
BUSINESS

WHO WE ARE

We are a leading system-level semiconductor design company. We offer advanced smart terminal control and connectivity solutions for a wide range of application scenarios, including smart home, smart office, smart mobility, entertainment and education, and industrial production. Our product portfolio primarily consists of smart multimedia and display SoCs, AIoT SoCs, communication and connectivity ICs, and smart automotive SoCs. We are committed to empowering smart devices worldwide to progress from basic connectivity to intelligent and seamless interconnection. According to Frost & Sullivan, in terms of related revenue in 2024, we ranked fourth globally among smart device SoC providers who focused on providing SoCs in global smart device SoC market with a global market share of 1.2%, and first in mainland China and second globally in global smart home device SoC market with a global market share of 17.7%.

With 30 years of experience in high system-level complexity and multi-layered and highly integrated SoC solutions, we have built a comprehensive, full-stack in-house technology matrix, covering a wide array of critical modules, including NPU, video codecs, audio decoders, display controllers, memory systems, security systems, WAN/LAN network interfaces and input/output subsystems. Such strong proprietary product matrix enables us to serve a broad range of smart terminal scenarios with exceptional adaptability. We are also dedicated to developing communication and connectivity ICs. After over a decade of refining our own IP, we had made major advances across key areas such as baseband, RF, and protocol stacks. Our proprietary Wi-Fi and LTE ICs are highly compatible with our SoC offerings, empowering more diverse AIoT applications.

With the ongoing evolution of foundation models and generative AI transforming the landscape of AI, the capabilities and scope of smart terminal devices are continuously being redefined. Leveraging our deep technical expertise and strong partnerships with global leading telecom operators, television ecosystem partners and smart device manufacturers, we have gained a profound understanding of market demands and product development trends. We are dedicated to advancing the deployment of edge AI ICs in sectors such as consumer electronics, smart city, robotics, and automotive, as well as the deployment of communication and connectivity ICs in low-latency and high-performance IoT applications. Through these efforts, we continue to broaden the scope and industrial influence of our technology and solutions.

We have established a leading position in the global smart home sector by strategically prioritizing key markets and capitalizing on growth opportunities. As of December 31, 2025, our cumulative IC shipments exceeded one billion units. According to Frost & Sullivan, in 2024, one out of every three smart set-top boxes worldwide was powered by our smart set-top box ICs, and one out of every five smart TVs worldwide contained our smart TV ICs. We work closely with more than 270 major telecom operators, leading global TV brands such as Hisense, TCL and Skyworth, and a wide range of AIoT manufacturers and automotive manufacturers. Our products are integrated in screens in homes across more than 100 countries and regions.

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OUR TRANSFORMATIONAL MARKET OPPORTUNITIES

As 4G, 5G and 6G enable universal connectivity, AI algorithms infuse devices with cognitive capabilities, and edge computing empowers intelligence to every terminal device, an era of comprehensive intelligent interconnection is emerging. The ongoing digital transformation across industries, together with consumer demand for smart lifestyles, is accelerating this trend. Smart devices form the foundational infrastructure for this era of intelligence at a scale of tens of billions of units, with SoC solutions underpinning the digital transformation that connects and empowers these devices. Against this backdrop, the consumer electronics industry presents significant opportunities for innovation and rapid growth.

Smart Home Applications: the evolving home network infrastructure and streaming content, growing popularity of IoT and AI technologies, and increasing consumer demand for smarter experiences, are fueling rapid growth in the global market for smart home SoC products. According to Frost & Sullivan, the global smart home device SoC market is expected to grow significantly from USD3.8 billion in 2024 to USD7.7 billion by 2029, representing a CAGR of 15.2%. Notably, the smart home device AI SoC market is expected to increase significantly from USD500 million in 2024 to USD6.0 billion in 2029 with a CAGR of 64.4%.

Commerce and Education Applications: the commerce and education smart device SoC market is expected to grow rapidly, driven by demand for intelligent customer experiences and enterprise digital transformation. According to Frost & Sullivan, the global commerce and education smart device AI SoC market is expected to increase from USD0.6 billion in 2024 to USD4.7 billion in 2029 at a CAGR of 50.9%.

Smart Automotive Applications: consumer expectations for smarter vehicle features are rising sharply, prompting car manufacturers to differentiate with advanced intelligent systems. The growth of the smart automotive SoC market is driven by sustained demand for immersive in-car experiences, the shift toward electrification and smart connectivity, and rapid advances in AI. According to Frost & Sullivan, the global smart automotive SoC market is expected to increase from USD11.3 billion in 2024 to USD39.2 billion in 2029 at a CAGR of 28.2%. The smart cabin and infotainment SoC market is expected to increase from USD4.2 billion in 2024 to USD14.3 billion in 2029 with a CAGR of 27.6%.

Communications and Connectivity Applications: driven by AIoT expansion, rising data intensity, and growing demands in households, communication and connectivity IC solutions offering stability, low power consumption, and large-scale access have become core requirements. According to Frost & Sullivan, the global Wi-Fi ICs market is expected to grow from USD18.9 billion in 2024 to USD28.1 billion in 2029 with a CAGR of 8.3%.

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OUR DIVERSIFIED PRODUCTS AND SOLUTIONS

Our chip design capabilities integrate advanced process nodes to optimize cost, performance and power efficiency. Our smart device SoC solutions are built on multiple open platforms and support a broad spectrum of applications. Our product offerings primarily include smart multimedia and display SoCs, AIoT SoCs, communication and connectivity ICs and smart automotive SoCs and other ICs. We empower global operators, AIoT device manufacturers and automotive manufacturers to upgrade their products and develop robust digital and intelligence ecosystems.

Smart Multimedia and Display SoCs

Over the past thirty years, we have advanced alongside evolving trends in smart home entertainment, establishing market leadership through each major technological transition and seizing significant opportunities in emerging markets. Our smart multimedia and display SoCs have been widely adopted in smart set-top boxes, smart TVs, smart projectors, monitors and other commercial display terminals.

Our SoC portfolio for smart set-top boxes covers FHD, 4K UHD, and 8K UHD solutions, and is widely deployed in IPTV, OTT, and hybrid set-top boxes. Leveraging advanced process technologies and proprietary NPUs, our SoCs enable advanced AI features such as AI-powered gaming, Karaoke, real-time translation, programmatic advertising, and comprehensive picture and content enhancement. Our SoCs have achieved broad adoption by China’s three major telecom operators, as well as leading operators in North America, Europe, Latin America, Asia-Pacific and Africa.

For smart TV and smart projector, we primarily offer FHD and UHD SoCs, supporting up to 4K video decoding and compatibility with over 100 national and regional digital television broadcast standards. Our solutions are widely adopted by leading television and display equipment manufacturers including global brands, such as Hisense, TCL, Skyworth and Xiaomi with further expansion into related smart devices, such as new generation gaming and office monitor.

We launched monitor SoCs as of the Latest Practicable Date. Such monitor SoCs support QHD resolution and 300Hz refresh rate output, and are designed for gaming, office and professional design monitors, as well as commercial display devices.

AIoT SoCs

We offer advanced SoC solutions tailored to a broad spectrum of AIoT applications, including smart home appliances, service and industrial robots, smart fitness equipment, AR entertainment terminals, smart education panels and smart conferencing system. Our SoCs emphasize edge AI technologies with proprietary NPU IP, provide devices with high-level recognition, analysis and processing capabilities for audio, visual, and computational tasks locally on the device.

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Within edge audio and visual technology, we focus on enabling intelligent perception and interaction directly on devices. We leverage high-performance multicore CPUs and DSPs that support far-field voice acquisition algorithms, and our dedicated audio signal processing techniques deliver high-quality on-device noise reduction, audio enhancement and multi-channel audio collaboration. These capabilities enable efficient execution of intelligent perception tasks at the edge with integrated machine learning capabilities.

Our proprietary architectures and optimized system designs support mainstream AI frameworks and deliver high inference performance under stringent power and latency constraints, providing scalable and energy-efficient computing platforms for diverse AIoT scenarios. Building on the rapid advancement of AI large language models, we are deepening our collaboration with leading LLM ecosystem partners to develop higher-computing-power AI SoCs and turnkey solutions for edge-side user interface applications, thereby addressing the growing demand for cloud-edge synergy.

Communication and Connectivity ICs

With our strategic focus on internet-enabled multimedia, we are committed to developing communication and connectivity ICs that are highly compatible with our SoCs, delivering comprehensive product solutions. Through sustained in-house R&D, we have achieved significant advancements in baseband, RF, and protocol stack technologies, and have established three major product categories around enterprise and home application scenarios, namely Wi-Fi ICs, fiber-optic ICs, and cellular ICs.

Smart Automotive SoCs

As the trend towards the intelligentization of passenger vehicles accelerates, we leverage our robust technological expertise to drive innovation in the smart mobility sector. We have independently developed automotive-grade in-vehicle infotainment system SoCs and smart cabin SoCs, characterized by high integration, superior performance and low power consumption. Each product features an embedded high-performance neural network processor, supports multiple operating systems and multi-screen displays.

OUR ADVANCED TECHNOLOGICAL CAPABILITIES AND OUTSTANDING ECOSYSTEM DEVELOPMENT

Entering the SoC sector in 1995, we are a pioneer in SoC design. With thirty years of continuous R&D investment and long-term customer validation, we have established strong technological and ecosystem barriers in the smart terminal SoC sector.

As one of the earliest companies in the industry to independently develop full-chain technology for smart device SoC products, we have built leading expertise spanning IC design, IP, software and systems. We design products covering process nodes from 28-nm to 6-nm, achieving an optimal balance between performance and energy efficiency through highly

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integrated and ultra-low power architecture designs. Our IP technology clusters cover audio/video encoding, image processing, neural networks, AI acceleration, security, ISP, communications and high-speed interfaces, all customizable to meet specific client needs.

We offer broad operating system compatibility and optimized support for a variety of platforms, ensuring full support of standards and open source communities, as well as global ecosystem certification and localization. Our R&D team possesses end-to-end, system-level integration capabilities that enable all components, including hardware and software, to function seamlessly as a unified system. We cover the entire chain from IC hardware to software stacks, enabling comprehensive “chip–system–scenario” optimization. As of the December 31, 2025, we had 373 granted patents in China and overseas. Building on these patents and our core technologies, and deploying advanced manufacturing processes, we have developed a wide range of highly integrated, high-performance and energy-efficient products, including smart multimedia and display SoCs, AIoT SoCs, communication and connectivity ICs, and smart automotive SoCs for multiple types of smart devices.

We are a member of the Wi-Fi Alliance, Bluetooth SIG, Connectivity Standards Alliance, HDMI Forum, VESA, Ultra HD Alliance, and other industry organizations including the Automotive Electronics Industry Alliance and China RISC-V Industry Consortium.

We maintain deep, long-term partnerships with leading customers across various sectors worldwide. Our solutions have been closely integrated into the operations of leading global telecom operators and have passed stringent reliability validations, establishing significant market entry barriers. We proactively capture opportunities arising from operators’ migration to internet protocol-based networks to extend our product reach.

COMPETITIVE STRENGTHS

Strong Capabilities in System-Level SoC Innovation

We are a leading system-level semiconductor design company, maintaining top market positions across smart set-top boxes, smart TVs, and smart home devices. In 2025, our cumulative IC shipments exceeded 170 million units. According to Frost & Sullivan, in terms of related revenue in 2024, we ranked first globally in the smart set-top box SoC market with a global market share of 31.5%, and first in China and second globally in the smart TV SoC market with a global market share of 16.8%.

In smart multimedia and display SoCs, we were among the first to introduce advanced process technologies and proprietary edge AI NPU modules. Notably, we launched the world’s first 8K UHD set-top box SoC S928X, featuring integrated inline AI-SR and a 3.2 TOPS general-purpose NPU, achieving high customer recognition among domestic telecom operator. While most competitors in the market remain focused on 4K SoC solutions, the S928X’s support for native 8K decoding and AI-SR processing provides us with competitive edge in next-generation UHD multimedia SoCs.

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Our S905X5 set-top box SoC is the world’s first 6-nm device with NPU AI-SR and a 4 TOPS NPU, achieving large-scale commercialization in the second half of 2024. Our adoption of 6-nm process technology represents a significant advancement in set-top box SoC manufacturing, as the majority of industry players continue to utilize 11-nm to 28-nm process nodes. In aggregate, our 6 nm chips achieved sales of nearly nine million units in 2025, further validating the maturity and commercial scalability of our 6-nm process technology.

