

INDUSTRY OVERVIEW

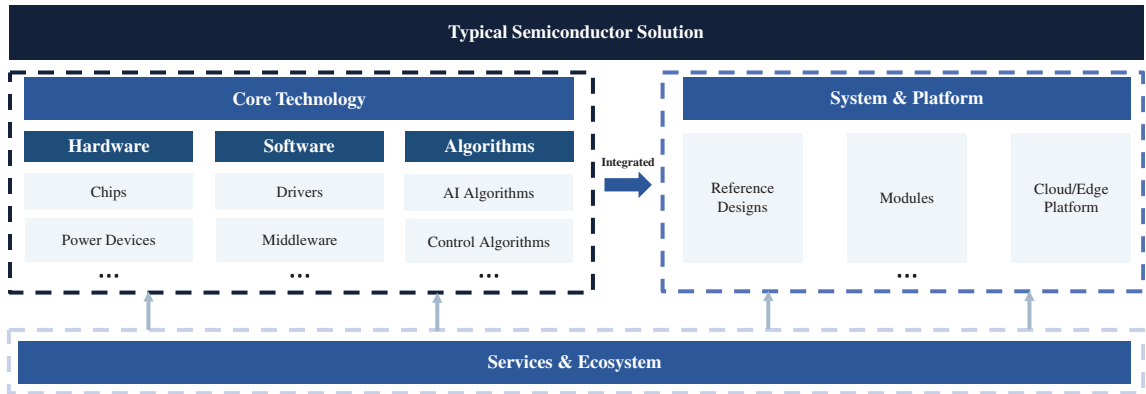
Certain information and statistics set out in this section and elsewhere in this document are derived from various government and other publicly available sources and from the market research report prepared by Frost & Sullivan. Frost & Sullivan is an independent industry consultant engaged by us, and we commissioned Frost & Sullivan to prepare a market research report. The information from official governmental sources has not been independently verified by our Company, the Sole Sponsor, the [REDACTED], [REDACTED], [REDACTED], [REDACTED], the [REDACTED], the [REDACTED], any of their respective directors, supervisors, advisers, officers, employees, agents, or any other persons or parties involved in the [REDACTED], and no representation is given as to the accuracy. For discussions of risks relating to our industry, please see “Risk Factors — Risks Relating to Our Business and Industry.”

OVERVIEW OF SEMICONDUCTOR INDUSTRY

Definition

Semiconductors form the foundation of the modern electronic information industry, with applications across computing, communications, consumer electronics, automotive electronics, and industrial control. The industry spans design, manufacturing, and packaging and testing, featuring high technical barriers, heavy capital investment, and strong global integration. Growth has been driven by emerging applications such as artificial intelligence, the Internet of Things, and new energy vehicles.

The semiconductor industry covers the full process from materials, design and manufacturing to packaging and testing, forming the technological foundation of the IC industry. ICs represent the core downstream application of semiconductors, transforming semiconductor materials into functional electronic products. The semiconductor industry therefore provides the technological and manufacturing base for IC production, while the IC market reflects the commercial realization of semiconductor value.



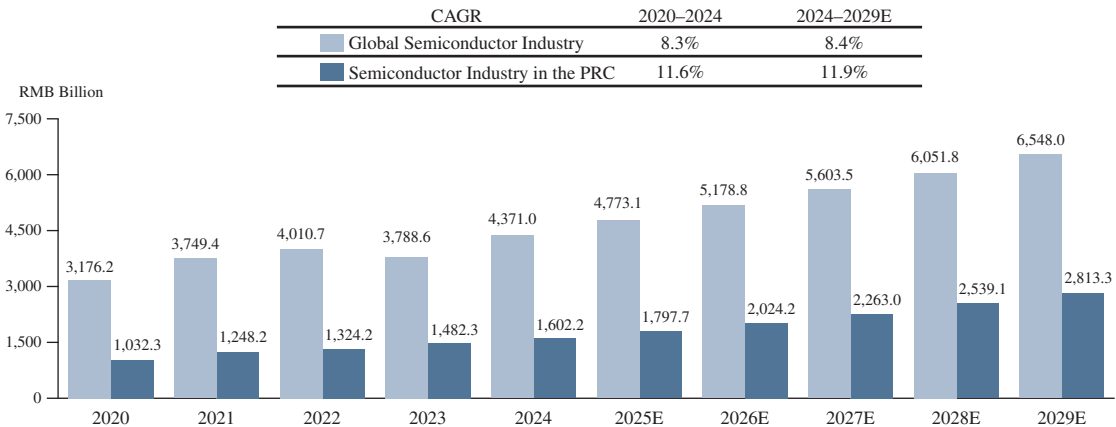
Source: Frost & Sullivan

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Market size of Semiconductor Industry

From 2020 to 2024, the global semiconductor industry grew from RMB3,176.2 billion to RMB4,371.0 billion, while the PRC market increased from RMB1,032.3 billion to RMB1,602.2 billion, outpacing global growth. From 2024 to 2029, the global market is projected to reach RMB6,548.0 billion and the PRC market RMB2,813.3 billion. Growth is expected to be supported by AI, automotive semiconductors, high-performance computing, and continued domestic capability enhancement in the PRC.

