authorized representatives of our Company has means of contacting all Directors (including our independent non-executive Directors) promptly at all times as and when the Stock Exchange proposes to contact a Director with respect to any matter;

(ii) **Directors**: each Director has provided their mobile phone number, office phone number and email address to the authorized representatives of our Company and the Stock Exchange, and in the event that any Director expects to travel or otherwise be out of the office, they will provide the phone number of the place of their accommodation to the authorized representatives.

Each of our Directors not ordinarily residing in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and will be able to meet with the relevant members of the Stock Exchange within a reasonable period of time;

(iii) **Compliance Advisor**: we have appointed Rainbow Capital (HK) Limited as our Compliance Advisor, in compliance with Rule 3A.19 of the Listing Rules, who will, among other things and in addition to the authorized representatives and our Directors, also act as an additional channel of communication with the Stock Exchange from the **[REDACTED]** to the date when our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year immediately following the **[REDACTED]**. Pursuant to the Note to Rule 3A.23, the Compliance Advisor will have access at all times to our authorized

representatives, our Directors and other officers. We shall also ensure that our authorized representatives, Directors and other officers will promptly provide such information and assistance as the Compliance Advisor may need or may reasonably require in connection with the performance of the Compliance Advisor's duties as set forth in Chapter 3A of the Listing Rules. We shall ensure that there are adequate and efficient means of communication among our Company, our authorized representatives, our Directors, other officers and the Compliance Advisor, and will keep the Compliance Advisor fully informed of all communications and dealings between the Stock Exchange and us.

Any meeting between the Stock Exchange and our Directors will be arranged through the authorized representatives or the Compliance Advisor or directly with our Directors within a reasonable time frame. We will inform the Stock Exchange promptly in respect of any changes in our authorized representatives and/or our Compliance Advisor; and

(iv) **Legal advisor**: we will also retain legal advisor to advise on on-going compliance requirements as well as other issues arising under the Listing Rules and other applicable laws and regulations of Hong Kong after the **[REDACTED]**.

WAIVER IN RESPECT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, the company secretary must be an individual who, by virtue of their academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of the company secretary.

Pursuant to Note 1 to Rule 3.28 of the Listing Rules, the Stock Exchange considers the following academic or professional qualifications to be acceptable:

(i) a member of The Hong Kong Chartered Governance Institute;

(ii) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); and

(iii) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

Pursuant to Note 2 to Rule 3.28 of the Listing Rules, in assessing the "relevant experience," the Stock Exchange will consider the individual's:

(i) length of employment with the issuer and other issuers and the roles he/she played;

(ii) familiarity with the Listing Rules and other relevant laws and regulations including the Securities and Futures Ordinance, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;

(iii) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and

(iv) professional qualifications in other jurisdictions.

We have appointed Ms. HAN Min as our joint company secretary with effect from the **[REDACTED]**. Our Group's key operations and principal business activities are conducted outside of Hong Kong. We believe that the company secretary role requires a person to be deeply familiar with our operations and the specific industry context, and to be able to cultivate strong relationships with both the Board

and the management. It would be in the best interests of our Company and our corporate governance to have as its joint company secretary a person such as Ms. HAN Min, who has been with our Company since March 2015. As the executive Director, executive vice president and Board secretary of our Company, Ms. HAN Min is deeply familiar with our operations and is able to cultivate strong relationships with both the Board and the management. Our Directors believe that Ms. HAN Min's intimate knowledge of our Company and operations is essential for the performance of company secretary duties in the most effective and efficient manner. For her biography, see "Directors and Senior Management."

We have also appointed Ms. OH Sim Yee, who is an associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom and meets the requirements under Rule 3.28 of the Listing Rules, as a joint company secretary to work closely with Ms. HAN Min in jointly discharging the duties and responsibilities of company secretary for a three-year period from the **[REDACTED]**, and to support Ms. HAN Min acquiring the relevant experience as required under Note 2 to Rule 3.28 of the Listing Rules.

Our Company has applied for, and the Stock Exchange [has granted] us, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules in relation to the appointment of Ms. HAN Min as our joint company secretary. Such waiver [has been] granted on the conditions that: (i) Ms. OH Sim Yee is appointed as a joint company secretary to assist Ms. HAN Min in discharging her functions as a company secretary and gaining the relevant experience under Rule 3.28 of the Listing Rules; (ii) this waiver will be revoked immediately if and when Ms. OH Sim Yee ceases to provide such assistance during the three-year period; and (iii) this waiver is subject to revocation in the event of any material breaches of the Listing Rules by our Company.

In addition, Ms. HAN Min will comply with the annual professional training requirements under Rule 3.29 of the Listing Rules and enhance her understanding of the Listing Rules during the three-year period from the **[REDACTED]**. Our Company will further ensure that Ms. HAN Min has access to the relevant training and support to familiarize herself with the Listing Rules and the duties of a company secretary of an issuer listed on the Stock Exchange. Prior to the expiration of the three-year period, our Company will further evaluate the qualifications and experience of Ms. HAN Min to determine whether she has satisfied the requirements as stipulated under the Listing Rules and whether she needs further assistance. We will liaise with and assist the Stock Exchange in assessing whether Ms. HAN Min, having benefited from the assistance of Ms. OH Sim Yee for three years, has acquired the skills necessary to carry out the duties of a company secretary and the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules and is capable of discharging the functions of a company secretary alone so that a further waiver will not be necessary.

[REDACTED]

WAIVERS AND EXEMPTION

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[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. TAI Po Ka (戴保家)	Flat A, 20/F, Tower 2 The Avenue Phase 2 200 Queen's Road East, Hong Kong	Chinese (Hong Kong)
Mr. ZHOU Xuan (周璇)	No. 2, Lane 1458 Pujian Road Shanghai, PRC	Chinese
Ms. HAN Min (韓旻)	No. 25 Gaoan Road Xuhui District Shanghai, PRC	Chinese
Mr. ZHAO Xikai (趙錫凱)	No. 27 Jiangdong Road Zhangjiang Town Pudong New Area Shanghai, PRC	Chinese
Non-executive Directors		
Ms. WU Siyun (吳司韻)	Room 2007, No. 3, Lane 133 West Guangfu Road Putuo District, Shanghai, PRC	Chinese
Mr. HUANG Chen (黃晨)	No. 251, Huaxing Zhudong Village Zhuqiao Town Pudong New Area Shanghai, PRC	Chinese
Independent Non-executive Directors		
Mr. CHEN Shimin (陳世敏) . . .	Room 0203, No. 6, Lane 260, Jinan Road Huangpu District Shanghai, PRC	American
Mr. HU Zhan (胡瞻)	Room 301, No. 2, Lane 99 East Nandan Road, Shanghai, PRC	Chinese
Mr. NG Wing Fai (吳榮輝) . . .	Flat D, 8/F, Block 11 100 Fung Cheung Road Grand Del Sol Yuen Long, New Territories, Hong Kong	Chinese (Hong Kong)

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

PARTIES INVOLVED IN THE [REDACTED]

Joint Sponsors	**Morgan Stanley Asia Limited** 46/F, International Commerce Centre 1 Austin Road West Kowloon, Hong Kong
	Haitong International Capital Limited Suites 3001-3006 and 3015-3016 One International Finance Centre No.1 Harbour View Street Central, Hong Kong
[REDACTED]	**[REDACTED]**
	[REDACTED]
[REDACTED]	**[REDACTED]**
	[REDACTED]
Legal Advisors to our Company	*as to Hong Kong and U.S. laws:*
	Kirkland & Ellis 26/F, Gloucester Tower The Landmark 15 Queen's Road Central Hong Kong
	as to PRC law:
	Merits & Tree Law Offices 12th Floor, Raffles City Beijing Office Tower No. 1 Dongzhimen South Street Dongcheng District Beijing PRC

	As to U.S. outbound investment rules, U.S. export control and international sanctions laws: **Hogan Lovells Cadwalader International LLP** 11th Floor, One Pacific Place 88 Queensway Hong Kong
Legal Advisors to the Joint Sponsors and [REDACTED] . .	*as to Hong Kong and U.S. laws:* **Han Kun Law Offices LLP** Rooms 4301-10 43/F, Gloucester Tower The Landmark 15 Queen's Road Central Hong Kong **O'Melveny & Myers** 31/F, AIA Central 1 Connaught Road Central Hong Kong *as to PRC law:* **Han Kun Law Offices** 33/F, HKRI Centre Two HKRI Taikoo Hui 288 Shimen Road (No. 1) Shanghai PRC
Reporting Accountants and Independent Auditor	**PricewaterhouseCoopers** *Certified Public Accountants* *Registered Public Interest Entity Auditor* 22/F Prince's Building Central Hong Kong
Industry Consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** Room 2504, Wheelock Square 1717 West Nanjing Road Jing'an District Shanghai PRC
[REDACTED]	**[REDACTED]**

CORPORATE INFORMATION

Registered Office, Headquarters and Principal Place of Business in the PRC	8th Floor (nominal 9th Floor) Building 10, No. 399 Keyuan Road China (Shanghai) Pilot Free Trade Zone Shanghai, PRC
Principal Place of Business in Hong Kong	40th Floor, Dah Sing Financial Centre No. 248 Queen's Road East Wan Chai Hong Kong
Company's Website	**asrmicro.com** *(Information contained in this website does not form part of this document)*
Joint Company Secretaries	**Ms. HAN Min (韓旻)** 8th Floor (nominal 9th Floor) Building 10, No. 399 Keyuan Road China (Shanghai) Pilot Free Trade Zone Shanghai, PRC **Ms. OH Sim Yee (胡倩鋭) *(ACG)*** 40th Floor, Dah Sing Financial Centre No. 248 Queen's Road East Wan Chai Hong Kong
Authorized Representatives	**Ms. HAN Min (韓旻)** 8th Floor (nominal 9th Floor) Building 10, No. 399 Keyuan Road China (Shanghai) Pilot Free Trade Zone Shanghai, PRC **Ms. OH Sim Yee (胡倩鋭)** 40th Floor, Dah Sing Financial Centre No. 248 Queen's Road East Wan Chai Hong Kong
Audit Committee	Mr. CHEN Shimin (陳世敏) *(chairperson)* Mr. HU Zhan (胡瞻) Mr. NG Wing Fai (吳榮輝)
Nomination Committee	Mr. HU Zhan (胡瞻) *(chairperson)* Mr. CHEN Shimin (陳世敏) Mr. NG Wing Fai (吳榮輝) Mr. TAI Po Ka (戴保家) Ms. HAN Min (韓旻)
Remuneration and Appraisal Committee	Mr. NG Wing Fai (吳榮輝) *(chairperson)* Mr. HU Zhan (胡瞻) Mr. TAI Po Ka (戴保家)

CORPORATE INFORMATION

Strategy and ESG Committee	Mr. TAI Po Ka (戴保家) *(chairperson)* Mr. CHEN Shimin (陳世敏) Mr. ZHAO Xikai (趙錫凱)
Compliance Advisor	**Rainbow Capital (HK) Limited** Office No. 710, 7/F Wing On House 71 Des Voeux Road Central Central Hong Kong
[REDACTED]	**[REDACTED]**
Principal Banks	**China Merchants Bank (Shanghai Zhangjiang Branch)** 1/F, Building 1 German Center No. 88 Keyuan Road Pudong New Area Shanghai, PRC **Bank of Ningbo (Shanghai Zhangjiang Branch)** 1/F, Northern Building No. 350 Chunxiao Road Pudong New Area Shanghai, PRC

*The information and statistics set out in this section and other sections of this document were extracted from different official government publications, available sources from public, market research and other sources from independent suppliers, and from the independent industry report prepared by Frost & Sullivan. The information from official government sources has not been independently verified by us, the Joint Sponsors, **[REDACTED]**, any of their respective directors and advisors, or any other persons or parties involved in the **[REDACTED]**, and no representation is given as to its accuracy.*

EVOLUTION OF EDGE-TO-CLOUD CONNECTIVITY AND COMPUTING INFRASTRUCTURE

Successive Waves of Technological Progress Are Driving Demand for Cellular Connectivity

Cellular baseband technologies form a fundamental infrastructure for ubiquitous connectivity and the exchange of information, which underpins the efficiency and productivity of modern society. As economic and social activities become increasingly digital, the ability to transmit, process and respond to data in real time has become central to how people live, how enterprises operate and how industries evolve. This has driven the continuous advancement of cellular baseband technologies toward higher bandwidth, lower latency, broader coverage, greater reliability and higher energy efficiency. Each wave of technological progress creates new possibilities for interaction among people, machines and systems, while also raising the performance requirements for cellular connectivity. The development of mobile internet and widespread adoption of smartphones drove substantial demand for cellular baseband technologies. The subsequent expansion of the Internet of Things ("**IoT**") extended the reach of cellular connectivity across an increasingly diverse range of devices spanning consumer, enterprise, industrial and automotive applications. This evolution marks a structural shift in cellular connectivity demand, with IoT emerging as the principal engine of growth. The increasing number and diversity of connected devices have further created sustained demand for wide-area connectivity, local processing and application-specific semiconductor solutions. The installed base of connected devices and distributed computing infrastructure has laid the foundation for increasingly sophisticated digital applications, including AI.

AI Is Entering an Era of Large-Scale Inference across Cloud, Edge and Smart Devices

AI foundation models have advanced significantly in multimodal perception, reasoning, content generation, tool use and task execution. Improvements in model capability, efficiency and adaptability are enabling AI systems to perform practical tasks and improve productivity, automation and user experience. AI is therefore being deployed across consumer, enterprise and industrial applications spanning cloud services, smart devices and physical systems. AI capabilities are also enabling connected devices to perceive, analyze and respond to information with greater autonomy, supporting the emergence of the Intelligence of Things. Agentic AI is further broadening practical applications by enabling systems to plan and execute multi-step tasks, repeatedly invoke models and software tools, and interact with digital and physical environments. Broader AI adoption and increasing use of agentic workflows are making inference a larger and more recurring source of computing demand, with workloads increasing in frequency, diversity and volume.

Cloud infrastructure provides the large-scale computing resources required for model training and compute-intensive inference, while edge infrastructure and smart devices increasingly process workloads requiring faster response, greater privacy, higher availability, lower communication costs or offline operation. AI workloads are consequently distributed across cloud, edge and smart device environments according to their respective performance, latency, privacy, power consumption and cost requirements. This distribution of workloads creates complementary demand for computing capabilities and reliable connectivity to coordinate processing across these environments.

Expanding Connectivity and Computing Requirements Are Reshaping Semiconductor Infrastructure

The proliferation of connected devices, broader AI adoption and increasingly distributed computing workloads are creating differentiated semiconductor requirements. Cellular connectivity chips support continuous and reliable data exchange across connected devices, edge infrastructure and cloud infrastructure; smart device SoCs provide integrated computing capabilities for advanced device functions; and custom ASIC services support the development of chips optimized for specific workloads, system architectures and deployment environments.

Cellular connectivity chips enable ubiquitous connectivity for distributed applications. As AI workloads become more widely distributed, data, instructions and inference results must be exchanged continuously and reliably among devices, edge infrastructure and cloud resources. Cellular connectivity is the only mainstream wireless technology capable of providing ubiquitous, wide-area mobile connectivity on an anytime-anywhere basis, enabling devices to remain connected across locations and operating environments beyond the reach of fixed and local-area networks. Growing AI inference workloads, particularly multimodal and interactive applications, are increasing the volume and frequency of data exchange and creating more differentiated requirements for throughput, latency, connection reliability and power efficiency. Rising connectivity requirements are expected to drive demand for more advanced and reliable cellular connectivity technologies and cellular connectivity chips across different performance tiers.

Increasing on-device intelligence is reshaping smart device SoC requirements. AI inference is increasingly being performed on smart devices to support applications requiring real-time responsiveness, data privacy, offline availability, lower communication costs and reduced reliance on cloud processing. Smart devices are consequently becoming more capable local computing platforms that can perceive, process and respond to information with greater autonomy. Growing on-device AI workloads are increasing requirements for computing performance, power efficiency, memory bandwidth and system-level integration. Smart device SoCs are therefore incorporating greater general-purpose computing capacity, dedicated AI acceleration, multimedia processing, security and connectivity capabilities within stringent power, cost and form-factor constraints. Greater functional integration supports more sophisticated AI-enabled applications while reducing system complexity and improving overall device efficiency.

Diversified computing workloads are expanding demand for custom ASIC services. As AI applications become more diversified, computing requirements are becoming increasingly differentiated across workloads and deployment scenarios, particularly in terms of performance, power efficiency, latency, integration and cost. General-purpose chips may not always deliver the optimal balance across these parameters. Custom ASICs are therefore becoming increasingly relevant for customers with sufficiently large, stable or specialized workloads that can benefit from application-specific hardware optimization. Advanced chip development requires expertise across system architecture, semiconductor IP, hardware-software co-design, functional verification, physical design, tape-out and supply-chain management. Rising technical complexity, development costs and execution risks are encouraging more system and technology companies to engage specialized third-party custom ASIC service providers rather than build and maintain the full range of semiconductor design and commercialization capabilities in-house.

OVERVIEW OF GLOBAL CELLULAR CONNECTIVITY CHIP MARKET

Introduction of Cellular Connectivity Chips

Cellular connectivity chips are a subset of wireless connectivity chips that enable IoT devices to access and communicate over cellular networks by supporting cellular communication protocols and related data transmission functions, and constitute the core communications component of cellular-connected devices. Cellular connectivity chips play a fundamental role within the broader wireless connectivity landscape by providing ubiquitous wide-area coverage, mobility and continuous network access. Wide-area coverage, mobility and continuous network access are becoming increasingly relevant as smart devices operate across more distributed and mobile environments and require persistent interaction with edge and cloud computing resources. Cellular connectivity chips can be broadly categorized into 4G, 5G and other cellular connectivity chips, each addressing different requirements for data rate, power consumption, network coverage, and cost.

Comparative Analysis of Major Technology Routes of Cellular Connectivity Chips

	4G Technology			5G Technology	
	Cat.1	**Cat.4**	**Cat.6 and above**	**5G RedCap**	**5G eMBB**
Bandwidth (Hz)	20M	20M	40–100M	20M	100M
Download Peak Data Rate (bps)	10M	150M	300M–2G	220M	20G
Upload Peak Data Rate (bps)	5M	50M	≥50 M	120M	10G
Power Consumption	Low	Medium	Relatively High	Relatively Low	High
Cost	Relatively Low	Medium	Relatively High	Relatively High	High
Main Characteristics	Balanced performance	Higher data rate	Carrier aggregation, higher data rate	Reduced complexity, cost	Ultra-high data rate

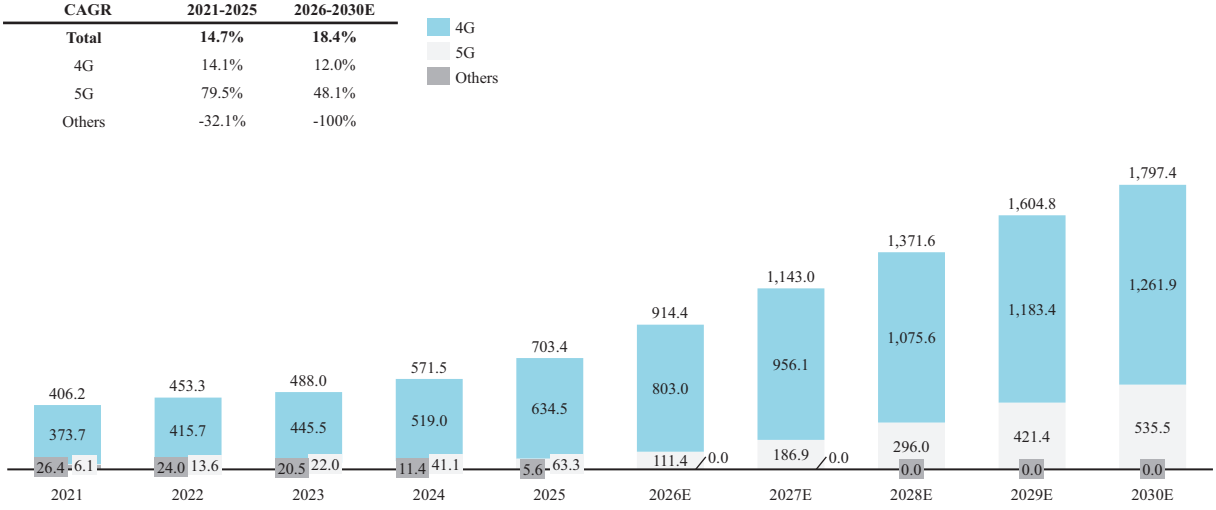
Source: Frost & Sullivan

Market Size of Global Cellular Connectivity Chips Market

The shipments of 4G and 5G cellular connectivity chips reached 634.5 million and 63.3 million in 2025, representing CAGRs of 14.1% and 79.5% from 2021 to 2025, respectively. As cellular communication technologies continue to evolve and downstream devices progressively migrate toward higher-generation standards, the shipments are projected to reach 1,261.9 million and 535.5 million by 2030, representing CAGRs of 12.0% and 48.1% from 2026 to 2030, respectively.

Global Cellular Connectivity Chips Market Size, in terms of Shipments, by Technology (Million, 2021-2030E)

CAGR	2021-2025	2026-2030E
Total	**14.7%**	**18.4%**
4G	14.1%	12.0%
5G	79.5%	48.1%
Others	-32.1%	-100%



Source: Frost & Sullivan

Note: Other cellular connectivity chips refer to cellular connectivity chips based on 2G and 3G technologies.

Driving Forces and Future Trends of Global Cellular Connectivity Chips Market

- ***Continued evolution of cellular technologies.*** Cellular communication technologies continue to evolve from 4G to 5G and toward future 6G standards, expanding the performance envelope of cellular connectivity across data rate, latency, reliability, power consumption and connection capabilities. These advances support real-time interaction, large-scale device connectivity and data-intensive AI applications. As connectivity requirements become increasingly differentiated across applications, 4G, 5G RedCap, 5G eMBB and more advanced cellular technologies are expected to address distinct performance and cost requirements, driving continued upgrades and diversification of cellular connectivity chip portfolios. Further advances in 5G and the development of 6G are also expected to enable closer integration of communications with AI and sensing capabilities, further expanding the range of applications for cellular connectivity chips.

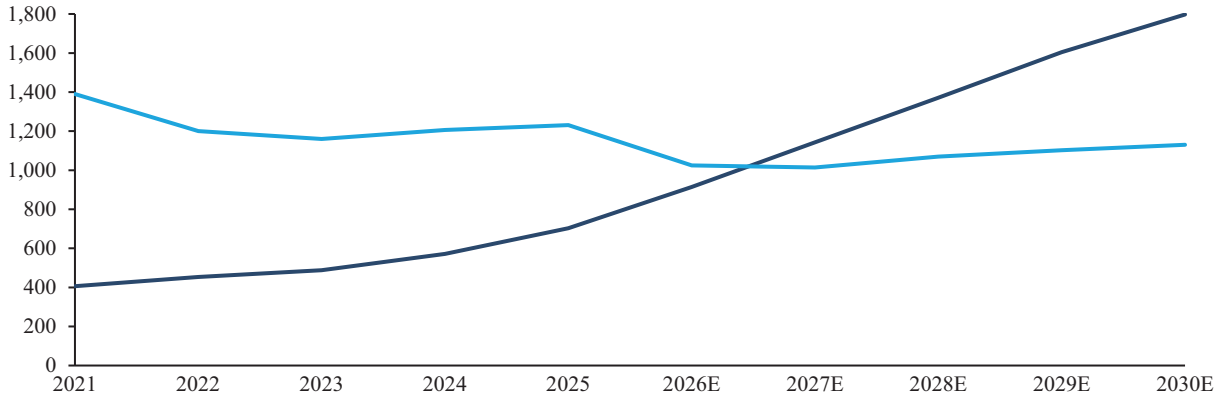
- ***Rising demand for ubiquitous and high-performance connectivity in the AI era.*** The proliferation of AI-enabled devices and distributed AI applications is increasing the demand for continuous, reliable data exchange and computing coordination across devices, edge and cloud. As AI extends into vehicles, wearables, industrial equipment and other mobile and distributed applications, cellular connectivity enables intelligent devices to remain connected while moving at speed, operating across regions or functioning beyond the reach of fixed networks. Short-range technologies such as Wi-Fi and Bluetooth play complementary roles in fixed or local environments but cannot substitute for cellular networks where wide-area coverage and seamless mobility are required. This makes cellular connectivity an irreplaceable foundation for AI operating in the real world. Multimodal and interactive AI applications also impose increasingly differentiated requirements for throughput, latency, reliability and power efficiency, driving demand for cellular connectivity chips across different performance tiers.

- ***Structural shift in cellular connectivity demand toward IoT.*** Cellular connectivity is increasingly extending into a broader range of intelligent and connected devices, expanding the addressable market for cellular connectivity chips. Driven by the continued proliferation of such

devices and use cases, global shipments of cellular IoT devices are expected to grow at a CAGR of 18.4% over the forecast period and surpass smartphones shipment in 2027, marking a structural shift in cellular connectivity demand toward a more diversified base of end devices.

Global shipments of cellular IoT devices and smartphones (Million)

CAGR	2021-2025	2026-2030E
Cellular IoT devices	14.7%	18.4%
Smartphones	-3.0%	-1.7%



Source: Frost & Sullivan

- ***Increasing integration of connectivity and edge computing.*** As intelligent edge applications become more sophisticated, cellular connectivity chips are increasingly integrating processing, positioning, security and other system-level functions to improve system efficiency and reduce device complexity. Achieving this integration draws on accumulated capabilities in cellular baseband, RF, protocol stacks, low-power design, interoperability testing and certification. Combined with system-level semiconductor design and commercialization experience, these capabilities also provide a technology foundation for the development of more complex, highly integrated SoCs and other intelligent semiconductor products.

- ***Rising competitiveness of Chinese providers.*** China-based cellular connectivity chips providers are strengthening their competitiveness through continued investment in cellular baseband technologies, broader product coverage and increasing mass-production experience, supporting further expansion in domestic and overseas markets.

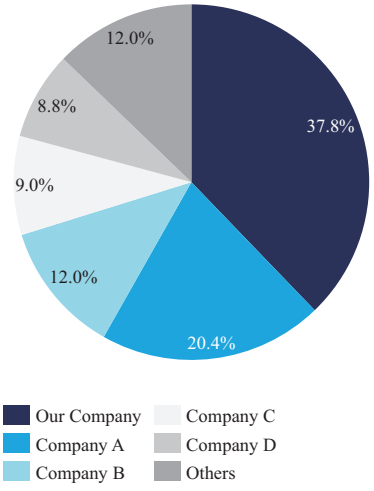
Competitive Landscape of Global Cellular Connectivity Chips Market

The global cellular connectivity chips market is characterized by high technological barriers, long product-development cycles and extensive certification requirements. Competition is primarily shaped by accumulated capabilities in multi-mode cellular baseband technologies, coordinated baseband, RF and protocol-stack design, low-power optimization, product-portfolio coverage, interoperability and operator certification, and large-scale commercialization. China-based cellular connectivity chips providers are also strengthening their competitiveness through continued investment in cellular baseband technologies, broader product coverage and increasing mass-production experience in domestic and overseas markets.

In terms of shipment of cellular connectivity chips in 2025, our Company ranked first among global cellular connectivity chip providers overall and in the Cat.1 and Cat.4 segments, with market shares of 37.8%, 51.6% and 52.5%, respectively.

Ranking of Top 5 Cellular Connectivity Chips Providers, in terms of Shipment, 2025

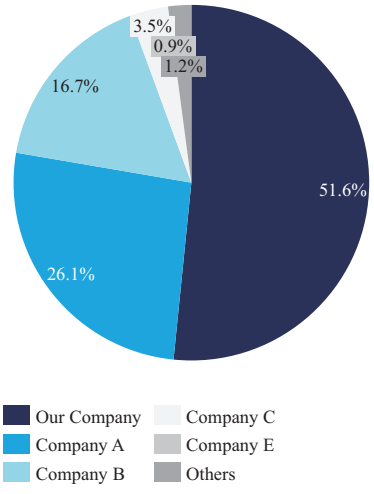
Ranking	Providers	Shipment (Million, 2025)
1	**Our Company**	**266.0**
2	Company A	143.8
3	Company B	84.1
4	Company C	63.0
5	Company D	62.1



Source: Public fillings, company websites, expert interviews, Frost & Sullivan

Ranking of Top 5 Cellular Connectivity Chips Providers, in terms of Shipment of Cat.1 Chips, 2025

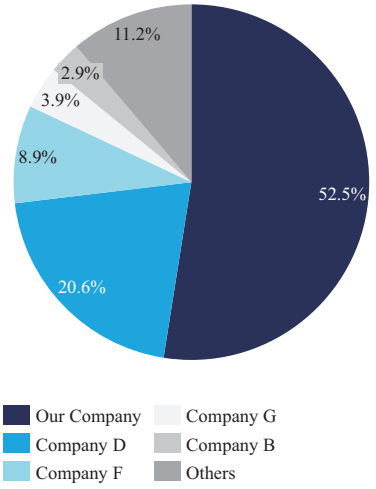
Ranking	Providers	Shipment (Million, 2025)
1	**Our Company**	**206.7**
2	Company A	104.8
3	Company B	67.0
4	Company C	14.2
5	Company E	3.6



Source: Public fillings, company websites, expert interviews, Frost & Sullivan

Ranking of Top 5 Cellular Connectivity Chips Providers, in terms of Shipment of Cat.4 Chips, 2025

Ranking	Providers	Shipment (Million, 2025)
1	**Our Company**	**53.5**
2	Company D	21.0
3	Company F	9.1
4	Company G	4.0
5	Company B	3.0



Source: Public fillings, company websites, expert interviews, Frost & Sullivan

Notes:

1) Company A is a private company founded in 2017 and headquartered in Shanghai, China, primarily engaged in providing cellular connectivity chips.

2) Company B is a private company founded in 2013 and headquartered in Shanghai, China, primarily engaged in providing wireless communication chips, IoT chips and automotive chips.

3) Company C is a private company founded in 2017 and headquartered in Shanghai, China, primarily engaged in providing cellular connectivity chips.

4) Company D is public company founded in 1985 and listed on Nasdaq, headquartered in U.S., primarily engaged in providing wireless communication chips, other semiconductor products and custom ASIC services.

5) Company E is a private company founded in 2021 and headquartered in Shenzhen, China, primarily engaged in providing cellular connectivity chips.

6) Company F is a public company founded in 1946 and listed on the Tokyo Stock Exchange and the New York Stock Exchange, headquartered in Japan, primarily engaged in games, music, pictures, electronics and imaging solutions.

7) Company G is a public company founded in 1997 and listed on the Taiwan Stock Exchange, headquartered in Taiwan, China, primarily engaged in providing mobile computing chips, connectivity chips, automotive chips and analog chips, and custom ASIC chips.

The Company is also a leading provider across selected downstream applications. By shipment volume of cellular connectivity chips in 2025, it ranked first globally under the field of sharing economy. By shipment volume of 4G cellular connectivity chips in 2025, it ranked first globally under the field of mobile gateway devices and the field of battery management system ("**BMS**"); it also ranked second globally and first among China-based providers under the field of automotive electronics. By shipment of Cat.1 cellular connectivity chips in 2025, it ranked first globally under the field of wearable devices and the field of smart electric meters. By shipment of Cat.4 cellular connectivity chips in 2025, it ranked first globally under the field of smart grid.

Key Success Factors and Entry Barriers of Global Cellular Connectivity Chips Market

- ***Multi-standard protocol expertise and continuous standards evolution.*** Cellular connectivity chip providers require accumulated expertise across multiple generations of cellular standards and non-cellular communication protocols, as well as scalable technology platforms that can evolve with changing standards and customer requirements. Such capabilities enable providers to shorten product development cycles and efficiently extend proven technologies across successive product generations.

- ***Integrated baseband, RF and protocol-stack design.*** Cellular connectivity performance depends on the coordinated design and optimization of baseband processors, RF transceivers, protocol stacks and system software. Strong system-level integration capabilities are critical to achieving network compatibility, communication stability, data throughput and power efficiency across different network environments and device configurations.

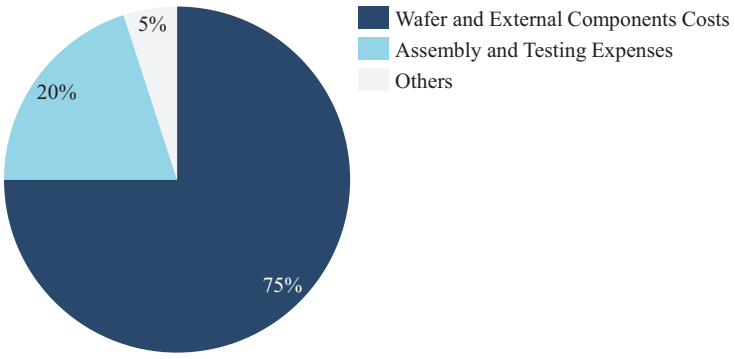
- ***Optimization of cellular performance and power efficiency.*** Cellular connectivity chips must balance coverage, data throughput, latency, reliability and power consumption across different network environments and device configurations. This requires coordinated optimization of chip architecture, communication algorithms, RF design and power management.

- ***Interoperability testing and certification capabilities.*** Commercialization of cellular connectivity chips requires extensive interoperability testing, operator qualification and regulatory certification across different devices, networks and markets. Long validation cycles and application integration requirements not only create meaningful barriers to entry for new market participants, but also contribute to long-term customer relationships once suppliers achieve successful commercial deployment. Accumulated certification experience and proven mass-production capabilities further strengthen these barriers. Commercially viable cellular baseband development also requires sustained R&D investment across successive generations of standards and coordinated hardware-software co-design. Because protocol expertise, interoperability records, operator qualification experience and mass-production know-how are accumulated over extended development cycles, these capabilities are generally difficult for new entrants to assemble or replicate rapidly.

Cost Analysis of Cellular Connectivity Chip

The cost structure of cellular connectivity chips mainly include wafer and external components costs as well as assembly and testing expenses. The cost of procuring wafers from foundries constitutes the largest portion of the overall expenses. Wafer and external components cost account for approximately 75% of total cellular connectivity chips cost in 2025. The remaining assembly and testing expenses account for about 20% of total cost in 2025.

Cost Analysis of Cellular Connectivity Chips



Source: Frost & Sullivan

OVERVIEW OF GLOBAL SMART DEVICE SOC MARKET

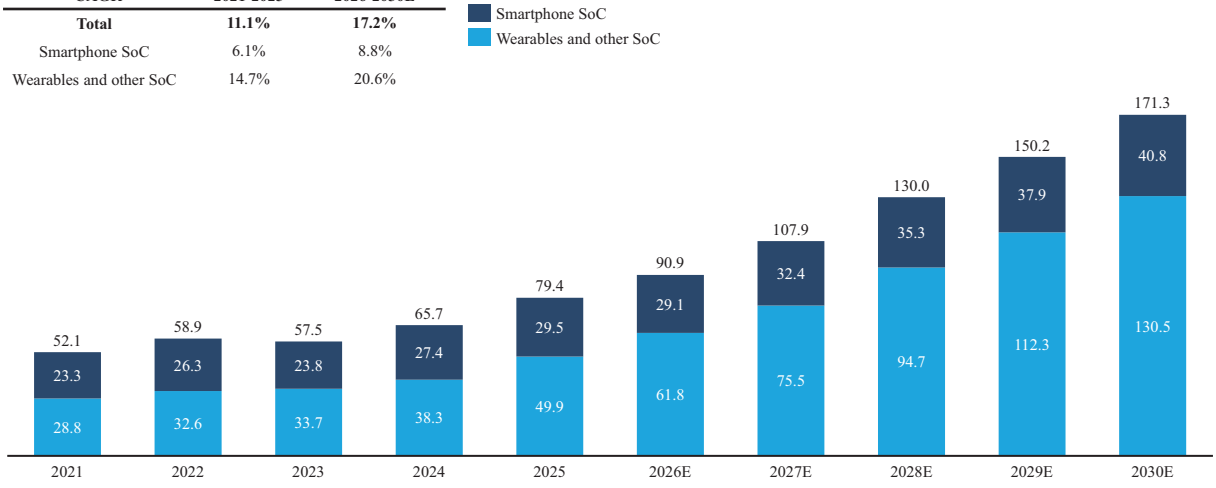
Introduction and Market Size of Smart Device SoCs

Smart device SoCs are highly integrated semiconductor products designed to perform application processing, multimedia processing, connectivity, AI computing and system control functions within smartphones and other smart devices. A smart device SoC may integrate CPUs, GPUs, NPUs, ISPs, memory interfaces, connectivity modules, security components and power-management functions. As smart devices support increasingly sophisticated AI, multimedia and interactive functions, SoCs are required to deliver greater computing performance and integration within stringent power, thermal, form-factor and cost constraints, increasing the importance of complex SoC architecture design, system-level integration and power optimization.

The market size of the global smart device SoCs market, in terms of revenue, increased from USD52.1 billion in 2021 to USD79.4 billion in 2025, representing a CAGR of 11.1% from 2021 to 2025. Of which, the revenue of smartphone SoCs and wearables and other SoCs markets reached USD29.5 billion and USD49.9 billion in 2025, representing CAGRs of 6.1% and 14.7% from 2021 to 2025, respectively. The revenue of the global smart device SoCs market is projected to reach USD171.3 billion by 2030, representing a CAGR of 17.2% from 2026 to 2030. Of which, the revenue of smartphone SoCs and wearables and other SoCs markets is expected to reach USD40.8 billion and USD130.5 billion in 2030, representing CAGRs of 8.8% and 20.6% from 2026 to 2030, respectively.

Global Smart Device SoC Market, in terms of Revenue, by Products (USD in billions, 2021-2030E)

CAGR	2021-2025	2026-2030E
Total	**11.1%**	**17.2%**
Smartphone SoC	6.1%	8.8%
Wearables and other SoC	14.7%	20.6%



Source: Frost & Sullivan

Driving Forces and Future Trends of Global Smart Device SoC Market

- ***Growing adoption of on-device AI.*** Smart devices are increasingly performing AI functions such as speech recognition, image processing, content generation and contextual understanding locally. On-device AI can reduce response latency and reliance on cloud computing and data transmission, while improving service availability and supporting applications with greater requirements for data privacy.

- ***Expansion of smart device applications.*** The continued proliferation of connected and intelligent devices is broadening the application scope of smart device SoCs. Increasingly diversified device requirements are supporting demand for differentiated SoC products across a wider range of smart-device applications.

- ***Convergence of application processing, connectivity and AI computing.*** Smart device SoCs are further integrating application processing, AI computing, multimedia processing, connectivity, security and other system functions to improve overall system efficiency within constrained power, space and cost parameters. As smart-device functionality becomes more complex, standalone computing performance alone is becoming less representative of overall product competitiveness, requiring semiconductor providers to coordinate and optimize computing, connectivity and AI capabilities within a unified platform. Platform-based development and reusable IP can also support product extension and iteration across different smart-device categories.

Competitive Landscape of Global Smart Device SoC market

The overall global smart device SoC market is highly competitive, with a broad range of suppliers serving diverse application segments. Competition varies across product segments depending on performance requirements, target applications, and commercialization capabilities, with market participants differentiating themselves through product positioning, technology platforms and application coverage. In particular, the global smartphone SoC market is highly concentrated, primarily due to its stringent technological requirements and high barriers to entry, with only a limited number of players possessing cellular connectivity capabilities. In terms of shipments in 2025, the top three providers of smartphone SoCs accounted for approximately 45%, 35% and 15% of the market shares, respectively.

As smart devices continue to evolve toward greater functionality, connectivity and intelligence, the competitive focus of the market is increasingly extending beyond standalone processing performance toward system-level capabilities. In particular, smart device SoCs are increasingly required to combine computing, cellular and other wireless connectivity, multimedia processing and other system functions within increasingly stringent power, thermal, form-factor and cost constraints. The growing adoption of on-device intelligence is further increasing requirements for computing efficiency and system-level optimization. As a result, SoC architecture design, functional integration, power efficiency and scalable platform development are becoming increasingly important competitive capabilities.

Our Company has established capabilities across cellular and other wireless connectivity technologies, complex SoC design, multimedia processing, computing and reusable semiconductor IP, supported by platform-based development and system-level optimization capabilities. These capabilities are aligned with the evolving requirements of the smart device SoC market and provide a foundation for our Company to broaden its product coverage, strengthen its competitive position and further expand its market presence as smart device applications continue to develop.

Key Success Factors and Entry Barriers of Global Smart Device SoC Market

- ***Heterogeneous SoC architecture and system-integration capabilities.*** Smart device SoCs require the coordinated integration of CPUs, GPUs, NPUs, ISPs, multimedia engines, memory interfaces, connectivity modules, security components and power-management functions within a unified architecture. Strong system-integration capabilities are critical to achieving balanced performance, power efficiency, functionality and cost across increasingly complex smart-device applications.

- ***On-device AI hardware and software co-optimization.*** Effective on-device AI performance depends on the joint optimization of processor and NPU architectures, model adaptation, compilers, runtime software and AI development tools. Strong hardware-software co-optimization capabilities enable semiconductor companies to translate theoretical computing performance into efficient and stable real-world AI performance across different applications.

- ***Smart-device software ecosystems and customer integration.*** Commercial adoption of smart device SoCs requires compatibility with operating systems, software frameworks, multimedia pipelines and device hardware platforms, together with sustained technical collaboration with smart-device manufacturers throughout product development and validation. Established providers typically benefit from accumulated technology platforms, product-validation experience and customer relationships, which can support subsequent product development and customer adoption. Lengthy development cycles, customer-validation processes and continued technical collaboration also create meaningful barriers to entry and can strengthen long-term relationships for suppliers with proven commercial deployments.

OVERVIEW OF GLOBAL CUSTOM ASIC SERVICE MARKET

Custom ASIC Services Becomes a Key Enabler of Specialized AI Computing

Advances in AI foundation models are accelerating the large-scale deployment of inference across cloud infrastructure, edge infrastructure and smart devices. As AI applications broaden and inference workloads increase in frequency, diversity and volume, computing requirements are becoming increasingly differentiated in terms of performance, energy efficiency, latency, memory access, system integration and cost. Application and system companies serving specific use cases often run proprietary or differentiated workloads and face distinct requirements related to algorithms, system architectures, deployment environments, product form factors and cost targets, creating demand for scenario-specific chip customization. General-purpose chips may not deliver an optimal balance of performance and economics across all such requirements. Where workloads are sufficiently large, stable or specialized,

custom ASICs optimized around specific application and product requirements can improve performance per watt, latency, integration and total cost of ownership, supporting their increasing relevance across cloud, edge and device computing.

Developing production-ready custom ASICs requires expertise across system architecture, semiconductor IP integration, hardware-software co-design, functional verification, physical design, tape-out, production ramp-up and supply-chain execution. Rising development complexity, costs and execution risks make a full in-house semiconductor development platform increasingly difficult and resource-intensive to maintain. Specialized custom ASIC service providers combine established design platforms, reusable IP, engineering expertise and production support to translate customers' scenario-specific application, system and product requirements into silicon solutions capable of volume production, forming an important link between application requirements and silicon implementation.

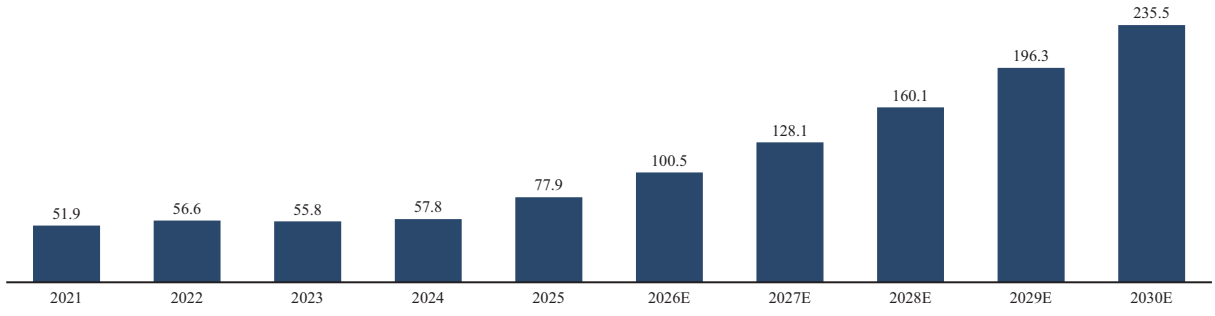
Custom ASIC design services refer to customized semiconductor design and delivery services developed according to customers' specific requirements for computing performance, functionality, power consumption, interfaces, integration, cost and deployment environments. Such services may cover the IC development lifecycle from chip specification and architecture design to IP integration, design and verification, tape-out, packaging and testing, supply-chain management and volume-production delivery, and are widely applied across AI computing, servers, storage, smart devices and other edge and cloud computing applications.

Market Size of the Global Custom ASIC Services Market

In terms of revenue, the global custom ASIC services market increased from USD51.9 billion in 2021 to USD77.9 billion in 2025, representing a CAGR of 10.7% from 2021 to 2025. Going forward, continued growth in AI computing demand, increasing diversification of customer requirements and broader adoption of customized semiconductor architectures are expected to further support market expansion. The global custom ASIC services market is projected to reach USD235.5 billion by 2030, representing a CAGR of 23.7% from 2026 to 2030.

Revenue of global custom ASIC services market (USD in billions)

CAGR	2021-2025	2026-2030E
Total	10.7%	23.7%



Source: Frost & Sullivan

Drivers and Future Trends of Global Custom ASIC Services Market

- ***Rapid growth of customized AI inference computing and specialized workloads.*** With the massive deployment of generative AI applications, compute demand is shifting from training to inference, where energy efficiency, unit cost, and latency are critical. General-purpose processors often lead to resource waste under specific tasks, whereas custom ASIC services enable the delivery of optimized, application-specific architectures that achieve superior energy efficiency and cost-effectiveness for large-scale workloads.

- ***Expansion of AI inference across cloud, edge, and device environments.*** AI inference is proliferating across hyperscale data centers, edge infrastructure, mobile devices, smart wearables, and industrial equipment. Variations in workload characteristics, latency constraints, thermal limits, and deployment environments are generating strong demand for tailored chip architectures that can satisfy diverse scenario-specific requirements.

- ***Accelerated shift toward proprietary silicon and system-level integration among cloud service providers and system vendors.*** Driven by the goal of optimizing Total Cost of Ownership (TCO), reducing reliance on single-source suppliers, and achieving hardware-software co-design, major tech enterprises are accelerating their adoption of customized silicon. Furthermore, customers increasingly require custom ASIC services to integrate computing, connectivity, storage interfaces, and system control into unified architectures, reducing system complexity and component count.

- ***Proliferation of emerging applications powered by RISC-V and advanced process nodes.*** The maturation of the open-source RISC-V architecture has expanded access to specialized processor design and can reduce initial architecture-development barriers and costs. Meanwhile, rising design complexity at advanced process nodes is increasing demand for custom ASIC services in areas such as IP integration, physical implementation and timing closure, supporting continued demand for professional NRE partnerships.

- ***Increasing importance of memory bandwidth, high-speed interconnect and advanced packaging.*** As AI chips scale in computing density and system complexity, performance increasingly depends on efficient data movement, memory access and chip-to-chip communication. This is increasing the importance of high-bandwidth memory subsystems, high-speed interconnect technologies and advanced packaging capabilities in complex cloud and edge AI custom ASIC projects.

Competitive Landscape of Global Custom ASIC Services Market

The global custom ASIC services market is highly competitive, with market participants competing across technology capabilities, development efficiency, project execution and commercialization experience.

Market participants can generally be classified into product-based ASIC design service providers and pure-play ASIC design service providers. Product-based ASIC design service providers engage in both proprietary standard IC product development and IC customization services, while pure-play ASIC design service providers primarily focus on customer-specific IC customization services. Product-based ASIC design service providers generally benefit from technologies, reusable IP, design platforms and engineering experience accumulated through standard-product development and commercialization, which can be leveraged in customized projects to improve R&D efficiency, broaden application and service coverage, strengthen platform-based development capabilities and support advanced-process projects.

Our Company is an integrated provider with high R&D efficiency, comprehensive coverage capabilities and established platform-based capabilities. Its experience in the development and commercialization of proprietary standard IC products has enabled the accumulation of reusable IP, proven design platforms and engineering experience applicable to customized IC projects. In addition, advanced-process projects accounted for 75.0% of our Company's customization projects, the highest proportion among the selected providers, reflecting its comprehensive full-stack design and validation capabilities across advanced process nodes, as well as its strong supply chain collaboration capabilities.

Competitive Analysis of Major Players

Providers	Provider type	R&D efficiency	Comprehensive coverage capabilities	Platform-based capabilities	Proportion of advanced-process projects
The Company	**Product-based**	**High**	◕	◕	75.0%
Company D	Product-based	High	◕	◕	65.0%
Company H	Product-based	Medium	◕	◑	55.0%
Company I	Pure-play	Medium	◕	◑	30.0%
Company J	Pure-play	Medium	◑	◔	25.0%

Source: Frost & Sullivan

Notes:

1) ***R&D efficiency:*** *Assessed based on factors including the average time from project initiation to tape-out, first-pass tape-out success rate and revenue per R&D personnel.*

2) ***Comprehensive coverage capabilities:*** *Assessed based on factors including the number of application scenarios covered and the breadth of service processes covered.*

3) ***Platform-based capabilities:*** *Assessed based on factors including the number of supported architecture types, the size of the IP portfolio and IP reusability.*

4) ***Proportion of advanced-process projects:*** *Refers to the proportion of ongoing projects adopting 6nm and below process nodes.*

5) *Company H is a public company founded in 1995 and listed on Nasdaq, headquartered in U.S., primarily engaged in providing data infrastructure semiconductor solutions.*

6) *Company I is a public company founded in 2001 and listed on the Shanghai Stock Exchange, headquartered in China, primarily engaged in providing custom ASIC services.*

7) *Company J is an unlisted company founded in 2021 and headquartered in China, primarily engaged in providing custom ASIC services.*

Key Success Factors and Entry Barriers of ASIC Design Services Market

- ***End-to-end design, verification and tape-out execution.*** Custom ASIC projects require coordinated execution across architecture design, IP selection and integration, front-end design, physical implementation, functional verification, software adaptation and system validation, together with sustained collaboration among customers, design teams, manufacturing partners and software teams throughout extended development cycles. Strong end-to-end execution and project-management capabilities help manage technical risks, specification changes and key development milestones and improve execution and tape-out certainty.

- ***Advanced process-node design capabilities.*** Advanced-node projects impose stringent requirements across PDK adaptation, complex SoC architecture implementation, timing closure, signal integrity, thermal management and comprehensive verification. Compared with mature-node projects, they generally involve greater technical complexity, higher NRE investment and execution risks. The ability to undertake and deliver advanced-node custom ASIC projects therefore requires full-stack custom ASIC and engineering capabilities for high-performance AI computing applications, as well as close collaboration with leading foundries to access up-to-date process design kits and manufacturing support. Experience accumulated through such projects further enables providers to develop reusable know-how in advanced-node design methodologies, back-end implementation and yield optimization, while demonstrating their capabilities to meet the technical, quality and delivery requirements of high-end customers. These capabilities typically require sustained engineering investment, close supply chain collaboration and repeated silicon validation, creating meaningful barriers to entry for advanced-node custom ASIC projects.

- ***Mass-production, yield-ramp and supply-chain coordination capabilities.*** Successful tape-out represents only one stage of custom ASIC commercialization. Custom ASIC service providers need to maintain established relationships with foundry and OSAT partners and coordinate capacity, packaging and testing, yield ramp-up, quality control and cost optimization throughout volume production. Long-standing supply-chain relationships and accumulated mass-production experience can improve execution and delivery reliability and constitute important competitive capabilities

- ***Proprietary IP portfolio and reuse capability.*** Providers with established standardized chip businesses can accumulate extensive portfolios of proprietary and mass-production-validated IPs. Reuse of proven IP can shorten development cycles, reduce engineering costs and improve tape-out predictability, while such IP portfolios require sustained R&D investment and repeated commercial validation over time, creating meaningful competitive advantages and barriers to entry.

SOURCE OF INFORMATION

In connection with the **[REDACTED]**, we have engaged Frost & Sullivan to conduct a detailed analysis and prepare an industry report on the markets in which we operate (the "**Frost & Sullivan Report**"). Services provided by Frost & Sullivan include market assessments, competitive benchmarking, and strategic and market planning for a variety of industries. We have agreed to a total of RMB500,000 in fees and expenses for the preparation and use of the Frost & Sullivan Report. The payment of such an amount was not contingent upon our successful **[REDACTED]** or on the results of the Frost & Sullivan Report. Apart from the Frost & Sullivan Report, we have not commissioned any other industry report in connection with the **[REDACTED]**.

We have extracted certain information from the Frost & Sullivan Report in this section, as well as in the sections headed "Summary," "Risk Factors," "Business," "Financial Information" and elsewhere in this document to provide our potential **[REDACTED]** with a more comprehensive presentation of the industries in which we operate. Unless otherwise noted, all of the data and forecasts contained in this section are derived from the Frost & Sullivan Report, various official government publications and other publications. Frost & Sullivan prepared its report based on its in-house database, independent third-party reports and publicly available data from reputable industry organizations. Where necessary, Frost & Sullivan contacts companies operating in the industry to gather and synthesize information in relation to the market, prices and other relevant information. Frost & Sullivan believes that the basic assumptions used in preparing the Frost & Sullivan Report, including those used to make future projections, are factual, correct and not misleading. Frost & Sullivan has independently analyzed the information, but the accuracy of the conclusions of its review largely relies on the accuracy of the information collected. Frost & Sullivan's research may be affected by the accuracy of these assumptions and the choice of these primary and secondary sources.

REGULATORY ENVIRONMENT IN THE PRC

PRC laws, rules and regulations affect many aspects of our business. This section summarizes the material PRC laws, regulations and policies that we believe are relevant to our principal business and operations in China.

Major Regulators

Our principal business and operations are subject to the supervision of the Ministry of Industry and Information Technology, the MIIT, which is responsible for developing and implementing national industrial plans, policies, and standards; monitoring daily industry operations; and promoting technological development and innovation.

Regulations and Policies on the Integrated Circuit Industry

In June 2014, the State Council issued the Outline for Advancing the National Integrated Circuit Industry (國家集成電路產業發展推進綱要), which stated that the development goal of the integrated circuit industry is to achieve international advanced standards in the key segments of the integrated circuit industry chain by 2030, with a number of enterprises reaching the global first tier and realizing leapfrog development. One of the core tasks and development priorities is to focus on the development of the integrated circuit design industry, and strengthen the integrated circuit design, software development, system integration and collaborative innovation of contents and services based on the industrial chains in key fields, drive manufacturing growth through rapid expansion of the design industry.

In November 2016, the State Council issued the Notice of the State Council on the "13th Five-Year Plan" for the Development of National Strategic Emerging Industries (國務院關於印發「十三五」國家戰略性新興產業發展規劃的通知), which initiated the major productivity layout planning project for the integrated circuit industry, implemented a number of projects with strong driving effects and facilitated the rapid leap in industrial capabilities. It aims to accelerate the construction of production lines for advanced manufacturing processes, memory chips and specialized processes, enhance the design and development and application capabilities of key products such as secure and reliable CPUs, analog-to-digital/digital-to-analog conversion chips, and digital signal processing chips, and promote the rapid development of industries such as packaging and testing, key equipment, and materials.

In July 2020, the State Council announced Several Policies for Promoting the High-quality Development of the Integrated Circuit Industry and the Software Industry in the New Era (新時期促進集成電路產業和軟件產業高質量發展的若干政策) to further optimize the development environment of the integrated circuit industry and software industry, deepen international cooperation in the industry, and enhance the industrial innovation capability and development quality.

In December 2021, the State Council issued the Notice of the State Council on the "14th Five-Year Plan" for the Development of Digital Economy (國務院關於印發「十四五」數字經濟發展規劃的通知),which stated that during the "14th Five-Year Plan" period, efforts should be directed toward enhancing key technological innovation capabilities, targeting strategic and forward looking fields such as sensors, quantum information, network communication, integrated circuit, key software, big data, artificial intelligence, blockchain and new materials. The advantages of China's socialist system, new type of nationwide system and ultra-large-scale market should be leveraged to improve the foundational R&D capabilities of digital technologies. Furthermore, competitiveness in core industries should be enhanced. This involves strengthening technology integration and product innovation for diverse application scenarios, sharpening the competitive edge of key links in industrial chains, and improving supply chain systems for major industries such as 5G, integrated circuits, new energy vehicles, artificial intelligence, and the industrial internet.

In December 2023, the NDRC issued the Industrial Structure Adjustment Guidance Catalog (2024 version)(產業結構調整指導目錄(2024年本)), in which the integrated circuit industry is listed under item 4 (Integrated Circuits) of Section XXVIII (Information Industry) within the first (encouraged) category. Our Company mainly engages in the integrated circuit design, which belongs to the first category of encouraged projects in the Catalog.

In March 2026, the NPC promulgated the Outline of the "15th Five-Year Plan" of the PRC for National Economic and Social Development(中華人民共和國國民經濟和社會發展第十五個五年規劃綱要), which stated that China will expand the core industries of the digital economy, develop new-generation communication technologies, cloud computing, blockchain and other sectors, upgrade the industry capabilities for high-end chips, optoelectronic devices, basic software and industrial software, and foster digital industry clusters with global competitiveness.