In 2017, we launched the world’s first 12-nm smart display terminal SoC, the 4K UHD TV SoC T972. Our new model of smart multimedia and display SoC T966D5, released in 2025, offers native 4K at 165Hz refresh rate, the most advanced refresh rate currently available in the industry for 4K display SoCs, according to Frost & Sullivan. It features our 13th generation TruLife professional image engine and integrated MEMC module, intelligently upscaling lower refresh rate content to 144Hz. Our proprietary AI-SR module enhances image detail and realism, ensuring continued global performance leadership.

In AIoT SoCs, our high-performance smart home chip A311D2 delivers ultra-low latency human pose recognition and was among the industry’s first chips to integrate a self-developed NPU. The A311D2 has been successfully deployed in commercial robotic applications. Additionally, our smart imaging SoC C302X leverages intelligent ISP for efficient, real-time imaging, even in low-light conditions.

For connectivity, our self-developed tri-mode wireless SoC integrates WiFi 6 (2x2), Bluetooth 5.4, and IEEE 802.15.4 on a single chip. This solution is well received, with WiFi 6 products achieving strong growth and rapid scaling in 2025. Designed with system-level co-optimization in conjunction with our main SoCs, our connectivity chips deliver substantial technical advantages over comparable products through reduced communication latency and better data transmission stability. This integrated architecture ensures optimal performance across smart home ecosystems and multimedia applications.

In automotive and related sectors, our automotive-grade smart cabin SoC V901D is one of the industry’s first automotive smart cabin SoCs to obtain automotive-grade certification, according to Frost & Sullivan. Our V901D offers enhanced compatibility with the Android ecosystem, enabling enhanced performance, stability, and user experience in next-generation intelligent cockpit applications.

Robust Proprietary IP Library Powering a Scalable Platform Ecosystem

With over thirty years in SoC design, we have adhered to independent and controllable development of key core technologies. Our sustained R&D spans data processing modules, including neural networks, ISP, and audio-video codecs, as well as high-speed interfaces such as USB, HDMI, DDR, and PCI express. Our expertise also encompasses connectivity modules like Ethernet, WiFi, Bluetooth, 4G/5G, PON, and essential functions such as high-speed SerDes and ADCs. Through continuous investment, we have created a highly reusable, general-purpose IP library, with over 70% of functional modules in our SoC products based on in-house development.

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Since launching our first-generation image processing IP in 2010, we have evolved through thirteen iterations. Our robust technical foundation allows us to deploy IP modules flexibly across diverse product lines, establishing a R&D model of technology sharing, rapid replication, and broad application.

We provide OEMs with production-ready solutions and sophisticated reference designs built on various operating systems. Our data security approach includes chip-level hardware protection, post-quantum cryptographic secure boot mechanisms ensuring only trusted software is executed using advanced cryptographic algorithms designed to withstand quantum computer attacks, TrustZone-enabled operating systems, and certified digital rights management solutions. By customizing fully integrated hardware and software platforms to meet specific client requirements, we foster enduring partnerships.

Our proprietary IP library is built for flexible, scenario-based integration and reuse, which greatly enhances R&D efficiency and accelerates product development. This agility allows us to launch products closely aligned with market needs, shorten time to market, and maximize product lifecycle returns, ultimately supporting stable, long-term revenue and sustainable profitability.

Pioneering Edge AI and Next-Generation Process Technology

We have taken a forward-looking approach to developing edge AI computing technologies through in-house R&D and integration of core modules such as NPUs. As of the Latest Practicable Date, 20 mass-produced IC models incorporated our proprietary edge AI computing units. In the 2025, shipments of these chips exceeded 20.0 million units, realizing a 160% growth as compared to 2024. Our edge AI chips support on-device functions such as real-time translation, speech and gesture recognition, posture detection, voice enhancement and image enhancement, meeting demand for intelligent devices requiring low latency and strong privacy protection.

In 2024, we launched the S905X5 SoC using 6-nm advanced process technology, integrating the ARM V9 architecture and advanced edge AI computing capabilities. Our S928X chip, produced using a 12-nm process and supporting 8K UHD video, has successfully entered global premium markets. We expect to have a number of new products based on the 6-nm advanced process entering mass production in the near future.

We remain focused on edge AI and advanced processes, driving progress in product development and setting new industry benchmarks, while actively expanding into emerging areas such as intelligent robots, integrated smart automotive and cockpit-communication systems. Edge AI technology is accelerating the penetration of our products into high-end consumer electronics and automotive markets, unlocking greater value per unit and wider market opportunities.

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Enduring Strategic Alliances with Global Industry Leaders and Ecosystem Platforms

We have established strong and enduring collaborations with world’s leading brands and major ecosystem partners. This deep integration provides us with a distinct competitive advantage through enhanced client trust, accelerated certification processes, and bespoke product development, enabling us to introduce new products with greater efficiency and at lower marginal cost. During the Track Record Period, our smart multimedia and display SoCs received significant orders from all three leading operators in mainland China and entered the supply chains of premier operators in North America, Europe, Latin America, Asia-Pacific, and Africa. As of the Latest Practicable Date, our solutions entered the supply networks of over 270 major telecom operators. Our high-end products such as S905X5 and S928X ICs excelled in the tenders of multiple international operators.

Our close technical integration with leading global television and smart device ecosystems has enabled seamless technology alignment and certification worldwide. As of December 31, 2025, our products served leading global TV brands such as Hisense, TCL and Skyworth. Supported by these ecosystem platforms, our products have achieved rapid global deployment and large-scale shipments. Our early and deep involvement in these leading ecosystems allows us to collaborate closely with top-tier customers on product definition and development, building considerable ecosystem barriers to entry. For example, through our strategic partnership with a leading North American smart television brand, we have expanded our business to cover the brand’s smart speakers, network cameras, and other product lines.

Agile Global Operations with Strong Local Responsiveness

Since inception, we have pursued a global strategic presence and built a research, sales, and service network covering major markets in North America, Europe, and Southeast Asia. In response to regional policies, operator standards, language environments, and terminal interface specifications, we have established highly efficient processes for product adaptation and certification.

Our products are distributed in major markets worldwide, including mainland China, Hong Kong, North America, Europe, Latin America, Asia-Pacific, and Africa. Our diverse customer base includes international telecom operators, smart terminal brand owners, and OEM/ODM manufacturers. Our global business layout effectively mitigates uncertainties arising from macroeconomic and policy fluctuations in individual markets, providing a more stable revenue stream.

Experienced Management and R&D Team

We are led by a stable, forward-looking and highly experienced management team. Our core team comprises seasoned experts, each with an average of more than 20 years of experience in the semiconductor industry. The majority of our core management and technical team members hold international academic qualifications and bring experience from leading global technology companies. We have consistently invested in our R&D teams and activities,

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enabling us to drive technological progress even during cyclical industry fluctuations. During the Track Record Period, our R&D expenses continued to grow, reaching a cumulative total of RMB4,187.2 million, accounting for more than 20% of our revenue for each year during the Track Record Period, consistently ranking among the top tier in China’s IC design industry. As of December 31, 2025, we had 1,684 R&D personnel, representing over 87% of our total workforce, which also ranked among the highest in China’s IC design industry. Our high R&D investment intensity and the significant proportion of R&D personnel within our workforce reflect our unwavering commitment to innovation and underpin our sustained technological leadership in the sector.

STRATEGIES

Continuous Innovation in Edge AI and Communication and Connectivity Technology to Deepen Product Layout in Smart Device Applications

We adhere to a philosophy of targeting markets with high potential by focusing on high-certainty opportunities and driving high-quality innovation. Within the smart device sector, we proactively identify significant opportunities and deliver timely product solutions. Specifically, we plan to: (i) accelerate the development and iteration of advanced process SoC products for smart devices, prioritizing ICs manufactured using 6-nm and more advanced process; (ii) continue investing in the independent development of IP, driving greater integration and ongoing improvements in product performance; (iii) deepen our research into edge AI, closely tracking the adoption of large language models and multimodal models across emerging AIoT scenarios, and broadening our solutions portfolio accordingly; (iv) expand the application of machine vision technologies by creating high-performance visual solutions tailored for robotics and advanced edge visual processing. At the same time, we will closely monitor the deployment of generative AI in this area, ensuring our development remains both innovative and relevant; and (v) enhance our communications technology capabilities by developing next-generation wireless ICs, advancing our strengths in cellular communications, and investing in the development of optical communication ICs for wired scenarios. Our objective is to build a comprehensive ecosystem covering cellular, optical and Wi-Fi technologies and products, underpinned by the seamless integration of edge intelligence, computing, and communications across both software and hardware.

Deepening Ecosystem Partnerships With Leading Customers and Extending Smart Device Market Reach

We aim to accelerate market penetration across core smart device sectors, including set-top boxes, smart TVs and smart home devices. According to Frost & Sullivan, the global annual sales volume of set-top boxes is approximately 150 million and the global annual sale volume of TVs is approximately 200 million. By leveraging our technological strengths, robust market position and strong customer relationships, we are well positioned to enhance our presence in these segments.

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We are dedicated to developing SoC solutions integrated with edge AI and advanced connectivity features, designed to deliver superior performance and increase the unit value of our products. As our market share and shipment volumes grow, we expect to benefit from economies of scale, resulting in reduced marginal costs and greater bargaining power. We have established strong partnerships with global telecom operators, leading display manufacturers, major streaming media platforms, standard-setting organizations, and top-tier OEMs.

In alignment with our customers’ product roadmaps and ecosystem strategies, we plan to (i) proactively invest in the next generation of AIoT applications; (ii) seize opportunities arising from telecom operators’ shift towards IP and AI-powered networks, such as smart home, smart office and industrial IoT solutions, by developing advanced wireless technology and leveraging operator networks to accelerate market adoption; and (iii) capitalize on the rapid proliferation of smart automotive technologies to increase our domestic market share.

Drive Product Innovation Through Strong Talent Pool

Talent is central to sustaining our technological leadership and long-term growth. We focus on attracting top R&D professionals, placing particular emphasis on independent IP development, end-to-end innovation, and expertise in communications and edge AI IC design. Our key priorities include strengthening our core chip design capabilities, especially in autonomous IP and system architecture optimization, and further deepening our technical expertise in both communications and edge AI.

Exploring Strategic Investment and Acquisitions to Strengthen Technological Leadership

We plan to pursue strategic investments and acquisitions to further strengthen our technology ecosystem. Our focus is on identifying opportunities worldwide, particularly with the following criteria: (i) entities with core IP or key technologies in field of communication and connectivity, including 4G/5G, optical fiber and GPS, that can complement and accelerate our own technological advancements; (ii) entities with product lines that enhance our product solutions, enabling us to deliver more comprehensive and integrated offerings; and (iii) entities specialized in AIoT ICs with established customer channels and strong credentials in the field of industrial and service robotics, and agentic AI, enabling us to leverage their resources for rapid market entry. We aim to pursue investment and acquisition opportunities that integrate complementary technological capabilities, intellectual property, product portfolios, supply chain frameworks, and customer bases, further strengthening our competitive position within the “platform plus ecosystem” model.

OUR BUSINESS MODEL

We are a fabless semiconductor company, focusing on smart multimedia and display SoCs, AIoT SoCs, communication and connectivity ICs, and smart automotive SoCs. We engage third-party providers for fabrication, testing, packaging, distribution and certain aspects of R&D. Leveraging extensive industry experience and our highly reusable general IP resource library, we have forged strong partnerships with leading clients across multiple segments. Our

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business footprint extends across mainland China, Hong Kong, North America, Europe, Latin America, Asia-Pacific and Africa. We adopted both direct sales and distribution model. During the Track Record Period, we provided SoCs to telecom operators worldwide, leading TV companies such as Xiaomi, Skyworth, TCL, Hisense, Haier and Seewo, as well as a variety of AIoT brands.

OUR PRODUCTS

The following table sets forth our revenue by business lines during the Track Record Period.

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentages)</i>						
Sales of ICs						
Smart multimedia and display SoCs	4,060,358	75.6	4,290,644	72.4	4,948,755	72.9
AIoT SoCs	1,200,376	22.3	1,511,255	25.5	1,639,661	24.2
Communication and connectivity ICs	77,111	1.4	119,579	2.0	199,797	2.9
Smart automotive SoCs and other ICs	32,039	0.7	4,837	0.1	1,419	–
Provision of technical services⁽¹⁾	1,058	0.0	–	–	950	–
Total	<u>5,370,942</u>	<u>100.0</u>	<u>5,926,315</u>	<u>100.0</u>	<u>6,790,582</u>	<u>100.0</u>

Note:

- (1) Revenue from provision of technical services was primarily related to install payments from a customization project for one of our customers we undertook in 2021.

Our SoC integrates CPU, GPU, NPU, video encoder and decoder, audio decoder, display controller, memory system, network interface, and input/output subsystems, among other multifunctional modules. This level of integration enables the processor chip to perform core functions including computation, image and visual processing, as well as audio and video encoding and decoding, serving as the primary control hub for issuing instructions to other system components. Our SoCs have been widely used across a range of sectors, including smart homes, business, industry, mobility, entertainment, education, game systems, sports, fitness and agriculture. Our SoCs provide essential computational and control capabilities. The following pictures display the downstream application of our SoC product line.