Market Size of Global Semiconductor Industry, by Revenue, 2020–2029E



Note: The exchange rate used is USD1.0 = RMB7.12, according to the China Foreign Exchange Trading System.
Source: World Semiconductor Trade Statistics (WSTS), China Semiconductor Industry Association (CSIA), Frost & Sullivan

OVERVIEW OF IC INDUSTRY

Definition

An integrated circuit (IC) is a miniature electronic device or component in which transistors, resistors, capacitors, and interconnections are fabricated onto a single semiconductor chip through semiconductor manufacturing processes. ICs perform functions such as signal processing, data storage, and control. Based on function and structure, ICs can be categorized into digital ICs, analog ICs, and mixed-signal ICs, with widespread applications in computing, communications, consumer electronics, automotive electronics, and industrial control.

MCUs (Microcontroller Units) are classified by their functional role as general-purpose control chips, typically integrating a processor core, embedded memory, and peripheral interfaces for real-time control in applications such as home appliances, automotive systems, and industrial equipment. In 2024, MCU industry accounted for 3.8% of the market size of global IC industry.

SoCs (System-on-Chips) are identified by their level of system integration, combining multiple subsystems — including CPUs, GPUs, communication, and AI acceleration modules — on a single chip to achieve high performance and energy efficiency in complex applications such as smart devices, edge computing, and automotive domain controllers. In 2024, SoC industry accounted for 32.1% of the market size of global IC industry.

ASICs (Application-Specific Integrated Circuits) are distinguished by their customization level, designed for specific tasks or end-use applications such as cryptographic computation, telecom base stations, and sensor signal processing, optimized for maximum performance and power efficiency. In 2024, ASIC industry accounted for 11.2% of the market size of global IC industry.

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Other chip types, including ASSPs, FPGAs, DSPs, and mixed-signal controllers, are categorized according to their programmability or signal-processing specialization, serving differentiated or reconfigurable use cases.

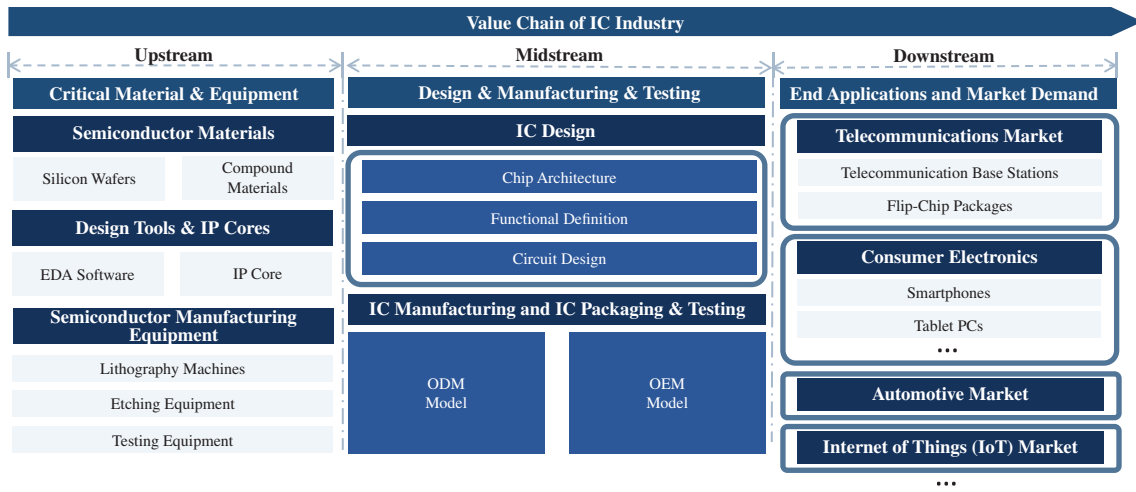
Aspect	MCU	SoC	ASIC
Architecture	Integrated chip combining CPU, embedded memory and standard peripherals/interfaces	Highly integrated chip combining multiple functional blocks on a single chip, of ten including multi-core processing and dedicated modules	Customized circuitry tailored for a specific use case, primarily implemented through fixed circuit logic
Functionality	Executes general-purpose embedded control tasks, typically via firmware	Supports more complex processing, including multitasking and parallel processing within a system role	Executes one dedicated function with high efficiency and consistency, and is generally not intended for broader reuse
Product positioning	Cost-sensitive, low-power, low-complexity control applications	Performance-sensitive applications requiring higher integration and broader functionality	High-volume, high-performance applications with specific requirements, prioritizing long-term efficiency over upfront development cost
Typical application scenarios	Household appliances, smart meters, basic automotive modules and industrial control nodes	Connectivity and infotainment modules, gateways and AIoT devices requiring stronger processing capability	Display drivers, biometric sensing/recognition and battery charging or power management

An MCU is mainly designed for embedded control and supports control-oriented functions through firmware, allowing adaptation across systems without changing hardware. By contrast, an ASIC is optimized for a specific application, with functionality largely defined by fixed circuit logic and limited post-deployment flexibility. A SoC, while sometimes serving a single commercial function, integrates multiple processing and functional blocks on one chip, enabling parallel processing and more efficient handling of diverse workloads than a typical MCU.

Value Chain of IC Industry

The semiconductor industry value chain comprises upstream materials, equipment, EDA tools and IP cores, which provide the foundation for chip design and manufacturing; midstream IC design, manufacturing, packaging and testing, which transform design specifications into finished semiconductor products; and downstream applications such as telecommunications, consumer electronics, automotive and IoT. The midstream segment primarily operates under the IDM and Fabless models. Under the IDM model, companies conduct IC design, wafer fabrication and packaging and testing in-house, allowing for stronger process control, supply stability and quality consistency, albeit with higher capital intensity. Under the Fabless model, companies focus on IC design and product development while outsourcing manufacturing and testing to foundries and OSAT providers, offering greater flexibility and lower asset intensity. In practice, certain market participants adopt hybrid or fab-lite models.