Regulations on Corporation and Foreign Investment

Company Regulations

On December 29, 1993, the Standing Committee of the National People's Congress (the "**SCNPC**") issued the PRC Company Law(中華人民共和國公司法), which was most recently amended on December 29, 2023, and came into effect on July 1, 2024. All companies incorporated in the PRC are subject to this law, which sets forth rules regarding their establishment, daily operations, corporate governance, and organizational structure. This law classifies companies into limited liability companies and joint stock limited companies. Such regulations also apply to foreign-invested enterprises established in the PRC.

Foreign Investment Industries Policy

Investment activities in China by foreign investors are principally governed by the Special Administrative Measures (Negative List) for Foreign Investment Access, or the Negative List, and the Catalogue of Encouraged Industries for Foreign Investment, or the Encouraging Catalog, which were promulgated and were amended from time to time by the Ministry of Commerce ("the **MOFCOM**") and the NDRC. The Negative List specifies prohibited or restricted sectors for foreign investment, while sectors outside the Negative List are generally administered on the same basis as domestic investment. The Encouraging Catalog identifies industries in which foreign investment is encouraged.

The currently effective negative list is the Special Administrative Measures (Negative List) for Foreign Investment Access (2024 Version)(外商投資准入特別管理措施(負面清單)(2024年版)), or the 2024 Negative List, which became effective on November 1, 2024. The currently effective Encouraging Catalog is the Catalogue of Encouraged Industries for Foreign Investment (2025 Version)(鼓勵外商投資產業目錄(2025年版)), or the 2025 Encouraging Catalog, which became effective on February 1, 2026. According to the 2024 Negative List, investment in integrated circuit design does not fall into the restricted or prohibited category of industries for foreign investment.

Foreign Investment Law and its Implementing Regulations

On March 15, 2019, the NPC approved the PRC Foreign Investment Law(中華人民共和國外商投資法), which came into effect on January 1, 2020. The Foreign Investment Law replaces the three laws on foreign investment (the Wholly Foreign-owned Enterprise Law of the PRC(中華人民共和國外資企業法), the Sino-Foreign Contractual Joint Venture Law of the PRC(中華人民共和國中外合作經營企業法) and the Chinese-Foreign Equity Joint Venture Law of the PRC(中華人民共和國中外合資經營企業法)). Pursuant to the Foreign Investment Law, "foreign investment" refers to investment activities directly or indirectly conducted by one or more natural persons, business entities, or other organizations of a foreign country (hereinafter, the "**foreign investor**") within China, and the investment activities

include the following situations: (i) a foreign investor, individually or collectively with other investors, establishes a foreign invested enterprise in China; (ii) a foreign investor acquires shares, equities, property shares or any other similar rights and interests of an enterprise within China; (iii) a foreign investor, individually or collectively with other investors, invests in a new project in China; and (iv) investments by other means as provided by laws, administrative regulations, or the State Council.

On December 26, 2019, the State Council issued the Implementing Regulations of the PRC Foreign Investment Law (中華人民共和國外商投資法實施條例), which came into effect on January 1, 2020, to clarify and elaborate relevant provisions of the Foreign Investment Law.

Security Review of Foreign Investment

On December 19, 2020, the NDRC and MOFCOM jointly promulgated the Measures on the Security Review of Foreign Investment (外商投資安全審查辦法), effective on January 18, 2021, setting forth provisions concerning the security review mechanism on foreign investment, including the types of investments subject to review, review scopes and procedures, among others. A foreign investor or the relevant domestic party must apply for security review to the Office of the Working Mechanism of the Security Review of Foreign Investment (外商投資安全審查工作機制辦公室) prior to the investments in (i) fields related to national defense security such as military industries and military support industries, as well as investments in the surrounding areas of military facilities and military production facilities; (ii) important agricultural products, important energy and resources, important equipment manufacturing, important infrastructure, important transportation services, important cultural products and services, important information technology and Internet products and services, important financial services, key technologies and other important fields relating to national security, in which they obtain actual control over the invested enterprises.

Regulations on Overseas Investment

Pursuant to the Administrative Measures for Outbound Investment (境外投資管理辦法) which were promulgated by MOFCOM on September 6, 2014 and took effect on October 6, 2014, MOFCOM and provincial competent commerce departments shall carry out administration either by record-filing or by verification and approval depending on different circumstances of outbound investment by enterprises.

Pursuant to the Administrative Measures for Outbound Investment by Enterprises (企業境外投資管理辦法) which were promulgated by the NDRC on December 26, 2017 and took effect on March 1, 2018, domestic enterprises in the PRC making an outbound investment shall go through verification and approval or record-filing or other procedures applicable to outbound investment projects, report relevant information, and cooperate with the supervision and inspection.

Pursuant to the Provisions of the State Council on Outbound Investment (國務院關於對外投資的規定) which were promulgated by the State Council on May 5, 2026 and took effect on July 1, 2026, PRC investors shall complete the requisite approval, filing, information reporting, cross-border capital registration or other formalities in accordance with applicable PRC laws and regulations when conducting outbound investment activities.

Regulations on Import and Export of Goods

On May 12, 1994, the Foreign Trade Law of the PRC (中華人民共和國對外貿易法) was promulgated by the SCNPC. It was most recently revised on December 27, 2025 and took effect on March 1, 2026. The Foreign Trade Law establishes that import and export of goods and technologies to and from the PRC shall be free, unless otherwise provided by relevant laws or administrative

regulations. The amended Law further authorizes the PRC government to permit the free import and export of commodities and technologies, subject to any exceptions specified by other laws and administrative regulations.

The Customs Law of the PRC (中華人民共和國海關法) was promulgated by the SCNPC on January 22, 1987 and last amended on April 29, 2021, with such amendment taking effect on the same date. Pursuant to the Customs Law and other relevant laws and administrative regulations, the PRC Customs authorities are responsible for supervising the transport, goods, luggage, postal items and other articles entering or leaving Chinese territory; levying customs duties and other taxes and fees; investigating and combating smuggling; compiling customs statistics; and handling other customs affairs. The consignee or consignor of import or export goods may complete the customs declaration and inspection formalities either on its own or by entrusting a duly authorized declaration agency enterprise and shall complete the filing formalities with the import and export inspection and quarantine authorities in accordance with relevant laws and regulations.

The Administrative Provisions of the Customs of the PRC on Recordation of Customs Declaration Entities (中華人民共和國海關報關單位備案管理規定) were promulgated by the General Administration of Customs of the PRC (the "**GACC**") on November 19, 2021 and came into effect on January 1, 2022. Under such Provisions, "customs declaration entities" refer to consignees or consignors of imports and exports and customs declaration enterprises that have completed recordation with the Customs in accordance therewith. Applicants for recordation, including consignees or consignors of imports and exports as well as customs declaration enterprises, are required to obtain market entity qualifications. Originally, consignees or consignors of imports and exports applying for recordation were also required to complete the filing formalities for foreign trade business operators. On January 3, 2023, the GACC promulgated the Notice by the Department of Enterprise Management and Audit-Based Control of Matters Concerning the Recordation of the Consignees and Consignors of Imported and Exported Goods (企業管理和稽查司關於進出口貨物收發貨人備案有關事宜的通知), which states that a consignee or consignor of imported or exported goods applying for recordation is required to obtain market entity qualification, but is no longer required to complete the filing formalities for foreign trade business operators.

Regulation on Cybersecurity and Data Security

Internet security in China is regulated and restricted from a national security standpoint. On July 1, 2015, the SCNPC promulgated the new National Security Law of the PRC (中華人民共和國國家安全法), which took effect on the same date. According to the new National Security Law, the state shall ensure that the information system and data in important areas are secure and controllable. In addition, according to the new National Security Law, the state shall establish national security review and supervision institutions and mechanisms, and conduct national security reviews of key technologies and network IT products and services that affect or may affect national security.

On November 7, 2016, the SCNPC promulgated the PRC Cybersecurity Law (中華人民共和國網絡安全法), which took effect on June 1, 2017 and was last amended on October 28, 2025 with the amendment taking effect on January 1, 2026. The Cybersecurity Law applies to the construction, operation, maintenance, and use of networks as well as the supervision and administration of Internet security in the PRC. The Cybersecurity Law defines "networks" as systems that are composed of computers or other information terminals and relevant facilities used for the purpose of collecting, storing, transmitting, exchanging, and processing information in accordance with certain rules and procedures. "Network operators," who are broadly defined as owners and administrators of networks and network service providers, shall meet their cybersecurity obligations and shall take technical measures and other necessary measures to protect the safety and stability of their networks. Under the Cybersecurity Law, network operators are subject to various security protection-related obligations.

On June 10, 2021, the SCNPC promulgated the PRC Data Security Law (中華人民共和國數據安全法), which came into effect on September 1, 2021. The PRC Data Security Law imposes data security and privacy protection obligations on entities and individuals carrying out data activities, including but not limited to the collection, storage, use, processing, transmission, provision, and public disclosure of data. Furthermore, the PRC Data Security Law provides for a data classification and hierarchical protection system to protect data by classification and level, depending on the importance of the data in economic and social development, and the damage caused to national security, public interests, or the legitimate rights and interests of individuals and organizations if the data is falsified, damaged, disclosed, illegally obtained or illegally used.

On December 28, 2021, the Cyberspace Administration of China (the "**CAC**") and 12 other PRC regulatory authorities jointly issued the Cybersecurity Review Measures (網絡安全審查辦法), which became effective from February 15, 2022. The Cybersecurity Review Measures require that, (i) any procurement of network products and services by critical information infrastructure operators, which affects or may affect national security, (ii) any data processing activities by network platform operators, which affect or may affect national security, or (iii) any network platform operators which have personal information of more than one million users and seek to list in a foreign country shall be subject to cybersecurity review. Furthermore, the relevant PRC governmental authorities may initiate cybersecurity review if they determine certain network products, services, or data processing activities affect or may affect national security.

On July 7, 2022, the CAC promulgated the Measures for the Security Assessment of Outbound Data Transfer (數據出境安全評估辦法), which took effect on September 1, 2022 and originally required the data processor providing data overseas and falling under any of the following circumstances to apply for the security assessment of cross-border data transfer by the national cybersecurity authority through its local counterpart: (i) where the data processor intends to provide important data overseas; (ii) where the critical information infrastructure operator or any data processor who has processed personal information of at least 1,000,000 individuals intends to provide personal information overseas; (iii) where any data processor who has provided personal information of at least 100,000 individuals or sensitive personal information of at least 10,000 individuals to overseas recipients accumulatively since January 1 of the last year intends to provide personal information overseas; and (iv) other circumstances where the security assessment of cross-border data transfer is required as prescribed by the CAC.

On March 22, 2024, the CAC issued the Provisions on Promoting and Regulating Cross-border Data Flows (促進和規範數據跨境流動規定, the "**Cross-border Data Flow Provisions**"), which took effect on the same day and provide that unless otherwise provided, the data processor shall apply for security assessment for cross-border data transfer to the CAC through the local cyberspace administration at the provincial level if any of the following conditions is met (i) the critical information infrastructure operator transfers personal information or important data abroad, or (ii) the data processor other than a critical information infrastructure operator transfers important data abroad, or has, since January 1 of the current year, transferred the personal information of at least one million individuals (excluding sensitive personal information) or the sensitive personal information of at least 10,000 individuals abroad cumulatively. Furthermore, the Cross-border Data Flow Provisions also provide that unless otherwise provided therein, the data processor other than a critical information infrastructure operator who has, since January 1 of the current year, transferred the personal information of at least 100,000 but less than 1 million individuals (excluding sensitive personal information) or the sensitive personal information of less than 10,000 individuals abroad cumulatively shall conclude a standard contract for outbound transfer of personal information with overseas recipients or go through the certification for protection of personal information in accordance with the law.

On September 24, 2024, the State Council promulgated the Regulation on Network Data Security Management (網絡數據安全管理條例), which took effect on January 1, 2025. The Regulation sets forth several key obligations for network data handlers, including the requirement to specify the purpose, method and categories of personal information involved prior to any processing of personal information. In addition, the Regulation provides definitions of "important data," outlines the obligations applicable to handlers of important data, establishes enhanced contractual requirements for data sharing among data handlers, and introduces a new exemption from certain regulatory obligations with respect to cross-border data transfers.

On June 18, 2026, the CAC, the MIIT, and the Ministry of Public Security jointly promulgated the Measures for Network Data Security Risk Assessment (網絡數據安全風險評估辦法), which took effect on August 20, 2026. The Measures govern risk assessments of network data processing activities, and provide that, among others, (i) important data processors shall conduct risk assessments on an annual basis and shall submit the annual risk assessment reports to the competent authorities within 20 working days of completion, (ii) important data processors shall conduct dynamic risk assessments promptly where material changes in the security status of important data may adversely affect data security, focusing on the changed aspects and their effects, and (iii) the relevant regulatory authorities may require a network data processor to engage a certified assessment institution to conduct a risk assessment under certain circumstances, including where the data processing activities pose material security risks that may endanger national security or public interests, or where a data security incident has resulted in the leakage or theft of important data, or of personal information on a large scale.

Regulations on Intellectual Property Rights

Patents

The SCNPC promulgated the Patent Law of the People's Republic of China (中華人民共和國專利法) on March 12, 1984 and last amended it on October 17, 2020 with effect from June 1, 2021. The Implementing Regulations of the Patent Law of the People's Republic of China (中華人民共和國專利法實施細則) were promulgated by the State Council on June 15, 2001, and were most recently amended on December 11, 2023 and took effect on January 20, 2024. Under the Patent Law and its implementing regulation, a patentable invention or utility model must meet three conditions: novelty, inventiveness and practical applicability. A patentable design shall not be an existing design, nor shall there be any application for the same design filed by any entity or individual with the competent authorities prior to the filing date and recorded in the patent documents published after the filing date. The Patent Office under the China National Intellectual Property Administration ("**CNIPA**") is the designated authority for the receipt, examination and approval of patent applications in the PRC. Patents are granted with a term of protection commencing from the application date: twenty years for inventions, ten years for utility models, and fifteen years for designs. Save for exceptions explicitly provided by law, any third party wishing to exploit a patent must obtain the patent owner's consent or a valid license. Unauthorized use will constitute an infringement of the patent owner's rights.

Trademarks

On August 23, 1982, the SCNPC promulgated the Trademark Law of the PRC (中華人民共和國商標法), or the Trademark Law, which was last amended on June 26, 2026, and the amendments will come into effect on January 1, 2027. The Implementation Regulation for the Trademark Law (中華人民共和國商標法實施條例) promulgated by the State Council came into effect on September 15, 2002 and was further amended on April 29, 2014.

Under the Trademark Law and its implementing regulation, the Trademark Office of the CNIPA (the "**Trademark Office**") is responsible for the registration and administration of trademarks. As with patents, China has adopted a "first-to-file" principle for trademark registration. If two or more

applicants apply for registration of identical or similar trademarks for the same or similar commodities, the application that was filed first will receive preliminary approval and will be publicly announced. Registered trademarks are valid for ten years from the date the registration is approved. A registrant may apply to renew a registration within 12 months before the expiration date of the registration. If the registrant fails to apply in a timely manner, a grace period of six additional months may be granted. If the registrant fails to apply before the grace period expires, the registered trademark shall be deregistered. Renewed registrations are valid for ten years.

Copyrights

On September 7, 1990, the SCNPC promulgated the Copyright Law of the PRC (中華人民共和國著作權法), which took effect on June 1, 1991 and was amended in 2001, 2010 and 2020 (the 2020 amendment became effective on June 1, 2021). On August 2, 2002, the State Council promulgated the Regulations for the Implementation of the Copyright Law of the People's Republic of China (中華人民共和國著作權法實施條例), which were last amended on January 30, 2013 and became effective on March 1, 2013. Under the Copyright Law and its implementing regulation, Chinese citizens, legal persons, or unincorporated organizations shall enjoy copyright in their works, regardless of whether such works have been published. Such works include, but are not limited to, works of literature, art, natural science, social science, engineering technology, and computer software.

According to the Computer Software Protection Regulations (計算機軟件保護條例) promulgated by the State Council on December 20, 2001, last amended on January 30, 2013 and effective from March 1, 2013, computer software refers to computer programs and their related documentation. Chinese citizens, legal persons or other organizations enjoy copyright in the software they develop, regardless of whether it is published or not.

Domain Names

The Measures on Administration of Internet Domain Names (互聯網域名管理辦法, the "**Domain Names Measures**") were promulgated by the MIIT on August 24, 2017, which took effect on November 1, 2017. Under the Domain Names Measures, the MIIT is responsible for the administration of internet domain names in the PRC. Domain name registration follows a first-to-file principle. Applicants for domain name registration are required to provide true, accurate and complete identification information to domain name registration service institutions.

Design of Integrated Circuit Layouts

The protection of integrated circuit layout designs in the PRC is primarily governed by the Regulations on the Protection of Integrated Circuit Layout Designs (集成電路佈圖設計保護條例), promulgated by the State Council on April 2, 2001 and effective as of October 1, 2001, and the Detailed Implementing Rules of the Regulations on the Protection of Layout Designs of Integrated Circuits (集成電路佈圖設計保護條例實施細則), promulgated by the CNIPA on September 18, 2001 and effective as of October 1, 2001. On July 23, 2026, the State Council promulgated the revised Regulations on the Protection of Integrated Circuit Layout Designs, which will take effect on October 15, 2026.

Under these regulations, the owner of an integrated circuit layout design is entitled to exclusive rights in the design. Such exclusive rights arise upon registration with the intellectual property administration department of the State Council. Layout designs that have not been registered are not protected by law. The term of protection for the exclusive rights in an integrated circuit layout design is ten (10) years, calculated from the earlier of (i) the date of filing of the registration application, or (ii) the first date of commercial exploitation anywhere in the world. However, in no event shall a layout design be protected for more than fifteen (15) years from its creation, regardless of whether it has been registered or commercially exploited.

Regulations on Real Estate

Real Estate Registration

According to the PRC Civil Code (中華人民共和國民法典, issued by the NPC on May 28, 2020, effective January 1, 2021), the establishment, alteration, transfer and extinction of real property rights, where registration is required by law, shall take effect upon being recorded in the real estate register. The certificate of real property rights is the proof that the right holder enjoys the real property rights.

According to the Interim Regulations on Real Estate Registration (不動產登記暫行條例, most recently amended by the State Council on March 10, 2024, effective May 1, 2024) and the Detailed Rules for the Implementation of the Interim Regulations on Real Estate Registration (不動產登記暫行條例實施細則, most recently amended by the Ministry of Natural Resources on May 9, 2024, effective the same day), the State implements a unified real estate registration system. Real estate registration adheres to the principles of strict management, stability and continuity, and convenience for the people. Real estate registration is handled by the real estate registration authority of the county-level or higher people's government where the real estate is located.

Property Leasing

According to the Measures for Administration of Commercial Housing Leasing (商品房屋租賃管理辦法, issued by the Ministry of Housing and Urban-Rural Development on December 1, 2010, effective February 1, 2011), within thirty days after the conclusion of a housing lease contract, the lessor and lessee shall go to the construction (real estate) competent department of the people's government at the level of municipality directly under the Central Government, city or county where the leased house is located to register the lease for the record. The fact that a entity fails to complete the relevant lease registration procedures and fails to rectify within the specified period after being ordered to do so may result in a fine ranging from RMB1,000 to RMB10,000.

According to the Civil Code, the failure of the parties to complete the registration and filing procedures for a lease contract in accordance with laws and administrative regulations shall not affect the validity of the contract.

Regulation on Foreign Exchange

Under the Foreign Currency Administration Rules of the PRC (中華人民共和國外匯管理條例) promulgated by the State Council on January 29, 1996 and amended on August 5, 2008 and various regulations issued by the State Administration of Foreign Exchange (the "**SAFE**") and other relevant PRC government authorities, Renminbi is convertible into other currencies for current account items, such as trade-related receipts and payments and payment of interest and dividends. The conversion of Renminbi into other currencies and remittance of the converted foreign currency outside the PRC for capital account items, such as direct equity investments, loans and repatriation of investment, is subject to the applicable foreign exchange registration, bank review, filing or approval requirements.

On November 19, 2012, the SAFE promulgated the Circular of the SAFE on Further Improving and Adjusting Foreign Exchange Administration Policies for Direct Investment (國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知), which became effective on December 17, 2012, and was last amended on December 30, 2019. Under this circular, approval is not required for opening a foreign exchange account or depositing foreign exchange into accounts relating to direct investments.

On February 13, 2015, the SAFE promulgated the Circular on Simplifying and Improving the Foreign Currency Management Policy on Direct Investment (國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知, the "**SAFE Circular 13**"), effective from June 1, 2015, which was

amended on December 30, 2019. SAFE Circular 13 cancels the administrative approvals of foreign exchange registration of domestic direct investment and overseas direct investment and simplifies the procedure of foreign exchange-related registration. Pursuant to SAFE Circular 13, investors are required to complete the registration for domestic direct investment and overseas direct investment with banks.

On March 30, 2015, the SAFE promulgated the Notice of the State Administration of Foreign Exchange on Reforming the Administration of Foreign Exchange Settlement of Capital of Foreign-invested Enterprises (國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知, the "**Circular 19**"), which was last amended on March 23, 2023. As originally promulgated, Circular 19 provided that the use of Renminbi capital converted from a foreign-invested enterprise's foreign currency-denominated registered capital was subject to certain restrictions. Specifically, such Renminbi capital could not be used for: (i) issuing Renminbi entrusted loans; (ii) repaying inter-enterprise loans (including third-party advances); or (iii) repaying Renminbi bank loans whose proceeds have been on-lent to a third party.

On June 9, 2016, the SAFE promulgated the Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account (國家外匯管理局關於改革和規範資本項目結匯管理政策的通知, the "**Circular 16**"), which was amended on December 4, 2023. Circular 16 reaffirmed certain rules set forth in Circular 19, but modified the relevant restriction as follows: rather than imposing a general prohibition on using Renminbi capital converted from a foreign-invested enterprise's foreign currency-denominated registered capital to issue Renminbi entrusted loans, Circular 16 prohibited the use of such capital to issue loans to non-associated enterprises, except where expressly permitted within the enterprise's business scope.

On April 10, 2020, the SAFE promulgated the Circular of the State Administration of Foreign Exchange on Optimizing Foreign Exchange Management Service in Support of Foreign Business Development (國家外匯管理局關於優化外匯管理支持涉外業務發展的通知), which provides that enterprises meeting the prescribed requirements are allowed to use income under the capital accounts such as capital funds, external debts and proceeds from overseas listings for domestic payment without providing banks with authenticity certification materials on a transaction-by-transaction basis in advance, to the extent that funds are used for true and law-compliant purposes and such enterprises comply with the in-force administrative provisions on the use of income under the capital accounts.

On December 4, 2023, the SAFE promulgated the Notice on Further Deepening Reforms to Promote the Facilitation of Cross-border Trade and Investment (關於進一步深化改革促進跨境貿易投資便利化的通知), which provides that the equity transfer consideration funds in foreign currency received by domestic equity transferors (including institutions and individuals) from domestic parties, as well as the foreign exchange funds raised by domestic enterprises through overseas listing, may be directly remitted to the settlement account of capital accounts. Funds in the settlement account of capital accounts may be settled and used at discretion.

On April 3, 2024, the SAFE promulgated the Guidelines of Capital Account Foreign Exchange Business (2024 Version)(資本項目外匯業務指引(2024年版)),which came into effect on May 6, 2024 and stipulate guidelines for the capital account foreign exchange business.

On December 24, 2025, the People's Bank of China and the SAFE promulgated the Notice on Issues Concerning the Management of Funds Raised by Domestic Enterprises through Overseas Listings (關於境內企業境外上市資金管理有關問題的通知), which came into effect on April 1, 2026 and provides that funds raised by domestic enterprises through overseas listings should, in principle, be repatriated to the domestic market in a timely manner. If funds are retained overseas to conduct overseas direct investment, overseas securities investment, overseas lending, or other such business activities,

approval or filing documents from the competent authorities must be obtained prior to the completion of the overseas listing offering or the completion of the over-allotment, and such activities must comply with relevant cross-border capital management regulations.

Regulations on Dividend Distribution

The principal laws and regulations regulating the distribution of dividends by Foreign Invested Enterprises (the "**FIEs**") in the PRC include the Company Law of the PRC (中華人民共和國公司法) and Foreign Investment Law (中華人民共和國外商投資法). Under the current PRC regulatory regime, FIEs may distribute dividends only out of their retained earnings as determined under PRC accounting standards. A PRC company is generally required to appropriate at least 10% of its after-tax profits to its statutory reserve fund until the aggregate amount of such fund reaches 50% of its registered capital. No profit distribution may be made until any losses from prior fiscal years have been fully offset. Retained earnings from prior fiscal years may be distributed together with the distributable profits of the current fiscal year.

Regulations on Taxation

Enterprise Income Tax

Pursuant to the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得税法), as last amended and effective on December 29, 2018, and the Implementation Regulations for the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得税法實施條例), as last amended on December 6, 2024 and effective on January 20, 2025, a uniform enterprise income tax rate of 25% applies equally to foreign-invested enterprises and domestic enterprises, except where tax incentives are granted to special industries or projects. Qualifying small low-profit enterprises are subject to a reduced enterprise income tax rate of 20%, and high-tech enterprises that require full support from the PRC government enjoy a reduced enterprise income tax rate of 15%.

Withholding Tax

According to the Arrangement between the Chinese Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排), which was signed on August 21, 2006, and took effect on December 8, 2006, when a mainland China resident company distributes dividends to a Hong Kong resident, if the beneficial owner of the dividends is a company that directly holds at least 25% of the distributing company's capital, the withholding tax rate shall be capped at 5% of the total dividends; under any other circumstances, the cap shall be 10%.

Value-added Tax

On December 25, 2024, the SCNPC promulgated the Value-Added Tax Law of the PRC (中華人民共和國增值税法), which took effect on January 1, 2026 and simultaneously repealed the Provisional Regulations on Value-added Tax of the PRC. The State Council also promulgated the Implementing Regulations of the Value-Added Tax Law of the PRC (中華人民共和國增值税法實施條例), which took effect on the same date. According to the Value-Added Tax Law, any entities and individuals (including individual industrial and commercial households) that sell goods, services, intangible assets, or immovables, or import goods within the territory of the PRC are taxpayers of VAT and shall pay the VAT in accordance with the law and regulation. The tax rate for taxpayers selling goods, as well as providing processing, repair and assembly services, leasing tangible movable property and importing goods is 13% unless otherwise specified; in certain specific situations, the rate is 9%, 6% or 0%.

Pursuant to the provisions of the Notice on the Additional Value-Added Tax Deduction Policy for Integrated Circuit Enterprises (關於集成電路企業增值稅加計抵減政策的通知) promulgated by the Ministry of Finance of the PRC (the "**MOF**") and the STA on April 20, 2023, from January 1, 2023 to December 31, 2027, integrated circuit design, production, packaging and testing, equipment, and material enterprises enjoy an additional deduction of 15% of the input VAT that can be credited in the current period from the output VAT payable. A list management system will be adopted for enterprises eligible for the additional deduction policy.

Regulations on Employment

Labor Law and Labor Contract Law

Pursuant to the Labor Law of the PRC (中華人民共和國勞動法) which was last revised by the SCNPC on December 29, 2018, and the Labor Contract Law of the PRC (中華人民共和國勞動合同法) which was amended by the SCNPC on December 28, 2012 and effective as of 1 July 2013, an employment relationship must be formalized through a written labor contract. Employers are further required to establish and improve internal labor rules in accordance with the law, in order to protect employees' legitimate labor rights and ensure the fulfillment of their corresponding labor obligations.

Regulations on Social Insurance and Housing Provident Fund

According to the Social Insurance Law of the PRC (中華人民共和國社會保險法), promulgated by the SCNPC on October 28, 2010, effective July 1, 2011, and amended on December 29, 2018, as well as the Interim Regulations on the Collection and Payment of Social Insurance Premiums (社會保險費徵繳暫行條例), promulgated by the State Council on January 22, 1999, and amended on March 24, 2019, employers are obligated to contribute to basic endowment insurance, unemployment insurance, basic medical insurance, employment injury insurance, maternity insurance, and other types of social insurance for their employees. Such contributions are calculated based on specified percentages of employee salaries, subject to minimum and maximum limits periodically set by local government regulations.

Under the Regulations on the Management of Housing Provident Fund (住房公積金管理條例), originally promulgated by the State Council in 1999 and last amended on August 10, 2026, with the latest amendments coming into effect on September 20, 2026, employers are required to complete housing provident fund contribution registration with the relevant Housing Provident Fund Administrative Center and to arrange for the establishment of accounts for their employees, and shall make timely and full contributions to the housing provident fund for their employees.

Regulations on Overseas Listings

On February 17, 2023, the CSRC, as approved by the State Council, released Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (境內企業境外發行證券和上市管理試行辦法, the "**Overseas Listing Trial Measures**") and relevant guidelines, which came into effect on March 31, 2023. The Overseas Listing Trial Measures require, among others, that if a company within China directly or indirectly issues stocks or gets listed overseas, it shall file its issuance and listing application documents with the CSRC within 3 working days after its application for overseas listing is submitted. According to Article 8 of the Overseas Listing Trial Measures, an overseas offering and listing is prohibited if (i) it is prohibited by provisions in PRC laws, administrative regulations or relevant state rules, (ii) it may constitute a threat to or endanger national security as reviewed and determined by competent PRC authorities, (iii) the domestic company or any of its controlling shareholders or its actual controller has committed crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years, (iv) the domestic company intending to make the securities offering and

listing is suspected of committing crimes or major violations of laws and regulations, and is under investigation according to law, and no conclusion has yet been made thereof, or (v) there are material ownership disputes over equity in the domestic company held by the domestic company's controlling shareholder or by other shareholders that are controlled by the controlling shareholder and/or actual controller.

On February 24, 2023, the CSRC and other relevant government authorities promulgated the Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Issuance and Listing by Domestic Enterprises (關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定, the "**Provisions on Confidentiality**"), which took effect on March 31, 2023. Under the Provisions on Confidentiality, if a domestic enterprise provides or discloses to securities companies, securities service institutions, overseas regulatory authorities, or other entities or individuals, either directly or through its overseas listing vehicle, any documents or materials containing state secrets or working secrets of state organs, it must obtain prior approval from the competent examination and approval authority and file the same with the secrecy administrative department at the same level. Where accounting archives or copies thereof are provided to such entities, the enterprise shall follow relevant state procedures.

OVERVIEW

Our history dates back to 2015, when our founder, Mr. TAI, established our Company to focus on the research, design, and sales of wireless communication chips. In January 2022, the A Shares of our Company were listed on the STAR Market of the Shanghai Stock Exchange (SSE: 688220).

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. 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.

For further details about Mr. TAI's industry experience, please see "Directors and Senior Management."

MILESTONES

The following table summarizes various key milestones in our corporate and business development.

Year	Milestone
2015	Our Company was established in Shanghai.
2016	We completed the tape-out of our first-generation smartphone chip and the tape-out of our GPS chip.
2017	We acquired the mobile communications business unit of Marvell Technology Group Ltd. and completed the tape-out of our 4G chip.
2018	We completed the tape-out of an LTE chip. We launched our first low-power LoRa chip and commenced the mass production of our second-generation highly-integrated baseband communications chip, ASR1802S. We secured our first cloud-based AI chip project from a leading AI company, marking the China's first custom hyperscale cloud-AI chip design and the launch of our custom ASIC solutions.
2019	We commenced the mass production of our multi-mode IoT chips, Wi-Fi chips and our radio frequency-baseband integrated LTE Cat.1 cellular baseband products.
2020	Our Company was converted into a joint stock company. We completed the tape-out of our first 5G chip.
2022	We completed our initial public offering of A Shares and were listed on the STAR Market of the Shanghai Stock Exchange (SSE: 688220).
2023	We completed the tape-out of our first 4G quad-core smartphone SoC and the tape-out of our first 5G RedCap chip.

Year	Milestone
2024	We unveiled our first 5G RedCap chip, ASR1903.
	We completed the tape-outs of our first-generation 4G octa-core smartphone SoCs, ASR8661 and ASR8662.
	We became the world's largest supplier of Cat.1 chips by shipment volume.
	We began mass deployment of 5G CPE products based on our 5G NR platform, ASR1901, in Indonesia.
2025	We launched and commenced mass production of our first-generation 4G octa-core smartphone SoCs, ASR8661 and ASR8662.
	We completed the tape-out of our second-generation 4G octa-core smartphone SoC, ASR8861, built on an advanced 6 nm process.
	We launched a smart SoC platform supporting Android and 5G RedCap, ASR8603.
2026	We launched our second-generation 4G octa-core smartphone SoC, ASR8861, which is built on an advanced 6 nm process, is the world's first 4G smartphone SoC with an integrated NPU, and supports both LPDDR4x and LPDDR5/5x memory.
	We advanced our first 5G octa-core smartphone SoC to the tape-out stage.
	We established ASR Innovation (Shanghai) Limited (翱捷創芯科技(上海)有限公司) to specifically focus on custom ASIC solutions.
	We commenced mass commercial shipments of our 5G eMBB products in Indonesia.

OUR MAJOR SUBSIDIARIES

We have been continuously expanding our business since inception, and had eight subsidiaries globally as of the Latest Practicable Date to facilitate rapid and effective implementation of our strategies. Below are the major subsidiaries that made material contributions to our results of operations during the Track Record Period and up to the Latest Practicable Date.

Name	Date of establishment and commencement of business	Place of establishment	Principal business activities
ASR Smart Technology Co., Ltd. (翱捷智能科技(上海)有限公司)	May 14, 2018	PRC	R&D and sales of chips
ASR Microelectronics (Shenzhen) Co., Ltd. (翱捷科技(深圳)有限公司)	December 20, 2017	PRC	R&D and sales of chips
Hongkong SmartIC Technology Co., Limited	April 10, 2013	Hong Kong	R&D and sales of chips

As of the Latest Practicable Date, our other subsidiaries were principally engaged in, among others, the R&D and sales of chips. A summary of the principal activities of our other subsidiaries is set out in Note 12(a) to the Accountant's Report in Appendix I to this document.

CORPORATE DEVELOPMENT AND MAJOR SHAREHOLDING CHANGES

Establishment and Early Development

Our Company was established in the China (Shanghai) Pilot Free Trade Zone on April 30, 2015 as a sino-foreign equity joint venture with limited liability under the name ASR Microelectronics (Shanghai) Co., Ltd.(翱捷科技(上海)有限公司), with an initial registered capital of US$109 million. Immediately after its establishment, our Company was owned as to 44.12% by Mr. TAI, 25.68% by Shanghai Pudong Emerging Industry Investment Co., Ltd.(上海浦東新興產業投資有限公司), 23.78% by Shanghai Pudong Technology Investment Co., Ltd.(上海浦東科技投資有限公司) and 6.42% by Wisteria Limited(香港紫藤責任有限公司).

From 2017 to 2020, to fund our strategic growth and broaden our shareholder base, we completed several rounds of equity financing. Through these financings, we strengthened our capital base to support our R&D initiatives, expand our product portfolio and scale our operations.

Conversion into a Joint Stock Company

On June 28, 2020, we resolved to convert our Company as a whole into a joint stock company. On July 13, 2020, all of the promoters entered into a promoters' agreement, pursuant to which the audited net asset value of our Company as of April 30, 2020 of RMB2,319,062,715.21 was converted into 320,000,000 shares at a ratio of 7.2471:1, with a nominal value of RMB1.00 each, and the registered capital was changed from US$404.47 million to RMB320 million.

On August 17, 2020, our Company completed the registration for its conversion from a limited liability company into a joint stock company with limited liability.

A-Share Listing on the STAR Market of the Shanghai Stock Exchange

On January 14, 2022, we completed the issuance and listing of our A Shares (the "**A-Share Listing**") on the STAR Market of the Shanghai Stock Exchange (SSE: 688220). In the A-Share Listing, we issued an aggregate of 41,830,089 A Shares at an issue price of RMB164.54 per A Share, representing approximately 10% of our Company's total share capital immediately following the A-Share Listing, raising net proceeds of approximately RMB6,546.0 million. Following the completion of the A-Share Listing, the total issued share capital of our Company was RMB418,300,889, comprising 418,300,889 A Shares with a nominal value of RMB1.00 each.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

Our Group did not carry out any major acquisitions, disposals or mergers during the Track Record Period and up to the Latest Practicable Date.

LISTING ON THE SHANGHAI STOCK EXCHANGE AND REASONS FOR THE [REDACTED] ON THE STOCK EXCHANGE

On January 14, 2022, our Company completed the A-Share Listing and our A Shares commenced trading on the STAR Market of the Shanghai Stock Exchange (SSE: 688220). Our Directors confirm that, since our listing on the Shanghai Stock Exchange and up to the Latest Practicable Date, we had no instances of material non-compliance with the rules of the Shanghai Stock Exchange and other applicable securities laws and regulations of the PRC in any material respects, and, to the best knowledge of our Directors, having made all reasonable inquiries, there was no material matter that should be brought to the investors' attention in relation to our compliance record on the Shanghai Stock Exchange. Our PRC Legal Advisor is of the view that the confirmation of our Directors above with

regard to our compliance records is accurate. Based on the independent due diligence conducted by the Joint Sponsors, nothing has come to the Joint Sponsors' attention that would cause them to disagree with the Directors' confirmation with regard to the compliance records of our Company on the Shanghai Stock Exchange.

Our Company seeks to **[REDACTED]** on the Stock Exchange to further enhance our capital strength and overall competitiveness, improve our international image and profile, meet the needs of the development of our overseas business and advance our globalization strategy. For details, see "Business — Growth Strategies" and "Future Plans and **[REDACTED]**."

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

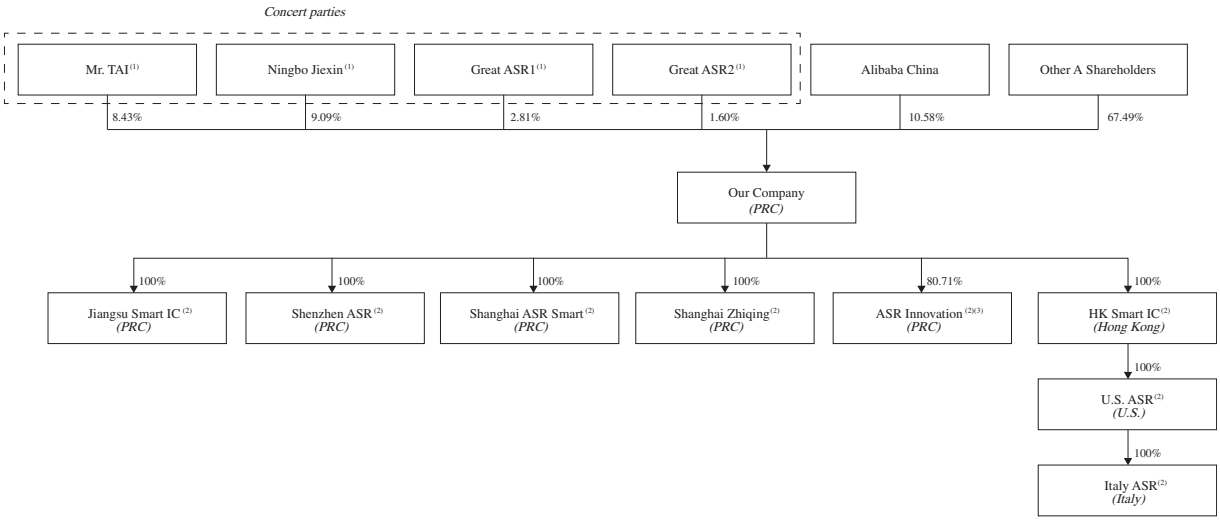
[REDACTED]

[REDACTED]

OUR SHAREHOLDING AND CORPORATE STRUCTURE

Shareholding and Corporate Structure Immediately before the [REDACTED]

The following chart depicts a simplified shareholding and corporate structure of our Group immediately before the **[REDACTED]**, assuming that no changes are made to the total issued share capital of our Company since the Latest Practicable Date and up to the **[REDACTED]**:



Notes:

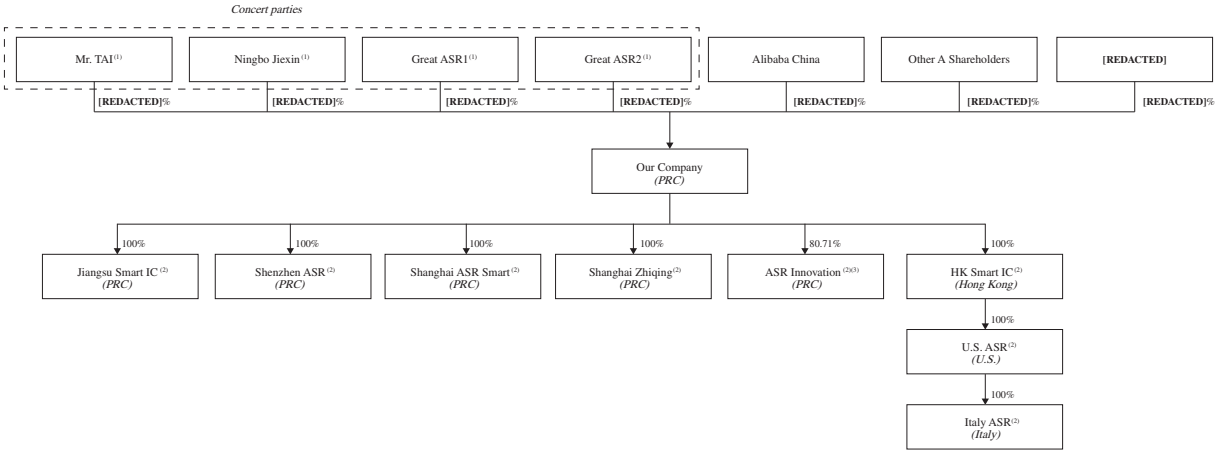
(1) Mr. TAI, Ningbo Jiexin, Great ASR1 and Great ASR2 are parties acting in concert regarding our Company's operations and material decisions and constitute the Single Largest Group of Shareholders. For details, see "Relationship with our Single Largest Group of Shareholders."

(2) Jiangsu Smart IC refers to Jiangsu Smart IC Technology Ltd.(江蘇智多芯電子科技有限公司); Shenzhen ASR refers to ASR Microelectronics (Shenzhen) Co., Ltd.(翱捷科技(深圳)有限公司); Shanghai ASR Smart refers to ASR Smart Technology Co., Ltd.(翱捷智能科技(上海)有限公司); Shanghai Zhiqing refers to Zhiqing Information System (Shanghai) Co., Ltd.(智擎信息系統(上海)有限公司); ASR Innovation refers to ASR Innovation (Shanghai) Limited(翱捷創芯科技(上海)有限公司); HK Smart IC refers to Hongkong SmartIC Technology Co., Limited; U.S. ASR refers to ASR Microelectronics International Inc.; and Italy ASR refers to ASR Microelectronics S.r.l.

(3) As of the Latest Practicable Date, ASR Innovation was 14.25% owned by Ningbo Xuanyu Dixin Enterprise Management Partnership (Limited Partnership)(寧波翾宇迪芯企業管理合夥企業(有限合夥))("**Xuanyu Dixin**"), and 5.04% owned by Ningbo Xuanyu Shenxin Enterprise Management Partnership (Limited Partnership)(寧波翾宇申芯企業管理合夥企業(有限合夥))("**Xuanyu Shenxin**"). Xuanyu Dixin and Xuanyu Shenxin are employee incentive platforms of our Group. Ningbo Jieyu Ruixin, which is wholly owned by Mr. TAI, is the general partner of, and controlled, each of Xuanyu Dixin and Xuanyu Shenxin. The sole limited partner of Xuanyu Dixin is an employee of our Company and an Independent Third Party, who holds 90% partnership interest in it. The sole limited partner of Xuanyu Shenxin is an employee of our Company and an Independent Third Party, who holds 90% partnership interest in it.

Shareholding and Corporate Structure Immediately upon Completion of the [REDACTED]

The following chart depicts a simplified shareholding and corporate structure of our Group immediately upon completion of the **[REDACTED]**, assuming that the **[REDACTED]** is not exercised and no changes are made to the total issued share capital of our Company since the Latest Practicable Date and up to the **[REDACTED]**:



*For notes (1) to (3), see "— Shareholding and Corporate Structure Immediately before the **[REDACTED]**" above.*

BUSINESS

OVERVIEW

Who We Are

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

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

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

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

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

(1) According to Frost & Sullivan.

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

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

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

(5) As of June 30, 2026.

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

Our Market Opportunities

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

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

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

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

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

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

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

Our Integrated Technology Platform

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

- ***High performance with low power consumption.*** AI-enabled chips must deliver sufficient computing power within strict power and thermal limits, especially for battery-powered and cost-sensitive edge devices. Hardware-software co-optimization and efficient workload allocation are critical to enabling reliable AI experiences and coordinating tasks across devices, edge nodes and cloud infrastructure.

- ***High integration.*** AI-enabled chips increasingly integrate connectivity, computing, sensing, multimedia processing and other system functions. Higher integration reduces external components, simplifies system design, improves power and area efficiency, and supports smaller form factors and lower system costs.

- ***High reusability and configurability.*** As AI applications diversify, chip solutions must adapt to different standards, AI models, operating systems, hardware environments and performance requirements. Reusable architectures, modular IP and software frameworks improve development efficiency and support faster commercialization across device, edge and cloud scenarios.

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

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

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

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

- ***Multi-mode cellular baseband technologies.*** We possess end-to-end cellular capabilities covering all standards from 2G to 5G, including protocol stacks, baseband and RF technologies, and complete cellular chipset development. Cellular networks uniquely combine wide-area coverage, seamless mobility, predictable latency and reliability, and support for massive connections, providing the communications foundation for mobile, wide-area and mission-critical AI applications. Our 5G network slicing technology further enables differentiated control over latency, bandwidth and reliability. Our Wi-Fi, Bluetooth, LoRa, GNSS and satellite communications technologies complement our cellular capabilities and broaden the range of applications we serve.

- ***AI computing technologies.*** At the edge, our self-developed NPU architecture supports mainstream AI models, with computing capacities scalable from 0.2 TOPS to hundreds of TOPS. This supports on-device generative AI, real-time voice translation, video enhancement and other local AI inference tasks. For the cloud, our large-scale heterogeneous AI chip design technology supports the development of complex AI ASICs and cloud computing chips integrating tens of billions of transistors for large-model training and inference. These capabilities are further supported by edge computing, edge-cloud AI model collaboration and heterogeneous compute scheduling technologies, which coordinate AI workloads across devices, edge nodes and cloud infrastructure.

- ***Complex SoC design capabilities.*** A smart device SoC must combine multiple functions on a single chip, including processing, memory and high-speed interfaces, graphics and display, sensing, security and power management. Leveraging our ultra-large-scale digital and mixed-signal design technologies and multimodal sensing and processing technologies, we design and integrate these functions into complex SoCs while balancing performance, power consumption, chip area and cost, underpinning the commercial viability of our products in mass-market applications.

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

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

Our Product and Service Offerings

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

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

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

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

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

Our Achievements

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

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

COMPETITIVE STRENGTHS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- ***High-efficiency NPU computing.*** Leveraging our self-developed NPU architecture and supporting software toolchain, we optimize the execution of mainstream AI workloads to deliver high throughput on edge devices. Integrated into our high-performance smart device SoCs, our NPU delivers competitive inference performance and power efficiency for mainstream AI models, supporting real-time visual perception and other compute-intensive on-device AI applications within constrained power budgets.

- ***High-speed serial interface PHY.*** We develop proprietary high-speed interface PHY circuits, including our DDR PHY IP, which supports high-speed data transfer between DRAM and memory controllers.

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

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

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

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

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

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

Visionary Leadership and Experienced Management Team

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

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

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

GROWTH STRATEGIES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Attract and Retain Talent to Elevate Our Innovation DNA

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

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

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

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

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

OUR PRODUCTS AND SERVICES

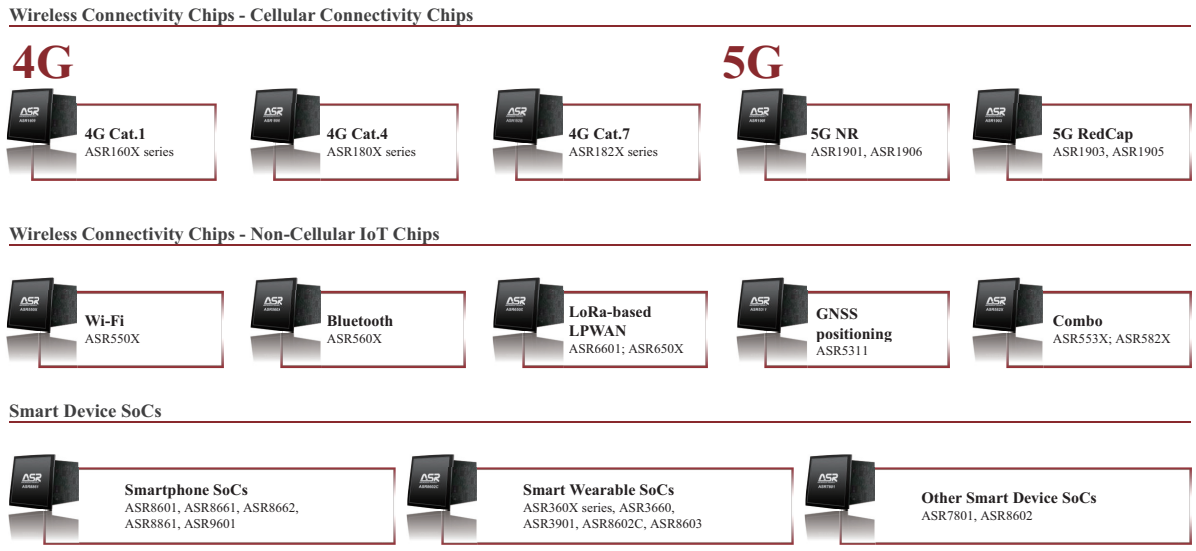
We are a fabless semiconductor platform company positioned to power a wide array of AI-enabled applications across devices, edge and cloud. Our integrated technology platform is underpinned by multi-mode cellular baseband technologies, AI computing technologies and complex SoC design capabilities, and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

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

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

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

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



Wireless Connectivity Chips

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

Cellular Connectivity Chips

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

4G Chips

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

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

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

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

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

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

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

5G Chips

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

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

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

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

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

Non-Cellular IoT Chips

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

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

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

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

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

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

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

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

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

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

Smart Device SoCs

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

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

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

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

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

Smartphone SoCs

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

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

Smart Wearable SoCs

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

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

Other Smart Device SoCs

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

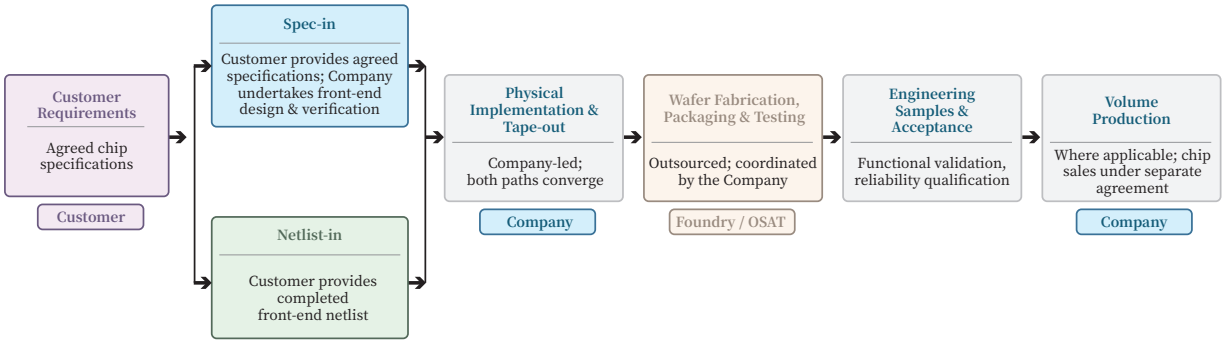
Custom ASIC Solutions

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

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

BUSINESS

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



- ***Project initiation and specification.*** We confirm the customer's requirements, chip specifications, architecture and project scope, including the IP to be used or licensed.

- ***Design and verification.*** We carry out front-end design, IP selection and integration and functional verification, as applicable to the agreed scope. Each party generally retains its pre-existing IP. Under Spec-in engagements, we typically retain our proprietary design database, source code and underlying IP and grant the customer the rights required to implement the agreed product. Under Netlist-in engagements, rights in the final GDSII file are allocated under the relevant project agreement. Any expanded or joint rights are subject to the relevant agreement and may require separate authorization fees.

- ***Physical implementation and tape-out.*** We undertake back-end physical implementation and related verification, complete design reviews and release the design for tape-out.

- ***Foundry and OSAT coordination.*** We coordinate wafer fabrication with our foundry partners and packaging and testing with OSAT vendors in accordance with the agreed specifications.

- ***Engineering sample delivery, validation and qualification.*** We deliver packaged engineering samples and support functional validation, performance testing and reliability qualification, including design iteration and re-tape-out where required.

- ***Volume production and agreed support.*** Following validation and qualification, we support the transition to volume production and, depending on the agreed scope, provide supporting software and other production support.

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

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

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

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

OUR TECHNOLOGY

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

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

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

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

- ***Multi-mode cellular baseband technologies.*** They process radio signals and run communication protocols for cellular network access all across standards from 2G to 5G, including 5G NR and RedCap, and include independently developed protocol stacks, baseband and RF circuit design and power-management technologies. They primarily enable our wireless connectivity chips, the connectivity functions of our smart device SoCs and the connectivity elements of the customized chips we design under our custom ASIC solutions.

- ***AI computing technologies.*** They include our self-developed NPU architecture and supporting software for on-device AI, as well as technologies for application-specific AI computing at the edge and in the cloud. They primarily enable selected recent smart device SoCs and our AI-focused custom ASIC solutions.

- ***Complex SoC design capabilities.*** They integrate processing, memory and high-speed interfaces, graphics and display, imaging, sensing, security and power management into complex chips and support their transition to volume production. They primarily enable our smart device SoCs, our custom ASIC solutions and selected IP licensing in connection with ASIC engagements.

Multi-Mode Cellular Baseband Technologies

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

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

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

AI Computing Technologies

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

- ***On-device AI computing.*** Our self-developed NPU executes AI models on devices. Its architecture supports mainstream AI models and computing capacities from 0.2 TOPS to hundreds of TOPS, spanning always-on voice wake-up to on-device large language models. We also develop supporting software to adapt models to the computing and battery constraints of devices. These technologies support on-device generative AI, real-time translation, video enhancement and other local inference tasks.

- ***Cloud AI architecture.*** Certain AI workloads are too demanding to run on devices. Our large-scale heterogeneous AI chip design technology supports the development of complex AI ASICs and cloud computing chips integrating tens of billions of transistors, which we apply through our custom ASIC solutions, primarily for cloud inference.

- ***Coordinating AI across devices, the edge and the cloud.*** We develop edge-computing, edge-cloud model collaboration and heterogeneous compute scheduling technologies to allocate workloads according to latency, computing and power requirements, including where an application must respond in real time or continue to operate when a cloud connection is unavailable.

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

Complex SoC Design Capabilities

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

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

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

OUR RESEARCH AND DEVELOPMENT

Our R&D Force

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

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

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

Our R&D Approach and Process

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

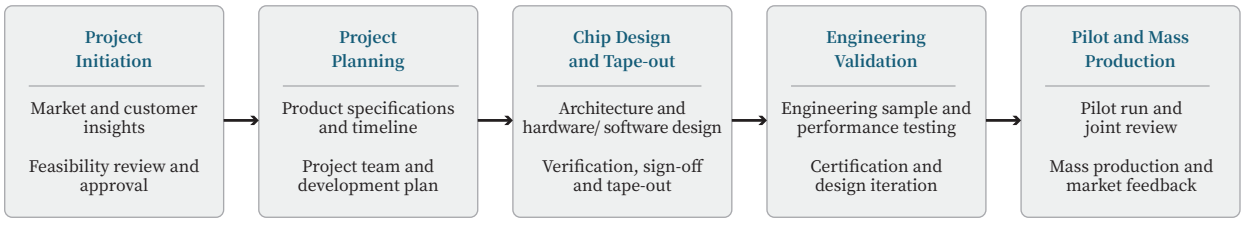
- ***Project initiation.*** Our marketing team monitors emerging technologies, industry developments and customer demand. Together with our R&D and operations teams, it conducts a feasibility analysis covering product positioning, target market and preliminary technical assessment and submits a proposal to a project review committee. The committee decides whether to approve the project based on technical and business feasibility.

- ***Project planning.*** For approved projects, our marketing, sales and R&D teams jointly prepare a development plan setting out the timeline, product specifications and hardware and software requirements. We appoint a project manager and assemble a cross-departmental project team before the project enters the design stage.

- ***Chip design.*** Our system architects define the product architecture. Specialized teams then conduct functional module design, including logic design, physical layout, simulation and verification. In parallel, our software teams develop associated firmware, protocol software and system-level simulations. Each stage involves design reviews and sign-offs, and we conduct extensive simulation and verification before releasing the design data to the foundry for tape-out.

- ***Engineering validation.*** Once our foundry and OSAT partners return packaged engineering samples, our operations and R&D teams conduct engineering validation and performance testing. If validation identifies design deficiencies, we revise the design and, if necessary, tape out a new version. Our cellular products also undergo certification testing with mobile network operators before commercial deployment.

- ***Pilot production and volume production.*** Following pilot production runs, the project manager organizes a joint review by our marketing, operations and R&D teams. Upon approval, the product enters volume production. After launch, our marketing team tracks sales performance, customer feedback and competitive dynamics, and these inputs are considered in subsequent product iterations and next-generation product definition.