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Business lines	Product types	End-use applications	Industry sector
	Monitor SoCs	gaming and display applications	
AIoT SoCs	Edge AI computing SoCs	digital signage; video conference system; smart commercial display; AI education panel; gaming system; smart fitness devices; smart service robots	smart home; commerce and education; personal mobile device
	Edge AI visual SoCs	smart access control; attendance machine; hunting camera and action camera; smart visual doorbell; smart beauty mirror; facial payment devices	
	Edge AI audio SoCs	smart speaker; soundbar; audio streamer/amplifier; audio DSP for TV; voice gateway device; smart speaker lamp; smart voice assistant	
Communication and Connectivity ICs	Wi-Fi ICs	smart home device; IoT gateway; streaming media device; smart audio/video device	various smart devices and networking devices
	Fiber-optic ICs ⁽¹⁾	fiber router; FTTR main gateway	
	Cellular ICs	smart wearables; smart toys	
Smart Automotive SoCs and Other ICs	Infotainment system SoCs	intelligent vehicle main controller; in-vehicle display	smart automotive and others
	Smart cabin SoCs	intelligent vehicle main controller; in-vehicle display	

Note:

(1) As of December 31, 2025, we have completed the tape-out stage for FTTR gateway IC.

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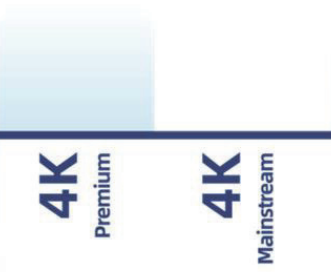
Smart multimedia and display SoCs

Smart set-top box SoCs

We first launched our smart set-top box SoCs in 2012 and became the leading provider among all global smart set-top box SoC suppliers in China in 2018 in terms of revenue. Smart set-top boxes are multi-functional devices that integrate traditional broadcast content, OTT content delivery, gaming, local media playback, and internet applications. Our smart set-top box SoC serves as the core processor, transforming raw digital broadcast signals into clear and stable audiovisual output. Our smart set-top box chips primarily include FHD, 4K UHD and 8K UHD chips, mainly applied in IPTV, OTT, and hybrid set-top boxes. According to Frost & Sullivan, the shipment volume of IPTV and OTT set-top boxes is expected to grow at a CAGR of 7.0% from 2024 to 2029. We were the first worldwide to launch SoC for IPTV set-top boxes.

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The following table sets forth the main product types of our smart set-top box SoCs.

Product category	Product diagram	Key features	Description
		• Process: 12-nm • CPU: single Cortex-A76 and quad Cortex-A55 • GPU: Mali-G57 MC2, supporting 4K user interfaces • NPU: 3.2 TOPS with AI-SR • Decoding: 8Kp60	Aimed at the high-end market, integrating proprietary AI functions and, in addition to delivering up to 8K UHD and lifelike images, supports a variety of intelligent tasks. These are widely applied in: • smart UHD OTT/IPTV set-top box • smart TV stick • smart projector • AR terminal warehouse robot • streaming media player
		• Process: 6-nm • CPU: Quad ARM v9 Cortex-A510 • GPU: Mali-G310 V5, supporting 4K user interfaces • NPU: Generic 4 TOPS NPU and dedicated NPU for AI-SR • Decoding: 4Kp120	
		• Process: 6-nm • CPU: Quad Cortex-A55 • GPU: Mali-G310 V2 supporting HDR user interfaces • NPU: Dedicated NPU for AI SR • Decoding: 4Kp75 UHD	Aimed at the premium and mainstream market, supporting smooth playback of 4K video, efficient operation of lightweight applications, and sustained low power consumption with high cost-effectiveness. These are widely applied in: • smart UHD OTT/IPTV set-top box • smart projector • smart fitness equipment
		• Process: 11-nm • CPU: Quad Cortex-A55 • GPU: Mali-G31 MP2 • Decoding: 4Kp75 UHD	
		• Process: 11-nm • CPU: Quad Cortex-A55 • GPU: Mali-G31 MP2 • Decoding: 1080p75	Designed primarily for the entry-level set-top box market, delivering high-definition image quality at exceptional value for money effectiveness. These are widely applied in: • smart FHD OTT/IPTV set-top box

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In 2024, we were the first to launch a 6-nm set-top box SoC based on the latest ARMV9 architecture globally, according to Frost & Sullivan. Our proprietary edge intelligence technology integrates advanced AI and machine learning directly into the chip, enabling tasks like real-time subtitle generation and language translation on the device locally, eliminating latency from cloud-based processing while enabling a new generation of AI-based advertisement technology. Our 8K smart set-top box SoC has gained high customer recognition among domestic telecom operator tenders, and we have secured orders from leading international telecom operators.

Our smart set-top box SoCs cater to streaming media providers, OEMs and telecom operators. Our SoCs have earned certifications from major streaming media providers and recognition from leading global Conditional Access System providers. Our smart set-top box SoCs are widely adopted by prominent manufacturers including Skyworth and Xiaomi, and devices powered by our SoCs are extensively deployed by leading operator partners across China, North America, Europe, Latin America, Asia Pacific and Africa.

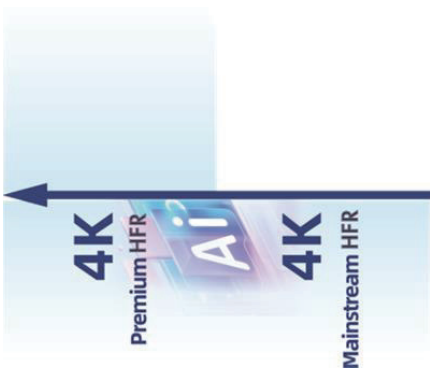
Smart display terminal SoCs

Our smart display terminal SoC is the central processor within smart TV and other display devices, enabling the television to receive digital signals, decode them, and process content to enhance quality. According to Frost & Sullivan, global smart TV shipments are expected to grow from 206.1 million in 2024 to 248.3 million in 2029, with a CAGR of 3.8%. We ranked second among all global smart TV SoC providers, with a market share of 16.8% in terms of revenue in 2024.

Our smart display terminal SoC is equipped with a high-performance 32-bit or 64-bit multi-core CPU alongside 3D GPU. It delivers video decoding at resolutions up to 4K with 10-bit color depth, supports all major video standards including AV1, H.265, VP9 and AVS3/AVS2, and is fully compatible with HDR formats such as Dolby Vision, HDR10 and HLG. Our proprietary TruLife picture enhancement engine has integrated visual NPU to elevate visual quality.

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The following table sets forth the main product types of our smart display terminal SoCs.

Product category	Product picture	Key features	Description
		• Process: 12-nm • CPU: Dual Cortex-A76 + Dual Cortex-A55 • GPU: Mali-G57 MC2, supporting 4K UI • NPU: 3.2Tops with AI-SR • PQ engine: 13th Trulife pro image engine with MEMC • Refresh rate: 4K 144 Hz • Decoder: 4Kp120	Aimed at high-end market, with advanced CPU, GPU and an integrated NPU delivering up to 3.2 TOPS, offering outstanding audio-visual performance and supports high-end interactive gaming as well as multi-task intelligent processing. These are widely applied in:
		• Process: 12-nm • CPU: Penta Cortex-A55 • GPU: Mali-G52 MC1 • NPU: dedicated NPU for AI SR • PQ engine: 13th Trulife pro image engine with MEMC • Refresh rate: 4K 144/165 Hz • Decoder: 4Kp75	• 4K UHD smart all-in-one TV • Smart UHD projector • UHD gaming display • Smart commercial display • Smart conference screen
		• Process: 11-nm • CPU: Penta Cortex-A55 • GPU: Mali-G31 MP2 • NPU: dedicated NPU for AI SR • PQ engine: 13th Trulife image engine with MEMC • Decoding: 4Kp75	Designed for the mainstream market, offering high performance, low power consumption, and exceptional cost-effectiveness, supporting 4k UHD, high-fidelity, and smooth audio-visual experiences. These are widely applied in: • Smart TV
		• Process: 11-nm • CPU: Quad Cortex-A53 • GPU: Mali-G31 MP2 • PQ engine: 13th Trulife image engine • Decoding: 4Kp75 UHD	Designed for the entry-level market, focusing on maximum cost-effectiveness, delivering HD and smooth audio-visual experiences. These are widely applied in: • Smart TV

BUSINESS

Our smart display terminal SoCs have been utilized by leading TV companies including Xiaomi, Haier, TCL, Skyworth, Hisense, Changhong and Seewo, and we have established deep collaborations with major global television ecosystem partners.

Monitor SoCs

As of the Latest Practicable Date, we launched monitor SoCs. Such monitor SoCs support QHD resolution and up to 300Hz refresh rate output, accommodate multiple resolution inputs, and are designed for gaming, office and professional design monitors, as well as commercial display devices such as digital signage, advertising displays and video walls.

AIoT SoCs

Our AIoT SoC manages core functions such as receiving, decoding and processing audio and visual signals. It supports UHD decoding and AI-powered image quality enhancement, with advanced far-field voice and noise reduction technologies. By integrating multimodal processing, our AIoT SoC seamlessly fuses visual and audio information, supported by AI-driven decision making, and empowers devices such as smart speakers, interactive displays and home security systems. We integrated a suite of advanced processors, including NPU, DSP, visual processing unit, ISP, and codec, into a single SoC, combined with AI algorithms for facial recognition, gesture recognition, object detection, voice recognition, dynamic image processing and large language model processing.

BUSINESS

The following table sets forth the main product types of our AIoT SoCs.

Product category	Product picture	Key features	Description
 Edge AI Computing		• Process: 12-nm • CPU: Quad Cortex-A73 + Quad Cortex-A53 • GPU: Mali-G52 MC4. 4K UI • NPU: up to 5 Tops • Decoding: 4Kp75	Feature edge AI computing performance, supporting multi-AI tasks. These are widely applied in: • Digital signage • Video conference system • Smart commercial display • AI education panel • Gaming system • Smart fitness devices • Smart service robots • Other smart home appliances
		• Process: 12-nm • CPU: Dual Cortex-A55 • NPU: 4 TOPS, 8M pixel ISP • ISP: 8M pixel HDR ISP • Encoding: 4Kp30	Enable sophisticated edge-side vision processing and always-on video (AOV) applications for IP camera and battery camera with ultra high performance and ultra low power consumption. These are widely applied in:
 Edge AI Visual		• Process: 12-nm • CPU: Dual Dual-A35 • NPU: 1 TOPS+ CVE, • ISP: 5M pixel HDR ISP optimized for low light • Encoding: 5M30	• Smart access control • Attendance machine • Hunting camera and action camera • Smart visual doorbell • Smart beauty mirror • Facial payment devices
		• Process: 12-nm • CPU: Quad A55 • NPU: 1.2 Tops • DSP: 1x HiFi 5 • Decoder: Dolby ATMOS/DTS:X	Feature multi-channel inter-IC sound interfaces, alongside 360-degree omnidirectional high-sensitivity microphone array which enables wake-up functionality from any direction, perfect for smart audio appliances. These are widely applied in:
 Edge AI Audio		• Process: 12-nm • CPU: Quad A53 • Decoder: Dolby ATMOS/DTS:X	• Smart speaker • Soundbar • Audio streamer/amplifier • Audio DSP for TV • Voice gateway device • Smart speaker lamp • Smart voice assistant

BUSINESS

Our AIoT SoCs were certified under Google’s Enterprise Device Licensing Agreement (EDLA) ecosystem, demonstrating compatibility and performance in large-format commercial devices. Our products have been integrated into end products of many renowned enterprises, including Xiaomi, Maxhub, TCL and Samsung.

Communication and Connectivity ICs

Through more than ten years of independent research and external integration, we have established a comprehensive technology and product portfolio covering WAN and LAN, wired and wireless communication, as well as long-distance and short-distance transmission. Our communication and connectivity ICs are fully compatible with our SoC products.

Wi-Fi ICs

Our station Wi-Fi ICs facilitate robust wireless communications with high-throughput video streaming capabilities. These ICs feature integrated Bluetooth and support both Wi-Fi 5 and Wi-Fi 6 standards. In 2020, we launched our first-generation wireless connectivity IC supporting Wi-Fi 5 and Bluetooth 5.0. In 2023, we introduced a more advanced IC with Wi-Fi 6 capabilities. In 2024, we released a tri-mode IC, which is capable of supporting three different wireless communication standards. Such IC integrates Wi-Fi 6, Bluetooth 5.4, and other advanced wireless technologies and supports smart home protocols such as matter controllers and gateway solutions. The high compatibility between our SoCs and Wi-Fi ICs enables seamless integration, resulting in enhanced user experience, reduced costs, and superior performance.

