OVERVIEW

Who We Are

We are a globally leading fabless design house and supplier of vision AI SoCs. Under our core framework of "vision + AI" and core capabilities of "perception + computation + connectivity," we design and develop SoCs that enhance AI capabilities and enable visual intelligence of edge devices across industries. We have a diversified product portfolio. Our vision AI SoCs is integrated into and widely deployed across a broad spectrum of edge devices, including smart security, smart AIoT and smart automotive.

According to Frost & Sullivan:

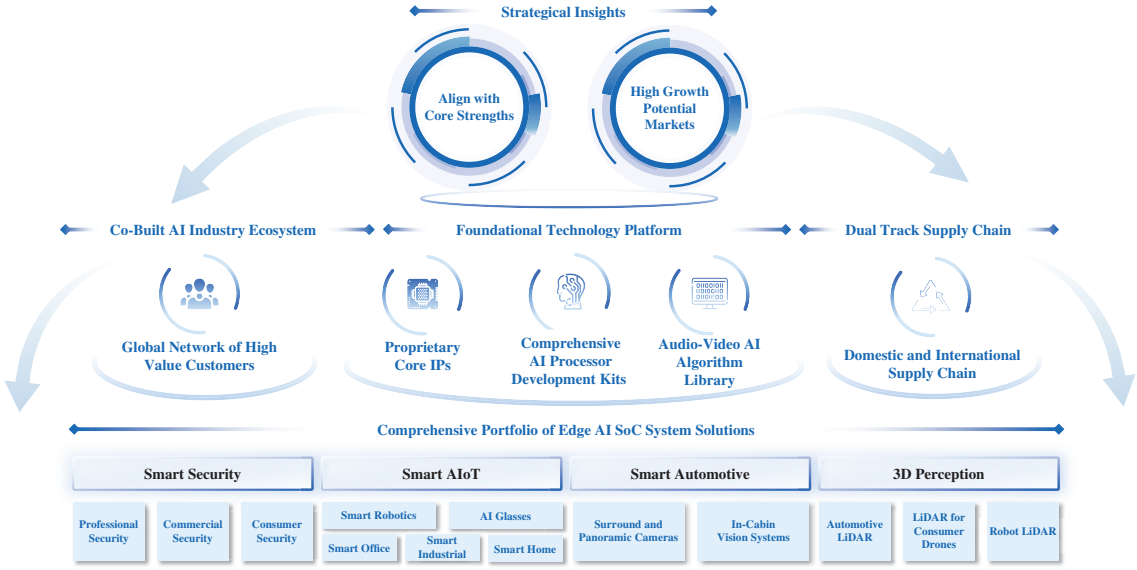
- We are the world's largest provider of vision AI SoCs in terms of shipment volume in 2024, with a market share of 26.7%.
- Our vision AI SoC for security ranked first globally in terms of shipment volume in 2024, with a market share of 41.2%.
- Our vision AI SoC for robotics ranked second globally in terms of shipment volume in the first half of 2025, with a market share of 23.0%.

We emphasize our full-stack core capabilities and maintain a consistent focus on advanced R&D. We have built a foundational AI SoC core technology platform, based on a library of reusable, proprietary core IPs, comprehensive AI processor development kits and audio-video AI algorithm library for multi-industry applications. Leveraging our SoC design capabilities, we are able to rapidly deploy and scale our core IPs across diverse applications, swiftly respond to varied customer needs while delivering flexible, system-level solutions that maximize the utilization efficiency of chips and algorithms. Our agile, integrated approach also empowers our innovation in edge AI and enables us to consistently launch next-generation SoC products that set high benchmarks.

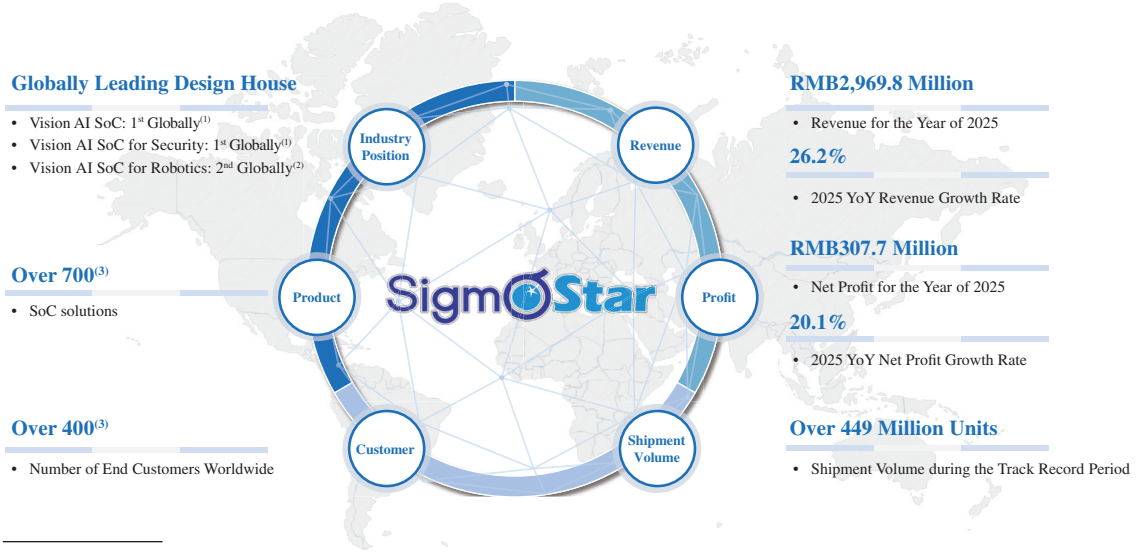
We leverage market insight cultivated over years of experience in the SoC design industry to identify high growth potential markets that align with our core strengths. Firmly rooted in vision AI SoCs, we strategically focus on markets where we can establish and sustain industry leadership. Our solutions are widely adopted in a diverse range of edge devices, including smart security, smart AIoT and smart automotive, and we continue to expand into fast-growing markets including 3D perception application scenarios. Building on our strong market position in domestic service robots, we have successfully penetrated the broader smart robotics market, leveraging our NVR SoC expertise to seize opportunities in on-device AI inference SoCs. In addition, we are actively positioning ourselves in emerging sectors, such as automotive LiDAR and motion imaging devices such as AI glasses. Our recent strategic acquisition has further strengthened our SoC platform's competitiveness in connectivity and low-power solutions, reinforcing our ability to deliver integrated edge AI solutions.

We are committed to delivering value to our customers through our vision AI SoCs, which has enabled us to build a large, sticky base of high value end customers. We work closely with leading global enterprise customers to track industry trends and align technology roadmaps, and have established a resilient dual track supply chain system spanning domestic and international markets to serve customers nationwide and worldwide and co-create a collaborative AI industry ecosystem. Our core technology capabilities, comprehensive product portfolio, high value customer base and resilient supply chain have earned us broad recognition in the rapidly growing global vision AI SoC market. We are proud to have served the world's major security brands, including a substantial majority of the top ten global security brands, and the world's leading service robot manufacturers, such as global leaders in household cleaning robots.

The following diagram sets forth our business model:



The following chart diagram sets forth our key operating indicators and financial performance:



Notes:

(1) In terms of shipment volume for the year of 2024.

(2) In terms of shipment volume for the first half of 2025.

(3) As of December 31, 2025.

OUR MARKET OPPORTUNITIES

Intelligent Vision Application

We operate in a rapidly expanding global market for vision AI SoC solutions, driven by the accelerating adoption of edge AI and the proliferation of intelligent devices. The emergence of smaller, more efficient distilled AI models has made it possible to deploy sophisticated intelligence on power-constrained edge devices, and the accelerated commercialization of advanced communication technologies such as 5G-A and 6G build a powerful connectivity technology foundation for edge intelligence. According to Frost & Sullivan, the AI penetration rate of global vision SoC has reached 39.1% in 2024, driving the vision AI SoC market size to 246.0 million in terms of shipment volume. By 2029, the AI penetration rate of global vision SoC is projected to reach 84.8%, with the market size growing at a CAGR of 31.1% to reach 954.3 million in 2029 in terms of shipment volume.

Smart Security

According to Frost & Sullivan, the global smart security market is undergoing an intelligence upgrade, fueled by advances in AI and the rising integration of edge computing. Lightweight AI models enable edge devices to perform real-time inference and deliver responses within seconds, reducing cloud dependence and accelerating AI adoption in security devices. At the same time, the new energy wave, including advancements in battery and photovoltaic technologies, has also been transforming the smart security industry to overcome power supply constraints, further expanding the reach of security devices. In rapidly urbanizing emerging markets such as Southeast Asia, the Middle East, Africa and Latin America with limited security coverage, demand is rising for AI-enabled, power-efficient security equipment to bridge infrastructure gaps. According to Frost & Sullivan, the global shipments of vision AI SoC for security is expected to grow from 137.3 million in 2024 to 470.9 million in 2029 at a CAGR of 28.0%.

Smart AIoT

Motion Imaging Devices

Motion imaging devices, which include AI glasses, action and panoramic cameras and consumer drones, are experiencing rapid growth as advancements in AI models, virtual reality, memory and display technologies become more prominent and widespread. The pursuit of lightweight design, ultra-long battery life and complex interactions such as real-time visual recognition and AR overlay creates unique value for vision AI SoCs specifically customized for smart wearables. According to Frost & Sullivan, global AI glasses shipments are projected to reach 68.6 million by 2029, and the AI glasses vision AI SoC market is expected to grow from 2.3 million in 2024 to 68.6 million in 2029 at a CAGR of 97.2%.

AI algorithms are optimizing the shooting experience, and the demands of outdoor sports and short video social sharing are driving action and panoramic cameras to evolve from professional equipment to mass-market creative tools. According to Frost & Sullivan, the global shipments of vision AI SoC for action and panoramic camera is projected to grow from 5.0 million in 2024 to 23.3 million in 2029 at a CAGR of 36.0%, and the global shipments of vision AI SoC for consumer drones is projected to grow from 2.7 million in 2024 to 14.8 million in 2029 at a CAGR of 40.5%.

Smart Robotics

The smart robotics sector is rapidly evolving, with robots expanding their applications from specific tasks to diversified fields and transitioning from single-purpose devices to multifunctional platforms capable of complex environment perception and interaction. In the household scenario, domestic service robots such as robotic vacuum cleaners are seeing widespread adoption, with the emergence of specialized robotics products such as lawn mowing robots and pool cleaning robots. As robots become increasingly capable of complex perception, decision-making and precise control, the need for high-performance, power-efficient AI SoCs will continue to accelerate. The global shipments of vision AI SoC for robotics is projected to grow from 6.8 million in 2024 to 80.1 million in 2029 at a CAGR of 63.8%.

Other Smart AIoT Applications

The smart AIoT market is expanding rapidly, driven by the convergence of connectivity, intelligent perception and edge computing. Vision AI SoCs are enabling a wide range of innovative applications, including smart homes and offices, industrial IoT, logistics and warehousing, healthcare and education, seamlessly integrating various edge devices into unified intelligent ecosystems. Demand for high-efficiency, cost-effective and easily deployable edge SoCs with on-device AI inference and enhanced data privacy is expected to remain strong, underpinning the sustained growth of the global smart AIoT market.

Smart Automotive

Automotive intelligent vision modules, primarily including surround and panoramic cameras and in-cabin vision systems such as CMS, DMS and OMS, serve as fundamental hardware for automotive to perceive external environments and cabin conditions. The significant increase in the number of automotive intelligent vision modules per vehicle, coupled with stringent requirements for real-time, high-precision processing, is driving heightened demand for vision AI SoCs as core computing units deployed at the vehicle edge. Driven by these factors, the global shipments of vision AI SoC for automotive is projected to grow from 76.9 million in 2024 to 227.2 million in 2029 at a CAGR of 24.2%, according to Frost & Sullivan.

3D Perception Application

3D perception technologies, particularly LiDAR, with the complementary fusion with camera data, are becoming essential for advanced intelligent systems across automotive, robotics and consumer drones. In automotive, LiDAR is transitioning from a premium feature in luxury vehicles to a mainstream safety requirement, driven by consumer demand for autonomous driving capabilities. In robotics, LiDAR is evolving toward consumer-grade solutions with lower resolution, shorter detection ranges and higher cost-effectiveness, which significantly reduces barriers for large-scale deployment in both consumer and commercial robots. The consumer drone market is also seeing strong demand for specialized, high-performance LiDAR systems capable of ultra-long-range detection and high-resolution environmental perception. According to Frost & Sullivan, the global shipments of LiDAR SPAD SoC is projected to grow from 0.4 million in 2024 to 12.3 million in 2029 at a CAGR of 98.4%.

OUR UNIQUE VALUE PROPOSITIONS

As AI applications proliferate across diverse edge devices, they present increasingly sophisticated requirements for AI SoC chip architecture, computing power, image signal processing, power consumption and cost-effectiveness. These evolving market demands create both challenges and opportunities. Our vision AI SoC solutions are purpose-built to address these market demands, effectively tackling challenges posed by disruptive technological shifts while achieving product optimization. The table below sets forth these market challenges and opportunities, as well as our value propositions:

Market Challenges/Opportunities	Our Value Propositions
• ***Chip Architecture Flexibility and Future Adaptability***: The rapid iteration of algorithms, sensors and interaction modes in edge AI applications outpace traditional chip design cycles. Rigid, closed chip architectures struggle to keep pace with this rapid evolution, often resulting in shortened product lifecycles and escalated iteration costs.	• ***Advanced SoC Architecture***: Our SoC architecture leverages self-developed on-chip bus interconnect IP specifically optimized for vision AI, featuring flexible structure, easy customization and expansion, high integration automation and low operating power consumption. Through self-developed electronic system level model simulation, we can evaluate SoC performance across various operating scenarios during early product design stages, ensuring performance standards are met at the architectural level.
• ***Computing Power and Performance Adaptation***: Edge AI application scenarios are highly fragmented with vastly different computing power requirements, ranging from simple feature extraction tasks like motion detection to complex multi-modal fusion inference for applications such as LiDAR and vision integration.	• ***Comprehensive AI Computing Power Options***: Our latest generation AI processors support scalable computing power configurations that align with our customers' diverse requirements, precisely adapting to a wide range of edge AI workloads from devices with low AI computational requirements such as home cameras and smart door locks to those with high requirements such as automotive vision systems and smart robotics.
• ***Enhanced Image Signal Processing for Quality and Motion Adaptation***: User expectations for high-quality image and motion scene adaptability continue to rise.	• ***State-of-Art ISP***: Our latest generation ISP supports a maximum resolution of 50 MP and advanced capabilities such as dual channels, 3A, HDR, WDR, 3D noise reduction and LDC. It supports AI-ISP technology, enhancing night vision capabilities and imaging performance in high-contrast lighting conditions while providing superior image support for deep AI applications.

Market Challenges/Opportunities	Our Value Propositions
• ***Intensified Low-Power Requirements***: In edge application scenarios, devices demonstrate far greater power sensitivity than cloud-based systems. These applications require efficient AI performance within limited computing capabilities while ensuring extended battery life.	• ***Deeply Optimized Low-Power Design***: We implement flexible computing resource allocation based on different operating environments and computational characteristics. Our multi-level SoC power consumption optimization enables industry-leading low-power performance. In competitive comparisons under identical operating scenarios, our SoCs achieve superior power efficiency compared to rival products built on more advanced process node.
• ***High Price Sensitivity***: End users of edge devices are typically highly price sensitive, while continuous increases in product complexity drive up chip design and manufacturing costs.	• ***Ultimate Cost-Performance Solutions***: Leveraging our proprietary core technologies and dual track supply chain, we effectively control R&D and product costs. In addition, our SoC design capabilities help ensure successful first-pass tape-out for our chips, enabling us to deliver products with optimal cost-performance to our customers.

OUR COMPETITIVE STRENGTHS

Global leader in vision AI SoCs, providing a comprehensive range of edge AI solutions that address the full spectrum of market needs.

We are a global leader in designing and developing vision AI SoCs. We create hundreds of SoC product series that address a wide range of market needs, and we continue to expand into fast-growing markets including 3D perception solutions. Building on our strong market position in domestic service robots, we have successfully penetrated the broader smart robotics market, leveraging our NVR SoC expertise to seize opportunities in on-device AI inference SoCs. In addition, we are actively positioning ourselves in emerging sectors, such as automotive LiDAR and motion imaging devices such as AI glasses. Our strategic acquisition of a synergistic company has further strengthened our SoC platform's competitiveness in connectivity and low-power solutions, reinforcing our ability to deliver integrated edge AI solutions.

Our strategic market approach leverages market insight cultivated through extensive SoC field engagement, enabling us to identify high-potential markets that align with our core strengths. Firmly rooted in vision AI SoCs, we identify and consistently focus on markets where we can establish and sustain industry leadership. This market insight strategy has proven effective, with our core technology capabilities enabling rapid establishment and consolidation of global or nationwide number one market positions across multiple sub-fields, including IPC SoC, NVR SoC, USB video conferencing camera SoC and 1080P-and-above dashcam SoCs, within just four years of our establishment in 2017.

We have established leading positions in the rapidly growing global vision AI SoC market. We are the world's largest provider of vision AI SoCs in terms of shipment volume in 2024, with a market share of 26.7%, according to Frost & Sullivan. Our vision AI SoC for security ranked first globally in terms of shipment volume in 2024, with a market share of 41.2%. Our market leadership is further demonstrated by our performance in the first half of 2025, with our vision AI SoC for robotics ranked second globally in terms of shipment volume, representing 23.0% market share.

Strong core technology matrix that advances vision AI SoC technological innovation.

Foundational Technology Platform

We have established a technology platform that serves as the foundation of our technological leadership in vision AI SoCs. Our modular and highly reusable proprietary core IP library is one of our key advantages. We have developed in house a large number of core IPs, which relate to, among others, ISP, AI processors, audio processing, multi-mode video codec, display, 3D perception and high-speed, high-precision analog circuit technology. Our SoC design capabilities enable us to efficiently integrate and combine various self-developed core IPs, accelerate the chip design process and achieve first-pass silicon success while strictly ensuring chip quality and reliability, and maximize the utilization efficiency of chips and algorithms.

Our comprehensive AI processor development kits also represents a key advantage for us. Since our incorporation, we have strategically positioned ourselves in the AI field and have continuously tracked the latest developments to fully prepare for the AI era. We have self-developed comprehensive AI processor development kits, from instruction sets, hardware IPs, neural network optimization techniques and compilers to simulators. Since 2024, we have been optimizing the foundational layers of the AI algorithms and the processor architecture to enhance the efficiency of LLMs and the transformer architecture. Our AI processor architecture supports all mainstream AI models and provides powerful acceleration and support capabilities for all mainstream AI algorithms in the fields of generative AI, robotics and autonomous driving. We have integrated AI processors into products across all our business lines, ensuring that every new product launched is equipped with AI computing power.

Our libraries of audio-video AI algorithms, with its outstanding performance and versatility, represent another significant advantage. We have developed a comprehensive collection of audio-video AI algorithms tailored to various fields. These algorithms have been rigorously tested across multiple industries and application scenarios, demonstrating superior performance and broad applicability. As a result, we are able to offer fast and accurate audio-visual data analysis for complex application scenarios across different industries.