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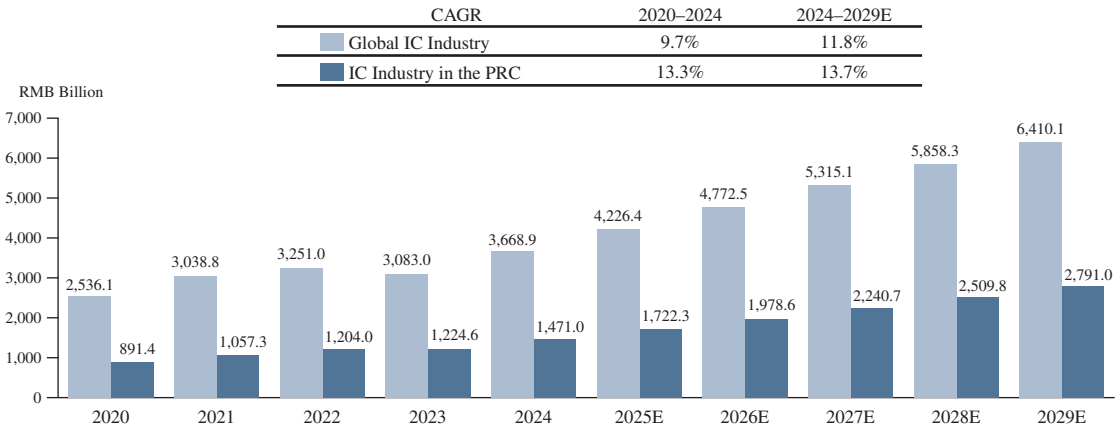


Source: Frost & Sullivan

Market Size of IC Industry

From 2020 to 2024, the global IC industry grew from RMB2,536.1 billion to RMB3,668.9 billion, while the PRC market rose from RMB891.4 billion to RMB1,471.0 billion, outpacing global growth. From 2024 to 2029, both markets are expected to expand further, driven by AI, automotive electronics, high-performance computing and continued growth in emerging applications.

Market Size of IC Industry, by Revenue, 2020–2029E



Note: The exchange rate used is USD1.0 = RMB7.12, according to the China Foreign Exchange Trading System.

Source: World Semiconductor Trade Statistics (WSTS), China Semiconductor Industry Association (CSIA), Frost & Sullivan

Market Drivers of IC Industry

Continuous Technological Iteration

Emerging technologies such as AI, IoT, robotics and autonomous driving are reshaping demand in the IC market. These applications require higher computing performance, lower power consumption, greater integration and stronger functional safety, thereby accelerating innovation in IC design, process technology and advanced packaging, and supporting sustained growth of the industry.

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Sustained Demand from Consumer Electronics Segment

Consumer electronics remain a key source of IC demand. Smartphones, wearables and smart household appliances continue to drive demand for chips with higher processing power, greater integration, wireless connectivity, lower power consumption and improved energy efficiency.

Rapid Growth from Industrial and Automotive Segments

Industrial control and automotive electronics are fast-growing IC application areas. Smart manufacturing, robotics and Industry 4.0 drive demand for reliable, durable and securely connected chips, while ADAS, in-vehicle infotainment and electric powertrains are increasing adoption of high-performance microcontrollers, ASICs and power management chips.

Future Trends of IC Industry

Self-Sufficiency and Domestic Substitution

The IC industry in the PRC is expected to advance toward greater self-sufficiency, supported by policies promoting technological sovereignty and supply chain security. Rising investment in domestic R&D, fabrication, packaging and testing, and design tools is expected to strengthen the local value chain, accelerate domestic substitution, and support broader adoption across consumer electronics, automotive, industrial control and AI applications.

Energy Efficiency and Sustainability

Energy efficiency and environmental sustainability are becoming increasingly important in the IC industry. Manufacturers are enhancing low-power design, DVFS and PMIC technologies to reduce energy consumption, while foundries are adopting greener fabrication practices such as water recycling, lower emissions and renewable energy use. As global energy and carbon regulations tighten, sustainability is becoming both a compliance requirement and a source of long-term competitiveness.

OVERVIEW OF MCU INDUSTRY

Definition

Microcontroller unit (MCU) is a small, integrated circuit that functions as a miniature computer, combining a processor, memory, and input/output peripherals on a single chip. MCUs are designed to control specific functions within larger electronic systems, making them ideal for embedded systems. MCUs can be classified based on bit-width, architecture, and functions.