The following table sets forth the main product types of our Wi-Fi ICs.

Product category	Product picture	Key features
WiFi-5 1x1	 	• Wi-Fi 5 + BT 5.0 • 1x1 2.4G/5G, HT80
WiFi-6 1x1 Tri-mode	 	• Wi-Fi 6 + BT 5.4 + 802.15.4 tri-mode • 1x1, 2.4G/5G, HE80 • 15.4 / Thread / Zigbee
WiFi-6 2x2	  	• Class Combo • Wi-Fi 6 + BT 5.4 • 2x2 2.4G/5G, HE80
WiFi-6 2x2 Tri-mode	 	▪ Wi-Fi 6 + BT 5.4 + 802.15.4 tri-mode ▪ 2x2 2.4G/5G HE80 ▪ 15.4 / Thread / Zigbee

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We are developing Wi-Fi AP ICs for mid- to high-end home routers, enterprise-grade wireless APs, and smart gateways. As of December 31, 2025, we successfully completed the tape-out stage. We are also developing ICs supporting Wi-Fi 7 standards with higher concurrent performance and integrated ultra-low power consumption as of the Latest Practicable Date.

Fiber-optic ICs

FTTH and FTTR have become prevailing standards for residential broadband. Drawing on our expertise in IP routing technology, optical access networks, OLT and PON technologies, we have developed FTTR gateway chips featuring proprietary IP, symmetric GPON support, embedded CPUs and local port switching. As of December 31, 2025, we completed the tape-out stage for FTTR gateway IC.

Cellular ICs

Our cellular IC supports 4G and 5G networks, optimized for AIoT applications and automotive communications. As of December 31, 2025, our first 4G LTE IC entered mass production stage, integrating RF, baseband and power management modules. This IC is designed for smart wearables, smart toys, and other terminal devices.

Our dual-mode 4G/5G converged RF IC has successfully completed tape-out and initial verification as of December 31, 2025, paving the way for an expanded product portfolio across IoT and vehicle connectivity sectors.

Smart Automotive SoCs and Other ICs

Our smart automotive SoCs consist of infotainment system SoCs and smart cabin SoCs. According to Frost & Sullivan, the trends of electrification, connectivity, and intelligence in automobiles drive the rapid growth of the global automotive electronics market.

Our smart automotive SoCs comprise infotainment system SoCs, which serve as the core processor for in-vehicle entertainment and information platforms, and smart cabin SoCs, which provide the computing power required for advanced driver interaction. Our products have been adopted by multiple leading domestic and international automotive brands.

RESEARCH AND DEVELOPMENT

We are an integral part of the Amlogic global R&D network, collaborating closely with our partners on R&D. For the years ended December 31, 2023, 2024 and 2025, our R&D expenses were RMB1,282.7 million, RMB1,352.7 million and RMB1,551.8 million, respectively, accounting for 23.9%, 22.8% and 22.9% of our total revenue for the respective periods. According to Frost & Sullivan, our R&D expenses were well above the average level in the SoC industry.

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Our R&D Team

Our team brings extensive expertise in audio and video decoding, communications, analog and digital circuit design, and production process development. As of December 31, 2025, our R&D team consisted of 1,684 employees, 49.5% of whom held a master’s degree or above. We have established a comprehensive R&D incentive system, along with employee training and team-building initiatives.

R&D Process

Our product development process consists of various key stages, including project initiation, product specification formulation, product design, product verification and pilot production. We work closely with our partners in the Amlogic global R&D network throughout the entire R&D process.

- ***Product initiation:*** Our marketing department proposes new product development initiatives. Different departments work closely to assess the feasibility of each proposed product. The product proposal plan will only proceed after approved by the project evaluation committee.
- ***Product specification formulation:*** After approval, the technical project managers work with other teams to create an R&D plan, defining specifications, technical requirements and system design. Our marketing team then prepare a product requirements document, and form a project team to refine the schedule for design and trial production. The detailed plan is submitted for approval, and the project moves to product design once approved.
- ***Product design:*** After finalizing the product specifications and overall project planning, our IC design engineers start IC architecture design. The product design process comprises several key stages: (i) analog, logic and SoC design: engineers define and organize the chip’s functions based on the product specifications, translating them into detailed code for each module; (ii) design verification: design verification engineers conduct independent reviews of the SoC design, separate from the SoC design team. They compare the design against the original product specifications to confirm that the intended functions are correctly implemented. Using simulation tools and, in some cases, field-programmable gate arrays, they test and verify the logic. Once the design is largely validated, it moves to the backend engineering phase; (iii) back-end design: the backend engineers convert the logic design into logic gates, physical logic and circuit structures base on fabrication process. This step ensures reliable and efficient manufacturing; and (iv) tape-out sign-off: technical project managers initiate the tape-out sign-off process. After a successful review process, each stakeholder sign-off the design and the project advances to manufacturing steps.
- ***Tape-out:*** We prepare and finalize the design data and send it to the foundries for fabrication of sample ICs.

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- **Product verification:** Our software R&D team and hardware R&D team jointly oversee the verification process to test the sample IC’s functionality, performance and stability. If any defects are identified during verification, relevant technical personnel will investigate the causes and propose appropriate solutions or revisions. After the sample successfully passes all required verification procedures, the project manager convenes a review meeting. Upon passing the review, the sample product proceeds to the pilot production.
- **Pilot production:** our marketing department and sales department, along with the software and hardware departments, will select certain customers to participate in a small-scale pilot production run. This allows for further testing of the product’s reliability and suitability in real-world scenarios. If any design defects are identified during the pilot production phase, the team will assess the issues and implement necessary corrections or design modifications to the IC. After the new product completes pilot production without issues, the project manager arranges a review meeting. Upon passing the review, the new product proceeds to full-scale mass production.

Our Technologies

With years of R&D experience in chip design, we have developed strong expertise throughout the SoC design process.

Cross-process IC design capability: We have established robust expertise across the entire SoC development process, excelling in advanced design and mass production for process nodes including 28-nm, 22-nm, 12-nm, 6-nm and below 6-nm, and delivering automotive-grade chips that combine high integration, superior performance and low power consumption.

Multimedia technologies: Our multimedia technologies support the latest global standards in video and audio, enabling smooth playback and streaming of UHD video with full support for 4K and 8K formats using AV1, H.265 and AVS 3.0 video codecs. We integrate leading Dolby and DTS technologies and support HDR standards including Dolby Vision, HDR10+, HDR10, and HLG. Our PQ engine, motion estimation and motion compensation, and AI-powered super-resolution technologies deliver smooth motion and sharp images.

Advanced edge AI computing and processing capability: Our high-performance neural network engines support large-scale AI models, enabling applications such as intelligent voice assistants and enhanced image analysis. Our IC architectures handle far-field voice recognition, and we utilize top-tier ISP for sharp images and vivid colors, with extensive applications in machine vision.

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A full suite of advanced communication and connectivity technologies: We offer a comprehensive portfolio of in-house developed wired, wireless and cellular solutions. We provide a complete suite of Wi-Fi 6 technologies, supporting both end-user devices (stations) and access points. At the forefront of innovation, we are also developing Wi-Fi 7 solutions. Our wireless technologies incorporate advanced features such as Orthogonal Frequency-Division Multiple Access (OFDMA), which enables a single channel to serve multiple devices concurrently, and Multi-User, Multiple-Input, Multiple-Output (MU-MIMO), allowing access points to communicate with several devices at once. These enhancements greatly increase network efficiency and performance, particularly in high-density environments. Beyond WLAN, we support 4G LTE Cat.1, a versatile choice for a broad range of IoT devices. In addition, we are developing advanced cellular options, including 4G Cat.4 and 5G Reduced Capability technologies, to address the evolving connectivity needs of modern applications.

To meet the increasing demand for high-speed fiber connectivity, our portfolio features 10 Gigabit-capable Passive Optical Network (XGPON) and 10 Gigabit Symmetrical Passive Optical Network (XGSPON) solutions, providing symmetrical speeds of up to 10 Gbps. These fiber-optic technologies are ideally suited for high-performance requirements, such as home gateways, and we are expanding their application into next-generation automotive systems. Our advanced routing capabilities and network management ensure every user enjoys a stable, low-latency connection across all devices.

Extensive portfolio of proprietary core IP: We have built a broad portfolio of self-developed, proprietary core technologies including neural network engines, advanced ISPs, audio-video codecs, fast peripheral interfaces (USB, HDMI, DDR, PCI express), network connectivity (Ethernet, Wi-Fi, Bluetooth, PON), and high-speed modules (SerDes, ADCs).

PROCUREMENT

Under our fabless model, we focus on R&D and sales while outsourcing wafer production, packaging and testing to third parties.

Our sales department develops sales plans based on market conditions and customer demand. Our supply chain management department prepares corresponding procurement and production schedules. We place orders with foundries directly or through our Amlogic global network for wafer production. Upon completion, wafers are delivered to designated packaging and testing service providers. Once packaging, testing, and quality assurance are completed, finished products are delivered to locations designated by us for distribution.

Throughout collaboration with suppliers, we maintain ownership of all core intellectual properties. We enter into confidentiality agreements with suppliers and assess each potential supplier’s ability to safeguard customer data, including their IT security controls and internal procedures for managing client technical information. During cooperation, we provide suppliers with only essential chip layout information, without disclosing other core intellectual property such as circuit design documentation or source code.

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Potential pricing fluctuations in wafers and chip packaging and testing services can arise due to factors including global production capacity, governmental regulations, supply-demand dynamics and geopolitical conditions. Our ability to procure and supply remains steadfast through long-term partnerships with major suppliers, diversification of our overseas supply chain and implementation of a strategic procurement plan.

During the Track Record Period and up to the Latest Practicable Date, we did not experience quality issues or shortages with our procurement that materially and adversely affected our operations.

OUR SUPPLIERS

Supplier Selection and Management

During the Track Record Period, our suppliers primarily consisted of foundries and chip packaging and testing service providers. We consider various factors when selecting suppliers, including production process capability, production lead time, pricing, commercial terms, product quality and service capability.

We regularly evaluate supplier performance focusing on product quality, delivery time and service quality. We require suppliers to provide periodic quality data and production records, and periodically dispatch personnel to suppliers' production sites for quality inspections on an annual basis. We implement a supplier rating system assessing management systems, production processes and product quality. Non-compliance or significant quality issues trigger immediate reassessment, which may result in warnings, supply restrictions, or removal from the qualified supplier list.

We typically enter into framework supply agreements with suppliers, the salient terms of which are set forth below:

<i>Duration</i>	Three to five years.
<i>Principal rights and obligations of parties involved</i>	We typically provide specific specifications of the materials or services we purchase, and our suppliers are responsible for ensuring that the materials or services meet such requirements.
<i>Payment and credit terms</i>	We make payments according to the terms specified in the purchase orders or the agreement. We are typically granted a credit term ranging from 30 days to 60 days by our suppliers or are required to make payment in advance.
<i>Warranty</i>	Our suppliers generally provide a warranty period of one year.

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Logistics

Suppliers are generally responsible for delivering products to locations designated by us.

Product return

We have the right to reject, replace or return products due to non-conformity with our product quality requirement or specifications due to suppliers’ faults.

Confidentiality

We and our suppliers are typically prohibited from disclosing confidential information in relation to our cooperation to any third parties.

Termination

Either party is entitled to terminate the agreement in accordance with the terms specified in the agreement, including material breach of contract.

Our Major Suppliers

In 2023, 2024 and 2025, purchases from our five largest suppliers amounted to RMB2,817.9 million, RMB3,259.6 million and RMB4,556.7 million, respectively, representing 86.6%, 88.0% and 79.8% of our total purchases, respectively. In addition, purchases from our largest supplier amounted to RMB1,776.8 million, RMB1,844.7 million and RMB2,374.2 million, respectively, representing for 54.6%, 49.8% and 41.6% of our total purchases in 2023, 2024 and 2025, respectively. All of our five largest suppliers were Independent Third Parties during the Track Record Period, except for Amlogic Holdings Ltd.. None of our Directors and their respective associates or our Shareholders who hold more than 5% of our total issued Shares had any interest in our five largest suppliers during the Track Record Period. Additionally, we did not experience any material disputes with our suppliers during the Track Record Period and up to the Latest Practicable Date, except for Amlogic Holdings Ltd.. See “— Legal Proceedings and Compliance — The Export Control Compliance Arrangement” and “Connected Transactions.”