Our technological leadership is supported by substantial R&D investments and a comprehensive intellectual property portfolio. As of December 31, 2025, we had 687 R&D personnel, representing 75.4% of total employees, demonstrating our commitment to continuous innovation and technological advancement. Our intellectual property portfolio consists of 388 granted patents, 143 proprietary rights of IC layout design, 67 software copyrights and 62 registered trademarks as of December 31, 2025. Our comprehensive IP portfolio not only protects our technological innovations but also provides a strong foundation for future technology development and market expansion.

SoC System Architecture Capabilities

In-depth software and hardware co-optimization is a key aspect of our system architecture capabilities. Our software stack can be accurately adapted to the hardware and computing characteristics of the chip, enable seamless software and hardware interaction, fully releasing the performance of the chip. We provide turn-key solutions with an efficient software and hardware collaboration mechanism, which effectively controls power consumption and resource occupation while ensuring rapid response and processing accuracy, which helps improve the overall operating efficiency of the customer's system.

Our flexible and efficient low-power architecture is another key advantage of our system architecture. We have made significant progress in low-power design, addressing the demand for low-power solutions in the fields of smart wearables and outdoor security. We focus on optimizing the chip architecture and combining it with our power management technology to flexibly allocate computing resources for the computing characteristics of different tasks, achieving refined power consumption management and providing support for the long-lasting operation of devices.

In addition, our ability to provide customized design suitable for the process characteristics of different wafer foundries is a key aspect of our system architecture. To realize the full performance capability of our products, we customize and develop chip layouts that adapt to their foundry technology for the specific process nodes. Our customized design capabilities effectively reduce the impact of deviations in the manufacturing process by strengthening the compatibility of chip design and foundry technology, thereby ensuring that the product achieves excellent performance in terms of performance, stability and yield control.

Co-building an open and collaborative ecosystem along the AI value chain while continuously deepening global strategic layouts.

Cultivating deep, collaborative relationships with our customers is crucial to our open and collaborative ecosystem along the AI value chain. We leverage our relationship with high value customers as a primary growth engine while recognizing the strategic importance of our SME customer network.

A Large, Sticky Base of High Value Customers: Through excellent product performance and comprehensive customer service capabilities, we have built a highly respected brand reputation and valuable customer network across global markets. We continuously enhance our core technology and industry expertise to meet customers' rapidly evolving product development needs, forging deep partnerships with market leaders across segments to continuously strengthen our industry leadership in key areas. For example, our smart security SoCs are widely integrated into end products of leading security brands, our smart AIoT SoCs serve global top-tier enterprises in high-growth sectors including smart robotics and smart homes, while our smart automotive SoCs are increasingly integrated into mainstream automotive OEM supply chains. We are proud to have served the world's major security brands, including a substantial majority of the top ten global security brands, and the world's leading service robot manufacturers, such as global leaders in household cleaning robots. As of December 31, 2025, our SoC solutions have been adopted by over 400 end customers globally.

Valuing the SME Customer Network: To foster market growth and achieve industry-wide success, we have developed a tiered customer development system that strategically addresses the long-tail markets while serving industry leaders. We actively participate in the COMAKE developer community, sharing cutting-edge technology insights with SME customers and significantly lowering their technical adoption barriers. We have also established comprehensive sales network, achieving local market coverage through strategic distributor partnerships.

Co-Building a Collaborative AI Ecosystem: We have established regular technical strategic dialogue with core customers, many of whom are leaders in their respective industries. Through collaborative research on industry trends and technology roadmaps, we drive agile innovation and forward-looking development of advanced product solutions. We also integrate AI models into our solutions, ensuring our solutions effectively address the evolving scenario-specific needs of global end customers while strengthening our position as a key partner in the AI industry ecosystem.

Deepening Our Global Strategic Footprint: Guided by our global strategic vision and through our diversified product portfolio, strong technical capabilities and compelling value proposition, we have successfully established a large, sticky base of high value end customers in international markets. We have developed strategic partnerships with leading companies across multiple sectors and created a strong foundation for new product adoption and partnership expansion through our established customer networks. To further enhance our global service capabilities, we have built international teams covering market development, sales and technical support. We have established global professional service networks, enabling swift customer response and efficient delivery through comprehensive localized services.

Resilient dual track supply chain that achieves reliable, agile product delivery.

We maintain a resilient dual track supply chain that achieves reliable and agile product delivery. We operate under a fabless business model, with long-term strategic partnerships with global leading wafer foundries, OSAT service providers, memory wafers suppliers and other service partners to jointly build a resilient and value-sharing supply chain that enables efficient mass production, prudent cost control and overall supply chain value creation.

We believe we are able to accurately pinpoint the different requirements of both domestic and international customers, primarily including product performance, preferences for country of origin, delivery destination and transaction settlement methods. We have strategically developed a resilient dual track supply chain. Depending on each customer's requirements, we can configure a supply chain plan and fulfill using domestic or overseas suppliers, selecting the appropriate raw materials suppliers, wafer foundries and OSAT service providers and arranging domestic or cross-border delivery. This resilient, flexible supply chain configuration capability helps ensure seamless delivery experiences, systematically addressing customers' key concerns about supply chain stability, efficiency and adaptability.

Leveraging our industry expertise, we have established close strategic partnerships with core suppliers. Through sharing cutting-edge industry insights and deepening technical exchanges, we have collectively advanced iterative innovation in upstream key wafer fabrication and packaging and testing technologies for vision AI SoCs. This deep collaboration has enhanced our product performance, reduced product costs and optimized our R&D and product development processes, so as to improve our responsiveness to market demands.

We maintain a visionary management team and a deep bench of talent.

Our management team brings valuable industry expertise, many having held senior positions at globally leading companies in TV SoCs. Their experience and proven success in the semiconductor industry provide us with deep industry knowledge and a global perspective. With indepth market insight and forward-looking strategic vision, our management team has recognized and seized the historic opportunity in the global vision AI SoC market, enabling us to rapidly emerge as a global market leader.

Our management team has established product roadmaps and technical strategies that provide a solid foundation for achieving and continuously strengthening our leading competitive advantages in the vision AI SoC field. Our core R&D and marketing team members average over 20 years of SoC industry experience, participated in dozens of successful large-scale, high-specification SoC definition, design, mass production and iteration projects. This deep experience base provides us with leading insights and profound understanding of industry development trends and customer needs.

We are supported by agile and efficient management system, guided by pragmatic and results-oriented cultural values. We have built a deep bench of talent that effectively aligns with our core capabilities, bringing together professionals across multiple disciplines including electronic engineering, microelectronics, materials science, computer science and optics. Our talent pool demonstrates both depth and quality, with 61.0% of our R&D personnel as of December 31, 2025 holding a master's or doctoral degree, enabling us to lead rapid technological transformation in our industry while creating innovative, market-leading products. This strategic talent depth ensures we can execute complex, long-term initiatives while adapting to emerging opportunities and challenges in the dynamic semiconductor landscape.

OUR STRATEGIES

We plan to implement the following strategies to consolidate and expand our leading position in the vision AI SoC industry.

Continue Advancing Cutting-Edge Technology Development

We plan to continue investments in cutting-edge technology development to maintain our leading position in the vision AI SoC industry. Our commitment to innovation is reflected in the following key strategic initiatives:

AI Processor Development: We are developing next-generation AI processors that follow AI algorithm developments in academia and industry to further optimize instruction sets, improve power efficiency and better balance on-chip memory and bandwidth utilization. Our next-generation AI processors will support multi-core architectures with shared on-chip memory while providing higher computing power.

ISP Enhancement: We will continue substantial R&D investments in image signal processing capabilities, focusing on developing ISP supporting 8K resolution and 60 fps processing, as well as upgrading overall image signal processing throughput. We plan to develop next-generation motion ISPs for consumer electronics such as AI glasses, action cameras and consumer drones to improve image signal processing in high-motion scenarios.

SoC Design: We will continue iterating SoC design technology, in particular, for advanced process nodes, incorporating insights from each R&D project into our SoC design methodologies and processes to ensure more SoC chips achieve successful first-pass tape-out. Our next-generation vision AI SoCs with advanced process node designs is expected to enable memory-compute co-packaged chips to break through "memory wall" limitations and achieve significant improvements in data transfer speeds and power consumption. Based on advanced process node design, our SoCs will efficiently support mainstream AI models through deep system optimization, significantly reducing reliance on high-cost memory chips. This approach will provide solid hardware foundations for widespread on-device deployment of AI models while enabling comprehensive system optimization for enhanced performance and efficiency.

Low-Power Technology Advancement: We will continue to address the rapidly growing demands for low-power solutions in smart wearables and outdoor security applications. We will continue to optimize chip architecture combined with refined power management capabilities to flexibly and accurately allocate computing resources tailored to the specific computational requirements of different tasks.

Continuously Enrich Our Edge AI SoC portfolio to Build Multiple Growth Trajectories

We are committed to expanding our SoC portfolio to reinforce our leading position in the vision AI SoC industry while seizing transformative opportunities in the multi-modal LLM era, broadening our business scope and increasing market share.

We are committed to establishing a deep strategic presence in the smart robotics market, aiming to become leaders in the smart robotics SoC field. We plan to develop products for more advanced robots suitable for complex scenarios. By delivering higher computing power, lower power consumption and stronger environmental perception solutions, our SoCs will significantly enhance robot autonomous decision-making and intelligent interaction capabilities in complex scenarios. Through the integration of multi-modal LLMs, our SoCs will provide more powerful intelligent support, enabling robots to operate more effectively and intuitively in diverse applications.

We are committed to optimizing motion imaging product miniaturization, low power consumption and high-performance visual processing capabilities to further enhance user experiences while providing thinner, lower-power, higher-quality motion imaging solutions. We will simultaneously position and explore more diversified motion ISP-related application scenarios, building product portfolio for motion imaging devices with visual technology at their core through strategic positioning in AI glasses, action and panoramic cameras and consumer drones.

We initiated strategic positioning in the LiDAR field in 2024 by acquiring 3D ToF-related intangible assets, forming dedicated 3D perception business lines to focus on LiDAR SPAD SoCs while targeting high-end, high-performance, high-reliability markets. Through continuous technological R&D and market expansion, we plan to promote LiDAR popularization and application while providing more powerful perception capabilities for automotive, smart robotics and consumer drones.

We will build on our understanding of edge industry and technological advantages accumulated through our NVR SoC experience to continuously tackle high-performance computing power and low-power architecture challenges in AI inference SoCs.

Embrace Global Customers and Strengthen Our Position as a World-Leading Vision AI SoC Solution Provider

We will leverage our existing substantial global customer base to fully capitalize on the large-scale application trends of vision AI related technologies and products in global markets. Through our technological advantages and brand influence, we will further increase investments in overseas marketing and technical support network construction.

We plan to formulate and implement localized market expansion strategies based on target regional market characteristics, including but not limited to active participation in international industry exhibitions and forums while integrating multi-party resources. We aim to continuously enhance our international brand awareness and core competitiveness, expand our international competitive advantages, and strengthen our position as a world-leading provider of vision AI SoC solutions.

Selectively Explore Global Investment and Acquisition Opportunities to Achieve Synergies and Organic Growth

We plan to selectively explore investment and acquisition opportunities globally, focusing beyond operating scale increases on seeking companies that can fill product line gaps, enhance synergies and provide turnkey solutions together with our products to strengthen our competitiveness. We will actively monitor and evaluate potential industry targets' business and financial fundamentals and strategic alignment with us, seizing industry consolidation window to quickly acquire core technology through investment and acquisitions while empowering targets with our resilient supply chain and sales channel to drive business scale and market share growth for both us and the targets.

Attract Global Elites and Enrich Our Talent Pool

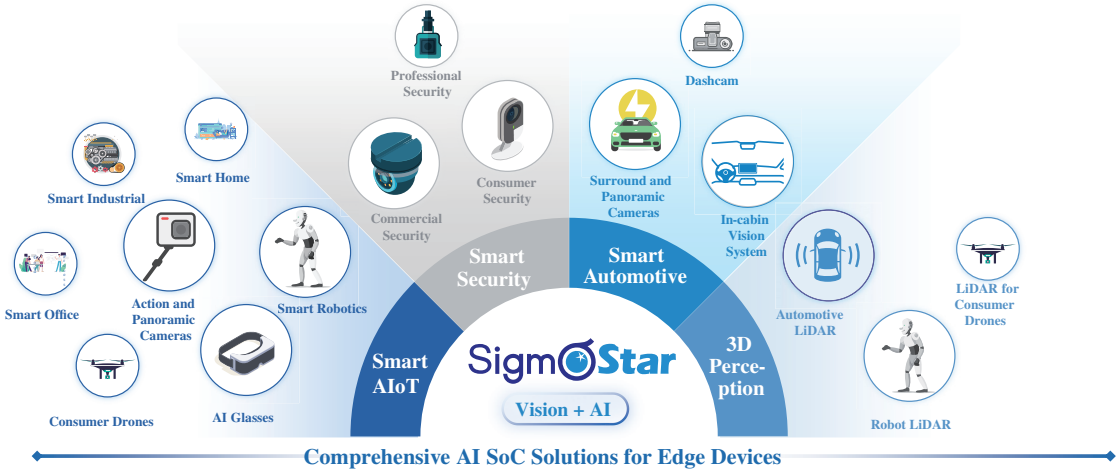
We recognize the strategic value of talent reserves and are committed to promoting the rejuvenation of our management team. We plan to continuously enrich our talent pool and fully activate organizational effectiveness. We plan to actively attract industry talents from around the world while simultaneously cultivating high-potential talent through campus recruitment. Through flexible and diversified channels, we aim to build a well-organized talent team. We plan to continuously upgrade our talent development mechanisms, establishing differentiated and systematic career development paths and empowerment programs for different job sequences. We believe this will provide solid support for the growth of key talent in our core business areas. We are committed to building a more scientific performance evaluation system, complemented by the design of competitive promotion channels and incentive programs. This approach will maximize the potential and innovative vitality of our teams.

OUR SOLUTIONS AND APPLICATIONS

We are a globally leading fabless design house and supplier of vision AI SoCs, which are highly integrated chips specifically designed for video and image processing. Our vision AI SoCs is meticulously designed for edge devices, which are devices that process data locally rather than relying on a centralized data center. Our vision AI SoCs typically consolidates multiple components, including ISP, AI processor, CPU, memory chips, inputs and outputs interface and other modules onto a singular platform, enabling efficient processing and AI analysis of visual data. Compared to other types of AI SoCs, vision AI SoCs are more focused on processing visual data, empowering devices with the capability to "see" and interpret their

surroundings, akin to the human visual system. A vision AI SoCs typically processes data by first capturing input through camera sensors, utilizing the ISP for tasks like noise reduction and color correction to convert raw sensor data into a clean, usable pre-processed image, then employing the AI processor to execute the pre-loaded neural network model for data analysis and interpretation, followed by the CPU receiving the output to trigger an action.

The diagram below provide examples of end products that incorporate our SoCs for each product line.



Our vision AI SoCs is integrated into and widely deployed across a broad spectrum of intelligent edge devices, including smart security, smart AIoT and smart automotive, where they enable functionalities like visual recognition, motion detection and scene analysis. By executing visual data processing directly on the chips through the AI processor, our vision AI SoCs minimizes reliance on external computational resources, enable on-device real-time analytical capabilities and enhance data privacy. Through years of dedicated R&D on visual data processing, we have developed our expertise and leadership, emerging as the largest vision AI SoC supplier worldwide, with a market share of 26.7% in terms of shipment volume in 2024, according to Frost & Sullivan.

Building on our success in vision AI SoCs, we have embarked on a strategic development journey in the 3D perception and Bluetooth connectivity field. In contrast to vision AI SoCs which focus on processing visual information, perception SoCs are specialized chips that enable machines to understand and interpret their environment through a broader range of sensory inputs such as cameras and LiDAR, allowing for a more comprehensive environmental awareness. In the realm of 3D perception, we strategically focus on SPAD SoCs that implement 3D ToF technology to enable precise depth measurement and the creation of 3D maps of environments. SPAD SoCs are widely used in LiDAR systems, which are integral to applications like automotive LiDAR, robots and consumer drones. As a strategic move, as of the Latest Practicable Date, we have entered into an acquisition agreement to purchase a majority stake in Frequen, an entity specialized in providing Bluetooth SoC chips, and possessing full-chain R&D capabilities in Bluetooth SoC technology. Through complementary IP synergies, chip-level collaboration and software stack integration, we aim to build more competitive edge AI SoC chips combining intelligent computation and reliable connectivity capabilities.

By integrating our existing chip design expertise, AI processor development capabilities, ISP technology and comprehensive audio-video AI algorithm library, complemented by our newly added 3D perception and Bluetooth connectivity capabilities, we create a foundational technology platform with a library of self-developed core IPs, enabling us to offer an integrated "perception + computation + connectivity" edge AI SoC solutions.

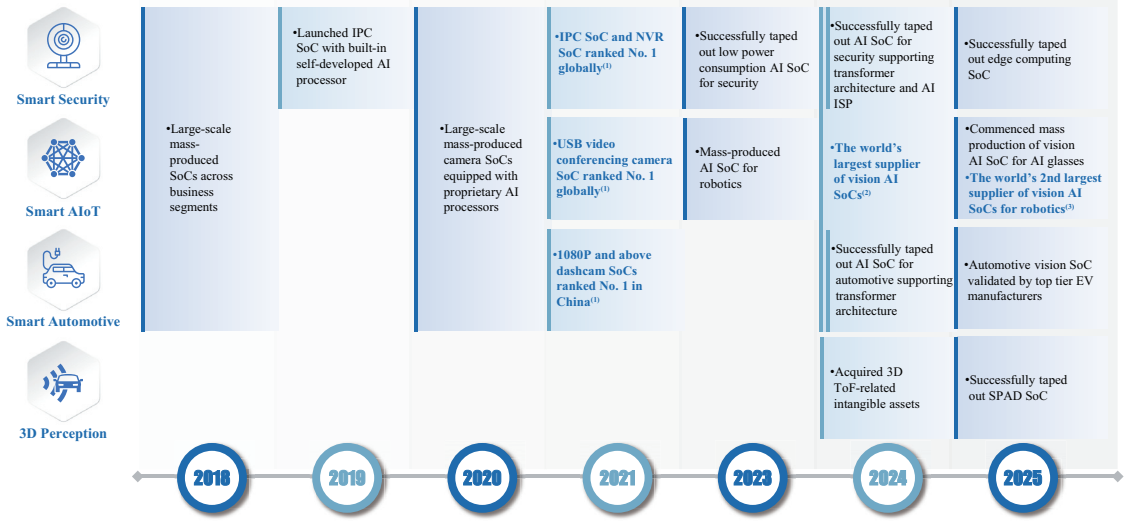
The Evolution of Our Product Portfolio

Since our inception, we have been on a journey of innovation, cultivating deep technology and expertise in vision SoCs, and building up our leadership in smart security market. In the past, a majority of our revenue was originated from vision SoC. Early on, we recognized the potential of visual intelligence to transform industries. We systematically developed in-house AI processor R&D capabilities, anchoring our business development in the philosophy of "Vision + AI." We have been seamlessly integrating AI processors into our vision SoCs across our entire product portfolio, empowering diverse applications with visual intelligence.