SALES AND MARKETING

Overview

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

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

Direct Sales

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

- ***Pricing policy.*** The selling price of our products is separately agreed in the purchase order placed by the customer, and unit prices are exclusive of tax unless otherwise agreed.

- ***Payment.*** We typically require our customers to make prepayment in full after we accept the order and before shipment, and we may suspend performance or terminate the agreement if payment is materially overdue.

- ***Logistics and transfer of risks.*** We deliver the products to the customer or its designated consignee or carrier, and unless otherwise agreed in the order the trade term is EXW, with risks transferred to the customer upon delivery.

- ***Warranty arrangements.*** Our customers inspect the products upon delivery and are generally entitled to replacement or replenishment of products that do not meet the agreed quality standards or specifications, provided they raise the objection within the agreed inspection period.

- ***Termination.*** Either party may terminate for the other party's unrectified material breach, bankruptcy or insolvency, or where a force majeure event continues beyond the agreed period.

Distributorship

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

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

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

Distributor Selection and Management

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

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

Distribution Network

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

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

(1) New distributors refer to distributor groups that recorded at least one sales transaction with us or any of our subsidiaries in the relevant year/period and did not record any sales transaction with us or any of our subsidiaries in the immediately preceding calendar year.

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

Distribution Agreement

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

- ***Duration.*** The agreement is effective from signing and continues until terminated in accordance with its terms.

- ***Geographical exclusivity.*** We generally appoint distributors on a non-exclusive basis, and they may distribute our products only within their designated territories.

- ***Payment and credit terms.*** Prices are determined in accordance with our applicable price policies and the relevant purchase orders or territory term sheets. Distributors are generally required to settle the relevant amounts within 45 days of the relevant invoice. Under consignment arrangements, the payment schedule is independent of the timing of revenue recognition, and distributors are generally required to make payment regardless of whether they have received payment from the relevant downstream customer.

- ***Delivery and transfer of title and risk of loss.*** Products are generally delivered in accordance with the delivery terms specified in the relevant orders. Under buy-out arrangements, control of and the relevant risks relating to the products generally pass to the distributor upon delivery. Under consignment arrangements, products held by distributors remain included in our inventories until they are sold and delivered to downstream customers. We generally recognize revenue only after the distributor has shipped our products to the relevant downstream customer and submitted a consignment settlement statement to us.

- ***Warranty and return.*** We generally provide a warranty period of 12 months from the distributor's shipment of the relevant products to its customer and generally do not accept returns other than for quality issues or other limited circumstances expressly provided in the applicable agreements. During the Track Record Period, our distributors did not return products to us.

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

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

Prevention of Channel Stuffing

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

- ***Demand-driven ordering.*** We generally do not impose mandatory sales targets on distributors and encourage them to place orders and arrange shipments based on actual market demand and sales forecasts.

- ***Regular communications.*** Our sales and marketing team maintains regular communications with distributors and relevant downstream customers to understand sales performance, expected demand and inventory requirements.

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

Pricing

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

Marketing

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

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

OUR CUSTOMERS

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

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

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

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

(1) Customer A is a private company established in 2010 and headquartered in Guangdong Province, China, primarily engaged in the distribution of electronic components in fields such as mobile communications and consumer electronics. The revenue set out above represents our sales to this customer and other entities within the same group.

(2) Customer B is a private company established in 2010 and headquartered in Shanghai, China, primarily engaged in the distribution of electronic components. The revenue set out above represents our sales to this customer and other entities within the same group.

(3) Customer C is a private company established in 2021 and headquartered in Shanghai, China, primarily engaged in technical services and product development related to the software and information technology services industry. The revenue set out above represents our sales to this customer and other entities within the same group.

(4) Customer D is a public company established in 1993 and headquartered in Taiwan, China, primarily engaged in the processing, manufacturing and trading of various electronic components and finished products. Customer D is listed on the Taiwan Stock Exchange. The revenue set out above represents our sales to this customer and other entities within the same group.

(5) Customer E is a private company established in 2017 and headquartered in Jiangsu Province, China, primarily engaged in integrated circuit research and development.

(6) Customer F is a public company established in 2016 and headquartered in Guangdong Province, China, primarily engaged in the research, development and sale of semiconductor products for enterprise applications. Customer F is listed on the Shenzhen Stock Exchange. The revenue set out above represents our sales to this customer and other entities within the same group.

(7) Customer G is a private company established in 2010 and headquartered in Shanghai, China, primarily engaged in the research and development of wireless communication and IoT products. The revenue set out above represents our sales to this customer and other entities within the same group.

(8) Customer H is a private company established in 2017 and headquartered in Shandong Province, China, primarily engaged in the research and development and sale of virtual reality devices and related software.

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

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

OUR SUPPLY CHAIN MANAGEMENT

Overview

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

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

Foundries

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

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

- ***Duration.*** Generally one to five years, with agreements of shorter initial terms renewing automatically for successive one-year periods unless terminated earlier or otherwise agreed.

- ***Scope of supply.*** We provide product parameters, technical specifications and process requirements to our foundry partners, and they fabricate wafer products in accordance with those requirements.

- ***Production Volume.*** We typically decide production volume on a purchase order basis, and where a foundry accepts our rolling forecast the near-term volumes are binding on us.

- ***Payment.*** We make payments according to the terms specified in the agreements or purchase orders, and payment is typically due upon receipt of invoice.

- ***Logistics.*** We collect the products from our foundry partners' facilities at the times agreed between us, and the trade term is generally EXW, with title and risk of loss passing to us upon collection.

- ***Quality control.*** Our foundry partners are required to deliver products meeting our specified quality requirements and product specifications, and we are entitled to audit their quality and process controls and to request reliability reports.

- ***Product return.*** We have the right to reject, replace or return products that do not conform to our quality requirements or specifications due to the foundry's fault, subject to notification within the agreed inspection period.

- ***Term and termination.*** Either party is entitled to terminate in accordance with the terms specified in the agreement, including for material breach, bankruptcy or insolvency of the other party.

OSAT Vendors

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

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

- ***Duration.*** Generally two to three years, renewing automatically for successive one-year periods unless a party gives notice of non-renewal, unless otherwise agreed.

- ***Scope of supply.*** We provide wafers or dies and technical specifications to our OSAT vendors, who are responsible for dicing, packaging and/or testing in accordance with our requirements, following a project introduction stage for each new product.

- ***Production Volume.*** We typically decide production volume on a purchase order basis, with each order specifying the model, quantity, processing content, price and delivery terms.

- ***Payment.*** We typically settle with our OSAT vendors on a monthly basis and are generally granted a credit term of 30 to 60 days.

- ***Logistics.*** We deliver the wafers or dies to the vendor's facility and collect the finished products from it, with freight and insurance borne by us.

- ***Quality control.*** We typically set assembly yield rates and other quality requirements in a separate quality agreement forming part of the processing agreement, and we evaluate each vendor periodically against agreed performance indicators.

- ***Product return.*** We have the right to reject, replace or return products that do not conform to our quality requirements or specifications due to the vendor's fault, subject to notification within the agreed inspection period.

- ***Term and termination.*** Either party is entitled to terminate in accordance with the terms specified in the agreement, generally on one to three months' prior written notice or for material breach by the other party.

IP Cores and Design Tools Providers

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

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

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

- ***Scope of license***. Providers generally grant us non-exclusive and non-transferable licenses to use specified IP cores or EDA tools for the development of agreed products. Depending on the agreement, the license may also include related technical documentation, software updates, maintenance and technical support. The agreements generally restrict unauthorized distribution, assignment, sublicensing and reverse engineering of the licensed technologies.

- ***Fees and payment***. We generally pay fixed license fees, and may also pay separate support fees and royalties, depending on the licensed technology and contractual arrangement. Payments are generally made in installments over the license term.

- ***Intellectual property rights***. Each party generally retains ownership of its pre-existing intellectual property. Our agreements specify the permitted use of the licensed technology in our chip design activities and, where applicable, allocate ownership and usage rights in modifications, improvements or other developments arising during the license term.

- ***Termination***. The agreements may generally be terminated upon expiry, mutual agreement, material breach, insolvency or other specified events.

Supply Chain Management and Risk Mitigation

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

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

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

- ***Qualified supplier pool.*** We maintain qualified suppliers for each key manufacturing step and engage additional foundries and OSAT vendors as our product requirements evolve.

- ***Inventory management.*** We maintain inventory levels of key products having regard to lead times, expected demand and market availability, and review these levels periodically.

- ***Rolling forecasts.*** We provide rolling forecasts and advance production schedules to our manufacturing partners to assist them in planning capacity.

- ***Dedicated communication channels.*** We maintain dedicated channels with our major manufacturing partners for production scheduling, capacity planning and technical support.

- ***Performance review.*** We review supplier performance regularly against agreed quality metrics and maintain our qualified supplier list accordingly.

- ***Monitoring of alternative capacity.*** We maintain an ongoing understanding of the process technologies and capacity arrangements of other qualified foundries at the process nodes relevant to our products, so as to support our capacity planning and the flexibility of our supply arrangements.

- ***Diversification for other categories.*** For mature process nodes, packaging and testing and our other procurement categories, we continue to engage additional qualified suppliers to broaden our supply base over time.

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

Our Major Suppliers

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

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

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

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

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

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

(1) Supplier A is a public company established in 1987 and headquartered in Taiwan, China, primarily engaged in dedicated integrated circuit manufacturing. Supplier A is listed on the Taiwan Stock Exchange and New York Stock Exchange.

(2) Supplier B is a public company established in 2017 and headquartered in Zhejiang Province, China, primarily engaged in the development of integrated circuit packaging and testing solutions. Supplier B is listed on the Shanghai Stock Exchange. The purchase amount set out above represents our purchases from this supplier and other entities within the same group.

(3) Supplier C is a public company established in 2018 and headquartered in Taiwan, China, primarily engaged in integrated circuit packaging and testing services. Supplier C is listed on the Taiwan Stock Exchange and New York Stock Exchange. The purchase amount set out above represents our purchases from this supplier and other entities within the same group.

(4) Supplier D is a public company established in 1987 and headquartered in Taiwan, China, primarily engaged in the design, development, manufacture and sale of semiconductor products. Supplier D is listed on the Taiwan Stock Exchange. The purchase amount set out above represents our purchases from this supplier and other entities within the same group.

(5) Supplier E is a private company established in 2016 and headquartered in Guangdong Province, China, primarily engaged in the sale of electronic components and integrated circuits.

(6) Supplier F is a private company established in 2016 and headquartered in Guangdong Province, China, primarily engaged in the design and licensing of semiconductor intellectual property.

(7) Supplier G is a private company established in 2010 and headquartered in Shanghai, China, primarily engaged in the distribution of electronic components. The purchase amount set out above represents our purchases from this supplier and other entities within the same group.

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

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

OVERLAPPING OF CUSTOMERS AND SUPPLIERS

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

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

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

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

QUALITY CONTROL

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

R&D Activities

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

Supply Chain Management

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

Warranty and After-sales Services

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

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

TRANSFER PRICING ARRANGEMENT

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

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

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

DATA PRIVACY AND SECURITY

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

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

During the Track Record Period and up to the Latest Practicable Date, we did not receive any notice or determination from a competent regulatory authority identifying us as a critical information infrastructure operator, and we were not an operator of critical information infrastructure under the Regulation for Safe Protection of Critical Information Infrastructure. As advised by our PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, we had complied with the applicable PRC laws and regulations relating to data privacy and security in all material respects. See "Risk Factors — Risks Relating to the Jurisdictions in which We Operate Our Business — We are subject to complex and evolving legal and regulatory frameworks relating to data protection domestically and abroad. Any loss of, unauthorized access to or unauthorized disclosure of confidential information and personal data could adversely affect our business, results of operations and financial condition."

COMPETITION

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

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

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

See "Industry Overview" for further information on the competitive landscape of the markets in which we operate. See also "Risk Factors — Risks Relating to Our Industry and Business — The industry in which we operate is highly competitive and rapidly evolving. If we are unable to compete successfully with existing or new competitors, or if we fail to keep pace with technological developments and evolving industry standards, our business, results of operations, financial condition and prospects could be materially and adversely affected."

INTELLECTUAL PROPERTY

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

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

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

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

EMPLOYEES

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

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

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

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

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

INSURANCE

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

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

AWARDS AND RECOGNITIONS

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

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

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

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

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

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

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

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

ESG MATERIALITY AND MANAGEMENT

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

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

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

Potential Impacts of ESG-related Risks

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

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

Strategies for Addressing ESG-related Risks

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

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

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

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

Environmental Responsibility

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

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

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

Metrics and Targets

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

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

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

	For the year ended December 31,			For the six months ended June 30,
	2023	2024	2025	2026
Total Scope 1 GHG emissions (tCO_2e)	–	–	–	–
Total Scope 2 GHG emissions (tCO_2e)	2,622.9	3,017.6	3,265.5	1,702.4
Purchased electricity consumption (MWh)	4,887.9	5,623.5	6,154.4	3,208.4

Social Responsibility

Employee Care and Development

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

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

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

Occupational Health and Safety

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

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

Corporate Governance and Business Ethics

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

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

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

Supply Chain ESG Management

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

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

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

PROPERTIES

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

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

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

LICENSES, PERMITS AND APPROVALS

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

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

LEGAL PROCEEDINGS AND COMPLIANCE

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

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

RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management

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

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

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

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

Internal Control

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

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

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

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

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

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

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

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

RELATIONSHIP WITH OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

OVERVIEW

As of the Latest Practicable Date, Mr. TAI, directly and indirectly through Ningbo Jiexin, Great ASR1 and Great ASR2, controlled approximately 22.32% of voting rights in our Company. Immediately following completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised and no other changes are made to the issued share capital of our Company from the Latest Practicable Date to the **[REDACTED]**), Mr. TAI, directly and indirectly through Ningbo Jiexin, Great ASR1 and Great ASR2, will control approximately **[REDACTED]**% of voting rights in our Company. Therefore, Mr. TAI, Ningbo Jiexin, Great ASR1 and Great ASR2 are, and will continue to be our Single Largest Group of Shareholders upon **[REDACTED]**.

Each of Ningbo Jiexin, Great ASR1 and Great ASR2 is an employee shareholding platform of our Company without substantial business operations.

Ningbo Jiexin is managed by its general partner, Ningbo Jieyu Ruixin, which is wholly owned by Mr. TAI. Under Ningbo Jiexin's partnership agreement, its general partner has exclusive authority to determine how the voting rights attached to the Shares held by Ningbo Jiexin are exercised. Mr. TAI holds a 49.25% interest in Great ASR1 and a 26.02% interest in Great ASR2. Under their respective governing documents, Mr. TAI is entitled to exercise 100% of the voting rights in each of Great ASR1 and Great ASR2. The other investors in the three platforms, all of whom are current or former employees of our Group, hold economic interests only and have no governance or contractual right to participate in determining how the voting rights attached to the Shares held by the platforms are exercised. In addition, pursuant to a concert party agreement entered into by Mr. TAI and the three platforms in September 2020, they have undertaken to act in concert regarding our Company's operations and material decisions, including the exercise of voting rights attached to their Shares. Taken together, Mr. TAI has sole discretion to direct the exercise of all voting rights attached to the Shares held by Ningbo Jiexin, Great ASR1 and Great ASR2.

INDEPENDENCE OF OUR BUSINESS

We believe that we are capable of carrying on our business independently from the Single Largest Group of Shareholders and/or their respective close associates upon **[REDACTED]** for the following principal reasons:

Management Independence

Our business is managed and conducted by our Board and senior management. Our Directors believe that our Company is capable of maintaining management independence due to the following reasons:

(1) our daily management and operations are carried out by a senior management team, all of whom have substantial experience in the industry in which our Company is engaged, and will therefore be able to make business decisions that are in the best interests of our Group;

(2) independent non-executive Directors comprise one-third of the Board, and certain matters of our Company must always be referred to the independent non-executive Directors for review;

(3) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Single Largest Group of Shareholders or their respective associates, the interested Director(s) is required to declare the nature of such interest before voting at the relevant Board meetings of our Company in respect of such transactions and will abstain from voting at the relevant meeting in accordance with the Listing Rules; and

(4) as a company whose A Shares are listed on the Shanghai Stock Exchange, we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Single Largest Group of Shareholders which would support our independent management. Please see "— Corporate Governance Measures" in this section for further information.

Based on the above, our Directors believe that our Board as a whole and together with our senior management team are able to perform the managerial role independently from our Single Largest Group of Shareholders.

Operational Independence

Our Group is not operationally dependent on the Single Largest Group of Shareholders. Our Group holds all material licenses and owns all relevant intellectual properties necessary to carry on our business. We have sufficient capital, facilities, equipment and employees to operate our business independently from our Single Largest Group of Shareholders. We also have independent access to our customers and an independent management team to operate our business.

Based on the above, our Directors believe that we are able to operate independently of our Single Largest Group of Shareholders.

Financial Independence

We have independent internal control and accounting systems. We also have an independent finance department responsible for discharging the treasury function. We are capable of obtaining financing from third parties, if necessary, without reliance on our Single Largest Group of Shareholders. As of the Latest Practicable Date, there were no outstanding loans or guarantees provided by, or granted to, our Single Largest Group of Shareholders or their respective close associates.

Based on the above, our Directors are of the view that they and our senior management are capable of carrying on our business independently of, and do not place undue reliance on, our Single Largest Group of Shareholders and their respective close associates.

CORPORATE GOVERNANCE MEASURES

Our Company and our Directors recognize the importance of protecting the rights and interests of all Shareholders, including the rights and interests of our minority Shareholders.

We have adopted the following measures to ensure good corporate governance standards and to avoid potential conflicts of interest between our Group and our Single Largest Group of Shareholders:

(1) under the Articles of Association, where our Company has knowledge that any Shareholder is, under the Listing Rules, required to abstain from voting on any particular resolution of our Company or restricted to vote only for or only against any particular resolution of our Company, any votes cast by or on behalf of such Shareholder in contravention of such requirement or restriction shall not be counted;

(2) our Company has established internal control mechanisms in relation to connected transactions. Upon **[REDACTED]**, if our Company enters into connected transactions with our Single Largest Group of Shareholders or any of their associates, our Company will comply with the applicable Listing Rules;

(3) the independent non-executive Directors will periodically and, where circumstances require, review any actual or potential conflicts of interests between our Group and our Single Largest Group of Shareholders, and provide impartial and professional advice to protect the interests of our minority Shareholders;

(4) our Single Largest Group of Shareholders will undertake to provide all information necessary, including all relevant financial, operational and market information and any other necessary information as required by the independent non-executive Directors for the purpose of their annual review;

(5) our Company will disclose decisions on matters reviewed by the independent non-executive Directors either in its interim and/or annual reports or by way of announcements as required by the Listing Rules;

(6) where our Directors reasonably request the advice of independent professionals, such as financial advisors, the appointment of such independent professionals will be made at our Company's expense;

(7) we have appointed Rainbow Capital (HK) Limited as our Compliance Advisor to provide advice and guidance to us in respect of compliance with the applicable laws and regulations, as well as the Listing Rules, including various requirements relating to corporate governance; and

(8) we have established the Audit Committee, the Remuneration and Appraisal Committee and the Nomination Committee with written terms of reference in compliance with the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. All of the members of our Audit Committee, including the chairperson, are independent non-executive Directors.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest that may arise between our Group and our Single Largest Group of Shareholders, and to protect our minority Shareholders' interests after the **[REDACTED]**.

BEFORE THE [REDACTED]

As of the Latest Practicable Date, the total issued share capital of our Company was RMB418,300,889, comprising 418,300,889 A Shares (including 7,306,501 A Shares held by our Company as treasury shares) with a nominal value of RMB1.00 each, which are all listed on the STAR Market of the Shanghai Stock Exchange.

UPON COMPLETION OF THE [REDACTED]

Immediately following the completion of the **[REDACTED]**, assuming (i) the **[REDACTED]** is not exercised and (ii) no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the **[REDACTED]**, the total issued share capital of our Company will be as follows.

Description of Shares	Number of Shares	% of total issued Shares
A Shares in issue	418,300,889[(1)]	**[REDACTED]**%
H Shares to be issued pursuant to the **[REDACTED]**	**[REDACTED]**	**[REDACTED]**%
Total	**[REDACTED]**	**100.00%**

Immediately following the completion of the **[REDACTED]**, assuming (i) the **[REDACTED]** is fully exercised and (ii) no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the **[REDACTED]**, the total issued share capital of our Company will be as follows.

Description of Shares	Number of Shares	% of total issued Shares
A Shares in issue	418,300,889[(1)]	**[REDACTED]**%
H Shares to be issued pursuant to the **[REDACTED]**	**[REDACTED]**	**[REDACTED]**%
Total	**[REDACTED]**	**100.00%**

Note:

(1) Including 7,306,501 A Shares held by our Company as treasury shares as of the Latest Practicable Date.

OUR SHARES

Our H Shares in issue upon completion of the **[REDACTED]**, and our A Shares, are ordinary Shares in our share capital and are considered as one class of Shares. Shanghai-Hong Kong Stock Connect has established a stock connect mechanism between Chinese Mainland and Hong Kong. Our A Shares can be subscribed for and traded by investors in Chinese Mainland, qualified foreign institutional investors or qualified foreign strategic investors and must be traded in Renminbi. As our A Shares are eligible securities under the Northbound Trading Link, they can also be subscribed for and traded by Hong Kong and other overseas investors pursuant to the rules and limits of Shanghai-Hong Kong Stock Connect. Our H Shares can be **[REDACTED]** for or **[REDACTED]** by Hong Kong and other overseas **[REDACTED]** and qualified domestic institutional **[REDACTED]**. If our H Shares are eligible securities under the Southbound Trading Link, they can also be **[REDACTED]** for and **[REDACTED]** by **[REDACTED]** in Chinese Mainland in accordance with the rules and limits of Shanghai-Hong Kong Stock Connect.

SHARE CAPITAL

RANKING

Our H Shares and our A Shares will rank *pari passu* with each other in all respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this document. All dividends in respect of our H Shares are to be paid by us in Hong Kong dollars whereas all dividends in respect of our A Shares are to be paid by us in Renminbi. In addition to cash, dividends may also be distributed in the form of Shares or other forms. **[REDACTED]** of our H Shares will receive share dividends in the form of H Shares, and holders of our A Shares will receive share dividends in the form of A Shares.

NO CONVERSION OF OUR A SHARES INTO H SHARES FOR [REDACTED] AND [REDACTED] ON THE STOCK EXCHANGE

A Shares and H Shares are generally neither interchangeable nor fungible, and their **[REDACTED]** may be different after the **[REDACTED]**. As of the Latest Practicable Date, the relevant PRC regulatory authorities had not issued rules or regulations permitting holders to convert A Shares into H Shares for **[REDACTED]** and **[REDACTED]** on the Stock Exchange.

APPROVAL FROM HOLDERS OF A SHARES REGARDING THE [REDACTED]

The A Shareholders approved the **[REDACTED]** and **[REDACTED]** of H Shares at the general meeting held on September 2, 2026. The principal terms are: (i) the initial H Shares **[REDACTED]** will not exceed **[REDACTED]**% of our enlarged total issued share capital after the **[REDACTED]**; (ii) the H Shares will be **[REDACTED]** through the **[REDACTED]** and the **[REDACTED]**; (iii) the H Shares may be **[REDACTED]** to professional, institutional, individual and public **[REDACTED]**; (iv) the **[REDACTED]** will be determined through book-building, taking into account market conditions, investor demand, issuance risks, the interests of existing Shareholders and valuations of comparable companies in the PRC and overseas; and (v) the **[REDACTED]** and **[REDACTED]** of H Shares must be completed within 24 months after September 2, 2026.

GENERAL MANDATE TO ISSUE H SHARES AND REPURCHASE H SHARES

Subject to the **[REDACTED]** becoming unconditional, the Board has been granted general mandates to allot and issue H Shares (including any sale or transfer of treasury shares of our Company originally issued as H Shares), as well as repurchase H Shares. For details, see "Appendix IV — Statutory and General Information — A. Further Information about our Group — 4. Resolutions of Shareholders."

SHAREHOLDERS' GENERAL MEETINGS

For details of the circumstances under which our shareholders' general meeting is required, see "Appendix III — Summary of Articles of Association — Shareholders and the Shareholders' Meeting."

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following completion of the **[REDACTED]** and assuming the **[REDACTED]** is not exercised and no other changes are made to the issued share capital of our Company from the Latest Practicable Date to the **[REDACTED]**, the following persons will have interests or short positions (if applicable) in the Shares or underlying Shares, which would be required to be disclosed to our Company and the Stock Exchange pursuant to the provisions in Divisions 2 and 3 of Part XV of the SFO, or be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at Shareholders' general meetings of our Company:

Name of Shareholders	Nature of interest[1]	Description of Shares	Number of Shares Interested in under the SFO	% of the total issued Shares as of September 10, 2026	Immediately after the [REDACTED]	
					% of A Shares	% of the total issued Shares
Mr. TAI[2][3][4]	Beneficial owner	A Shares	35,242,880	8.43%	[REDACTED]%	[REDACTED]%
	Interest in controlled corporation/Interest held jointly with another person	A Shares	56,470,800	13.50%	[REDACTED]%	[REDACTED]%
Ningbo Jiexin[2][3][4]	Beneficial owner	A Shares	38,013,676	9.09%	[REDACTED]%	[REDACTED]%
	Interest held jointly with another person	A Shares	53,700,004	12.84%	[REDACTED]%	[REDACTED]%
Alibaba China[5]	Beneficial owner	A Shares	44,242,651	10.58%	[REDACTED]%	[REDACTED]%
Pudong STI[6]	Beneficial owner	A Shares	604,731	0.14%	[REDACTED]%	[REDACTED]%
	Interest in controlled corporation	A Shares	31,228,800	7.47%	[REDACTED]%	[REDACTED]%
Pudong Emerging Industry[6]	Beneficial owner	A Shares	9,076,160	2.17%	[REDACTED]%	[REDACTED]%
	Interest in controlled corporation	A Shares	22,152,640	5.30%	[REDACTED]%	[REDACTED]%
Pudong Newstar[6]	Beneficial owner	A Shares	22,152,640	5.30%	[REDACTED]%	[REDACTED]%

Notes:

(1) All interests stated are long positions.

(2) As of September 10, 2026, Ningbo Jiexin was controlled by its general partner, Ningbo Jieyu Ruixin, which was wholly owned by Mr. TAI. Therefore, each of Mr. TAI and Ningbo Jieyu Ruixin is deemed to be interested in the Shares held by Ningbo Jiexin under the SFO.

(3) As of September 10, 2026, Mr. TAI held a 49.25% interest in Great ASR1 and a 26.02% interest in Great ASR2. Under their respective governing documents, Mr. TAI was entitled to exercise 100% of the voting rights in each of Great ASR1 and Great ASR2. Therefore, Mr. TAI is deemed to be interested in the Shares held by Great ASR1 and Great ASR2 under the SFO.

(4) Pursuant to a concert party agreement entered into by Mr. TAI, Ningbo Jiexin, Great ASR1 and Great ASR2 in September 2020, they have undertaken to act in concert regarding our Company's operations and material decisions, including the exercise of voting rights attached to their Shares. Therefore, each of Mr. TAI, Ningbo Jiexin, Great ASR1 and Great ASR2 is deemed to be interested in the Shares the other is interested in under the SFO.

(5) As of September 10, 2026, Alibaba (China) Network Technology Co., Ltd.(阿里巴巴(中國)網絡技術有限公司)("**Alibaba China**") was held by Taobao (China) Software Co., Ltd.(淘寶(中國)軟件有限公司)("**Taobao Software**") and Zhejiang Tmall Technology Co., Ltd.(浙江天貓技術有限公司)("**Zhejiang Tmall**") as to approximately 57.59% and 35.75%, respectively. Each of Taobao Software and Zhejiang Tmall was a wholly-owned subsidiary of Taobao China Holding Limited, which was in turn wholly owned by Taobao Holding Limited. Taobao Holding Limited was a wholly-owned subsidiary of Alibaba Group Holding Limited (SEHK: 9988; NYSE: BABA). Therefore, each of Taobao Software, Zhejiang Tmall, Taobao China Holding Limited, Taobao Holding Limited and Alibaba Group Holding Limited was deemed to be interested in the Shares held by Alibaba China under the SFO.

(6) As of September 10, 2026, Shanghai Pudong Xinxing Newstar Venture Capital Co., Ltd.(上海浦東新星紐士達創業投資有限公司)("**Pudong Newstar**") was wholly owned by Shanghai Pudong Emerging Industry Investment Co., Ltd.(上海浦東新興產業投資有限公司)("**Pudong Emerging Industry**"), which was wholly owned by Shanghai Pudong Science and Technology Innovation Group Co., Ltd.(上海浦東科創集團有限公司)("**Pudong STI**"). Pudong STI was a state-owned enterprise. Therefore, Pudong Emerging Industry was deemed to be interested in the Shares held by Pudong Newstar, and Pudong STI was deemed to be interested in the Shares held by Pudong Emerging Industry under the SFO.

For further information on any other person who will be, immediately following completion of the **[REDACTED]** and assuming the **[REDACTED]** is not exercised and no other changes are made to the issued share capital of our Company from the Latest Practicable Date to the **[REDACTED]**, directly or indirectly, interested in 10% or more of the issued shares of our subsidiaries, see "Appendix IV — Statutory and General Information — D. Further Information about Our Directors, Chief Executive and Substantial Shareholders — 1. Disclosure of Interest."

BOARD OF DIRECTORS

Our Board consists of nine Directors, comprising four executive Directors, two non-executive Directors and three independent non-executive Directors. The following table sets forth the key information about our Directors as of the Latest Practicable Date.

Name	Age[1]	Positions	Date of first joining our Group	Date of appointment as a Director	Roles and responsibilities
Mr. TAI Po Ka (戴保家)	70	Chairperson of the Board, executive Director and chief strategy officer	March 2015 (Founder)	April 2015	Responsible for formulating our Group's overall business strategy and chairing the Board
Mr. ZHOU Xuan (周璇)	58	Executive Director and chief executive officer	May 2017	May 2023	Responsible for our Group's day-to-day business operations and management
Ms. HAN Min (韓旻)	52	Executive Director, executive vice president and Board secretary	March 2015	May 2022	Responsible for our Group's corporate governance, compliance, internal control and capital markets matters
Mr. ZHAO Xikai (趙錫凱)	52	Executive Director (employee representative Director) and executive vice president	January 2016	August 2020	Responsible for overseeing our Group's customized business segment and the ASIC design for the self-developed products
Ms. WU Siyun (吳司韻)	35	Non-executive Director	November 2023	November 2023	Responsible for providing strategic advice and guidance on the business operations of our Group
Mr. HUANG Chen (黃晨)	35	Non-executive Director	June 2018	June 2018	Responsible for providing strategic advice and guidance on the business operations of our Group
Mr. CHEN Shimin (陳世敏)	68	Independent non-executive Director	April 2026	April 2026	Responsible for supervising and providing independent advice and judgment to our Board
Mr. HU Zhan (胡瞻)	53	Independent non-executive Director	December 2023	December 2023	Responsible for supervising and providing independent advice and judgment to our Board
Mr. NG Wing Fai (吳榮輝)	67	Independent non-executive Director	April 2026	April 2026	Responsible for supervising and providing independent advice and judgment to our Board

Note:

(1) Ages are calculated based on the year of birth.

Executive Directors

Mr. TAI Po Ka(**戴保家**), aged 70, is the chairperson of the Board, an executive Director and the chief strategy officer of our Company, responsible for formulating our Group's overall business strategy and chairing the Board. Mr. TAI founded our Company in 2015. He was our chief executive officer from April 2015 to March 2023 and has served as our chief strategy officer since March 2024. He was appointed as a Director and the chairperson of the Board in April 2015 and was re-designated as our executive Director with effect from the **[REDACTED]**.

Earlier in his career, Mr. TAI served as president of UMAX Technologies, Inc. He later founded RDA Microelectronics, Inc.(銳迪科微電子有限公司)(a company formerly listed on NASDAQ (former ticker symbol: RDA)) in 2004 and served as its chairperson and chief executive officer until 2013.

Mr. TAI obtained both his bachelor's and master's degrees in electrical engineering from the Georgia Institute of Technology in the United States. He also obtained an MBA from the University of Chicago in the United States in March 1983.

Mr. ZHOU Xuan(**周璇**), aged 58, is an executive Director and the chief executive officer of our Company, responsible for our Group's day-to-day business operations and management. Mr. Zhou joined our Company in May 2017 and had successively served as the head of our baseband product line and the general manager of our cellular communications business segment. Mr. Zhou has served as our chief executive officer since March 2023. He was appointed as a Director in May 2023 and was re-designated as our executive Director with effect from the **[REDACTED]**.

Mr. Zhou previously served at Huawei Technologies Co., Ltd.(華為技術有限公司). From May 2003 to October 2006, he served as a research and development director at UTStarcom Holdings Corp. (NASDAQ: UTSI). From October 2006 to April 2017, he served as a vice president of research and development of Marvell Technology Group Ltd. (NASDAQ: MRVL).

Mr. Zhou obtained a Ph.D. in pattern recognition and intelligent control from Shanghai Jiao Tong University(上海交通大學) in the PRC in March 1999.

Ms. HAN Min(**韓旻**), aged 52, is an executive Director, an executive vice president and the Board secretary of our Company, responsible for our Group's corporate governance, compliance, internal control and capital markets matters. Ms. Han joined our Company in March 2015, and has served as an executive vice president and the Board secretary since August 2020. She was appointed as a Director in May 2022 and was re-designated as our executive Director with effect from the **[REDACTED]**.

From September 2006 to February 2015, she successively served as marketing manager and director of operations at RDA Microelectronics, Inc.(銳迪科微電子有限公司)(a company formerly listed on the NASDAQ (former ticker symbol: RDA)). She has also served as a director of Shending Technology (Nanjing) Co., Ltd.(神頂科技(南京)有限公司) since November 2022.

Ms. Han obtained an MBA from Tsinghua University(清華大學) in the PRC in July 2004. Ms. Han is also a member of the seventh session of the Shanghai Pudong New Area Committee of the Chinese People's Political Consultative Conference.

Mr. ZHAO Xikai(**趙錫凱**), aged 52, is an executive Director (employee representative Director) and an executive vice president of our Company, responsible for overseeing our Group's customized business segment and ASIC design for the self-developed products. Mr. Zhao joined our Company in January 2016, and has served as an executive vice president and Director since August 2020. He was appointed as an employee representative Director in May 2025 and re-designated as our executive Director with effect from the **[REDACTED]**.

From October 2001 to July 2003, Mr. Zhao served as a system design expert at Synopsys, Inc. (NASDAQ: SNPS). From July 2003 to February 2006, he served as a system engineer and an ASIC manager at UTStarcom Holdings Corp. (NASDAQ: UTSI). From February 2006 to October 2015, he successively served as a senior manager and a director of cellular engineering at Marvell Technology Group Ltd. (NASDAQ: MRVL).

Mr. Zhao obtained a Ph.D. in pattern recognition and intelligent control from Tsinghua University (清華大學) in the PRC in January 2002.

Non-executive Directors

Ms. WU Siyun (吳司韻)(former name: WU Ke (吳可)), aged 35, is a non-executive Director of our Company, responsible for providing strategic advice and guidance on our Group's business operations. Ms. Wu was appointed as a Director in November 2023 and was re-designated as our non-executive Director with effect from the **[REDACTED]**.

Since September 2016, Ms. Wu has been with Alibaba Group Holding Limited (阿里巴巴集團控股有限公司)(SEHK: 9988; NYSE: BABA), and she currently serves as an associate director of its strategic investment department.

In addition to her directorship in our Company, Ms. Wu also holds or has previously held directorships in numerous companies, including (i) Theland New Cloud (Shanghai) E-Commerce Co., Ltd. (紐仕蘭新雲(上海)電子商務有限公司); (ii) Beijing Jinyi Network Technology Co., Ltd. (北京錦益網絡科技有限公司); (iii) Jingyuan (Shanghai) Information Technology Co., Ltd. (徑圓(上海)信息技術有限公司); (iv) Lianhua Supermarket Holdings Co., Ltd. (聯華超市股份有限公司)(SEHK: 0980) since June 2026; (v) China TransInfo Technology Co., Ltd. (北京千方科技股份有限公司)(SZSE: 002373) from November 2023 to February 2026; and (vi) Hangzhou DBAPP Security Co., Ltd. (杭州安恒信息技術股份有限公司)(SSE: 688023) from January 2024 to March 2026.

Ms. Wu obtained a bachelor's degree in finance from Zhejiang University (浙江大學) in the PRC in July 2013.

Mr. HUANG Chen (黃晨), aged 35, is a non-executive Director of our Company, responsible for providing strategic advice and guidance on our Group's business operations. Mr. Huang was appointed as a Director in June 2018 and was re-designated as our non-executive Director with effect from the **[REDACTED]**.

Mr. Huang served as an assistant in the strategy department from August 2014 to September 2015, and a risk control manager from October 2015 to November 2016 at Shanghai Pudong Financing Guarantee Co., Ltd. (上海浦東融資擔保有限公司). From November 2016 to October 2022, he successively served as associate of strategic planning and information department, assistant general manager of investment department I and deputy general manager of investment department I at Shanghai Pudong Science and Technology Innovation Group Co., Ltd. (上海浦東科創集團有限公司). From October 2022 to October 2024, he served as deputy general manager of the investment department at Shanghai Science and Technology Venture Capital (Group) Co., Ltd. (上海科技創業投資(集團)有限公司). He has also served as general manager of the project investment department at Shanghai Pudong Science and Technology Innovation Group Co., Ltd. (上海浦東科創集團有限公司) since November 2024.

In addition to his directorship in our Company, Mr. Huang also holds or has previously held directorships in numerous companies, including (i) Shanghai Haiwanglingyun Investment Management Co., Ltd. (上海海望凌雲投資管理有限公司) since March 2025; (ii) ACM Research (Shanghai), Inc. (盛美半導體設備(上海)股份有限公司)(SSE: 688082) from March 2020 to August 2026; (iii) Ideal Energy

(Shanghai) Sunflower Equipment Inc.(理想萬里暉半導體設備(上海)股份有限公司) since December 2020; (iv) Raintree Scientific Instruments (Shanghai) Corporation (睿勵科學儀器(上海)有限公司) from September 2018 to January 2020 and since March 2021; (v) Shanghai Jingjiwei Semiconductor Technology Co., Ltd.(上海精積微半導體技術有限公司) since March 2022; and (vi) Shanghai Integrated Circuit Equipment and Materials Industry Innovation Center Co., Ltd.(上海集成電路裝備材料產業創新中心有限公司) since June 2023. He also was a supervisor of Advanced Micro-Fabrication Equipment Inc. China(中微半導體設備(上海)股份有限公司)(SSE: 688012) from July 2021 to September 2025.

Mr. Huang obtained a master's degree in east Asian development studies from the University of Leeds in the United Kingdom in November 2014, and an MBA from Shanghai Jiao Tong University (上海交通大學) in the PRC in June 2018.

Independent Non-executive Directors

Mr. CHEN Shimin (陳世敏), aged 68, is an independent non-executive Director of our Company, responsible for supervising and providing independent advice and judgment to our Board. Mr. Chen was appointed as an independent Director in April 2026 and was re-designated as our independent non-executive Director with effect from the **[REDACTED]**.

Mr. Chen began his career as a lecturer at Shanghai University of Finance and Economics (上海財經大學). From May 1996 to August 2005, he successively held various academic positions, including tenure at Clarion University of Pennsylvania in the United States as a professor of accounting, associate professor of accounting at Lingnan University in Hong Kong, and as an associate professor at the University of Louisiana at Lafayette in the United States. From August 2005 to August 2008, he served as an associate professor of accounting and associate head of the school of accounting and finance at the Hong Kong Polytechnic University in Hong Kong. Since August 2008, he has been with China Europe International Business School (中歐國際工商學院), where he was an associate dean and director of the MBA programme, and currently serves as a professor of accounting and an associate dean and director of the case center.

In addition to his directorship in our Company, Mr. Chen has held, or currently holds, positions as a director or supervisor in various companies, including: (i) as an independent non-executive director of China High Speed Transmission Equipment Group Co., Ltd.(中國高速傳動設備集團有限公司)(SEHK: 0658) from June 2007 to December 2016; (ii) as an independent director of Shanghai Oriental Pearl (Group) Co., Ltd.(上海東方明珠(集團)股份有限公司), a company formerly listed on the SSE (former stock code: 600832), from June 2008 to May 2015; (iii) as an independent director of Hangzhou Shunwang Technology Co., Ltd.(杭州順網科技股份有限公司)(SZSE: 300113) from November 2009 to March 2016; (iv) as an independent non-executive director of Sun.King Technology Group Limited (賽晶科技集團有限公司)(formerly known as Sun.King Power Electronics Group Limited (賽晶電力電子集團有限公司))(SEHK: 0580) since August 2010; (v) as an independent director of Zhejiang Wolwo Bio-Pharmaceutical Co., Ltd.(浙江我武生物科技股份有限公司)(SZSE: 300357) from January 2011 to January 2017; (vi) as an external supervisor of Shanghai Pudong Development Bank Co., Ltd.(上海浦東發展銀行股份有限公司)(SSE: 600000) from October 2012 to December 2019; (vii) as an independent director of Zhuhai Huafa Industrial Co., Ltd.(珠海華髮實業股份有限公司)(SSE: 600325) from July 2013 to May 2021; (viii) as an independent director of Oriental Pearl Group Co., Ltd.(東方明珠新媒體股份有限公司)(SSE: 600637) from June 2015 to May 2021; (ix) as an independent non-executive director of Hailan Holdings Limited (海藍控股有限公司)(SEHK: 2278) from June 2016 to December 2018; (x) as an independent director of Advanced Micro-Fabrication Equipment Inc. China (中微半導體設備(上海)股份有限公司)(SSE: 688012) from December 2018 to January 2025; (xi) as an independent non-executive director of Yincheng International Holding Co., Ltd.(銀城國際控股有限公司), a company formerly listed on the SEHK (former stock code: 1902), from February 2019 to March 2025; (xii) as an independent director of J-Yuan Trust Co., Ltd.(建元信託股份有限公司)(formerly

known as Anxin Trust Co., Ltd.(安信信託股份有限公司))(SSE: 600816) from May 2019 to September 2022; (xiii) as an external supervisor of Postal Savings Bank of China Co., Ltd.(中國郵政儲蓄銀行股份有限公司)(SSE: 601658; SEHK: 1658) from December 2019 to December 2025; (xiv) as an independent director of China Fortune Land Development Co., Ltd.(華夏幸福基業股份有限公司)(SSE: 600340) from May 2020 to March 2023; (xv) as an independent director of China Guangfa Bank Co., Ltd.(廣發銀行股份有限公司) since May 2021; and (xvi) as an independent director of Yihai Kerry Arawana Holdings Co., Ltd.(益海嘉里金龍魚食品集團股份有限公司)(SZSE: 300999) since December 2025.

Mr. Chen obtained a Ph.D. in accounting from the University of Georgia in the United States in August 1992. Mr. Chen is a certified management accountant of Institute of Management Accountants in the United States.

Mr. HU Zhan(胡瞻), aged 53, is an independent non-executive Director of our Company, responsible for supervising and providing independent advice and judgment to our Board. Mr. Hu was appointed as an independent Director in December 2023 and was re-designated as our independent non-executive Director with effect from the **[REDACTED]**.

From July 2002 to January 2017, Mr. Hu practiced as a lawyer, partner or senior partner at a number of law firms in the PRC, including Shanghai Haoying Law Firm(上海浩英律師事務所), Shanghai Siwei Law Firm(上海四維律師事務所), Shanghai Liuyan Law Firm(上海劉彥律師事務所), Shanghai River Delta Law Firm(上海江三角律師事務所), Shanghai Zhongxia Xubo Law Firm(上海中夏旭波律師事務所), Shanghai Hiways Law Firm(上海海華永泰律師事務所) and Beijing Yingke (Shanghai) Law Firm(北京盈科(上海)律師事務所). Since February 2017, he has served as a partner and the person-in-charge of Shanghai Haworth & Lexon Law Firm(上海和華利盛律師事務所).

In addition to his directorship in our Company, Mr. Hu has held positions as a director in various companies, including: (i) as an independent director of Suzhou Chunqiu Electronic Technology Co., Ltd.(蘇州春秋電子科技股份有限公司)(SSE: 603890) from December 2015 to December 2021; and (ii) as a director of DBG Technology Co., Ltd.(惠州光弘科技股份有限公司)(SZSE: 300735) from February 2016 to October 2020.

Mr. Hu obtained a master's degree in law from Fudan University(復旦大學) in the PRC in January 2009. Mr. Hu is a practicing lawyer in the PRC, and an arbitrator of various arbitral institutions, including the Shanghai International Economic and Trade Arbitration Commission(上海國際經濟貿易仲裁委員會) and the Shanghai Arbitration Commission(上海仲裁委員會).

Mr. NG Wing Fai(吳榮輝), aged 67, is an independent non-executive Director of our Company, responsible for supervising and providing independent advice and judgment to our Board. Mr. Ng was appointed as an independent Director in April 2026 and was re-designated as our independent non-executive Director with effect from the **[REDACTED]**.

Since December 2005, he has served as the principal of Simon W.F. Ng & Company(睿智執業會計師行). In addition to his professional practice, he has held various appointments in professional and public bodies. Mr. Ng successively held various senior positions at the Society of Chinese Accountants and Auditors, with his last position being a president until December 2011. In July 2021, he was appointed as a member of the Financial Reporting Review Panel of the Accounting and Financial Reporting Council of Hong Kong and has continued to serve in that capacity.

In addition to his directorship in our Company, Mr. Ng has held, or currently holds, directorships in various listed companies, including: (i) as an independent non-executive director of China Automation Group Limited(中國自動化集團有限公司), a company formerly listed on the SEHK (former stock code: 569), from June 2007 to October 2019; (ii) as an independent non-executive director

of Evergreen International Holdings Limited (長興國際(集團)控股有限公司), a company formerly listed on the SEHK (former stock code: 238), from June 2016 to September 2020; and (iii) as an independent non-executive director of Honworld Group Limited (老恒和釀造有限公司)(SEHK: 2226) since June 2017.

Mr. Ng obtained a master's degree in international accounting from the City University of Hong Kong in November 1998. He is a fellow member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Institute of Chartered Accountants in England and Wales, a member of the Hong Kong Securities and Investment Institute and a practicing accountant in Hong Kong.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management of our business. The following table sets forth the key information about our senior management as of the Latest Practicable Date.

Name	Age[(1)]	Positions	Date of first joining our Group	Date of appointment as a senior management	Roles and responsibilities
Mr. TAI Po Ka (戴保家)	70	Chairperson of the Board, executive Director and chief strategy officer	March 2015 (Founder)	April 2015	Responsible for formulating our Group's overall business strategy and chairing the Board
Mr. ZHOU Xuan (周璇)	58	Executive Director and chief executive officer	May 2017	March 2023	Responsible for our Group's day-to-day business operations and management
Ms. HAN Min (韓旻)	52	Executive Director, executive vice president and Board secretary	March 2015	August 2020	Responsible for our Group's corporate governance, compliance, internal control and capital markets matters
Mr. ZHAO Xikai (趙錫凱)	52	Executive Director (employee representative Director) and executive vice president	January 2016	August 2020	Responsible for overseeing our Group's customized business segment and ASIC design for the self-developed products
Mr. YANG Xinhua (楊新華)	54	Chief financial officer	July 2015	July 2015	Responsible for our Group's overall financial management

Note:

(1) Ages are calculated based on the year of birth.

For the biographies of Mr. TAI, Mr. ZHOU Xuan, Ms. HAN Min and Mr. ZHAO Xikai, see "— Board of Directors — Executive Directors" in this section.

Mr. YANG Xinhua (楊新華), aged 54, is the chief financial officer of our Company, responsible for our Group's overall financial management. Mr. Yang joined our Company in July 2015 and has served as the chief financial officer since then.

From July 1994 to June 2006, Mr. Yang worked at Shanghai Pudong Development Bank Co., Ltd. (上海浦東發展銀行股份有限公司), with his last position being the person in charge of a branch. From July 2006 to December 2011, he served as finance manager at Arrow Display (Shanghai) Co., Ltd. (劍騰液晶顯示(上海)有限公司). From December 2011 to March 2014, he served as head of

finance at Shanghai Haoxin Optoelectronics Co., Ltd.(上海昊信光電有限公司). From April 2014 to June 2015, he served as chief financial officer at Jiangsu Smart IC Technology Co., Ltd.(江蘇智多芯電子科技有限公司).

Mr. Yang obtained a bachelor's degree in international finance from Shanghai Jiao Tong University(上海交通大學) in the PRC in July 1994. He is an intermediate accountant and a certified public accountant in the PRC.

OTHER INFORMATION IN RELATION TO OUR DIRECTORS AND SENIOR MANAGEMENT

On July 20, 2021, the SSE issued a regulatory warning (the "**Decision**") to China Fortune Land Development Co., Ltd. (SSE: 600340) ("**China Fortune**") and five of its then officeholders, including Mr. Chen Shimin, in connection with China Fortune's failure to make a timely pre-announcement of its 2020 annual results. Insofar as Mr. Chen was concerned, the SSE attributed responsibility to him by reference to his then oversight role as an independent director and convener of the audit committee in relation to its financial and accounting matters.

As advised by the PRC Legal Advisor, (i) the aforesaid regulatory warning is a written regulatory measure of the SSE, and does not constitute an administrative penalty imposed by the China Securities Regulatory Commission or a disciplinary action of the SSE; and (ii) the Decision does not carry any restriction on holding office and does not affect Mr. Chen's qualification to serve as a director of a listed company under PRC law.

Having considered the following, the Directors (other than Mr. Chen) are of the view that Mr. Chen has the experience, knowledge and skills required for a director of a listed company and is suitable to serve as a Director pursuant to Rules 3.08 and 3.09 of the Listing Rules:

(1) the underlying matter concerned China Fortune's failure to make a timely corporate results disclosure, and the responsibility attributed to Mr. Chen arose from the supervisory responsibilities attached to his then positions as an independent director and convener of the audit committee. The Decision did not contain any finding of fraud, deceit, dishonesty or wilful misconduct on his part. As advised by the PRC Legal Advisor of our Company, the Decision was neither an administrative penalty nor a disciplinary sanction and did not impose any disqualification or restriction on his holding of office;

(2) following the applicable nomination and review procedures in 2026, the SSE raised no objection to Mr. Chen's nomination as an independent director of our Company. He was subsequently elected by the shareholders as an independent director and appointed by the Board as the convener of the audit committee on April 21, 2026. These subsequent procedures provide objective support that the Decision did not constitute a disqualifying event under applicable PRC requirements; and

(3) Mr. Chen has extensive qualifications and experience in accounting, financial reporting, corporate governance and listed-company directorships. To the best knowledge of our Company after making reasonable enquiries, there has been no recurrence of any similar incident and he has no other public regulatory or disciplinary record arising from his service as a director of a listed company. He has also continued to undertake relevant professional and regulatory training.

Our executive Directors and members of senior management may hold directorships or senior management positions in various subsidiaries of the Group, as may be assigned from time to time to meet the Group's operational and management needs.

Save as disclosed above, to the best knowledge, information and belief of our Directors having made all reasonable inquiries, there were no material matters relating to their appointment as a Director that need to be brought to the attention of our Shareholders and there was no other information in relation to his or her appointment which is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules as of the Latest Practicable Date.

Save as disclosed above, none of our Directors and senior management held any other directorships in any other company listed in Hong Kong or overseas during the three years immediately preceding the date of this document.

Save as disclosed above, none of our Directors and senior management is related to other Directors, senior management or substantial shareholders of our Company.

JOINT COMPANY SECRETARIES

Ms. HAN Min（韓旻） is an executive Director, an executive vice president and the Board secretary of our Company and was appointed as one of the joint company secretaries of our Company with effect from the **[REDACTED]**. For her biography, see "— Board of Directors — Executive Directors" above.

Ms. OH Sim Yee（胡倩鋭） was appointed as the joint company secretary of our Company with effect from the **[REDACTED]**. Ms. Oh is an assistant manager of SWCS Corporate Services Group (Hong Kong) Limited and has over ten years of experiences in corporate secretarial field. She has been an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom since 2017.

Ms. Oh obtained a bachelor's degree in accounting from the Victoria University from Australia.

BOARD COMMITTEES

Our Company has established four committees under the Board, namely the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee and the Strategy and ESG Committee. The Audit Committee, the Remuneration and Appraisal Committee and the Nomination Committee have been established pursuant to the corporate governance requirements under the Listing Rules and the Corporate Governance Code.

(a) Audit Committee

We have established an Audit Committee in compliance with Rule 3.21 of the Listing Rules and paragraphs D.3.3 and D.3.7 of Part 2 of the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the Audit Committee are to (i) review and supervise our financial reporting process and internal control system, risk management and internal audit of our Group; (ii) provide advice and comments to our Board in respect of financial risk, risk management and internal control matters; and (iii) perform other duties and responsibilities as may be assigned by the Board.

The Audit Committee comprises three independent non-executive Directors, namely, Mr. CHEN Shimin (陳世敏), Mr. HU Zhan (胡瞻) and Mr. NG Wing Fai (吳榮輝). Mr. CHEN Shimin (陳世敏) is the chairperson of the Audit Committee who holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules. Mr. NG Wing Fai (吳榮輝) also holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules.

(b) Remuneration and Appraisal Committee

We have established a Remuneration and Appraisal Committee in compliance with Rule 3.25 of the Listing Rules and code provision E.1.2 of Part 2 of the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the Remuneration and Appraisal Committee include, but are not limited to, the following: (i) making recommendations to our Board on our policy and structure for all remuneration of Directors and members of senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration; (ii) determining the specific remuneration packages of all Directors and members of senior management; and (iii) reviewing and approving matters relating to incentive schemes of our Company.

The Remuneration and Appraisal Committee comprises two independent non-executive Directors and one executive Director, namely, Mr. NG Wing Fai (吳榮輝), Mr. HU Zhan (胡瞻) and Mr. TAI. Mr. NG Wing Fai (吳榮輝) is the chairperson of the Remuneration and Appraisal Committee.

(c) Nomination Committee

We have established a Nomination Committee in compliance with Rule 3.27A of the Listing Rules and code provision B.3.1 of Part 2 of the Corporate Governance Code. The primary duties of the Nomination Committee include, but are not limited to, (i) reviewing the structure, size and composition of our Board on a regular basis and make recommendations to the Board regarding any proposed changes to the composition of our Board; (ii) identifying, selecting or making recommendations to our Board on the selection of individuals nominated for directorship, and ensuring the diversity of our Board members; (iii) performing review on the contributions made by our Directors (including our independent non-executive Directors) and the sufficiency of time devoted to perform their duties; (iv) assessing the independence of our independent non-executive Directors; and (v) making recommendations to our Board on relevant matters relating to the appointment, re-appointment and removal of our Directors.

The Nomination Committee comprises three independent non-executive Directors and two executive Directors, namely, Mr. HU Zhan (胡瞻), Mr. CHEN Shimin (陳世敏), Mr. NG Wing Fai (吳榮輝), Mr. TAI and Ms. HAN Min (韓旻). Mr. HU Zhan (胡瞻) is the chairperson of the Nomination Committee.

(d) Strategy and ESG Committee

We have established a Strategy and ESG Committee. The primary duties of the Strategy and ESG Committee include, but are not limited to, (i) researching and making recommendations on our long-term development plans; (ii) researching and making recommendations on major investment and financing plans that require the approval of the Board or the general meeting under the Articles of Association; (iii) researching and making recommendations on our major capital operations and asset management projects; (iv) reviewing our sustainable development and ESG strategy and goals and our ESG related reports; and (v) researching and making recommendations on other significant matters affecting our development.

The Strategy and ESG Committee comprises two executive Directors and one independent non-executive Director, namely, Mr. TAI, Mr. ZHAO Xikai (趙錫凱) and Mr. CHEN Shimin (陳世敏). Mr. TAI is the chairperson of the Strategy and ESG Committee.

REMUNERATION OF OUR DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Our Directors and senior management receive remuneration, including basic annual payments, performance-related annual payments and long-term incentives, including fees, wages, salaries and bonuses, defined contribution plans, other social security costs, housing benefits and share-based compensation expenses.

According to existing effective arrangements, the total amount of remuneration (excluding share-based payment and any discretionary bonus) payable by us to Directors for the financial year ending December 31, 2026 is expected to be approximately RMB16.0 million. The actual remuneration of our Directors may be different from the expected remuneration.

The aggregate amount of remuneration for our Directors for the three years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026 was approximately RMB18.98 million, RMB18.75 million, RMB25.83 million and RMB10.70 million, respectively. For details on the remuneration of each Director during the Track Record Period, please refer to Note 41 to the Accountant's Report in Appendix I to this document. The fluctuations in the Directors' remuneration during the Track Record Period were primarily driven by the effects of share-based payments.

For the three years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026, the total emoluments (excluding share-based payment) paid to the five highest paid individuals (excluding three, two, three, and three Directors) by us amounted to RMB9.41 million, RMB16.10 million, RMB10.15 million and RMB4.59 million, respectively. For details on the remuneration of the five highest paid employees during the Track Record Period, please refer to Note 10(a) to the Accountant's Report in Appendix I to this document.

During the Track Record Period, (i) no remuneration was paid to our Directors or the five highest paid individuals as an inducement to join, or upon joining our Group, (ii) no compensation was paid to, or receivable by, our Directors or past Directors or the five highest paid individuals for the loss of office as director of any member of our Group or any other office in connection with the management of the affairs of any member of our Group, and (iii) none of our Directors waived any emoluments.