The following table sets forth the details of our five largest suppliers in each year during the Track Record Period:

For the Year Ended December 31, 2023

Supplier	Background	Materials/ Services purchased	Purchase costs	% of total purchases	Commencement year of business relationship
RMB’000					
Supplier A	A global public semiconductor foundry headquartered in Taiwan, China	Wafer	1,776,812	54.6	2016

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Supplier	Background	Materials/ Services purchased	Purchase costs	% of total purchases	Commencement year of business relationship
			<i>RMB'000</i>		
Supplier B	A company engages in distribution of semiconductor products and electronics products and based in Hong Kong, China	Wafer	392,459	12.1	2020
Supplier C	A public provider of semiconductor packaging and testing services, based in Zhejiang, China	Packaging and testing service	267,014	8.2	2022
Supplier D	A public provider of semiconductor packaging and testing services, based in Jiangsu, China	Packaging and testing service	202,906	6.2	2016
Supplier E	A subsidiary of a global public leading IP design and related service provider and is based in Guangdong, China	IPs	178,673	5.5	2018
Total			<u>2,817,864</u>	<u>86.6</u>	

For the Year Ended December 31, 2024

Supplier	Background	Materials/ Services purchased	Purchase costs	% of total purchases	Commencement year of business relationship
			<i>RMB'000</i>		
Supplier A	A global public semiconductor foundry headquartered in Taiwan, China	Wafer	1,844,707	49.8	2016
Supplier B	A company engages in distribution of semiconductor products and electronics products and based in Hong Kong, China	Wafer	703,263	19.0	2020
Supplier C	A public provider of semiconductor packaging and testing services, based in Zhejiang, China	Packaging and testing service	322,567	8.7	2022
Supplier F	A provider of semiconductor packaging and testing services, based in Jiangsu, China	Packaging and testing service	207,282	5.6	2021

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Supplier	Background	Materials/ Services purchased	Purchase costs	% of total purchases	Commencement year of business relationship
			<i>RMB'000</i>		
Supplier E	A subsidiary of a global public leading IP design and related service provider and is based in Guangdong, China	IPs	181,773	4.9	2018
Total			3,259,592	88.0	

For the Year Ended December 31, 2025

Supplier	Background	Materials/ Services purchased	Purchase costs	% of total purchases	Commencement year of business relationship
			<i>RMB'000</i>		
Supplier A	A global public semiconductor foundry headquartered in Taiwan, China	Wafer	2,374,212	41.6	2016
Supplier B	A company engages in distribution of semiconductor products and electronics products and based in Hong Kong, China	Wafer	1,386,386	24.3	2020
Amlogic Holdings Ltd.	A company provides labor services and technologies., based in Cayman Islands	R&D services	332,375	5.8	2024
Supplier F	A provider of semiconductor packaging and testing services, based in Jiangsu, China	Packaging and testing service	246,603	4.3	2021
Supplier D	A public provider of semiconductor packaging and testing services, based in Jiangsu, China	Packaging and testing service	217,086	3.8	2016
Total			4,556,662	79.8	

Reliance on Certain Supplier

During the Track Record Period, we primarily procured wafers from Supplier A, a leading semiconductor manufacturer. In 2023, 2024 and 2025, our purchases from Supplier A accounted for 54.6%, 49.8% and 41.6% of our total purchases, respectively. We started cooperating with Supplier A since 2016, and have established stable relationships with Supplier A through long-term agreements. According to Frost & Sullivan, it is in line with industry

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practice for IC design companies to rely on a limited number of foundry partners to ensure consistent quality products and centralized management of manufacturing demands. Based on the above, we believe that we have established long and stable relationships with our existing major suppliers and our supplier concentration risk is manageable. See “Risk Factors — We source certain services that are key to our operations from a limited number of suppliers.”

We typically work with a single foundry for each product, given the specialized process technology requirements and IPs involved. To strengthen our supply chain resilience, we regularly review and assess alternative suppliers with proven capabilities across a range of process nodes, as well as established compliance with international quality and reliability standards. Our ongoing commitment to developing proprietary IPs further increases our flexibility to transition between suppliers when necessary. While there are other available foundries, the number of suppliers capable of delivering advanced process nodes, performance specifications, and quality standards required for all of our products is limited. Our Directors are of the view that our relationship with Supplier A is unlikely to materially adversely change or terminate, because (i) we have maintained a long-term and stable collaboration relationship with Supplier A, and (ii) during the Track Record Period and up to the Latest Practicable Date, we did not have any disputes with Supplier A.

For IC packaging and testing, we primarily partner with multiple packaging and testing providers. We select these partners based on their technical expertise, and allocate production volumes to balance manufacturing capacity and mitigate supply chain risk. We understand there are additional alternative packaging and testing providers with the technical knowledge to produce products as currently supplied by Supplier C and Supplier D with comparable prices, product quality and comparable delivery time under reasonable commercial terms.

If a transition to an alternative supplier were required, we would follow our supplier admission process. This process involves a thorough evaluation of factors such as production process capability, lead times, pricing, commercial terms, product quality, and service performance. Throughout any transition, our established supplier relationships and proactive management practices help reduce potential operational disruptions and facilitate a smooth transition. See “— Legal Proceedings and Compliance — The Export Control Compliance Arrangement.”

SALES, MARKETING AND DISTRIBUTION

Our Sales Network

During the Track Record Period, our products were sold globally. We primarily depend on professional distributors to market and sell our products. While to a lesser extent, we also engage in direct sales to customers. The table below sets forth a breakdown of revenue contribution by sales channels for the years indicated.

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	For the Year ended December 31,					
	2023		2024		2025	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Distributorship	4,216,262	78.5	4,642,045	78.3	5,300,615	78.1
Direct sales	1,154,680	21.5	1,284,270	21.7	1,489,967	21.9
Total	<u>5,370,942</u>	<u>100.0</u>	<u>5,926,315</u>	<u>100.0</u>	<u>6,790,582</u>	<u>100.0</u>

We consider the following factors when deciding whether to sell directly or through distributors: (i) end-customer procurement preferences or policies, (ii) channel management and market expansion needs and (iii) sales resource allocation.

Our distribution channels

Overview

During the Track Record Period, we primarily sold and marketed our products through third-party professional distributors. We collaborate with distributors for enhanced sales efficiency in markets, regions, or customer segments where we cannot efficiently reach end customers directly. Distributors assist with providing sales channel resources, managing customer relationships, assessing downstream demand, and offering sales support.

In some cases, we maintain direct communication with end customers to ensure product align with their needs, and end customers designate preferred distributors to complete the sales process. This model enables us to maintain close relationships with end customers and gain deep understanding of their needs, while leveraging distributors’ capabilities for local fulfillment and logistics support. According to Frost & Sullivan, it is common for companies in the semiconductor industry to engage distributors. Based on our regular review and audit of sales reports and shipment records of the distributors, we believe that we did not have any sub-distributor during the Track Record Period.

As of December 31, 2025, we had 23 distributors. The following table sets forth the movement in the number of our distributors during the periods indicated.

	As of December 31,		
	2023	2024	2025
Distributors at the beginning of year	22	22	21
Addition of new distributors	0	0	2
Termination of existing distributors	0	1	0
Distributors at the end of year	<u>22</u>	<u>21</u>	<u>23</u>

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We engaged two new distributors in 2025 per request by our end customers as we expanded our customer base to enhance market coverage. We terminated cooperation with one distributor in 2024, primarily because the end customer we previously served through distributor transitioned to direct sales model with us.

Revenue from the distribution of products is recognized when control of the products has been transferred, being when the products receipts are confirmed by the distributors. Delivery occurs when the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the distributor, and either the distributor has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or we have objective evidence that all criteria for acceptance have been satisfied.

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.

Principal contractual terms with distributors

The relationships between distributors and us are categorized as seller-buyer relationships. During the Track Record Period, we generally entered into distribution agreements with each of our distributors. The key terms of our distribution agreements included the following:

<i>Payment and credit terms</i>	We generally require distributors to make full upfront payments to us before product shipment.
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<i>Pricing</i>	We generally provide a recommended price range to distributors. Distributors may not deviate from the quoted prices without our prior authorization.
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<i>Designated distribution</i>	Distributors are restricted to sell the products according to the customer coverage and/or distribution area jointly determined by both parties.
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<i>Sales rebates</i>	We generally do not set minimum sales targets on our distributors. We offer rebate incentives upon fulfillment of specified sales volume thresholds.
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<i>Logistics</i>	We are typically responsible for making goods available for distributors for pickup at location designated by us in each order.
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<i>Product return</i>	We typically do not allow distributors to return products to us except for product quality issues caused by us.
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Transfer of risk

The risks transfer to distributors after they confirm receipt of our products.

Termination

We are generally entitled to terminate the distribution agreement in the event of any breach by the distributor. Distributors typically have the right to terminate the agreement by providing 45 days’ advance written notice.

During the Track Record Period and up to the Latest Practicable Date, we had no material unresolved disputes or lawsuits with our distributors.

Distributor selection and management

We select our distributors based on various factors, including their track record, sales experience, financial performance, reputation and channel resources. In some cases, after we reach agreement with end customers on supply terms, the end customer designates their preferred distributor to complete the transaction.

We regularly provide business training and market guidance to our distributors and evaluate their performance on sales, market expansion, inventory management and customer service quality. Distributors demonstrating strong performance may receive additional resources and preferential policies. For underperforming distributors, we provide guidance and may discontinue the partnership if necessary.

Our distributors operate under a buy-out model. We do not permit distributors to return unsold products except for quality issues due to our faults. We monitor distributors’ inventory by requiring them to submit procurement orders, sales reports, inventory reports, downstream customer orders and shipping documents. If we identify any discrepancies, such as when a distributor’s inventory levels do not align with the agreed delivery schedule, we would promptly work with the distributor and the relevant customers to investigate and address the issue, thereby minimizing channel stuffing risk.

We also carefully manage distribution channels to mitigate the risks of cannibalization based on the following measures: (i) we grant specific geographical regions to our distributors so that we can reduce the degree of competition among different distributors. We generally specify the designated geographic areas and generally prohibit the distributors from selling the products outside the respective designated geographical regions. We determine distributor geographical regions by analyzing factors such as customer requirement, regional sales potential, and existing market demand; and (ii) our multidimensional evaluation of distributors considers their business compatibility for different industries and product line suitability. Based on the evaluation results, we tailor distribution strategies to leverage each distributor’s strengths for different end-customers in different industries, mitigating cannibalization risks through effective resource allocation and coordination.

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Our direct sales

During the Track Record Period, a small portion of our products were sold directly to customers. Our direct sales customers primarily consisted of consumer electronics OEMs. The adoption of direct sales enables us to directly understand and respond to customer requirements.

The salient terms of our standard direct sales agreements during the Track Record Period are set out below.

<i>Duration</i>	Generally one to three years.
<i>Payment and credit terms</i>	We generally grant a credit period of 30 to 45 days to our direct sales customers.
<i>Pricing</i>	We typically sell our products at prices set forth in the purchase orders after negotiation with our customers.
<i>Logistics</i>	We are typically responsible for delivering our products to the place designated in the agreements for our customers’ inspection and acceptance.
<i>Product return</i>	Direct sales customers are entitled to return products to us for product quality issues caused by us.
<i>Confidentiality</i>	We and our customers are typically prohibited from disclosing confidential information in relation to our cooperation to any third parties.
<i>Termination</i>	Either party is entitled to terminate the agreement in accordance with the terms specified in the agreement, including material breach of contract.

In 2023, 2024 and 2025, the revenue generated from our direct sales customers amounted to RMB1,154.7 million, RMB1,284.3 million and RMB1,490.0 million, respectively, accounting for approximately 21.5%, 21.7% and 21.9%, respectively, of our total revenue in the same years.

Customer Service and Technical Support

We provide online customer service support and deploy on-site technical support engineers for key customers. Feedback from both channels is communicated directly to our sales team, enabling prompt responses to customer needs.

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Pricing

We price our products considering a variety of factors, including (i) the costs of relevant products, (ii) the expected profit margin, (iii) the competitive landscape, and (iv) customers’ bargaining power. Once we set the base prices according to these factors, we adjust the pricing on a case-by-case basis in consideration of specific requirements of our customers.

Marketing

We primarily promote our products through offline channels. Our sales teams actively engage in customer development and relationship management. We participate in prominent industry exhibitions, including the Consumer Electronics Show in Los Angeles and the International Broadcasting Convention in the Netherlands.

OUR CUSTOMERS

During the Track Record Period, our customers primarily consisted of distributors. In each year of 2023, 2024 and 2025, our five largest customers together generated RMB3,519.0 million, RMB3,752.2 million and RMB4,333.9 million of revenues, respectively, accounting for 65.5%, 63.3% and 63.8% of our total revenue, respectively. In each year of 2023, 2024 and 2025, revenue from our largest customer amounted to RMB1,317.4 million, RMB1,109.9 million and RMB1,544.5 million, accounting for 24.5%, 18.8% and 22.7% of our total revenue, respectively. All of our five largest customers were Independent Third Parties during the Track Record Period. None of our Directors and their respective associates, or Shareholders who own 5% or more of the total issued Shares had any interest in any of our five largest customers during the Track Record Period.