Our dedication to vision AI SoCs as our core business has been complemented by strategic expansion into adjacent markets. We adhere to the overarching strategy of expanding application scenarios while maintaining cost advantages and competitive pricing. By reusing our technologies in image, video and audio processing and AI processors and prioritizing product categories with potential large scale, we progressively extended our SoC into smart AIoT and products such as AI glasses and smart robotics, encompassing diverse scenarios such as home, office and industrial environments. Continue to leveraging our technical reusability and targeting niche markets where we can establish a dominant position and achieve economies of scale, we have further expanded into the Tier 1 automotive supplier markets.

3D perception has recently emerged as the next frontier in the field of embedded vision. We have been strategically building up our capabilities associated with SPAD SoCs that implement 3D ToF technology for LiDAR applications. To further strengthen our position as an edge AI SoC solutions provider, we recently made a strategic acquisition to enhance our connectivity capabilities, further refining our core IP matrix and achieving technological synergies.

The graphic below summarizes the evolution of our product portfolio and key product milestones:



Notes:

(1) In terms of market share in 2021.

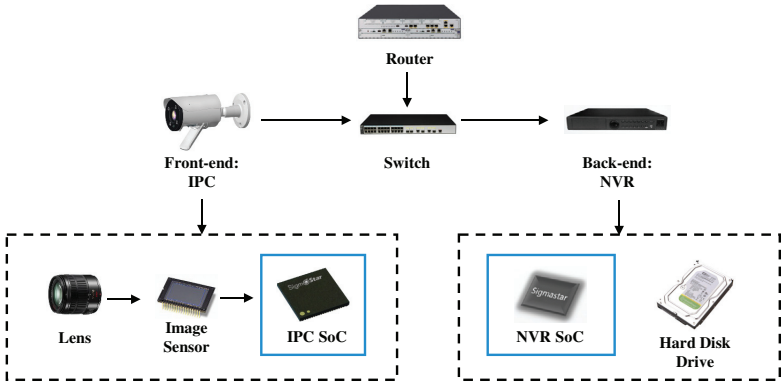
(2) In terms of shipment volume in 2024.

(3) In terms of shipment volume in the first half of 2025.

Smart Security

Smart security has long been our largest end application market. With years of technological and expertise accumulation in this field, we have established ourselves as the global leader in smart security SoC solutions. According to Frost & Sullivan, we are the world's largest supplier of vision AI SoC for security in terms of shipment volume in 2024, with a market share of 41.2%. Our SoC solutions enable high-performance video processing, edge AI analytics and reliable low-power operation, making them the preferred choice for the world's major security brands and manufacturers. Leveraging our proprietary IPs, our SoCs have powered hundreds of millions of cameras and recorders with excellent yet cost-effective solutions. Our smart security solutions have been validated by top tier security brands and manufactures and deployed across smart city, agriculture, enterprise and consumer applications during the Track Record Period.

Our offerings for this business segment primarily include the IPC SoCs and the NVR SoCs, covering the two essential components of a security system: the IPC at the front-end is responsible for capturing images and encoding video, while the NVR in the back-end handles storage, multi-channel video decoding and retrieval. The heart of IPC and NVR lies in their respective SoC solutions: the IPC SoC and NVR SoC. The IPC SoC primarily integrates ISP and audio-video codec technologies. The ISP module processes raw data from the camera sensor to enhance image quality, making it vital for clear and accurate video footage. The audio-video codecs compress video and audio files, making them smaller and easier to transmit over networks and store efficiently. The NVR SoC, on the other hand, receives digital streams from the IPC, facilitating recording and storage, and enabling video playback and retrieval. The following diagram sets forth an overview of a typical security system and the placement of our IPC SoCs and NVR SoCs for illustrative purpose:



In addition to traditional security system, our vision AI SoCs are also applied in various home security devices such as smart locks and video doorbells, enabling functions such as package detection for delivery alerts and advanced night vision for 24/7 monitoring, all processed locally to ensure data privacy and rapid response. In addition to NVR SoCs, we also offer NAS SoCs for select devices that go beyond traditional storage solutions, which feature advanced AI functions, alongside high-capacity storage management, seamless integration with cloud backup solutions and data encryption for enhanced security. These features enable users to securely store, access and manage large volumes of video footage and security data locally, while maintaining the flexibility to back up or retrieve data remotely and benefiting from a more intelligent and intuitive data management experience. Key differentiators of our smart security solutions include: (i) industry-leading ISP technology capable of handling a wide range of complex scenarios while ensuring superior image quality; (ii) proprietary AI processor technology and comprehensive AI processor development kits, allowing for rapid iteration of our products in line with the evolution of AI models; (iii) optimized design for multi-channel video processing, effectively reducing latency and memory usage; and (iv) low power consumption design methodology utilizing mature semiconductor process node.

The following table summarizes key technical metrics that our flagship advanced IPC SoCs and NVR SoCs can achieve:

Metric	Performance of our SoCs: IPC SoC: SSC388G	Performance of our SoCs: NVR SoC: SSR670G
AI computational power	Features an quad-core CPU and an NPU with 3.2 TOPs; Supports CNN and transformer architecture with integer precision of 4, 8 and 16 bits	Equipped with an hex a-core CPU and an NPU with 8 TOPs Supports CNN and transformer architecture with integer precision 4, 8 and 16 bits, and floating-point precision of 8 and 16 bits
Resolution	Supports up to 12 MP resolution	N/A
Image pre-processing	Includes advanced image pre-processing features such as AI-ISP, 2D/3D noise reduction, 3A, HDR, WDR, fisheye dewarping, EIS, and image stitching	N/A
Codec	Supports H.264/265 and Motion JPEG codecs	Supports H.264, H.265 and Motion JPEG codecs, with the capability to handle 1080P resolution across 32 channels
Memory	Compatible with DDR3 2133M and DDR4/LPDDR4 3200M, with a 32-bit interface	Compatible with DDR4/LPDDR4 3200M, with a 32-bit interface
Security features	Both SoCs offer secure boot, support various data encryption standards, with platform security architecture and trust zone for enhanced security certifications	

Smart AIoT

Our smart AIoT product line delivers highly integrated vision AI SoCs for edge AIoT devices, combining ISP, video codec and embedded AI processors and low-power design to enable vision intelligence across various consumer, enterprise and industrial applications. Our solutions are widely deployed in a range of end applications, such as smart robotics, AI glasses, and smart office, industrial and home devices.

Smart Robotics

Our smart robotics solutions are currently deployed in domestic service robots. As robotics products evolve towards complex environment perception, real-time decision-making and precise control, their "brain" functions heavily rely on high-performance, high-power-efficiency vision AI SoCs. The market size of vision AI SoCs for robotics is expected to grow from 6.8 million in 2024 to 80.1 million in 2029 at a CAGR of 63.8%. Our vision AI SoCs integrates high-performance AI processors, ISPs and dedicated vision hardware. With capabilities such as real-time visual recognition, motion detection and spatial awareness, our vision AI SoCs empower robots to navigate dynamic environments, interact intelligently with their surroundings, and execute tasks autonomously.

Leveraging our extensive experience in the development and mass production of vision AI SoCs for domestic service robots, we have built a comprehensive SoCs portfolio that addresses the evolving needs of smart robotics industry and drives the advancement of robotic intelligence. For the year of 2025, we have shipped approximately 11.0 million units of SoCs for smart robotics, compared with 1.7 million units for the year of 2024. According to Frost & Sullivan, we are the world's second largest supplier of vision AI SoC for robotics in terms of shipment volume for the six months ended June 30, 2025, with a market share of 23.0%.

AI Glasses

Our vision AI SoCs for AI glasses are highly integrated processors designed to transform conventional eyewear into advanced, interactive devices, and to deliver immersive and intuitive user experiences through advanced visual and auditory intelligence. These chips serve as the core system for AI glasses, blending digital information seamlessly with the physical world. According to Frost & Sullivan, the market of vision AI SoC for AI glasses is projected to grow from 2.3 million in 2024 to 68.6 million in 2029, at a CAGR of 97.2%, driven by rising consumer demand for hands-free recording of daily experiences, coupled with the integration of multi-modal LLMs enabling functions such as real-time scene understanding, interactive

querying of visual environments and AI-assisted narration. Our vision AI SoCs is uniquely positioned to capture this opportunity by addressing critical technological challenges such as latency, motion video quality, battery efficiency and cost-effectiveness.

Our vision AI SoCs for AI glasses integrates high-performance AI processor, high-performance ISPs, dedicated vision hardware and low-power display engine. With capabilities such as real-time image signal processing, visual recognition, and contextual information overlay, our vision AI SoCs empower AI glasses to deliver immersive experiences, enhance user interaction with the environment, and provide hands-free access to critical information. As of December 31, 2025, we have commenced volume shipment of AI glasses SoCs.

The following table summarizes key technical metrics that our representative smart robotics vision SoCs and AI glasses SoCs can achieve:

Metric	Performance of our SoCs: SSU9383 for Smart Robotics	Performance of our SoCs: SSC309QL for AI Glass
Computing Unit	Features a combination of quad-core CPU and a modern, flexible RISC-V architecture, integrating application processor and real-time clock functionalities	Dual-core CPU
AI computational power	Offers 1.5 TOPs; features high power efficiency	Offers 1.5 TOPs; features high power efficiency
Codec	Capable of handling video encoding and decoding in H.264 and H.265 formats at 4K resolution and 30 fps	Supports video encoding and decoding in H.264 and H.265 formats at 4K resolution and 30 fps, with picture capabilities up to 12M JPEG
ISP	Features advanced ISP technologies, including 3A, 3D noises reduction, HDR, and LDC	Features advanced ISP technologies, including 3A, 3D noises reduction, HDR, LDC, EIS, and lens shading correction
Memory	Compatible with DDR3, DDR3L and DDR4 memory types	Integrates LPDDR4x memory
Analog-to-Digital Converter	Provides 24 channels with 12-bit precision	N/A
Power	N/A	Operates at ultra-low power, consuming 320mW for 2M and 30 fps video

Other AIoT SoCs

Other applications of our vision AI SoCs under the smart AIoT segment include smart office devices, smart industrial devices, smart home devices and smart display and multimedia devices.

Smart Office: In the smart office segment, our vision AI SoCs serve as the backbone for VoIP phones and video conference equipment. These chips support features such as auto-framing, gesture-based controls, and real-time background blurring, creating more immersive and productive meeting experiences. With optimized video codec and audio processing, our solutions ensure seamless connectivity and high-resolution image quality across diverse lighting and acoustic conditions. As hybrid work models become ubiquitous, our technologies are critical to bridging the gap between physical and digital interactions in professional environments.

Smart Industrial: AI is increasingly becoming a key enabler of Industry 4.0 manufacturing practices. Our AI SoCs support industrial HMIs by enabling intuitive, responsive and reliable control and interaction systems. These chips enable data visualization to support real-time monitoring of production lines, equipment status visualization, and touchless operation via gesture recognition. Additionally, they facilitate predictive maintenance by analyzing visual patterns to foresee potential equipment failures, thereby minimizing unexpected downtimes. With ruggedized designs capable of operating in extreme temperatures and noisy environments, our solutions help reduce downtime and improve operational safety.

Smart Home: Our vision AI SoCs are applied in various home devices such as video intercom systems, projectors and smart home gateway, equip them with powerful on-device multimedia processing and AI capabilities. In video intercoms, our SoCs enable function such as secure, real-time video communication. For smart projectors, we deliver seamless 4K video decoding, advanced display adjustment algorithms and immersive audio processing. Our highly integrated SoC design combines video decoding, display control, audio processing and AI computation into a single solution, allowing our customers to develop feature-rich products with reduced system complexity, lower power consumption and faster time-to-market.

Smart Automotive

Our smart automotive solutions are centered around automotive vision SoCs, which are the core components of advanced automotive vision systems. To penetrate the automotive market, we initially focused on dashcams, leveraging our automotive vision AI SoC's high-quality imaging and processing capabilities, followed by a strategical transitioning and expansion into the Tier 1 automotive supplier markets. Our automotive vision SoCs are widely applied in various types of automotive vision systems, including surround and panoramic cameras and in-cabin vision systems such as CMS, DMS and OMS. Our automotive vision SoCs integrate ISP, codec and memory modules, processing visual data from multiple sensors to provide real-time insights and enhance vehicle safety and functionality. Our high-end automotive SoCs also integrate proprietary AI processors capable of running various in-vehicle application algorithms, enhancing the functionality and intelligence of automotive systems. During the Track Record Period, the accumulated shipment volume of our smart automotive SoCs have reached 33.2 million units.

The following table summarizes key technical metrics that our representative automotive grade DVR SoCs can achieve:

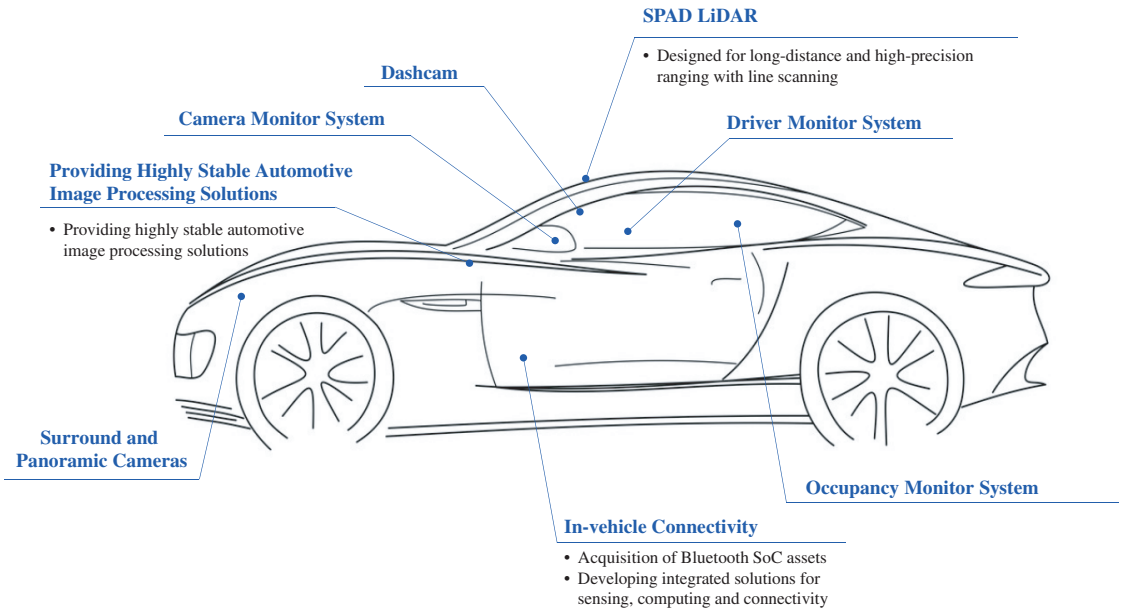
Metric	Performance of our SoCs: DVR SoC: SAC8902
AI computational power	Equipped with a dual-core processor. Integrated with an NPU with 4 TOPs and supports CNN and transformer architecture with integer precision of 4, 8 and 16 bits
Resolution	Supports a maximum resolution of 12 MP
Codec	Supports H.264, H.265 and Motion JPEG video compression standards. It can handle 4K resolution video at 30 fps across two channels
ISP	Supports 2D/3D noise reduction, 3A, HDR and WDR and fisheye dewarping
Memory	Compatible with DDR3 and DDR4/LPDDR4 memory types, with a data rate of up to 2133 MHz for DDR3 and 3200 MHz for DDR4/LPDDR4, and uses a 32-bit memory interface
Security features	Offers secure boot, supports various data encryption standards, with platform security architecture and TrustZone for enhanced security certifications

3D Perception

Building on our success in vision AI SoCs, we have embarked on a strategic development journey in the 3D perception. In contrast to vision AI SoCs which focus on processing visual information, perception SoCs are specialized chips that enable machines to understand and interpret their environment through a broader range of sensory inputs such as cameras and LiDAR, allowing for a more comprehensive environmental awareness.

In the realm of 3D perception, we strategically focus on SPAD SoCs that implement 3D ToF technology to enable precise depth measurement and the creation of 3D maps of environments. ToF is a technique used to measure distance by calculating the time it takes for a light signal to travel to an object and return, providing accurate depth perception. SPAD SoCs are widely used in LiDAR systems, which are integral to applications like automotive LiDAR, robots and consumer drones. Our SPAD SoCs are designed to provide high-resolution, long-range 3D perception, enabling vehicles to accurately detect and interpret their surroundings. Our iToF chips are already deployed in multimedia and robotics products. We are currently developing the next-generation dToF chips, designed for applications in automotive LiDAR, smart robotics and consumer drones. By integrating our SPAD SoCs for LiDAR systems with our existing automotive solutions, we offer a comprehensive suite of products that address the diverse needs of the automotive industry, from perception to computation.

The following graphic depicts the deployment of our solutions in critical systems of a modern vehicle.



Our Operational Highlights

The following table sets forth a breakdown of the shipment volume by end applications of our SoCs, both in absolute amounts and as percentages of our total shipment volume, and the average selling price ("**ASP**") by end applications of our SoCs during the Track Record Period.

	For the year ended December 31,								
	2023			2024			2025		
	Amount	% of total shipment volume	ASP	Amount	% of total shipment volume	ASP	Amount	% of total shipment volume	ASP
	(Unit in thousands)	*(%)*	*(RMB per unit)*	*(Unit in thousands)*	*(%)*	*(RMB per unit)*	*(Unit in thousands)*	*(%)*	*(RMB per unit)*
Smart Security	84,927	74.8	17.0	102,556	72.5	15.5	121,583	62.6	15.9
Smart AIoT	20,211	17.8	16.9	27,820	19.6	17.1	41,702	21.5	15.8
Smart Automotive	8,448	7.4	22.1	11,150	7.9	22.0	13,615	7.0	23.3
Bluetooth SoC	–	–	–	–	–	–	17,273	8.9	1.6
Total	**113,586**	**100.0**	**17.4**	**141,526**	**100.0**	**16.3**	**194,173**	**100.0**	**14.2**

During the Track Record Period, the average selling price of our smart security and smart AIoT SoCs showed a modest downward trend, primarily due to intensifying market competition. The SoC design industry is experiencing increasing competition, and the competition is particularly acute for the large, industry-leading clients across various sectors that we primarily serve. Against this backdrop, we adopted disciplined and commercially driven pricing strategies to effectively compete, defend and expand key customer relationships, and to maintain and enhance our overall market share, while keeping our gross profit margin within a healthy range. Consequently, although the average selling price of our smart security and smart AIoT SoCs generally declined slightly during the Track Record Period, our market share increased, and the shipment volume grew.