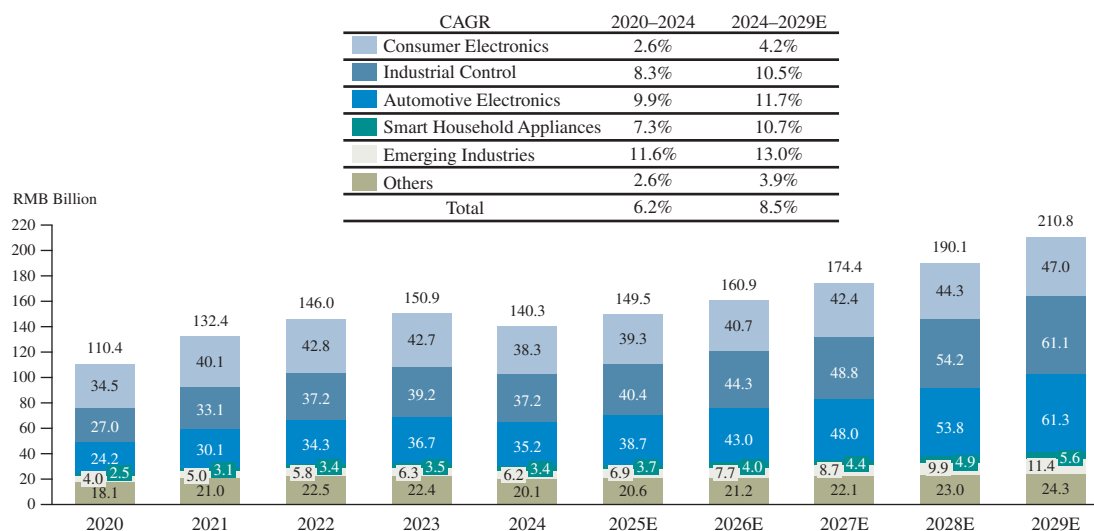
Market Size of Global MCU Industry

Between 2020 and 2024, the market size of global MCU industry expanded from RMB110.4 billion in 2020 to RMB140.3 billion in 2024, with a CAGR of 6.2%. Among downstream applications, consumer electronics dominated the largest category in 2024, reaching RMB38.3 billion. Emerging industries segment (such as edge AI, robots, and drones) was the fastest-growing sector, showing a CAGR of 11.6% during this period.

By 2029, the market size of global MCU industry is projected to reach RMB210.8 billion, representing a CAGR of 8.5%. Automotive electronics sector is expected to reach RMB61.3 billion, followed by industrial control sector (RMB61.1 billion in 2029).

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Market Size of Global MCU Industry, Breakdown by Downstream Applications, by Revenue, 2020–2029E



Notes:

- 1) The exchange rate used is USD1.0 = RMB7.12, according to the China Foreign Exchange Trading System.
- 2) Emerging industries include edge AI, robots, drones, etc.
- 3) Others include medical electronics, computing and storage, network communications, security and agriculture, etc.

Source: World Semiconductor Trade Statistics (WSTS), Frost & Sullivan

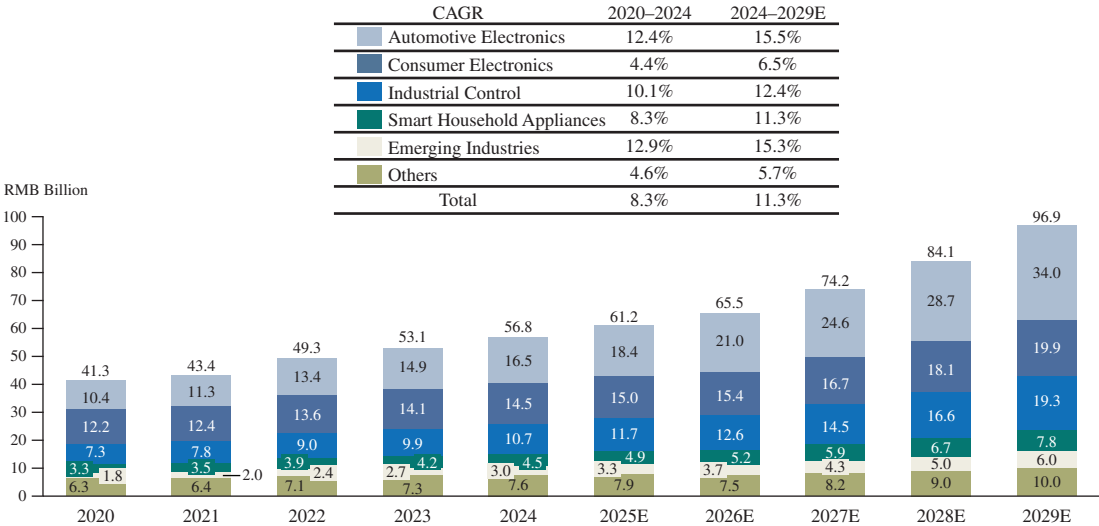
Market Size of MCU Industry in the PRC

Between 2020 and 2024, the market size of MCU industry in the PRC expanded from RMB41.3 billion in 2020 to RMB56.8 billion in 2024, with a CAGR of 8.3%. Among downstream applications, automotive electronics and consumer electronics were the two largest categories in 2024, reaching RMB16.5 billion and RMB14.5 billion respectively.

By 2029, the market size of MCU industry in the PRC is projected to reach RMB96.9 billion, representing a CAGR of 11.3%. With strong momentum, automotive electronics sector is expected to reach RMB34.0 billion in 2029, followed by consumer electronics sector (RMB19.9 billion in 2029).

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Market Size of MCU Industry in the PRC, Breakdown by Downstream Applications, by Revenue, 2020–2029E



Notes:

- 1) Emerging industries include edge AI, robots, drones, etc.
- 2) Others include medical electronics, computing and storage, network communications, security and agriculture, etc.