The following tables set forth the information of our five largest customers during the Track Record Period:

For the Year Ended December 31, 2023

Customer	Background	Products sold to customer	Revenue generated from the sale	% of our total revenue	Credit terms	Commencement year of business relationship
RMB'000						
Customer A	A leading company that engages in wholesale of electronic and telecommunications equipment and parts, and import for wholesale of electronic parts	Smart multimedia and display SoCs, AIoT SoCs, communication and connectivity ICs, and smart automotive SoCs	1,317,364	24.5	Payment in advance	2017

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Customer	Background	Products sold to customer	Revenue generated from the sale	% of our total revenue	Credit terms	Commencement year of business relationship
RMB'000						
Customer B	A global leading company that engages in distribution of professional electronic component and provision of system solution	Smart multimedia and display SoCs, AIoT SoCs, and communication and connectivity ICs	841,086	15.7	Payment in advance	2018
Customer C	A leading public company primarily engaged in sales of electronic products	Smart multimedia and display SoCs, AIoT SoCs, and communication and connectivity ICs	469,817	8.7	30 days	2018
Customer D	A company primarily engaged in sales of electronic products	Smart multimedia and display SoCs, AIoT SoCs, and communication and connectivity ICs	459,938	8.6	Payment in advance	2017
Customer E	A public company primarily engaged in the research and development, production, and sales of comprehensive solutions for wireless communication products	Smart multimedia and display SoCs, AIoT SoCs, and communication and connectivity ICs	430,802	8.0	Payment in advance	2020
Total			3,519,007	65.5		

For the Year Ended December 31, 2024

Customer	Background	Products sold to customer	Revenue generated from the sale	% of our total revenue	Credit terms	Commencement year of business relationship
RMB'000						

Customer B	A global leading company that engages in distribution of professional electronic component and provision of system solution	Smart multimedia and display SoCs, AIoT SoCs, and communication and connectivity ICs	1,109,913	18.8	Payment in advance	2018
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BUSINESS

Customer	Background	Products sold to customer	Revenue generated from the sale	% of our total revenue	Credit terms	Commencement year of business relationship
<i>RMB'000</i>						
Customer A	A leading company that engages in wholesale of electronic and telecommunications equipment and parts, and import for wholesale of electronic parts	Smart multimedia and display SoCs, AIoT SoCs, communication and connectivity ICs, and smart automotive SoCs	985,182	16.6	Payment in advance	2017
Customer E	A public company primarily engaged in the research and development, production, and sales of comprehensive solutions for wireless communication products	Smart multimedia and display SoCs, AIoT SoCs, and communication and connectivity ICs	595,282	10.0	Payment in advance	2020
Customer D	A company primarily engaged in sales of electronic products	Smart multimedia and display SoCs, AIoT SoCs, and communication and connectivity ICs	591,502	10.0	Payment in advance	2017
Customer C	A leading public company primarily engaged in sales of electronic products	Smart multimedia and display SoCs, AIoT SoCs, and communication and connectivity ICs	470,290	7.9	30 days	2018
Total			3,752,169	63.3		

For the Year Ended December 31, 2025

Customer	Background	Products sold to customer	Revenue generated from the sale	% of our total revenue	Credit terms	Commencement year of business relationship
<i>RMB'000</i>						
Customer A	A leading company that engages in wholesale of electronic and telecommunications equipment and parts, and import for wholesale of electronic parts	Smart multimedia and display SoCs, AIoT SoCs, communication and connectivity ICs, and smart automotive SoCs	1,544,521	22.7	Payment in advance	2017

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Customer	Background	Products sold to customer	Revenue generated from the sale	% of our total revenue	Credit terms	Commencement year of business relationship
			<i>RMB'000</i>			
Customer B	A global leading company that engages in distribution of professional electronic component and provision of system solution	Smart multimedia and display SoCs, AIoT SoCs, and communication and connectivity ICs	1,064,487	15.7	Payment in advance	2018
Customer C	A leading public company primarily engaged in sales of electronic products	Smart multimedia and display SoCs, AIoT SoCs, and communication and connectivity ICs	597,224	8.8	30 days	2018
Customer E	A public company primarily engaged in the research and development, production, and sales of comprehensive solutions for wireless communication products	Smart multimedia and display SoCs, AIoT SoCs, and communication and connectivity ICs	590,052	8.7	Payment in advance	2020
Customer F	A public company engaged in the procurement of raw materials, production of semi-finished products, as well as the design and sale of electronic products	Smart multimedia and display SoCs, and AIoT SoCs	537,583	7.9	30 days	2017
Total			4,333,867	63.8		

During the Track Record Period, we generated a significant share of our revenue from our top five customers, majority of which were distributors. We have maintained long-term and stable collaboration relationships with our five largest customers for five to eight years. During the Track Record Period and up to the Latest Practicable Date, we did not have any material disputes with any of our five largest customers.

Transfer Pricing Arrangements

During the Track Record Period and up to the Latest Practicable Date, we entered into certain intra-group transactions subject to transfer pricing arrangement. Such transactions mainly consisted of (i) tangible asset ownership transactions, representing sale of finished products, (ii) intangible asset usage rights transactions, representing technology and IP licensing, and (iii) service transactions, representing R&D and marketing services (collectively, the “**Covered Transactions**”). We follow the fundamental principle that intra-group transactions must be conducted on an arm’s length basis as set forth in the transfer pricing guidelines for multinational enterprises and tax administrations (the “**OECD Transfer**

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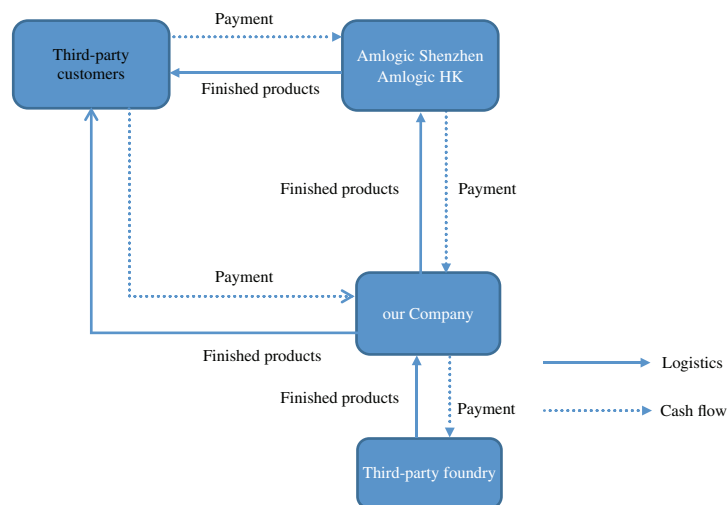
Pricing Guidelines”) promulgated by the Organization for Economic Cooperation and Development (the “**OECD**”), an international organization of international cooperation, and the applicable laws and regulations in the jurisdictions where we operate.

The following tables set forth the amounts of our major intra-group transactions during the Track Record Period:

		For the Year ended December 31,		
	Currency	2023	2024	2025
Tangible asset ownership transactions	RMB’000	1,789.9	1,107.2	3,301.0
	USD’000	665,696.2	745,813.6	833,178.7
Intangible asset usage rights transactions	RMB’000	429,453.3	481,692.2	524,655.7
	USD’000	–	5,865.7	10,722.5
Service transactions	RMB’000	186,198.9	198,036.3	172,266.4
	USD’000	33,016.1	35,176.8	52,303.9

Tangible Asset Ownership Transactions

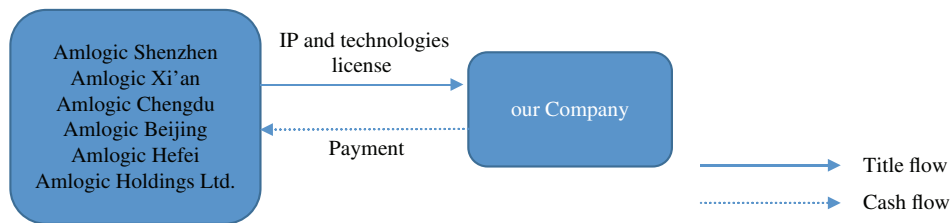
In the sale of finished products, our Company acts as the principal while Amlogic HK and Amlogic Shenzhen act as limited risk distributors, purchasing finished products from our Company and reselling to third-party customers. The following diagram sets forth the transaction flow for sales of finished products.



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Intangible Asset Usage Rights Transactions

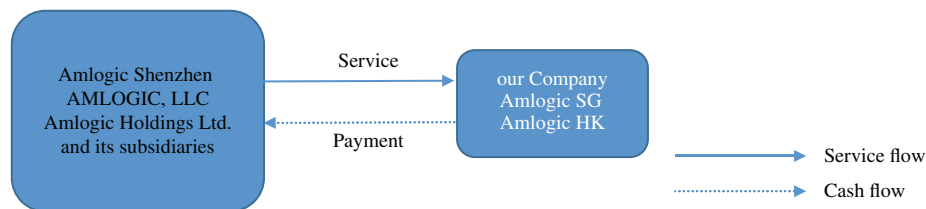
During the Track Record Period, (i) Amlogic Shenzhen, Amlogic Technology (Beijing) Co., Ltd. (“**Amlogic Beijing**”), Amlogic (Xi’an) Co., Ltd. (“**Amlogic Xi’an**”), Amlogic (Chengdu) Co., Ltd. (“**Amlogic Chengdu**”), and Hefei Amlogic Co., Ltd. (“**Amlogic Hefei**”) licensed self-developed technologies to our Company, and (ii) Amlogic Holdings Ltd. licensed externally purchased IP rights to our Company for use, and our Company pays licensing fees to these entities. The following diagram sets forth the transaction flow for IP and technologies licensing.



Service Transactions

During the Track Record Period, (i) Amlogic Singapore Private Limited (“**Amlogic SG**”), Amlogic Korea Limited (“**Amlogic Korea**”), Amlogic Shenzhen, Amlogic Beijing, Amlogic Xi’an, Amlogic Chengdu, Amlogic (Nanjing) Co., Ltd. (“**Amlogic Nanjing**”), Amlogic Hefei, Amlogic (CA) Co., Inc., Amlogic, LLC and Amlogic Holdings Ltd. provided R&D services to our Company.

In addition, our Company, Amlogic Shenzhen, Amlogic Beijing, Amlogic Chengdu, Amlogic Korea, Amlogic (CA) Co., Inc. and Amlogic Holdings Ltd. provided marketing services to Amlogic HK and charged corresponding service fees. The following diagram sets forth the transaction flow for service transactions.



We engaged an independent transfer pricing tax consultant (“**Transfer Pricing Consultant**”), to conduct transfer pricing review and benchmarking studies on the Covered Transactions. In its assessment, the Transfer Pricing Consultant adopted the transactional net margin method (“**TNMM**”), a commonly accepted method for evaluating profitability in our industry, and selected appropriate profit level indicators, including operating margin for distribution and full cost mark-up for services. For technology and IP licensing, two

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approaches were applied: (i) the comparable uncontrolled price (CUP) method for self-developed technology licensing and (ii) TNMM for purchased IP licensing. The Transfer Pricing Consultant conducted benchmarking by selecting comparable independent companies and establishing arm's-length ranges for each transaction category.

Based on these benchmarking analyses, our Transfer Pricing Consultant concluded that the profits earned by each relevant entity of our Group for the functions performed do not violate the arm's length principle in all material respects. Based on the foregoing, our Transfer Pricing Consultant is of the view, and Joint Sponsors concur, that our transfer pricing arrangements did not violate the applicable laws and regulations in relevant jurisdictions during the Track Record Period.

During the Track Record Period and up to the Latest Practicable Date, we were not subject to any outstanding enquiries, audit, investigation or challenge by any tax authorities in the PRC and other relevant tax jurisdictions in relation to these intra-group transactions and transfer pricing arrangements.

Our Directors confirm that in ensuring ongoing compliance with the applicable transfer pricing laws and regulations, we adhere to the arm's length principle when entering into intra-group transactions, taking into account factors such as costs, market prices, and the functions and risks of each entity, and adopt reasonable pricing methods accordingly. We have adopted and will continue to adopt the following internal control measures to ensure continuous compliance with relevant transfer pricing laws and regulations in the PRC and the OECD Transfer Pricing Guidelines: (i) we shall continue to engage an external transfer pricing consultant to advise us on transfer pricing matters annually. We will continue to follow the advice from the transfer pricing consultant on the application of transfer pricing methodology and evaluations; (ii) we will provide trainings to our finance team relating to updates on relevant transfer pricing laws and regulations in the relevant jurisdictions; (iii) our finance department shall review all reporting forms related to transfer pricing before submitting them to the relevant tax authority; (iv) our senior management will ensure that the transfer pricing policies adopted are in line with the value contributions of each entity; (v) our senior management will review the terms of the material intra-group transactions and monitor, on a regular basis, our transfer pricing policy to ensure that the transactions are carried out at arm's length; and (vi) our finance department will document and file relevant supporting documents on value contribution of each party for risk management purposes. The documents will include, but not be limited to, those related to function and risk profiles, and correspondences.