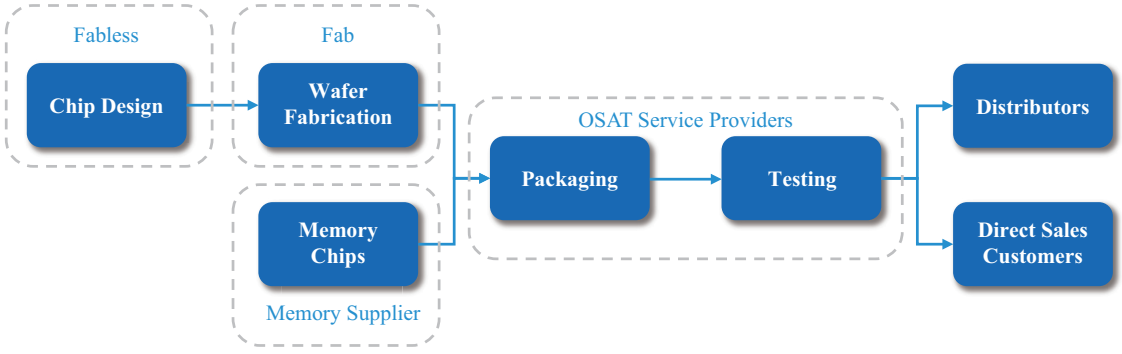
The following table sets forth a breakdown of our revenue by end applications of our products, both in absolute amounts and as percentages of the total revenues of these products, during the Track Record Period.

	For the year ended December 31,					
	2023		2024		2025	
	Amount	% of total revenue	Amount	% of total revenue	Amount	% of total revenue
	(RMB in thousands, except percentages)					
Smart Security	1,442,338	73.1	1,587,629	68.8	1,934,793	65.9
Smart AIoT	342,496	17.4	474,750	20.6	658,159	22.4
Smart Automotive	186,973	9.5	244,960	10.6	317,606	10.8
Bluetooth SoCs	–	–	–	–	27,421	0.9
Total	**1,971,807**	**100.0**	**2,307,339**	**100.0**	**2,937,979**	**100.0**

OUR BUSINESS MODEL

We adopt the fabless business model, focusing primarily on the R&D of our chips, while outsourcing wafer fabrication, packaging and testing to trusted third-party partners. Once we complete the chip design, we provide our proprietary IC layouts to the wafer foundries for wafer processing. The foundries produce custom wafers based on our designs, which are then handed over to packaging and testing service providers to complete the production process. Our SoCs are typically offered as standard off-the-shelf products, with only limited instances where we custom-design SoCs incorporating certain differentiated features upon specific customers' request. In line with industry practices, we employ a hybrid sales model that combines distribution and direct sales. By prioritizing distribution while supplementing with direct sales, we can focus more on product R&D and design, improving efficiency across the supply chain and leveraging our strengths to enhance market competitiveness.

The following diagram illustrates our fabless business model:

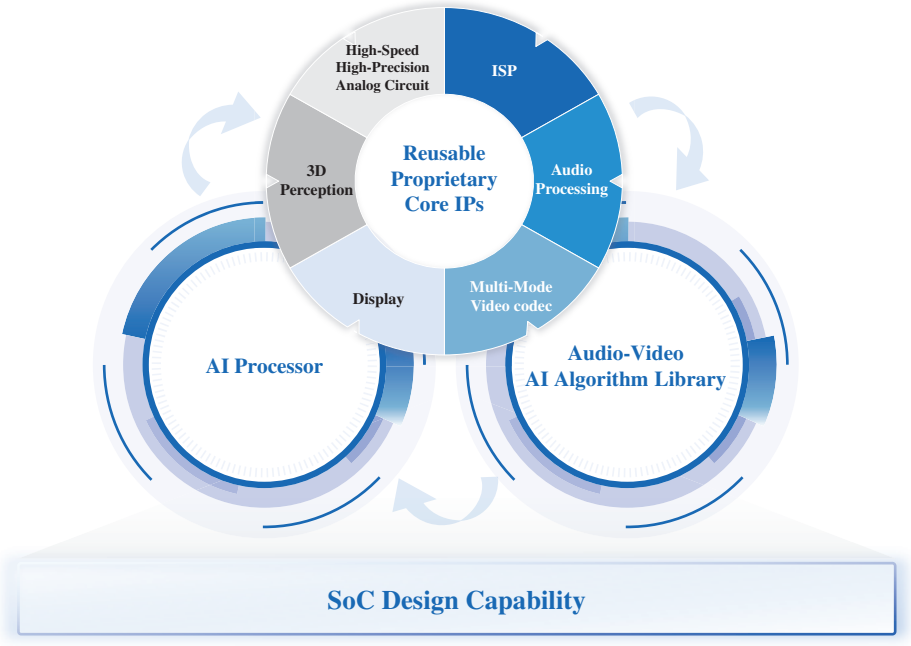


According to Frost & Sullivan, the fabless business model is consistent with the increasing trend of specialized division of labor within the semiconductor industry, allowing fabless companies to focus attention and resources on design and R&D. By concentrating our resources on product design and R&D processes, we can swiftly respond to evolving market demands and continuously innovate our product offerings. The fabless model allows us to remain agile and adaptable in the rapidly changing semiconductor industry, adjusting our strategies to address emerging trends without the burden of managing capital-intensive manufacturing facilities. Collaborating with established third-party business partners such as wafer foundries and packaging and testing companies grants us access to manufacturing technologies and economies of scale, ensuring our products are fabricated using state-of-the-art processes and materials, while allowing us to maintain a lean and agile operational structure, efficiently allocating our resources to maximize our competitive advantage.

OUR CORE TECHNOLOGIES

Through years of dedicated R&D, we have developed a foundational technology platform engineered to deliver high-performance, power-efficient and scalable vision AI SoC solutions for edge devices. It integrates a library of self-developed core IPs, comprehensive AI processor development kits and an audio-video AI algorithm library. Through ongoing innovation, we have also accumulated core IPs encompass critical domains covering ISP, audio processing, display, 3D perception, multi-mode video codec and high-speed, high-precision analog circuit technology. Through this technology platform, and leveraging our SoC design capabilities, we are able to efficiently execute product design and development and achieve technological iteration, while staying aligned with industry advancements and evolving market demands.

The building blocks of our technology platform are illustrated below:



Comprehensive AI Processor Development Kits

At the heart of our technology platform are our comprehensive suite of AI processor development kits, centered around our NPU. An AI processor is designed to efficiently execute AI algorithms and handle the complex computations required by AI models. It uses data collected by sensors to perform real-time inference tasks locally using pre-trained models. NPUs are specialized units within AI processors, designed to accelerate the processing of neural networks, making them more efficient and faster compared to general-purpose processors.

SoCs incorporating our proprietary AI processors achieved large-scale production as early as 2020, and we have since been gradually incorporating AI capabilities across our product lines, with each new product featuring AI computational capabilities. Our AI processor technology is among the few companies globally in the vision AI SoC industry that covers both endpoint and edge devices.

Our suite of AI processor technology includes the following key components: (i) Processor Instruction Sets: the basic commands that instruct the processor how to perform tasks. Our custom instruction sets are specifically designed to optimize AI operations and

maximize processing efficiency; (ii) Architecture: the overall design and structure of the processor, ensuring it can efficiently execute AI tasks and at the same time minimize unnecessary data movement; (iii) Hardware IP: key hardware computation and control components of AI processing that can be integrated into chips to perform specific functions, saving time and resources in chip development; (iv) Neural Network Optimization and Scheduling: techniques to improve the performance and efficiency of neural networks, ensuring they run smoothly and effectively on our processors and minimize data movement; and (v) NPU Compilers and Simulators: customers can use our compiler to easily convert their AI algorithms into instructions that our processors can run, and our easy-to-use simulators help developers shorten the time needed to create products and bring them to market faster.

We are continuously developing and upgrading our AI processors, improving instruction and power efficiency to keep up with the latest AI developments. Since 2024, we have optimized our processors for advanced AI models such as LLMs based on a transformer architecture, providing strong support for new AI applications in areas like generative AI, robotics and smart driving. Through these advancements, we continue to lead in AI processor technology, offering innovative solutions that meet the changing needs of our customers and drive success across various sectors.

Reusable, Proprietary Core IPs

Another fundamental technological advantage lies in our complete portfolio of reusable, proprietary core IP library, comprised of modular IPs that we wholly own the intellectual property rights. We have established an extensive array of proprietary modular IPs in key areas of vision AI SoCs technologies, encompassing ISP, audio processing, multi-mode video codec, display, 3D perception and analog circuit technology.

Almost all of our IP modules are reusable and can be widely and readily applied to the design of different types of SoCs. We have the capability to customize these IP combinations to meet a wide range of customer requirements for performance, power and cost, maximize the efficiency of both the chip and algorithms, and to swiftly integrate these IPs to complete chip design and achieve successful tape-out. By maintaining full control over the entire IP stack, we minimize reliance on third-party vendors. The reusable nature of these IP blocks enables rapid derivative product development and scalable solutions across market segments from cost-sensitive consumer devices to performance-driven industrial and automotive-grade applications. Furthermore, our deep understanding of each IP block facilitates faster bring-up, more effective debugging, and comprehensive system-level optimization that competitors relying on external IPs cannot match. We believe our integrated IP strategy not only differentiates our current products but also creates a sustainable technology moat that accelerates our future innovation cycles and strengthens our position as a leading provider of complete vision AI solutions. While our IP portfolio spans a diverse range of technologies, we have established particular leadership in the following areas.

ISP Technology

We are leading in ISP technology, which is essential for enhancing the quality of images captured by cameras and other imaging devices. Security systems, compared to other consumer products, typically demand high standards for ISP technology to preserve image details and improve images in complex scenarios such as low light and high contrast, as well as accurate compensation for errors caused by the environment. Through continuous improvement, our ISP technology has been refined to model, evaluate, optimize, and design circuits that meet these rigorous standards, effectively balancing image quality, chip cost, memory bandwidth usage and power consumption across different kinds of products, making SoC chips more aligned with market and customer needs.

ISP technology involves a series of algorithms and hardware components that improve image quality by processing the raw data from image sensors. Key differentiators of our ISP technology include:

Noise Reduction: One of the main focuses of ISP technology is reducing noise, i.e., unwanted variations in image brightness or color. Our ISP technology has developed noise models for various image sensors used by leading manufacturers worldwide, effectively minimizing noise and ensuring high-quality images, especially in challenging conditions like low light.

Computer Vision Processing: This aspect of ISP technology involves using algorithms to interpret and enhance images. We have a comprehensive reservoir of computer vision technology. Our ISP technology supports a wide range of features such as wide-angle image calibration, image stabilization (to reduce blurring from camera movement), infrared light fusion (combining visible and infrared images for better detail), image stitching (combining multiple images into one), and binocular depth processing (using two cameras to perceive depth). With the support of ISP technology, our SoC chips can meet the functional requirements of various niche markets.

To keep pace with the rapidly evolving industry, we have been continuously investing in R&D to enhance our image signal processing capabilities. We are developing ISPs that support 8K resolution at 60 fps, improving throughput and processing power. Additionally, we are creating new ISPs for emerging consumer electronics like AI glasses and action cameras, focusing on improving image signal processing in high-motion scenarios.

Multi-Mode Video Codec Technology

Our multi-mode video codec technology enables the encoding and decoding of video using multiple standards within a single system. Our video SoCs efficiently compress and decompress large size of video image signals, facilitating seamless data transmission and storage. With constant communication transmission levels, our technology ensures higher encoding and decoding efficiency, resulting in faster video transmission rates and reduced storage space requirements, which is a key advantage as high-definition video becomes increasingly prevalent.

As video and communication technologies continue to advance, users increasingly demand enhanced visual experiences when capturing and playing videos on smart hardware products. As a result, the video encoding specifications for video and image chips are continually being upgraded, imposing greater demands on the chip's computational resources, storage, bandwidth, and power consumption. Our self-developed video codec supports 4K resolution at 60 fps, accommodating a variety of video encoding protocols such as H.264, H.265 and AV1. Our unique software-hardware collaborative architecture allows our SoC to dynamically adjust and support major encoding formats within the same IP using software, effectively reducing IP costs and enhancing the competitiveness of our SoC chips. A standout feature of our multi-mode video codec technology is its intelligent bitrate control, which offers diverse strategies to manage video stream sizes and network traffic. This adaptability meets customer needs across a wide range of scenarios, providing tailored solutions that optimize performance and efficiency.

Looking ahead, we are committed to continuously upgrading our video codec technology, developing video codec IP that supports 8K resolution at 60fps. Additionally, we are integrating AI technology into video encoding and decoding, allowing us to identify high-value and low-value areas within a video. By efficiently allocating bitrate and bandwidth towards high-value areas, we enhance codec efficiency and improve the overall video experience.

High-Speed, High-Precision Analog Circuit Technology

We are able to develop analog circuits in-house across various manufacturing processes, ensuring superior performance and reliability. Analog circuits are essential for processing real-world signals, such as sound and video, which are continuous rather than digital.

Our analog circuit design team has years of experience in developing complex IP for mass production. We have established a comprehensive and effective process for defining and designing analog circuits. We have successfully developed various high-speed analog circuit IPs, such as SerDes IP that supports interfaces such as USB, HDMI and PCIe, as well as high-precision signal chain analog IPs for audio and video analog-to-digital/digital-to-analog ("**AD/DA**") converters, features concise design and superior power consumption performance. Benefiting from the adoption of mixed-signal optimization, our analog circuit IPs can be adjusted, tested and optimized through software to quickly achieve mass production.

Looking ahead, we plan to continuously develop new generations of analog circuit IPs in line with the evolving trends of high-speed interface protocols. We also aim to enhance the signal-to-noise ratio and power consumption of our AD/DA converters, which have significant impact on SoC performance and efficiency.

Audio-Video AI Algorithm Library

Our extensive library of highly optimized audio and video AI algorithms represents a key software differentiator that unlocks the full potential of our hardware platforms. Our collection of pre-verified, production-ready software modules accelerates product development while delivering superior media processing quality across diverse applications.

Our video AI algorithm suite includes advanced image enhancement capabilities such as 3D noise reduction for low-light environments, WDR processing for challenging lighting conditions, and intelligent features like visual recognition and motion detection. These algorithms are finely tuned to leverage our dedicated ISP and AI processor hardware, ensuring optimal performance and power efficiency. On the audio front, our library incorporates professional-grade processing capabilities including acoustic echo cancellation, background noise suppression and beamforming technologies, enabling clear voice capture and transmission in noisy environments.

Our comprehensive AI algorithm library significantly reduces time-to-market of our customers' products by providing out-of-the-box solutions that would otherwise require substantial in-house development effort. By combining these sophisticated software capabilities with our high-performance silicon, we deliver complete, optimized solutions that competitors cannot easily replicate, creating a sustainable competitive advantage in the market.

SoC Design Capability

We possess a comprehensive suite of SoC design capabilities, which we utilize to integrate our core IPs, AI processors and algorithm libraries into complete SoC solutions. Our capabilities and methodologies encompass the following key aspects of chip design: (i) Top-Level SoC Architecture: we make the overall design plan for large and complex SoCs, employing top-level architecture and efficient integration techniques to ensure seamless functionality and performance across our SoC designs; (ii) IP Integration and Verification: we optimize pre-designed IP components based on specific requirements of an SoC, integrate these components into the SoC and verify that they function correctly within the chip; (iii) Mixed-Signal Circuit Integration: we are able to effectively delineate the functional scope and performance budget of digital and analog IPs on the chip, combine digital and analog signals on the chip, allowing it to handle a variety of tasks; (iv) Design-for-Testability Circuit Insertion: we add features to the chip that make it easier to test and ensure it works properly; (v) Low-Power Control and Verification: we design the chip to use less power, which is important for efficiency and battery life, and verify that these features work as intended; and

(vi) Chip Synthesis and Layout Routing: this is the process of creating the physical design of the chip and determining how the components are connected, and ensure that the physical design aligns with the key characteristics initially planned for the chip.

Our processes include rigorous monitoring and quality control measures, safeguarding the integrity and reliability of our chips. We have also automated many parts of the design process. With high levels of automation, our design processes are executed swiftly and efficiently, allowing for concurrent operations and rapid iteration. Since our inception, we have successfully designed and developed over 700 SoC product series with a proven track record of achieving frequent first-pass silicon success, demonstrating the effectiveness and reliability of our design methodologies.

RESEARCH AND DEVELOPMENT

Operating under a fabless business model, the design and development phases are central to our business activities. We believe our technology capabilities and solutions serve as significant competitive advantages, and we are deeply committed to substantial R&D efforts to update and iterate our existing technologies, introduce improved versions of our existing solutions, integrate additional features and capabilities into our solutions and develop new solutions for the markets we serve.

In 2023, 2024 and 2025, our R&D expenses amounted to RMB493.9 million, RMB602.4 million and RMB652.0 million, respectively, accounting for 24.4%, 25.6% and 22.0% of our total revenue in these respective years.

R&D Team

We operate five R&D centers in Xiamen, Shanghai, Shenzhen and Chengdu, China and Singapore.

Our dedicated and experienced R&D team is led by Mr. Lin Bo, who possesses years of industry experience. Please see "Directors and Senior Management" for details of his profile and background. Under his leadership, we have assembled dedicated R&D teams focusing on IC hardware, software and product design. Our hardware team has extensive experience in IC design, including architecture description, logic and circuit design, implementation and verification. Our software design team has extensive experience in development and verification of software for the video processing industry. Our product design team is responsible for the product architecture design. Because the integration of hardware and software within product is a key competitive advantage of our solutions, our hardware and software design teams work closely together throughout the product development process. The experience of our R&D teams enables us to effectively assess the trade-offs and advantages when determining which features and capabilities of our solutions should be implemented in hardware and in software. As of December 31, 2025, we maintained a R&D team of 687 personnel, 61.0% of whom held a master's or doctoral degree.

R&D Process

We have established a comprehensive process to ensure strict control and oversight of our R&D activities. This process encompasses four key stages, namely (i) project initiation, (ii) IC design (specification, functions and IC layout confirmation), (iii) development and verification and (iv) mass production, and represents collective efforts from our different teams. Our R&D process includes the following phases:

Project Initiation: In this stage, we analyze market trends and customer needs and formulate preliminary product specifications. We also analyze software and hardware requirements and assess project feasibility.

IC Design: In this stage, we transform product specifications into various detailed requirements including hardware requirements, algorithm requirements and software requirements and refining. We discuss intensively the software and hardware requirements to formulate IC verification protocols and formulate detailed project plans. Our SoCs are typically designed as standard products, while in limited cases, we may custom-design certain differentiated features upon specific customers' request.

Development and Verification: In this stage, we focus on IC design and simulation, primarily focusing on IC simulation and validation. The goal at this stage is to achieve tape-out, where the completed design is sent to a wafer foundry for manufacturing.

Mass production: In this stage, we carry out chip testing after they have been manufactured to ensure they function correctly and meet the design specifications. We also conduct software function verification. After we complete those steps, software and hardware are released for mass production.

Recent R&D Focus

We adjust our R&D focus based on the latest industry trends and emerging growth opportunities. In recent years, our R&D efforts have concentrated on areas such as ISP technology, AI processors, SoC design and low-power solutions. By closely monitoring market demands and adopting a market-oriented approach, we select and initiate R&D projects are both relevant and forward-looking. This strategic alignment enables us to enhance our current product offerings, drive future innovation, and maintain our competitive edge by delivering solutions that address the dynamic needs of our clients and the industry.