Our Board will review and determine the remuneration and compensation package of our Directors and senior management and will, following the **[REDACTED]**, receive recommendation from the Remuneration and Appraisal Committee which will take into account salaries paid by comparable companies, time commitment and responsibilities of our Directors and performance of our Group.

COMPLIANCE ADVISOR

We have appointed Rainbow Capital (HK) Limited as our Compliance Advisor pursuant to Rule 3A.19 of the Listing Rules. The term of appointment of our Compliance Advisor shall commence on the **[REDACTED]** and is expected to end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the **[REDACTED]**.

CORPORATE GOVERNANCE

We recognize the importance of incorporating elements of good corporate governance in our management structure and internal control procedures as to achieve effective accountability. We have adopted the code provisions stated in the Corporate Governance Code. We are committed to the view that the Board should include a balanced composition of executive Directors, non-executive Directors, and independent non-executive Directors so that there is a strong independent element on the Board that can effectively exercise independent judgment.

MANAGEMENT PRESENCE IN HONG KONG

According to Rules 8.12 and 19A.15 of the Listing Rules, we must have sufficient management presence in Hong Kong. Since the principal business operations of our Group are conducted outside of Hong Kong, our Company does not and for the foreseeable future will not have a sufficient management presence in Hong Kong. We have applied for, and the Stock Exchange [has granted] us, a waiver from compliance with Rules 8.12 and 19A.15 of the Listing Rules. For details, see "Waivers and Exemption — Waiver in respect of Management Presence in Hong Kong."

BOARD DIVERSITY POLICY

We have adopted a diversity policy to support our strategic goals and sustainable growth. We value diversity in areas such as gender, age, background, experience, and skills. Director candidates are selected based on merit and their alignment with our business needs, with diversity as an important consideration. We place particular emphasis on gender diversity. After the **[REDACTED]**, we aim to gradually increase the number of female Directors by identifying and maintaining a pool of qualified female candidates with diverse expertise. Female investor representatives are also considered, and we promote gender balance in mid- to senior-level recruitment to build a pipeline of future female leaders. We will provide training to high-potential female employees in areas such as operations, management, finance, and compliance, to prepare them for leadership roles. Our Nomination Committee oversees Board diversity and will review the policy annually. Progress and measurable outcomes will be disclosed in our corporate governance report.

CONFIRMATIONS FROM OUR DIRECTORS

(a) Rule 8.10 of the Listing Rules

Each of our Directors (other than our independent non-executive Directors) confirms that as of the Latest Practicable Date, he or she did not have any interest in a business which competes or is likely to compete, directly or indirectly, with our business and requires disclosure under Rule 8.10 of the Listing Rules.

(b) Rule 3.09D of the Listing Rules

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on August 28, 2026, and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules.

(c) Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors has confirmed (i) his or her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) he or she has no past or present financial or other interest in the business of our Company or its subsidiaries or any connection with any core connected person of our Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his or her independence at the time of his or her appointment.

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.

FUTURE PLANS

See "Business — Growth Strategies" for a detailed description of our future plans.

[REDACTED]

We estimate that we will receive **[REDACTED]** from the **[REDACTED]** of approximately HK$**[REDACTED]**, after deducting **[REDACTED]**, fees and estimated expenses payable by us in connection with the **[REDACTED]** (based on the **[REDACTED]** of HK$**[REDACTED]** per H Share), assuming the **[REDACTED]** is not exercised.

In line with our growth strategies, we intend to use the **[REDACTED]** for the following purposes, subject to adjustment in light of our evolving business needs and changing market conditions:

(i) Approximately **[REDACTED]**%, or HK$**[REDACTED]**, will be used to enhance our R&D capabilities and expand our product portfolio. We believe such investment will strengthen our integrated technology platform and enable us to capture the growing opportunities in AI-enabled connectivity and computing across devices, edge and cloud. Specifically, we plan to use the **[REDACTED]** to fund R&D personnel costs, cover outsourced tape-out expenses, and procure R&D equipment, IP licenses, EDA tools and other R&D software. In particular, we plan to focus on the following key technology directions:

- approximately **[REDACTED]**%, or HK$**[REDACTED]**, will be used for the R&D of next-generation cellular communication, AI computing and advanced-node chip design technologies for on-device AI applications. We plan to develop 5G-Advanced and future 6G communication capabilities spanning algorithm design, PHY layer and upper-layer protocol development, integration and system verification. We also plan to develop key AI computing and multimedia IP modules, such as NPU, ISP, DPU and VPU, for smartphones and other intelligent terminal devices, and advance our chip design capabilities at process nodes of 4nm and below. These technologies will underpin our new generation of smart device SoCs, enabling us to expand our product portfolio to meet growing demand for on-device AI;

- approximately **[REDACTED]**%, or HK$**[REDACTED]**, will be used for the R&D of advanced SoC integration and low-power technologies. We plan to develop RF-baseband single-die architectures at process nodes of 6nm and below that integrate cellular and non-cellular connectivity technologies as well as MCU, NPU, Sensor Hub and ISP on a single chip, and to offer accompanying turnkey solutions including sample designs and software development kits to accelerate customer adoption. These technologies will underpin our new generation of ultra-low-power smart wearable SoCs and enable us to evolve our cost-effective wearable SoCs toward higher-performance solutions focused on premium user experiences, further strengthening our competitive edge in the wearable market;

- approximately **[REDACTED]**%, or HK$**[REDACTED]**, will be used for the R&D of advanced non-cellular connectivity technologies. For example, we plan to develop foundational IP compliant with Wi-Fi 8 and other next-generation non-cellular connectivity standards, spanning algorithm design, PHY layer, MAC and upper-layer protocol development, integration and system verification, supporting both Station and AP modes as well as coexistence capabilities with Bluetooth, GNSS and cellular technologies. These technologies are designed to address the growing diversified connectivity requirements of smartphones, smart home devices, consumer electronics, industrial IoT and other connected devices, and to support our future expansion into router products; and

- approximately **[REDACTED]**%, or HK$**[REDACTED]**, will be used for the R&D of advanced chip customization technologies. We plan to develop high-speed interfaces, memory controllers, SoC architectures and foundational analog IP for advanced process nodes and to establish a versatile R&D platform with a portfolio of reusable self-developed IP. These capabilities will support the delivery of edge-to-cloud AI and enhance the R&D efficiency and market competitiveness of our custom ASIC solutions.

(ii) Approximately **[REDACTED]**%, or HK$**[REDACTED]**, will be used for strategic investments or acquisitions in furtherance of our long-term growth strategy. We may selectively pursue investment and acquisition opportunities that demonstrate synergies with or complement our operations, including upstream and downstream companies in the semiconductor value chain, aiming to strengthen our integrated technology platform and accelerate our expansion across devices, edge and cloud. We will evaluate potential opportunities based on their strategic fit, complementary technologies or products, commercialization prospects, integration feasibility and financial discipline, as well as the expertise and stability of their management and R&D teams. As of the Latest Practicable Date, we had not identified any specific investment or acquisition target and were not engaged in negotiations with respect to any such target.

(iii) Approximately **[REDACTED]**%, or HK$**[REDACTED]**, will be used to expand our sales network and enhance our sales and marketing capabilities. We plan to deepen our partnerships with leading module manufacturers, device manufacturers, telecom operators, internet companies, AI companies and system providers to keep our products aligned with market needs and expand our customer base. We will recruit additional marketing, sales and field application engineering personnel to expand our business development team and enhance our customer service and technical support capabilities. We also plan to participate in industry exhibitions, expos and forums to engage with existing and potential customers.

(iv) Approximately **[REDACTED]**%, or HK$**[REDACTED]**, will be used for working capital and other general corporate purposes.

The additional **[REDACTED]** that we would receive if the **[REDACTED]** were exercised in full would be HK$**[REDACTED]** (based on the **[REDACTED]** of HK$**[REDACTED]** per H Share), and we intend to apply such additional **[REDACTED]** to the above uses on a pro rata basis.

To the extent that the **[REDACTED]** from the **[REDACTED]** (including the **[REDACTED]** from the exercise of the **[REDACTED]**) are either more or less than expected, we will adjust the allocation of the **[REDACTED]** for the above purposes on a pro rata basis.

To the extent that the **[REDACTED]** from the **[REDACTED]** are not immediately used for the above purposes or if we are unable to effect any part of our future development plans as intended, we may hold such funds in short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions). In such event, we will comply with the appropriate disclosure requirements under the Listing Rules. We will issue an appropriate announcement if there is any material change to the above proposed use of **[REDACTED]**.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

The following is the text of a report set out on pages I-1 to I-[3], received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document. It is prepared and addressed to the directors of the Company and to the Joint Sponsors pursuant to the requirements of HKSIR 200 Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.

[Letterhead of PricewaterhouseCoopers] ***[DRAFT]***

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF ASR MICROELECTRONICS CO., LTD. AND MORGAN STANLEY ASIA LIMITED AND HAITONG INTERNATIONAL CAPITAL LIMITED

Introduction

We report on the historical financial information of ASR Microelectronics Co., Ltd. (翱捷科技股份有限公司, the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages I-[4] to I-[115], which comprises the consolidated and the company statements of financial position as at December 31, 2023, 2024 and 2025, and the consolidated statements of comprehensive (loss)/income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended December 31, 2023, 2024 and 2025 (the "**Track Record Period**") and material accounting policy information and other explanatory information (together, the "**Financial Information**"). The historical financial information set out on pages I-[4] to I-[115] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [date] (the "**Document**") in connection with the **[REDACTED]** of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Financial Information

The directors of the Company are responsible for the preparation of Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the historical financial information, and for such internal control as the directors determine is necessary to enable the preparation of Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountant's responsibility

Our responsibility is to express an opinion on the Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Financial Information. The procedures selected depend on the reporting accountant's judgement, including the assessment of risks of material misstatement of the Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation of Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the historical financial information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on

the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of the Company and the consolidated financial position of the Group as at December 31, 2023, 2024 and 2025 and of its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2023, 2024 and 2025 in accordance with the basis of preparation set out in Note 2 to the historical financial information.

Review of stub period financial information

We have reviewed the stub period financial information of the Group which comprises the consolidated statement of financial position as at June 30, 2026, the company statement of financial position as at June 30, 2026, and the consolidated statements of comprehensive (loss)/income, the consolidated statements of changes in equity and the consolidated statements of cash flows for the six months ended June 30, 2025 and 2026 and other explanatory information (the "**Stub Period Financial Information**"). The directors of the Company are responsible for the presentation and preparation of the Stub Period Financial Information in accordance with the basis of preparation set out in Note 2 to the historical financial information. Our responsibility is to express a conclusion on the Stub Period Financial Information based on our review. We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the International Auditing and Assurance Standards Board ("**IAASB**"). A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Financial Information, for the purposes of the accountant's report, is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2 to the historical financial information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-[4] have been made.

Dividends

We refer to note 15 to the historical financial information which states that no dividends have been paid by ASR Microelectronics Co., Ltd. in respect of the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026.

[PricewaterhouseCoopers]
Certified Public Accountants
Hong Kong,
[Date]

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the historical financial information as at December 31, 2023, 2024 and 2025 and June 30, 2026 and for the years/periods then ended which forms an integral part of this accountant's report.

The financial statements of the Group for the years ended December 31, 2023, 2024 and 2025, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers in accordance with International Standards on Auditing issued by the IAASB ("**Underlying Financial Statements**").

The Historical Financial Information is presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS)/INCOME

		Year ended December 31,			Six months ended June 30,	
		2023	2024	2025	2025	2026
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
Revenue from contracts with customers	*6*	2,599,916	3,385,743	3,816,803	1,898,066	2,451,275
Cost of sales	*9*	(2,015,508)	(2,689,975)	(2,926,123)	(1,492,183)	(1,751,783)
Gross profit		584,408	695,768	890,680	405,883	699,492
Selling and marketing expenses	*9*	(24,444)	(30,734)	(23,971)	(12,933)	(11,054)
Administrative expenses	*9*	(131,669)	(140,600)	(144,732)	(77,719)	(64,341)
Research and development expenses	*9*	(1,115,775)	(1,241,808)	(1,298,748)	(668,450)	(663,323)
Net impairment (losses)/reversals on financial assets and contract assets		(128)	(17,565)	3,455	(1,090)	(827)
Other income	*7*	39,161	54,276	118,567	99,670	8,318
Other gains/(losses), net	*8*	116,747	(37,773)	39,122	5,896	46,966
Operating (loss)/profit		(531,700)	(718,436)	(415,627)	(248,743)	15,231
Finance income	*11*	46,486	53,020	67,944	31,872	28,646
Finance costs	*11*	(2,380)	(4,109)	(5,991)	(2,042)	(8,380)
Finance income — net	*11*	44,106	48,911	61,953	29,830	20,266
Share of net profit of investment in an associate	*20*	939	7,730	3,037	1,837	19,705
(Loss)/profit before income tax		(486,655)	(661,795)	(350,637)	(217,076)	55,202
Income tax (expense)/credit	*13*	(19,166)	(31,219)	(39,648)	(28,328)	29,042
(Loss)/profit for the year/period		(505,821)	(693,014)	(390,285)	(245,404)	84,244
Other comprehensive income/(loss)						
Items that may be reclassified to profit or loss						
Exchange differences on translation of foreign operations		13,593	12,781	(26,148)	(4,317)	(40,049)
Items that will not be reclassified to profit or loss						
Changes in the fair value of equity investments at fair value through other comprehensive income ("**FVOCI**")		4,496	5,397	(915)	(2,810)	242,329
Other comprehensive income/(loss) for the year/period, net of tax		18,089	18,178	(27,063)	(7,127)	202,280
Total comprehensive (loss)/income for the year/period		(487,732)	(674,836)	(417,348)	(252,531)	286,524
(Loss)/profit per share for (loss)/profit attributable to the ordinary equity holders of the Company:						
Basic and diluted (loss)/profit per share (expressed in RMB per share)	*14*	(1.22)	(1.70)	(0.96)	(0.60)	0.21

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at December 31,			As at June 30,
		2023	2024	2025	2026
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
ASSETS					
Non-current assets					
Property, plant and equipment	*16*	145,000	126,541	99,505	81,865
Right-of-use assets	*17*	46,454	32,439	55,132	48,524
Intangible assets	*18*	277,262	313,242	360,537	276,000
Deferred tax assets	*19*	2,621	10,348	8,583	5,507
Contract assets	*6*	1,111	—	—	—
Prepayments, other receivables and other assets	*26*	9,033	18,974	10,603	15,608
Investment in an associate	*20*	100,939	208,669	184,511	204,216
Financial assets at FVOCI	*22*	51,449	47,150	50,074	356,890
Financial assets at fair value through profit or loss ("**FVPL**")	*23*	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	*24*	1,480,134	1,350,617	1,703,714	2,155,358
Contract assets	*6*	5,521	3,912	1,660	1,093
Trade receivables	*25*	267,651	338,428	308,828	455,938
Prepayments, other receivables and other assets	*26*	190,681	350,414	576,793	831,622
Financial assets at FVOCI	*22*	—	10,998	—	—
Financial assets at FVPL	*23*	1,904,526	796,308	220,115	—
Restricted cash	*27*	342	325	356	335
Cash and cash equivalents	*28*	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
Total assets		7,298,552	6,536,868	6,980,219	7,793,958

		As at December 31,			As at June 30,
		2023	2024	2025	2026
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
LIABILITIES					
Non-current liabilities					
Contract liabilities	*6*	1,106	2,487	450	1,608
Other payables and accruals	*36*	1,183	2,975	81,862	78,961
Lease liabilities	*17*	19,702	12,240	35,428	27,576
Deferred income	*34*	99,874	83,897	37,792	36,292
Deferred tax liabilities	*19*	20,130	13,250	6,370	2,930
Total non-current liabilities		141,995	114,849	161,902	147,367
Current liabilities					
Trade payables	*35*	187,662	177,939	284,312	304,013
Contract liabilities	*6*	219,507	171,087	231,347	465,912
Other payables and accruals	*36*	361,195	348,047	463,283	492,361
Borrowings	*37*	—	—	350,319	498,820
Lease liabilities	*17*	27,910	21,543	22,315	22,290
Current income tax liabilities		1,168	17,680	418	13,700
Deferred income	*34*	3,562	3,946	8,494	5,416
Total current liabilities		801,004	740,242	1,360,488	1,802,512
Total liabilities		942,999	855,091	1,522,390	1,949,879
EQUITY					
Share capital	*29*	418,301	418,301	418,301	418,301
Less: Treasury shares	*30*	(639,613)	(814,827)	(626,819)	(445,665)
Reserves	*31*	10,601,505	10,795,957	10,774,286	10,886,251
Accumulated losses	*32*	(4,024,640)	(4,717,654)	(5,107,939)	(5,014,808)
Total equity		6,355,553	5,681,777	5,457,829	5,844,079
Total equity and liabilities		7,298,552	6,536,868	6,980,219	7,793,958

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at December 31,			As at June 30,
		2023	2024	2025	2026
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
ASSETS					
Non-current assets					
Property, plant and equipment	*16*	134,225	116,520	92,899	66,325
Right-of-use assets	*17*	37,447	20,863	41,883	37,957
Intangible assets	*18*	171,865	231,121	313,876	245,198
Contract assets	*6*	1,111	—	—	—
Prepayments, other receivables and other assets	*26*	14,401	24,396	15,215	13,860
Investment in an associate	*20*	100,939	208,669	184,511	204,216
Investments in subsidiaries	*12*	2,767,012	2,247,718	2,119,948	2,143,865
Financial assets at FVOCI	*22*	51,449	47,150	50,074	354,440
Financial assets at FVPL	*23*	267,602	306,289	360,951	432,958
Total non-current assets		3,546,051	3,202,726	3,179,357	3,498,819
Current assets					
Inventories	*24*	568,445	703,857	1,441,610	1,856,389
Contract assets	*6*	5,521	3,912	1,660	1,093
Trade receivables	*25*	190,505	225,521	265,419	336,254
Prepayments, other receivables and other assets	*26*	148,515	288,721	516,408	764,843
Financial assets at FVOCI	*22*	—	10,998	—	—
Financial assets at FVPL	*23*	1,733,993	645,969	220,115	—
Cash and cash equivalents	*28*	1,418,786	1,002,770	682,155	516,818
Total current assets		4,065,765	2,881,748	3,127,367	3,475,397
Total assets		7,611,816	6,084,474	6,306,724	6,974,216

		As at December 31,			As at June 30,
		2023	2024	2025	2026
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
LIABILITIES					
Non-current liabilities					
Contract liabilities	*6*	1,044	2,008	403	1,284
Other payables and accruals	*36*	271	1,080	78,803	78,260
Lease liabilities	*17*	15,227	4,845	27,327	22,583
Deferred income	*34*	85,726	83,897	37,792	36,292
Total non-current liabilities		102,268	91,830	144,325	138,419
Current liabilities					
Trade payables	*35*	64,199	65,654	163,148	163,668
Contract liabilities	*6*	176,754	74,628	159,263	180,143
Other payables and accruals	*36*	180,655	153,615	253,557	443,304
Borrowings	*37*	—	—	338,303	486,812
Lease liabilities	*17*	22,654	15,580	15,139	15,319
Deferred income	*34*	3,490	3,946	8,494	5,416
Total current liabilities		447,752	313,423	937,904	1,294,662
Total liabilities		550,020	405,253	1,082,229	1,433,081
EQUITY					
Share capital	*29*	418,301	418,301	418,301	418,301
Less: Treasury shares	*30*	(639,613)	(814,827)	(626,819)	(445,665)
Reserves	*31*	10,565,183	10,746,854	10,751,331	10,903,345
Accumulated losses	*32*	(3,282,075)	(4,671,107)	(5,318,318)	(5,334,846)
Total equity		7,061,796	5,679,221	5,224,495	5,541,135
Total equity and liabilities		7,611,816	6,084,474	6,306,724	6,974,216

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

		Equity attributable to owners of the Company				
		Share capital	Less: Treasury shares	Reserves	Accumulated losses	Total
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2023		418,301	—	10,572,706	(3,518,819)	7,472,188
Loss for the year		—	—	—	(505,821)	(505,821)
Other comprehensive income		—	—	18,089	—	18,089
Total comprehensive loss for the year		—	—	18,089	(505,821)	(487,732)
Transactions with owners in their capacity as owners:						
Repurchase of shares for share awards scheme	*30*	—	(639,613)	—	—	(639,613)
Equity-settled share-based payments	*33(a)*	—	—	10,710	—	10,710
		—	(639,613)	10,710	—	(628,903)
Balance at December 31, 2023		418,301	(639,613)	10,601,505	(4,024,640)	6,355,553
Balance at January 1, 2024		418,301	(639,613)	10,601,505	(4,024,640)	6,355,553
Loss for the year		—	—	—	(693,014)	(693,014)
Other comprehensive income		—	—	18,178	—	18,178
Total comprehensive loss for the year		—	—	18,178	(693,014)	(674,836)
Transactions with owners in their capacity as owners:						
Repurchase of shares for share awards scheme	*30*	—	(175,214)	—	—	(175,214)
Equity-settled share-based payments	*33(a)*	—	—	176,274	—	176,274
		—	(175,214)	176,274	—	1,060
Balance at December 31, 2024		418,301	(814,827)	10,795,957	(4,717,654)	5,681,777
Balance at January 1, 2025		418,301	(814,827)	10,795,957	(4,717,654)	5,681,777
Loss for the year		—	—	—	(390,285)	(390,285)
Other comprehensive loss		—	—	(27,063)	—	(27,063)
Total comprehensive loss for the year		—	—	(27,063)	(390,285)	(417,348)
Transactions with owners in their capacity as owners:						
Equity-settled share-based payments	*33(a)*	—	—	127,134	—	127,134
Exercise of share awards		—	188,008	(121,742)	—	66,266
		—	188,008	5,392	—	193,400
Balance at December 31, 2025		418,301	(626,819)	10,774,286	(5,107,939)	5,457,829

		Equity attributable to owners of the Company				
		Share capital	Less: Treasury shares	Reserves	Accumulated losses	Total
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
(Unaudited)						
Balance at January 1, 2025		418,301	(814,827)	10,795,957	(4,717,654)	5,681,777
Loss for the period		—	—	—	(245,404)	(245,404)
Other comprehensive loss		—	—	(7,127)	—	(7,127)
Total comprehensive loss for the period		—	—	(7,127)	(245,404)	(252,531)
Transactions with owners in their capacity as owners:						
Equity-settled share-based payments	*33(a)*	—	—	76,715	—	76,715
Exercise of share awards		—	188,008	(121,742)	—	66,266
		—	188,008	(45,027)	—	142,981
Balance at June 30, 2025		418,301	(626,819)	10,743,803	(4,963,058)	5,572,227
(Unaudited)						
Balance at January 1, 2026		418,301	(626,819)	10,774,286	(5,107,939)	5,457,829
Profit for the period		—	—	—	84,244	84,244
Other comprehensive income		—	—	202,280	—	202,280
Total comprehensive income for the period		—	—	202,280	84,244	286,524
Transfer of gain on disposal of equity investments at FVOCI to accumulated losses (net of tax)		—	—	(8,887)	8,887	—
Transactions with owners in their capacity as owners:						
Equity-settled share-based payments	*33(a)*	—	—	35,868	—	35,868
Exercise of share awards		—	181,154	(117,296)	—	63,858
		—	181,154	(90,315)	8,887	99,726
Balance at June 30, 2026		418,301	(445,665)	10,886,251	(5,014,808)	5,844,079

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended December 31,			Six months ended June 30,	
		2023	2024	2025	2025	2026
	Note	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Cash flows from operating activities						
Cash used in operations	38(a)	(689,462)	(431,801)	(461,724)	(301,759)	(377,431)
Interest received		46,148	50,543	67,871	31,802	28,645
Income taxes paid		(35,014)	(30,267)	(61,864)	(2,176)	(29,265)
Net cash outflow from operating activities		(678,328)	(411,525)	(455,717)	(272,133)	(378,051)
Cash flows from investing activities						
Payments for property, plant and equipment		(52,682)	(54,352)	(19,268)	(16,094)	(9,723)
Payments for intangible assets		(67,190)	(191,888)	(64,358)	(24,023)	(48,292)
Payments for software subscription fees		—	—	(4,837)	—	—
Payments for financial assets at FVOCI		(22,927)	(108,513)	(4,000)	(4,000)	(37,450)
Payment for financial assets at FVPL		(16,207,000)	(11,033,752)	(5,462,513)	(3,625,000)	(496,679)
Purchase of investment in an associate		(100,000)	(100,000)	—	—	—
Loans to related parties		—	(6,000)	—	—	—
Proceeds from sale of property, plant and equipment		170	—	—	—	—
Proceeds from sale of financial assets at FVOCI		—	110,550	11,069	11,069	15,717
Proceeds from sale of financial assets at FVPL		18,260,598	12,052,738	6,037,246	3,864,842	711,198
Refund of overpaid consideration for financial assets at FVPL		—	3,416	—	—	—
Proceeds from disposal of investment in an associate		—	—	4,704	4,115	—
Repayment of loans by related parties		—	6,000	—	—	—
Dividends from an associate		—	—	22,491	18,137	—
Dividends from financial assets at FVOCI		89	—	—	—	—
Interest received on loans to related parties		—	89	—	—	—
Net cash inflow from investing activities		1,811,058	678,288	520,534	229,046	134,771
Cash flows from financing activities						
Proceeds from borrowings		—	197,332	445,033	202,064	255,588
Repayment of borrowings		—	(197,332)	(94,964)	—	(107,100)
Interest paid		—	(2,286)	(3,903)	(483)	(5,196)
Related payments of leases	38(c)	(31,340)	(30,677)	(26,550)	(14,615)	(15,326)
Repurchase of shares	30	(639,613)	(175,214)	—	—	—
Proceeds from exercise of share awards		—	—	66,266	66,266	63,858
Net cash (outflow)/inflow 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 the beginning of the financial 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 year/period	28	2,548,226	2,622,214	3,032,094	2,826,762	2,914,920

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 General information

ASR Microelectronics Co., Ltd. (hereinafter referred to as the "**Company**") was incorporated in the People's Republic of China (the "**PRC**") on April 30, 2015 as a limited liability company. On August 17, 2020, the Company completed its structural reorganization and was converted into a joint stock limited company. On January 14, 2022, the Company's A shares were listed on the STAR Market of the Shanghai Stock Exchange under the stock code 688220.

The Company and its subsidiaries (collectively referred to as the "**Group**") are principally engaged in the research and development and sales of wireless connectivity chips and smart device system-on-chips ("**SoCs**"), as well as the provision of custom application-specific integrated circuit ("**ASIC**") solutions and related licensing, testing and verification and other services.

As at the date of this report, the Company's principal subsidiaries during the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026 are set out in Note 12.

2 Basis of preparation

The principal accounting policies applied in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied to all the years/periods presented, unless otherwise stated.

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board ("**IFRS Accounting Standards**").

The Historical Financial Information has been prepared under the historical cost convention, except that certain financial assets/liabilities are carried at fair value.

The preparation of the Historical Financial Information in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information, are disclosed in Note 4.

All effective standards, amendments to standards and interpretations, which are mandatory for the financial year beginning on January 1, 2026, are consistently applied to the Group throughout the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026. These amendments did not have significant impact throughout the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026.

New standards and interpretations not yet adopted

The followings are new standards, amendments to existing standards and new interpretations that have been issued but are not effective for the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026 and have not been early adopted. The Group plans to adopt these new standards, amendments to standards and new interpretations when they become effective:

Standards and amendments	Effective for accounting periods beginning on or after
IFRS 18 Presentation and Disclosure in Financial Statement	January 1, 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	January 1, 2027
Translation to a Hyperinflationary Presentation Currency — Amendments to IAS 21	January 1, 2027
Amendments to IAS 28 Investments in Associates and Joint Ventures: Fair Value Option for Investments in Associates and Joint Ventures	January 1, 2027
IFRS 20 Regulatory Assets and Regulatory Liabilities	January 1, 2029
Sale or Contribution of Assets between an Investor and its Associate — Amendments to IFRS 10 and IAS 28	To be determined

According to the assessment made by the directors of the Company, these new and amended standards are either not relevant to the Group or not significant to the financial performance and positions of the Group when they become effective, except for IFRS 18 which will mainly impact the presentation of the consolidated statements of comprehensive (loss)/income.

IFRS 18 will replace IAS 1 Presentation of Financial Statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

Management is currently assessing the detailed implications of applying the new standard on the Group's consolidated financial statements. From the high-level preliminary assessment performed, the following potential impacts have been identified:

Impact on consolidated statements of comprehensive (loss)/income:

Although the adoption of IFRS 18 will have no impact on the Group's net profit, the Group expects that grouping items of income and expenses in the statements of comprehensive loss into the new categories will impact how operating profit is calculated and reported. From the high-level impact assessment that the Group has performed, the following items might potentially impact operating profit:

- Foreign exchange differences

Foreign exchange differences currently aggregated in the line item "other gains/(losses), net" in operating profit might need to be disaggregated, with some foreign exchange gains or losses presented below operating profit, unless doing so would involve undue cost or effort.

- Gain or loss of investments measured at FVPL

The gain or loss of investments measured at FVPL currently aggregated in the line item "other gains/(losses), net" in operating profit and will be presented below operating profit.

Impact on consolidated statements of financial position:

The line items presented on the primary financial statements might change as a result of the application of the concept of 'useful structured summary' and the enhanced principles on aggregation and disaggregation.

In addition, since goodwill will be required to be separately presented in the statements of financial position, the Group will disaggregate goodwill and other intangible assets and present them separately in the consolidated statement of financial position.

Impact on consolidated statements of cash flows:

There will be changes to how interest received are presented. Interest received as investing cash flows, which is a change from current presentation as part of operating cash flows.

Impact on disclosures:

The Group does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the aggregation/ disaggregation principles. In addition, there will be significant new disclosures required for:

- For the first annual period of application of IFRS 18, a reconciliation for each line item in the statement of comprehensive loss between the restated amounts presented by applying IFRS 18 and the amounts previously presented applying IAS 1.

The Group will apply the new standard from its mandatory effective date of January 1, 2027. Retrospective application is required, and so the comparative information for the financial year ending December 31, 2026 will be restated in accordance with IFRS 18.

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's consolidated financial performance. Risk management is carried out by finance department of the Group.

(a) Market risk

(i) Foreign exchange risk

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the group entities' functional currency. The Company's functional currency is RMB. The Company's subsidiaries were incorporated in Chinese Mainland, Hong Kong SAR, United States and Italy and these subsidiaries considered RMB, US dollars ("**USD**"), USD and Euro ("**EUR**") as their functional currencies, respectively.

Exposure

As at December 31, 2023, 2024 and 2025 and June 30, 2026, for the Group's subsidiaries with RMB as the functional currency, major monetary assets and liabilities exposed to foreign exchange risk are listed below:

	USD denominated			
	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)
Cash and cash equivalents	422,749	564,291	848,067	325,658
Trade and other payables	(36,111)	(23,551)	(76,200)	(36,053)
	386,638	540,740	771,867	289,605

As at December 31, 2023, 2024 and 2025 and June 30, 2026, for the USD-denominated financial assets and financial liabilities of the companies whose functional currency is RMB, if the RMB strengthened or weakened by 10% against USD and with all other variables held constant, the Group's loss before income tax would have increased or decreased by approximately RMB38,664,000, RMB54,074,000, RMB77,187,000 and RMB28,961,000, respectively.

As at December 31, 2023, 2024 and 2025 and June 30, 2026, for the Group's subsidiaries with USD as the functional currency, major monetary assets and liabilities exposed to foreign exchange risk are listed below:

	RMB denominated			
	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)
Cash and cash equivalents	27,639	37,482	36,088	41,924
Trade and other payables	(1,653)	(796)	—	(3,321)
	25,986	36,686	36,088	38,603

As at December 31, 2023, 2024 and 2025 and June 30, 2026, for the RMB-denominated financial assets and financial liabilities of the companies whose functional currency is USD, if the USD strengthened or weakened by 10% against RMB and with all other variables held constant, the Group's loss before income tax would have increased or decreased by approximately RMB2,599,000, RMB3,669,000, RMB3,609,000 and RMB3,860,000, respectively.

(ii) Cash flow and fair value interest rate risk

Except for certificates of deposits (Note 22), structured deposits (Note 23) and cash and cash equivalents (Note 28), the Group has no significant interest-bearing assets. The Group's income and operating cash flows are substantially independent of changes in market interest rates.

As the Group does not have any long-term bank borrowings or other long-term interest-bearing debts, the Group's exposure to interest rate risk is considered immaterial.

(iii) Price risk

Exposure

The Group is exposed to price risk in respect of structured deposits and equity investments held by the Group and classified in the consolidated statements of financial position as financial assets at FVPL or FVOCI.

The Group is not exposed to commodity price risk. To manage its price risk arising from the investments, the Group diversifies its portfolio. The investments are managed by management one by one, either for strategic purposes, or for the purpose of achieving investment yield and balancing the Group's liquidity level simultaneously.

Sensitivity

The Group is exposed to price risk mainly arising from equity investments held by the Group that are classified either as FVPL or FVOCI that will not be sold within one year.

Sensitivity analysis is performed by management to assess the exposure of the Group's financial results to equity price risk of FVPL and FVOCI at the end of each reporting period. If prices of the respective instruments held by the Group had been 10% higher/lower as at December 31, 2023, 2024 and 2025 and June 30, 2026, loss before income tax for the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026 would have been approximately RMB26,760,000, RMB30,629,000, RMB36,771,000 and RMB44,608,000 higher/lower, respectively, as a result of gains/losses on financial instruments classified as at FVPL, other comprehensive income ("**OCI**") would have been approximately RMB4,080,000, RMB4,715,000, RMB5,007,000 and RMB35,689,000 higher/lower as a result of gains/losses on financial instruments classified as at FVOCI, respectively.

(b) Credit risk

The Group is exposed to credit risk in relation to its cash and cash equivalents, restricted cash, certificates of deposits, structured deposits, trade receivables, contract assets, deposits, amounts due from a related party and other receivables. The carrying amounts of each class of the above financial assets represent the Group's maximum exposure to credit risk in relation to financial assets.

Risk Management

To manage risk arising from cash and cash equivalents, restricted cash, certificates of deposits and structured deposits, the Group transacts with state-owned or reputable financial institutions. There has been no recent history of default in relation to these financial institutions.

For trade receivables and contract assets, the Group has policies in place to ensure that sales with credit terms are made to counterparties with an appropriate credit history and the management performs ongoing credit evaluations of its counterparties. The credit period granted to the customers is usually no more than 90 days and the credit quality of these customers are assessed by taking into account their financial position, past experience and other factors.

For deposits, amounts due from a related party and other receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of these receivables based on historical settlement records, past experiences and forward looking information. In view of the history of cooperation with debtors and the sound collection history as well as the understanding of current and forward situation of counterparty, management believes that the credit risk inherent in the Group's outstanding deposits, amounts due from a related party and other receivables balances is low.

During the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, the Group did not have any financial guarantees or loan commitments.

As at December 31, 2023, 2024 and 2025 and June 30, 2026, the Group had no significant collateral or other credit enhancements held as a result of pledges by debtors.

Impairment of financial assets

The Group performs impairment assessment under the expected credit loss ("**ECL**") model on financial assets at amortized cost (mainly including trade receivables, contract assets, deposits, amounts due from a related party and other receivables). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

(i) Cash and cash equivalents, restricted cash and structured deposits

To manage risk arising from cash and cash equivalents, restricted cash and structured deposits, the Group transacts with state-owned or reputable financial institutions in Chinese Mainland and reputable international financial institutions outside of Chinese Mainland. There has been no recent history of default in relation to these financial institutions. These instruments are considered to have low credit risk because they have a low risk of default and the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term. Cash and cash equivalents, restricted cash and structured deposits are also subject to the impairment requirements of IFRS 9, while the identified impairment loss was immaterial.

(ii) Trade receivables and contract assets

For trade receivables and contract assets, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the trade receivables. To measure the ECL, trade receivables and contract assets have been grouped based on shared credit risk characteristics, credit rating and aging periods. The determination of the expected loss rates is based on the probability of default and the loss given the default with reference to the credit quality of the counterparties at the end of each reporting period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the Gross Domestic Product ("**GDP**") to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Contract assets

The Group and the Company

The loss allowance for contract assets of the Group and the Company as at December 31, 2023, 2024 and 2025 and June 30, 2026 was determined as follows:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
				(Unaudited)
Assessed based on grouping:				
Expected loss rate	0.69%	2.37%	1.78%	1.80%
Gross carrying amount *(RMB'000)*	6,678	4,007	1,690	1,113
Loss allowance provision *(RMB'000)*	(46)	(95)	(30)	(20)

The movement of loss allowance for contract assets of the Group and the Company during the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026 are as below:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000* *(Unaudited)*
At the beginning of the year/period	30	46	95	95	30
Allowance for/(reversal of) impairment losses	16	49	(65)	(67)	(10)
At the end of the year/period	46	95	30	28	20

Trade receivables

The Group

The loss allowance for trade receivables assessed based on grouping as at December 31, 2023, 2024 and 2025 and June 30, 2026 was determined as follows:

	Not past due	Past due	Total
Assessed based on grouping:			
At December 31, 2023			
Expected loss rate	0.55%	1.15%	0.56%
Gross carrying amount *(RMB'000)*	267,047	2,108	269,155
Loss allowance provision *(RMB'000)*	(1,480)	(24)	(1,504)
At December 31, 2024			
Expected loss rate	1.58%	3.47%	1.60%
Gross carrying amount *(RMB'000)*	332,396	4,108	336,504
Loss allowance provision *(RMB'000)*	(5,252)	(142)	(5,394)
At December 31, 2025			
Expected loss rate	1.67%	1.76%	1.67%
Gross carrying amount *(RMB'000)*	306,144	6,044	312,188
Loss allowance provision *(RMB'000)*	(5,105)	(107)	(5,212)
At June 30, 2026 ***(Unaudited)***			
Expected loss rate	1.67%	1.76%	1.67%
Gross carrying amount *(RMB'000)*	455,523	1,733	457,256
Loss allowance provision *(RMB'000)*	(7,554)	(31)	(7,585)

The movement of loss allowance for trade receivables assessed based on grouping during the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026 are as below:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
At the beginning of the year/period	1,048	1,504	5,394	5,394	5,212
Allowance for/(reversal of) impairment losses	449	3,863	(99)	1,173	2,539
Currency translation differences	7	27	(83)	(15)	(166)
At the end of the year/period	1,504	5,394	5,212	6,552	7,585

The loss allowance for trade receivables assessed individually as at December 31, 2023, 2024 and 2025 and June 30, 2026 was determined as follows:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
				(Unaudited)
Assessed individually:				
Expected loss rate	—	52.00%	73.00%	8.61%
Gross carrying amount *(RMB'000)*	—	15,245	6,857	6,857
Loss allowance provision *(RMB'000)*	—	(7,927)	(5,005)	(590)

The movement of loss allowance for trade receivables assessed individually during the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026 are as below:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	*(Unaudited)*
At the beginning of the year/period	—	—	7,927	7,927	5,005
Allowance for/(reversal of) impairment losses	—	7,927	(2,922)	—	(4,415)
At the end of the year/period	—	7,927	5,005	7,927	590

The Company

The loss allowance for trade receivables assessed based on grouping as at December 31, 2023, 2024 and 2025 and June 30, 2026 was determined as follows:

	Not past due	Past due	Total
Assessed based on grouping:			
At December 31, 2023			
Expected loss rate	0.48%	1.15%	0.49%
Gross carrying amount *(RMB'000)*	189,331	2,108	191,439
Loss allowance provision *(RMB'000)*	(910)	(24)	(934)
At December 31, 2024			
Expected loss rate	1.79%	3.47%	1.82%
Gross carrying amount *(RMB'000)*	218,133	4,108	222,241
Loss allowance provision *(RMB'000)*	(3,896)	(142)	(4,038)
At December 31, 2025			
Expected loss rate	1.76%	1.76%	1.76%
Gross carrying amount *(RMB'000)*	65,747	202,553	268,300
Loss allowance provision *(RMB'000)*	(1,160)	(3,573)	(4,733)
At June 30, 2026 ***(Unaudited)***			
Expected loss rate	1.76%	1.76%	1.76%
Gross carrying amount *(RMB'000)*	334,179	1,733	335,912
Loss allowance provision *(RMB'000)*	(5,894)	(31)	(5,925)

The movement of loss allowance for trade receivables assessed based on grouping during the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026 are as below:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
At the beginning of the year/period	659	934	4,038	4,038	4,733
Allowance for/(reversal of) impairment losses	275	3,104	695	817	1,192
At the end of the year/period	934	4,038	4,733	4,855	5,925

The loss allowance for trade receivables assessed individually as at December 31, 2023, 2024 and 2025 and June 30, 2026 was determined as follows:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
				(Unaudited)
Assessed individually:				
Expected loss rate	—	52.00%	73.00%	8.61%
Gross carrying amount *(RMB'000)*	—	15,245	6,857	6,857
Loss allowance provision *(RMB'000)*	—	(7,927)	(5,005)	(590)

The movement of loss allowance for trade receivables assessed individually during the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026 are as below:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
At the beginning of the year/period	—	—	7,927	7,927	5,005
Allowance for/(reversal of) impairment losses	—	7,927	(2,922)	—	(4,415)
At the end of the year/period	—	7,927	5,005	7,927	590

(iii) Other receivables

For other receivables, management makes periodic collective assessments as well as individual assessment on the recoverability based on historical settlement records, past experience and forward-looking information on macroeconomic factors affecting the ability of the obligors to settle the receivables.

The Group

The loss allowance for other receivables as at December 31, 2023, 2024 and 2025 and June 30, 2026 was determined as follows:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
				(Unaudited)
ECL rate				
— Assessed individually	12.61%	52.00%	73.00%	100.00%
— Assessed based on grouping	2.98%	0.64%	2.37%	0.46%
Gross carrying amount *(RMB'000)*				
— Assessed individually	14,700	14,700	10,000	10,000
— Assessed based on grouping	8,460	28,532	6,574	34,661
Loss allowance provision *(RMB'000)*				
— Assessed individually	(1,853)	(7,644)	(7,300)	(10,000)
— Assessed based on grouping	(252)	(184)	(156)	(160)

The movement of loss allowance for other receivables during the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026 are as below:

	Stage 1					Stage 3		
	Assessed based on grouping		Assessed individually		Sub-total	Assessed individually		Total
	Gross carrying amount	Loss allowance provision	Gross carrying amount	Loss allowance provision	Loss allowance provision	Gross carrying amount	Loss allowance provision	Loss allowance provision
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2023	7,640	(193)	14,700	(2,248)	(2,441)	—	—	(2,441)
Additions	1,399	(90)	—	—	(90)	—	—	(90)
Reductions	(586)	32	—	—	32	—	—	32
Changes in allowance arising from changes in parameter data used	—	—	—	395	395	—	—	395
Currency translation differences	7	(1)	—	—	(1)	—	—	(1)
As at December 31, 2023	8,460	(252)	14,700	(1,853)	(2,105)	—	—	(2,105)
Additions	21,862	(29)	—	—	(29)	—	—	(29)
Reductions	(1,790)	95	—	—	95	—	—	95
Transfer from stage 1 to stage 3	—	—	(14,700)	1,853	1,853	14,700	(1,853)	—
Changes in allowance arising from changes in parameter data used	—	—	—	—	—	—	(5,791)	(5,791)
Currency translation differences	—	2	—	—	2	—	—	2
As at December 31, 2024	28,532	(184)	—	—	(184)	14,700	(7,644)	(7,828)
As at December 31, 2024	28,532	(184)	—	—	(184)	14,700	(7,644)	(7,828)
Additions	1,415	(36)	—	—	(36)	—	—	(36)
Reductions	(23,373)	60	—	—	60	(4,700)	2,444	2,504
Changes in allowance arising from changes in parameter data used	—	—	—	—	—	—	(2,100)	(2,100)
Currency translation differences	—	4	—	—	4	—	—	4
As at December 31, 2025	6,574	(156)	—	—	(156)	10,000	(7,300)	(7,456)
(Unaudited)								
As at January 1, 2025	28,532	(184)	—	—	(184)	14,700	(7,644)	(7,828)
Additions	36,638	(21)	—	—	(21)	—	—	(21)
Reductions	(22,196)	37	—	—	37	(700)	—	37
Currency translation differences	(5)	5	—	—	5	—	—	5
As at June 30, 2025	42,969	(163)	—	—	(163)	14,000	(7,644)	(7,807)
(Unaudited)								
As at January 1, 2026	6,574	(156)	—	—	(156)	10,000	(7,300)	(7,456)
Additions	28,183	(15)	—	—	(15)	—	—	(15)
Reductions	(96)	3	—	—	3	—	—	3
Changes in allowance arising from changes in parameter data used	—	—	—	—	—	—	(2,700)	(2,700)
Currency translation differences	—	8	—	—	8	—	—	8
As at June 30, 2026	34,661	(160)	—	—	(160)	10,000	(10,000)	(10,160)

The Company

The loss allowance for amounts due from a subsidiary and other receivables as at December 31, 2023, 2024 and 2025 and June 30, 2026 was determined as follows:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
				(Unaudited)
ECL rate				
— Assessed individually	12.61%	52.00%	73.00%	100.00%
— Assessed based on grouping	3.13%	1.05%	2.00%	0.65%
Gross carrying amount *(RMB'000)*				
— Assessed individually	14,700	14,700	10,000	10,000
— Assessed based on grouping	11,386	32,819	10,925	35,060
Loss allowance provision *(RMB'000)*				
— Assessed individually	(1,853)	(7,644)	(7,300)	(10,000)
— Assessed based on grouping	(356)	(346)	(218)	(228)

The movement of loss allowance for amounts due from a subsidiary and other receivables during the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026 are as below:

	Stage 1					Stage 3		
	Assessed based on grouping		Assessed individually		Sub-total	Assessed individually		Total
	Gross carrying amount	Loss allowance provision	Gross carrying amount	Loss allowance provision	Loss allowance provision	Gross carrying amount	Loss allowance provision	Loss allowance provision
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2023	29,535	(268)	14,700	(2,248)	(2,516)	—	—	(2,516)
Additions	226	(199)	—	—	(199)	—	—	(199)
Reductions	(18,375)	111	—	—	111	—	—	111
Changes in allowance arising from changes in parameter data used	—	—	—	395	395	—	—	395
As at December 31, 2023	11,386	(356)	14,700	(1,853)	(2,209)	—	—	(2,209)
Additions	21,584	(4)	—	—	(4)	—	—	(4)
Reductions	(151)	14	—	—	14	—	—	14
Transfer from stage 1 to stage 3	—	—	(14,700)	1,853	1,853	14,700	(1,853)	—
Changes in allowance arising from changes in parameter data used	—	—	—	—	—	—	(5,791)	(5,791)
As at December 31, 2024	32,819	(346)	—	—	(346)	14,700	(7,644)	(7,990)
Additions	357	(3)	—	—	(3)	—	—	(3)
Reductions	(22,251)	22	—	—	22	(4,700)	2,444	2,466
Changes in allowance arising from changes in parameter data used	—	109	—	—	109	—	(2,100)	(1,991)
As at December 31, 2025	10,925	(218)	—	—	(218)	10,000	(7,300)	(7,518)
(Unaudited)								
As at January 1, 2025	32,819	(346)	—	—	(346)	14,700	(7,644)	(7,990)
Additions	31,871	(12)	—	—	(12)	—	—	(12)
Reductions	(22,013)	25	—	—	25	(700)	—	25
As at June 30, 2025	42,677	(333)	—	—	(333)	14,000	(7,644)	(7,977)

	Stage 1					Stage 3		
	Assessed based on grouping		Assessed individually		Sub-total	Assessed individually		Total
	Gross carrying amount	Loss allowance provision	Gross carrying amount	Loss allowance provision	Loss allowance provision	Gross carrying amount	Loss allowance provision	Loss allowance provision
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
(Unaudited)								
As at January 1, 2026	10,925	(218)	—	—	(218)	10,000	(7,300)	(7,518)
Additions	24,146	(10)	—	—	(10)	—	—	(10)
Reductions	(11)	—	—	—	—	—	—	—
Changes in allowance arising from changes in parameter data used	—	—	—	—	—	—	(2,700)	(2,700)
As at June 30, 2026	35,060	(228)	—	—	(228)	10,000	(10,000)	(10,228)

(c) Liquidity risk

Due to the dynamic nature of the underlying businesses, the policy of the Group is to regularly monitor the Group's liquidity risk and to maintain adequate cash and cash equivalents to meet the Group's liquidity requirements.

The table below analyzes the Group's financial liabilities into relevant maturity groupings based on the remaining period at each balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2023				
Trade payables	187,662	—	—	187,662
Other payables and accruals (excluding salaries, wages and benefits payables, tax payables and other non-financial liabilities)	158,798	—	—	158,798
Lease liabilities	29,127	16,467	3,528	49,122
	375,587	16,467	3,528	395,582
As at December 31, 2024				
Trade payables	177,939	—	—	177,939
Other payables and accruals (excluding salaries, wages and benefits payables, tax payables and other non-financial liabilities)	192,868	—	—	192,868
Lease liabilities	22,207	7,243	5,496	34,946
	393,014	7,243	5,496	405,753

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2025				
Trade payables	284,312	—	—	284,312
Other payables and accruals (excluding salaries, wages and benefits payables, tax payables and other non-financial liabilities)	282,014	79,639	—	361,653
Borrowings	354,845	—	—	354,845
Lease liabilities	22,988	19,161	18,378	60,527
	944,159	98,800	18,378	1,061,337
As at June 30, 2026 ***(Unaudited)***				
Trade payables	304,013	—	—	304,013
Other payables and accruals (excluding salaries, wages and benefits payables, tax payables and other non-financial liabilities)	318,276	79,639	—	397,915
Borrowings	503,116	—	—	503,116
Lease liabilities	23,466	19,052	9,550	52,068
	1,148,871	98,691	9,550	1,257,112

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to enhance shareholders' value in the long-term.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026.

The Group monitors capital on the basis of the asset-liability ratio and the asset-liability ratio as at December 31, 2023, 2024, 2025 and June 30, 2026 were as follows:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
				(Unaudited)
Total assets *(RMB'000)*	7,298,552	6,536,868	6,980,219	7,793,958
Total liabilities *(RMB'000)*	942,999	855,091	1,522,390	1,949,879
Asset-liability ratio	12.92%	13.08%	21.81%	25.02%

3.3 Fair value estimation

(a) Financial assets and liabilities

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognized and measured at fair value in the consolidated financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2023				
Financial assets:				
Financial assets at FVPL				
— Structured deposits	—	—	1,904,526	1,904,526
— Industry fund investments	—	—	151,564	151,564
— Equity investment in unlisted entities	—	—	116,038	116,038
	—	—	2,172,128	2,172,128
Financial assets at FVOCI				
— Equity investment in listed entities	22,201	—	—	22,201
— Equity investment in unlisted entities	—	—	18,600	18,600
— Certificates of deposits	—	10,648	—	10,648
	22,201	10,648	18,600	51,449
	22,201	10,648	2,190,728	2,223,577

	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2024				
Financial assets:				
Financial assets at FVPL				
— Structured deposits	—	—	796,308	796,308
— Industry fund investments	—	—	175,157	175,157
— Equity investment in unlisted entities	—	—	131,132	131,132
	—	—	1,102,597	1,102,597
Financial assets at FVOCI				
— Equity investment in listed entities	28,550	—	—	28,550
— Equity investment in unlisted entities	—	—	18,600	18,600
— Certificates of deposits	—	10,998	—	10,998
	28,550	10,998	18,600	58,148
	28,550	10,998	1,121,197	1,160,745
At December 31, 2025				
Financial assets:				
Financial assets at FVPL				
— Structured deposits	—	—	220,115	220,115
— Industry fund investments	—	—	189,775	189,775
— Equity investment in unlisted entities	—	—	177,939	177,939
	—	—	587,829	587,829
Financial assets at FVOCI				
— Equity investment in listed entities	27,474	—	—	27,474
— Equity investment in unlisted entities	—	—	22,600	22,600
	27,474	—	22,600	50,074
	27,474	—	610,429	637,903

	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At June 30, 2026 *(Unaudited)*				
Financial assets:				
Financial assets at FVPL				
— Industry fund investments	—	—	224,576	224,576
— Equity investment in unlisted entities	—	—	221,506	221,506
	—	—	446,082	446,082
Financial assets at FVOCI				
— Equity investment in listed entities	54,447	—	276,941	331,388
— Equity investment in unlisted entities	—	—	25,502	25,502
	54,447	—	302,443	356,890
	54,447	—	748,525	802,972

As at December 31, 2023, 2024 and 2025 and June 30, 2026, the Group did not have any liabilities that were measured at fair value on a recurring basis.

There were no transfers between Level 2 and Level 3, for recurring fair value measurements during the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, structured deposits and industry fund investments.

(ii) Valuation techniques used to determine fair values

For financial instruments traded in an active market, the Group determines their fair values using quoted market prices in an active market.

The Group's finance team manages the valuation of level 3 instruments for financial reporting purposes. The team manages the valuation exercise of the investments on a case by case basis. At least at each balance sheet date, the team uses valuation techniques to determine the fair value of the Group's level 3 instruments.

As these instruments are not traded in an active market, their fair values have been determined by using various applicable valuation techniques, including:

- the expected return method;
- the comparable company multiple approach;
- the backsolve method using the latest equity financing price; and
- the asset-based approach.

Inputs to the valuation techniques primarily include the expected rate of return, Price-to-Book Ratio ("**P/B Ratio**") of comparable companies, discount for lack of marketability ("**DLOM**"), net assets value of industry fund and latest equity financing price.

The following table presents the changes in level 3 instruments of financial assets at fair value for the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026.

	Financial assets at FVPL				
	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000* (Unaudited)
Opening balance	4,137,524	2,172,128	1,102,597	1,102,597	587,829
Additions	16,207,000	11,030,337	5,462,513	3,625,000	496,679
Disposals	(18,260,598)	(12,052,738)	(6,037,246)	(3,864,842)	(711,198)
Changes in fair value recognized in profit or loss	88,202	(47,130)	59,965	7,834	73,090
Currency translation differences	—	—	—	—	(318)
Closing balance	2,172,128	1,102,597	587,829	870,589	446,082

	Financial assets at FVOCI				
	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
Opening balance	22,911	18,600	18,600	18,600	22,600
Additions	12,600	—	4,000	4,000	37,450
Transfer into Level 1	(22,201)	—	—	—	—
Changes in fair value recognized in other comprehensive income or loss	5,290	—	—	—	242,393
Closing balance	18,600	18,600	22,600	22,600	302,443

(iii) Fair value measurements using significant unobservable inputs (level 3)

The Group's finance department is responsible for the valuation of financial assets and financial liabilities. In addition, the Group engages external independent valuers to assess the fair value of the Group's investments measured at FVPL and FVOCI. The valuation results referred to above are independently verified and accounted for by the Group's finance department, and the disclosure information relating to fair value is prepared based on the verified valuation results.

The following table summarizes the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements.

At December 31, 2023

Description	Fair value	Valuation technique	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
	RMB'000				
Financial assets at FVPL					
— Structured deposits	1,904,526	Expected return method	Expected rate of return	2.00%-3.00%	The higher the expected rate of return, the higher the fair value
— Equity investment in unlisted entity	15,000	Comparable company multiple approach	P/B Ratio of comparable companies/DLOM	7.61/28.70%	The higher the P/B Ratio of comparable companies, the higher the fair value The higher the DLOM, the lower the fair value
Financial assets at FVOCI					
— Equity investment in unlisted entities	18,600	Comparable company multiple approach	P/B Ratio of comparable companies/DLOM	2.22/28.70%	The higher the P/B Ratio of comparable companies, the higher the fair value The higher the DLOM, the lower the fair value

As at December 31, 2023, the fair value of industry fund investments measured at FVPL level 3 was RMB151,564,000. The valuation technique is asset-based approach, and the unobservable inputs are the net assets of the industry fund investments as at December 31, 2023, which are positively correlated with the fair value measured.

As at December 31, 2023, the fair value of certain equity investments in unlisted entities measured at FVPL level 3 was RMB101,038,000. The valuation technique is backsolve method, and the unobservable inputs are the latest equity financing price of the unlisted entities, which are positively correlated with the fair value measured.

At December 31, 2024

Description	Fair value	Valuation technique	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
	RMB'000				
Financial assets at FVPL					
— Structured deposits	796,308	Expected return method	Expected rate of return	1.95%-2.60%	The higher the expected rate of return, the higher the fair value
— Equity investment in unlisted entity	15,074	Comparable company multiple approach	P/B Ratio of comparable companies/DLOM	6.59/32.5%	The higher the P/B Ratio of comparable companies, the higher the fair value The higher the DLOM, the lower the fair value

As at December 31, 2024, the fair value of industry fund investments and an equity investment in an unlisted entity measured at FVPL level 3 were RMB175,157,000 and RMB116,058,000, respectively. The valuation technique is asset-based approach, and the unobservable inputs are the net assets of the industry fund investments and equity investment as at December 31, 2024, which are positively correlated with the fair value measured.

As at December 31, 2024, the fair value of certain equity investment in unlisted entities measured at FVOCI level 3 was RMB18,600,000. The valuation technique is backsolve method, and the unobservable inputs are the latest equity financing price of the unlisted entities, which are positively correlated with the fair value measured.