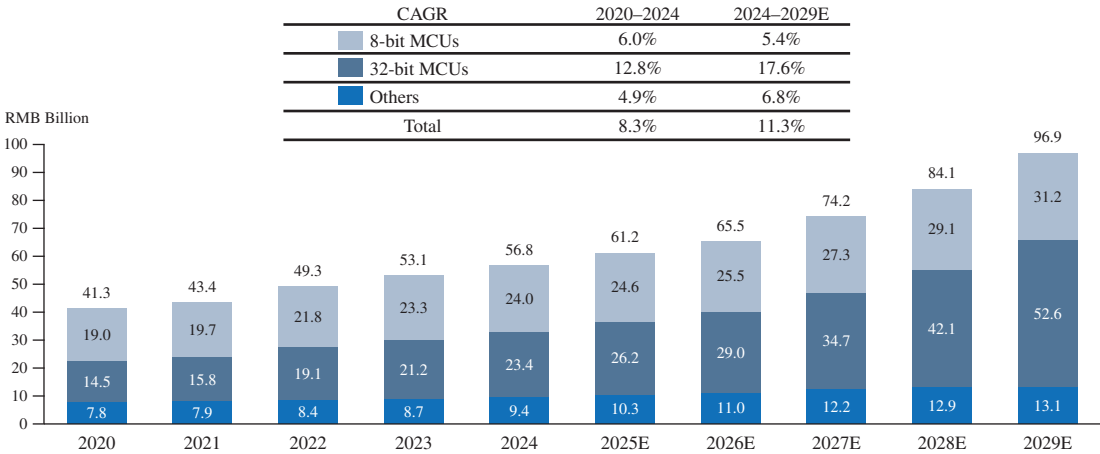
Source: China Semiconductor Industry Association (CSIA), Frost & Sullivan

The core distinction between 8-bit and 32-bit MCUs is their data bus width, with 8-bit MCUs optimized for low-cost, low-power basic control tasks and 32-bit MCUs delivering higher processing speed, larger memory support, and greater capability for complex algorithmic or multitasking applications. From 2020 to 2024, the market size of 8-bit MCUs still dominated the MCU industry in the PRC, reaching RMB24.0 billion in 2024, while 32-bit MCUs were the fastest-expanding segment, growing with a CAGR of 12.8%.

By 2029, the market size of 32-bit MCUs will continue to maintain a rapid growth rate and is projected to reach RMB52.6 billion, with a CAGR of 17.6%. Although the growth rate of the 8-bit MCUs market will slow down, its market size is expected to reach RMB31.2 billion by 2029.

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Market Size of MCU Industry in the PRC, Breakdown by Bit-width, by Revenue, 2020–2029E



Note: Others include 4-bit MCUs, 16-bit MCUs, 64-bit MCUs, etc.

Source: China Semiconductor Industry Association (CSIA), Frost & Sullivan

Entry Barriers of MCU Industry

Technological Customization Barrier

MCUs are tailored to meet the requirements of a wide variety of application scenarios. This involves mastery of embedded architecture design, peripheral integration, signal processing capabilities, and firmware optimization. For example, automotive-grade MCUs must meet strict functional safety standards and operate reliably in harsh conditions, while IoT devices prioritize ultra-low power consumption and wireless connectivity. Achieving these performance balances requires years of design experience, specialized engineering talent, and accumulated intellectual property. New entrants often face steep learning curves and extended development cycles before they can meet such diverse and stringent requirements.

Ecosystem and Development Tool Barrier

The adoption of MCUs relies heavily on the availability of a robust development ecosystem. This includes software development kits (SDKs), integrated development environments (IDEs), extensive reference designs, and compatible middleware libraries. A strong ecosystem shortens customers’ development cycles, reduces integration risks, and improves product reliability, which significantly enhances customer loyalty. Building such an ecosystem requires not only substantial investment in tools and documentation but also long-term technical support and active engagement with developer communities. Established MCU vendors benefit from years of ecosystem building, creating high switching costs for customers. New entrants often struggle to provide comparable development resources and support networks, which limits their ability to win market share quickly.

Certification and Reliability Barrier

Many MCU applications operate in safety-critical or highly regulated environments, such as automotive electronics, industrial machinery, and medical devices. These applications require compliance with stringent safety, reliability, and quality standards, including ISO 26262 for automotive functional safety, IEC 61508 for industrial safety, and specialized medical device certifications. Achieving such certifications requires comprehensive design validation, environmental and stress testing, electromagnetic compatibility (EMC) assessments, and long-term reliability trials. The process can take years and involves significant engineering resources and capital investment. Furthermore, customers in these sectors prefer suppliers with proven field performance and a history of compliance, which creates a strong barrier for new entrants without established track records.

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Downstream Requirements Barrier

Success in the MCU market also depends on how quickly suppliers sense and translate downstream change into silicon. Incumbents with long-standing presence in automotive, industrial or consumer segments accumulate real-time insight into emerging protocols, power budgets and certification roadmaps, letting them tape-out devices that match next-generation requirements ahead of rivals. New entrants, lacking this living market feed, must rely on published briefs and second-hand briefings, arriving late to sockets already locked by established vendors who anticipated the shift. Thus, intimate and current downstream knowledge becomes a self-reinforcing barrier, rewarding those already inside the loop with faster design wins and leaving outsiders to chase yesterday’s trends.