The table below summarizes our current key R&D projects:

Project details	Expected impact on our Company
High-End Intelligent Platform SoC Development This project aims to use advanced process nodes to develop a high-end SoC for robotics, AIoT and in-vehicle applications. It features a high-performance CPU, on-device support for large AI models, stereo depth for ranging and fine obstacle avoidance, and an AI-ISP that improves low-light and motion imaging. The project aims to establish a technology lead in these fields and build a foundation for our higher-spec products.	The project is intended to raise the visibility of our high-end SoCs. By serving robotics, in-vehicle and home-based applications with one SoC, it supports a "one chip, multi-use" strategy and is expected to strengthen our overall competitiveness.

Project details	Expected impact on our Company
Mid-Range Intelligent Platform SoC Development This project aims to develop a cost-effective AIoT controller SoC for smart devices, robots and industrial domain control. It uses a high-spec CPU, supports voice control and enhanced navigation, and targets low power with high compute. It is designed to enable higher model resolution for better classification accuracy, while simplifying peripheral circuits to reduce customer development and maintenance effort and improve production efficiency.	The project is expected to solidify and expand our position in mid-range AI products, increase our AIoT product line's market share, and help us build a durable competitive moat.
High-Security USB Camera and Low-Power SoC Development This SoC targets the low-end camera segment with enhanced security and low power at competitive cost. It integrates TrustZone and other security features, and provides low-cost AI compute for human detection as well as AI noise reduction, supporting customers' cybersecurity upgrades. It also broadens our low-power battery-powered camera portfolio.	The project is expected to deepen our relationships with key customers by addressing security upgrade needs, enable expansion into overseas and other new markets, and broaden our application coverage.
Mid-to-High-End NVR SoC Development This SoC fills our NVR portfolio in the mid-to-high-end segment and also supports home-based applications. It features an 8-core CPU, approximately 4 TOPS of AI performance, and support for Transformer structure based large models to enable broad object recognition and text-to-image search. It supports decoding up to 32 simultaneous video streams, each at 1080p resolution and 30 fps and high-speed storage expansion, providing higher integration and intelligent functions for customers.	The project will help us create a complete NVR chip lineup from low to high end market. Success in the mid-to-high-end segment is expected to lift our brand image and reinforce our position in smart security.
LiDAR SoC Development This project aims to create a SoC for LiDAR applications, supporting multiple LiDAR lines with microsecond-level time synchronization precision, seeking to achieve industry-leading distance measurement accuracy and range.	The development of this LiDAR SoC marks our entry into the automotive LiDAR market. It serves as a milestone product, showcasing our ability to explore new domains and achieve technological breakthroughs and capture a share of the growing automotive market

INTELLECTUAL PROPERTY

Since our inception, we have developed a variety of proprietary IP rights. We have established an extensive array of proprietary modular IPs in key areas of vision AI SoCs technologies: ISP, AI processors, audio processing, multi-mode video codec, display, 3D perception and high-speed, high-precision analog circuit technology. We have the capability to customize these IP combinations to meet specific client performance requirements, maximizing the efficiency of both the chip and algorithms, and to swiftly integrate these IPs to complete chip design and achieve successful tape-out.

As of December 31, 2025, we held 388 granted patents, 143 proprietary rights of IC layout design, 67 software copyrights and 62 registered trademarks, in both China and overseas. See "Appendix VI — Statutory and General Information — 2. Further Information about Our Business — B. Our material intellectual property rights" for more information of intellectual property rights that are material to our business. We primarily acquire patents through self-development, while some are obtained via patent assignments. As of December 31, 2025, we owned all of our patents that are material to our business operation, including those pending application, and had no co-own or co-share arrangements of these patents with third parties.

In addition to our own proprietary intellectual property rights, we also use (i) third-party IP for certain technologies embedded in our SoC solutions, such as CPU-related IP, interface IP and memory IP from leading semiconductor IP vendors, and (ii) software tools licenses, such as the EDA software, for the design and development of our SoCs. The licensed technologies are not part of our proprietary core technologies that drive the key performance and features of our products. According to Frost & Sullivan, these licensed technologies are industry-standard IP blocks and toolsets that enable efficient chip development and interoperability, and acquiring such licenses is a common practice within the chip design industry. These licenses are non-exclusive and granted on a royalty-accruing or paid-up basis, and are generally perpetual or automatically renewed for so long as applicable fees or royalties are paid. The licensing agreements generally include customary confidentiality, use and non-transfer provisions and do not transfer ownership of any third-party intellectual property to us. We maintain stable business relationships with these suppliers. During the Track Record Period and up to the Latest Practicable Date, there were no material disagreements with third party IP and software licensors, nor were there any instances of non-renewal of licences. We do not believe there is any material risk of being unable to secure or maintain these licenses.

We rely on a combination of patents, copyrights, trademarks, trade secrets and unfair competition laws and contractual rights, such as confidentiality agreement, to protect our intellectual property rights. We clearly state all rights and obligations regarding the ownership and protection of intellectual properties in the agreements we enter into with our employees and business partners. Our standard confidentiality and intellectual property rights agreement, which we use to manage our employees who have access to trade secrets or confidential information about our business for work-performing purposes, contains an assignment clause, under which we own all the rights to all inventions, utility models, technology, know-how and trade secrets derived during the course of such employee's work. In addition, we have taken the following key measures to protect our intellectual property rights: (i) implementing a set of comprehensive internal policies to manage our intellectual property rights, (ii) deploying a special team to guide, manage, supervise and monitor our daily work regarding intellectual properties, (iii) timely registration, filing and application for ownership of our intellectual properties, and (iv) actively tracking the registration and authorization status of intellectual properties and take action in a timely manner if any potential conflicts with our intellectual properties are identified. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any intellectual property infringement disputes or claims which had any material adverse impact on our Group. See "Risk Factors — Risks Relating to Our Business and Our Industry — We may face claims of intellectual property infringement, which could be time-consuming and costly to defend or settle, result in the loss of significant rights, harm our relationships with our customers and distributors, or otherwise materially adversely affect our business, financial condition and results of operations." for more details.

SALES AND MARKETING

Our Global Sales Network

We have experienced well-trained sales and marketing teams dedicated to both domestic and overseas markets, who proactively identify market opportunities and tailor sales strategies. As of December 31, 2025, we had a sales and marketing team of 63 personnel, focusing on business development, customer service and industry coverage.

Our sales and marketing staff proactively identify market opportunities and tailor sales strategies. They regularly engage with our existing and potential customers about our current offerings and development plans. Each product line within our sales team is led by individuals with deep industry experience and insight into market demand trends and technological innovation directions. This expertise allows us to anticipate market shifts and strategically position our products to meet emerging needs, gaining a competitive advantage. Our sales and marketing team also collaborate closely with our R&D, production and procurement team to obtain technical product information for better customer presentations, ensure timely order delivery, and address special customer needs and supplier-related issues.

We source customers through a combination of market-driven product development and targeted go-to-market channels. Leveraging continuous market research and our strengths in areas such as technology and supply chain, we design and develop competitive SoC products, which enhances customer acquisition. For large, industry-leading enterprises or brands in mature and concentrated sectors, we proactively conduct sales outreach and product marketing ourselves. This typically involves our sales team visiting clients or inviting them to our Company for technical exchanges. While we interact and collaborate directly with these premium end customers throughout the entire sales cycle, depending on their transaction patterns, they may place orders with us directly or through distributors. For small and mid-sized enterprises, we generally connect with them through distributors, who lead customer development. However, for end customers with high growth potential, we may jointly develop the customer with the distributor and accompany distributors in client meeting to maintain direct contact and relationship building.

Because our SoC solutions typically sit at the core of the end customer's product architecture, our end customers typically need to commit substantial engineering time and resources in integrating the selected SoC into their product architecture. Our typical sales cycle consists of a multi-month process of sales and application support, where our sales personnel and engineers work closely with the end customers' system designers to facilitate evaluation and integration. When successful, this process leads to a "design win," where the end customer decides to incorporate our SoC solutions into their systems. While our SoCs are typically offered as standard off-the-shelf products, in limited instances, upon specific customers' request, we custom-design SoCs incorporating certain differentiated features. Once integrated, our SoCs are likely to be used throughout the product's lifecycle.

We offer differentiated customer services based on the diverse needs of our downstream customers, fostering long-term, close one-on-one partnerships that maximize customer satisfaction and the efficiency of chip and algorithm utilization. Furthermore, we have established a professional customer service team that efficiently and promptly interfaces with customers, resolving issues in real time. This enhances our reputation within the industry, facilitating the expansion of our product offerings and partnerships, thereby increasing our influence and further boosting market share.

We primarily rely on distributors to promote and sell our SoC products, and to a lesser extent, we sell SoCs directly to end customers. The table below sets forth a breakdown of revenue contribution by sales channels for the periods indicated:

	For the year ended December 31,					
	2023		2024		2025	
	Amount	% of total revenue	Amount	% of total revenue	Amount	% of total revenue
	(RMB in thousands, except percentages)					
Distributors	1,820,728	90.1	2,128,465	90.5	2,768,419	93.2
Direct sales	199,698	9.9	224,045	9.5	201,408	6.8
Total	**2,020,426**	**100.0**	**2,352,510**	**100.0**	**2,969,827**	**100.0**

Distributor Sales

During the Track Record Period, we primarily sold and marketed our products through third-party distributors. We chose a distributor-focused sales model for several key reasons: (i) the diversity of our chip types and their wide range of applications result in a broad customer base, making it challenging and costly to establish our own sales channels, particularly in international markets; (ii) leveraging the expertise and networks of distributors allows us to streamline administration and efficiently maintain relationships with numerous end customers across various industries, enabling us to focus on our core competencies in chip design and product development while ensuring efficient and widespread distribution; (iii) our distributors typically have accumulated substantial customer resources in specific product areas or regions, which helps enhance our market penetration; (iv) many of our distributors are large-scale enterprises with strong financial capabilities, significantly reducing the risk associated with receivables recovery. According to Frost & Sullivan, utilizing distributors as the main channel for product sales aligns with industry norms in the semiconductor sector.

The relationships between distributors and us are categorized as seller-buyer relationships. They buy products from us and then resell the products to end customers. Our distributors maintain a "buy-out" model with us. Once we sell our products to a distributor and control of the products transfers — typically upon acceptance of the delivered products — we may recognize revenue in accordance with relevant accounting standards. At this point, the products are no longer recorded as our inventory, and we do not bear the risk associated with the distributor's subsequent sales performance or unsold inventories. Distributors maintain their own inventories and on-sell to end customers. To the best of our knowledge, our distributors do not use sub-distributors for our products during the Track Record Period.

Based on product market conditions, promotional strategies and the strategic significance of customers, we may, at our sole discretion, offer volume-based rebates to selected distributors. If a distributor's cumulative purchases during a specified period exceed a pre-defined threshold, the distributor becomes eligible for a rebate calculated by reference to the volume achieved. Such rebates are applied as credits to offset amounts payable by the distributor to us. We generally do not enter into long-term rebate agreements with distributors, and any rebates granted are approved on a case-by-case basis for defined periods and product scopes. During the Track Record Period, the total amount of such rebates granted was very limited.

To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, all of our distributors were Independent Third Parties. To the best of our knowledge, besides the ordinary course distribution arrangement with us, there was no employment, financing or family relationship between the distributors and us, except for Customer C. See "— Our Customers". During the Track Record Period, a shareholder holding 22% stake and one director of Customer C were formerly our employees, who had left us as of the Latest Practicable Date. Additionally, our former Director, Mr. Sun Mingyong, served as a part-time advisor for Customer C, and had left Customer C in April 2025. We confirm that the transactions with Customer C were conducted on an arm's length basis, with terms comparable to similar transactions with other customers and pricing generally in line with the average selling prices of comparable products sold to comparable customers. During the Track Record Period, we have had no material unresolved disputes or lawsuits with our distributors.

Movement of Our Distributors

The following table sets forth the total number of our distributors as of the dates indicated and the movements during the Track Record Period:

	For the year ended December 31,		
	2023	**2024**	**2025**
As of the beginning of the period	14	15	15
– Addition of new distributors	1	2	28[2]
– Inactive[1]/terminated distributors . .	0	2	2
As of the end of the period	15	15	41

Note:

(1) Inactive distributors are distributors from whom no revenue was derived during the preceding 12-month period.

(2) Among the 28 new distributors for the year of 2025, 27 were distributors of Frequen, a subsidiary that the Group acquired in October 2025.

Contractual Arrangements with Distributors

We sell our products to our distributors in accordance with the terms outlined in our distribution agreements. Below is a summary of key terms with distributors:

- *Designated Region*: Distributors are authorized to sell authorized products to pre-approved end customers within designated regions. We strictly prohibit distributors from privately transferring goods or selling to customers outside their designated region.

- *Order Forecast:* Distributors are required to submit six-month order forecasts to us regularly. We do not set mandatory sales target for our distributors.

- *Order Placement:* Distributors must place orders with us six weeks in advance, and the quantity shall meet our minimum packaging requirements, which is a form of minimum purchase requirement dictated by the standard packaging format of chips. Except for this, distributors are not subject to any other minimum purchase requirements. Once confirmed by us, unless with our prior consent, orders cannot be canceled.

- *Delivery and Shipment:* The delivery date for an order is specified by us in our order confirmation. Distributors typically pick up products according to the agreed delivery date and notify us in advance if they need to adjust the delivery schedule.

- *Selling Price*: We typically provide guiding prices to our distributors based on order details and market conditions. Distributors are responsible for maintaining the confidentiality of these prices.

- *Payment*: Distributors should make payment on time according to the payment terms in the order. We generally offer a credit period of up to 30 days to our distributors.

- *Product Warranty and Product Return*: We typically do not allow product return and only accept product returns due to product defects or quality issues within the warranty period, which is typically 12 months. According to Frost & Sullivan, our good return policy with distributors is in line with the industry practice. We did not receive any material product returns from our customers during the Track Record Period and up to the Latest Practicable Date, and to the best knowledge of our Directors, there were no potential material product returns as of the Latest Practicable Date. For each year during the Track Record Period, the amount of product returned from distributors accounting for 0.02%, 0.04% and 0.02% of our revenue from distributors for the respective year.

- *Client Management*: Distributors are required to report and update end customer information to us weekly. Typically, one end customer is covered by only one distributor. In cases of complaints or requests for distributor changes from end customers, we may replace the distributor providing coverage.

Management of Distributors

We maintain rigorous management of our distributors in the following aspects:

Selection Process: We select distributors based on a comprehensive set of criteria, including the breadth and quality of their sales network, reputation, creditworthiness, financial conditions, and alignment with our marketing needs. Our qualified distributors are typically those specializing in IC product distribution with well-established end customer base.

Reporting Mechanism and Anti-cannibalism: Our distributors are required to report new end customers to us and provide essential details, ensuring visibility and proper tracking. We were not aware of any overlapping end customer coverage among our distributors during the Track Record Period and up to the Latest Practicable Date.

Performance Review. We have established measures and policies to monitor the key aspects of distribution activities including end customer reporting, pricing management, unfair competition, and cannibalization. We require distributors to provide periodical market feedback, maintain regular communication with them and regularly review their sales performance and ensure compliance with our distributor management policies and distribution agreements.

Inventory Management. Although our distributors are not contractually obliged to provide us with their inventory data, as part of our distributor management policy, our sales team periodically communicates with major distributors to understand their inventories and sales conditions, primarily through routine business interactions, in order to assess market demands in each product line and to minimize inventory risks at the distributor level. In the event of any inventory overstocking identified through these communications, we work collaboratively with

the distributor to optimize stocking plans. During the Track Record Period and up to the Latest Practicable Date, we were not informed of any material inventory overstocking of our products by distributors. In addition, our distributors typically place orders with us after they have received forecast or purchase orders from end customers, which inherently reduces their inventory risks and accelerates their inventory turnover. Given the above, and also taking into account the following factors: (i) we maintain a buy-out relationship with our distributors and are not responsible for unsold inventory held by them, which reduces their commercial incentive to overstock our products; (ii) our distributors consist primarily of large publicly listed company groups that have their own internal controls and performance requirements regarding sales and inventory management, which further discourages them from accumulating excessive stock of our products; and (iii) we do not accept product returns except for defective items, and returns from distributors have been immaterial during the Track Record Period, our Directors are of the view that we were not subject to any material channel stuffing risk and our inventory control and management policy for distributors remained effective during the Track Record Period.

Direct Sales

To a lesser extent, we sell our SoC products directly to end customers, which primarily consist of industry leading enterprises across various application sectors, reflecting the versatility and reliability of our products. Through direct sales, we can effectively promote our products and brand by directly serving renowned industry clients, while also gaining timely insights into market demand trends to update and enhance our offerings.

Our sales agreements with direct sales customers typically do not have a specified duration. We are generally responsible for delivering our products to locations designated by our direct sales customers. The risks transfer to direct sales customers normally after they confirm receipt of our products. We typically do not allow our direct sales customers to return products to us except for limited reasons, such as product design defects or quality issues.

Marketing

We enhance the awareness of our brand and promote our new and existing products and solutions through both offline and online channels. We participate in various offline events, such as industry conferences and forums, product launches and industry salons to showcase our technological advancements and develop relationships with industry participants. We also promote our products and solutions through various digital marketing activities and channels such as website and social media marketing. For the years ended December 31, 2023, 2024 and 2025, our selling and marketing expenses amounted to RMB22.2 million, RMB22.3 million and RMB33.3 million, respectively, accounting for 1.1%, 0.9% and 1.1%, of our total revenue, respectively, for the same years.

Pricing

We primarily adopt a market-based pricing strategy, aligning prices with dynamic industry demand, overall market conditions**,** technological advantages and the perceived value of our SoC solutions. We track competitors to position our SoCs strategically, and may adopt premium pricing for our advanced high-performance chips and volume-driven pricing for mainstream products. We also consider customer relationships, order volume and adjust the final pricing based on the specific order on a case-by-case basis.

OUR CUSTOMERS

During the Track Record Period, our customers primarily consisted of distributors, and to a much less extent, direct sales customers. The end customers we serve through distributors primarily include leading global brands and industry leaders in niche markets, comprising original brand manufacturers, contract manufacturers and industry solution providers. To our best knowledge, our products are predominantly used by end customers in smart security, smart AIoT and smart automotive applications, aligning with our three main business lines. These end customers are located worldwide. Our direct sales customers mainly consist of leading original brand manufacturers in the consumer electronics sector, effectively supported by our smart security and smart IoT business segments. Most of our major direct sales customers are headquartered in Chinese mainland, and to the best of our knowledge, their products typically reaching end markets globally.

In 2023, 2024 and 2025, our five largest customers in each year during the Track Record Period together contributed revenue of RMB1,758.9 million, RMB1,951.1 million and RMB2,620.1 million, respectively, accounting for 86.9%, 82.9% and 88.2% of our total revenue, respectively, for the same year. Revenue from our largest customer in each year of the Track Record Period accounted 39.1%, 37.5% and 35.3% of our total revenue, respectively. During the Track Record Period, we generated a majority of our revenue from Chinese mainland, while also sold to other countries and regions which mainly include (i) Hong Kong, (ii) Taiwan, China, and (iii) Singapore. During the Track Record Period, we generally granted a credit term of less than 30 days to our customers.