At December 31, 2025

Description	Fair value	Valuation technique	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
	RMB'000				
Financial assets at FVPL					
— Structured deposits	220,115	Expected return method	Expected rate of return	1.75%-2.05%	The higher the expected rate of return, the higher the fair value
— Equity investment in unlisted entity	14,155	Comparable company multiple approach	P/B Ratio of comparable companies/DLOM	9.87/32.1%	The higher the P/B Ratio of Comparable Companies, the higher the fair value The higher the DLOM, the lower the fair value

As at December 31, 2025, the fair value of industry fund investments and an equity investment in an unlisted entity measured at FVPL level 3 were RMB189,775,000 and RMB157,021,000, respectively. The valuation technique is asset-based approach, and the unobservable inputs are the net assets of the industry fund investments and equity investment as at December 31, 2025, which are positively correlated with the fair value measured.

As at December 31, 2025, the fair value of certain equity investments in unlisted entities measured at FVPL and FVOCI level 3 were RMB6,763,000 and RMB22,600,000, respectively. The valuation technique is backsolve method, and the unobservable inputs are the latest equity financing price of the unlisted entities, which are positively correlated with the fair value measured.

At June 30, 2026 *(Unaudited)*

Description	Fair value	Valuation technique	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
	RMB'000				
Financial assets at FVPL					
— Equity investment in unlisted entity .	11,658	Comparable company multiple approach	P/B Ratio of comparable companies/DLOM	9.87/32.1%	The higher the P/B Ratio of Comparable Companies, the higher the fair value The higher the DLOM, the lower the fair value
Financial assets at FVOCI					
— Equity investment in listed entity. .	276,941	Comparable company multiple approach	Closing price in the secondary market/ DLOM	193.61/19.57%	The higher the closing price in the secondary market, the higher the fair value The higher the DLOM, the lower the fair value

As at June 30, 2026, the fair value of industry fund investments and an equity investment in an unlisted entity measured at FVPL level 3 were RMB224,576,000 and RMB196,724,000, respectively. The valuation technique is asset-based approach, and the unobservable inputs are the net assets of the industry fund investments and equity investment as at June 30, 2026, which are positively correlated with the fair value measured.

As at June 30, 2026, the fair value of certain equity investments in unlisted entities measured at FVPL and FVOCI level 3 were RMB13,124,000 and RMB25,502,000, respectively. The valuation technique is backsolve method, and the unobservable inputs are the latest equity financing price of the unlisted entities, which are positively correlated with the fair value measured.

4 Critical accounting estimates and judgements

The preparation of consolidated financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

4.1 Critical accounting judgement

(a) Assessment of significant increase in credit risk and credit-impaired financial assets

In determining the staging of financial instruments, the Group assesses whether there has been a significant increase in credit risk and whether credit impairment has occurred as follows:

The Group considers that a significant increase in credit risk has occurred when the number of days past due exceeds 30 days and one or more of the following indicators have changed significantly: the operating environment of the debtor, internal or external credit ratings, significant changes in actual or expected operating results, or a significant decline in the value of collateral or the credit rating of the guarantor that would affect the probability of default.

The Group considers that credit impairment has occurred (i.e., a default event has taken place) when the number of days past due exceeds 90 days and one or more of the following conditions are met: the debtor is experiencing significant financial difficulty, is undergoing other debt restructuring, or is likely to become bankrupt.

Details of the key assumptions and inputs used are disclosed in the tables in Note 3.1(b).

4.2 Critical accounting estimates

(a) Measurement of the expected credit losses

The Group calculates expected credit losses based on exposure at default and expected credit loss rates, and determines the expected credit loss rates based on probability of default and loss given default. In determining the expected credit loss rates, the Group uses internal historical credit loss experience and other data, and adjusts the historical data based on current conditions and forward-looking information.

In considering forward-looking information, the Group incorporates different macroeconomic scenarios.

The following table presents the probability weights assigned to the "favorable", "base" and "unfavorable" economic scenarios for the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, respectively:

	As at December 31,			As at June 30,	
	2023	2024	2025	2025	2026
				(Unaudited)	*(Unaudited)*
Favorable	25%	25%	25%	25%	25%
Base	50%	50%	50%	50%	50%
Unfavorable	25%	25%	25%	25%	25%

The key macroeconomic assumptions used in estimating expected credit losses include the risk of economic downturn, changes in the external market environment and technological environment, among others. The key parameters include GDP.

The following table presents the values of the most significant applicable GDP indicator under the "favorable", "base" and "unfavorable" scenarios for the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, respectively:

	As at December 31,			As at June 30,	
	2023	2024	2025	2025	2026
				(Unaudited)	*(Unaudited)*
Favorable	5.7%	5.4%	5.3%	5.4%	5.3%
Base	4.4%	4.4%	4.5%	4.4%	4.5%
Unfavourable	3.0%	3.2%	3.2%	3.2%	3.2%

The Group regularly monitors and reviews the assumptions and parameters used in the expected credit loss calculation. During the years ended December 31, 2023, 2024 and 2025, and the six months ended June 30, 2025 and 2026, the Group has considered the uncertainties under different macroeconomic scenarios and has updated the relevant assumptions and parameters accordingly.

(b) Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Judgment is required to identify any impairment indicators existing for any of the Group's goodwill, intangible assets and other non-financial assets, to determine appropriate impairment approaches, i.e., fair value less costs of disposal or value in use, for impairment testing purposes, and to select key assumptions applied in the adopted valuation models, including discounted cash flows and market approach. Changes in the assumptions selected by management in assessing impairment could materially affect the result of the impairment test and in turn affect the Group's financial condition and results of operations. If there is a significant adverse change in the key assumptions applied, it may be necessary to take additional impairment charge to the consolidated statements of comprehensive (loss)/ income.

(c) Estimation of depreciation of property, plant and equipment and amortization of intangible assets

The Group determines the estimated useful lives and consequently the related amortization charges for its intangible assets (other than goodwill), and reviews the useful lives periodically to ensure that the method and rates of amortization are consistent with the expected pattern of realization of economic benefits from them. This estimate is based on the historical experience of the actual useful lives of the intangible assets (other than goodwill) of similar nature and functions. If there are significant changes from previously estimated useful lives, the amount of amortization expenses may change.

The Group's management determines the estimated useful lives and residual values and consequently the related depreciation charges for its property, plant and equipment, and reviews the useful lives and residual values periodically to ensure that the method and rates of depreciation are consistent with the expected pattern of realization of economic benefits from property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. If there are significant changes from previously estimated useful lives and residual values, the amount of depreciation expenses may change.

(d) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion, selling expenses and related taxes. These estimates are based on the current market condition and historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of changes in market demands and competitor actions in response to industry cycles. The Group reassesses the estimates on a regular basis.

(e) Estimation of provision for warranty claims

The Group provides product warranties on the chip products based on the contracts with its customers at the time of sale of chip products. The Group accrues a warranty provision based on sales volume and historical warranty experience data. The Group re-evaluates the adequacy of the warranty provision on a regular basis.

(f) Estimation of share-based payment expenses

As mentioned in Note 33, the Group grants share awards to its employees. The Group adopts the Black-Scholes model to determine the total grant-date fair value of share awards granted, which is to be expensed over the respective vesting periods. Significant estimates and judgment on key parameters, such as risk-free rates, dividend yield and expected volatility, are required to be made by the Group based on historical experience and other relevant factors in applying the Black-Scholes Model. These estimates and judgments could materially affect the grant-date fair value of these share awards granted.

The Group has to estimate the expected yearly percentage of grantees that will stay within the Group at the end of vesting periods of the share awards (the "**Expected Retention Rate**") in order to determine the amount of share-based compensation expenses charged to the consolidated statements of comprehensive (loss)/income. Where the final or revised Expected Retention Rate is different from the prior estimates, such differences will impact the share-based compensation expenses in subsequent periods.

(g) Estimation of current and deferred income tax

The Group is subject to corporate income taxes in multiple jurisdictions. In the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. Significant judgement is required in determining the provision for income taxes in each jurisdiction. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax expense and deferred tax amounts in the period in which such determination is made.

Deferred tax assets are recognized in respect of tax losses that can be carried forward to future years to the extent that it is probable that future taxable profits will be available against which the tax losses can be utilized. Future taxable profits include taxable profits that the Group expects to realize through its normal operating activities, as well as additional taxable profits that will arise from the reversal of taxable temporary differences generated in prior periods. In determining the timing and amount of future taxable profits, the Group is required to apply estimates and judgement. If actual results differ from the estimates, such differences may result in adjustments to the carrying amount of deferred tax assets.

(h) Estimation of the fair value of certain financial assets

The fair value assessment of financial assets at FVPL and FVOCI that are measured at level 3 fair value hierarchy requires significant estimates, which include net assets value of industry fund, latest equity financing price and other assumptions. Changes in these assumptions and estimates could materially affect the respective fair value measurement of these investments.

5 Segment information

The Group's business activities is the research and development and sales of wireless connectivity chips and smart device S0Cs, as well as the provision of custom ASIC solutions and related licensing, testing and verification and other services.

An operating segment is a component of the Group that satisfies all of the following conditions: (1) it is able to generate revenue and incur expenses in the ordinary course of its activities; (2) the Group's management regularly evaluates the operating results of the component to make decisions about resources to be allocated to the segment and assess its performance; and (3) the Group is able to obtain relevant accounting information relating to the component, such as its financial position, operating results and cash flows. Two or more operating segments may be aggregated into a single operating segment if they have similar economic characteristics and meet certain specified conditions.

Based on the Group's internal organizational structure, management requirements and internal reporting system, the Group has identified its business as a single operating segment. The Group does not distinguish between markets or segments for the purpose of internal reports.

The following illustrates the revenue from customers which contributing over 10% of the total revenue of the Group:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000* (Unaudited)
Customer I	1,108,886	1,255,833	1,433,906	688,090	904,346
Customer II	425,117	722,042	848,336	451,571	462,376
Customer III	*	445,927	441,900	210,365	329,667

* *Less than 10%*

Except for customers listed above, no other customer contributed over 10% of the total revenue of the Group for the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026.

6 Revenue

(a) Disaggregation of revenue from contracts with customers by revenue streams is as follows:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000* (Unaudited)
ASR-branded products	2,246,293	3,013,761	3,579,331	1,753,622	2,113,622
Custom ASIC solutions					
— Chip customization services	125,298	222,017	105,712	61,517	253,466
— Volume-production chip sales	100,964	113,711	111,510	64,715	68,437
Semiconductor intellectual property ("**IP**") licensing services					
— IP licensing fees	117,144	30,750	15,139	15,137	13,399
— IP platform royalties	6,241	4,487	4,965	2,778	2,271
Chip testing and verification services and others	3,976	1,017	146	297	80
	2,599,916	3,385,743	3,816,803	1,898,066	2,451,275

For the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, the IP platform royalties within the Group's semiconductor IP licensing revenue were recognized over time. The Group's remaining revenues were recognized at a point in time.

(b) The following table shows unsatisfied performance obligations resulting from contracts that are partially or fully unsatisfied:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000* (Unaudited)
Aggregate amount of the transaction price allocated to a long-term contract that are partially or fully unsatisfied, to be recognized:					
— Within 1 year	1,104,769	1,356,762	1,041,739	857,028	1,878,195
— After 1 year but less than 2 years	1,106	2,487	304,363	10,713	485,945
	1,105,875	1,359,249	1,346,102	867,741	2,364,140

(c) Assets and liabilities related to contracts with customers

Contract assets

The Group and the Company

The Group and the Company have recognized the following assets related to contracts with customers:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Non-current assets				
Contract assets	1,113	—	—	—
Less: allowance for credit losses	(2)	—	—	—
	1,111	—	—	—
Current assets				
Contract assets	5,565	4,007	1,690	1,113
Less: allowance for credit losses	(44)	(95)	(30)	(20)
	5,521	3,912	1,660	1,093
	6,632	3,912	1,660	1,093

(i) Contract assets are mainly related to chip customization services.

Contract assets are generally the final payments of revenue contracts which are due at the end of the quality assurance period (typically 1 year). Contract assets are recorded as the Group has no unconditional right on these amounts of consideration when the related revenue is recognized upon the acceptance of the related products or services by customers.

(ii) As discussed in Note 3.1(b), the Group applies simplified approach under IFRS 9 to measure the expected credit loss, which uses a lifetime expected loss allowance, for contract assets.

Contract liabilities

The Group

The Group has recognized the following liabilities related to contracts with customers:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Non-current liabilities				
Advances on semiconductor IP licensing	1,106	2,487	450	1,608
Current liabilities				
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
	219,507	171,087	231,347	465,912
	220,613	173,574	231,797	467,520

Contract liabilities of the Group mainly arise from the advance payments made by customers while the underlying products are yet to be delivered, or underlying services are yet to be provided.

The following table shows the revenue recognized in the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026 related to carried-forward contract liabilities of the Group:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
Revenue recognized that was included in contract liabilities at the beginning of the year/period	136,412	195,386	114,557	112,800	178,881

The Company

The Company has recognized the following liabilities related to contracts with customers:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Non-current liabilities				
Advances on semiconductor IP licensing	1,044	2,008	403	1,284
Current liabilities				
Advances on chip customization services	166,827	63,857	152,080	165,124
Advances on sales of goods	7,407	5,657	5,004	12,771
Advances on semiconductor IP licensing	2,520	5,114	2,179	2,248
	176,754	74,628	159,263	180,143
	177,798	76,636	159,666	181,427

The following table shows the revenue recognized in the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026 related to carried-forward contract liabilities of the Company:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000* (Unaudited)
Revenue recognized that was included in contract liabilities at the beginning of the year/period	107,412	168,048	60,120	56,144	126,133

(d) Assets recognized from costs to fulfil a contract

The Group

In addition to the contract balances disclosed above, the Group has also recognized asset in relation to costs to fulfil contract. This asset is presented within inventory (Note 24) in the consolidated statements of financial position:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)
Contract fulfilment costs	97,557	38,372	80,550	92,343
Less: Provision for impairment loss	—	—	—	—
	97,557	38,372	80,550	92,343

The Company

In addition to the contract balances disclosed above, the Company has also recognized asset in relation to costs to fulfil contract. This asset is presented within inventory (Note 24) in the statements of financial position of the Company:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)
Contract fulfilment costs	97,557	38,372	80,550	88,126
Less: Provision for impairment loss	—	—	—	—
	97,557	38,372	80,550	88,126

(e) Accounting policies of revenue recognition

The Group recognizes revenue when control of the goods or services is transferred to the customer, at the amount of consideration to which the Group expects to be entitled.

(i) ASR-branded products

The Group sells non-customized chip products through three models: direct sales, buy-out distribution and consignment distribution. Revenue from sales of chip products is recognized when control of the chip products is transferred to the customer. The point at which control of the chip products is transferred varies depending on the terms of the sales arrangement. Under direct sales arrangements, the Group recognizes revenue when the chip products are delivered to the end customer or its designated carrier. Under buy-out distribution arrangements, the Group recognizes revenue when the chip products are delivered to the distributor or its designated carrier. Under consignment distribution arrangements, the Group recognizes revenue when the agency distributor ships the Group's chip products to the end customer and submits a consignment settlement statement to the Group.

Various sales rebates granted by the Group to distributors and customers are settled by way of deduction from amounts payable or cash payments, and are recognized as a reduction of revenue.

The credit period granted by the Group to distributors or end customers is generally 30 to 90 days, which is consistent with industry practice and does not contain a significant financing component. The Group provides a one-year product quality warranty for its chip products, for which a corresponding provision is recognized as cost of sales and a provision liability (Note 43.14).

(ii) Custom ASIC solutions

The Group provides chip customization services to its customers. Such services encompass the entire process whereby the Group, based on the customer's requirements in respect of chip functionality, performance, power consumption, size and cost, defines the chip specifications and selects the intellectual property, carries out design, implementation and verification to progressively generate a layout that can be used for chip manufacturing, and engages a wafer foundry to produce engineering wafers based on the layout, and an assembly and testing house to perform packaging and testing of engineering samples, thereby completing the production of chip engineering samples, and ultimately delivers the engineering samples to the customer. During the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, the chip customization services the Group provided didn't meet the conditions for revenue recognition over time, therefore the Group recognized the revenue for the customized design services at a point in time when the engineering samples are delivered to the customer and the chip functionality acceptance is passed.

Once the customized chip enters volume production, the Group may be engaged by the customers to manufacture and sell the relevant chips to the customers. The sales contracts for chips in the volume production phase are entered into separately and priced independently, and the revenue recognition method is consistent with that for sales of chip products as described in (i) above.

(iii) Semiconductor IP licensing services

The Group provides semiconductor IP licensing to its customers. Where all of the following three conditions are met, the related revenue is recognized as a performance obligation satisfied over time; otherwise, revenue is recognized as a performance obligation satisfied at a point in time:

- the contract requires, or the customer can reasonably expects, that the Group will undertake activities that significantly affect the intellectual property to which the customer has right;

- the rights granted by the licence directly expose the customer to any positive or negative effects of the Group's activities identified above; and

- those activities do not result in the transfer of a good or service to the customer as those activities occur.

The Group recognizes revenue of IP licensing fees at a point in time when the semiconductor IP is licensed to the customer and the customer is able to use the relevant semiconductor IP.

The Group recognizes revenue of IP platform royalties on a straight-line basis over the contract period, which grants customers the right to access the Group's technology platform.

(iv) Chip testing and verification services

The Group provides separate chip testing and verification services to customers. Revenue is recognized at a point in time when the relevant testing or verification is completed and accepted by the customer.

7 Other income

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000* (Unaudited)
Government grants (a)	37,533	52,961	117,332	98,454	6,523
Others	1,628	1,315	1,235	1,216	1,795
	39,161	54,276	118,567	99,670	8,318

(a) Government grants

The government grants were mainly incentives provided by local government authorities in the PRC, which mainly consist of subsidies received from government in support of the Group's research and experimental development ("**R&D**") projects and activities carried out in high-technology advancement.

(b) Accounting policies of government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs and expenses are deferred and recognized in the profit or loss over the period necessary to match them with the costs and expenses that they are intended to compensate.

Government grants relating to property and equipment and other non-current assets are included in the non-current liabilities and are credited to the consolidated statements of comprehensive (loss)/income on a straight-line basis over the expected lives of the related assets.

8 Other gains/(losses), net

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000 (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	1,154	474	436	466	(519)
	116,747	(37,773)	39,122	5,896	46,966

9 Expenses by Nature

Expenses included in cost of sales, selling and marketing expenses, administrative expenses and research and development expenses are analyzed as follows:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
Changes in inventories of consigned processing materials, contract fulfillment costs, finished goods and goods in transit	(362,128)	7,746	(317,057)	(13,952)	(284,949)
Raw materials, consumables used and outsourcing costs	1,627,438	1,900,677	2,200,178	1,027,209	1,423,956
Employee benefit expenses	940,514	1,074,676	1,070,105	558,768	524,128
Outsourced assembly and testing fees	450,902	510,135	691,558	313,256	371,644
Depreciation and amortization	205,186	241,313	275,435	122,995	164,235
Technical service and R&D outsourcing fees	235,655	89,250	200,416	71,384	182,495
Royalties for IP and patent licenses	74,471	109,472	135,187	68,212	59,960
Provision for impairment of inventories	38,630	87,711	58,602	62,007	20,117
Professional service fees	16,314	12,742	10,490	5,141	6,791
Rental expenses and property management fees	10,664	11,115	8,469	5,008	3,789
Auditors' remuneration	5,730	7,982	6,228	1,864	1,156
[REDACTED]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Other expenses	44,020	50,298	53,963	29,393	17,179
	3,287,396	4,103,117	4,393,574	2,251,285	2,490,501

10 Employee benefit expense

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
Wages, salaries and bonuses	761,805	706,683	737,080	373,334	380,938
Defined contribution plans (b)	61,644	70,243	56,997	34,887	35,304
Other social security costs and housing benefits	89,056	95,338	112,712	46,910	52,788
Share-based compensation expenses	11,245	180,458	137,918	85,223	39,025
Fair value losses on share appreciation rights	—	—	1,914	1,918	2,783
Other employee benefits	16,764	21,954	23,484	16,496	13,290
	940,514	1,074,676	1,070,105	558,768	524,128

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the years ended December 31, 2023, 2024 and 2025 and six months ended June 30, 2025 and 2026, include 3, 2, 3, 3 and 3 directors respectively, whose emoluments are disclosed in Note 41. The emoluments payable to the remaining 2, 3, 2, 2 and 2 individuals during the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026 are as follows:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
Wages, salaries and bonuses	9,042	5,532	7,380	3,751	4,316
Defined contribution plans	182	218	172	136	200
Other social security costs, housing benefits	187	282	203	96	75
Share-based compensation expenses	—	10,048	2,391	1,485	—
	9,411	16,080	10,146	5,468	4,591

The emoluments of the 2, 3, 2, 2 and 2 individuals fell within the following bands:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
Emoluments bands:					
HKD2,000,001 — HKD2,500,000	—	—	—	—	1
HKD2,500,001 — HKD3,000,000	—	—	—	1	—
HKD3,000,001 — HKD3,500,000	—	—	—	1	1
HKD4,500,001 — HKD5,000,000	1	—	—	—	—
HKD5,000,001 — HKD5,500,000	—	2	1	—	—
HKD5,500,001 — HKD6,000,000	1	—	1	—	—
HKD6,000,001 — HKD6,500,000	—	—	—	—	—
HKD6,500,001 — HKD7,000,000	—	1	—	—	—
	2	3	2	2	2

(b) During the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, no forfeited contributions were utilized by the Group to reduce its contributions for the current year.

Accounting policies of employee benefits

Employee benefits represent all forms of consideration or remuneration given by the Group in exchange for services rendered by employees, or for the termination of employment relationships. Employee compensation includes short-term obligations, post-employment benefits, termination benefits and other long-term employee benefits.

(i) Short-term obligations

Short-term obligations include wages, salaries, bonuses, allowances and subsidies, employee welfare expenses, medical insurance premiums, work-related injury insurance premiums, maternity insurance premiums, housing fund contributions, trade union and education funds, and short-term compensated absences. The Group recognizes the actual amount of short-term employee benefits as a liability in the accounting period in which the employees render the related services, and charges such amounts to profit or loss or capitalizes them as part of the cost of relevant assets, as appropriate.

(ii) Post-employment benefits

The Group classifies post-employment benefit plans as either defined contribution plans or defined benefit plans. Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into a separate fund and will have no further obligation to pay additional contributions. Defined benefit plans are post-employment benefit plans other than defined contribution plans.

During the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, the Group's post-employment benefits primarily comprised basic pension and unemployment insurance premiums paid for employees, as well as the Italian employee severance indemnity plan (the "**Trattamento di Fine Rapporto" or "TFR plan**"). Except for the Italian TFR plan, which is classified as a defined benefit plan, the basic pension and unemployment insurance premiums paid for employees are classified as defined contribution plans.

Basic pension plans

The Group's employees participate in the basic pension plans established and administered by the local authorities in the jurisdictions where the Group's subsidiaries are located (including Chinese Mainland, the United States and Italy). The Group makes monthly contributions to the local basic pension authorities based on the contribution bases and rates prescribed by the relevant local authorities. When employees retire, the relevant local labor and social security authorities are obliged to pay the basic pensions to the retired employees. The Group recognizes the amounts payable under the above social security regulations as a liability in the accounting period in which the employees render the related services, and charges such amounts to profit or loss or capitalizes them as part of the cost of relevant assets, as appropriate.

TFR plan

The Company's subsidiary, ASR Microelectronics S.r.l. ("**ASR Italy**"), maintains a severance indemnity plan under local statutory requirements, which is accounted for as a defined benefit plan. The Group recognizes the present value of the defined benefit obligation as a liability at the end of the reporting period. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using market yields on high-quality corporate bonds that have terms to maturity approximating the terms of the related defined benefit obligation and that are denominated in the same currency in which the benefits are to be paid. Service costs relating to the severance indemnity (including current service costs, past service costs and gains or losses on settlement) and net interest are recognized in profit or loss or capitalized as part of the cost of relevant assets, and remeasurement changes arising from the net liability of the defined benefit plan are recognized in OCI.

During the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, the amounts and balances of post-employment benefits under the TFR plan were not material.

(iii) Termination benefits

The Group recognizes a liability and an expense for termination benefits when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. Termination benefits are recognized at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the Group recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits.

Termination benefits that are expected to be settled wholly within twelve months after the end of the reporting period are presented as current employee benefit obligations.

11 Finance income and costs

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000* (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)
	44,106	48,911	61,953	29,830	20,266

12 Subsidiaries

(a) Subsidiaries of the Group

The Company's subsidiaries during the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The countries/regions of incorporation or registration are also their principal places of business.

Name of entities	Effective interest held in terms of %					Place and date of registration and place of operations	Registered capital	Paid in capital	Principal activities	Note
	As at December 31,			As at June 30,	As of report date					
	2023	2024	2025	2026						
Directly held by the Company:										
翱捷智能科技(上海)有限公司(ASR Smart Technology Co., Ltd., "**ASR Smart**")	100	100	100	100	100	Shanghai, the PRC, May 14, 2018	RMB705,636,900	RMB705,636,900	R&D & sales of chips	(i)
翱捷科技(深圳)有限公司(ASR Microelectronics (Shenzhen) Co., Ltd., "**ASR Shenzhen**")	100	100	100	100	100	Shenzhen, the PRC, December 20, 2017	RMB796,130,600	RMB796,130,600	R&D & sales of chips	(ii)
江蘇智多芯電子科技有限公司(Jiangsu Smart IC Technology Co., Ltd., "**Jiangsu Smart IC**")	100	100	100	100	100	Suzhou, the PRC, January 24, 2013	RMB135,000,000	RMB135,000,000	R&D of chips	(iii)
智擎信息系統(上海)有限公司(Zhiqing Information Systems (Shanghai) Co., Ltd., "**Zhiqing Information**")	100	100	100	100	100	Shanghai, the PRC, May 6, 2013	RMB1,000,000	RMB1,000,000	R&D of chips	(iv)
翱捷創芯科技(上海)有限公司(ASR Innovation (Shanghai) Limited, "**ASR Innovation**")	N/A	N/A	N/A	100	100	Shanghai, the PRC, April 8, 2026	RMB20,000,000	RMB20,000,000	Custom ASIC solutions	(v)
HK SmartIC Technology Co., Ltd. ("**HK SmartIC**")	100	100	100	100	100	Hong Kong SAR, April 10, 2013	USD15,000,000	USD15,000,000	R&D & sales of chips	(vi)
Indirectly held by the Company:										
ASR Microelectronics International Inc. ("**ASR US**")	100	100	100	100	100	California, United States, March 7, 2017	USD500,000	USD500,000	R&D of chips	(vii)
ASR Italy	100	100	100	100	100	Pavia, Italy, September 17, 2020	EUR10,000	EUR10,000	R&D of chips	(vii)

(i) The statutory financial statements of ASR Smart were audited by Shanghai Zhongruicheng Certified Public Accountants (General Partnership)("上海中瑞誠會計師事務所(普通合夥)") for the year ended December 31, 2023, audited by Zhongzhun Certified Public Accountants LLP Shanghai Branch ("中准會計師事務所(特殊普通合夥)上海分所") for the year ended December 31, 2024, and audited by PricewaterhouseCoopers Zhong Tian LLP ("普華永道中天會計師事務所(特殊普通合夥)") for the year ended December 31, 2025.

(ii) The statutory financial statements of ASR Shenzhen were audited by ShenZhen Great Wall Certified Public Accountants Co., Ltd. ("深圳市長城會計師事務所有限公司") for the years ended December 31, 2023, 2024 and 2025.

(iii) The statutory financial statements of Jiangsu Smart IC were audited by Shanghai Zhongruicheng Certified Public Accountants (General Partnership)("上海中瑞誠會計師事務所(普通合夥)") for the year ended December 31, 2023, and audited by Zhongzhun Certified Public Accountants LLP Shanghai Branch ("中准會計師事務所(特殊普通合夥)上海分所") for the years ended December 31, 2024 and 2025.

(iv) The statutory financial statements of Zhiqing Information were audited by Shanghai Zhongruicheng Certified Public Accountants (General Partnership)("上海中瑞誠會計師事務所(普通合夥)") for the year ended December 31, 2023, and audited by Zhongzhun Certified Public Accountants LLP Shanghai Branch ("中准會計師事務所(特殊普通合夥)上海分所") for the years ended December 31, 2024 and 2025.

(v) ASR Innovation was incorporated on April 8, 2026, and its financial statements have not yet been audited.

(vi) The statutory financial statements of HK SmartIC were audited by PricewaterhouseCoopers for the years ended December 31, 2023, 2024 and 2025.

(vii) No audited financial statements were issued for these companies as they are not required to issue audited financial statements under the statutory requirements of their respective places of incorporation.

Accounting policies of separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment test of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount of the investee's net assets including goodwill.

(b) Investment in subsidiaries — the Company

(i) The carrying amount of investment in subsidiaries of the Company are as follows:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Cost of investments	3,037,544	3,057,888	3,070,973	3,094,890
Less: allowance for impairment of investment in subsidiaries	(270,532)	(810,170)	(951,025)	(951,025)
	2,767,012	2,247,718	2,119,948	2,143,865

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
				(Unaudited)	*(Unaudited)*
Cost of investments					
As at the beginning of the year/period	2,886,273	3,037,544	3,057,888	3,057,888	3,070,973
Additional investments in subsidiaries	150,000	—	—	—	—
Equity-settled share-based payments	1,271	20,344	13,085	7,616	23,917
As at the end of the year/period	3,037,544	3,057,888	3,070,973	3,065,504	3,094,890
Allowance for impairment of investment in subsidiaries					
As at the beginning of the year/period	211,215	270,532	810,170	810,170	951,025
Impairment	59,317	539,638	140,855	81,466	—
As at the end of the year/period	270,532	810,170	951,025	891,636	951,025

(ii) Impairment tests for investment in subsidiaries of the Company

Allowance for impairment of investment in subsidiaries has been recognized as follows:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)
ASR Shenzhen	—	539,638	663,740	663,740
Jiangsu Smart IC	270,532	270,532	270,532	270,532
Zhiqing Information	—	—	16,753	16,753
	270,532	810,170	951,025	951,025

The Company determined the recoverable amount of the investment in subsidiaries by using the present value of expected future cash flows, and recognized allowance for impairment of investment in subsidiaries based on the difference between the recoverable amount and the carrying amount.

In estimating the present value of expected future cash flows, the Group determined the revenue growth rate and gross profit margin based on historical experience, business development plans and forecasts of market development. The growth rate during the forecast period was based on the approved five-year budget. The growth rate during the stable period was the growth rate adopted after the forecast period, which was consistent with the forecast data contained in authoritative industry reports. The discount rate was the pre-tax discount rate that reflected the specific risks of the relevant investment.

The following table sets out the key assumptions used for value in the above impairment testing process:

	As at December 31,		As at June 30,
	2024	2025	2026
ASR Shenzhen			
Forecast period	5 years	5 years	5 years
Revenue growth rate over the forecast period	-6.22%	-13.79%	-14.81%
Terminal revenue growth rate	2.00%	2.00%	2.00%
Gross profit margin	9.01%-24.53%	9.53%-20.65%	-1.27%-20.62%
Pre-tax discount rate	16.55%	17.09%	17.67%

	As at December 31,	As at June 30,
	2025	2026
Zhiqing Information		
Forecast period	5 years	5 years
Revenue growth rate over the forecast period	67.92%	67.92%
Terminal revenue growth rate	2.00%	2.00%
Gross profit margin	100.00%	100.00%
Pre-tax discount rate	18.65%	19.38%

As at December 31, 2019, the Company had recognized an allowance for impairment of RMB211,215,000 on the investment in Jiangsu Smart IC. During the year ended December 31, 2023, the Company planned to close down and deregister Jiangsu Smart IC in the foreseeable future. As at December 31, 2023, the Company determined the recoverable amount of Jiangsu Smart IC by using the present value of expected future cash flows. The recoverable amount was close to the net carrying amount of Jiangsu Smart IC's net assets and the Company recognized an allowance for impairment of RMB59,317,000 during the year ended December 31, 2023. As at December 31, 2024 and 2025 and June 30, 2026, the Company's investment in Jiangsu Smart IC has no indicator of impairment.

13 Income tax expense/(credit)

The following table sets forth the component of income tax expense/(credit) of the Group for the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000* (Unaudited)
Current income tax	29,460	46,778	44,601	23,925	14,086
Deferred income tax	(10,294)	(15,559)	(4,953)	4,403	(43,128)
Income tax expense/(credit)	19,166	31,219	39,648	28,328	(29,042)

Reconciliation between income tax expense/(credit) and (loss)/profit before income tax at applicable tax rates for the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000* (Unaudited)
(Loss)/profit before income tax	(486,655)	(661,795)	(350,637)	(217,076)	55,202
Tax calculated at statutory income tax rate applicable in principal countries/places of business (a), (b), (c)	(80,549)	(96,700)	(48,918)	(29,831)	9,524
Tax effects of:					
Preferential income tax rate applicable to subsidiaries	(148)	(151)	(150)	(152)	(146)
Super deduction for research and development expenses (d)	(149,773)	(150,669)	(181,216)	(104,769)	(107,210)
Expenses not deductible for tax purpose (e)	4,324	1,721	1,283	1,029	600
Tax losses for which no deferred income tax asset was recognized (f)	244,584	237,260	282,266	186,091	152,053
Other temporary difference for which no deferred income tax asset was recognized (f)	884	40,432	(10,636)	(24,658)	(82,346)
Others	(156)	(674)	(2,981)	618	(1,517)
Income tax expense/(credit)	19,166	31,219	39,648	28,328	(29,042)

(a) Corporate income tax ("CIT") in Chinese Mainland

The income tax provision of the Group in respect of its operations in Chinese Mainland was calculated at tax rate of 25% on the assessable profits for the periods presented, based on the existing legislation, interpretation and practices in respect thereof.

The Company and its subsidiaries, including: ASR Smart and ASR Shenzhen, are qualified as "high and new technology enterprise" and entitled to a preferential income tax rate of 15% during the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026.

(b) Hong Kong SAR income tax

The Company's subsidiary, HK SmartIC, is registered in Hong Kong SAR and is subject to Hong Kong SAR profits tax at a rate of 8.25% on assessable profits up to HKD2 million and 16.5% on any part of assessable profits over HKD2 million for the years presented.

(c) Corporate income tax in other jurisdictions

The Company's subsidiary, ASR US, is registered in the United States and is subject to a federal income tax rate of 21% and a state income tax rate of 8.84%.

The Company's subsidiary, ASR Italy, is registered in Italy and is subject to an income tax rate of 24%.

(d) Super deduction for research and development expenses

The of the PRC announced in September 2018 that enterprises engaging in research and development activities would entitle to claim 175% of their research and development expenses ("**Super Deduction**") from January 1, 2018 to December 31, 2020 and announced in March 2021 to extend this preferential claim percentage to December 31, 2023. As announced in March 2022 and September 2022, technology-based small and medium-sized enterprises would entitle to claim 200% of their research and development expenses from January 1, 2022 and other enterprises would entitle to claim 200% of their research and development expenses from October 1, 2022 to December 31, 2022. In March 2023, The State Taxation Administration of the PRC announced that enterprises would entitle to claim 200% of their research and development expenses from January 1, 2023.

The Group has made its best estimate for the Super Deduction to be claimed for the Group's entities in ascertaining their assessable profits during the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026.

(e) Expenses not deductible for tax purposes

Expenses not deductible for tax purposes mainly represented business entertainment expenses and share-based compensation expenses incurred in the Group's subsidiaries which are not deductible according to the relevant laws and regulations promulgated by the State Taxation Administration of the PRC.

(f) Deferred tax assets not recognized

Deferred tax assets should be recognized when it is probable that taxable profits or taxable temporary differences will be available against which the deferred tax asset can be utilized. Temporary differences will not be recognized as deferred tax assets if the management estimates that they will not be recovered from taxable profits generated from continuing operations in the foreseeable future.

The Group

The Group has not recognized deferred tax assets in respect of the items below:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)
Tax losses (i)	7,086,611	8,718,877	10,551,576	11,616,117
Deductible temporary differences	308,422	482,876	406,365	206,301
	7,395,033	9,201,753	10,957,941	11,822,418

(i) Tax losses for which no deferred income tax asset was recognized

Deductible losses of the Group that are not recognized for deferred income tax assets will expire as follows:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)
2036	—	—	—	1,008,916
2035	—	—	1,881,771	1,939,066
2034	—	1,575,260	1,562,589	1,558,426
2033	1,632,661	1,683,633	1,681,501	1,681,501
2032	1,163,572	1,163,572	1,163,572	1,163,202
2031	1,320,479	1,320,479	1,320,479	1,323,342
2030	1,087,037	1,083,583	1,082,110	1,082,110
2029	625,811	625,904	625,904	625,904
2028	705,566	705,566	705,566	705,566
2027	345,604	345,604	345,604	345,604
2026	182,480	182,480	182,480	182,480
2025	22,348	32,796	—	—
2024	1,053	—	—	—
	7,086,611	8,718,877	10,551,576	11,616,117

The Company

The Company has not recognized deferred tax assets in respect of the items below:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)
Tax losses (i)	6,805,090	8,334,827	9,845,388	10,871,470
Deductible temporary differences	403,730	1,161,380	1,247,480	1,057,206
	7,208,820	9,496,207	11,092,868	11,928,676

(i) Tax losses for which no deferred income tax asset was recognized

Deductible losses of the Company that are not recognized for deferred income tax assets will expire as follows:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)
2036	—	—	—	980,365
2035	—	—	1,554,250	1,604,500
2034	—	1,473,129	1,464,219	1,460,056
2033	1,513,004	1,558,504	1,556,371	1,556,371
2032	1,057,624	1,057,624	1,057,624	1,057,254
2031	1,211,942	1,211,942	1,211,942	1,211,942
2030	830,149	830,149	830,149	830,149
2029	974,496	974,496	974,496	974,496
2028	668,359	668,359	668,359	668,359
2027	345,553	345,553	345,553	345,553
2026	182,425	182,425	182,425	182,425
2025	21,538	32,646	—	—
	6,805,090	8,334,827	9,845,388	10,871,470

14 Loss per share

(a) Basic

Basic loss per share is calculated by dividing the net loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026.

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
				(Unaudited)	(Unaudited)
(Loss)/profit attributable to owners of the Company *(RMB'000)*	(505,821)	(693,014)	(390,285)	(245,404)	84,244
Weighted average number of ordinary shares deemed in issue	414,381,622	406,711,059	406,996,882	405,969,500	409,014,305
Basic (loss)/profit per share for loss attributable to owners of the Company (expressed in RMB per share)	(1.22)	(1.70)	(0.96)	(0.60)	0.21

(b) Diluted

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary share.

The Company has no dilutive instrument for the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026. Accordingly, dilutive loss per share are the same as basic loss per share of the respective periods.

15 Dividends

No dividend had been declared or paid by the Company during the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026.

16 Property, plant and equipment

The Group

	R&D equipment	Electronic and other equipment	Buildings	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023					
Cost	229,706	70,203	2,659	30,307	332,875
Accumulated depreciation	(122,863)	(39,720)	(21)	(19,978)	(182,582)
Net book amount	106,843	30,483	2,638	10,329	150,293
Year ended December 31, 2023					
Opening net book amount	106,843	30,483	2,638	10,329	150,293
Additions	30,945	11,779	—	6,198	48,922
Depreciation charge	(31,085)	(15,892)	(126)	(6,070)	(53,173)
Disposal	(455)	(760)	—	—	(1,215)
Currency translation differences	15	140	—	18	173
Closing net book amount	106,263	25,750	2,512	10,475	145,000
At December 31, 2023					
Cost	252,119	64,819	2,659	32,092	351,689
Accumulated depreciation	(145,856)	(39,069)	(147)	(21,617)	(206,689)
Net book amount	106,263	25,750	2,512	10,475	145,000
Year ended December 31, 2024					
Opening net book amount	106,263	25,750	2,512	10,475	145,000
Additions	24,488	10,245	—	3,924	38,657
Depreciation charge	(36,160)	(14,318)	(126)	(6,357)	(56,961)
Disposal	(161)	(8)	—	—	(169)
Currency translation differences	—	25	—	(11)	14
Closing net book amount	94,430	21,694	2,386	8,031	126,541

	R&D equipment	Electronic and other equipment	Buildings	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2024					
Cost	274,110	75,074	2,659	35,245	387,088
Accumulated depreciation	(179,680)	(53,380)	(273)	(27,214)	(260,547)
Net book amount	94,430	21,694	2,386	8,031	126,541
Year ended December 31, 2025					
Opening net book amount	94,430	21,694	2,386	8,031	126,541
Additions	19,166	11,911	—	—	31,077
Depreciation charge	(38,993)	(13,011)	(126)	(5,861)	(57,991)
Disposal	(47)	—	—	—	(47)
Currency translation differences	(1)	(100)	—	26	(75)
Closing net book amount	74,555	20,494	2,260	2,196	99,505
At December 31, 2025					
Cost	292,581	77,275	2,659	14,803	387,318
Accumulated depreciation	(218,026)	(56,781)	(399)	(12,607)	(287,813)
Net book amount	74,555	20,494	2,260	2,196	99,505
At January 1, 2025					
Cost	274,110	75,074	2,659	35,245	387,088
Accumulated depreciation	(179,680)	(53,380)	(273)	(27,214)	(260,547)
Net book amount	94,430	21,694	2,386	8,031	126,541
Six months ended June 30, 2025 ***(Unaudited)***					
Opening net book amount	94,430	21,694	2,386	8,031	126,541
Additions	13,863	5,213	—	72	19,148
Depreciation charge	(19,760)	(6,698)	(63)	(3,285)	(29,806)
Disposal	(31)	—	—	—	(31)
Currency translation differences	—	(5)	—	(27)	(32)
Closing net book amount	88,502	20,204	2,323	4,791	115,820
At June 30, 2025 ***(Unaudited)***					
Cost	287,802	80,051	2,659	33,677	404,189
Accumulated depreciation	(199,300)	(59,847)	(336)	(28,886)	(288,369)
Net book amount	88,502	20,204	2,323	4,791	115,820
At January 1, 2026					
Cost	292,581	77,275	2,659	14,803	387,318
Accumulated depreciation	(218,026)	(56,781)	(399)	(12,607)	(287,813)
Net book amount	74,555	20,494	2,260	2,196	99,505

	R&D equipment	Electronic and other equipment	Buildings	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Six months ended June 30, 2026 *(Unaudited)*					
Opening net book amount	74,555	20,494	2,260	2,196	99,505
Additions	2,852	3,015	—	597	6,464
Depreciation charge	(17,159)	(6,102)	(63)	(635)	(23,959)
Currency translation differences	—	(142)	—	(3)	(145)
Closing net book amount	60,248	17,265	2,197	2,155	81,865
At June 30, 2026 *(Unaudited)*					
Cost	295,089	78,522	2,659	15,359	391,629
Accumulated depreciation	(234,841)	(61,257)	(462)	(13,204)	(309,764)
Net book amount	60,248	17,265	2,197	2,155	81,865

During the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, the amounts of depreciation expense charged to research and development expenses, administrative expenses, contract fulfilment costs, selling and marketing expenses and cost of sales are as follows:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
Depreciation of property, plant and equipment					
— Research and development expenses	41,148	44,606	46,515	23,452	20,845
— Administrative expenses	6,769	7,429	7,208	3,835	1,242
— Cost of sales	5,233	4,899	3,949	2,516	1,532
— Contract fulfilment costs	13	18	312	—	335
— Selling and marketing expenses	10	9	7	3	5
	53,173	56,961	57,991	29,806	23,959

Impairment assessment of non-financial assets

The Group outsources its production to manufacturers. As at December 31, 2023, 2024 and 2025 and June 30, 2026, non-financial assets mainly include property, plant and equipment (R&D equipment, electronic and other equipment, buildings and leasehold improvements), right-of-use assets (buildings, machinery and equipment) and intangible assets (purchased software, license rights, IP and patents from business combinations).

Impairment tests for property, plant and equipment, right-of-use assets and intangible assets:

According to IAS 36 "Impairment of assets", non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of impairment review, the recoverable amount of each cash-generating units ("**CGU**") is determined based on the higher amount of the fair value less cost of disposal ("**FVLCD**") and value-in-use ("**VIU**") calculations.

As at December 31, 2023, 2024 and 2025 and June 30, 2026, impairment assessments have been conducted by management for the CGUs with impairment indicators, mainly the cellular chip business. The recoverable amount of the CGU was determined based on VIU calculations, using cash flow projections based on business plan for the purpose of impairment reviews.

Cellular chip business

Based on the results of the abovementioned assessments as conducted by management, there was no impairment loss of the CGU for the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026.

The key assumptions used for VIU calculations and recoverable amount of the CGU are as follows:

	As at December 31,			As at June 30,
	2023	**2024**	**2025**	**2026**
Key assumptions:				
Revenue growth rate over the forecast period	35.44%	34.42%	31.91%	31.61%
Gross profit margin	25.83%-32.01%	24.03%-30.50%	24.77%-32.32%	23.55%-30.99%
Pre-tax discount rate	16.95%	17.83%	16.79%	18.06%
Recoverable amount *(RMB'000)*	554,000	738,000	732,000	1,207,000
Headroom *(RMB'000)*	120,000	267,000	223,000	826,000

The Company

	R&D equipment	Electronic and other equipment	Buildings	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023					
Cost	203,098	43,739	2,659	28,718	278,214
Accumulated depreciation	(97,640)	(22,741)	(21)	(20,098)	(140,500)
Net book amount	105,458	20,998	2,638	8,620	137,714
Year ended December 31, 2023					
Opening net book amount	105,458	20,998	2,638	8,620	137,714
Additions	30,724	9,472	—	6,183	46,379
Depreciation charge	(31,016)	(12,354)	(126)	(5,463)	(48,959)
Disposal	(322)	(587)	—	—	(909)
Closing net book amount	104,844	17,529	2,512	9,340	134,225
At December 31, 2023					
Cost	227,368	41,478	2,659	34,901	306,406
Accumulated depreciation	(122,524)	(23,949)	(147)	(25,561)	(172,181)
Net book amount	104,844	17,529	2,512	9,340	134,225

	R&D equipment	Electronic and other equipment	Buildings	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2024					
Opening net book amount	104,844	17,529	2,512	9,340	134,225
Additions	24,013	8,155	—	3,557	35,725
Depreciation charge	(35,944)	(11,382)	(126)	(5,817)	(53,269)
Disposal	(161)	—	—	—	(161)
Closing net book amount	92,752	14,302	2,386	7,080	116,520
At December 31, 2024					
Cost	248,724	49,633	2,659	38,458	339,474
Accumulated depreciation	(155,972)	(35,331)	(273)	(31,378)	(222,954)
Net book amount	92,752	14,302	2,386	7,080	116,520
Year ended December 31, 2025					
Opening net book amount	92,752	14,302	2,386	7,080	116,520
Additions	19,166	11,435	—	—	30,601
Depreciation charge	(38,446)	(10,458)	(126)	(5,173)	(54,203)
Disposal	(19)	—	—	—	(19)
Closing net book amount	73,453	15,279	2,260	1,907	92,899
At December 31, 2025					
Cost	267,536	61,068	2,659	38,458	369,721
Accumulated depreciation	(194,083)	(45,789)	(399)	(36,551)	(276,822)
Net book amount	73,453	15,279	2,260	1,907	92,899
At January 1, 2025					
Cost	248,724	49,633	2,659	38,458	339,474
Accumulated depreciation	(155,972)	(35,331)	(273)	(31,378)	(222,954)
Net book amount	92,752	14,302	2,386	7,080	116,520
Six months ended June 30, 2025 ***(Unaudited)***					
Opening net book amount	92,752	14,302	2,386	7,080	116,520
Additions	13,863	4,837	—	—	18,700
Depreciation charge	(19,502)	(5,394)	(63)	(2,941)	(27,900)
Disposal	(5)	—	—	—	(5)
Closing net book amount	87,108	13,745	2,323	4,139	107,315

	R&D equipment	Electronic and other equipment	Buildings	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At June 30, 2025 *(Unaudited)*					
Cost	262,516	54,470	2,659	38,458	358,103
Accumulated depreciation	(175,408)	(40,725)	(336)	(34,319)	(250,788)
Net book amount	87,108	13,745	2,323	4,139	107,315
At January 1, 2026					
Cost	267,536	61,068	2,659	38,458	369,721
Accumulated depreciation	(194,083)	(45,789)	(399)	(36,551)	(276,822)
Net book amount	73,453	15,279	2,260	1,907	92,899
Six months ended June 30, 2026 *(Unaudited)*					
Opening net book amount	73,453	15,279	2,260	1,907	92,899
Additions	2,852	2,242	—	56	5,150
Depreciation charge	(16,960)	(5,053)	(63)	(531)	(22,607)
Disposal	(5,702)	(3,415)	—	—	(9,117)
Closing net book amount	53,643	9,053	2,197	1,432	66,325
At June 30, 2026 *(Unaudited)*					
Cost	247,723	58,212	2,659	38,514	347,108
Accumulated depreciation	(194,080)	(49,159)	(462)	(37,082)	(280,783)
Net book amount	53,643	9,053	2,197	1,432	66,325

Accounting policies of property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values, over their estimated useful lives or, in the case of leasehold improvements, the shorter lease term as follows:

The estimated useful lives, residual value rates and annual depreciation rates of property, plant and equipment are set out as follows:

Category	Estimated useful lives	Estimated residual value rates	Annual depreciation rates
R&D equipment	2 or 5 years	0% or 5%	19% to 50%
Electronic and other equipment	2-7 years	0% or 5%	14% to 50%
Buildings	20 years	5%	4.75%
Leasehold improvements	Shorter of the lease terms or the expected useful lives	0%	20% to 50%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each year.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 43.6).

Property, plant and equipment are derecognized upon disposal, or when no future economic benefits are expected from their use or disposal. Any gains or losses arising from the sale, transfer, scrapping or destruction of property, plant and equipment are recognized in profit or loss, being the difference between the net disposal proceeds and the carrying amount of the asset, after deducting related taxes and expenses.

17 Right-of-use assets and lease liabilities

The Group

Right-of-use assets includes leased office building and machinery and equipment.

(a) Amounts recognized in the consolidated statements of financial position

The consolidated statements of financial position shows the following amounts relating to leases:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Right-of-use assets				
Buildings	45,579	31,984	55,097	48,524
Machinery and equipment	875	455	35	—
	46,454	32,439	55,132	48,524
Lease liabilities				
Current	27,910	21,543	22,315	22,290
Non-current	19,702	12,240	35,428	27,576
	47,612	33,783	57,743	49,866

(b) Amounts recognized in the consolidated statements of comprehensive (loss)/income

The consolidated statements of comprehensive (loss)/income show the following amounts relating to leases:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000* (Unaudited)
Depreciation charge of right-of-use assets					
Buildings	27,541	29,241	24,903	12,944	11,493
Machinery and equipment	420	420	420	210	35
	27,961	29,661	25,323	13,154	11,528
Interest expense (included in finance cost) *(Note 11)*	2,380	1,823	2,138	961	961
Expense relating to short-term leases (included in cost of goods sold and administrative expenses)	3,540	3,660	3,454	2,226	2,077

The total cash outflow for leases including short-term leases for the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026 were RMB34,880,000, RMB34,337,000, RMB30,004,000, RMB16,841,000 and RMB17,403,000 respectively.

(c) The Group's leasing activities and how these are accounted for:

The Group as the lessee

The Group leases offices building and machinery and equipment as lessee. Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option, and
- lease payments to be made under reasonably certain extension options are also included in the measurement of lease liabilities.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases of the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received, and
- any initial direct costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

When a lease modification occurs and both of the following conditions are met, the Group accounts for it as a separate lease: (1) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and (2) the consideration for the lease increase is commensurate with the stand-alone price for the increase in scope, adjusted for the circumstances of the contract.

When a lease modification is not accounted for as a separate lease, the Group remeasures the lease liability by discounting the revised lease payments using a revised discount rate and reassesses the lease term at the effective date of the lease modification. For a lease modification that decreases the scope of the lease or shortens the lease term, the Group correspondingly reduces the carrying amount of the right-of-use asset and recognizes any gain or loss relating to the partial or full termination of the lease in profit or loss. For other lease modifications that result in a remeasurement of the lease liability, the Group correspondingly adjusts the carrying amount of the right-of-use asset.

For the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, the Group did not have any rent concessions.

The Company

The statements of financial position of the Company shows the following amounts relating to leases:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Right-of-use assets				
Buildings	36,572	20,408	41,848	37,957
Machinery and equipment	875	455	35	—
	37,447	20,863	41,883	37,957
Lease liabilities				
Current	22,654	15,580	15,139	15,319
Non-current	15,227	4,845	27,327	22,583
	37,881	20,425	42,466	37,902

18 Intangible assets

The Group

	Purchased software	License rights	IP and patents from business combinations	Goodwill	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023					
Cost	138,575	132,617	448,624	265,967	985,783
Accumulated amortization and impairment	(107,810)	(67,045)	(230,285)	(248,862)	(654,002)
Net book amount	30,765	65,572	218,339	17,105	331,781
Year ended December 31, 2023					
Opening net book amount	30,765	65,572	218,339	17,105	331,781
Additions	38,063	32,551	—	—	70,614
Amortization charge	(28,466)	(42,618)	(52,968)	—	(124,052)
Impairment loss	(217)	—	—	(868)	(1,085)
Currency translation differences	—	4	—	—	4
Closing net book amount	40,145	55,509	165,371	16,237	277,262
At December 31, 2023					
Cost	176,833	155,828	448,624	265,099	1,046,384
Accumulated amortization and impairment	(136,688)	(100,319)	(283,253)	(248,862)	(769,122)
Net book amount	40,145	55,509	165,371	16,237	277,262
Year ended December 31, 2024					
Opening net book amount	40,145	55,509	165,371	16,237	277,262
Additions	22,352	168,316	—	—	190,668
Amortization charge	(33,157)	(68,566)	(52,968)	—	(154,691)
Currency translation differences	—	3	—	—	3
Closing net book amount	29,340	155,262	112,403	16,237	313,242
At December 31, 2024					
Cost	68,387	241,837	448,624	265,099	1,023,947
Accumulated amortization and impairment	(39,047)	(86,575)	(336,221)	(248,862)	(710,705)
Net book amount	29,340	155,262	112,403	16,237	313,242
Year ended December 31, 2025					
Opening net book amount	29,340	155,262	112,403	16,237	313,242
Additions	26,927	211,906	—	—	238,833
Amortization charge	(34,083)	(104,436)	(52,968)	—	(191,487)
Impairment loss	—	(49)	—	—	(49)
Currency translation differences	—	(2)	—	—	(2)
Closing net book amount	22,184	262,681	59,435	16,237	360,537
At December 31, 2025					
Cost	46,030	436,361	448,624	265,099	1,196,114
Accumulated amortization and impairment	(23,846)	(173,680)	(389,189)	(248,862)	(835,577)
Net book amount	22,184	262,681	59,435	16,237	360,537

	Purchased software	License rights	IP and patents from business combinations	Goodwill	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2025					
Cost	68,387	241,837	448,624	265,099	1,023,947
Accumulated amortization and impairment	(39,047)	(86,575)	(336,221)	(248,862)	(710,705)
Net book amount	29,340	155,262	112,403	16,237	313,242
Six months ended June 30, 2025 ***(Unaudited)***					
Opening net book amount	29,340	155,262	112,403	16,237	313,242
Additions	6,825	2,163	—	—	8,988
Amortization charge	(16,810)	(36,741)	(26,484)	—	(80,035)
Impairment loss	—	(49)	—	—	(49)
Closing net book amount	19,355	120,635	85,919	16,237	242,146
At June 30, 2025 ***(Unaudited)***					
Cost	42,451	231,993	448,624	265,099	988,167
Accumulated amortization and impairment	(23,096)	(111,358)	(362,705)	(248,862)	(746,021)
Net book amount	19,355	120,635	85,919	16,237	242,146
At January 1, 2026					
Cost	46,030	436,361	448,624	265,099	1,196,114
Accumulated amortization and impairment	(23,846)	(173,680)	(389,189)	(248,862)	(835,577)
Net book amount	22,184	262,681	59,435	16,237	360,537
Six months ended June 30, 2026 ***(Unaudited)***					
Opening net book amount	22,184	262,681	59,435	16,237	360,537
Additions	5,286	38,167	—	—	43,453
Amortization charge	(14,770)	(86,732)	(26,484)	—	(127,986)
Currency translation differences	(1)	(3)	—	—	(4)
Closing net book amount	12,699	214,113	32,951	16,237	276,000
At June 30, 2026 ***(Unaudited)***					
Cost	44,474	457,604	448,624	265,099	1,215,801
Accumulated amortization and impairment	(31,775)	(243,491)	(415,673)	(248,862)	(939,801)
Net book amount	12,699	214,113	32,951	16,237	276,000

During the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, the amounts of amortization expense charged to research and development expenses, cost of sales, contract fulfilment costs and administrative expenses are as follows:

	Year ended December 31,			Six months ended June 30,	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000* *(Unaudited)*
Amortization of intangible assets					
— Research and development expenses	119,367	144,071	128,644	65,637	74,998
— Cost of sales	3,500	9,240	35,497	13,957	37,875
— Contract fulfilment costs	—	—	26,657	—	14,910
— Administrative expenses	1,185	1,380	689	441	203
	124,052	154,691	191,487	80,035	127,986

Impairment tests for goodwill

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Allocated to the cellular chip business				
— Goodwill arising from the acquisition of the Jiangsu Smart IC (a)	248,862	248,862	248,862	248,862
— Goodwill arising from the acquisition of Marvell's mobile communication business (b)	16,237	16,237	16,237	16,237
	265,099	265,099	265,099	265,099
Less: Impairment provision				
— Goodwill arising from the acquisition of the Jiangsu Smart IC	(248,862)	(248,862)	(248,862)	(248,862)
	16,237	16,237	16,237	16,237

(a) During the year ended December 31, 2016, the Group acquired 100% equity interest in Jiangsu Smart IC through a business combination not under common control, and a goodwill of RMB248,862,000 was recognized in connection with the acquisition. The goodwill was fully impaired during the year ended December 31, 2017.