Based on the review of the Group's internal control measures on intra-group transactions and discussions with the Transfer Pricing Consultant, nothing has come to the Joint Sponsors' attention that would cause them to cast any doubt on the sufficiency of the foregoing internal control measures to ensure ongoing compliance with the relevant transfer pricing laws and regulations.

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Third-party Payment Arrangements

Background

During the Track Record Period, certain of our customers (individually or collectively, the “**Relevant Customer(s)**”) settled payments with us through accounts of third-party payors designated by the Relevant Customers (the “**Third-party Payment Arrangements**”). These Third-party Payment Arrangements were resulted from requests made by the Relevant Customers. To the best of our knowledge, the designated third-party payors primarily consisted of professional import and export trader and supply chain solution provider that made payments to us pursuant to their arrangements with the Relevant Customers.

Our PRC Legal Advisor is of the view the Third-Party Payment Arrangements did not breach any applicable laws and regulations in China, on the basis that: (i) under the Civil Code of the People’s Republic of China, parties may autonomously enter into civil legal acts provided they have capacity, their intention is genuine and the arrangement does not violate mandatory laws or contravene public order and good morals; (ii) the Third-Party Payment Arrangements are legal and valid as they reflect such autonomy of will among the buyer, seller and payer, are documented in entrusted payment confirmations and related agreements, and the content of the agreement does not violate mandatory laws or contravene public order and good morals; and (iii) no commercial bribery, money laundering, tax evasion or disputes have been identified under the Third-Party Payment Arrangements, and the Group has not been subject to any administrative penalty in this regard.

In September 2025, we had ceased all Third-party Payment Arrangements. During the Track Record Period and up to the Latest Practicable Date, we had not received any claims from third-party payors.

Enhanced Internal Control Measures

To prevent future occurrences of the Third-party Payment Arrangement, we have adopted or plan to adopt the following enhanced internal control measures: (i) we require all customers to settle their payments directly through their own corporate bank accounts in the sales and purchase agreements; (ii) we further strengthen our know-your-customer procedures to gain a comprehensive understanding of our customers and perform verification of payment details against our records to confirm payments are made in accordance with the agreements; and (iii) we update our payment policy to explicitly prohibit third-party payment arrangements. The internal payment policy establishes clear payment verification and review mechanisms to ensure all payments comply with our financial policies and relevant regulations. Our internal control consultant had reviewed the above internal control measures and had not identified any material deficiencies.

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INTELLECTUAL PROPERTY

As of December 31, 2025, we had 373 granted patents, 93 copyrights, 76 registered trademarks, and three domain names in China and overseas. We acquire patents through self-development. As of the Latest Practicable Date, we owned all of our patents as well as patent applications and had no co-own or co-share arrangements of our patents and patent applications with third parties. For our portfolio of material intellectual property rights for our core technological strengths of which we are the registered owner, please see “Appendix VII — Statutory and General Information — B. Further Information about our Business — 2. Intellectual Property Rights.”

Our core technologies include cross-process IC design capability, multimedia technologies, advanced edge AI computing and processing capability, and various advanced communication and connectivity technologies. These capabilities enable end-products, such as TVs, to deliver clearer and more vivid images with enhanced viewing experiences. By offering such improvements, we help our customers differentiate their products in a highly competitive market.

We rely primarily on a combination of patents, copyrights, trademark law, trade secret protection and confidentiality agreements with customers, suppliers and employees 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. In addition, we also seek to preserve the integrity and confidentiality of our data and trade secrets by maintaining physical security of our premises and physical and electronic security of our information technology systems.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any threatened or pending disputes relating to infringement of intellectual property rights which would have a material adverse effect on our business. See “Risk Factors — We may not be able to protect our intellectual property rights globally, and our ability to compete could be harmed if our intellectual property rights are infringed by third parties.”

QUALITY CONTROL

We have implemented a comprehensive quality assurance system ensuring rigorous control from R&D and design to production. We have obtained ISO9001 quality management system certification. During chip design, we conduct strict design verification and reliability testing. In wafer fabrication, we work closely with foundries and set explicit yield rate requirements. For packaging, we require providers to meet clear yield expectations and enforce stringent quality control. During testing, we mandate sample inspections from providers who are fully responsible for accuracy and reliability of results. Additionally, we undergo thorough annual audits by third-party certification bodies, leveraging external expertise to identify potential quality issues. For any issues identified during these audits, we have established a rapid response mechanism to ensure prompt remediation and develop preventive measures to avoid recurrence. We have established a stringent quality recall management program. When a customer reports an abnormality, our quality engineer conducts failure analysis and we assess whether a recall is necessary. During the Track Record Period, we did not encounter any incidents related to product recall, product returns, product exchange or customer complaints that would have a material adverse impact on our business, financial condition and results of operations.

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INVENTORY MANAGEMENT

Our inventories primarily consisted of raw materials (untested wafers and memory modules), work in progress (chips under packaging and testing), finished goods, and goods in transit. Please see “Financial Information — Discussion of Selected Balance Sheet Items — Inventories.” We have implemented the following measures to optimize inventory levels: (i) our sales department submits a rolling 12-month customer sales forecast to the operations department each month. The operations team reviews these forecasts alongside historical sales data and arranges production planning meetings for different customer and product category. Based on these discussions, we develop accurate production and delivery plans to ensure that inventory remains at a safe and optimal level; (ii) for wafer procurement, we generally place orders on a monthly basis, with additional orders arranged as required to address specific circumstances. For packaging and testing services, we provide suppliers with rolling production forecasts covering at least the next three months, updated each month to ensure accuracy and timely capacity planning; and (iii) we utilize a warehouse management system throughout storage operations. This enables real-time synchronization of inventory data and intelligent allocation of storage space. At the logistics stage, we employ a high-precision GPS tracking system to achieve on-time delivery.

In 2023, 2024 and 2025, our inventory turnover days were 164.0 days, 155.9 days and 189.5 days, respectively.

INFORMATION SECURITY AND DATA PRIVACY

Data privacy and cybersecurity have emerged as critical governance priorities, particularly as PRC authorities regularly introduce new cybersecurity, data security and privacy laws and regulations.

In our business operations, we collect, store and process business data and transaction data, including data related to our business and transactions with customers, suppliers and other relevant parties. Given that we only transact with enterprises, our business generally does not involve the collection or processing of customers’ personal information. To mitigate data security risks, we have implemented a comprehensive approach including secure data storage protocols with encrypted and access-controlled environments, regular backups and disaster recovery provisions, advanced technical defences including endpoint protection, next-generation firewalls, real-time intrusion prevention, and systematic vulnerability management. Employees receive annual security training. We require suppliers to hold ISO 27001 certification, and all external access is strictly monitored and governed by contract.

During the Track Record Period, we did not experience any breach of confidential information of customers or any other customer information related incidents which could cause a material adverse effect on our business, financial condition or results of operations.

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COMPETITION

The global smart device SoC industry in which we operate is highly competitive and characterized by its extensive downstream applications. In terms of revenue, the global smart device SoC market increased from USD41.9 billion in 2020 to USD65.7 billion in 2024, with a CAGR of 11.9% from 2020 to 2024. It is expected that by 2029, the global smart device SoC market size will further grow to USD131.4 billion, with a CAGR of 14.9% from 2024 to 2029.

We primarily compete with international and domestic SoC providers, some with substantially higher market share. The principal competitive factors include technological expertise, R&D capabilities, diverse portfolio of reusable IP assets, sales and marketing capability, supply chain management, and brand and reputation. According to Frost & Sullivan, in terms of related revenue in 2024, we ranked fourth globally among smart device SoC providers who focused on providing SoCs in global smart device SoC market with a global market share of 1.2%, and first in mainland China and second globally in global smart home device SoC market with a global market share of 17.7%. See “Industry Overview.”

INSURANCE

We maintain insurance policies to cover various aspects of our business, including property all risks insurance, public liability insurance, transportation insurance and supplementary medical insurance. We believe that our existing insurance coverage is adequate for our business operation and is in line with the general market practice.

During the Track Record Period, we were not subject to any material claim of insurance. Nevertheless, we may be exposed to claims and liabilities which exceed our insurance coverage. Please see “Risk Factors — We may not have sufficient insurance coverage to cover our business risks.”

EMPLOYEES

As of December 31, 2025, we had a total of 1,945 full-time employees. Substantially all of our employees are based in mainland China during the Track Record Period. The table sets forth a breakdown of our employees by function as of December 31, 2025.

Function	Number	Percentage of Total Number (%)
Technical	1,684	86.6
Administrative	117	6.0
Production	73	3.8
Sales	44	2.3
Finance	27	1.4
Total	<u>1,945</u>	<u>100.0</u>

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We believe that our long-term growth depends on the expertise, experience and development of our employees. We recruit employees primarily through referrals, recruitment websites and on-campus recruitment. We conduct performance evaluation for our employees on regular basis to provide feedback on their performance and personal skills. Compensation for our employees typically consists of basic salary and a performance-based bonus. We also provide systematic training to our employees to equip them with the necessary skills and knowledge to perform their jobs competently.

We enter into standard employment agreements with our employees to cover matters regarding confidentiality, intellectual property, employment, commercial ethics and noncompetition, in particular, the noncompetition provision and confidentiality provision effective during and after their employment with us. As required by laws and regulations in China, we participate in various government statutory employee benefit plans, including social insurance plans, namely pension, medical, unemployment, work-related injury and maternity insurance plans, and housing provident funds. As of December 31, 2025, our employees were not represented by labor union. We believe that we maintain good working relationships with our employees, and we have not experienced any material labor disputes, strikes, protests or any difficulty in recruiting staff for our operations during the Track Record Period and up to the Latest Practicable Date.

LICENSES, APPROVALS AND PERMITS

During the Track Record Period and up to the Latest Practicable Date, as advised by our PRC Legal Advisor, we had obtained all requisite licenses, permits, approvals, and certificates from the relevant government authorities that are material for our business operations in the PRC, and such licenses and permits remained in full effect and had not been revoked or canceled as at the Latest Practicable Date. The following table sets forth details of our material licenses and permits during the Track Record Period in the PRC.

Type of licenses, permits and approvals	Granting authority	Grant Date	Expiration date
Certificate of Registration as a Customs Declaration Entity of the PRC	Pudong Customs	May 12, 2017	N/A
Certificate of Registration as a Customs Declaration Entity of the PRC	Shenzhen Customs	October 21, 2014	N/A

PROPERTIES

As of December 31, 2025, we owned and leased certain properties in the PRC and the United States primarily to be used as office and R&D purposes. Pursuant to Rules 5.01A and 5.01B of the Listing Rules, if the carrying amount (as defined in Rule 5.01(1) of the Listing Rules) of a property interest (as defined in Rule 5.01(3) of the Listing Rules) that forms part of an applicant’s property activities is or is above 1% of the applicant’s total asset, the

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document must include the full text of a valuation report for such property interest. As of December 31, 2025, being the date of which the most recent audited consolidated statements of the financial position of our Group, (i) the carrying amount of our investment property exceeds 1% of our total assets; and (ii) no single property interest that forms part of our non-property activities has a carrying amount of 15% or more of total assets. Please see “Appendix III — Property Valuation Report.”

Owned Land and Properties

As of December 31, 2025, we owned two properties in the PRC with an aggregate area of 10,159.7 sq.m., primarily used for office purpose. According to our PRC Legal Advisor, we are legally entitled to have ownership of such properties and to occupy, use, transfer, mortgage or otherwise dispose of such properties in accordance with applicable PRC laws.

As of December 31, 2025, we owned one property in the United States with an aggregate area of 17,620 sq.ft., primarily for office purpose. Such property is legal and valid, and there are no disputes or potential disputes over our ownership.

Leased Properties

As of December 31, 2025, we had 14 leased properties in the PRC with a total area of 14,255.6 sq.m., which were primarily used for office and R&D purposes. For all these properties we leased, the lessors had obtained the relevant title certificates and/or consent, authorization, or approval which entitled the lessors to lease out such properties.