The following tables set forth the details of our five largest customers based on their revenue contribution in each year during the Track Record Period:

For the Year Ended December 31, 2025

Customer	Revenue	Percentage of total revenue	Products purchased from us	Year of commencing business relationship with us	Credit terms	Type of customer
	(RMB in thousands)					
Customer A[(1)]	1,047,303	35.3%	Smart security, smart AIoT, smart automotive and other IC	2018	Up to 30 days after monthly close	Distributor
Customer B[(2)]	575,164	19.4%	Smart security, smart AIoT, smart automotive and other IC	2018	Up to 30 days after monthly close	Distributor
Customer C[(3)]	381,322	12.8%	Smart security, smart AIoT and smart automotive	2023	Payment in advance	Distributor
Customer D[(4)]	348,307	11.7%	Smart security, smart AIoT, smart automotive and other IC	2018	Payment in advance	Distributor
Customer E[(5)]	267,961	9.0%	Smart security and smart AIoT	2019	Up to 30 days after monthly close	Distributor
Total	***2,620,057***	***88.2%***				

For the Year Ended December 31, 2024

Customer	Revenue	Percentage of total revenue	Products purchased from us	Year of commencing business relationship with us	Credit terms	Type of customer
	(RMB in thousands)					
Customer A[(1)]	882,334	37.5%	Smart security, smart automotive and other IC	2018	Up to 30 days after monthly close	Distributor
Customer B[(2)]	400,313	17.0%	Smart security, smart AIoT, smart automotive and other IC	2018	Payment in advance	Distributor
Customer D[(4)]	317,463	13.5%	Smart security, smart AIoT, smart automotive and other IC	2018	Payment in advance	Distributor
Customer E[(5)]	234,032	9.9%	Smart security, smart AIoT and smart automotive	2019	Up to 30 days after monthly close	Distributor
Customer F[(6)]	116,985	5.0%	Smart security and smart AIoT	2019	Up to 30 days after monthly close	Direct sales customer
Total	***1,951,127***	***82.9%***				

For the Year Ended December 31, 2023

Customer	Revenue	Percentage of total revenue	Products purchased from us	Year of commencing business relationship with us	Credit terms	Type of customer
	(RMB in thousands)					
Customer A[(1)]	790,134	39.1%	Smart security, smart AIoT, smart automotive and other IC	2018	Up to 30 days after monthly close	Distributor
Customer B[(2)]	360,379	17.8%	Smart security, smart AIoT, smart automotive and other IC	2018	Payment in advance	Distributor
Customer D[(4)]	287,549	14.2%	Smart security, smart AIoT, smart automotive and other IC	2018	Payment in advance	Distributor
Customer E[(5)]	214,825	10.6%	Smart security, smart AIoT and smart automotive	2019	Up to 30 days after monthly close	Distributor
Customer F[(6)]	106,022	5.2%	Smart security, smart AIoT and other IC	2019	Up to 30 days after monthly close	Direct sales customer
Total	***1,758,909***	***86.9%***				

Notes:

(1) Customer A is a public company headquartered in Hong Kong, founded in 2015. It is a PRC leading chip distributor and solution provider.

(2) Customer B is a wholly owned subsidiary of a company listed on the Shenzhen Stock Exchange. Customer B was established in 2000 and located in Shenzhen, focusing on the distribution of electronic components.

(3) Customer C is a privately held company headquartered in Singapore, established in 2023. It is a fabless semiconductor design company.

(4) Customer D is a chip distributor and solution provider, founded in 2007, with its operational headquarters located in Shenzhen and operates as a privately held company.

(5) Customer E is a wholly owned subsidiary of a NYSE listed company. It is a semiconductor components and automation equipment agent and distributor, founded in 1991 and headquartered in Taipei.

(6) Customer F is a globally leading supplier of ICT equipment and solutions. It was founded in 1996, headquartered in Shenzhen, and operates as a privately held company.

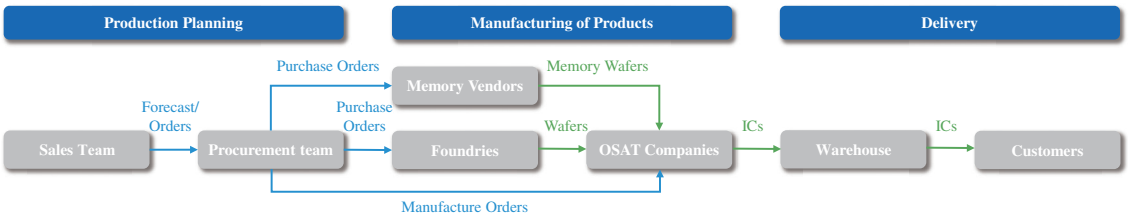
During the Track Record Period and up to the Latest Practicable Date, we did not have any disputes with any of our five largest customers in each year of the Track Record Period, and currently there is no indication or sign that they will alter the existing relationship with us in any aspect in the near future.

To the best of our knowledge, during the Track Record Period, all of our five largest customers in each year were Independent Third Parties. To the best of our Directors' knowledge, none of our Directors or their respective close associates or any person who, to the knowledge of our Directors, owned more than 5% of our issued share capital, had any interest in any of our five largest customers in each year during the Track Record Period.

PROCUREMENT AND MANUFACTURING

We operate with a fabless model in order to optimize our R&D and design capabilities. During the Track Record Period, we primarily procured (i) foundry-manufactured wafers, (ii) memory wafers, and (iii) chip packaging and testing services from third-party suppliers. To minimize the risk of reliance on any single supplier and maintain sourcing stability and bargaining power, we retain multiple suppliers for wafer fabrication, memory wafer and packaging and testing services.

The diagram below illustrates the typical procurement and manufacturing processes of our ICs.



Production Planning. Our procurement team is primarily responsible for formulating procurement plans based on the anticipated sales amount and project demand. We also take into account various factors including the inventory level, the manufacturing lead time and production schedules. Pursuant to the procurement plans, our procurement team places purchase orders to our wafer foundries and memory wafer suppliers.

Manufacturing of Products. We do not procure or supply raw materials to our wafer foundries. Instead, we place purchase orders for wafer fabrication, and the foundries procure all necessary inputs and fabricate wafers precisely according to our IC design. Chips then undergo rigorous circuit probing testing to ensure their functionality and performance before proceeding to packaging and testing. The fabrication of wafers typically takes three to five months. For memory components, our memory wafer suppliers provide wafers, which usually in the form of KGD, that meet our exact specifications.

We arrange subsequent chip packaging and testing with OSAT services providers. Packaging processes include die cutting, wire bonding, and molding to establish electrical connections and provide physical protection for the chips. Final products are subject to thorough functionality and performance tests to ensure alignment with design requirements. This phase generally requires approximately 21 to 60 days, depending on the complexity and volume of the order.

Delivery. Upon completion, our chips are delivered by the logistics service providers directly to our customers or to our designated warehouses and ultimately to locations specified by our customers.

OUR SUPPLIERS

Supplier Selection and Management

During the Track Record Period, our suppliers primarily consisted of (i) wafer foundries, (ii) memory wafers suppliers, and (iii) OSAT service providers. We typically engage reputable suppliers to ensure the quality of our products. We consider a comprehensive set of factors when selecting suppliers, which mainly include technological expertise, product and service quality, ability to meet our delivery timeline and production capacity and cost.

Contractual Arrangements with Suppliers

We do not enter into framework agreements with wafer foundries and memory wafer suppliers. According to Frost & Sullivan, it is industry norm that wafer foundries and memory wafer suppliers generally sign contracts with fabless companies on a project basis instead of entering into framework agreements. Consistent with such practice, we issue purchase orders based on demand forecast. Salient terms of the quote and purchase order typically include:

- *Pricing and Payment*. Prices are generally outlined in the supplier's quote, based on product category and technical requirements. Payment is required to be made within a specified number of days after monthly closing.

- *Product Warranty*. For foundries, the wafers are manufactured to meet the specifications accepted by us. For memory wafers suppliers, we specify the specifications that we need.

- *Product Return*: Typically, there is no specified clause regarding product returns. During the Track Record Period and up to the Latest Practicable Date, there have been no material claims between any wafer foundries or memory wafer suppliers and us with respect to product return and refund.

- *Confidentiality*. Each party shall maintain the confidentiality of the other party's trade secrets, technologies and proprietary rights, including that the wafer foundries are obligated to maintain confidentiality regarding our SoC layout, which is typically patent protected.

In the course of our collaboration with wafer foundries, the fabrication process may require the use of certain process-related IPs. Such IPs pertain solely to the wafer fabrication processes and do not constitute part of our product architecture or relate to our product functionality. Where the relevant process IP is owned by the foundry, the foundry typically grants us a license to use that IP solely for the wafer fabrication without additional charges. Where the relevant process IP is owned by a third party, the foundry informs us of the applicable requirements, and we enter into a separate agreement directly with the third-party IP holder for the license. In these cases, we pay the IP licensing fees directly to the third party, and such amounts are generally immaterial.

We typically entered into framework agreement with packaging and testing services providers and then placed orders under the agreement. The salient terms of the framework agreements with packaging and testing services providers typically include:

- *Principal rights and obligations of parties involved*: We provide wafers and technical specifications to packaging, testing and assembly service providers who perform these services in accordance with our requirements.

- *Quality assurance*: We typically require a guaranteed assembly yield of 99% from our service providers. We reserve the right to demand compensation from suppliers for wafer costs if the yield falls below the guaranteed level.

- *Order Forecast*: We provide non-binding order forecasts to service providers for their reference.

- *Shipment and Delivery*: Service providers are responsible for delivering products to our designated location and assume all risks and costs associated with the shipment of ordered products.

- *Product Return*: If any customer returns are due to product defects attributable to the service providers, they shall be responsible for the associated costs and compensate us or the customer for any losses incurred.

- *Credit Term*: Our packaging and testing service providers typically offer us a credit period of 60 days.

- *Duration*: The agreements are generally effective for two years from the signing date and are subject to automatic renewal unless terminated earlier.

Our Major Suppliers

In 2023, 2024 and 2025, purchases from our five largest suppliers in each year during the Track Record Period amounted to RMB959.1 million, RMB1,209.0 million and RMB1,558.0 million, respectively, representing 77.8%, 82.3% and 80.0% of our total purchases,

respectively. In addition, purchases from our largest supplier in each year during the Track Record Period accounted for 20.6%, 29.8% and 24.2% of our total purchases in 2023, 2024 and 2025, respectively. During the Track Record Period, our suppliers generally granted us a credit term of 15 to 60 days.

The following tables set forth the details of our five largest suppliers based on our purchases from them in each year during the Track Record Period:

For the Year Ended December 31, 2025

Supplier	Purchase amount	Percentage of total purchase	Main products/ services purchased	Year of commencing business relationship with us	Credit terms
	(RMB in thousands)				
Supplier A[(1)] . .	471,903	24.2%	Wafer	2018	Up to 15 days after monthly close
Supplier B[(2)] . .	388,223	19.9%	Wafer	2018	Up to 45 days after monthly close
Supplier C[(3)] . .	295,396	15.2%	Memory wafer	2018	Up to 30 days after monthly close
Supplier D[(4)] . .	247,212	12.7%	Memory wafer	2018	Up to 60 days after monthly close
Supplier E[(5)] . .	155,292	8.0%	Packaging and testing service	2020	Up to 60 days after monthly close
Total	***1,558,026***	***80.0%***			

For the Year Ended December 31, 2024

Supplier	Purchase amount	Percentage of total purchase	Main products/ services purchased	Year of commencing business relationship with us	Credit terms
	(RMB in thousands)				
Supplier A[(1)] . .	437,455	29.8%	Wafer	2018	Up to 15 days after monthly close
Supplier B[(2)] . .	304,446	20.7%	Wafer	2018	Up to 45 days after monthly close
Supplier C[(3)] . .	175,265	11.9%	Memory wafer	2018	Up to 30 days after monthly close
Supplier D[(4)] . .	166,736	11.4%	Memory wafer	2018	Up to 60 days after monthly close
Supplier E[(5)] . .	125,139	8.5%	Packaging and testing service	2020	Up to 60 days after monthly close
Total	***1,209,041***	***82.3%***			

For the Year Ended December 31, 2023

Supplier	Purchase amount	Percentage of total purchase	Main products/ services purchased	Year of commencing business relationship with us	Credit terms
	(RMB in thousands)				
Supplier B[(2)] . .	254,453	20.6%	Wafer	2018	Up to 45 days after monthly close
Supplier C[(3)] . .	247,449	20.1%	Memory wafer	2018	Up to 30 days after monthly close
Supplier A[(1)] . .	214,634	17.4%	Wafer	2018	Up to 15 days after monthly close
Supplier D[(4)] . .	123,958	10.1%	Memory wafer	2018	Up to 60 days after monthly close
Supplier F[(6)]. . .	118,647	9.6%	Packaging and testing service	2018	Up to 60 days after monthly close
Total	***959,141***	***77.8%***			

Notes:

(1) Supplier A is a public company headquartered in Taiwan, China engaged in the manufacturer of semiconductors.

(2) Supplier B is a public company headquartered in Taiwan, China engaged in the manufacturer of semiconductors.

(3) Supplier C is a public company headquartered in Taiwan, China engaged in the research, design, manufacturing and sales of DRAM.

(4) Supplier D is a public company headquartered in Taiwan, China engaged in the design, production and sales of memory IC products and solution.

(5) Supplier E is a public company headquartered in Zhejiang Province, China, founded in 2017 and providing semiconductor packaging and testing services.

(6) Supplier F is a public company headquartered in Taiwan, China, providing semiconductor packaging and testing services.

During the Track Record Period, we were subject to a long-term capacity supply agreement with Supplier B. The agreement is intended to secure stable capacity supply and pricing visibility for a process node of wafers that is commonly used in our product lines and has become increasingly important to our product roadmap. The arrangement under the agreement has a term of six years. Under this agreement, Supplier B commits to reserve dedicated capacity for us for wafers in such process node, and we commit to purchase these wafers from Supplier B in quantities not less than 90% of the reserved capacity (the "**minimum purchase quantity**") at pre-agreed unit prices each month during the term of the arrangement. If in any month our actual purchases fall below the minimum purchase quantity, we are required to compensate the supplier in accordance with a pre-agreed formula designed to reflect the shortfall from the reserved capacity. During the Track Record Period, we increased our procurement for wafers in such process node. In each month during the Track Record Period within the term of the arrangement, our monthly purchases of wafers under this agreement exceeded the contractual minimum purchase quantity, with unit prices within a commercially reasonable range.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material breach of contracts on the part of our suppliers or delay in delivery of our orders from our suppliers, nor did we have any material disputes with our suppliers.

To the best of our knowledge, during the Track Record Period, all of our five largest suppliers in each year were Independent Third Parties. To the best of our Directors' knowledge, none of our Directors or their respective close associates or any person who, to the knowledge of our Directors, owned more than 5% of our issued share capital, had any interest in any of our five largest suppliers in each year during the Track Record Period.

Overlapping Customer and Supplier

During the Track Period Period, Customer A, a leading chip distributor and solution provider in China, was also one of our suppliers, from whom we procured technical services. Revenue from Customer A for the years ended December 31, 2023, 2024 and 2025 accounted for 39.1%, 37.5% and 35.3% of our total revenue for the respective year. Purchases from Customer A accounted for less than 0.1% of our total purchase amount in each year during the Track Period Period. Our sales to and purchases from Customer A are not inter-conditional upon each other. The pricing and other terms of contracts that we entered into with Customer A are substantially the same as those we enter into with other customers and suppliers for similar products and services. According to Frost & Sulivan, it is not uncommon to have overlapping customer/supplier in the chip design industry.

QUALITY CONTROL AND INVENTORY MANAGEMENT

Quality Control

We have implemented a comprehensive quality assurance system that ensures rigorous control from R&D and design to production. We are committed to consistently delivering reliable and outstanding products to our end customers. In the R&D stage, we implement stringent procedures as part of our quality control framework. Guided by our internal policies, we exercise rigorous oversight throughout the product development lifecycle spanning project initiation, advancement, quality assessment, effectiveness evaluation, and expense management. Throughout this process, we evaluate multiple parameters to craft effective solutions. By leveraging advanced chip design technologies, we create precise layout outputs that serve as blueprints for wafer foundries to manufacture our products. During the chip design process, the R&D team handles tasks such as technical architecture, algorithm, and circuit design, while the quality team develops and enforces rigorous testing standards. The R&D team performs simulations, layout design, and validations. Simultaneously, the quality team oversees comprehensive testing at each stage, including system, parameter, and reliability testing, ensuring that products meet both internal and industry standards. This detailed and structured collaboration enables us to deliver reliable, high-performance products tailored to customer needs.

As a fabless company, we collaborate with leading wafer foundries and packaging and testing service providers for chip production. We place great emphasis on sourcing our raw materials and services from suppliers with good reputation and track record, as we believe the best available raw materials and services would significantly affect the quality of our products, and in turn, our brand reputation. See "— Our Suppliers — Supplier Selection and Management." During the Track Record Period and up to the Latest Practicable Date, we had not received any material customer complaints relating to product quality, and we had not experienced any material product recalls, returns or exchanges due to product defects.

Warehousing and Logistics

Our inventories primarily consist of (i) raw materials, consisting of main controller wafers fabricated for us, and memory wafers, which we typically procured in the form of KGD, (ii) materials consigned for processing, and (iii) finished products, namely packaged chips. We primarily utilize warehouses operated by third parties and engage third-party logistics service providers to provide delivery services. We select logistics service providers based on their reputation, scale of operations, track record and price. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material disruption in the delivery of our products or suffered any loss due to late delivery or mishandling of products by our logistics service providers.

Inventory Management

As of December 31, 2023, 2024 and 2025, the balance of our inventories was RMB743.0 million, RMB770.9 million and RMB930.3 million, respectively. In 2023, 2024 and 2025, our inventory turnover days were 224.4 days, 193.3 days and 164.4 days, respectively.

To maintain our competitiveness, align our products with evolving market demand, and prevent inventory obsolescence, we have implemented measures to optimize our inventory levels. We implement meticulous procedures during material receipt to verify quality and quantity, ensuring that all incoming materials meet specified standards. We deploy various measures to maintain optimal storage conditions such as environmental controls. We conduct periodic inventory checks to monitor inventory status. In addition, aging analysis is performed to identify slow-moving or obsolete items, enabling proactive management. We constantly assess market trends and pre-stock strategic raw materials to address potential supply shortages. By aligning inventory levels with customer demand forecasts, we optimize production schedules and minimize inventory obsolescence risks. Our Directors affirm that our inventory control systems and policies have been effective, with no significant supply shortages or inventory overstock issues experienced during the Track Record Period and up to the Latest Practicable Date.