(b) During the year ended December 31, 2017, the Group acquired the mobile communication business of Marvell through a business combination not under common control, and a goodwill of RMB16,237,000 was recognized in connection with the acquisition.

(c) As at December 31, 2023, 2024 and 2025 and June 30, 2026, the Group performed goodwill impairment tests, respectively.

The Group determined the revenue growth rate and gross profit margin based on historical experience and forecasts of market development. The revenue growth rate during the forecast period was based on the five-year budget. The revenue growth rate during the stable period was the revenue growth rate adopted after the forecast period, which was consistent with the forecast data contained in industry reports and did not exceed the long-term average growth rate of each product. The discount rate was the pre-tax discount rate that reflected the specific risks of the relevant cash-generating unit.

The key assumptions adopted by management in estimating the present value of future cash flows of the relevant CGUs, the resulting recoverable amounts and the carrying amounts of the CGUs, are set out below:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
Cellular chip business				
Key assumptions:				
Revenue growth rate over the forecast period	35.44%	34.42%	31.91%	31.61%
Terminal revenue growth rate	2.20%	2.00%	2.00%	2.00%
Gross profit margin	25.83%-32.01%	24.03%-30.50%	24.77%-32.32%	23.55%-30.99%
Pre-tax discount rate	16.95%	17.83%	16.79%	18.06%
Recoverable amount *(RMB'000)*	3,046,000	4,336,000	5,392,000	7,697,000
Carrying amount *(RMB'000)*	451,000	487,000	525,000	397,000
Impairment loss *(RMB'000)*	—	—	—	—

The Company

	Purchased software	License rights	IP and patents from business combinations	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023				
Cost	96,519	107,600	251,122	455,241
Accumulated amortization and impairment	(67,970)	(47,047)	(142,302)	(257,319)
Net book amount	28,549	60,553	108,820	197,922
Year ended December 31, 2023				
Opening net book amount	28,549	60,553	108,820	197,922
Additions	31,745	31,987	—	63,732
Amortization charge	(26,468)	(38,209)	(25,112)	(89,789)
Closing net book amount	33,826	54,331	83,708	171,865

	Purchased software	License rights	IP and patents from business combinations	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2023				
Cost	128,264	130,149	251,122	509,535
Accumulated amortization and impairment	(94,438)	(75,818)	(167,414)	(337,670)
Net book amount	33,826	54,331	83,708	171,865
Year ended December 31, 2024				
Opening net book amount	33,826	54,331	83,708	171,865
Additions	16,502	165,857	—	182,359
Amortization charge	(30,378)	(67,613)	(25,112)	(123,103)
Closing net book amount	19,950	152,575	58,596	231,121
At December 31, 2024				
Cost	54,479	232,089	251,122	537,690
Accumulated amortization and impairment	(34,529)	(79,514)	(192,526)	(306,569)
Net book amount	19,950	152,575	58,596	231,121
Year ended December 31, 2025				
Opening net book amount	19,950	152,575	58,596	231,121
Additions	26,878	211,758	—	238,636
Amortization charge	(27,499)	(103,221)	(25,112)	(155,832)
Impairment loss	—	(49)	—	(49)
Closing net book amount	19,329	261,063	33,484	313,876
At December 31, 2025				
Cost	36,630	426,586	251,122	714,338
Accumulated amortization and impairment	(17,301)	(165,523)	(217,638)	(400,462)
Net book amount	19,329	261,063	33,484	313,876

	Purchased software	License rights	IP and patents from business combinations	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2025				
Cost	54,479	232,089	251,122	537,690
Accumulated amortization and impairment	(34,529)	(79,514)	(192,526)	(306,569)
Net book amount	19,950	152,575	58,596	231,121
Six months ended June 30, 2025 ***(Unaudited)***				
Opening net book amount	19,950	152,575	58,596	231,121
Additions	6,825	1,967	—	8,792
Amortization charge	(13,367)	(36,101)	(12,556)	(62,024)
Impairment loss	—	(49)	—	(49)
Closing net book amount	13,408	118,392	46,040	177,840
At June 30, 2025 ***(Unaudited)***				
Cost	28,543	222,069	251,122	501,734
Accumulated amortization and impairment	(15,135)	(103,677)	(205,082)	(323,894)
Net book amount	13,408	118,392	46,040	177,840
At January 1, 2026				
Cost	36,630	426,586	251,122	714,338
Accumulated amortization and impairment	(17,301)	(165,523)	(217,638)	(400,462)
Net book amount	19,329	261,063	33,484	313,876
Six months ended June 30, 2026 ***(Unaudited)***				
Opening net book amount	19,329	261,063	33,484	313,876
Additions	5,286	38,167	—	43,453
Amortization charge	(13,370)	(86,205)	(12,556)	(112,131)
Closing net book amount	11,245	213,025	20,928	245,198
At June 30, 2026 ***(Unaudited)***				
Cost	35,077	448,562	251,122	734,761
Accumulated amortization and impairment	(23,832)	(235,537)	(230,194)	(489,563)
Net book amount	11,245	213,025	20,928	245,198

Accounting policies of intangible assets

Intangible assets, including license rights, purchased software and intellectual property and patents acquired through business combinations, are measured at cost.

(i) License rights

License rights are amortized on a straight-line basis over their beneficial periods, ranging from 1 to 10 years.

(ii) Purchased software

Purchased software is amortized on a straight-line basis over its estimated useful life, ranging from 1 to 10 years.

(iii) IP and patents from business combinations

Intellectual property and patents of the acquiree recognized in a business combination are amortized on a straight-line basis over their expected beneficial periods of 7 or 10 years.

(iv) Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to CGUs for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments (Note 5).

(v) Periodic review of useful lives and amortization methods

The estimated useful lives and amortization methods of intangible assets with finite useful lives are reviewed at the end of each annual reporting period and adjusted where appropriate.

(vi) Research and development expenditure

The Group's research and development expenditures primarily comprise staff costs of the Group's research and development department, depreciation and amortization of assets such as equipment and software used in research and development activities, research and development technical service fees, and outsourced development fees.

Research expenditure is recognized as an expense when incurred. Development expenditure is capitalized only when all of the following conditions are satisfied:

- it is technically feasible to complete the research and development project so that it will be available for use;
- management intends to complete the research and development project and use or sell it;
- there is an ability to use or sell the research and development project;
- it can be demonstrated how the research and development project will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the research and development project are available; and
- the expenditure attributable to the research and development project during its development can be reliably measured.

For the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, the Group's research and development expenditure did not meet the above conditions and were all recognized as an expense when incurred.

(vii) Impairment of intangible assets

Where the recoverable amount of an intangible asset is lower than its carrying amount, the carrying amount is reduced to its recoverable amount.

Details relating to impairment assessment, cash-generating unit determination and practical impairment testing of non-financial assets are set out in Note 16. Details relating to the general accounting policy for impairment of non-financial assets are set out in Note 43.6.

19 Deferred income tax

The Group

The deferred income tax assets and deferred income tax liabilities is as follows:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Deferred tax assets:				
— to be recovered after 12 months	12,069	17,039	11,067	58,493
— to be recovered within 12 months	2,977	2,845	8,323	7,002
	15,046	19,884	19,390	65,495
Offset by deferred income tax liabilities	(12,425)	(9,536)	(10,807)	(59,988)
Net deferred income tax assets	2,621	10,348	8,583	5,507
Deferred tax liabilities:				
— to be recovered after 12 months	11,343	10,297	9,900	56,433
— to be recovered within 12 months	21,212	12,489	7,277	6,485
	32,555	22,786	17,177	62,918
Offset by deferred income tax assets	(12,425)	(9,536)	(10,807)	(59,988)
Net deferred income tax liabilities	20,130	13,250	6,370	2,930

The movements in gross deferred income tax assets during the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026 are as follows:

	Lease liabilities	Impairment provision	Tax losses	Loss allowances for financial assets	Provisions	Depreciation	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2023	8,690	—	2,796	—	—	—	11,486
(Charged)/credited to profit or loss	(1,435)	2,445	2,374	136	17	23	3,560
As at December 31, 2023	7,255	2,445	5,170	136	17	23	15,046
As at January 1, 2024	7,255	2,445	5,170	136	17	23	15,046
(Charged)/credited to profit or loss	(1,195)	5,863	(1,694)	313	1,574	(23)	4,838
As at December 31, 2024	6,060	8,308	3,476	449	1,591	—	19,884
As at January 1, 2025	6,060	8,308	3,476	449	1,591	—	19,884
Credited/(charged) to profit or loss	2,978	(468)	(1,708)	295	(1,591)	—	(494)
As at December 31, 2025	9,038	7,840	1,768	744	—	—	19,390
(Unaudited)							
As at January 1, 2025	6,060	8,308	3,476	449	1,591	—	19,884
Credited/(charged) to profit or loss	4,099	(6,011)	(1,482)	255	(1,591)	—	(4,730)
As at June 30, 2025	10,159	2,297	1,994	704	—	—	15,154
(Unaudited)							
As at January 1, 2026	9,038	7,840	1,768	744	—	—	19,390
(Charged)/credited to profit or loss	(1,903)	(3,328)	51,085	251	—	—	46,105
As at June 30, 2026	7,135	4,512	52,853	995	—	—	65,495

The movements in gross deferred income tax liabilities during the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026 are as follows:

	Right-of-use assets	Intangible assets acquired in business combinations	Fair value change on financial assets at FVOCI	Fair value change on financial assets at FVPL	Share of net profit of investment in an associate	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2023	8,690	27,010	167	2,628	—	38,495
(Credited)/charged						
— to profit or loss	(1,435)	(6,880)	—	1,440	141	(6,734)
— to other comprehensive income	—	—	794	—	—	794
As at December 31, 2023	7,255	20,130	961	4,068	141	32,555
As at January 1, 2024	7,255	20,130	961	4,068	141	32,555
(Credited)/charged						
— to profit or loss	(1,129)	(6,880)	—	(3,871)	1,159	(10,721)
— to other comprehensive income	—	—	952	—	—	952
As at December 31, 2024	6,126	13,250	1,913	197	1,300	22,786

	Right-of-use assets	Intangible assets acquired in business combinations	Fair value change on financial assets at FVOCI	Fair value change on financial assets at FVPL	Share of net profit of investment in an associate	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2025	6,126	13,250	1,913	197	1,300	22,786
Charged/(credited)						
— to profit or loss	2,912	(6,880)	—	(179)	(1,300)	(5,447)
— to other comprehensive income	—	—	(162)	—	—	(162)
As at December 31, 2025	9,038	6,370	1,751	18	—	17,177
(Unaudited)						
As at January 1, 2025	6,126	13,250	1,913	197	1,300	22,786
Charged/(credited)						
— to profit or loss	4,291	(3,440)	—	(154)	(1,024)	(327)
— to other comprehensive income	—	—	(496)	—	—	(496)
As at June 30, 2025	10,417	9,810	1,417	43	276	21,963
(Unaudited)						
As at January 1, 2026	9,038	6,370	1,751	18	—	17,177
Charged/(credited)						
— to profit or loss	(1,167)	(3,440)	(1,568)	9,152	—	2,977
— to other comprehensive income	—	—	42,764	—	—	42,764
As at June 30, 2026	7,871	2,930	42,947	9,170	—	62,918

The Company

The deferred income tax assets are as follows:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*
Deferred tax assets:				
— to be recovered after 12 months	2,219	727	6,081	55,847
— to be recovered within 12 months	8,489	5,762	1,971	1,964
	10,708	6,489	8,052	57,811
Offset by deferred income tax liabilities	(10,708)	(6,489)	(8,052)	(57,811)
Net deferred income tax assets	—	—	—	—

The deferred income tax liabilities are as follows:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Deferred tax liabilities:				
— to be recovered after 12 months	6,711	4,205	5,726	55,479
— to be recovered within 12 months	3,997	2,284	2,326	2,332
	10,708	6,489	8,052	57,811
Offset by deferred income tax assets	(10,708)	(6,489)	(8,052)	(57,811)
Net deferred income tax liabilities	—	—	—	—

The movements in gross deferred income tax assets during the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026 are as follows:

	Lease liabilities	Tax losses	Total
	RMB'000	*RMB'000*	*RMB'000*
As at January 1, 2023	5,493	2,632	8,125
Credited to profit or loss	124	2,459	2,583
As at December 31, 2023	5,617	5,091	10,708
As at January 1, 2024	5,617	5,091	10,708
Charged to profit or loss	(2,553)	(1,666)	(4,219)
As at December 31, 2024	3,064	3,425	6,489
As at January 1, 2025	3,064	3,425	6,489
Credited/(charged) to profit or loss	3,220	(1,657)	1,563
As at December 31, 2025	6,284	1,768	8,052
(Unaudited)			
As at January 1, 2025	3,064	3,425	6,489
Credited/(charged) to profit or loss	4,290	(1,458)	2,832
As at June 30, 2025	7,354	1,967	9,321
(Unaudited)			
As at January 1, 2026	6,284	1,768	8,052
Credited/(charged) to profit or loss	(1,288)	51,047	49,759
As at June 30, 2026	4,996	52,815	57,811

The movements in gross deferred income tax liabilities during the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026 are as follows:

	Right-of-use assets	Fair value change on financial assets at FVOCI	Fair value change on financial assets at FVPL	Share of net profit of investment in an associate	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2023	5,493	167	2,464	—	8,124
Charged/(credited)					
— to profit or loss	124	—	1,525	141	1,790
— to other comprehensive income	—	794	—	—	794
As at December 31, 2023	5,617	961	3,989	141	10,708
As at January 1, 2024	5,617	961	3,989	141	10,708
(Credited)/charged					
— to profit or loss	(2,487)	—	(3,843)	1,159	(5,171)
— to other comprehensive income	—	952	—	—	952
As at December 31, 2024	3,130	1,913	146	1,300	6,489
As at January 1, 2025	3,130	1,913	146	1,300	6,489
Charged/(credited)					
— to profit or loss	3,153	—	(128)	(1,300)	1,725
— to other comprehensive income	—	(162)	—	—	(162)
As at December 31, 2025	6,283	1,751	18	—	8,052
(Unaudited)					
As at January 1, 2025	3,130	1,913	146	1,300	6,489
Charged/(credited)					
— to profit or loss	4,460	—	(108)	(1,024)	3,328
— to other comprehensive income	—	(496)	—	—	(496)
As at June 30, 2025	7,590	1,417	38	276	9,321
(Unaudited)					
As at January 1, 2026	6,283	1,751	18	—	8,052
Charged/(credited)					
— to profit or loss	(589)	(1,568)	9,152	—	6,995
— to other comprehensive income	—	42,764	—	—	42,764
As at June 30, 2026	5,694	42,947	9,170	—	57,811

Accounting policies of deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. The Group periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in OCI or directly in equity. In this case, the tax is also recognized in OCI or directly in equity, respectively.

20 Investment in an associate

The Group and the Company

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
At the beginning of the year/period	—	100,939	208,669	208,669	184,511
Additions	100,000	100,000	—	—	—
Disposals	—	—	(4,704)	(4,115)	—
Share of profit	939	7,730	3,037	1,837	19,705
Dividend declared during the year/period	—	—	(22,491)	(18,137)	—
At the end of the year/period	100,939	208,669	184,511	188,254	204,216

(a) Interests in an associate

	% of ownership interest						
	As at December 31,			As at June 30,	Place of registration and place of		
Name of the associate	2023	2024	2025	2026	operations	Nature of relationship	Measurement method
深圳市萬容創業投資基金合夥企業(有限合夥)(Shenzhen Wanrong Venture Capital Fund Partnership (Limited Partnership))	55.43	55.43	55.43	55.43	China	Associate	Equity method

21 Financial instruments by category

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Financial assets				
Financial assets at amortized cost:				
Trade receivables	267,651	338,428	308,828	455,938
Deposits and other receivables	23,160	43,232	16,574	44,661
Restricted cash	342	325	356	335
Cash and cash equivalents	2,548,226	2,622,214	3,032,094	2,914,920
Financial assets at fair value:				
Financial assets at FVOCI	51,449	58,148	50,074	356,890
Financial assets at FVPL	2,172,128	1,102,597	587,829	446,082
Financial liabilities				
Financial liabilities at amortized cost:				
Trade payables	187,662	177,939	284,312	304,013
Other payables and accruals	158,800	192,868	353,725	392,562
Borrowings	—	—	350,319	498,820
Lease liabilities	47,612	33,783	57,743	49,866

The Group's exposure to various risks associated with the financial instruments is discussed in Note 3. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Financial assets				
Financial assets at amortized cost:				
Trade receivables	190,505	225,521	265,419	336,254
Other receivables	26,086	47,519	20,925	45,060
Cash and cash equivalents	1,418,786	1,002,770	682,155	516,818
Financial assets at fair value:				
Financial assets at FVOCI	51,449	58,148	50,074	354,440
Financial assets at FVPL	2,001,595	952,258	581,066	432,958
Financial liabilities				
Financial liabilities at amortized cost:				
Trade payables	64,199	65,654	163,148	163,668
Other payables and accruals	44,114	58,771	215,045	427,276
Borrowings	—	—	338,303	486,812
Lease liabilities	37,881	20,425	42,466	37,902

22 Financial assets at FVOCI

(a) Classification of financial assets at FVOCI

Financial assets at FVOCI comprise:

- Equity securities which are not held for trading and for which the Group has irrevocably elected at initial recognition to present changes in fair value in OCI. These are strategic investments and the Group considers this classification to be more relevant, and
- Debt securities where the contractual cash flows are sole payments of principal and interest and the objective of the Group's business model is achieved both by collecting contractual cash flows and by selling financial assets.

(b) Financial assets at FVOCI

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Non-current:				
Listed equity investments	22,201	28,550	27,474	331,388
Unlisted equity investments	18,600	18,600	22,600	25,502
Certificates of deposits	10,648	—	—	—
	51,449	47,150	50,074	356,890
Current:				
Certificates of deposits	—	10,998	—	—

The Group did not appoint any directors to listed and unlisted equity investments, nor did it participate in or influence the financial and operating decisions of these investees in any manner. Accordingly, the Group did not have significant influence over these investees. On the date of investment, the Group designated these investments as financial assets at FVOCI and presented them as financial assets at FVOCI.

On disposal of these financial assets, any related balance within the FVOCI reserve is reclassified to retained earnings.

(c) Amounts recognized in profit or loss and other comprehensive income

During the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, the following gains/(losses) were recognized in profit or loss and other comprehensive income:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
Gains/(losses) recognized in other comprehensive income					
— Related to equity investments	4,496	5,397	(915)	(2,810)	242,329
Dividends from equity investments held at FVOCI recognized in profit or loss in other income *(Note 7)*	89	—	—	—	—
Interest income on certificates of deposits recognized in profit or loss in finance income and costs *(Note 11)*	321	2,387	71	71	—

(d) Fair value, impairment and risk exposure

Information about the methods and assumptions used in determining fair value is provided in Note 3.3.

For an analysis of the sensitivity of the assets to price risk see Note 3.1.

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Non-current:				
Listed equity investments	22,201	28,550	27,474	331,388
Unlisted equity investment	18,600	18,600	22,600	23,052
Certificates of deposits	10,648	—	—	—
	51,449	47,150	50,074	354,440
Current:				
Certificates of deposits	—	10,998	—	—

23 Financial assets at FVPL

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Non-current:				
Industry fund investments	151,564	175,157	189,775	224,576
Equity investment in unlisted entities	116,038	131,132	177,939	221,506
	267,602	306,289	367,714	446,082
Current:				
Structured deposits	1,904,526	796,308	220,115	—

(a) Amounts recognized in profit or loss

During the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, the following gains/(losses) were recognized in profit or loss:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
Fair value gains (losses) on industry fund investments at FVTPL recognized in other gains/(losses), net *(Note 8)*	1,564	(407)	10,393	(628)	34,800
Fair value gains (losses) on equity investment in unlisted entities at FVTPL recognized in other gains/(losses), net *(Note 8)*	13,018	(79,814)	40,045	1,420	37,206
Fair value gains (losses) on structured deposits at FVTPL recognized in other gains/(losses), net *(Note 8)*	73,620	33,091	9,527	7,042	1,084
	88,202	(47,130)	59,965	7,834	73,090

Information about the methods and assumptions used in determining fair value is provided in Note 3.3.

For an analysis of the sensitivity of the assets to price risk see Note 3.1.

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Non-current:				
— Industry fund investments	151,564	175,157	189,775	224,576
— Equity investment in unlisted entities at fair value	116,038	131,132	171,176	208,382
	267,602	306,289	360,951	432,958
Current:				
— Structured deposits	1,733,993	645,969	220,115	—

24 Inventories

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
				(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 fulfilment costs *(Note 6)*	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)
	1,480,134	1,350,617	1,703,714	2,155,358

During three years ended December 31, 2023, 2024 and 2025 and the six months ended 2025 and 2026, inventories recognized as cost of sales amounted to RMB1,901,003,000, RMB2,492,143,000, RMB2,753,910,000, RMB1,380,864,000 and RMB1,680,066,000 respectively, and provision for impairment of inventories of RMB38,630,000, RMB87,711,000, RMB58,602,000, RMB62,007,000 and RMB20,117,000 is charged to cost of sales in the year ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026.

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)
Raw materials	53,244	32,700	132,761	276,392
Consigned processing materials	305,386	493,595	839,261	982,291
Contract fulfilment costs *(Note 6)*	97,557	38,372	80,550	88,126
Finished goods	113,006	155,689	441,113	571,255
Goods in transit	—	47	603	—
	569,193	720,403	1,494,288	1,918,064
Less: provision for impairment of inventories	(748)	(16,546)	(52,678)	(61,675)
	568,445	703,857	1,441,610	1,856,389

25 Trade receivables

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)
Trade receivables	269,155	351,749	319,045	464,113
Less: allowance for credit losses	(1,504)	(13,321)	(10,217)	(8,175)
	267,651	338,428	308,828	455,938

The ageing analysis of the trade receivables based on date of revenue recognition is as follows:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)
Within 3 months	218,433	282,966	306,360	404,860
Between 3 months and 1 year	39,825	49,651	1,584	50,663
Between 1 year and 2 years	10,897	19,132	11,101	1,734
Above 2 years	—	—	—	6,856
	269,155	351,749	319,045	464,113

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)
USD	135,534	213,316	286,593	364,182
RMB	133,621	138,433	32,452	99,931
	269,155	351,749	319,045	464,113

Due to the short-term nature of the trade receivables, their carrying amounts are considered to approximate their fair values.

The Group does not hold any collateral as security over these debtors.

The impairment and risk exposure please refer to Note 3.1(b).

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)
Trade receivables	191,439	237,486	275,157	342,769
Less: allowance for credit losses	(934)	(11,965)	(9,738)	(6,515)
	190,505	225,521	265,419	336,254

The ageing analysis of the trade receivables based on date of revenue recognition is as follows:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)
Within 3 months	140,717	168,703	262,431	283,516
Between 3 months and 1 year	39,825	49,651	5,870	50,663
Between 1 year and 2 years	10,897	19,132	6,856	1,734
Above 2 years	—	—	—	6,856
	191,439	237,486	275,157	342,769

The carrying amounts of the Company's trade receivables are denominated RMB.

The impairment and risk exposure please refer to Note 3.1(b).

Accounting policies of trade receivables

A receivable is recognized when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment if that consideration is due. If revenue has been recognized before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortized cost, using the effective interest method less allowance for credit losses.

26 Prepayments, other receivables and other assets

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (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 (a)	—	—	—	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
Value-added tax ("**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
	199,714	369,388	587,396	847,230

(a) Individual income tax receivable from employees in respect of share-based payments was fully settled in July 2026.

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Non-current:				
Amount due from a subsidiary	6,500	6,500	6,500	6,500
Long-term lease deposits	4,688	4,824	4,261	4,292
Less: provision for impairment	(111)	(108)	(99)	(101)
	11,077	11,216	10,662	10,691
Advances for purchase of long-term assets	3,324	13,180	623	—
Prepaid software subscription fees	—	—	3,930	3,169
	14,401	24,396	15,215	13,860
Current:				
Deposits for R&D projects	14,700	14,700	10,000	10,000
Cash in transit	—	21,203	—	—
Individual income tax receivable from employees in respect of share-based payments	—	—	—	23,841
Others	198	292	164	427
Less: provision for impairment	(2,098)	(7,882)	(7,419)	(10,127)
	12,800	28,313	2,745	24,141
VAT to be deducted or refunded	90,535	185,377	295,866	332,703
Prepayments to suppliers	45,180	75,031	217,797	407,999
	148,515	288,721	516,408	764,843
	162,916	313,117	531,623	778,703

27 Restricted cash

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)
Bank deposits pledged as security for leases (a)	342	325	356	335

(a) The Group's restricted cash represented the rental guarantee deposits in banks by ASR Italy.

28 Cash and cash equivalents

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)
Cash on hand and cash at banks	2,525,202	2,619,453	3,030,677	2,912,642
Deposited in other financial institutions	20,967	550	551	1,865
Interest receivables	2,057	2,211	866	413
	2,548,226	2,622,214	3,032,094	2,914,920

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)
Cash on hand and cash at banks	1,397,819	1,002,271	681,656	515,006
Deposited in other financial institutions	20,967	499	499	1,812
	1,418,786	1,002,770	682,155	516,818

29 Share capital

The Group and the Company

	Number of shares	Share capital
		RMB'000
As at December 31, 2023, 2024 and 2025 and June 30, 2026	418,300,889	418,301

Accounting policies of share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or share awards are shown in equity as a deduction from the proceeds.

Where any group company purchases the Company's equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of the Company as treasury shares until the shares are canceled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of the Company.

30 Treasury shares

The Group and the Company

	Number of shares	Treasury shares
		RMB'000
As at January 1, 2023	—	—
Repurchase of shares for share awards	8,997,122	639,613
As at December 31, 2023	8,997,122	639,613
Repurchase of shares for share awards	4,361,649	175,214
As at December 31, 2024	13,358,771	814,827
Exercise of share awards	(3,082,146)	(188,008)
As at December 31, 2025	10,276,625	626,819
(Unaudited)		
As at January 1, 2025	13,358,771	814,827
Exercise of share awards	(3,082,146)	(188,008)
As at June 30, 2025	10,276,625	626,819
(Unaudited)		
As at January 1, 2026	10,276,625	626,819
Exercise of share awards	(2,970,124)	(181,154)
As at June 30, 2026	7,306,501	445,665

Accounting policies of treasury shares

Where any group company purchases the Company's equity instruments, the consideration paid, including any directly attributable incremental costs, is deducted from equity attributable to the Company's equity holders as treasury shares until the shares are canceled or reissued. When the Group reissues treasury shares to its employees upon exercise of share awards, the carrying amount of treasury shares is deducted at the weighted average purchase cost. The difference between the deduction carrying amount of treasury shares and the exercise payments paid by employees is recorded in reserve.

31 Reserves

The Group

	Share premium	Share based payments	FVOCI reserve	Translation reserve	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2023	8,761,718	1,788,732	949	21,307	10,572,706
Fair value change on financial assets at FVOCI	—	—	5,290	—	5,290
Deferred income tax	—	—	(794)	—	(794)
Currency translation differences	—	—	—	13,593	13,593
Equity-settled share-based payments	—	10,710	—	—	10,710
As at December 31, 2023	8,761,718	1,799,442	5,445	34,900	10,601,505
Fair value change on financial assets at FVOCI	—	—	6,349	—	6,349
Deferred income tax	—	—	(952)	—	(952)
Currency translation differences	—	—	—	12,781	12,781
Equity-settled share-based payments	—	176,274	—	—	176,274
As at December 31, 2024	8,761,718	1,975,716	10,842	47,681	10,795,957
Fair value change on financial assets at FVOCI	—	—	(1,077)	—	(1,077)
Deferred income tax	—	—	162	—	162
Currency translation differences	—	—	—	(26,148)	(26,148)
Equity-settled share-based payments	—	127,134	—	—	127,134
Exercise of share awards	16,994	(138,736)	—	—	(121,742)
As at December 31, 2025	8,778,712	1,964,114	9,927	21,533	10,774,286
(Unaudited)					
As at January 1, 2025	8,761,718	1,975,716	10,842	47,681	10,795,957
Fair value change on financial assets at FVOCI	—	—	(3,306)	—	(3,306)
Deferred income tax	—	—	496	—	496
Currency translation differences	—	—	—	(4,317)	(4,317)
Equity-settled share-based payments	—	76,715	—	—	76,715
Exercise of share awards	16,994	(138,736)	—	—	(121,742)
As at June 30, 2025	8,778,712	1,913,695	8,032	43,364	10,743,803

	Share premium	Share based payments	FVOCI reserve	Translation reserve	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
(Unaudited)					
As at January 1, 2026	8,778,712	1,964,114	9,927	21,533	10,774,286
Fair value change on financial assets at FVOCI	—	—	285,093	—	285,093
Deferred income tax	—	—	(42,764)	—	(42,764)
Currency translation differences	—	—	—	(40,049)	(40,049)
Equity-settled share-based payments	—	35,868	—	—	35,868
Exercise of share awards	3,576	(120,872)	—	—	(117,296)
Disposal of financial assets at FVOCI	—	—	(8,887)	—	(8,887)
As at June 30, 2026	8,782,288	1,879,110	243,369	(18,516)	10,886,251

The Company

	Share premium	Share based payments	FVOCI reserve	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2023	8,761,718	1,787,310	949	10,549,977
Fair value change on financial assets at FVOCI	—	—	5,290	5,290
Deferred income tax	—	—	(794)	(794)
Equity-settled share-based payments	—	10,710	—	10,710
As at December 31, 2023	8,761,718	1,798,020	5,445	10,565,183
Fair value change on financial assets at FVOCI	—	—	6,349	6,349
Deferred income tax	—	—	(952)	(952)
Equity-settled share-based payments	—	176,274	—	176,274
As at December 31, 2024	8,761,718	1,974,294	10,842	10,746,854
Fair value change on financial assets at FVOCI	—	—	(1,077)	(1,077)
Deferred income tax	—	—	162	162
Equity-settled share-based payments	—	127,134	—	127,134
Exercise of share awards	16,994	(138,736)	—	(121,742)
As at December 31, 2025	8,778,712	1,962,692	9,927	10,751,331
(Unaudited)				
As at January 1, 2025	8,761,718	1,974,294	10,842	10,746,854
Fair value change on financial assets at FVOCI	—	—	(3,306)	(3,306)
Deferred income tax	—	—	496	496
Equity-settled share-based payments	—	76,715	—	76,715
Exercise of share awards	16,994	(138,736)	—	(121,742)
As at June 30, 2025	8,778,712	1,912,273	8,032	10,699,017
(Unaudited)				
As at January 1, 2026	8,778,712	1,962,692	9,927	10,751,331
Fair value change on financial assets at FVOCI	—	—	285,093	285,093
Deferred income tax	—	—	(42,764)	(42,764)
Equity-settled share-based payments	—	35,868	—	35,868
Exercise of share awards	3,576	(120,872)	—	(117,296)
Disposal of financial assets at FVOCI	—	—	(8,887)	(8,887)
As at June 30, 2026	8,782,288	1,877,688	243,369	10,903,345

32 Accumulated losses

The Group

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000* (Unaudited)
At the beginning of the year/period	3,518,819	4,024,640	4,717,654	4,717,654	5,107,939
Net loss/(profit)	505,821	693,014	390,285	245,404	(84,244)
Disposal of financial assets at FVOCI	—	—	—	—	(8,887)
At the end of the year/period	4,024,640	4,717,654	5,107,939	4,963,058	5,014,808

The Company

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000* (Unaudited)
At the beginning of the year/period	2,621,606	3,282,075	4,671,107	4,671,107	5,318,318
Net loss	660,469	1,389,032	647,211	431,896	25,415
Disposal of financial assets at FVOCI	—	—	—	—	(8,887)
At the end of the year/period	3,282,075	4,671,107	5,318,318	5,103,003	5,334,846

33 Share-based payment

(a) Equity settled share-based payment arrangement

In recognition of the contributions from employees and to incentivize them for the further development in the Group, pursuant to the shareholders' resolution in November 2023, the Group adopted a share awards plan ("**2023 Equity Incentive Plan**"). Under 2023 Equity Incentive Plan, the Group granted 8,075,000 share awards and 1,425,000 share awards to employees on December 7, 2023 and October 29, 2024, respectively.

The terms and conditions for the options granted are as below:

Type (i) 40% of the total granted share awards shall become vested one year from the vesting commencement date and the remaining 60% vested on each year thereafter over the next two years;

Type (ii) 50% of the total granted share awards shall become vested one year from the vesting commencement date and the remaining 50% vested on the next year.

The granted share awards shall become vested after meeting certain non-market performance vesting conditions, upon satisfaction of which, for each share award vested, the grantees have the rights to elect whether to purchase one Company's ordinary share with a price of RMB 21.5 per share.

(i) The number of share awards granted to the Group's incentive participants is summarized as follows:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
				(Unaudited)	*(Unaudited)*
Outstanding as at the beginning of the year/period	—	8,058,497	9,244,655	9,244,655	5,977,155
Granted	8,075,000	1,425,000	—	—	—
Forfeited	(16,503)	(238,842)	(185,354)	(157,196)	(50,694)
Exercised	—	—	(3,082,146)	(3,082,146)	(2,970,124)
Outstanding as at the end of the year/period	8,058,497	9,244,655	5,977,155	6,005,313	2,956,337

The weighted average fair value of share awards granted on December 7, 2023 and October 29, 2024 was RMB46.12 per share award and RMB23.34 per share award, respectively.

The share awards shall expire within four years from the grant date, no share awards expired during the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026.

(ii) Equity settled share-based payment expenses during the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026 were as follows:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	*(Unaudited)*
Research and development expenses	9,285	156,811	113,564	68,339	32,396
Administrative expenses	688	11,567	8,067	5,059	1,870
Selling and marketing expenses	457	7,682	4,872	2,824	1,504
Cost of goods sold	280	108	312	110	64
Inventories	—	106	319	383	34
	10,710	176,274	127,134	76,715	35,868

(iii) The Group used the Black-Scholes model to determine the fair value of the share awards at the grant date.

Key assumptions to determine the fair value of the share awards as at the grant date are set as below:

	December 7, 2023	October 29, 2024
Exercise price *(RMB)*	21.50	21.50
Effective period	1.42-3.42 years	1.52-2.52 years
Current price of underlying shares *(RMB)*	65.65	42.57
Estimated volatility of share price	46.44%-51.56%	49.20%-49.64%
Risk-free interest rate within effective period	2.43%-2.53%	1.46%-1.57%
Estimated dividend rate	0.00%	0.00%

(b) Cash-settled share-based payment arrangement

Pursuant to the shareholders' resolution in November 2023, the Group adopted a share incentive plan to grant share appreciation rights ("**2023 SAR Plan**") to certain employees. Under 2023 SAR Plan, the Group granted 397,500 share appreciation rights to certain incentive participants at a price of RMB36.50 per share on December 7, 2023.

The terms and conditions for the share appreciation rights granted are as below:

40% of the total granted share appreciation rights shall become vested one year from the vesting commencement date and the remaining 60% vested on each year thereafter over the next two years;

The granted share appreciation rights shall become vested after meeting certain non-market performance vesting conditions.

(i) The number of share appreciation rights granted to the Group's incentive participants is summarized as follows:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
				(Unaudited)	*(Unaudited)*
Outstanding as at the beginning of the year/period	—	397,500	397,500	397,500	238,500
Granted	397,500	—	—	—	—
Exercise	—	—	(159,000)	(159,000)	(119,250)
Outstanding as at the end of the year/period	397,500	397,500	238,500	238,500	119,250

As at December 31, 2023, 2024 and 2025 and June 30, 2025 and 2026, the weighted average fair value of share appreciation rights was RMB39.53 per share, RMB22.04 per share, RMB48.70 per share, RMB46.18 per share and RMB88.75 per share, respectively.

The share appreciation rights shall expire within four years from the grant date, no share appreciation rights expired during the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026.

(ii) Cash-settled share-based payment expenses during the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026 were as follows:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	*(Unaudited)*
Administrative expenses	535	4,184	10,784	8,508	3,157

(iii) The Group used the Black-Scholes model to determine the fair value of the share appreciation rights at the balance sheet date.

Key assumptions to determine the fair value of the share appreciation rights as at December 31, 2023, 2024 and 2025 and June 30, 2026 are set as below:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
				(Unaudited)
Exercise price *(RMB)*	36.50	36.50	36.50	36.50
Effective period	1.59-3.59 years	0.59-2.59 years	0.59-1.59 years	0.59 years
Current price of underlying shares *(RMB)*	70.44	54.09	82.61	124.32
Estimated volatility of share price	46.44%-51.56%	45.05%-64.07%	56.39%-68.44%	62.62%
Risk-free interest rate within effective period	2.16%-2.33%	0.98%-1.17%	1.25%-1.35%	1.13%
Estimated dividend yield	0.00%	0.00%	0.00%	0.00%

Accounting policies of share-based payments

Share-based compensation benefits are provided to employees via the Company's share-based incentive plan including share awards and share appreciation.

(i) Share awards

The fair value of share awards granted to employees is recognized as an expense over the relevant service period. The fair value is determined by Black-Scholes model at the grant date and the grant price and is recognized in equity in capital reserves. The number of shares expected to vest is estimated based on the non-market vesting conditions. The estimates are revised at the end of each reporting period and adjustments are recognized in profit or loss and reserves.

Where shares are forfeited due to a failure by the employee to satisfy the service or performance conditions, any expenses previously recognized in relation to such shares are reversed with effect from the date of the forfeiture.

(ii) Share appreciation rights

Liabilities for the Group's share appreciation rights are recognized as employee benefit expense over the relevant service period based on the estimated number of rights that are expected to vest. The liabilities are presented as employee benefit obligations and remeasured to fair value at each reporting date, with any measurement changes recognized in profit or loss as employee benefit expense. In estimating the fair value, market conditions and non-vesting conditions are taken into account. Where share appreciation rights are forfeited due to a failure by the employee to satisfy the service conditions and certain non-market performance vesting conditions, the liability is derecognized and expenses previously recognized are reversed.

34 Deferred income

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)
Non-current:				
Government grants	99,874	83,897	37,792	36,292
Current:				
Government grants	3,562	3,946	8,494	5,416
	103,436	87,843	46,286	41,708

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)
Non-current:				
Government grants	85,726	83,897	37,792	36,292
Current:				
Government grants	3,490	3,946	8,494	5,416
	89,216	87,843	46,286	41,708

35 Trade payables

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
				(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
	187,662	177,939	284,312	304,013

An aging analysis of the trade payables based on invoice or recognition date as at the end of the reporting period was as follows:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)
Within 1 year	170,548	153,387	236,138	245,608
Over 1 year	17,114	24,552	48,174	58,405
	187,662	177,939	284,312	304,013

The carrying amounts of the Group's trade payables are denominated in the following currencies:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)
RMB	113,344	84,962	138,077	166,010
USD	74,318	92,977	146,235	138,003
	187,662	177,939	284,312	304,013

The carrying amounts of trade payables are considered to approximate their fair values, due to their short-term nature.

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)
Payables for outsourced processing fees	38,069	34,909	102,372	83,466
Payables for royalties	5,369	7,668	15,727	20,265
Payables for raw materials	20,088	22,045	44,018	43,675
Payables for service fees to subsidiaries	673	1,032	1,031	16,262
	64,199	65,654	163,148	163,668

An aging analysis of the trade payables based on invoice or recognition date as at the end of the reporting period was as follows:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)
Within 1 year	64,199	65,654	163,130	163,650
Over 1 year	—	—	18	18
	64,199	65,654	163,148	163,668

The carrying amounts of the Company's trade payables are denominated RMB.

36 Other payables and accruals

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)
Non-current:				
Payable for purchase of intangible assets	—	—	76,904	78,260
Salaries, wages and benefits	1,183	2,975	4,958	701
	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 (a)	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
	361,195	348,047	463,283	492,361
	362,378	351,022	545,145	571,322

(a) The movement of provision for warranties during the years ended December 31, 2023, 2024 and 2025 and June 30, 2026 are as below:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
At the beginning of the year/period	19,375	17,008	15,069	15,069	25,616
Charged to profit or loss	7,710	9,695	14,397	14,337	674
Amounts used during the year/period	(10,351)	(11,685)	(3,742)	(2,538)	(2,935)
Currency translation differences	274	51	(108)	(265)	(165)
At the end of the year/period	17,008	15,069	25,616	26,603	23,190

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Non-current:				
Payable for purchase of intangible assets	—	—	76,904	78,260
Salaries, wages and benefits	271	1,080	1,899	—
	271	1,080	78,803	78,260
Current:				
Salaries, wages and benefits	128,491	87,397	99,548	58,891
Payable for purchase of intangible assets	27,863	13,075	98,292	107,991
Other taxes payable	7,987	7,102	15,466	34,816
Amounts due to subsidiaries	6,182	24,132	17,725	226,090
Deposits	4,019	5,969	6,385	7,905
Payables for professional services	2,421	2,598	1,817	100
Payables for technical services	1,932	3,543	6,592	4,742
Provision for warranties	63	345	402	581
Others	1,697	9,454	7,330	2,188
	180,655	153,615	253,557	443,304
	180,926	154,695	332,360	521,564

37 Borrowings

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)
Unsecured bank borrowings	—	—	350,319	498,820

(a) As at December 31, 2025 and June 30, 2026, borrowing of RMB12,016,000 and RMB12,008,000 was guaranteed by the Company for its subsidiary, ASR Smart.

(b) As at December 31, 2025 and June 30, 2026, the Group had no overdue short-term borrowings, with interest rates ranging from 2.11% to 2.30% per annum.

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)
Unsecured bank borrowings	—	—	338,303	486,812

For the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, the Group did not capitalize any borrowing costs.

38 Cash flow information

(a) Cash used in operations

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000* (Unaudited)
(Loss)/profit before income tax for the year/period	(486,655)	(661,795)	(350,637)	(217,076)	55,202
Adjustments for:					
— Impairment provision for inventories	38,630	87,711	58,602	62,007	20,117
— Impairment provision for intangible assets and goodwill	1,085	—	49	49	—
— Net impairment losses/(reversals) on financial assets and contract assets	128	17,565	(3,455)	1,090	827
— Depreciation of property, plant and equipment	53,173	56,961	57,991	29,806	23,959
— Depreciation of right-of-use assets	27,961	29,661	25,323	13,154	11,528
— Amortization of intangible assets	124,052	154,691	191,487	80,035	127,986
— Amortization of software subscription fees	—	—	634	—	762
– (Gains)/losses on disposal of right-of-use assets	(301)	(35)	(5)	(78)	172
— Net gains on disposal of property, plant and equipment	1,045	169	47	31	—
— Net fair value (gains)/losses on financial assets at FVPL	(88,202)	47,130	(59,965)	(7,834)	(73,090)
— Fair value losses on share appreciation rights	—	—	1,914	1,918	2,783
— Finance income — net	(44,106)	(48,911)	(61,227)	(29,830)	(19,902)
— Share of net profit of investment in an associate	(939)	(7,730)	(3,037)	(1,837)	(19,705)
— Dividends from financial assets at FVOCI	(89)	—	—	—	—
— Expenses on disposal of financial assets at FVOCI	—	—	—	—	603
— Amortization of deferred income	(14,493)	(24,119)	(81,101)	(72,365)	(5,378)
— Share-based compensation expenses	11,245	180,458	137,918	85,223	39,025
— Net exchange differences	(2,474)	(8,322)	18,534	2,843	19,660
Changes in working capital:					
— (Increase)/decrease in inventories	(335,717)	41,338	(410,633)	(78,028)	(470,674)
— (Increase)/decrease in trade receivables	(51,402)	(82,593)	32,703	(77,891)	(145,068)
— Increase in prepayments, other receivables and other assets	(57,705)	(164,203)	(225,868)	(80,645)	(230,755)
— Decrease in contract assets	715	1,557	2,318	2,105	577
— Increase/(decrease) in trade payables	62,351	(9,723)	106,373	104,362	19,701
— Increase/(decrease) in contract liabilities	27,238	(47,039)	60,260	(83,590)	235,723
— Increase/(decrease) in other payables and accruals	44,998	5,428	40,051	(35,208)	28,516
Net cash used in operations	(689,462)	(431,801)	(461,724)	(301,759)	(377,431)

(b) Material non-cash financing activities

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000* (Unaudited)
Additions of right-of-use assets	24,725	16,374	48,175	43,772	6,216
Decrease in lease liabilities due to early termination	(3,870)	(821)	(39)	(39)	(987)
	20,855	15,553	48,136	43,733	5,229

(c) Related payments of leases

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
Payments for lease liabilities	29,913	30,534	26,154	14,686	14,097
Value-added tax paid in respect of lease payments	1,181	1,373	1,276	557	995
Payments for lease deposits	246	224	170	15	234
Collection of lease deposits	—	(1,454)	(1,050)	(643)	—
	31,340	30,677	26,550	14,615	15,326

(d) Net cash reconciliation

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Cash and cash equivalents	2,548,226	2,622,214	3,032,094	2,914,920
Borrowings	—	—	(350,319)	(498,820)
Lease liabilities	(47,612)	(33,783)	(57,743)	(49,866)
Net cash	2,500,614	2,588,431	2,624,032	2,366,234

	Cash and cash equivalents	Liabilities from financing activities			
		Borrowings	Lease liabilities	Sub-total	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2023	2,077,403	—	(53,891)	(53,891)	2,023,512
Net increase in cash and cash equivalents	461,777	—	—	—	461,777
Financing cash flows	—	—	29,913	29,913	29,913
Interest expense	—	—	(2,380)	(2,380)	(2,380)
Non-cash financing activities	—	—	(20,855)	(20,855)	(20,855)
Foreign exchange adjustments	9,046	—	(399)	(399)	8,647
As at December 31, 2023	2,548,226	—	(47,612)	(47,612)	2,500,614
As at January 1, 2024	2,548,226	—	(47,612)	(47,612)	2,500,614
Net increase in cash and cash equivalents	58,586	—	—	—	58,586
Financing cash flows	—	2,286	30,534	32,820	32,820
Interest expense	—	(2,286)	(1,823)	(4,109)	(4,109)
Non-cash financing activities	—	—	(15,553)	(15,553)	(15,553)
Foreign exchange adjustments	15,402	—	671	671	16,073
As at December 31, 2024	2,622,214	—	(33,783)	(33,783)	2,588,431

	Cash and cash equivalents	Liabilities from financing activities			
		Borrowings	Lease liabilities	Sub-total	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2025	2,622,214	—	(33,783)	(33,783)	2,588,431
Net increase in cash and cash equivalents	450,699	—	—	—	450,699
Financing cash flows	—	(346,166)	26,154	(320,012)	(320,012)
Interest expense	—	(4,153)	(2,138)	(6,291)	(6,291)
Non-cash financing activities	—	—	(48,136)	(48,136)	(48,136)
Foreign exchange adjustments	(40,819)	—	160	160	(40,659)
As at December 31, 2025	3,032,094	(350,319)	(57,743)	(408,062)	2,624,032
(Unaudited)					
As at January 1, 2025	2,622,214	—	(33,783)	(33,783)	2,588,431
Net increase in cash and cash equivalents	210,145	—	—	—	210,145
Financing cash flows	—	(201,581)	14,686	(186,895)	(186,895)
Interest expense	—	(1,081)	(961)	(2,042)	(2,042)
Non-cash financing activities	—	—	(43,733)	(43,733)	(43,733)
Foreign exchange adjustments	(5,597)	—	426	426	(5,171)
As at June 30, 2025	2,826,762	(202,662)	(63,365)	(266,027)	2,560,735
(Unaudited)					
As at January 1, 2026	3,032,094	(350,319)	(57,743)	(408,062)	2,624,032
Net increase in cash and cash equivalents	(51,456)	—	—	—	(51,456)
Financing cash flows	—	(143,292)	14,097	(129,195)	(129,195)
Interest expense	—	(5,209)	(961)	(6,170)	(6,170)
Non-cash financing activities	—	—	(5,229)	(5,229)	(5,229)
Foreign exchange adjustments	(65,718)	—	(30)	(30)	(65,748)
As at June 30, 2026	2,914,920	(498,820)	(49,866)	(548,686)	2,366,234

39 Capital Commitments

Significant capital expenditure commitments are set out below:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*
Intangible assets	12,749	173	129,416	122,919
Property, plant and equipment	2,115	349	895	433
	14,864	522	130,311	123,352

As at 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 RMB430,000,000, RMB306,000,000, RMB330,000,000 and RMB330,000,000, respectively, were to be paid within the respective remaining terms of the funds upon future capital calls.

As at June 30, 2026, pursuant to the equity investment agreement with one of the Group's investees, the unpaid capital contribution of RMB8,000,000 is payable on or before September 30, 2030.

40 Related party transactions

As of June 30, 2026, Mr. TAI Po Ka, the founder and ultimate beneficial owner of the Company, directly held 35,242,880 A shares of the Company and beneficially owned 56,470,800 A shares through Ningbo Jiexin Ruiwei Enterprise Management Partnership (Limited Partnership), GreatASR1 Limited and GreatASR2 Limited, all of which are under his control. In aggregate, Mr. TAI Po Ka held 91,713,680 A shares of the Company, representing 21.93% of the Company's total shareholding.

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or joint control.

(a) Relationship with related parties:

Save as disclosed elsewhere in this report, the Group are of the view that the following parties/companies were related parties that had transactions or balances with the Group:

Name of the related parties	Relationship with the Group
Shending Technology.	Director appointed by the Company and holding more than 5% shareholding
Shenzhen Wanrong Venture Capital Fund Limited Partnership	An associate of the Group

(b) Transactions with related parties

Save as disclosed elsewhere in this report, below are the transactions with related parties in the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026.

(i) Loans to a related party and repayment of loan by a related party

During the year ended December 31, 2024, the Company granted an entrusted loan of RMB6,000,000 to Shending Technology. During the year, the Company recovered the entrusted loan and received interest income of RMB89,000.

(ii) Investments in an associate

During the years ended December 31, 2023 and 2024, the Group invested RMB100,000,000 and RMB100,000,000 respectively in Shenzhen Wanrong Venture Capital Fund Limited Partnership.

(iii) Proceeds from disposal of interests in an associate and dividends received

During the years ended December 31, 2025, the Group recorded proceeds from disposal of its interest in Shenzhen Wanrong Venture Capital Fund Limited Partnership of RMB4,704,000 and dividends received of RMB22,491,000.

(iv) Key management personnel compensation

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
Wages, salaries and bonuses	17,917	17,697	20,316	9,720	8,743
Defined contribution plans	348	291	378	183	91
Other social security costs, housing benefits	466	376	472	235	95
Share-based compensation expenses	535	4,185	10,985	8,507	3,157
	19,266	22,549	32,151	18,645	12,086

41 Benefits and interests of directors and supervisors

The remuneration of every director and supervisor for the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026 were set out below:

	Fee	Wages, salaries and bonuses	Defined contribution plans	Other social security costs, housing benefits	Share-based compensation expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended December 31, 2023						
Executive directors						
Mr. TAI Po Ka (戴保家)(i)	–	4,696	–	–	153	4,849
Mr. ZHOU Xuan (周璇)(ii)	–	4,706	–	–	153	4,859
Ms. HAN Min (韓旻)(iii)	–	2,315	70	94	70	2,549
Mr. ZHAO Xikai (趙錫凱)(iv)	–	3,513	–	–	111	3,624
Mr. DENG Junxiong (鄧俊雄)(vii)	–	2,340	68	90	–	2,498
Non-executive directors						
Ms. WU Siyun (吳司韻)(v)	–	–	–	–	–	–
Mr. HUANG Chen (黃晨)(vi)	–	–	–	–	–	–
Mr. JIANG Jiangwei (蔣江偉)(viii)	–	–	–	–	–	–
Independent non-executive directors						
Mr. HU Zhan (胡瞻)(ix)	8	–	–	–	–	8
Mr. ZHANG Ker (張可)(x)	200	–	–	–	–	200
Mr. LI Feng (李峰)(xi)	200	–	–	–	–	200
Mr. ZHANG Xuting (張旭廷)(xii)	192	–	–	–	–	192
Supervisors						
Mr. ZHAO Zhongfang (趙忠方)(xiii)	–	762	70	94	–	926
Mr. JIA Jianxiang (賈建祥)(xiv)	–	813	70	94	–	977
Mr. WANG Lin (王林)(xv)	–	–	–	–	–	–
	600	19,145	278	372	487	20,882

	Fee	Wages, salaries and bonuses	Defined contribution plans	Other social security costs, housing benefits	Share-based compensation expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended December 31, 2024						
Executive directors						
Mr. TAI Po Ka (戴保家)(i)	–	4,342	–	–	1,200	5,542
Mr. ZHOU Xuan (周璇)(ii)	–	4,487	–	–	1,200	5,687
Ms. HAN Min (韓旻)(iii)	–	2,099	73	94	548	2,814
Mr. ZHAO Xikai (趙錫凱)(iv)	–	3,234	–	–	869	4,103
Non-executive directors						
Ms. WU Siyun (吳司韻)(v)	–	–	–	–	–	–
Mr. HUANG Chen (黃晨)(vi)	–	–	–	–	–	–
Independent non-executive directors						
Mr. HU Zhan (胡瞻)(ix)	200	–	–	–	–	200
Mr. ZHANG Ker (張可)(x)	200	–	–	–	–	200
Mr. LI Feng (李峰)(xi)	200	–	–	–	–	200
Supervisors						
Mr. ZHAO Zhongfang (趙忠方)(xiii)	–	786	73	94	–	953
Mr. JIA Jianxiang (賈建祥)(xiv)	–	817	73	94	–	984
Mr. WANG Lin (王林)(xv)	–	–	–	–	–	–
	600	15,765	219	282	3,817	20,683
For the year ended December 31, 2025						
Executive directors						
Mr. TAI Po Ka (戴保家)(i)	–	4,444	–	–	3,093	7,537
Mr. ZHOU Xuan (周璇)(ii)	–	5,069	–	–	3,093	8,162
Ms. HAN Min (韓旻)(iii)	–	2,157	80	94	1,411	3,742
Mr. ZHAO Xikai (趙錫凱)(iv)	–	3,547	–	–	2,238	5,785
Non-executive directors						
Ms. WU Siyun (吳司韻)(v)	–	–	–	–	–	–
Mr. HUANG Chen (黃晨)(vi)	–	–	–	–	–	–
Independent non-executive directors						
Mr. HU Zhan (胡瞻)(ix)	200	–	–	–	–	200
Mr. ZHANG Ker (張可)(x)	200	–	–	–	–	200
Mr. LI Feng (李峰)(xi)	200	–	–	–	–	200
Supervisors						
Mr. ZHAO Zhongfang (趙忠方)(xiii)	–	369	37	47	–	453
Mr. JIA Jianxiang (賈建祥)(xiv)	–	379	37	47	–	463
Mr. WANG Lin (王林)(xv)	–	–	–	–	–	–
	600	15,965	154	188	9,835	26,742

	Fee	Wages, salaries and bonuses	Defined contribution plans	Other social security costs, housing benefits	Share-based compensation expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the six months ended June 30, 2025 (Unaudited)						
Executive directors						
Mr. TAI Po Ka (戴保家)(i)	–	2,238	–	–	2,440	4,678
Mr. ZHOU Xuan (周璇)(ii)	–	2,555	–	–	2,440	4,995
Ms. HAN Min (韓旻)(iii)	–	1,086	37	47	1,113	2,283
Mr. ZHAO Xikai (趙錫凱)(iv)	–	1,790	–	–	1,766	3,556
Non-executive directors						
Ms. WU Siyun (吳司韻)(v)	–	–	–	–	–	–
Mr. HUANG Chen (黃晨)(vi)	–	–	–	–	–	–
Independent non-executive directors						
Mr. HU Zhan (胡瞻)(ix)	100	–	–	–	–	100
Mr. ZHANG Ker (張可)(x)	100	–	–	–	–	100
Mr. LI Feng (李峰)(xi)	100	–	–	–	–	100
Supervisors						
Mr. ZHAO Zhongfang (趙忠方)(xiii)	–	369	37	47	–	453
Mr. JIA Jianxiang (賈建祥)(xiv)	–	379	37	47	–	463
Mr. WANG Lin (王林)(xv)	–	–	–	–	–	–
	300	8,417	111	141	7,759	16,728
For the six months ended June 30, 2026 (Unaudited)						
Executive directors						
Mr. TAI Po Ka (戴保家)(i)	–	2,230	–	–	906	3,136
Mr. ZHOU Xuan (周璇)(ii)	–	2,364	–	–	906	3,270
Ms. HAN Min (韓旻)(iii)	–	1,179	45	47	413	1,684
Mr. ZHAO Xikai (趙錫凱)(iv)	–	1,656	–	–	655	2,311
Non-executive directors						
Ms. WU Siyun (吳司韻)(v)	–	–	–	–	–	–
Mr. HUANG Chen (黃晨)(vi)	–	–	–	–	–	–
Independent non-executive directors						
Mr. HU Zhan (胡瞻)(ix)	100	–	–	–	–	100
Mr. ZHANG Ker (張可)(x)	50	–	–	–	–	50
Mr. LI Feng (李峰)(xi)	50	–	–	–	–	50
Mr. CHEN Shimin (陳世敏)(xvi)	50	–	–	–	–	50
Mr. NG Wing Fai (吳榮輝)(xvii)	50	–	–	–	–	50
	300	7,429	45	47	2,880	10,701

(i) Mr. TAI Po Ka (戴保家) was appointed as executive director of the Company in August 2020.