OVERVIEW OF SOC INDUSTRY

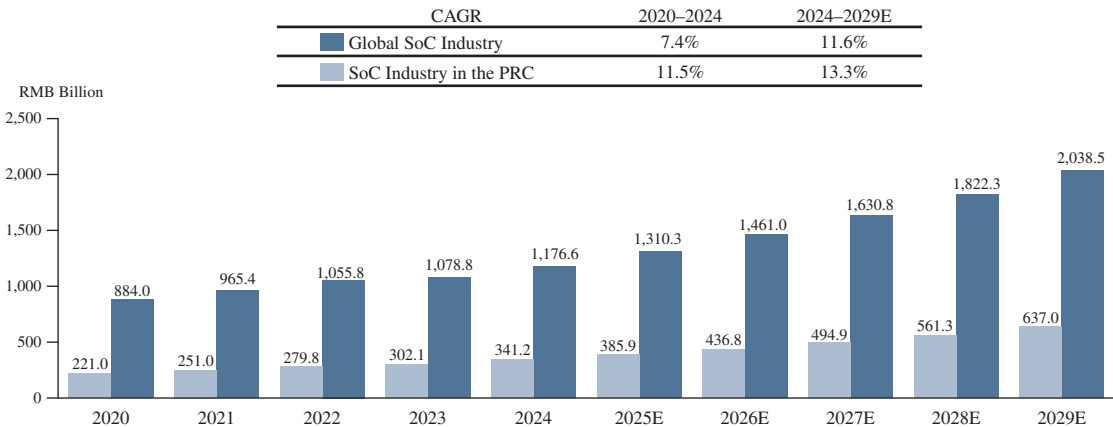
Definition

System on Chip (SoC) refers to a highly integrated circuit that combines a central processing unit (CPU), system control units, peripheral interfaces and human-machine interface IP blocks on a single chip, often together with a complete operating system. Depending on downstream applications, SoCs integrate various specialized functional IPs, resulting in complex internal architectures that require advanced chip design capabilities and close hardware-software co-development. Compared with single-function chips, SoCs offer higher levels of integration and architectural complexity, and have become a mainstream direction in integrated circuit design. They serve as the core computing and control components in a wide range of electronic devices, including smartphones, Internet of Things (IoT) devices and automotive electronics.

Market Size of SoC Industry

From 2020 to 2024, the global SoC market size increased from RMB884.0 billion to RMB1,176.6 billion, representing a CAGR of 7.4%, and is projected to reach RMB2,038.5 billion by 2029, reflecting a CAGR of 11.6% from 2024 to 2029. In the PRC, the SoC market size increased from RMB221.0 billion in 2020 to RMB341.2 billion in 2024, representing a CAGR of 11.5%, and is expected to reach RMB637.0 billion by 2029, with a CAGR of 13.3% from 2024 to 2029. The growth of the SoC industry globally and in the PRC is driven by accelerating digital transformation, the rollout of 5G networks, and increasing demand from emerging technologies such as artificial intelligence, autonomous driving and the Internet of Things, alongside continuous advancements in semiconductor manufacturing that improve performance and cost efficiency.

Market Size of SoC Industry, by Revenue, 2020–2029E



Notes: The exchange rate used is USD1.0 = RMB7.12, according to the China Foreign Exchange Trading System.

Source: World Semiconductor Trade Statistics (WSTS), China Semiconductor Industry Association (CSIA), Frost & Sullivan

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OVERVIEW OF ASIC INDUSTRY

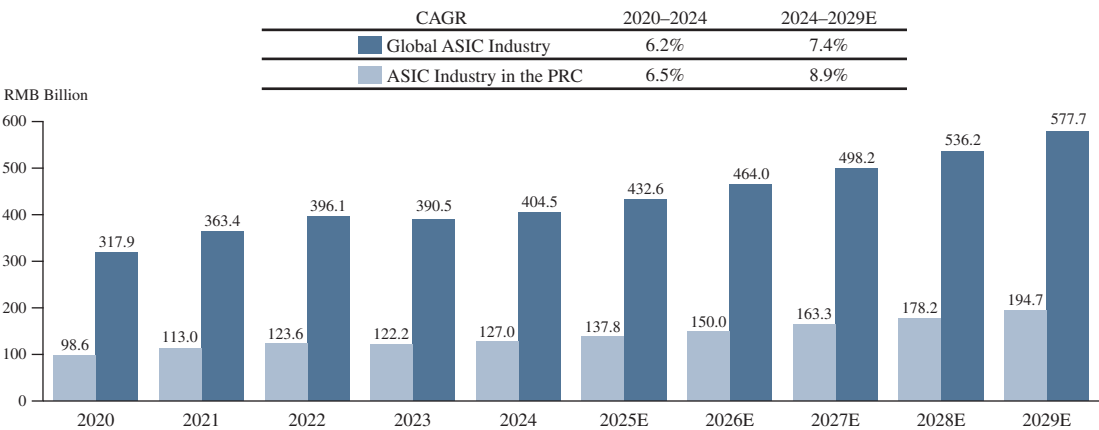
Definition

ASIC (Application-Specific Integrated Circuit) is an integrated circuit specifically designed and manufactured to meet particular application or functional requirements. Unlike general-purpose chips, ASICs are tailor-made for specific tasks, offering higher performance efficiency, lower power consumption, and smaller chip area. They are widely used in fields such as telecommunications, consumer electronics, automotive electronics, and industrial control.

Market Size of ASIC Industry

From 2020 to 2024, the global ASIC market size increased from RMB317.9 billion to RMB404.5 billion, and is projected to reach RMB577.7 billion by 2029, reflecting a CAGR of 7.4% from 2024 to 2029. In the PRC, the market size increased from RMB98.6 billion in 2020 to RMB127.0 billion in 2024, representing a CAGR of 6.5%, and is expected to reach RMB194.7 billion by 2029, with a CAGR of 8.9% from 2024 to 2029. Growth of the ASIC industry is driven by rising demand for customized semiconductor solutions in applications such as artificial intelligence computing, data centers, telecommunications and automotive electronics, alongside the increasing need for energy-efficient chips.