COMPETITION

We operate in a highly competitive industry, with increasing demand for innovative and efficient products. Given the diverse downstream applications of vision AI SoCs, the global vision AI SoC market is characterized by numerous participants. Leading companies have pioneered technological capabilities and diversified product portfolios across multiple applications and gained scale advantages. We compete with both foreign and domestic companies in the industry. Our competition primarily revolves around technical innovation, product performance, cost-efficiency and market responsiveness. We have established a strong core technology matrix, featuring top tier foundational technology platform and SoC system architecture capabilities. We have maintained good business relationship with high value customers and established a resilient dual track supply chain, which have enhanced and will further consolidate our competitiveness. In 2024, we ranked as the world's largest provider of vision AI SoCs in terms of shipment volume, with a market share of 26.7%. Our vision AI SoC for security ranked first globally in terms of shipment volume in 2024, with a market share of 41.2%, and our vision AI SoC for robotics ranked second globally in terms of shipment volume in the first half of 2025, with a market share of 23.0%. We remained focused on R&D in cutting-edge technology, enriching our edge AI SoC portfolio, acquiring global customers and strengthening our position as a world-leading vision AI SoC solution provider and selectively exploring investment and acquisition opportunities globally to achieve synergies and organic growth, to maintain and enhance our competitive position in the market.

EMPLOYEES

As of December 31, 2025, we had 911 full-time employees. The following table sets forth the number of our employees by function as of December 31, 2025:

Function	Number of employees	% of total
R&D	687	75.4
Sales and marketing	63	6.9
Management and administrative	161	17.7
Total	**911**	**100.0**

As of December 31, 2025, 82.0% of our employees were based in Chinese mainland and 97.9% of our employees holding a bachelor's degree or above.

Our ability to attract, retain and motivate employees is critical to our success. We recruit our employees through various channels such as headhunters, referrals, online channels including our website and social networking platforms and on-campus job fairs. We provide internal training programs to our employees periodically to enhance their technical know-how and solidate their knowledge and expertise for the industry. We offer employees competitive salaries and performance-based cash bonuses. We believe that our reputation, work environment, training system and remuneration package, including employee share incentive

plan offered to our employees, are advantageous for us to attract and retain qualified personnel and maintain a stable core management team. As required by the PRC laws and regulations, we participate in various employee social security plans for our employees that are administered by local governments, including housing, pension, medical insurance, work-related injury insurance, maternity insurance and unemployment insurance. During the Track Record Period and as of the Latest Practicable Date, we were not subject to any fines or administrative penalties imposed by any regulatory authorities due to non-compliance.

We enter into standard labor, confidentiality and non-compete agreements with our employees. For employees with access to trade secrets and core technologies, we have implemented stringent confidentiality agreements. The non-compete restricted period typically expires six months to two years after the termination of the employment relationship and we agree to compensate the employee with a certain percentage of his or her pre-departure salary during the restricted period. Additionally, we require employees to sign an intellectual property assignment agreement in accordance with applicable laws when necessary, ensuring that all rights to service-related inventions are vested in the Company. Our employees are not currently represented by any labor union. We believe that we maintain a good working relationship with our employees, and we have not experienced any material labor disputes during the Track Record Period and up to the Latest Practicable Date.

INSURANCE

We mainly maintain property insurance for our office buildings, inventories and equipment and we maintain compulsory third-party insurance and commercial insurance for our vehicles. These insurance policies cover the risk of damage arising from natural disasters and certain accidents. We also maintain insurance for directors' and officers' liabilities, product liabilities, civil liabilities, and other general liabilities. Most of our insurance policies are subject to standard deductions, exclusions and limitations. We also paid statutorily required insurance and purchased commercial health insurance for our employees.

We believe that our insurance coverage and the terms thereto are in line with industry practice in the PRC. During the Track Record Period, we were not subject to any material claim of insurance. Our management will evaluate the adequacy of our insurance coverage from time to time and purchase additional insurance policies as needed. However, we may be exposed to claims and liabilities which exceed our insurance coverage and there is no assurance that the insurance policies we maintain are sufficient to cover all of our operational risks. See "Risk Factors — Risks Relating to Our Business and Our Industry — We may not have sufficient insurance coverage to cover our business risks" for more details.

PROPERTIES

Our corporate headquarters are located in Xiamen City, Fujian Province, China.

As of the Latest Practicable Date, we owned land use rights for one parcel of land in the PRC with an aggregate GFA of approximately 13,332 sq.m. and obtained land use right certificate for this parcel of land. It is used for office space and R&D center. Our PRC Legal Advisors have confirmed that the use of this parcel of land in the PRC does not contravene the

use specified in the land use rights certificate. In addition, as of the Latest Practicable Date, we owned one building in Xiamen and four floors of a building in Shanghai in the PRC, with an aggregate GFA of approximately 38,759 sq.m., which were mainly used as our office space and R&D centers and we had obtained real estate right ownership certificate for these two properties.

In addition, as of the Latest Practicable Date, we leased from Independent Third Parties six properties in Chinese mainland with an aggregate GFA of approximately 5,303 sq.m. and five properties in Taiwan, China with an aggregate GFA of approximately 2,682 sq.m. Our lease agreements in respect of the above-mentioned leased properties generally have lease terms ranging from one to five years. The leased properties are primarily used as office space and R&D centers. Pursuant to PRC laws and regulations, property lease agreements must be registered with the local branch of the Ministry of Housing and Urban-Rural Development of the PRC. As of the Latest Practicable Date, three of our lease agreements had not been registered with the relevant authorities because our lessor was unwilling to cooperate with us to complete the lease registration and filing. The failure to register such lease agreement with the relevant authority dose not affect the validity of the lease agreement. We will take all practicable and reasonable steps to ensure that the relevant lease is registered and continue to communicate with such lessor to seek its cooperation to complete the registration and filing process. According to our PRC Legal Advisor, the failure to complete such registration process does not affect the validity of the relevant property lease agreements, and a maximum penalty of RMB10,000 may be imposed for the non-registration of each lease agreement.

As of the Latest Practicable Date, we had no owned property interest that forms part of our non-property activities that has a carrying amount of 15% or more of total assets pursuant to Rule 5.01(2)(b) of the Listing Rules. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material penalties arising from the non-registration of our lease agreements, and had not experienced any dispute arising out of, or in relation to, our leased properties.

TRANSFER PRICING ARRANGEMENTS

Our Company, branches and subsidiaries conduct intra-group transactions in accordance with our Group's transfer pricing policy. We follow the fundamental principle that intra-company transactions shall be conducted on an arm's length basis.

During the Track Record Period, there were certain intra-Group transactions conducted amongst our Company, branches and subsidiaries in Chinese mainland and overseas. The main intra-Group transactions (the "**Intra-Group Transactions**") included (i) buy-sell transactions involving raw materials and finished products and (ii) R&D services involving product development.

We have engaged Ernst & Young (China) Advisory Limited, an international professional accounting firm (the "**Transfer Pricing Consultant**") to review our transfer pricing arrangements from an arm's length perspective for the Intra-Group Transactions. The Transfer Pricing Consultant reviewed the Intra-Group Transactions to determine whether the Intra-Group Transactions were conducted in line with the arm's-length principle in reference to benchmarking exercises performed and the results. The analysis is performed in reference to the OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations

("**OECD Transfer Pricing Guidelines**") issued by the Organization for Economic Co-operation and Development ("**OECD**") and the transfer pricing regulations in the PRC. Based on the analysis performed, the Intra-Group Transactions that took place during the Track Record Period are considered by the Transfer Pricing Consultant to have been conducted in line with the arm's length principle according to the OECD Guidelines and the transfer pricing regulations in the PRC.

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we were not aware of any outstanding enquiries, audit, investigation or challenge by any tax authorities in relation to the Intra-Group Transactions. We have been and will continue to closely monitor our transfer pricing arrangements including reviewing the reasonableness of the pricing policy of intra-group transactions from time to time. However, similar to other matters relating to tax, we cannot assure that our transfer pricing arrangements will not be subject to review and possible challenge by any tax authorities in future, though the Directors believe that we have reasonable grounds to defend ourselves against such possible challenge. See "Risk Factors — Risks Relating to Our Business and Our Industry — Our transfer pricing arrangements may be subject to scrutiny by the relevant tax authorities in the jurisdictions where we operate" for further details.

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE ("ESG") MATTERS

We are dedicated to fostering long-term positive impacts on ESG for our stakeholders, including customers, suppliers and the communities influenced by our operations. Following the [**REDACTED**], we will comply with the requirements of ESG disclosure and publish ESG report on an annual basis in accordance with the requirements of Appendix C2 to the Listing Rules. We will focus on ESG matters, risk management and key performance indicators that have a significant impact on our business operations as set out in Appendix C2 to the Listing Rules. We are also committed to complying with PRC regulatory requirements, abiding by environmental protection laws and regulations, and ensuring the health and safety of our employees.

We do not operate any manufacturing facilities, which shields us from significant health, work safety, social or environmental risks. Nevertheless, we remain dedicated to enhancing our environmental accountability and our role in the public sphere. We recognize the importance of being a responsible corporation and are committed to implementing initiatives that promote sustainability and reduce our environmental footprint.

ESG Governance Structure

We have formulated and published an ESG policy, which provides guidelines to the management of our ESG-related issues. We integrate ESG considerations into our overall strategy, long-term planning, key decision-making processes, and daily operations. Our objective is to build a sustainable development ecosystem that shares value with stakeholders and society, achieving coordinated development of our business, society and environment.

We have established a three-tier ESG management structure comprising decision-making, management and execution levels. The Board of Directors serves as the ESG leadership and decision-making body, authorizing the strategy and ESG committee to oversee ESG work. The Board of Directors and strategy and ESG committee review and approve ESG management policies and ESG reports, and evaluate significant ESG topics, work objectives and information disclosure. At the management level, we have formed an ESG leadership group composed of department heads, responsible for providing support and professional expertise to the strategy and ESG committee, coordinating and guiding daily ESG work and report preparation. At the execution level, multiple ESG working groups cover various ESG topics relevant to our business, execute relevant work and submit progress updates for annual ESG reporting.

ESG Risk Management and Strategy

We have identified the following ESG risks which we consider material, and have taken the following measures to mitigate such risks:

Supply Chain Management: Responsible sourcing and effective supply chain management are critical to ensuring product quality and sustainability. The inability to select and monitor high-quality third-party suppliers, including wafer foundries and chip testing and packaging companies, could expose us to risks such as non-compliance with laws and regulations or unethical practices, potentially harming our competitiveness and reputation. To mitigate these risks, we have established a standardized supply chain approval process.

Labor Practice. Risks related to labor practices, such as poor working conditions or non-compliance with labor laws or regulations, could harm our reputation and operational stability. To address this, we consistently adhere to applicable labor laws and international labor standards. We are committed to establishing comprehensive talent development systems and fair advancement mechanisms to inspire employee potential and encourage continuous innovation and lifelong learning. We create an open, inclusive and collaborative work environment, prioritize occupational health and safety, and focus on employee well-being to attract, retain and motivate talented individuals for mutual growth.

Business Ethics. Upholding strong business ethics is integral to maintaining the trust of our stakeholders and ensuring long-term sustainability. Risks related to unethical practices, such as corruption, bribery, or non-compliance with industry standards, could damage our reputation and financial performance. To mitigate these risks, we maintain a code of conduct that applies to all employees and conduct training sessions on anti-corruption. We have established a whistleblowing mechanism to allow employees and third parties to report unethical behavior confidentially.

Environmental Protection

Guided by our value of "Constant Innovation," we integrate green design into chip R&D, focusing on low-power, high-performance product development as the core pillar of environmental friendliness to reduce product lifecycle energy consumption and support customer low-carbon applications. We have established environmental management policies based on the principles of ″energy saving and emission reduction, green and low-carbon, full participation, continuous improvement,″ integrating environmental protection into every aspect of daily operations to comprehensively reduce operational environmental impact.

Metrics and Targets

We implement environmental protection measures to address climate change and energy shortage risks. Through environmental impact assessments, we ensure products meet sustainable development standards. Our energy management strategy and environmental metrics monitoring system ensure energy consumption aligns with ESG governance and green energy-saving objectives.

Our core business involves the R&D, design and sales of chips under a fabless model. The primary raw materials we procure are wafers, and we outsource related packaging and testing processes to external professional processing service providers. Neither our Company nor our subsidiaries are directly engaged in manufacturing activities.

The following table sets forth metrics on our electricity, water and paper consumption during the Track Record Period:

	For the year ended December 31,		
	2023	2024	2025
Electricity consumption			
Total electricity consumption (thousand kWh)	3,288.5	4,100.4	5,239.5
Electricity consumption per unit of revenue (kWh per million RMB)	1,627.6	1,742.3	1,764.3
Water consumption			
Total water consumption (ton)	11,973.0	12,422.0	17,498.0
Water consumption per unit of revenue (ton per million RMB)	5.9	5.3	5.9
Paper consumption			
Total paper consumption (kg)	660.1	855.9	1,004.0
Paper consumption per unit of revenue (kg per million RMB)	0.3	0.4	0.3

We are committed to implementing green and energy-saving practices and improving energy efficiency, and gradually reducing each of our electricity consumption, water consumption and paper consumption.

Energy Conservation Initiatives

Our initiatives include: (i) *product efficiency*: we aim to design energy-efficient products to reduce overall power consumption during use; (ii) *water conservation*: we enhance water conservation practices by promoting responsible usage; (iii) *electricity saving*: in the workplace, we implement the principle of "lights off when not in use" to minimize unnecessary electricity consumption during operations; (iv) *paper saving*: we promote paper-saving practices by adopting electronic office processes to reduce paper usage and ensure proper paper recycling; (v) *green commuting*: we encourage employees to adopt green and low-carbon commuting practices, such as using public transportation; and (vi) *facility optimization*: we regulate air-conditioning temperatures in our office space to minimize energy waste and improve operational efficiency.

Social Responsibility

We actively fulfill corporate social responsibility and promote the concept of corporate social responsibility throughout our Company.

We prioritize talent development, building a comprehensive talent development ecosystem through diverse initiatives such as university partnerships, joint training and academic exchanges. We recruit graduates and provide one-on-one mentors, with experienced employees offering guidance to support the next generation of R&D talent.

Employee Well-being and Professional Development

We are committed to providing a safe, inclusive, and empowering workplace. We have established a comprehensive employee safety and health system to ensure that employees work in a safe environment. We also place great emphasis on enhancing employees' safety awareness and their ability to handle emergency situations. During the Track Record Period, there were no significant incidents related to occupational safety or employee disputes, reflecting our commitment to maintaining a harmonious and compliant workplace.

We recruit talent based on the needs identified by our human resources department. We adhere to the principles of openness, fairness, impartiality and transparency in our recruitment process. We evaluate candidates based on their character, qualifications, abilities, experience and educational background and select the most suitable candidates. We provide employees with competitive compensation and offer distinct career advancement paths for technical and functional staff. We encourage everyone within our organization to pursue professional development opportunities. In furtherance of this goal, we have been offering training and career development programs to our employees to support their growth and upward mobility.

Product Responsibility

Our R&D efforts focus on developing environmentally friendly, highly efficient products that address the needs of downstream industries. We have established a comprehensive quality management system to maintain rigorous testing of products before market release, and we also enforce a strict quality control policy, detailed in procedures for incoming inspection management, in-process inspection management and finished product inspection management. We maintain stringent quality control standards, certified under ISO 9001:2015, ISO/SAE 21434:2021, ISO/IEC 33020 and ISO 26262. These certifications underscore our commitment to delivering reliable, high-performance products that meet the expectations of our customers and regulatory standards.

To address customer complaints, we have established a rapid response mechanism. We have formed a complaint resolution team composed of technical experts, quality management personnel and R&D staff to conduct in-depth analysis of complaints, develop targeted solutions and ensure problems are resolved in the shortest possible time.

Supplier Management

The supply chain plays a critical role in our operations and product delivery. To select high-quality suppliers and effectively implement ESG-related metrics, we have developed a standardized supplier management system aimed at ensuring our efficient operations and accountability to stakeholders, with strict selection and evaluation standards to ensure fairness and efficiency. To uphold our principles of integrity and transparency in business ethics, we typically include integrity clauses in our agreements with suppliers to ensure fair and transparent business dealings. Suppliers are required to adhere to honest, trustworthy and upright business ethics, and are strictly prohibited from soliciting or accepting any form of personal benefit, such as valuable gifts, cash, securities, commissions, kickbacks or expense reimbursements.

Anti-Corruption and Anti-Bribery

To uphold our strong business reputation and ethical standards, we have implemented a strict anti-corruption and anti-bribery policy to prevent and prohibit any form of corruption or bribery. We maintain a zero-tolerance approach to corruption and bribery and strictly enforce internal controls to enhance employees' legal awareness and ethical principles. We have established secure, confidential and effective reporting channels to encourage employees and partners to report or file complaints about any suspected corruption or bribery. All reports are thoroughly investigated, and the rights of whistleblowers are fully protected. Through background checks and compliance reviews, we require all third-party business partners adhere to our anti-corruption and anti-bribery policy.

INFORMATION TECHNOLOGY AND DATA PRIVACY

We utilize a number of information technology systems to manage all aspects of our operations, including but not limited to administration, sales and marketing, R&D, knowledge management, supply chain and procurement management, sales management, financial reporting and human resources. The capabilities and the stability of our IT infrastructure are vital to our business operations. The IT department performs system checks, data back-ups, system maintenance and other activities to secure the continual operation of the critical IT systems and facilities. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material failure or general breakdown of our IT systems which had resulted in a material adverse impact on our overall business operations.

We do not have access to or control over the data stored in our SoC products once they are sold to customers. In the course of conducting our business, we collect and process data primarily related to the transactions with our enterprise customers. Adhering to the principle of data minimization, we collect only the essential contact information from our customers, distributors, suppliers and other third-party service providers solely to facilitate the sales and delivery of our products.

To safeguard against data loss, we have implemented several security measures, including firewalls, intrusion prevention systems, regular penetration tests, vulnerability scans, and disaster recovery plans. We also encrypt data and utilize email security protection systems. We have also adopted rigorous encrypted algorithm to store sensitive data and strictly execute a

data accessing and transmitting policy to ensure the confidentiality of our data. We have developed strict internal control and data accessing mechanisms and detailed approval and operation procedures regarding data storage and processing, and established a set of internal protocols on data security, which set forth detailed, stringent requirements in relation to the use, disclosure and protection of confidential information. We conduct regular maintenance, inspections and technical upgrades on computers, servers, and information technology infrastructure. We have a comprehensive data backup system to encrypt and store data on servers in different locations in order to minimize the risk of data loss. We also conduct data restoration tests to examine the status of the backup system on a regular basis. In addition, we also seek to preserve the integrity and confidentiality of our data by maintaining physical security of our premises and physical and electronic security of our information technology systems.

Our PRC Legal Advisor is of the view that we have been in compliance with the relevant PRC laws and regulations relating to cybersecurity and data protection in all material aspects during the Track Record Period and up to the Latest Practicable Date.