(ii) Mr. ZHOU Xuan (周璇) was appointed as executive director of the Company in May 2023.

(iii) Ms. HAN Min (韓旻) was appointed as executive director of the Company in May 2020.

(iv) Mr. ZHAO Xikai (趙錫凱) was appointed as executive director of the Company in August 2020.

(v) Ms. WU Siyun (吳司韻) was appointed as non-executive director of the Company in November 2023.

(vi) Mr. HUANG Chen (黃晨) was appointed as non-executive director of the Company in August 2020.

(vii) Mr. DENG Junxiong (鄧俊雄) was appointed as executive director of the Company in August 2020 and resigned in May 2023.

(viii) Mr. JIANG Jiangwei (蔣江偉) was appointed as non-executive director of the Company in November 2020 and resigned in October 2023.

(ix) Mr. HU Zhan (胡瞻) was appointed as independent non-executive director of the Company in December 2023.

(x) Mr. ZHANG Ker (張可) was appointed as independent non-executive director of the Company in August 2020 and resigned in April 2026.

(xi) Mr. LI Feng (李峰) was appointed as independent non-executive director of the Company in August 2020 and resigned in April 2026.

(xii) Mr. ZHANG Xuting (張旭廷) was appointed as independent non-executive director of the Company in August 2020 and resigned in December 2023.

(xiii) Mr. ZHAO Zhongfang (趙忠方) was appointed as supervisor of the Company in August 2020 and resigned in May 2025.

(xiv) Mr. JIA Jianxiang (賈建祥) was appointed as supervisor of the Company in August 2020 and resigned in May 2025.

(xv) Mr. WANG Lin (王林) was appointed as supervisor of the Company in August 2020 and resigned in May 2025.

(xvi) Mr. CHEN Shimin (陳世敏) was appointed as independent non-executive director of the Company in April 2026.

(xvii) Mr. NG Wing Fai (吳榮輝) was appointed as independent non-executive director of the Company in April 2026.

Certain directors and supervisors of the Company did not receive remuneration from the Company.

(a) Directors' and supervisors' retirement and termination benefits

No retirement or termination benefits have been paid to the Company's directors and supervisors for the years ended December 31, 2023, 2024 and 2025 and the six months ended 2025 and 2026.

(b) Consideration provided to third parties for making available directors' and supervisors' services

No consideration was provided to third parties for making available directors' and supervisors' services during the years ended December 31, 2023, 2024 and 2025 and the six months ended 2025 and 2026.

(c) Information about loans, quasi-loans or other dealings in favor of directors and supervisors, controlled bodies corporate by and connected entities with such directors and supervisors.

No loans, quasi-loans or other dealings were entered into by the Company in favor of directors and supervisors, controlled bodies corporate by and connected entities with such directors during the years ended December 31, 2023, 2024 and 2025 and the six months ended 2025 and 2026.

(d) Directors' and supervisors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Group was a party and in which a director or supervisor of the Company had a material interest, whether directly or indirectly, subsisted at the end of the years or at any time during the years ended December 31, 2023, 2024 and 2025 the six months periods ended 2025 and 2026.

42 Contingencies

As at December 31, 2023, 2024 and 2025 and June 30, 2026, there was no significant contingency item for the Group and the Company.

43 Summary of other accounting policies

43.1 Principles of consolidation

Subsidiaries

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intra-group transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

43.2 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;

- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognized in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognized in profit or loss, unless the previous held investment is equity investment designated as FVOCI.

43.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (the "**CODM**"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the directors that makes strategic decisions.

43.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates. As the major operations of the Group are within Chinese Mainland, the Group determined to present the Historical Financial Information in RMB, which is the Company's functional currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statements of comprehensive (loss)/income, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statements of comprehensive (loss)/income on a net basis within "other gains/(losses), net".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

(c) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

- income and expenses for each statement of comprehensive loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

- all resulting currency translation differences are recognized in OCI.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognized in OCI.

43.5 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount might not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

43.6 Investments and other financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss); and

- those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade date, being the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in "other gains/(losses), net", together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statements of comprehensive (loss)/income.

- FVOCI: assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses). Interest income from these

financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as a separate line item in the statement of profit or loss.

- FVPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL and is not part of a hedging relationship is recognized in profit or loss and presented net in the consolidated statements of comprehensive (loss)/income.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in the consolidated statements of comprehensive (loss)/income. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(d) Impairment

The Group assesses on a forward-looking basis for the ECL on financial assets (including cash and cash equivalents, trade receivables, contract assets and other receivables), which is subject to impairment under IFRS 9. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For financial instruments that have low credit risk at the end of the reporting period, the Group assumes that credit risk has not increased significantly since initial recognition and classifies them as Stage 1 financial instruments, measuring the loss allowance at an amount equal to 12-month expected credit losses.

For financial instruments classified in Stage 1 and Stage 2, the Group calculates interest income based on the gross carrying amount before deduction of the loss allowance and the effective interest rate. For financial instruments classified in Stage 3, the Group calculates interest income based on the amortized cost (i.e., the gross carrying amount less the recognized loss allowance) and the effective interest rate.

For financial assets for which expected credit losses are assessed on an individual basis, their credit risk characteristics are significantly different from those of other financial assets in the same class. When it is not practicable to assess the expected credit loss information for an individual financial asset at a reasonable cost, the Group groups the receivables into portfolios based on their credit risk characteristics and calculates the expected credit losses on a portfolio basis. The basis for determining the portfolios and the corresponding provisioning methods are as follows:

Portfolio	Description	Items included
Portfolio 1	Deposit portfolio	Advances for employees, deposits, tax refundable and other items with low credit risk
Portfolio 2	Intra-group related party portfolio	Receivables due from the subsidiaries of the Company
Portfolio 3	Cash in transit portfolio	Cash in transit
Portfolio 4	Other portfolio	Others

For trade receivables and contract assets classified into portfolios, the Group calculates expected credit losses based on exposure at default and lifetime expected credit loss rates, with reference to industry information, taking into account current conditions and forecasts of future economic conditions. For other receivables classified into portfolios, the Group calculates expected credit losses based on exposure at default and 12-month or lifetime expected credit loss rates, as applicable, with reference to industry information, taking into account current conditions and forecasts of future economic conditions.

The loss allowance recognized or reversed is charged or credited to profit or loss for the period.

43.7 Investment in associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting after initially being recognized at cost.

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in OCI of the investee in OCI. Dividends received or receivable from associates are recognized as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

43.8 Inventories

Inventory items relating to the production and sale of chip products include raw materials, work in progress (consignment processing materials), finished goods and goods in transit. Inventories are stated at the lower of cost and net realisable value.

The cost of inventories is determined using the weighted average method. The cost of work in progress (consignment processing materials), finished goods and goods in transit primarily comprises raw materials and outsourced processing fees. The Group's chip production process is mainly carried out by external suppliers.

A write-down is recognized for the excess of the carrying amount of inventories over their net realisable value. Net realisable value is determined as the estimated selling price in the ordinary course of business, less the estimated costs to completion, estimated contract fulfilment costs, selling expenses and related taxes. For chip products, the Group provides for write-downs based on factors such as ageing, storage condition, historical sales discounts and expected future sales.

The Group adopts the perpetual inventory system for inventory taking.

43.9 Cash and cash equivalents

For the purpose of presentation in the consolidated statements of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term and highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

43.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statements of financial position where the Group currently has a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

43.11 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Majority of other payables are payroll payables, payables for purchase of property, plant and equipment, intangible assets, technical services, and other taxes payables etc. Trade and other payables are classified as current liabilities if payment is due within one year (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

43.12 Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are derecognized when the obligation specified in the contract is extinguished, canceled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as finance costs.

Borrowings are classified as current liabilities unless, at the end of the reporting period, the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification at the reporting date.

43.13 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of those assets. Capitalization of borrowing costs commences when expenditures for the asset and borrowing costs are incurred, and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete, and borrowing costs incurred thereafter are recognized as an expense in profit or loss. Borrowing costs are suspended during extended periods in which the active development of a qualifying asset is interrupted, if such interruption lasts for more than three consecutive months.

For specific borrowings that are directly attributable to the acquisition, construction or production of a qualifying asset, the amount of borrowing costs eligible for capitalization is determined as the actual interest expense incurred on the specific borrowings during the period, less any interest income earned on the temporary investment of those borrowings pending their expenditure on the qualifying asset.

For general borrowings that are used to finance the acquisition, construction or production of a qualifying asset, the amount of borrowing costs eligible for capitalization is determined by applying a capitalization rate to the weighted average amount of accumulated expenditures that exceed the amount of specific borrowings. The capitalization rate is the weighted average of the interest rates applicable to the general borrowings that are outstanding during the period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts over the expected life of the borrowing to the net carrying amount on initial recognition.

43.14 Provisions

Provisions for legal claims and make goods obligations are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

43.15 Interest income

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets, see Note 11 above. Interest income on financial assets at amortized cost and financial assets at FVOCI calculated using the effective interest method is recognized in profit or loss as part of finance income.

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes, see Note 11 above.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

43.16 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to December 31, 2025 and up to the date of this report.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

APPENDIX IIB [REDACTED]

[REDACTED]

GENERAL PROVISIONS

The Company is a joint-stock company established for perpetual duration.

Shareholders shall have limited liability to the Company to the extent of their subscribed shares, and the Company shall be liable for its debts with all its assets.

From the date of its entry into force, these Articles of Association shall constitute a legally binding document governing the organisation and conduct of the Company, as well as the rights and obligations between the Company and its shareholders, and amongst the shareholders themselves. These Articles of Association are legally binding on the Company, its shareholders, directors and senior management. Pursuant to these Articles of Association, a shareholder may bring legal proceedings against another shareholder, against a director or member of the senior management of the Company, or against the Company itself; the Company may also bring legal proceedings against its shareholders, directors or senior management.

SCOPE OF BUSINESS

The Company's scope of business as registered in accordance with the law is: engaging in technical development, technical services, technology transfer and technical consultancy services in the fields of electronics, telecommunications, network engineering and computer technology; the wholesale and retail (limited to branches only), import and export, and commission agency (excluding auctions) of electronic products and equipment, computer software and peripheral equipment; related ancillary services; and investment consultancy (excluding finance and securities). (Business activities requiring approval in accordance with the law may only be carried out after approval has been granted by the relevant authorities).

SHARES

Share Issuance

The Company's shares shall take the form of share certificates.

The Company shall issue shares in accordance with the principles of fairness and impartiality. Each share of the same class shall carry equal rights.

For shares of the same class issued in the same issue, the terms and price per share shall be the same; subscribers shall pay the same price for each share subscribed for.

Par value shares issued by the Company shall have a par value denominated in Renminbi, with a par value of RMB1.00 per share.

A Shares issued by the Company shall be held in centralised custody at the Shanghai Branch of China Securities Depository and Clearing Corporation Limited; H shares issued by the Company shall primarily be held in custody by a custodian company under **[REDACTED]**, though shareholders may also hold them in their own names.

Increase, Reduction and Repurchase of Shares

The Company may, in accordance with its operational and development needs, and in compliance with laws, regulations and the securities regulatory rules of the jurisdiction where the Company's shares are listed, increase its capital through the following methods, subject to a resolution passed by the General Meeting of Shareholders:

(i) issuing shares to the general public;

(ii) Issuing shares to specific parties;

(iii) distributing bonus shares to existing shareholders;

(iv) capitalisation of reserves;

(v) other methods prescribed by laws, administrative regulations and the securities regulatory rules of the jurisdiction where the Company's shares are listed.

The Company may reduce its registered capital. Where the Company reduces its registered capital, it shall do so in accordance with the procedures set out in the Company Law, the securities regulatory rules of the place where the Company's shares are listed, other relevant provisions and these Articles of Association.

The Company may acquire its own shares in accordance with the provisions of laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed, and these Articles of Association under the following circumstances:

(i) to reduce the Company's registered capital;

(ii) merging with another company that holds shares in the Company;

(iii) to use the shares for an employee share ownership scheme or an equity incentive scheme;

(iv) where a shareholder, objecting to a resolution of the general meeting regarding a merger or division of the Company, requests the Company to repurchase their shares;

(v) to use the shares for the conversion of corporate bonds issued by the Company that are convertible into shares;

(vi) where necessary to safeguard the Company's value and the interests of its shareholders.

The Company may acquire its own shares through public centralised trading or by other means recognised by laws and regulations, the China Securities Regulatory Commission and the securities regulatory authorities of the jurisdiction where the Company's shares are listed. Any acquisition of the Company's shares pursuant to items (iii), (v) or (vi) above shall be conducted through public centralised trading.

Where the Company acquires its own shares in accordance with items (i) or (ii) above, such acquisition shall be subject to a resolution of the general meeting of shareholders. Where the Company acquires its own shares in accordance with items (iii), (v) or (vi) above, subject to compliance with the securities regulatory rules of the place where the Company's shares are listed, such acquisition may be effected pursuant to the provisions of these Articles of Association or an authorisation by the general meeting of shareholders, following a resolution passed at a board meeting attended by at least two-thirds of the directors.

In respect of A shares, subject to compliance with the securities regulatory rules of the place where the Company's shares are listed, shares of the Company acquired by the Company under item (i) above shall be cancelled within ten days of the date of acquisition. Shares of the Company acquired by the Company under circumstances (ii) or (iv) above shall be transferred or cancelled within six months. Where the Company acquires its own shares under circumstances set out in sub-clauses (iii), (v) or (vi)

above, the aggregate number of the Company's own shares held by it shall not exceed 10 per cent of the Company's total number of issued shares, and such shares shall be transferred or cancelled within three years. About H-shares, where laws, regulations or the securities regulatory authority of the place where the Company's shares are listed provide otherwise in relation to share buy-backs, such provisions shall prevail.

Where the Company repurchases its own shares, the Company shall fulfil its disclosure obligations in accordance with the Securities Law of the People's Republic of China and the securities regulatory rules of the place where the Company's shares are listed. Notwithstanding the foregoing, if applicable laws and regulations, other provisions of the Articles of Association, or the laws of the place where the Company's shares are listed or the provisions of its securities regulatory authority provide otherwise regarding the matters relating to the repurchase of the Company's shares, the Company shall comply with such provisions. The repurchase of the Company's H shares shall comply with the Hong Kong Listing Rules and other relevant laws, regulations and regulatory provisions of the place where the Company's H shares are listed.

Transfer of Shares

The Company's shares shall be transferred in accordance with the law.

All transfers of H shares shall be effected by means of a written instrument of transfer in the usual or customary form or in any other form acceptable to the Board (including the standard transfer form or transfer certificate prescribed from time to time by the Stock Exchange). Where the transferor or transferee is a recognised clearing house, as defined in the relevant regulations in force from time to time under Hong Kong law, or its agent, the instrument of transfer may be signed by hand or by machine. All instruments of transfer shall be lodged at the Company's registered office or at such other address as the Board may from time to time designate.

Shares issued before the Company's public offering of A shares shall not be transferred within one year from the date on which the Company's A shares are listed for trading on a stock exchange. Directors and senior management of the Company shall declare to the Company the shares they hold in the Company and any changes thereto. During the term of office determined upon their appointment, the number of shares transferred in any one year shall not exceed 25 per cent of the total number of shares of the same class held by them; shares held in the Company may not be transferred within one year from the date on which the Company's shares are listed for trading. The aforementioned persons may not transfer the shares they hold in the Company within six months of leaving office. Should laws, administrative regulations or the securities regulatory rules of the place where the Company's shares are listed provide otherwise regarding restrictions on the transfer of the Company's shares and reporting requirements, such provisions shall prevail.

Where directors, senior management or shareholders holding 5 per cent or more of the Company's shares sell the Company shares or other securities of an equity nature held by them within six months of purchase, or repurchase such shares or other securities of an equity nature within six months of sale, the profits therefrom shall belong to the Company, and the Board of Directors shall recover such profits. However, this shall not apply where a securities firm holds 5 per cent or more of the shares as a result of purchasing the remaining shares following an underwriting arrangement, or where other circumstances specified by the China Securities Regulatory Commission or the securities regulatory rules of the place where the Company's shares are listed apply. The aforementioned shareholders holding 5 per cent or more of the Company's shares shall not include recognised clearing houses and their agents as defined in the relevant regulations in force from time to time under Hong Kong law.

The shares or other securities of an equity nature held by the aforementioned directors, senior management and individual shareholders include those held by their spouses, parents and children, as well as those held through the accounts of others.

The Company does not accept its own shares as the subject of a pledge.

SHAREHOLDERS AND THE SHAREHOLDERS' MEETING

General Provisions Concerning Shareholders

The Company shall maintain a register of shareholders based on the certificates provided by the securities registration and clearing institution in the place where the Company's shares are listed. The register of shareholders shall constitute sufficient evidence of a shareholder's holding of shares in the Company. Shareholders shall enjoy rights and bear obligations in accordance with the class of shares they hold. Shareholders holding shares of the same class shall enjoy equal rights and bear the same obligations.

The original register of H-share shareholders shall be kept in Hong Kong and made available for inspection by shareholders, but the Company may suspend shareholder registration in accordance with applicable laws and regulations and the securities regulatory rules of the place where the Company's shares are listed. When the Company convenes a general meeting, distributes dividends, proceeds with liquidation or undertakes other acts requiring the verification of shareholder identity, the Board of Directors or the convener of the general meeting shall determine the record date. Shareholders registered on the register at the close of trading on the record date shall be entitled to the relevant rights and interests.

Rights and Obligations of Shareholders

Shareholders of the company shall enjoy the following rights:

(i) to receive dividends and other forms of profit distribution in proportion to their shareholding;

(ii) to request the convening of, convene, chair, attend or appoint a proxy to attend general meetings in accordance with the law, and to exercise the corresponding voting rights at such meetings;

(iii) to supervise the company's operations, and to make suggestions or raise queries;

(iv) To transfer, gift or pledge the shares held by them in accordance with the law, administrative regulations, the securities regulatory rules of the place where the company's shares are listed, and the provisions of these Articles of Association;

(v) To inspect and make copies of the Articles of Association, the register of shareholders, the minutes of shareholders' meetings, the resolutions of the Board of Directors and the financial and accounting reports; shareholders who meet the prescribed requirements may inspect the Company's accounting books and accounting vouchers;

(vi) Upon the Company's termination or liquidation, to participate in the distribution of the Company's residual assets in proportion to the number of shares held;

(vii) for shareholders who object to a resolution passed by the general meeting regarding a merger or division of the company, to request the company to repurchase their shares; and

(viii) other rights provided for by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the company's shares are listed, or these Articles of Association.

These Articles of Association, resolutions of the general meeting of shareholders or resolutions of the board of directors shall comply with the law and relevant regulations. They shall not deprive or restrict shareholders' statutory rights. The Company shall safeguard shareholders' lawful rights and ensure they are treated fairly.

Resolutions of the Company's general meeting of shareholders or board of directors shall be deemed not to have been adopted in any of the following circumstances:

(i) A resolution has been adopted without a meeting of the shareholders' meeting or the board of directors having been convened;

(ii) No vote was taken on the matters under resolution at the meeting of the Shareholders' General Meeting or the Board of Directors;

(iii) the number of persons present at the meeting or the number of voting rights held does not meet the requirements set out in the Company Law or these Articles of Association;

(iv) the number of persons or the number of voting rights held by those in favour of the resolution does not meet the requirements set out in the Company Law or these Articles of Association;

Where directors or senior management officers violate the provisions of laws, administrative regulations or these Articles of Association and thereby prejudice the interests of shareholders, the shareholders may bring an action before the People's Court.

Shareholders of the Company shall bear the following obligations:

(i) To comply with laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, and these Articles of Association;

(ii) To pay the subscription price in accordance with the shares subscribed for and the method of subscription;

(iii) Not to withdraw their capital contribution, except in circumstances provided for by laws and regulations or the securities regulatory rules of the place where the Company's shares are listed;

(iv) Not to abuse their rights as shareholders to the detriment of the Company or other shareholders; nor to abuse the Company's status as a separate legal entity and the limited liability of shareholders to the detriment of the Company's creditors;

(v) To fulfil such other obligations as may be prescribed by laws, administrative regulations, the securities regulatory rules of the jurisdiction where the Company's shares are listed, and these Articles of Association.

Controlling Shareholders and Persons with Actual Control

The controlling shareholders and actual controllers of the Company shall comply with the following provisions:

(i) Exercise shareholder rights in accordance with the law; they shall not abuse their controlling power or exploit related-party relationships to prejudice the lawful rights and interests of the Company or other shareholders;

(ii) Strictly fulfil any public statements and commitments made, and shall not alter or waive them without authorisation;

(iii) Fulfil information disclosure obligations in strict accordance with relevant regulations, actively cooperate with the Company in carrying out information disclosure work, and promptly notify the Company of any material events that have occurred or are proposed to occur;

(iv) They must not appropriate the company's funds in any manner;

(v) Must not compel, instruct or require the Company or relevant personnel to provide guarantees in breach of laws or regulations;

(vi) Not to seek personal gain by exploiting the Company's material undisclosed information; not to disclose, in any manner, material undisclosed information relating to the Company; and not to engage in illegal or non-compliant conduct such as insider dealing, short-swing trading or market manipulation;

(vii) Must not, through unfair related-party transactions, profit distribution, asset restructuring, external investments or any other means, prejudice the legitimate rights and interests of the Company and other shareholders;

(viii) To ensure the integrity of the Company's assets and the independence of its personnel, finances, organisation and operations, and not to affect the Company's independence in any way;

(ix) Comply with laws, administrative regulations, provisions of the China Securities Regulatory Commission (CSRC), the securities regulatory rules of the jurisdiction where the Company's shares are listed, and other provisions of these Articles of Association.

Where the Company's controlling shareholder or actual controller does not serve as a director of the Company but actually manages the Company's affairs, the provisions of these Articles of Association concerning the duties of loyalty and diligence of directors shall apply.

General Provisions on the Shareholders' Meeting

The Company's General Meeting of Shareholders shall consist of all shareholders. The General Meeting of Shareholders is the Company's supreme decision-making body and shall exercise the following powers in accordance with the law:

(i) To elect and remove directors, and to determine matters relating to directors' remuneration;

(ii) To consider and approve the reports of the Board of Directors;

(iii) To consider and approve the Company's profit distribution scheme and loss compensation scheme;

(iv) To pass resolutions on increasing or reducing the Company's registered capital;

(v) To pass resolutions on the issue of corporate bonds;

(vi) To pass resolutions on the Company's merger, division, dissolution, liquidation or change of legal form;

(vii) to amend these Articles of Association;

(viii) to pass resolutions on the appointment or dismissal of the accounting firm responsible for the Company's audit;

(ix) to consider and approve guarantee matters as provided for in Article 47 of these Articles of Association;

(x) To consider matters concerning the Company's purchase or sale of material assets within a one-year period, where the total value of the assets or the transaction amount exceeds 30 per cent of the Company's total audited assets as at the most recent financial statement;

(xi) To consider and approve changes to the use of funds raised through the A-share issue;

(xii) To consider and approve transactions between the Company and related parties where the transaction amount (excluding guarantees provided by the Company) represents 1 per cent or more of the Company's most recent audited total assets or market capitalisation, and exceeds 30 million yuan;

(xiii) To consider equity incentive schemes and employee share ownership schemes;

(xiv) To consider and approve proposals for the acquisition of the Company's shares in accordance with the circumstances specified in items (i) and (ii) of the first paragraph of Article 25 of these Articles of Association;

(xv) To consider and resolve on other matters which, pursuant to laws, administrative regulations, departmental rules, normative documents, the securities regulatory rules of the place where the Company's shares are listed, or these Articles of Association, are required to be decided by the Company's General Meeting of Shareholders.

The General Meeting of Shareholders may authorise the Board of Directors to pass resolutions on the issue of corporate bonds.

Statutory powers stipulated in the Company Law to be exercised by the General Meeting of Shareholders may not be exercised by the Board of Directors or any other body or individual by way of delegation. Where the General Meeting of Shareholders authorises the Board of Directors or any other body or individual to exercise other powers on its behalf, such authorisation shall comply with the principles of authorisation set out in laws, administrative regulations, departmental rules, normative documents and other relevant provisions. It shall specify the precise scope of the authorisation.

Shareholders' meetings are divided into annual shareholders' meetings and extraordinary shareholders' meetings. The annual shareholders' meeting shall be convened once a year and shall be held within six months of the end of the preceding financial year.

Where any of the following circumstances arise, the company shall convene an extraordinary general meeting within two months of the date on which the event occurs:

(i) Where the number of directors falls below the number prescribed by the Company Law or two-thirds of the number specified in these Articles of Association;

(ii) where the Company's unrecovered losses amount to one-third of the total paid-up share capital;

(iii) upon the request of a shareholder or shareholders holding, individually or collectively, 10 per cent or more of the Company's shares (including preference shares with restored voting rights, etc.);

(iv) where the Board of Directors deems it necessary;

(v) where the Audit Committee proposes that a meeting be convened;

(vi) other circumstances as provided for by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed, or these Articles of Association.

The notice convening a general meeting of shareholders shall specify the meeting venue. Provided that this does not contravene applicable laws, administrative regulations, departmental rules, normative documents or the securities regulatory rules of the jurisdiction where the Company's shares are listed, the Company may also convene a general meeting of shareholders by electronic means or by a hybrid method (i.e. shareholders may choose to attend in person or virtually using technology). The Company shall provide arrangements for electronic voting to enable shareholders to exercise their voting rights electronically. Shareholders participating in the general meeting via the aforementioned methods shall be deemed to be present. They shall enjoy the same rights to speak and vote as shareholders attending in person.

Once notice of a general meeting has been issued, the venue for the in-person meeting shall not be changed without cause. Where a change is necessary, the convener shall issue a public announcement at least two working days before the in-person meeting, stating the reasons therefor.

Convening of Shareholders' Meetings

Shareholders' meetings shall be convened by the Board of Directors and chaired by the Chairperson; where the Board of Directors is unable or fails to fulfil its duty to convene a shareholders' meeting, the Audit Committee shall promptly convene and chair the meeting; where the Audit Committee fails to convene and chair the meeting, shareholders who, individually or collectively, have held 10 per cent or more of the Company's shares (including preference shares with restored voting rights, etc.) for a continuous period of 90 days or more may convene and chair the meeting themselves.

The Board of Directors shall convene a general meeting of shareholders on time within the prescribed period. With the consent of a majority of all independent directors, independent directors shall have the right to propose to the Board of Directors that an extraordinary general meeting be convened. They shall submit such a proposal to the Board of Directors in writing. In response to a proposal by independent directors to convene an extraordinary general meeting, the Board of Directors shall, in accordance with the provisions of laws, administrative regulations and these Articles of Association, provide written feedback within 10 days of receiving the proposal, stating whether it agrees or disagrees with the convening of the extraordinary general meeting.

Where the Board of Directors agrees to convene an extraordinary general meeting, it shall issue a notice convening the meeting within 5 days of the adoption of the Board resolution; where the Board of Directors does not agree to convene an extraordinary general meeting, it shall state the reasons and make a public announcement.

Proposals and Notices for Shareholders' Meetings

The content of a proposal shall fall within the remit of the general meeting of shareholders, set out clear agenda items and specific matters for resolution, and comply with the relevant provisions of laws, administrative regulations and these Articles of Association.

The convener shall notify all shareholders by way of an announcement 21 days before the annual general meeting; notice of an extraordinary general meeting shall be given to all shareholders by way of an announcement 15 days before the meeting. When calculating the starting date of the period, the Company shall exclude the day on which the meeting is held, but shall include the day on which the notice or announcement is issued.

The notice of the shareholders' meeting and any supplementary notice shall fully and comprehensively disclose the specific details of all proposals.

Once a notice of a shareholders' meeting has been issued, the meeting shall not be postponed or cancelled without cause, nor shall any proposal listed in the notice be withdrawn. In the event of a postponement or cancellation, the convener shall give notice at least two working days before the originally scheduled date, stating the reasons therefor. Where the securities regulatory rules of the jurisdiction in which the Company's shares are listed contain specific provisions regarding the procedures for postponing or cancelling a shareholders' meeting, such provisions shall prevail, provided that they do not contravene the regulatory requirements of the jurisdiction in which the Company is incorporated.

Convening of the General Meeting

All holders of ordinary shares (including holders of preference shares whose voting rights have been reinstated) registered on the record date, or their proxies shall be entitled to attend the general meeting of shareholders and to speak and exercise their voting rights in accordance with the relevant laws, regulations and these Articles of Association, unless the securities regulatory rules of the place where the Company's shares are listed require them to waive their voting rights on specific matters.

Shareholders may attend the general meeting in person or appoint a proxy to attend and vote on their behalf.

Where an individual shareholder attends the meeting in person, they shall present their identity document or other valid identification or proof capable of establishing their identity; where attending on behalf of another person, they shall present their own valid identity document and the shareholder's letter of authorisation.

A corporate shareholder shall be represented at the meeting by its legal representative or by a proxy appointed by the legal representative. Where the legal representative attends the meeting, they shall present their identity card and valid proof of their status as legal representative; where a proxy attends the meeting, the proxy shall present their identity card and a written letter of authorisation lawfully issued by the corporate shareholder's legal representative.

Shareholders who are unincorporated partnerships shall be represented at the meeting by a natural person managing partner or a representative appointed by a non-natural person managing partner, or by an agent authorised by the aforementioned persons. Where a natural person managing partner or a representative appointed by a non-natural person managing partner attends the meeting, they shall present their identity card and valid proof demonstrating their status as a natural person managing partner or as a representative appointed by a non-natural person managing partner; where a proxy attends the meeting, the proxy shall present their own identity card and a written power of attorney lawfully issued by the natural person managing partner or the appointed representative of the non-natural person managing partner of the shareholder's entity.

Where a shareholder is a recognised clearing house, as defined in the relevant regulations under Hong Kong law in force from time to time, or its agent, such shareholder may authorise one or more persons as he deems fit to act as his proxy or representative at any general meeting; where more than one person is authorised, the proxy form or letter of authorisation shall specify the number and class of shares in respect of which each such person is authorised. The authorised person shall be entitled to exercise the same rights on behalf of the recognised clearing house (or its agent) as other shareholders (without being required to produce evidence of shareholding, a notarised power of attorney and/or further evidence to substantiate their formal authorisation), including the right to speak and vote.

Where a general meeting requires directors or senior management to be present, they shall attend and answer questions from shareholders. Subject to the securities regulatory rules of the jurisdiction where the Company's shares are listed, the aforementioned persons may attend or be present at the meeting via the internet, video, telephone or other means having equivalent effect.

The Chairperson shall chair the general meeting. Where the Chairperson is unable to perform his or her duties, or fails to do so, a director jointly nominated by a majority of the directors shall chair the meeting.

The convener of the Audit Committee shall chair a general meeting convened by the Audit Committee. Where the convener of the Audit Committee is unable to perform their duties or fails to do so, the meeting shall be chaired by a member of the Audit Committee jointly nominated by a majority of the members of the Audit Committee.

A general meeting convened by shareholders themselves shall be chaired by the convener or a representative nominated by the convener.

If, during the course of a shareholders' meeting, the chairperson violates the rules of procedure to the extent that the meeting cannot continue, the shareholders' meeting may, with the consent of shareholders holding a majority of the voting rights present at the meeting, nominate a person to act as chairperson and continue the meeting.

Voting and Resolutions at Shareholders' Meetings

Resolutions of the general meeting of shareholders are divided into ordinary resolutions and special resolutions. An ordinary resolution of the general meeting of shareholders shall be passed by a majority of the voting rights held by the shareholders present at the meeting (including proxies). A special resolution of the general meeting of shareholders shall be passed by at least two-thirds of the voting rights held by the shareholders present at the meeting (including proxies).

The following matters shall be adopted by the general meeting of shareholders by ordinary resolution:

(i) The Board of Directors' work report;

(ii) Profit distribution proposals and loss compensation proposals drawn up by the Board of Directors;

(iii) The appointment and removal of members of the Board of Directors, as well as their remuneration and the method of payment;

(iv) Any other matters, except those which are required by law, administrative regulations, the securities regulatory rules of the place where the company's shares are listed, or these Articles of Association to be adopted by a special resolution.

The following matters shall be adopted by the General Meeting of Shareholders by way of a special resolution:

(i) An increase or decrease in the Company's registered capital;

(ii) The division, spin-off, merger, dissolution and liquidation of the Company;

(iii) Amendments to these Articles of Association;

(iv) the Company's acquisition or disposal of material assets, or the provision of guarantees, within a single year, where the value exceeds 30 per cent of the Company's total audited assets as at the most recent financial statement;

(v) Share-based incentive schemes;

(vi) Other matters prescribed by laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, or these Articles of Association; and other matters which the Company's general meeting of shareholders determines, by ordinary resolution, to have a material impact on the Company and which require adoption by special resolution.

When the General Meeting of Shareholders deliberates on major matters affecting the interests of small and medium-sized investors, the votes cast by such investors shall be counted separately. The results of such separate counting shall be disclosed promptly.

Shareholders (including proxies) shall exercise their voting rights in accordance with the number of voting shares they represent; each share carries one vote, except for holders of class shares. Where permitted by the securities regulatory rules of the place where the Company's shares are listed, shareholders (including proxies) holding two or more votes need not cast all their votes in the same way on a resolution.

Shares in the company held by the company itself shall not carry voting rights, and such shares shall not be included in the total number of shares with voting rights present at the general meeting. Where a shareholder acquires voting shares in the company in breach of the provisions of Article 63, paragraphs 1 and 2, of the Securities Law, the voting rights attached to the portion of shares exceeding the prescribed proportion may not be exercised for a period of thirty-six months following the acquisition. Such shares shall not be included in the total number of shares with voting rights present at the general meeting.

When the general meeting of shareholders deliberates on matters relating to related-party transactions, related shareholders shall not participate in the voting, and the number of shares with voting rights they represent shall not be included in the total number of valid votes; the announcement of the resolution of the general meeting of shareholders shall disclose the voting details of non-related shareholders.

DIRECTORS AND THE BOARD OF DIRECTORS

General Provisions Concerning Directors

Directors of the Company shall be natural persons. They may include executive directors, non-executive directors and independent non-executive directors (the term "independent director" as used in these Articles of Association has the same meaning as "independent non-executive director" in the Hong Kong Listing Rules). A person shall not be eligible to serve as a director of the Company if any of the following circumstances apply:

(i) a person who lacks capacity to act in civil matters or has limited capacity to act in civil matters;

(ii) any person who has been sentenced to a criminal penalty for embezzlement, bribery, misappropriation of property, diversion of property or disruption of the socialist market economy order, or who has been deprived of political rights as a result of a criminal offence, where less than five years have elapsed since the expiry of the sentence, or where a suspended sentence has been imposed, less than two years have elapsed since the expiry of the probation period;

(iii) any person who, whilst serving as a director, plant manager or general manager of a company or enterprise undergoing bankruptcy liquidation, bore personal responsibility for the bankruptcy of that company or enterprise, provided that less than three years have elapsed since the completion of the bankruptcy liquidation of that company or enterprise;

(iv) A person who served as the legal representative of a company or enterprise whose business licence was revoked or which was ordered to close due to unlawful conduct, and bears personal responsibility for such conduct, where less than three years have elapsed since the date on which the company's or enterprise's business licence was revoked, or it was ordered to close;

(v) An individual who has failed to settle a substantial debt upon its due date and has been listed by a People's Court as a 'discredited person subject to enforcement';

(vi) A person subject to a securities market ban imposed by the China Securities Regulatory Commission, where the period of the ban has not yet expired;

(vii) A person whom a stock exchange has publicly determined to be unsuitable to serve as a director or senior executive of a listed company, where the period of such determination has not yet expired; or

(viii) any other circumstances specified in laws, administrative regulations, departmental rules, or the securities regulatory rules of the jurisdiction where the company's shares are listed.

Any election, appointment or engagement of a director in breach of the above provisions shall be invalid. Where a director falls under any of the circumstances set out in sub-paragraphs (i) to (vi) above during their term of office, the director shall immediately cease to perform their duties and the company

shall remove them from office in accordance with the relevant provisions; where the circumstances set out in sub-paragraphs (vii) and (viii) arise, the company shall remove them from office and suspend their performance of duties within thirty days of the occurrence of such facts, unless otherwise provided by the China Securities Regulatory Commission or the stock exchange.

Where a director who ought to have ceased performing their duties but has not done so, or who ought to have been removed from office but has not been so removed, attends meetings of the board of directors and its specialised committees, or specialised meetings of independent directors, and casts a vote, such vote shall be invalid. The director shall not be counted towards the number of attendees.

The Nomination Committee of the Board of Directors shall assess the eligibility of directors for office; should it find that a director does not meet the eligibility criteria, it shall promptly submit a recommendation to the Board of Directors for the director's removal.

Directors shall be elected or replaced by the general meeting of shareholders. The general meeting of shareholders may remove a director from office by ordinary resolution before the expiry of their term (including removal before the expiry of their term, without prejudice to any claim for compensation that the removed director may have under any contract). A director's term of office shall be three years; upon expiry of the term, a director may be re-elected for a further term. The term of office of a director shall be calculated from the date of assumption of office and shall end upon the expiry of the current Board's term of office. Where directors are not re-elected promptly upon the expiry of their term of office, the incumbent directors shall continue to perform their duties in accordance with the provisions of laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed, and the Company's Articles of Association, until the newly elected directors assume office.

Directors may concurrently hold senior management positions; however, the total number of directors who are also senior managers and those who are employee representatives shall not exceed half of the total number of directors of the Company. One employee representative shall be appointed as a director on the Company's Board of Directors. The Company's employees shall democratically elect the employee representative on the Board of Directors through the Employees' Representative Assembly, a general meeting of employees or other appropriate means. They need not be submitted to the Shareholders' Meeting for consideration.

Directors shall comply with laws, administrative regulations, the securities regulatory rules of the jurisdiction where the Company's shares are listed, and the Company's Articles of Association. Directors owe a duty of loyalty to the Company; they shall take measures to avoid conflicts of interest between their own interests and those of the Company, shall not use their powers to seek improper benefits, and shall not engage in any conduct listed in Article 181 of the Company Law that constitutes a breach of the duty of loyalty to the Company.

Directors owe the following duties of loyalty to the Company:

(i) They must not misappropriate the Company's property or divert the Company's funds;

(ii) They must not deposit the Company's funds in accounts opened in their own name or in the name of any other individual;

(iii) They must not use their position to engage in bribery or receive other unlawful income;

(iv) They must not, directly or indirectly, enter into contracts or conduct transactions with the Company without first reporting to the Board of Directors or the General Meeting of Shareholders and obtaining a resolution from the Board of Directors or the General Meeting of Shareholders in accordance with the provisions of the Company's Articles of Association;

(v) They must not use the convenience afforded by their position to secure business opportunities belonging to the Company for themselves or others, except where such matters have been reported to the Board of Directors or the General Meeting of Shareholders and approved by a resolution of the General Meeting of Shareholders, or where, in accordance with laws, administrative regulations or the Company's Articles of Association, the Company is unable to utilise such business opportunities;

(vi) They shall not, without reporting to the Board of Directors or the General Meeting of Shareholders and obtaining the approval of a resolution passed by the General Meeting of Shareholders, engage in business of the same nature as that of the Company, either on their own account or on behalf of others;

(vii) shall not accept commissions from others in connection with transactions with the Company for their own benefit;

(viii) Shall not disclose the Company's confidential information without authorisation;

(ix) No director shall use their associated relationships to the detriment of the Company's interests; and

(x) comply with other duties of loyalty as prescribed by laws, administrative regulations, departmental rules, the securities regulatory rules of the jurisdiction where the Company's shares are listed, and these Articles of Association.

Any income derived by a director in breach of the above provisions on duties of loyalty shall belong to the Company; where such breach causes loss to the Company, the director shall be liable for compensation.

Where close relatives of a director or senior manager, an enterprise directly or indirectly controlled by a director, a senior manager or their close relatives, or any other related party having a connection with a director or senior manager enters into a contract or conducts a transaction with the Company, the provisions of sub-paragraph (iv) of the second paragraph of Article 105 of these Articles of Association shall apply.

Directors shall comply with laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, and the provisions of these Articles of Association; they shall owe a duty of care to the Company and, in the performance of their duties, shall act in the best interests of the Company and exercise the reasonable care ordinarily expected of a manager. Directors shall ensure they have sufficient time and energy to fulfil their duties and shall owe the following duties of care to the Company:

(i) To exercise the powers conferred by the Company with prudence, diligence and care, to ensure that the Company's commercial conduct complies with national laws, administrative regulations, the securities regulatory rules of the jurisdiction where the Company's shares are listed, and the requirements of national economic policies, and that its commercial activities do not exceed the scope of business specified in its business licence;

(ii) Treat all shareholders fairly and strengthen communication with investors;

(iii) Keep themselves promptly informed of the Company's business operations and management;

(iv) To sign written confirmation statements regarding the Company's periodic reports, ensuring that the information disclosed by the Company is true, accurate and complete;

(v) To provide the Audit Committee with truthful information and materials, and not to obstruct the Audit Committee in the exercise of its powers; and

(vi) other duties of care prescribed by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed, and these Articles of Association.

A director who fails to attend two consecutive Board meetings in person, and who does not authorise another director to attend on their behalf, shall be deemed unable to fulfil their duties, and the Board shall recommend to the General Meeting that the director be removed from office.

A director may resign before the expiry of their term of office. A director wishing to resign shall submit a written resignation report to the Company; the resignation shall take effect from the date the Company receives the resignation report, and the Company shall disclose the relevant details within two trading days or within the timeframe required by the securities regulatory rules of the place where the Company's shares are listed.

Where the resignation of a director results in the number of members of the Board falling below the statutory minimum, or causes the proportion of independent directors on the Board or its specialised committees to fail to comply with the provisions of laws, regulations and the Articles of Association, or where there is a shortage of accounting professionals amongst the independent directors, the outgoing director shall continue to perform his or her duties as a director in accordance with the provisions of laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed and these Articles of Association, until the newly elected director assumes office.

Where a director resigns, the Company shall complete the by-election within 60 days to ensure that the composition of the Board of Directors and its specialised committees complies with laws and regulations, the securities regulatory rules of the jurisdiction where the Company's shares are listed, and the provisions of these Articles of Association.

Upon a director's resignation taking effect or the expiry of their term of office, they shall complete all handover procedures with the Board of Directors. Their duty of loyalty to the Company and its shareholders shall not be automatically discharged upon resignation or the expiry of their term of office; such duty of loyalty shall remain in force for a period of two years following their resignation or the end of their term of office. Their obligation to maintain the confidentiality of the Company's trade secrets shall remain in force following their resignation or the expiry of their term of office until such secrets become public information. The duration of other obligations shall be determined in accordance with the principle of fairness, taking into account the length of time between the occurrence of the event and the date of departure, as well as the circumstances and conditions under which the relationship with the Company is terminated; in principle, such duration shall not be less than two years.

Upon leaving office, a director shall complete all handover procedures. The liability incurred by a director during their term of office in the course of performing their duties shall not be waived or terminated by reason of their departure. Any commitments made by a director that remain unfulfilled at the time of their departure shall still be honoured.

Where a director, in the performance of their duties for the Company, breaches laws, administrative regulations, departmental rules, the securities regulatory rules of the jurisdiction where the Company's shares are listed, or the relevant provisions of these Articles of Association, thereby causing loss to the Company, they shall be liable for compensation.

Board of Directors

The Company shall establish a Board of Directors, comprising nine directors, including three independent directors and one employee representative director. There shall be one Chairperson. The Board of Directors shall elect the Chairperson by a majority vote of all directors.

The Board of Directors shall exercise the following powers:

(i) To convene general meetings of shareholders and report on its work to such meetings;

(ii) To implement the resolutions of the general meeting of shareholders;

(iii) To determine the Company's business plans and investment proposals;

(iv) To formulate the Company's profit distribution and loss coverage schemes;

(v) To formulate plans for increasing or reducing the company's registered capital, issuing bonds or other securities, and listing the company;

(vi) to draw up proposals for major acquisitions, share buy-backs, mergers, demergers, dissolution and changes to the company's legal form;

(vii) Within the scope of authorisation granted by the shareholders' meeting, to decide on matters such as the Company's external investments, the acquisition and disposal of assets, the mortgaging of assets, external guarantees, entrusted asset management, related-party transactions and external donations;

(viii) To decide on the establishment of the Company's internal management bodies;

(ix) To decide on the appointment or dismissal of the Company's Chief Executive Officer, Board Secretary and other senior management personnel, and to determine their remuneration, rewards and disciplinary measures; upon the nomination of the Chief Executive Officer, to appoint or dismiss senior management personnel such as the Chief Strategy Officer, Executive Vice Presidents and Chief Financial Officer, and to determine their remuneration, rewards and disciplinary measures;

(x) To formulate the Company's basic management systems;

(xi) To manage the Company's information disclosure matters;

(xii) To formulate proposals for amendments to these Articles of Association;

(xiii) To propose to the General Meeting the appointment or replacement of the accounting firm responsible for the Company's audit;

(xiv) To receive work reports from the Chief Executive Officer and to oversee the Chief Executive Officer's work;

(xv) To consider matters relating to guarantees, except where such matters require the approval of the General Meeting of Shareholders;

(xvi) To deliberate on the Company's acquisition of its own shares in circumstances specified in items (iii), (v) and (vi) of the first paragraph of Article 25 of these Articles of Association, subject to a resolution passed at a Board meeting attended by at least two-thirds of the directors;

(xvii) Other powers conferred by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed, or these Articles of Association.

The Chairperson shall exercise the following powers:

(i) To preside over the General Meeting of Shareholders and to convene and preside over meetings of the Board of Directors;

(ii) To supervise and monitor the implementation of Board of Directors' resolutions;

(iii) To exercise the powers of the legal representative;

(iv) To decide on transaction matters other than those specified in these Articles of Association as requiring approval by the General Meeting of Shareholders or the Board of Directors (excluding external guarantees and financial assistance). The Chairperson may delegate their approval authority to the Chief Executive Officer;

(v) Other powers conferred by the Board of Directors. Where the Chairperson is unable to perform his or her duties or fails to do so, a Director shall be jointly nominated by a majority of the Directors to perform such duties.

The Board of Directors shall convene at least four meetings each year, which shall be convened by the Chairperson, with written notice given to all directors at least 14 days before the meeting.

Shareholders representing at least one-tenth of the voting rights, at least one-third of the directors, the Audit Committee, the Chairperson, or the Chief Executive Officer may propose the convening of an extraordinary meeting of the Board of Directors. The Chairperson shall convene and preside over the meeting within 10 days of receiving such a proposal.

Notice of an extraordinary meeting of the Board of Directors must be given in writing three days in advance; however, extraordinary meetings convened with the consent of all directors, or in special or urgent circumstances, as well as extraordinary meetings conducted by means of voting by correspondence, may be notified at any time and convened immediately.

Where a director has a related-party relationship with an enterprise or individual concerned by a matter to be resolved at a Board meeting, that director shall promptly report this in writing to the Board. A director with such a related-party relationship shall not exercise voting rights on that resolution, nor shall they exercise voting rights on behalf of another director. Such a Board meeting may be held provided that a majority of the directors without a related-party relationship are present, and resolutions adopted at the Board meeting must be approved by a majority of the directors without a related-party relationship. Where the number of unconnected directors present at a board meeting is fewer than three, the matter shall be submitted to the general meeting of shareholders for consideration.

Independent Directors

As members of the Board of Directors, independent directors owe a duty of loyalty and a duty of care to the company and all shareholders. They shall perform the following duties with due diligence:

(i) Participate in the Board's decision-making and express clear opinions on matters under discussion;

(ii) Monitor potential material conflicts of interest between the Company and its controlling shareholders, actual controllers, directors and senior management, and protect the lawful rights and interests of minority shareholders;

(iii) Provide professional and objective advice on the Company's business operations and development, thereby contributing to the enhancement of the Board's decision-making;

(iv) Other duties as prescribed by laws, administrative regulations, the provisions of the China Securities Regulatory Commission, the securities regulatory rules of the place where the Company's shares are listed, and these Articles of Association.

Independent Directors shall exercise the following special powers:

(i) Independently engage intermediary organisations to conduct audits, provide consultancy or carry out investigations into specific matters concerning the Company;

(ii) To propose to the Board of Directors the convening of an extraordinary general meeting;

(iii) To propose the convening of a meeting of the Board of Directors;

(iv) To publicly solicit shareholder rights from shareholders in accordance with the law;

(v) To express independent opinions on matters that may prejudice the interests of the Company or its minority shareholders;

(vi) Other powers as provided for by laws, administrative regulations, the provisions of the China Securities Regulatory Commission, the securities regulatory rules of the place where the Company's shares are listed, and these Articles of Association.

Where an independent director exercises the powers listed in items (i) to (iii) above, such exercise shall be subject to the approval of a majority of all independent directors.

Where an independent director exercises the special powers listed above, the Company shall disclose this promptly. Should the aforementioned powers not be exercised as normal, the Company shall disclose the specific circumstances and reasons.

The following matters shall be submitted to the Board of Directors for consideration only after obtaining the consent of a majority of all independent directors of the Company:

(i) related-party transactions subject to disclosure;

(ii) Proposals by the Company and relevant parties to amend or waive commitments;

(iii) Decisions made and measures taken by the board of directors of the listed company being acquired in relation to the acquisition;

(iv) other matters prescribed by laws, administrative regulations, the provisions of the China Securities Regulatory Commission (CSRC), the securities regulatory rules of the place where the Company's shares are listed, and these Articles of Association.

The Company shall convene special meetings of independent directors at regular or irregular intervals. The matters set out in items (i) to (iii) of the first paragraph of Article 132 and in Article 133 of these Articles of Association shall be considered at a special meeting of independent directors.

Special meetings of independent directors may, as required, examine and discuss other matters concerning the Company.

A special meeting of independent directors shall be convened and chaired by an independent director jointly nominated by a majority of the independent directors; where the convener fails to perform their duties or is unable to do so, two or more independent directors may convene the meeting themselves and nominate a representative to chair it.

Minutes of special meetings of independent directors shall be drawn up in accordance with the regulations, and the opinions of the independent directors shall be recorded in the minutes. Independent directors shall sign to confirm the minutes.

The Company shall provide facilities and support for the convening of special meetings of independent directors.

The Chairperson shall hold a meeting with the independent directors at least once a year, without the attendance of any other directors.

Specialised Committees of the Board of Directors

The Company's Board of Directors shall establish an Audit Committee to exercise the powers of the Supervisory Board as stipulated in the Company Law. The Audit Committee shall consist of three members, all of whom must be non-executive directors and must not hold senior management positions within the Company; at least two of these shall be independent directors, and the convener shall be an accounting professional from among the independent directors who meets the requirements of the securities regulatory rules of the jurisdiction where the Company's shares are listed.

The Audit Committee is responsible for reviewing the Company's financial information and its disclosure, and for supervising and evaluating internal and external audit work and internal controls. The following matters shall be submitted to the Board of Directors for consideration only after obtaining the approval of a majority of all members of the Audit Committee:

(i) The disclosure of financial accounting reports and financial information in periodic reports, as well as internal control evaluation reports;

(ii) the appointment or dismissal of the accounting firm responsible for auditing the listed company's accounts;

(iii) the appointment or dismissal of the listed company's chief financial officer;

(iv) changes to accounting policies or accounting estimates, or the correction of material accounting errors, for reasons other than changes in accounting standards;

(v) Other matters stipulated by laws, administrative regulations, the provisions of the China Securities Regulatory Commission (CSRC), the securities regulatory rules of the jurisdiction where the Company's shares are listed, and these Articles of Association.

The Company's Board of Directors shall establish specialised committees for Strategy and ESG, Nominations, and Remuneration and Performance Appraisal, which shall perform their duties in accordance with the securities regulatory rules of the jurisdiction where the Company's shares are listed, these Articles of Association and the authorisation granted by the Board of Directors. The Board of Directors shall be responsible for formulating the rules of procedure for these specialised committees.

The Strategy and ESG Committee shall consist of three members, at least one of whom shall be an independent director; the Chairperson of the Board shall serve as the convener of the Strategy and ESG Committee.

The Strategy and ESG Committee shall be accountable to and report to the Board of Directors. Its primary responsibilities shall be to conduct research and make recommendations on the Company's long-term development strategy, major investment decisions, and environmental, social and governance (ESG) matters. The principal duties and powers of the Strategy and ESG Committee are as follows:

(i) To research and make recommendations regarding the Company's long-term strategic planning;

(ii) To examine and make recommendations on major investment and financing proposals which, in accordance with the Company's Articles of Association, require the approval of the Board of Directors;

(iii) To conduct research and make recommendations on major capital operations and asset management projects that, in accordance with the Company's Articles of Association, require the approval of the Board of Directors;

(iv) To conduct research, analysis and assessment of matters relating to the Company's ESG policies, strategies, objectives and management structure, and to make recommendations on improving the Company's ESG performance or on related major decisions;

(v) To oversee the implementation and progress of the Company's ESG work, including the identification, assessment, prioritisation and management of material ESG-related issues (including risks and opportunities), as well as reviewing progress towards achieving ESG-related targets;

(vi) Review the Company's annual ESG report, sustainability report and other ESG-related disclosure documents, and make recommendations to the Board;

(vii) To research other material matters affecting the Company's development and make recommendations;

(viii) to inspect the implementation of the above matters;

(ix) Other matters as prescribed by laws, regulations, rules, normative documents, the securities regulatory rules of the jurisdiction where the Company's shares are listed, these Articles of Association, or as authorised by the Board of Directors.

The Nomination Committee shall consist of five members, at least three of whom shall be independent directors, with an independent director as convenor.

The Nomination Committee is responsible for formulating the selection criteria and procedures for directors and senior management, taking full account of factors such as the composition and professional structure of the Board of Directors; for screening and vetting candidates for directors and senior management and assessing their qualifications; and for making recommendations to the Board of Directors on the following matters:

(i) the nomination or appointment and removal of directors;

(ii) the appointment or dismissal of senior management;

(iii) Other matters prescribed by laws, administrative regulations, the provisions of the China Securities Regulatory Commission (CSRC), the securities regulatory rules of the place where the Company's shares are listed, and these Articles of Association.

Where the Board of Directors does not adopt, or does not fully adopt, the recommendations of the Nomination Committee, it shall record the Nomination Committee's views and the specific reasons for non-adoption in the Board resolution and disclose them.

The Remuneration and Appraisal Committee shall consist of three members, at least two of whom shall be independent directors, and the convenor shall be an independent director.

The Remuneration and Appraisal Committee is responsible for establishing appraisal standards for directors and senior management and conducting their appraisals; formulating and reviewing remuneration policies and schemes including decision-making mechanisms, decision-making processes, and payment, suspension of payment and clawback arrangements — for directors and senior management; and making recommendations to the Board on the following matters:

(i) the remuneration of directors and senior management;

(ii) the establishment or amendment of share-based incentive schemes and employee share ownership schemes, and the fulfilment of the conditions for beneficiaries to be granted or to exercise their rights;

(iii) shareholding schemes for directors and senior management in connection with the proposed spin-off of a subsidiary;

(iv) Other matters prescribed by laws, administrative regulations, the provisions of the China Securities Regulatory Commission, the securities regulatory rules of the place where the Company's shares are listed, and these Articles of Association.

Where the Board of Directors does not adopt, or does not fully adopt, the recommendations of the Remuneration and Appraisal Committee, it shall record the Committee's views and the specific reasons for non-adoption in the Board resolution and disclose them.

SENIOR MANAGEMENT

The Company shall have one Chief Executive Officer, who shall be appointed or dismissed by the Board of Directors.

The Company shall have one Chief Strategy Officer, several Executive Vice Presidents, one Chief Financial Officer and one Board Secretary, who shall be appointed or dismissed by the Board of Directors.

The Chief Executive Officer, Chief Strategy Officer, Executive Vice Presidents, Board Secretary and Chief Financial Officer of the Company shall be deemed to be senior management of the Company.

The provisions of Article 103 of the Company's Articles of Association regarding circumstances under which a person may not serve as a director, and the provisions of Article 109 regarding the management of departure from office shall apply equally to senior management. The provisions in the Company's Articles of Association regarding the duties of loyalty and diligence of directors shall apply equally to senior management.

Persons holding administrative positions other than that of director at the controlling shareholder's organisation (if any) shall not serve as senior management of the Company. Senior management of the Company shall receive their remuneration solely from the Company; the controlling shareholder shall not pay their salaries on the Company's behalf.

The term of office of the Chief Executive Officer is three years; they may be reappointed upon renewal of the appointment.

The Chief Executive Officer is accountable to the Board of Directors and exercises the following powers:

(i) To preside over the Company's production, operations and management, to organise the implementation of Board resolutions, and to report on his work to the Board;

(ii) To organise and implement the Company's annual plans and investment proposals;

(iii) To draw up proposals for the structure of the Company's internal management bodies;

(iv) to draw up the Company's basic management systems;

(v) Formulate the Company's specific regulations;

(vi) To submit proposals to the Board of Directors for the appointment or dismissal of the Company's Executive Vice Presidents and Chief Financial Officer;

(vii) to decide on the appointment or dismissal of management personnel other than those whose appointment or dismissal falls within the remit of the Board of Directors;

(viii) Other powers and functions conferred by these Articles of Association and the Company's Board of Directors.