Market Size of ASIC Industry, by Revenue, 2020–2029E



Notes: The exchange rate used is USD1.0 = RMB7.12, according to the China Foreign Exchange Trading System.

Source: World Semiconductor Trade Statistics (WSTS), China Semiconductor Industry Association (CSIA), Frost & Sullivan

COMPETITIVE LANDSCAPE

The global MCU industry has a limited number of participants and is primarily dominated by large-scale companies, with the top five players collectively accounting for around 70% of global revenue, reflecting a high degree of market concentration. At the same time, smaller companies remain active, typically focusing on specific applications or regional markets, though their overall shares are limited. Overall, the industry is characterized by dominance of large enterprises and high concentration, supplemented by fragmented competition in lower-end and niche segments.

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Rankings

Ranking of MCU Companies, by Market Share Measured by the Revenue Generated in the PRC (2024)				
Ranking	Company	Listed Status	Revenue (Million RMB)	Market Share Measured by the Revenue in MCU Market in the PRC, 2024
1	Company A ¹	Listed	7,776.0	13.7%
2	Company B ²	Listed	7,376.8	13.5%
3	Company C ³	Listed	5,875.7	10.3%
4	Company D ⁴	Listed	4,960.5	8.7%
5	Company E ⁵	Listed	4,752.9	8.4%
		Top 5 Subtotal	31,038.9	54.6%
8	The Company	Listed	0.17%	1.2%

Source: Annual Reports, Frost & Sullivan

Notes:

- (1) Headquartered in Tokyo and listed on the Tokyo Stock Exchange, it is a major global semiconductor company providing 32-bit and 16-bit MCUs widely used in automotive, industrial and IoT applications.
- (2) Headquartered in Germany and listed on the Frankfurt Stock Exchange, it is a leading automotive and industrial semiconductor supplier offering 32-bit MCUs used across vehicles, power systems and motor-control applications.
- (3) Headquartered in Eindhoven, the Netherlands, and listed on NASDAQ, it is a major automotive-focused semiconductor company providing 32-bit MCUs and processors used in body control, vehicle networking and industrial IoT.
- (4) Headquartered in Arizona, United States, and listed on NASDAQ, it is a major supplier of 8-bit, 16-bit and 32-bit MCUs serving long-lifecycle industrial, automotive, consumer and embedded-control markets.
- (5) Headquartered in Geneva, Switzerland, and listed on Euronext Paris and the NYSE, it is a leading global supplier of 32-bit MCUs, with its STM32 family widely used in industrial automation, consumer electronics and smart-appliance applications.

Ranking of MCU Companies, by Market Share Measured by Shipments in the PRC (2024)				
Ranking	Company	Listed Status	Shipments (Million Units)	Market Share Measured by the Shipments in MCU Market in the PRC, 2024
1	Company B	Listed	2,254.4	14.5%
2	Company A	Listed	2,184.3	14.1%
3	The Company	Listed	1,940.6	12.6%
4	Company C	Listed	1,557.1	10.1%
5	Company E	Listed	1,283.7	8.3%
		Top 5 Subtotal	9,594.6	59.6%

Source: Annual Reports, Frost & Sullivan

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Ranking of MCU Companies, by Market Share Measured by the Revenue Generated of Consumer Electronics MCU in the PRC (2024)				
Ranking	Company	Listed Status	Revenue (Million RMB)	Market Share Measured by the Revenue in Consumer Electronics MCU Market in the PRC, 2024
1	Company A	Listed	1,415.2	9.8%
2	Company D	Listed	1,150.8	7.9%
3	Company E	Listed	674.9	4.7%
4	Company B	Listed	399.0	2.8%
5	The Company	Listed	306.5	2.1%
		Top 5 Subtotal	3946.5	27.3%

Source: Annual Reports, Frost & Sullivan

Ranking of MCU Companies, by Market Share Measured by the Revenue Generated of Smart Household MCU in the PRC (2024)				
Ranking	Company	Listed Status	Revenue (Million RMB)	Market Share Measured by the Revenue in Smart Household MCU Market in the PRC, 2024
1	Company A	Listed	800.9	17.6%
2	Company B	Listed	579.4	12.7%
3	The Company	Listed	312.4	6.9%
4	Company E	Listed	299.4	6.6%
5	Company F ⁽¹⁾	Listed	275.3	6.1%
		Top 5 Subtotal	3946.5	49.9%

Source: Annual Reports, Frost & Sullivan

Notes:

- (1) Headquartered in Dallas, Texas, the United States, and listed on the NASDAQ, it is a major global semiconductor company providing a wide range of products including diverse 32-bit MCUs, analog chips and digital signal processors, which are widely used in automotive, industrial automation, energy infrastructure, consumer electronics and IoT applications.

The Group’s MCU products are currently mainly applied in consumer electronics and smart home devices. These end markets are generally cost-sensitive and typically require relatively modest levels of computing performance and reliability, which results in lower average selling prices for such MCU products. In contrast, international peers maintain a strong presence in higher-value segments such as industrial control and automotive electronics, where performance, robustness and long-term reliability requirements support meaningfully higher ASP levels. Although the Group has begun to expand into these high-value application areas and has achieved initial progress, it remains in a catch-up stage relative to leading international players. As a result, the difference in product mix contributes to the Group’s lower ASP compared with international peers, leading to a situation where its shipment volume share is higher, while its revenue share is relatively lower. The Group’s MCU ASP decreased from RMB0.61 in 2022 to RMB0.37 in 2024, whereas many global MCU suppliers record ASPs around USD0.6. As a result, the Group naturally achieves a higher market share by shipment than by revenue, consistent with its price positioning and product mix.