According to the PRC cybersecurity and data security laws, a network platform operator that possesses personal information of more than one million users and seeks to be listed abroad must apply to the Cybersecurity Review Office for a cybersecurity review. Our PRC Legal Advisor is of the view that we are not required to apply for cybersecurity review for the purpose of the Listing, given that, as of the date of this document, (i) we had not received any notice from the competent authority identifying us as a critical information infrastructure operator; (ii) we do not own or operate any internet platform nor participate in the joint operation of any third-party internet platform; (iii) our business operations do not involve any activities or data processing that affect or may affect national security; (iv) we had not received any written notice from any member of the Cybersecurity Review Working Mechanism requiring it to undergo or initiate a cybersecurity review; (v) we do not collect personal information of internet users nor possess personal information of more than one million users; and (vi) the proposed listing in Hong Kong does not fall within the scope of "overseas listing" as referred to under the Cybersecurity Review Measures.

EXPORT CONTROL, SANCTION AND TARIFF IMPLICATIONS

The United States maintains a system of export controls restrictions through the EAR administered by the BIS. The restrictions imposed under the EAR purport to apply globally, and their application varies depending on various factors, including the nature of the item being exported, re-exported or transferred, the countries and entities involved, and the intended end-uses of the regulated item. Items that are subject to U.S. export controls under the EAR include: (a) all items in the United States; (b) all U.S.-origin items, wherever located; (c) each of: (i) non-U.S.-made commodities that incorporate controlled U.S.-origin commodities or are "bundled" with controlled U.S.-origin software above *de minimis* thresholds; (ii) non-U.S.-made software that incorporates controlled U.S.-origin software above *de minimis* thresholds; or (iii) non-U.S.-made technology that is commingled with controlled U.S.-origin technology above de minimis thresholds; and (d) certain non-U.S. produced products that are "direct products" of specified technology or software or are produced by plants or major plant components that are themselves direct products of specified technology or software (collectively, the EAR's foreign direct product rules, or "**FDPR**").

In October 2022, BIS issued an interim final rule (the "**BIS October 2022 IFR**") aimed at restricting China's ability to obtain advanced computing integrated circuits, develop and maintain supercomputers, and manufacture advanced semiconductors. In October 2023, BIS issued another interim final rule (the "**BIS October 2023 IFR**") that updated and expanded U.S. export controls imposed by the BIS October 2022 IFR (the BIS October 2022 IFR and the BIS October 2023 IFR collectively, and together with the BIS's April 2024 interim final rule making technical corrections and clarifications to the BIS October 2023 IFR, the "**BIS 2022/23 IFRs**"). Among other measures, the BIS 2022/23 IFRs added to the Commerce Control List (which is a list of commodities, software, and technologies that are subject to the EAR's more restrictive controls) certain advanced and high-performance computing integrated circuits and computer commodities that contain these integrated circuits, and imposed new or expanded license requirements for items subject to the EAR destined for end-use in the development or production of supercomputers, certain types of advanced node integrated circuits and advanced, or semiconductor manufacturing equipment in, certain jurisdictions, including China.

In addition, the BIS maintains lists of individuals and entities subject to enhanced export control restrictions. Among them is the entity list that includes foreign persons on whom specific trade restrictions are imposed, such as businesses, research institutions, government and private organizations, individuals and other legal entities (the "**Entity List**"). Foreign persons on the Entity List have limited access to certain U.S.-origin goods, software and technologies, items that contain certain portions of U.S.-origin goods, software or technologies, as well as foreign direct products of certain U.S.-origin software, technologies and equipment. In addition to naming persons to these lists, BIS has imposed complex and restrictive rules applicable to doing business with persons on them. For example, on September 29, 2025, the BIS issued an immediately effective interim final rule that extended Entity List and Military End-User List restrictions to entities that are 50% or more owned, directly or indirectly, by shareholders on those lists, though this rule would reportedly be suspended for one year following the China-U.S. trade negotiations on October 30, 2025. Provision of items subject to the EAR to persons on the Entity List are generally prohibited unless specifically authorized by a BIS license.

As advised by U.S. Export Control and Sanction Counsel, the products designed by us are not subject to EAR because they are not of U.S. origin, not exported from the U.S., do not contain more than a *de minimis* amount of U.S. export-controlled content, and are not subject to the EAR's FDPR. U.S. Export Control and Sanction Counsel further advise that, broadly speaking, the BIS 2022/23 IFRs are not applicable to our operations, because we do not produce or design the regulated advanced or high-performance computing integrated circuits or supercomputers.

Certain of our end customers who have purchased our products through the distributors have been placed on the Entity List. U.S. Export Control and Sanction Counsel is of the view that none of our dealings with the distributors of those end customers involve items subject to the EAR, and such dealings did not violate U.S. export control laws and regulations.

As a fabless IC design house, we procured EDA software and IPs from EDA or IP vendors for the design or development of our products. As advised by our U.S. Export Control and Sanction Counsel, the EDA software or IPs we procured from U.S. suppliers are either not subject to the EAR or subject to the EAR but no license is required for export to China. The EDA software falls within ECCN 3D991 or EAR99. This ECCN is controlled solely for anti-terrorism reasons and exports of this software to parties in China that are not on the BIS Entity List do not require an export license from BIS. The IP is classified in ECCNs 3D991, 3E991, 5D991, 5E991, or EAR99, and our products supplied to the end customers on the Entity

List do not fall with the FDPR and do not contain more than a *de minimis* amount of U.S. export-controlled content. As the U.S. continued to impose restrictions on China's advanced semiconductor industry, several leading EDA software suppliers in the U.S. stated that they received notices from BIS to cease supplying EDA software to China in May 2025. In July 2025, those EDA software suppliers stated that they received notice from BIS rescinding the restrictions on EDA. As of the Latest Practicable Date, we had not received any notice from our EDA vendor regarding suspension or termination of supply. To the best of our knowledge, the recent export control measures in the EDA sector targeting advanced semiconductor technologies in China do not affect our continued use of the EDA software we have procured. If any of our existing EDA software becomes unavailable due to future export restrictions, we believe we would be able to seek alternative suppliers to support our IC design activities as recognized alternatives are available in the market, according to Frost & Sullivan.

Based on the forgoing, we believe that U.S. export control rules and regulations does not have any material adverse impact on our business operations or financial position.

The Joint Sponsors have conducted independent due diligence in respect of the matters above, which included, without limitation, reviewing the legal opinion issued by the Company's U.S. Export Control and Sanction Counsel and conducting third party interviews with certain end customers of the Group who have been placed on the Entity List. The Joint Sponsors submit that nothing has come to their attention in the course of conducting the due diligence work that would lead them to cast doubts on the Company's view above.

The U.S. Department of the Treasury's Office of Foreign Assets Control ("**OFAC**") administers U.S. economic and trade sanctions, including the Specially Designated Nationals and Blocked Persons List (the "**SDN List**"). The SDN List publicly identifies persons determined by the U.S. government to be involved in activities that threaten or undermine U.S. foreign policy or national security objectives. Assets of SDN-designated persons are blocked and U.S. persons are generally prohibited from dealing with them.

One of our end customers was listed on the SDN List in October 2024. All our historical dealings with that end customer occurred prior to its designation, and we ceased all transactions with that end customer upon learning of the designation. As advised by our U.S. Export Control and Sanction Counsel, our previous transactions with the distributor which has business dealings with such end customer did not constitute sanctioned activity and did not violate applicable U.S. sanction laws. As such, the designation of such end customer on the SDN List has not had any material adverse impact on our business operations or financial performance. During the Track Record Period, none of our suppliers and any other customers was on the SDN list.

The Joint Sponsors have conducted independent due diligence in respect of the matters above, which included, without limitation, reviewing the legal opinion issued by the Company's U.S. Export Control and Sanction Counsel and reviewing the Group's financial statements. The Joint Sponsors submit that nothing has come to their attention in the course of conducting the due diligence work that would lead them to cast doubts on the Company's view above.

On December 23, 2024, the Office of the U.S. Trade Representative (the "**USTR**") announced a new investigation (the "**Section 301 Investigation**") to examine Chinese actions allegedly related to targeting of the semiconductor industry for dominance and the impact of such actions on the U.S. under Section 301 of the Trade Act of 1974 (as amended). If the USTR finds that China's actions are unreasonable or discriminatory, it may impose tariffs on a wide

range of China-origin semiconductors and any product that contains China-origin semiconductors. USTR held a public hearing in the Section 301 Investigation on March 11, 2025, but USTR has not yet made any further decisions as of the Latest Practicable Date.

Separately, on February 1, 2025, the United States imposed a 10% tariff on all products imported to the U.S. from China. In April 2025, the United States announced broad tariffs on imports from all countries, comprising a 10% so-called "baseline" tariff on all countries, varying so-called "reciprocal" tariffs on certain trade partners, and a so-called "fentanyl-related" tariff of 20% on goods from China. As of early April 2025, the U.S. had imposed tariffs of 145% on most imports from China, and China responded with tariffs of 125% on most goods from the United States. On May 12, 2025, following bilateral negotiations, China and the United States announced a 90-day suspension for most of these higher tariffs levied on each other's goods, during which the U.S. will continue a 30% tariff on Chinese imports and China will keep a 10% tariff on U.S. goods. This suspension was further extended by the two countries for an additional 90 days until November 10, 2025. It was reported that following the two countries' trade negotiations on October 30, 2025, the U.S. agreed to suspend for one year a 24% reciprocal tariff on Chinese products and reduce the fentanyl-related tariff on Chinese products by 10%. In addition, China agreed to adjust its counter measures related to the above U.S. tariffs, and the two countries agreed to continue extending certain tariff exemptions. On February 20, 2026, the U.S. Supreme Court held that the International Emergency Economic Power Act does not authorize the President to impose tariffs, including the reciprocal and fentanyl-related tariffs. Effective from February 24, 2026, the U.S. customs authority will cease to collect these tariffs. Meanwhile, President Trump issued a proclamation to impose a temporary import surcharge of 10% on all imports to the U.S. effective from February 24, 2026 for a period of 150 days, and later announced this tariff rate would be 15% (the rate of the actual import surcharge may vary, subject to the modification of the relevant rules to effectuate the collection of such surcharge). There is substantial uncertainty regarding any final tariff rates.

During the Track Record Period, substantially all of our revenues were from our sales to distributors. However, the distributors has no contractual obligation or other basis to inform us their export to U.S. Considering that (i) during the Track Record Period, we did not make any direct sales to the U.S. and to the best of our knowledge and based on the information provided by the distributors about the intended locations of re-sale of our products, none of our customers, including both direct customers and distributors, sold their products to the U.S.; (ii) since the imposition of the tariffs, we had not received any requests from our customers to cancel orders or suspend delivery of our products because of the tariffs; (iii) we had not experienced any material changes in our order volume, product price, customer payment or logistics arrangements attributable to the U.S. tariff measures and (iv) we did not procure any raw materials or components from the U.S., the U.S.-China tariffs had not had, and we do not expect that it will have any material adverse impact on our business operations or financial performance. There is still a high degree of uncertainty surrounding U.S. tariff policy, how it will be implemented, and how other countries will react to it. It also remains unclear whether increased tariffs and trade tensions will further disrupt international trade or lead to a downturn in the global economy. See "Risk Factors — Risks Relating to Our Business and Our Industry — We are subject to the risks associated with sanctions and export controls laws and regulations, international trade policies, and developing domestic and foreign laws and regulations, and our business, financial condition and results of operations could be adversely affected."

The Joint Sponsors have conducted independent due diligence in respect of the matters above, which included, without limitation, reviewing the Group's financial statements, discussing with the Company's reporting accountants and interviewing the Company to understand the amount of imports and exports to and from the U.S. during the Track Record Period. The Joint Sponsors submit that nothing has come to their attention in the course of conducting the due diligence work that would lead them to cast doubts on the Company's view above.

See "Risk Factors — Risks Relating to Our Business and Our Industry — We are subject to the risks associated with sanctions and export controls laws and regulations, international trade policies, and developing domestic and foreign laws and regulations, and our business, financial condition and results of operations could be adversely affected."

RISK MANAGEMENT AND INTERNAL CONTROL

We have established and continuously maintain a risk management and internal control system, consisting of operating procedures, internal control procedures and other policies and guidelines tailored to our business operations. Our risk management policies cover various aspects of our business operations, including production, purchase, sales, R&D, financial reporting, funds, assets and corporate governance. It is the responsibility of our Board to ensure that we maintain sound and effective internal controls and risk management system to safeguard our Shareholders' investment and our assets. The objectives of our risk management system are to: (i) identify potential events that may impact us, ensuring relevant risks are controlled within acceptable and appropriate levels relative to our objectives; (ii) facilitate accurate and reliable communication of information to both internal and external stakeholders of our Company; (iii) ensure compliance throughout our business operations; (iv) enhance the efficiency and effectiveness of our business activities, thereby reducing uncertainties in achieving operational goals; and (v) establish crisis management solutions for significant risks to protect our Company from substantial losses due to catastrophic risks or human errors.

The typical operating procedures of our risk management work to monitor the effectiveness of these policies, procedures and measures include the following: (i) collecting information related to risk management, including historical data and future forecasts. Specifically, in terms of strategic risk, we extensively gather cases where domestic and international companies have suffered losses due to uncontrolled strategic risks; in financial risk, we collect cases of financial crises caused by uncontrolled financial risks; in market risk, we gather cases where companies have suffered losses due to neglecting market risks and lacking response measures; in operational risk, we collect information relevant to our Company and industry; and in legal risk, we gather cases where companies have suffered losses due to neglecting legal and regulatory risks and lacking response measures; (ii) assessing the significance and likelihood (or frequency and probability) of risks; (iii) senior management assists the Board in determining risk management countermeasures based on business characteristics; and (iv) senior management supervises the implementation of risk management, making timely improvements based on changes and any deficiencies. Our approach also involves the continuous enhancement of internal control mechanisms and regular reviews of our risk management policies and internal control measures to maintain their effectiveness and adequacy, ensuring that our operations align with industry standards and regulatory requirements.

In particular, in order to mitigate the risks related to U.S. export controls, we have adopted a number of internal controls designed to address the trade controls risks presented. These controls include implementing measures to identify and classify items procured from suppliers that may be subject to U.S. trade controls, including trade compliance language in our contractual agreements with customers and suppliers, and screening our existing business partners (including but not limited customers and suppliers) against sanctioned and restricted parties lists maintained by the United States and other countries. See "Risk Factors — Risks Relating to Our Business and Our Industry — We are subject to the risks associated with sanctions and export controls laws and regulations, international trade policies, and developing domestic and foreign laws and regulations, and our business, financial condition and results of operations could be adversely affected" for more details.

LICENSES, PERMITS AND APPROVALS

During the Track Record Period and up to the Latest Practicable Date, we had obtained all requisite licenses, approvals, certificates and permits from relevant governmental authorities that are material to our operations in markets in which we operate. The table below sets forth details of our material licenses, approvals and permits. As of the Latest Practicable Date, the following licenses and permits are all valid.

Holder	License and Permit
The Company, Xiamen SIStar, Shanghai Ruichenwei, Sigmastar Electronics and Frequen	Customs Declaration Entities of the People's Republic of China (中華人民共和國海關報關單位) and Consignee or Consignor of Imported or Exported Goods (進出口貨物收發貨人)

We renew all such material permits and licenses from time to time to comply in all material aspects with the relevant laws and regulations. As advised by our PRC Legal Advisors, there is no material legal impediment to their renewal, and we do not expect any material difficulties in such renewal.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We may from time to time become a party to various legal or administrative proceedings arising in the ordinary course of our business. Litigation or any other legal or administrative proceeding, regardless of the outcome, is likely to result in substantial cost and diversion of our resources, including our management's time and attention. See "Risk Factors — Risks Relating to our Business and Our Industry — We may be involved in legal proceedings and commercial or contractual disputes, which could materially and adversely affect our reputation, business, financial condition and results of operations" for more details."

During the Track Record Period and up to the Latest Practicable Date, there had been no legal proceedings pending or threatened against us or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

Compliance

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material non-compliance incidents that have led to fines, enforcement actions or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

We are required by applicable PRC laws and regulation to contribute to certain social insurance, housing provident funds, unemployment insurance, health insurance and other welfare-oriented payment plans for our employees based in China. During the Track Record Period and up to the Latest Practicable Date, we did not make full contribution to certain social insurance for some of our employees. Such shortfall in payment was primarily because the relevant employees were not willing to cooperate and make these contributions at the applicable statutory rates, which would lead to a reduction in their disposable income. We estimate that the shortfalls were approximately RMB6.7 million, RMB7.7 million and RMB9.1 million in 2023, 2024 and 2025, respectively. According to applicable PRC laws and regulations, we may be required by relevant regulatory authorities to make up the outstanding amount of social insurance prior to a stipulated deadline and may also be subject to an

additional late payment penalty at a daily rate of 0.05% of the shortfalls. In the event that we still fail to make such contributions and payments by the deadline provided by the relevant authorities, we may be liable to a penalty of one to three times of the outstanding contribution amount.

We have designated our human resources department to monitor our reporting and contributions of social insurance. In addition, we will consult our PRC legal counsel on a regular basis for advice on relevant PRC laws and regulations to keep us abreast of relevant regulatory developments. In an effort to make full contributions to the extent and as soon as practicable, we plan to communicate with our employees to seek their understanding and cooperation in complying with the applicable social insurance requirements, which require additional contributions from them. Additionally, if the relevant authorities order us to fully contribute to the social insurance going forward, we will do so and take such rectification measures in accordance with applicable laws and regulations within the deadline provided by the authorities to avoid any administrative penalties. On August 1, 2025, the PRC Supreme People's Court issued the Interpretation on Several Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (II) (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》), which took effect on September 1, 2025. The judicial interpretation further clarifies that any agreement between an employer and an employee to waive mandatory social insurance contributions, or any undertaking by an employee that such contributions need not be paid, shall be deemed null and void. According to our PRC Legal Advisor, as the judicial interpretation is in line with the previous judicial practice, and does not expand the liability of employer or repeal the provisions of existing laws and regulations, it does not has any material adverse impact on the Group.

AWARDS AND RECOGNITIONS

During the Track Record Period, we received numerous recognitions. Some of the significant awards and recognition we received are set forth below.

Award year	Award/Recognition	Awarding institution/authority
2025	The 2025 Hurun China Artificial Intelligence Enterprises Top 50 (2025胡潤中國人工智慧企業50強)	The Hurun Research Institute (胡潤研究院)
2025	National-level specialized and innovative "little giant" enterprises (國家級專精特新「小巨人」企業)	Ministry of Industry and Information Technology (工業和資訊化部)
2024	Fujian Province Top 100 Private Manufacturing Enterprises (福建省製造業民營企業100強)	Fujian Federation of Commerce & Industry (福建省工商業聯合會)
2024	Fujian Province Manufacturing Single Champion (福建省製造業單項冠軍)	Fujian Department of Industry and Information Technology (福建省工業和資訊化廳)
2024	Fujian Provincial Enterprise Technology Center (福建省企業技術中心)	Xiamen Bureau of Industry and Information Technology (廈門市工業和資訊化局)
2023	National Key Integrated Circuit Design Enterprise (國家重點集成電路設計企業)	National Development and Reform Commission (國家發展和改革委員會)
2023	Fujian Province Top 100 Innovative Private Enterprises (福建省創新型民營企業100強)	Fujian Federation of Commerce & Industry (福建省工商業聯合會)