The Chief Executive Officer shall attend meetings of the Board of Directors; a Chief Executive Officer who is not a Director shall have no voting rights at such meetings.

The Chief Executive Officer shall draw up detailed rules of procedure for the Chief Executive Officer's duties, which shall be implemented after approval by the Board of Directors.

The Company shall appoint a Board Secretary, who shall be responsible for the preparation of General Meetings and Board meetings, the safekeeping of documents, the management of shareholder records, and the handling of information disclosure matters.

The Company's Board Secretary shall comply with laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed, and the relevant provisions of these Articles of Association; shall perform their duties faithfully and diligently; and shall maintain the confidentiality of the Company's secrets.

Should the Board Secretary be dismissed or resign, the Company shall complete the appointment of a new Board Secretary within six months; whilst the post of Board Secretary remains vacant, the Chairperson shall act in the capacity of Board Secretary.

FINANCIAL AND ACCOUNTING SYSTEMS, PROFIT DISTRIBUTION AND AUDITING

Financial and Accounting Systems, Profit Distribution

The Company shall formulate its financial and accounting systems in accordance with laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, and the provisions of the relevant competent authorities of the State.

The Company shall submit its annual financial and accounting reports to the local offices of the China Securities Regulatory Commission (CSRC) and the stock exchange within four months of the end of each financial year. It shall submit and disclose interim reports to the local offices of the CSRC and the stock exchange within two months of the end of the first six months of each financial year.

The Company shall not maintain any accounting books other than those required by law. The Company's funds shall not be deposited into any account opened in the name of an individual.

When distributing the current year's after-tax profits, the Company shall set aside 10 per cent of the profits as statutory reserves. Where the cumulative amount of the Company's statutory reserves reaches 50 per cent or more of the Company's registered capital, further allocations may cease.

Where the Company's statutory reserve fund is insufficient to cover losses from previous financial years, the losses shall first be set off against the current year's profits before the statutory reserve fund is set aside in accordance with the preceding provision.

After the company has set aside the statutory reserve from its post-tax profits, it may, by resolution of the general meeting of shareholders, set aside a discretionary reserve from the post-tax profits. Any post-tax profits remaining after the company has made up for losses and set aside reserves shall be distributed in proportion to the shares held by the shareholders, unless these Articles of Association provide otherwise.

Where the shareholders' meeting distributes profits to shareholders in breach of the Company Law, the shareholders must return the profits distributed in breach of the regulations to the company. If this causes loss to the company, the shareholders and the responsible directors and senior management shall be liable for compensation.

Shares in the Company held by the Company itself shall not participate in the distribution of profits.

Once the Company's General Meeting has passed a resolution on the profit distribution scheme, or once the Board of Directors has formulated a specific scheme in accordance with the conditions and upper limits for interim dividends for the following year as deliberated and approved by the Annual General Meeting, the distribution of dividends (or shares) must be completed within two months.

Where the Company deems it necessary to adjust its profit distribution policy in light of its production and operational circumstances, investment plans and long-term development requirements, such adjustments shall be made by amending the relevant provisions concerning profit distribution in these Articles of Association.

Internal Audit

The Company shall implement an internal audit system that clearly defines the leadership structure, responsibilities and authorities, staffing, funding, the use of audit results and accountability for internal audit work.

The Company's internal audit system shall be implemented following approval by the Board of Directors and shall be disclosed to the public. Full-time auditors shall be appointed to conduct internal audit supervision of the Company's financial receipts and expenditure and economic activities.

The Company's internal audit body shall supervise and inspect matters such as the Company's business activities, risk management, internal controls and financial information.

Appointment of an Accounting Firm

The Company shall engage an accountancy firm that complies with the provisions of the Securities Law and the securities regulatory rules of the jurisdiction where the Company's shares are listed to carry out audits of financial statements, verification of net assets and other related advisory services. The term of engagement shall be one year and may be renewed.

The appointment and dismissal of an accounting firm shall be decided by the general meeting of shareholders. The board of directors shall not appoint an accounting firm before the general meeting of shareholders makes a decision.

Notices and Announcements

Notices from the Company shall be issued in the following forms:

(i) by delivery by a designated person;

(ii) by post;

(iii) by way of an announcement on the Company's website, the website designated by the Shanghai Stock Exchange and the website designated by the Stock Exchange;

(iv) by fax or email;

(v) in any other form recognised by laws, administrative regulations, departmental rules, normative documents, the relevant regulatory authorities of the place where the Company's shares are listed, or as provided for in these Articles of Association.

Where a notice issued by the Company is published as an announcement, such notice shall be deemed to have been received by all relevant persons upon publication.

MERGERS, DEMERGERS, CAPITAL INCREASES OR REDUCTIONS, DISSOLUTION AND LIQUIDATION

Mergers, Demergers, Capital Increases or Reductions

A merger of the Company may take the form of a merger by absorption or a merger by formation of a new entity. Where one company absorbs another company, the absorbed company shall be dissolved. Where two or more companies merge to form a new company, the merging parties shall be dissolved.

Where the consideration paid in a company merger does not exceed 10 per cent of the company's net assets, a resolution of the shareholders' meeting is not required, unless otherwise provided for in the Articles of Association. Where a merger is carried out in accordance with the foregoing provisions without a resolution of the shareholders' meeting, it shall be subject to a resolution of the board of directors.

In the event of a company merger, the merging parties shall enter into a merger agreement and prepare a balance sheet and a statement of assets. The company shall notify its creditors within ten days of the date on which the resolution to merge is passed. It shall publish a notice in a newspaper at the municipal level or above, or on the National Enterprise Credit Information Publicity System, within thirty days. Creditors may, within thirty days of receiving notice, or within forty-five days of the date of publication if they have not received notice, require the company to settle its debts or provide corresponding security.

Upon a company merger, the claims and liabilities of the merging parties shall be assumed by the surviving company or the newly established company.

Upon the division of a company, its assets shall be divided accordingly. In the event of a company division, a balance sheet and a list of assets shall be drawn up. The company shall notify creditors within ten days of the date on which the resolution to divide the company is passed. It shall publish a notice in a newspaper at the municipal level or above, or on the National Enterprise Credit Information Publicity System, within thirty days.

The companies continuing to exist following the division shall bear joint and several liability for the company's debts incurred before the division, unless otherwise agreed in a written agreement reached between the company and the creditors regarding the settlement of such debts before the division.

Where a company merges or is split and there are changes to the registered particulars, it shall apply to the company registration authority for a change of registration in accordance with the law; where a company is dissolved, it shall apply for deregistration in accordance with the law; where a new company is established, it shall apply for registration of establishment in accordance with the law. Where a company increases or reduces its registered capital, it shall apply to the company registration authority for a change of registration in accordance with the law.

Dissolution and Liquidation

A company shall be dissolved for the following reasons:

(i) The expiry of the business term specified in these Articles of Association or the occurrence of other grounds for dissolution specified in these Articles of Association;

(ii) A resolution of the shareholders' meeting to dissolve the company;

(iii) Dissolution is required due to a company merger or demerger;

(iv) Where the company's business licence is revoked, it is ordered to close, or it is dissolved in accordance with the law;

(v) Where the Company faces serious difficulties in its operations and management, and its continued existence would result in significant loss to the interests of the shareholders and such difficulties cannot be resolved by other means, shareholders holding 10 per cent or more of the Company's voting rights may apply to the People's Court for the dissolution of the Company.

Where a company is subject to any of the grounds for dissolution specified in the foregoing provisions, it shall, within ten days, publish the grounds for dissolution via the National Enterprise Credit Information Publicity System.

Where a company finds itself in the circumstances set out in paragraph (i) or (ii) above and has not yet distributed its assets to the shareholders, it may continue to exist by amending its Articles of Association or by resolution of the general meeting of shareholders. Any amendment to the Articles of Association or resolution of the general meeting of shareholders pursuant to the foregoing provisions shall be approved by at least two-thirds of the voting rights held by the shareholders present at the general meeting.

Where a company is dissolved due to the circumstances set out in items (i), (ii), (iv) or (v) above, it shall undergo liquidation. The directors shall be responsible for the company's liquidation. They shall, within fifteen days of the occurrence of the grounds for dissolution, form a liquidation panel to carry out the liquidation. The liquidation committee shall consist of the directors, unless otherwise provided for in these Articles of Association or unless the shareholders' meeting resolves to appoint other persons. Where the persons responsible for liquidation fail to fulfil their liquidation obligations promptly, thereby causing loss to the company or its creditors, they shall be liable for compensation.

During the liquidation period, the liquidation committee shall exercise the following powers:

(i) to take stock of the company's assets and prepare separate balance sheets and inventories of assets;

(ii) to notify and publish notices to creditors;

(iii) to settle the company's outstanding business matters relating to the liquidation;

(iv) to settle any outstanding tax liabilities and any tax liabilities arising during the liquidation process;

(v) to settle claims and liabilities;

(vi) to distribute the company's residual assets after the settlement of debts;

(vii) to represent the company in civil litigation proceedings.

AMENDMENT OF THE ARTICLES OF ASSOCIATION

The company shall amend its Articles of Association in any of the following circumstances:

(i) Where, following amendments to the Company Law, relevant laws, administrative regulations or the securities regulatory rules of the jurisdiction in which the company's shares are listed, any provision of these Articles of Association conflicts with the amended provisions;

(ii) Where changes in the Company's circumstances result in inconsistencies with the matters set out in these Articles of Association;

(iii) Where the general meeting of shareholders resolves to amend these Articles of Association.

Where amendments to the Articles of Association adopted by resolution of the General Meeting of Shareholders are subject to approval by the competent authority, they must be submitted to that authority for approval; where such amendments relate to matters requiring company registration, the necessary registration amendments shall be processed in accordance with the law.

The Board of Directors shall amend the Articles of Association in accordance with the resolution of the General Meeting of Shareholders to amend the Articles of Association and the approval opinions of the relevant competent authorities.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation of Our Company

Our Company was established in the PRC on April 30, 2015 as a sino-foreign equity joint venture enterprise with limited liability under the name ASR Microelectronics (Shanghai) Co., Ltd.(翱捷科技(上海)有限公司), and was converted into a joint stock company with limited liability on August 17, 2020. Our A Shares were listed on the STAR Market of the Shanghai Stock Exchange (SSE: 688220) on January 14, 2022.

As of the date of this document, our Company's registered address and headquarters are located at 8th Floor (nominal 9th Floor), Building 10, No. 399 Keyuan Road, China (Shanghai) Pilot Free Trade Zone, Shanghai, the PRC. Our Company's corporate structure and Articles of Association are governed by PRC laws and regulations.

The relevant PRC laws and regulations and a summary of the Articles of Association are set out in "Regulatory Overview" and "Appendix III — Summary of Articles of Association."

Our principal place of business in Hong Kong is at 40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wan Chai, Hong Kong. Our Company is registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on [•], 2026. Ms. OH Sim Yee(胡倩鋤) has been appointed as the authorized representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong. The address for the service of process is the same as our principal place of business in Hong Kong.

2. Changes in the Share Capital of Our Company

There has been no alteration in the share capital of our Company within two years immediately preceding the date of this document.

3. Changes in the Share Capital of Our Subsidiaries

A summary of the corporate information and the particulars of our subsidiaries are set out in Note 12 to the Accountant's Report as set out in Appendix I to this document.

The registered capital of ASR Innovation (Shanghai) Limited(翱捷創芯科技(上海)有限公司) was increased from RMB20,000,000 to RMB23,530,000 on July 8, 2026, and further increased from RMB23,530,000 to RMB24,778,800 on July 22, 2026.

Save as disclosed above, no alteration in the registered capital of our subsidiaries has taken place within the two years preceding the date of this document.

4. Resolutions of Shareholders

At the general meeting of our Company held on September 2, 2026, the following resolutions were passed by the Shareholders:

(i) the **[REDACTED]** of H Shares with a nominal value of RMB1.00 each by our Company and such H Shares be **[REDACTED]** on the Stock Exchange;

(ii) the number of H Shares to be issued pursuant to the **[REDACTED]** before the exercise of the **[REDACTED]** shall not exceed **[REDACTED]**% of the enlarged share capital of our Company upon completion of the **[REDACTED]**, and the **[REDACTED]**% shall not exceed **[REDACTED]**% of the above number of H Shares to be issued;

(iii) subject to the completion of the **[REDACTED]**, the granting of a general mandate to the Board to allot and issue H Shares (including any sale or transfer of treasury shares of our Company originally issued as H Shares) at any time within a period up to the date of the conclusion of the next annual general meeting of the Shareholders or the date on which the Shareholders pass resolution to revoke or change such mandate, whichever is earlier, upon such terms and conditions and for such purposes and to such persons as the Board in their absolute discretion deem fit, and to handle the approval or filing of the CSRC, the Stock Exchange and/or other relevant regulatory authorities with respect to in the aforementioned general mandate in accordance with the relevant laws and regulations, provided that, the number of H Shares to be issued shall not exceed 20% of the number of Shares in issue (excluding treasury shares, if any) as of the **[REDACTED]**;

(iv) subject to the completion of the **[REDACTED]**, the granting of a general mandate to the Board to repurchase H Shares issued on the Stock Exchange with an aggregate number of not exceeding 10% of the number of the H Shares in issue (excluding any treasury shares) as of the **[REDACTED]**;

(v) subject to the completion of the **[REDACTED]**, the Articles of Association to become effective on the **[REDACTED]** shall be conditionally adopted, and the Board and its authorized person have been authorized to amend the Articles of Association in accordance with any comments from the relevant regulatory authorities; and

(vi) to authorize the Board and its authorized person to handle the matters relating to, among others, the **[REDACTED]**, the **[REDACTED]** and **[REDACTED]** of the H Shares.

5. Explanatory Statement on Repurchase of Our H Shares

The following paragraphs include, among others, certain information required by the Stock Exchange to be included in this document concerning the repurchase of our H Shares.

(a) Reasons for Repurchase

The Board considered that the repurchase of the H Shares would be beneficial to and in the best interests of our Company and its Shareholders as a whole. It can strengthen the investors' confidence in our Company and promote a positive effect on maintaining our Company's reputation in the capital market. Such repurchases will only be made when the Board believes that such repurchases will benefit our Company and its Shareholder as a whole.

(b) Registered Capital

Immediately following completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised and no other changes are made to the issued share capital of our Company from the Latest Practicable Date to the **[REDACTED]**), the share capital of our Company will be RMB**[REDACTED]**, comprising 418,300,889 A Shares and **[REDACTED]** H Shares.

(c) Exercise of the General Mandate to Repurchase H Shares

Subject to the passing of the special resolution approving the grant of the general mandate to repurchase H Shares at annual general meetings, the Board will be granted general mandate to repurchase H Shares until the end of the relevant period. The general mandate to repurchase H Shares would expire on the earlier of:

(i) the conclusion of the next annual general meeting of our Company of which time it shall lapse unless, by special resolutions passed at that meeting, the authority is renewed, either conditionally or subject to conditions;

(ii) the revocation or variation of the mandate under the resolution by a special resolution at the next general meeting of our Company; or

(iii) the revocation or variation of the mandate under the resolution by a special resolution at any general meeting of our Company.

Furthermore, we need to complete registration and approval procedures with relevant government authorities for the actual H Share repurchase under the general mandate, as applicable. The exercise in full of the general mandate to repurchase H Shares would result in a maximum of **[REDACTED]** H Shares being repurchased by our Company during the relevant period, being the maximum of 10% of the total H Shares in issue as of the **[REDACTED]**.

(d) Source of Funds

In repurchasing the H Shares, our Company intends to apply funds from our Company's internal resources (which may include surplus funds and retained profits) legally available for such purpose in accordance with the Articles of Association and the applicable laws, rules and regulations of the PRC.

Our Company is empowered by its Articles of Association to repurchase its H Shares. Any repurchases by our Company may only be made out of either the funds of our Company that would otherwise be available for dividend or distribution or out of the **[REDACTED]** of a new **[REDACTED]** of H Shares made for such purpose. Under PRC laws, the H Shares so repurchased should be canceled or transferred within certain period and our Company's registered capital would be reduced by amount equivalent to the aggregate nominal value of the H Shares if such H Shares were canceled. Our Company may not purchase securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

(e) Suspension of Repurchase

A public company shall not repurchase its H Shares on the Stock Exchange at any time after inside information has come to its knowledge until the information is made publicly available. In particular, during the period of one month immediately preceding the earlier of: (i) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for the issuer to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), until the date of the results announcement, the company may not repurchase its H Shares on the Stock Exchange unless there are exceptional circumstances.

(f) Close Associates and Core Connected Persons

None of our Directors or, to the best of their knowledge having made all reasonable enquiries, any of their close associates have a present intention, in the event the general mandate to repurchase H Shares is approved, to sell any H Shares to our Company. No core connected person of our Company has notified our Company that they have a present intention to sell H Shares to our Company, or have undertaken to do so, if the general mandate to repurchase H Shares is approved.

A public company shall not knowingly purchase its H Shares on the Stock Exchange from a core connected person (namely a director, chief executive or substantial shareholder of the company or any of its subsidiaries, or a close associate of any of them), and a core connected person shall not knowingly sell their interest in H Shares of the company to it.

(g) Status of Repurchased H Shares

Subject to the Articles of Association, the Listing Rules and any other applicable laws and regulations, if our Company repurchases any H Shares pursuant to the general mandate, our Company will either (i) cancel the H Shares repurchased and reduce our Company's registered capital in compliance with the applicable laws and regulations; and/or (ii) hold such H Shares as treasury H Shares, subject to market conditions and our Company's capital management needs at the relevant time any repurchases of Shares are made. Under the PRC laws, if the H Shares repurchased by our Company will be canceled, our Company's registered capital will be reduced by an amount equivalent to the aggregate nominal value of the H Shares so canceled.

(h) Takeover Implications

If, as a result of any repurchase of H Shares, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the general mandate to repurchase H Shares.

(i) General

If the general mandate to repurchase H Shares were to be carried out in full at any time, there may be a material adverse impact on our working capital or gearing position (as compared with the position disclosed in our most recent published audited accounts). However, our Directors do not propose to exercise the general mandate to repurchase H Shares to such an extent as would have a material adverse effect on our working capital or gearing position.

Our Directors will exercise the general mandate to repurchase H Shares in accordance with the Listing Rules and the applicable laws in the PRC. Neither the explanatory statement on repurchase of our H Shares nor the proposed H Share repurchase has any unusual features.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this document that are or may be material:

(i) **[REDACTED]**; and

(ii) [•].

2. Intellectual Property Rights

(a) Trademarks

Registered Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Owner	Class	Place of registration	Expiry date	Registration number
1.		our Company	9	PRC	November 20, 2030	42578218
2.		our Company	42	PRC	July 20, 2031	42577115
3.	ASR	our Company	9	PRC	October 13, 2028	27187788
4.	ASR	our Company	42	PRC	December 20, 2028	27188498
5.		our Company	9	PRC	February 6, 2029	29613233

Trademarks under Application

As of the Latest Practicable Date, we had applied for registration of the following trademark which we consider to be or may be material to our business:

No.	Trademark	Applicant	Class	Place of application	Application date	Application number
1.		our Company	42	PRC	May 28, 2026	92083640
2.		our Company	9, 42	Hong Kong	June 3, 2026	307299974
3.		our Company	9, 42	Hong Kong	June 3, 2026	307299992

(b) Patents

Registered Patents

As of the Latest Practicable Date, we owned the following registered patents which we consider to be or may be material to our business:

No.	Patent	Type of patent	Place of registration	Patent number	Owner	Expiration date
1.	Display control methods and wearable devices for single-chip heterogeneous systems (單芯片異構系統的顯示控制方法和可穿戴設備)	Invention patent	PRC	ZL202010530912.5	our Company	June 11, 2040
2.	An automatic gain control method and apparatus suitable for NR (一種適用於NR的自動增益控制方法及裝置)	Invention patent	PRC	ZL202110408222.7	our Company	April 16, 2041
3.	A DCI parsing method and device in a 5G NR system (一種5GNR系統中DCI解析方法及裝置)	Invention patent	PRC	ZL202011074627.3	our Company	October 10, 2040
4.	A multi-SIM multi-4G mobile terminal and a method for sharing 4G measurement capabilities (一種多卡多4G移動終端及其共享4G測量能力的方法)	Invention patent	PRC	ZL201911085599.2	our Company	November 8, 2039
5.	An embedded system and its log management method (一種嵌入式系統及其日誌管理方法)	Invention patent	PRC	ZL201911321118.3	our Company	December 20, 2039
6.	A 4G multi-mode dual-SIM mobile terminal and its data management method (一種4G多模雙卡移動終端及其數據管理方法)	Invention patent	PRC	ZL202110512614.8	our Company	May 11, 2041
7.	A phase compensation method and system for OFDM system receiver (一種OFDM系統接收端相位補償方法及系統)	Invention patent	PRC	ZL201911326583.6	our Company	December 20, 2039
8.	A method and apparatus for processing fragmented IP packets (一種處理分片IP數據包的方法及裝置)	Invention patent	PRC	ZL202110532423.8	our Company	May 17, 2041
9.	A network device and a method for sharing transmit and receive buffers (一種網絡設備及其共享發送和接收緩存的方法)	Invention patent	PRC	ZL202110295099.2	our Company	March 19, 2041
10.	A User Interface Switching Method and Apparatus Based on LVGL (一種基於LVGL的用戶界面切換方法及裝置)	Invention patent	PRC	ZL202110560334.4	our Company	May 21, 2041
11.	A method and apparatus for handling data wireless bearer integrity protection verification failure (一種數據無線承載完整性保護驗證失敗的處理方法及裝置)	Invention patent	PRC	ZL202211081570.9	our Company	September 6, 2042
12.	An optimization method and apparatus for RedCap terminal access network (一種RedCap終端接入網絡的優化方法及裝置)	Invention patent	PRC	ZL202310825619.5	our Company	July 7, 2043
13.	A Wi-Fi software testing system and method (一種Wi-Fi軟件測試系統及方法)	Invention patent	PRC	ZL201911321116.4	our Company	December 20, 2039
14.	A method and apparatus for improving uplink and downlink memory utilization in LTE terminals (一種提高LTE終端上下行內存利用率的方法及裝置)	Invention patent	PRC	ZL202110537754.0	our Company	May 18, 2041
15.	A method and apparatus for a low-bandwidth UE to be compatible with a high-bandwidth cell (一種小帶寬能力UE兼容大帶寬小區的方法及裝置)	Invention patent	PRC	ZL202410953858.3	our Company	July 17, 2044

No.	Patent	Type of patent	Place of registration	Patent number	Owner	Expiration date
16.	A frequency multiplier circuit (一種四倍頻電路)	Invention patent	PRC	ZL202110534287.6	the Company	May 17, 2041
17.	A motion estimation method and apparatus based on brightness distribution patterns (一種基於亮度分佈模式的運動估計方法及裝置)	Invention patent	PRC	ZL202211121311.4	the Company	September 15, 2042
18.	A method and apparatus for fast retransmission of 5G NRRLC (一種5GNRRLC快速重傳的方法及裝置)	Invention patent	PRC	ZL202211147582.7	the Company	September 19, 2042
19.	A method and apparatus for reducing computing resource consumption in an NPU (一種在NPU中減少計算資源佔用的方法及裝置)	Invention patent	PRC	ZL202011114887.9	ASR Smart Technology Co., Ltd. (翱捷智能科技(上海)有限公司)	October 19, 2040
20.	A dual-operating system device and a method for fast hibernation and wake-up (一種雙操作系統設備及其快速休眠及喚醒的方法)	Invention patent	PRC	ZL202110532410.0	ASR Smart Technology Co., Ltd. (翱捷智能科技(上海)有限公司)	May 17, 2041
21.	Image filling method and apparatus in deep learning hardware (一種在深度學習硬件中的圖像填充方法及裝置)	Invention patent	PRC	ZL202110217855.X	ASR Smart Technology Co., Ltd. (翱捷智能科技(上海)有限公司)	February 26, 2041
22.	An automatic calibration method and system for chip radio frequency signal delay measurement parameters (一種芯片射頻信號延時測量參數的自動校準方法及系統)	Invention patent	PRC	ZL202010944041.1	ASR Microelectronics (Shenzhen) Co., Ltd. (翱捷科技(深圳)有限公司)	September 10, 2040
23.	A method and system for connecting data in the Internet of Things (一種物聯網數據連接方法及系統)	Invention patent	PRC	ZL202011262358.3	ASR Microelectronics (Shenzhen) Co., Ltd. (翱捷科技(深圳)有限公司)	November 12, 2040
24.	A WiFi-based headphone audio data communication method and audio transmission system (一種基於WiFi的耳機音頻數據通信方法及音頻傳輸系統)	Invention patent	PRC	ZL202111218167.1	ASR Microelectronics (Shenzhen) Co., Ltd. (翱捷科技(深圳)有限公司)	October 20, 2041
25.	OFDMA processing method, apparatus, system and storage medium for uplink (上行鏈路的OFDMA處理方法、裝置、系統及存儲介質)	Invention patent	PRC	ZL202211635987.5	ASR Microelectronics (Shenzhen) Co., Ltd. (翱捷科技(深圳)有限公司)	December 20, 2042
26.	A method and system for adjusting voice wake-up threshold (一種語音喚醒閾值調整方法及系統)	Invention patent	PRC	ZL202110542300.2	ASR Microelectronics (Shenzhen) Co., Ltd. (翱捷科技(深圳)有限公司)	May 18, 2041
27.	A method and apparatus for inter-frame parallel coding rate control based on virtual frame synchronization (一種基於虛擬幀同步的幀間並行編碼碼率控制方法及裝置)	Invention patent	PRC	ZL202310884415.9	the Company	July 18, 2043
28.	A method and apparatus for bitrate control at the P-frame and/or B-frame image block level (一種P幀和/或B幀圖像塊級別的碼率控制方法及裝置)	Invention patent	PRC	ZL202310177185.2	the Company	February 26, 2043

No.	Patent	Type of patent	Place of registration	Patent number	Owner	Expiration date
29.	A method and apparatus for bitrate control at the I-frame image block level (一種I幀圖像塊級別的碼率控制方法及裝置)	Invention patent	PRC	ZL202310168540.X	our Company	February 26, 2043
30.	A bandgap reference circuit to ensure startup (一種確保啟動的帶隙基準電路)	Invention patent	PRC	ZL202310829324.5	our Company	July 7, 2043
31.	A method and hardware module for implementing uplink and downlink forwarding on a 5G local area network (一種實現5G局域網上下行轉發的方法和硬件模塊)	Invention patent	PRC	ZL202310801106.0	our Company	June 30, 2043
32.	A cell handover method and apparatus based on historical records (一種基於歷史記錄的小區切換方法及裝置)	Invention patent	PRC	ZL202310819856.0	our Company	July 5, 2043

Patents under Application

As of the Latest Practicable Date, we have applied for the registration of the following patents which we consider to be or may be material to our business:

No.	Patent application	Type of patent	Place of application	Application number	Applicant	Application date
1.	Continuous-time linear equalization circuit and high-speed signal interface circuit (連續時間線性均衡電路及高速信號接口電路)	Invention patent	PRC	2025109270220	our Company	July 7, 2025
2.	Method, device, medium, and chip for reporting dynamic rank adjustment indications in 5G NR systems (用於5G NR系統的動態調整秩指示上報方法、裝置、介質及芯片)	Invention patent	PRC	2025120189870	our Company	December 30, 2025
3.	Rendering methods, storage media, electronic devices and software products (渲染方法、存儲介質、電子設備及程序產品)	Invention patent	PRC	2026101523150	our Company	February 3, 2026
4.	A method and apparatus for realizing realistic wave animation based on lightweight wearable devices (基於輕量級可穿戴設備的逼真波動動畫實現方法及裝置)	Invention patent	PRC	2026102305596	our Company	February 27, 2026
5.	A method to prevent software version rollback based on flash memory (一種基於閃存存儲器的軟件版本防回滾方法)	Invention patent	PRC	2026102968698	our Company	March 12, 2026
6.	A unified scheduling method and apparatus for multi-scene system display of wearable devices (一種用於穿戴設備的多場景系統顯示統一調度方法及裝置)	Invention patent	PRC	2026103565783	our Company	March 23, 2026
7.	A hot-fix method for function redirection instrumentation in fixed code (一種針對固化代碼的函數重定向插樁熱修復方法)	Invention patent	PRC	2026105570644	our Company	April 24, 2026
8.	A UE Reader Reselection Mechanism for A-IoT Topology 2 (一種A-IoT拓撲2的UE Reader重選機制)	Invention patent	PRC	2026105798519	our Company	April 29, 2026
9.	A sensor algorithm and logic verification method and system based on an LVGL simulator (一種基於LVGL模擬器的傳感器算法及邏輯驗證方法及系統)	Invention patent	PRC	2026106542016	our Company	May 13, 2026

No.	Patent application	Type of patent	Place of application	Application number	Applicant	Application date
10.	Sleep detection method and system based on multi-scale heart rate variability feature fusion (基於多尺度心率變異性特徵融合的睡眠檢測方法及系統)	Invention patent	PRC	2026107210535	our Company	May 25, 2026
11.	A method for data transfer across processor instances and a multiprocessor system (一種跨處理器實例的數據傳輸方法及多處理器系統)	Invention patent	PRC	2026108045253	our Company	June 5, 2026
12.	A RedCap terminal and its switching control method (一種RedCap終端及其切換控制方法)	Invention patent	PRC	202311213136.6	our Company	September 19, 2023
13.	A method and system for achieving rapid EPS decline (一種實現快速EPS回落的方法及系統)	Invention patent	PRC	202311733118.0	our Company	December 15, 2023
14.	A method and apparatus for cyclic sliding switching of the main interface based on LVGL (一種基於LVGL的主界面循環滑動切換方法及裝置)	Invention patent	PRC	202311789709.X	our Company	December 22, 2023
15.	A successive approximation analog-to-digital converter with mismatch calibration and its implementation method (一種帶失配校準的逐次逼近模數轉換器及其實現方法)	Invention patent	PRC	202410395869.4	our Company	April 2, 2024
16.	A partition management method and device based on the lightweight HarmonyOS system (一種基於輕量級鴻蒙系統的分區管理方法及裝置)	Invention patent	PRC	202410790477.8	our Company	June 19, 2024
17.	A method and apparatus for fast partitioning of coded blocks and prediction blocks based on texture analysis (一種基於紋理分析的快速劃分編碼塊和預測塊的方法與裝置)	Invention patent	PRC	202410843840.8	our Company	June 27, 2024
18.	A method and apparatus for enhancing MBS reception based on SDT (一種基於SDT的MBS接收增強方法及裝置)	Invention patent	PRC	202410883380.1	our Company	July 3, 2024
19.	An AC coupling circuit for compensating DC offset suitable for low-voltage applications (一種適合低壓應用的補償直流偏移的交流耦合電路)	Invention patent	PRC	202411554159.8	our Company	November 4, 2024
20.	A common-mode differential-mode operational amplifier circuit (一種共模差模運算放大器電路)	Invention patent	PRC	202411657294.5	our Company	November 19, 2024
21.	A method and apparatus for NTN cell selection based on ephemeris information (一種基於星曆信息輔助選擇NTN小區的方法及裝置)	Invention patent	PRC	202510315618.5	our Company	March 18, 2025
22.	A method and apparatus for cross-partition function calls in an embedded system (一種嵌入式系統的跨分區函數調用方法及裝置)	Invention patent	PRC	202510420537.1	our Company	April 5, 2025
23.	An Automatic Controlled Transition Time Successive Approximation Analog-to-Digital Converter Based on Pulse Width Detection (一種基於脈寬檢測的自動控制轉換時間逐次逼近型模數轉換器)	Invention patent	PRC	202510451501.X	our Company	April 11, 2025
24.	A mobile terminal and a method for rapid recovery from a restricted dwell state (一種移動終端及其從受限駐留狀態快速恢復的方法)	Invention patent	PRC	202510756615.5	our Company	June 9, 2025

No.	Patent application	Type of patent	Place of application	Application number	Applicant	Application date
25.	A method and apparatus for estimating Bluetooth signal frequency offset based on reconstructed GFSK differential phase (一種基於重構GFSK差分相位的藍牙信號頻偏估計方法與裝置)	Invention patent	PRC	202510919829.X	our Company	July 4, 2025
26.	A mobile data access device and a method for optimizing uplink and downlink transmission (一種移動數據接入設備及其優化上下行傳輸的方法)	Invention patent	PRC	202511004562.8	our Company	July 21, 2025
27.	A method and apparatus for rapidly switching BWPs (一種快速切換BWP的方法及裝置)	Invention patent	PRC	202511586967.7	our Company	November 3, 2025
28.	A method and device for resetting a watchdog timer (一種看門狗定時器的清零方法及裝置)	Invention patent	PRC	202610019733.2	our Company	January 8, 2026
29.	A Parallel Coding Rate Control Method and Apparatus Based on Virtual Subframes (一種基於虛擬子幀的並行編碼碼率控制方法及裝置)	Invention patent	PRC	202610141482.5	our Company	February 2, 2026
30.	A synchronization method and apparatus for a multi-core video encoder (一種多核視頻編碼器的同步方法及裝置)	Invention patent	PRC	202610222596.2	our Company	February 25, 2026

(c) Copyrights

As of the Latest Practicable Date, we were the registered proprietor of the following copyrights which we consider to be or may be material to our business:

No.	Subject	Owner	Registration number	First published date	Certification date
1.	ctest Chip and Driver Verification System V1.0 (ctest芯片及驅動驗證系統V1.0)	our Company	2018SR792618	Unpublished	October 28, 2020
2.	ctest Automated Verification System V1.0 (ctest 自動化驗證系統 V1.0)	our Company	2018SR794570	Unpublished	October 28, 2020
3.	ASR-functioned Machine Multimedia Framework Software V1.0 (ASR 功能機多媒體框架軟件 V1.0)	our Company	2021SR0238789	Unpublished	February 9, 2021
4.	Automated Testing Software for Mobile Terminal Chip Systems V1.0 (移動終端芯片系統自動化測試軟件 V1.0)	our Company	2023SR1079695	Unpublished	September 15, 2023
5.	Protocol Conformance and Functional Automated Evaluation System V1.0 (協議一致性及功耗自動化評估系統 V1.0)	our Company	2024SR0757815	Unpublished	June 4, 2024
6.	ASR Wireless Communication Function Automated Testing System V1.0.0 (ASR 無線通信功能自動化測試系統 V1.0.0)	our Company	2025SR0756192	Unpublished	May 9, 2025
7.	ASR Automated Test Case Generation Software V1.0 (ASR 自動化測試用例生成軟件 V1.0)	our Company	2025SR1702081	Unpublished	September 4, 2025
8.	ASR 5G Protocol Conformance Automated Testing System V1.0.0 (ASR 5G 協議一致性自動化測試系統 V1.0.0)	our Company	2025SR2451663	Unpublished	December 22, 2025

No.	Subject	Owner	Registration number	First published date	Certification date
9.	ASR 5G End-to-End Cloud Testing Integrated Management Platform V1.0.0 (ASR 5G 端到端雲測綜控平台 V1.0.0)	our Company	2025SR2451725	Unpublished	December 22, 2025
10.	ATBT Automated Testing Client Software V1.0 (ATBT 自動化測試客戶端軟件 V1.0)	our Company	2026SR0173663	Unpublished	January 27, 2026
11.	Automated Quality Evaluation System for Mobile Device Performance Iteration V1.0 (移動設備性能迭代質量自動化評估系統 V1.0)	ASR Smart Technology Co., Ltd. (翱捷智能科技(上海)有限公司)	2019SR1368099	Unpublished	December 13, 2019
12.	Android Mobile Device Wi-Fi Quality Intelligent Diagnostic System V1.0 (Android 移動設備 Wifi 質量智能診斷系統 V1.0)	ASR Smart Technology Co., Ltd. (翱捷智能科技(上海)有限公司)	2019SR1343771	Unpublished	December 11, 2019
13.	Zhiqing PCIE Data Path System Management Software V1.0 (智擎 PCIE 數據通路系統管理軟件 V1.0)	Zhiqing Information System (Shanghai) Co., Ltd. (智擎信息系統(上海)有限公司)	2014SR052724	Unpublished	May 4, 2014
14.	Zhiqing K7 FPGA-Based Video Algorithm Acceleration Platform Software V1.00 (智擎基於 K7FPGA 的視頻算法加速平台軟件 V1.00)	Zhiqing Information System (Shanghai) Co., Ltd. (智擎信息系統(上海)有限公司)	2014SR072058	Unpublished	June 5, 2014
15.	Zhiqing FPGA SOC-Based Embedded Vision Analysis Software V1.00 (智擎基於 FPGASOC 的嵌入式視覺分析軟件 V1.00)	Zhiqing Information System (Shanghai) Co., Ltd. (智擎信息系統(上海)有限公司)	2014SR111207	Unpublished	August 1, 2014
16.	Zhiqing Multi-Object Motion Detection and Analysis Software V1.00 (智擎多運動目標檢測分析軟件 V1.00)	Zhiqing Information System (Shanghai) Co., Ltd. (智擎信息系統(上海)有限公司)	2015SR022933	Unpublished	February 3, 2015
17.	Zhiqing AD-DA Chip Automatic Dynamic Parameter Testing Software V1.0 (智擎 AD-DA 芯片自動動態參數測試軟件 V1.0)	Zhiqing Information System (Shanghai) Co., Ltd. (智擎信息系統(上海)有限公司)	2016SR032967	Unpublished	February 18, 2016
18.	Zhiqing FPGA Intelligent Image Storage Interface Software V1.0 (智擎 FPGA 智能圖像存儲接口軟件 V1.0)	Zhiqing Information System (Shanghai) Co., Ltd. (智擎信息系統(上海)有限公司)	2017SR084575	Unpublished	March 20, 2017
19.	Zhiqing Memory-Mapped Protocol-Based FPGA Reconfigurable General-Purpose Software V1.0 (智擎基於內存映射協議的 FPGA 可重構通用軟件 V1.0)	Zhiqing Information System (Shanghai) Co., Ltd. (智擎信息系統(上海)有限公司)	2018SR389154	Unpublished	May 28, 2018
20.	Zhiqing Convolutional Neural Network-Based Speaker Recognition Algorithm Software V1.0 (智擎基於卷積神經網絡的聲紋識別算法軟件 V1.0)	Zhiqing Information System (Shanghai) Co., Ltd. (智擎信息系統(上海)有限公司)	2018SR600444	Unpublished	July 31, 2018
21.	Zhiqing FPGA-Based Millimeter-Wave Radar Imaging Intelligent Algorithm Software V1.0 (智擎基於 FPGA 的毫米波雷達成像智能算法軟件 V1.0)	Zhiqing Information System (Shanghai) Co., Ltd. (智擎信息系統(上海)有限公司)	2018SR601155	Unpublished	July 31, 2018

(d) Domain Names

As of the Latest Practicable Date, we had registered the following internet domain names which we consider to be or may be material to our business:

No.	Domain name	Owner	Expiry date
1.	asrmicro.com	our Company	Valid indefinitely

C. SHARE INCENTIVE SCHEMES

Our Company adopted the 2023 Restricted Share Incentive Scheme and 2023 Share Appreciation Rights Incentive Scheme on November 15, 2023 to motivate employees and align their interests with the long-term development of our Group. The Shares underlying the awards granted under the 2023 Restricted Share Incentive Scheme comprise A Shares repurchased by our Company. The share appreciation rights granted under the 2023 Share Appreciation Rights Incentive Scheme are entirely cash-settled and do not involve the issue, transfer or grant of any actual Shares or options over Shares. Accordingly, neither scheme is subject to the provisions of Chapter 17 of the Listing Rules.

1. 2023 Restricted Share Incentive Scheme

The following is a summary of the principal terms of the 2023 Restricted Share Incentive Scheme.

(a) Purpose

The purpose of the 2023 Restricted Share Incentive Scheme is to attract and retain outstanding talents, motivate employees by aligning their interests with those of Shareholders, and support the long-term development of our Company, while protecting Shareholders' interests and adhering to the principle of reciprocity between earnings and contributions.

(b) Administration

The Shareholders' meeting approves the implementation, amendment and termination of the 2023 Restricted Share Incentive Scheme and may authorize the Board to administer and implement the scheme. The Remuneration and Appraisal Committee assists with the implementation of the 2023 Restricted Share Incentive Scheme.

(c) Participants

Eligible participants are key personnel and other personnel whom the Board considers require incentivization, employed or engaged by our Company or its subsidiaries. Directors, senior management, supervisors, shareholders holding 5% or more of the Shares (together with their spouses, parents and children) and the actual controller of our Company are excluded from participation.

(d) Source and Maximum Number of Restricted Shares

The underlying Shares under the 2023 Restricted Share Incentive Scheme are A Shares to be repurchased by our Company.

The maximum number of restricted shares proposed to be granted under the 2023 Restricted Share Incentive Scheme is 9,500,000 Shares, comprising an initial tranche of 8,075,000 restricted Shares and a reserved tranche of 1,425,000 restricted Shares.

(e) Validity Period

The 2023 Restricted Share Incentive Scheme is valid from the grant date until all granted restricted Shares have vested or lapsed, subject to a maximum of 48 months.

(f) Vesting Schedule and Restriction

The vesting schedules for the initial tranche and the reserved tranche are as follows:

Vesting window	Percentage
Initial tranche	
From 12 months to 24 months after the grant date	40%
From 24 months to 36 months after the grant date	30%
From 36 months to 48 months after the grant date	30%
Reserved tranche	
From 12 months to 24 months after the grant date	50%
From 24 months to 36 months after the grant date	50%

Each vesting day must be a trading day within the validity period of the 2023 Restricted Share Incentive Scheme and is subject to applicable blackout periods. Prior to vesting and share registration, restricted Shares may not be transferred, pledged or used as security or applied to repay debts. Participants have no voting rights and no entitlement to dividends (whether cash or stock) in respect of unvested restricted Shares.

(g) Grant Price

The grant price for the restricted Shares is RMB21.50 per Share.

(h) Performance Assessment Requirements

The vesting of the restricted Shares is also subject to performance assessment requirements at the company level and individual level. The company-level assessment is based on revenue growth targets for the relevant fiscal years with reference to the operating revenue of our Company for 2022, and the individual-level assessment is conducted in accordance with the internal performance assessment system of our Company. Restricted Shares that fail to vest or fail to vest in full due to the assessment results shall lapse and shall not be deferred to the following year.

(i) Adjustments

Subject to the other terms and conditions of the 2023 Restricted Share Incentive Scheme, the number and/or grant price of restricted Shares granted may be adjusted upon the occurrence of certain events. These events include, as the case may be, (a) capitalization of capital reserves, (b) distribution of stock dividends, (c) share subdivision, (d) share consolidation, and (e) rights issue.

(j) Outstanding Awards and Dilution

All 9,500,000 restricted Shares under the 2023 Restricted Share Incentive Scheme had been granted to 1,176 grantees, none of whom are our Directors, senior management members or other connected persons. No further grant of restricted Shares will be made under the 2023 Restricted Share Incentive Scheme on or after the **[REDACTED]**, and the restricted Shares already granted will continue to be valid, lapsed or vested in accordance with their terms.

As of the Latest Practicable Date, 2,976,688 restricted Shares remained outstanding, representing **[REDACTED]**% of the total issued Shares immediately following the completion of the **[REDACTED]** (assuming (i) the **[REDACTED]** is not exercised and (ii) no other changes are made to the issued share capital of our Company or treasury shares from the Latest Practicable Date to the **[REDACTED]**). As all outstanding restricted Shares will be satisfied using A Shares repurchased by our Company, there would be no dilution of the Shareholders' shareholdings or impact on our earnings per Share following completion of the **[REDACTED]** as a result of the 2023 Restricted Share Incentive Scheme.

2. 2023 Share Appreciation Rights Incentive Scheme

The following is a summary of the principal terms of the 2023 Share Appreciation Rights Incentive Scheme.

(a) Purpose

The purpose of the 2023 Share Appreciation Rights Incentive Scheme is to retain and motivate Directors and senior management, align their interests with those of Shareholders and support the long-term development of our Company.

(b) Administration

The Shareholders' meeting approves the implementation, amendment and termination of the 2023 Share Appreciation Rights Incentive Scheme and may authorize the Board to administer and implement the scheme. The Remuneration and Appraisal Committee assists with the implementation of the 2023 Share Appreciation Rights Incentive Scheme.

(c) Participants

Eligible participants are Directors and senior management of our Company (excluding independent Directors and supervisors) who are employed or engaged by our Company or its subsidiaries.

(d) Source of Shares, Nature of Participants' Interest and Maximum Number of Share Appreciation Rights

The share appreciation rights are notionally linked to the market price of A Shares solely for the purpose of calculating the appreciation amount payable. No actual Shares are issued, transferred or granted. A Shares are used only as a virtual reference asset. On exercise, each right entitles the holder to receive a cash payment equal to the closing price of our Company's A Shares on the exercisable day (the settlement price) minus the exercise price per right. The rights may not be transferred, pledged or used as security or applied to repay debts. Participants have no voting rights and no entitlement to dividends in respect of the rights.

The maximum number of share appreciation rights to be granted under the 2023 Share Appreciation Rights Incentive Scheme is 397,500.

(e) Validity Period

The 2023 Share Appreciation Rights Incentive Scheme is valid from the grant date until all rights are exercised or lapse, subject to a maximum of 48 months.

(f) Exercise Schedule

The exercise schedules for the share appreciation rights are as follows:

Exercise window	Percentage
From 12 months to 24 months after the grant date	40%
From 24 months to 36 months after the grant date	30%
From 36 months to 48 months after the grant date	30%

Each exercisable day is determined by the Board and must be a trading day within the validity period of the 2023 Share Appreciation Rights Incentive Scheme.

(g) Exercise Price

The exercise price is RMB36.50 per share appreciation right.

(h) Performance Assessment Requirements

The exercise of the share appreciation rights is also subject to performance assessment requirements at the company level and individual level. The company-level assessment is based on revenue growth targets for the relevant fiscal years with reference to the operating revenue of our Company for 2022, and the individual-level assessment is conducted in accordance with the internal performance assessment system of our Company. Share appreciation rights that fail to be exercised or fail to be exercised in full due to assessment results shall lapse and shall not be deferred to the following year.

(i) Adjustments

Subject to the other terms and conditions of the 2023 Share Appreciation Rights Incentive Scheme, the number and/or exercise price of the share appreciation rights granted may be adjusted upon the occurrence of certain events. These events include, as the case may be, (a) capitalization of capital reserves, (b) distribution of stock dividends, (c) share subdivision, (d) share consolidation, and (e) rights issue.

(j) Outstanding Awards and Dilution

All 397,500 share appreciation rights under the 2023 Share Appreciation Rights Incentive Scheme had been granted to five grantees, comprising (i) 114,000 share appreciation rights granted to Mr. TAI, (ii) 114,000 share appreciation rights granted to Mr. ZHOU Xuan, (iii) 52,000 share appreciation rights granted to Ms. HAN Min, (iv) 82,500 share appreciation rights granted to Mr. ZHAO Xikai and (v) 35,000 share appreciation rights granted to Mr. YANG Xinhua. No further grant of share appreciation rights will be made under the 2023 Share Appreciation Rights Incentive Scheme on or after the **[REDACTED]**, and the share appreciation rights already granted will continue to be valid, lapsed or exercised in accordance with their terms.

As the share appreciation rights granted under the 2023 Share Appreciation Rights Incentive Scheme are notionally linked to the market price of the A Shares solely for the purpose of calculating the relevant appreciation amount and do not involve the issuance or grant of any actual Shares, the scheme will not result in any dilution of the Shareholders' shareholdings or have any dilutive effect on earnings per Share following completion of the **[REDACTED]**.

D. FURTHER INFORMATION ABOUT OUR DIRECTORS, CHIEF EXECUTIVE AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interest

(a) Disclosure of Interests of Directors and Chief Executive

Save as disclosed in "Substantial Shareholders" and below, immediately following the completion of the **[REDACTED]** (assuming (i) the **[REDACTED]** is not exercised and (ii) no other changes are made to the issued share capital of our Company or treasury shares from the Latest Practicable Date to the **[REDACTED]**), none of our Directors or chief executive has any interest in our Shares, underlying Shares or debentures of our Company or any of our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to us and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules.

Interests in Our Associated Corporation

Name	Position	Name of associated corporation	Nature of interests	% of shareholding
Mr. TAI [(1)]	Chairperson of the Board, executive Director and chief strategy officer	ASR Innovation	Interested in a controlled corporation	19.29%

Note:

(1) As of the Latest Practicable Date, ASR Innovation (Shanghai) Limited (翱捷創芯科技(上海)有限公司)("**ASR Innovation**") was 14.25% owned by Ningbo Xuanyu Dixin Enterprise Management Partnership (Limited Partnership)(寧波翾宇迪芯企業管理合夥企業(有限合夥))("**Xuanyu Dixin**"), and 5.04% owned by Ningbo Xuanyu Shenxin Enterprise Management Partnership (Limited Partnership)(寧波翾宇申芯企業管理合夥企業(有限合夥))("**Xuanyu Shenxin**"). Xuanyu Dixin and Xuanyu Shenxin are employee incentive platforms of our Group. Ningbo Jieyu Ruixin, which is wholly owned by Mr. TAI, is the general partner of, and controlled, each of Xuanyu Dixin and Xuanyu Shenxin. Therefore, Mr. TAI is deemed to be interested in the shares held by Xuanyu Dixin and Xuanyu Shenxin in ASR Innovation under the SFO.

(b) Disclosure of Interests of Substantial Shareholders

Save for Xuanyu Dixin, which held a 14.25% equity interest in ASR Innovation (a non-wholly owned subsidiary of our Company), and except as disclosed in "Substantial Shareholders," our Directors are not aware of any other person (other than a Director or the chief executive of our Company) who, immediately following the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised and no other changes are made to the issued share capital of our Company from the Latest Practicable Date to the **[REDACTED]**), will have an interest or short position in the Shares or underlying Shares that would be required to be disclosed to our Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the voting power at any general meeting of any member of our Group.

2. Directors' Service Contracts and Letters of Appointment

Pursuant to Rules 19A.54 and 19A.55 of the Listing Rules, our Company [has entered into] a service agreement with each of the Directors which contains provisions in relation to, among other things, compliance of relevant laws and regulations, observations of Articles of Association and provisions on arbitration.

The principal particulars of these service agreements are: (a) each of the agreements is for a term of three years following the effective date of his/her appointment; (b) each of the agreements is subject to termination in accordance with their respective terms.

Save as disclosed above, our Directors have not entered into or propose to enter into any service contracts with any member of our Group (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

3. Directors' Remuneration

For details of the Directors' remuneration, see "Directors and Senior Management — Remuneration of Our Directors, Senior Management and Employees" and Note 41 to the Accountant's Report as set out in Appendix I to this document.

There was no arrangement under which any Director has waived or agreed to waive any emolument during the Track Record Period.

4. Disclaimers

Save as disclosed in this document:

(i) there is no existing or proposed service contract (excluding any contract expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)) between our Directors and any member of our Group;

(ii) none of our Directors or the experts named in "— E. Other Information — 8. Qualifications and Consents of Experts" in this Appendix has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this document, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(iii) save in connection with the **[REDACTED]**, none of our Directors nor any of the experts named in "— E. Other Information — 8. Qualifications and Consents of Experts" in this Appendix is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of our Group as a whole; and

(iv) none of our Directors or their respective close associates or any Shareholders of our Company (who to the knowledge of our Directors owns more than 5% of the number of our issued shares) has any interest in our five largest suppliers or our five largest customers.

E. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to be imposed on our Company or any of the subsidiaries of our Company.

2. Litigation

As of the Latest Practicable Date, no member of our Group was involved in any litigation, arbitration, administrative proceedings or claims of material importance, and, so far as we are aware, no litigation, arbitration, administrative proceedings or claims of material importance are pending or threatened against any member of our Group.

3. Joint Sponsors

Each of the Joint Sponsors satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. Each of the Joint Sponsors will receive a fee of US$350,000 to act as sponsor to our Company in connection with the **[REDACTED]**. All necessary arrangements have been made for the H Shares to be admitted into **[REDACTED]**.

4. Compliance Advisor

Our Company has appointed Rainbow Capital (HK) Limited as our Compliance Advisor in compliance with Rule 3A.19 of the Listing Rules.

5. Preliminary Expenses

As of the Latest Practicable Date, our Company did not incur any material preliminary expenses in relation to the incorporation of our Company.

6. No Material Adverse Change

Our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since June 30, 2026 (being the date to which the latest historical financial information of our Group set out in the Accountant's Report was prepared).

7. Promoter

The promoters of our Company were the 46 Shareholders as of August 17, 2020, being the date on which our Company was converted into a joint stock company with limited liability.

Within the two years immediately preceding the date of this document, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the **[REDACTED]** and the related transactions described in this document.

8. Qualifications and Consents of Experts

The following are the qualifications of the experts who have given opinions or advice which are contained in this document:

Name	Qualification
Morgan Stanley Asia Limited	A licensed corporation under the SFO for Type 1 (dealing in securities), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities as defined under the SFO

Name	Qualification
Haitong International Capital Limited	A licensed corporation under the SFO for Type 6 (advising on corporate finance) regulated activities as defined under the SFO
PricewaterhouseCoopers	Certified Public Accountants under Professional Accountants Ordinance (Cap. 50 of the Laws of Hong Kong) Registered Public Interest Entity Auditor under Accounting and Financial Reporting Council Ordinance (Cap. 588 of the Laws of Hong Kong)
Merits & Tree Law Offices	Legal advisor to our Company as to PRC law
Frost & Sullivan	Industry consultant
Hogan Lovells Cadwalader International LLP	Legal advisor to our Company as to U.S. outbound investment rules, U.S. export control and international sanctions laws

Each of the experts named above has given and has not withdrawn its consent to the issue of this document with the inclusion of its report, letter, summary of valuations, valuation certificates and/or legal opinion (as the case may be) and references to its name included in the form and context in which it respectively appears.

Save in connection with the **[REDACTED]**, none of the experts named above: (i) is interested legally or beneficially in any of our Shares or any shares in any of our subsidiaries; or (ii) has any right (whether legally enforceable or not) to **[REDACTED]** for or to nominate persons to **[REDACTED]** for securities in any member of our Group.

9. Binding Effect

This document shall have the effect, if any application is made pursuant hereto, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

10. Bilingual Document

The English language and Chinese language versions of this document are being published separately, in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong). In case of any discrepancies between the English language version and Chinese language version of this document, the English language version shall prevail.

11. Miscellaneous

Save as disclosed in "History and Corporate Structure" and in connection with the **[REDACTED]**

(i) within the two years immediately preceding the date of this document,

(a) no share or loan capital of our Company or any of our subsidiaries has been issued nor agreed to be issued fully or partly paid either for cash or for a consideration other than cash;

(b) no commissions, discounts, brokerage fee or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries; and

(c) no commission has been paid or is payable for subscribing or agreeing to subscribe, or procuring or agreeing to procure the subscriptions of any share in our Company or any of our subsidiaries.

(ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(iii) we have not issued nor agreed to issue any founder shares, management shares or deferred shares;

(iv) there are no arrangements under which future dividends are waived or agreed to be waived;

(v) there have been no interruptions in our business which may have or have had a significant effect on our financial position in the last 12 months;

(vi) there are no restrictions affecting the remittance of profits or repatriation of capital by us into Hong Kong from outside Hong Kong;

(vii) no part of the equity or debt securities of our Company, if any, is currently listed on or dealt in on any stock exchange or trading system, and no such listing or permission to list on any stock exchange other than the Stock Exchange is currently being or agreed to be sought; and

(viii) our Company has no outstanding convertible debt securities or debentures.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this document and delivered to the Registrar of Companies in Hong Kong for registration were, among other documents:

(a) the material contracts referred to in "Appendix IV — Statutory and General Information — B. Further Information about Our Business — 1. Summary of Material Contracts;" and

(b) the written consents referred to in "Appendix IV — Statutory and General Information — E. Other Information — 8. Qualifications and Consents of Experts."

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the Stock Exchange's website at **www.hkexnews.hk** and our Company's website at **asrmicro.com** during a period of 14 days from the date of this document:

(a) the Articles of Association;

(b) the Accountant's Report from PricewaterhouseCoopers, the text of which is set out in Appendix I to this document;

(c) the audited consolidated financial statements of our Group for the three years ended December 31, 2025 and the unaudited interim consolidated financial statements of our Group for the six months ended June 30, 2026;

(d) the report on unaudited **[REDACTED]** financial information of our Group from PricewaterhouseCoopers, the text of which is set out in Appendix IIA to this document;

(e) **[REDACTED]**;

(f) the legal opinions issued by Merits & Tree Law Offices, our PRC Legal Advisor in respect of certain matters of our Group in the PRC;

(g) the legal memorandum issued by Hogan Lovells Cadwalader International LLP, our international sanctions legal advisor, in respect of U.S. outbound investment rules, U.S. export control and international sanctions matters of our Group;

(h) the industry report prepared by Frost & Sullivan, the summary of which is set forth in "Industry Overview;"

(i) a copy of each of the PRC Company Law, the PRC Securities Law, the Overseas Listing Trial Measures together with their unofficial English translations;

(j) the material contracts referred to in "Appendix IV — Statutory and General Information — B. Further Information about Our Business — 1. Summary of Material Contracts;"

(k) the service contracts referred to in "Appendix IV — Statutory and General Information — D. Further Information about our Directors, Chief Executive and Substantial Shareholders — 2. Directors' Service Contracts and Letters of Appointment;" and

(l) the written consents referred to in "Appendix IV — Statutory and General Information — E. Other Information — 8. Qualifications and Consents of Experts."