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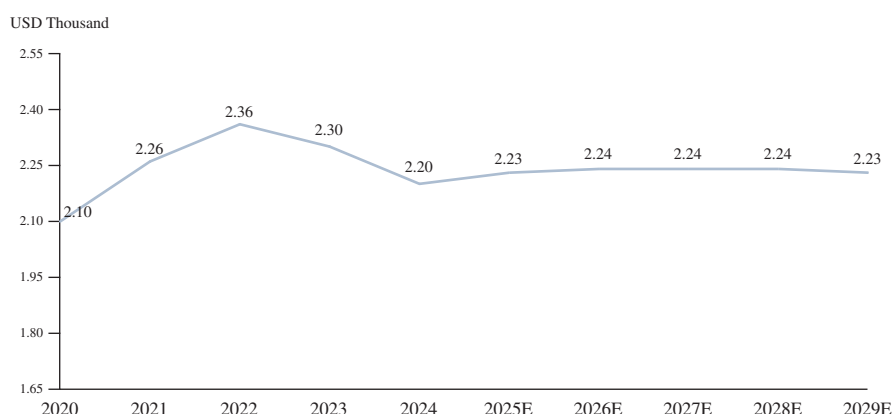
Cost Analysis

The cost structure of MCUs is primarily composed of wafer fabrication, packaging and testing, with wafer fabrication typically accounting for more than half and representing the most critical cost driver. MCUs mainly rely on mature process nodes rather than advanced technologies.

From 2020 to 2022, mature-node wafer prices experienced a significant increase driven by global capacity shortages and the chip supply crunch. However, from 2023 to 2024, mature-node wafer prices declined as consumer electronics demand weakened and inventories were digested.

Looking ahead, foundry makers’ mature-node wafer ASP is expected to show a slight recovery from 2025, followed by a broadly stable trend over the remainder of the forecast period. This is mainly because the supply-demand environment for mature-node capacity is expected to become more balanced, while production-related costs are expected to continue providing support to pricing. As a result, mature-node wafer prices are expected to gradually stabilize after the decline seen in 2023 and 2024.

Foundry Maker’s Mature-Node Wafer ASP, 2020–2029E



Source: Annual Reports, Frost & Sullivan

Note: Excluding prices of customized products

“Mature-node” wafers generally refer to process technologies at 28 nm and above (e.g., 40/55/65/90/130/180 nm), which offer stable yields, proven reliability, and support for embedded memory, analog, and high-voltage integration. Such nodes are particularly suitable for MCU products that emphasize cost efficiency over advanced logic performance.

The Group’s products are predominantly fabricated on mature-node wafers (e.g., 40/55/65/90/130/180 nm), with limited adoption of advanced nodes for certain products or new platforms. As mature-node sourcing represented the principal component of wafer procurement during the Track Record Period, the disclosure focuses on mature-node wafer pricing to best reflect the Group’s primary cost drivers and pricing dynamics. Advanced-node usage remained limited in scope and volume and therefore was not the principal driver of overall wafer costs.

SOURCE OF INFORMATION

In connection with the [REDACTED], we have engaged Frost & Sullivan to conduct a detailed analysis and prepare a market research report on the MCU, ASIC and SoC industry. Frost & Sullivan is an independent global market research and consulting company which was founded in 1961 and is based in the U.S. Services provided by Frost & Sullivan include market assessments, competitive benchmarking, and strategic and market planning for a variety of industries. The agreed fee paid to Frost & Sullivan for the preparation and use of the Frost & Sullivan Report is RMB450,000. The payment of such amount was not contingent upon our successful [REDACTED]

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or on the results of the Frost & Sullivan Report. Except for the Frost & Sullivan Report, we did not commission any other market research report in connection with the [REDACTED]. We have included certain information from the Frost & Sullivan Report in this document because we believe such information facilitates an understanding of the MCU, ASIC and SoC industry. Unless otherwise indicated, market estimates or forecasts in this section represent Frost & Sullivan’s view on the future development of the MCU, ASIC and SoC industry.

In preparing the Frost & Sullivan Report, Frost & Sullivan has relied on its in-house database, independent third-party reports, and publicly available data from reputable industry organizations. Where necessary, Frost & Sullivan contacts companies operating in the industry to gather and synthesize information in relation to the market, prices, and other relevant information. Frost & Sullivan has exercised due care in collecting and reviewing the information so collected and believes that the basic assumptions used in preparing the Frost & Sullivan Report, including those used to make future projections, are factual, correct, and not misleading. Frost & Sullivan has independently analyzed the information, but the accuracy of the conclusions of its review largely relies on the accuracy of the information collected. In compiling and preparing the research, Frost & Sullivan assumed that the social, economic, and political environments in the relevant markets are likely to remain stable in the forecast period, which ensures the stable and healthy development of the MCU, ASIC and SoC industry. In addition, Frost & Sullivan has developed its forecast on the following bases and assumptions: (i) the economy in the global range is likely to maintain stable growth in the next decade, and (ii) the MCU, ASIC and SoC industry are expected to grow based on the macroeconomic assumptions of the economy. Frost & Sullivan’s research may be affected by the accuracy of these assumptions and the choice of these primary and secondary sources. Except as otherwise noted, all data and forecasts in this section come from the Frost & Sullivan Report.