Pursuant to the applicable PRC laws and regulations, property lease agreements shall be registered with the relevant local branches of the PRC Ministry of Housing and Urban-Rural Development. As of the Latest Practicable Date, we had not completed lease registration for three properties we leased in China. The failure of obtaining lease agreement registration was primarily due to lack of cooperation from our lessors. According to the relevant PRC laws and regulations, we may be ordered by the relevant government authorities to register the relevant lease agreements within a prescribed period, failing which we may be subject to a fine ranging from RMB1,000 to RMB10,000 for each non-registered lease. As advised by our PRC Legal Advisers, the lack of registration of the lease agreements does not affect the validity of such lease agreements, nor materially and adversely affect our operations.

LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any actual or pending legal, arbitration or administrative proceedings (including any bankruptcy or receivership proceedings) that we believe would have a material adverse effect on our business, results of operations, financial condition or reputation and compliance.

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During the Track Record Period and up to the Latest Practicable Date, we had not been 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, results of operations or financial conditions.

The Export Control Compliance Arrangement

Background

During the Track Record Period, as a semiconductor design company, we engaged third-party foundries for wafer fabrication services and utilized architecture IP, as well as design software and tools during our R&D process, which were sourced from third-party vendors.

Some of these overseas foundries, IP vendors and design software and tool vendors are subject to different levels of U.S. export control regulations, which affect how they screen customers and manage their supply chains. To maintain our competitive edge, sustainable development and regulatory compliance, we have refined our business operations by leveraging our relationship with Amlogic Holdings Ltd., a substantial Shareholder, through the following arrangements:

- (i). Amlogic Holdings Ltd. has a wholly-owned subsidiary that is an authorized IC designer (“**Authorized IC Designer Subsidiary**”) pursuant to the Jan 16 Rule (as defined below);
- (ii). The Authorized IC Designer Subsidiary placed wafer fabrication orders since February 2025 in compliance with to the Jan 16 Rule (as defined below), The Jan 16 Rule requires that certain of our products with 16/14 nanometer nodes are “applicable advanced logic integrated circuits”, which are subject the “front-end fabricators” and “OSAT” to certain reporting requirements to the BIS;
- (iii). Amlogic Holdings Ltd. has shared some of the IPs, design software and tools it uses with us in accordance with the applicable terms of use from vendors (“**IP Software Vendors**”). See “Connected Transactions.” While we may make direct procurement of these items from Chinese branches of these vendors, leveraging our global connections, we have chosen to source these items from Amlogic Holdings Ltd. since before the Jan 16 Rule (as defined below). This arrangement is commercially feasible and cost-effective to operate, and we have no reason to opt for separate licensing arrangements which will incur more financial cost and administrative burden.

These arrangements (collectively, the “**Export Control Compliance Arrangement**”) were developed to ensure compliance with U.S. export control regulations as they developed and changed during the Track Record Period.

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We have assessed the availabilities of comparable IPs, design software and tools from PRC-branches of these IP Software Vendors. As of the Latest Practicable Date, these comparable IPs, design software and tools were available for local Chinese procurement. Thus, we believe that we can purchase these comparable products if we want separate licensing arrangements for our PRC operation only. We have also implemented precautionary measures to ensure continued access to foundry services, IPs, design software and tools while maintaining compliance with applicable U.S. export control requirements.

As a result of the Export Control Compliance Arrangement, in 2024, we began to procure certain R&D and ancillary services from Amlogic Holdings Ltd., and pay Amlogic Holdings Ltd. and its subsidiary for the procurement of the wafer fabrication services, such payment includes (i) the actual cost charged by foundry and (ii) markup of a fixed percentage on the actual cost charged by foundry and the depreciation of the photomasks (“**Fabrication Procurement Markup**”). See “Connected Transactions.” In 2024, such amount was RMB66.18 million, which was 1.3% of our total cost of sales and research and development expenses for 2024. In 2025, the total amount of IPs, software and tools procured from Amlogic Holdings Ltd. and the Fabrication Procurement Markup for products below 16nm was RMB328.19 million, which was 5.7% of our total cost of sales and research and development expenses for 2025.

Overview of the Export Administration Regulations

The Export Administration Regulations (the “**EAR**”), administered by the Bureau of Industry and Security (“**BIS**”) of the U.S. Department of Commerce, govern the export, reexport and transfer of items subject to U.S. jurisdiction. The EAR applies to:

- (i). *U.S.-origin items*: Goods, software, and technology exported from the U.S. or of U.S. origin wherever located;
- (ii). *Foreign-made items incorporating U.S.-controlled content*: Items produced outside the U.S. that incorporate more than the de minimis threshold of U.S.-controlled content (generally 25% for most countries including the PRC, 10% for certain comprehensively sanctioned countries);
- (iii). *Foreign direct products*: Certain foreign-produced items that are the direct product of specified U.S. technology or software, or are produced by a plant or major component of a plant that is itself a direct product of specified U.S. technology or software.

Items subject to the EAR are classified under the Commerce Control List (“**CCL**”) using Export Control Classification Numbers (“**ECCNs**”). Each ECCN indicates the level of control applicable to that item and identifies the countries to which exports require a license. Items that are subject to the EAR but are not listed on the CCL are designated EAR99 and generally require a license only when destined for embargoed countries or restricted end-uses/end-users.

BUSINESS

The focus of the EAR is not solely on the declared end-use of a particular product, but rather on a holistic assessment of factors such as the underlying technology level, process flows and manufacturing nodes or processes involved. As a result, although our products are for civilian use, they could still be subject to EAR due to the advanced technology level.

Recent developments of the EAR

On January 16, 2025, BIS issued an interim final rule (the "**Jan 16 Rule**") to provide additional due diligence procedures for front-end fabricators and outsourced semiconductor assembly and test ("**OSAT**") companies to regulate the export of advanced computing integrated circuits subject to this foreign direct product rule. The Jan 16 Rule revised ECCN 3A090.a and added Note 1, establishing a presumption that "applicable advanced logic integrated circuits" (including ICs using 16/14 nanometer node or below, or using non-planar transistor architecture, regardless of the application scenarios of such integrated circuits) are classified as ECCN 3A090.a and designed or marketed for datacenter use, unless such presumption is overcome. Items subject to the EAR because of this foreign direct product rule and classified under ECCN 3A090.a therefore are subject to stringent export controls, including license requirements for export, reexport, or transfer to destinations including Mainland China, Hong Kong SAR and Macau SAR.

The Jan 16 Rule provides three methods to overcome the presumption, so that such advanced computing integrated circuits are not subject to EAR under this foreign direct product rule, and can be exported to destinations including Mainland China, Hong Kong SAR and Macau SAR without requiring the relevant license from the BIS:

- (i). If the IC designer which places the wafer fabrication order is an approved IC designer (a list of IC designers vetted by the U.S. government);
- (ii). If the items classified as ECCN3A090.a is to be packaged by an approved OSAT company or a "front-end fabricator" at a location outside of Macau or a destination specified in Country Group D:5 in supplement no. 1 to part 740 that provides an attestation to the BIS as to the aggregated approximated transistor count is below certain thresholds (e.g., under 30 billion; or, if no high HBM is present, under 35 billion for shipments completed in 2027 and under 40 billion in 2029 and thereafter); or
- (iii). If the IC designer which places the wafer fabrication order is an authorized IC designer meeting criteria in Note 1 to ECCN 3A090.a following certain reporting requirements to the BIS.

Our Compliance with U.S. Export Control Regulations

ECCN Classification Before the Jan 16 Rule

During the Track Record Period, we procured certain items that are subject to the EAR (collectively, the "**Procured Items**"), including (i) IPs, (ii) design software and tools, and (iii) wafers procured from foundries. Our Procured Items are classified as ECCN 3D991, 3E991 and EAR99.

BUSINESS

In January 2023 and March 2026, the Authorized IC Designer Subsidiary received a Commodity Classification Automated Tracking System (CCATS) classification from the BIS indicated that our finished products (including products that incorporate the Procured Items, collectively referred to as the “**Group Products**”), if subject to the EAR, are classified as ECCN 3A991 or EAR99.

ECCN Classification After the Jan 16 Rule

After the Jan 16 Rule in 2025, certain of our Group Products could be presumed to be classified as ECCN 3A090.a because they were produced using the “16/14 nanometer node” or below, or using a non-planar transistor architecture, regardless of the application scenarios of such integrated circuits.

Our Group’s products have overcome the presumption by providing the information described in section 743.9(b) of the EAR to front-end fabricators and allowing the Authorized IC Designer Subsidiary which places the wafer fabrication order to be qualified as an authorized IC designer under Note 1 to ECCN 3A090.a. Accordingly, our Group Products are not subject to the EAR nor classified as ECCN 3A090.a under this Jan 16 Rule foreign direct product rule.

Export Controls Analysis

During the Track Record Period, as advised by our International Sanctions Legal Advisor, our Group Product, including products that incorporate the Procured Items were not subject to the EAR because: (i) the Group Products were not of U.S.-origin; and (ii) the Group Products did not contain more than the applicable de minimis value of U.S.-origin content, including the Procured Items. During the Track Record Period, our Group Products were therefore not subject to BIS licensing requirements.

Having considered the above and our Group’s compliance framework, our Directors are of the view that the Export Control Compliance Arrangement has been and remains compliant with applicable U.S. export control regulations.

Foundry Suppliers’ Awareness and Acceptance of the Export Control Compliance Arrangement

During the Track Record Period, certain foundries were fully aware that products fabricated pursuant to orders placed by Amlogic Holdings Ltd. through our Export Control Compliance Arrangement were subsequently transferred to us for sales and distribution. If foundries were to object to goods sold to Amlogic Holdings Ltd. being transferred to us, they could refuse new orders or terminate supply agreements, which would disrupt our access to wafer fabrication services. However, we assess the likelihood of such objection to be low for the following reasons: (i) the authorized IC designer status of Authorized IC Designer Subsidiary provides foundries with enhanced compliance certainty regarding their own export control obligations; and (ii) foundries accepted the qualification of the Authorized IC Designer Subsidiary and continued to process orders as of the Latest Practicable Date.

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Hypothetical Impact if the Export Control Compliance Arrangement Were Determined to Be Non-Compliant

For illustrative purposes only, if we had not implemented the Export Control Compliance Arrangement:

- we might have to use comparable IPs, design software and tools from PRC-branches of the IP Software Vendors, as of the Latest Practicable Date, these comparable IPs, design software and tools were available for local Chinese procurement; thus, we believe that we can purchase these comparable products if we want separate licensing arrangements for our PRC operation. In the unlikely scenario that we are required to use alternative IPs, software and tools that are not as advanced as those we currently use. In that case, we could seek to mitigate the impact through, among others: iterative testing and validation, including producing small batches of test ICs to identify and resolve design flaws before mass production; targeted hardware revisions through limited metal layer changes rather than full IC redesigns; and software and firmware optimizations to compensate for any hardware performance gaps and help ensure that products still meet required targets. These measures cannot guarantee the replicability of our products’ performance and could result in impaired competitive edge. Even if such replication is feasible, these measures could increase our research and development effort and adversely affect our profitability; and
- we might have needed to engage alternative suppliers for IC packaging, testing and assembly services. In addition, while we intend to continue our collaboration with leading foundries for wafer fabrication services, we might have needed to engage another qualified entity to place wafer fabrication orders with these foundries. Such alternative arrangements would likely involve higher costs and more resources in supply chain management, both of which could adversely affect our profitability.

Our Directors are of the view, after consultant with our International Sanctions Legal Advisor, that our Export Control Compliance Arrangement has been and remains compliant with applicable U.S. export control regulations. In light of this, we consider the likelihood of being required to replace our existing key suppliers to be low. If such changes were nevertheless to occur, there are alternative suppliers in the market for both IP and foundry services. Replacing IPs or migrating to a new foundry would likely require us to (i) allocate additional R&D personnel to adjust and refine our IC designs based on the process design kits, IPs, standard cell libraries and other parameters of the process platform of such alternative foundry, and (ii) repeat the relevant verification and testing, thereby increasing R&D resource consumption and extending product development and launch timelines. See “Risk Factors — Risks Relating to Our Industry and Business Operations — We may be subject to the risks associated with international trade policies, geopolitics and trade protection measures, export controls and economic sanctions, and our business, financial condition and results of operations may be materially and adversely affected.”

BUSINESS

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Driven by the current global trend towards sustainable development, we deeply recognize the significance of Environmental, Social and Governance (“ESG”) to the long-term stable growth of the Company. We are committed to creating economic value while actively fulfilling our social responsibilities, and responding to stakeholders’ reasonable expectations in a responsible and compliant manner. Following the Listing, the Board confirms that we shall maintain continuous focus on and strictly implement the Corporate Governance Code set out in Appendix C1 and the ESG Reporting Code set out in Appendix C2 to the Listing Rules. We shall also fully comply with all rules and regulations pertaining to ESG. Furthermore, we shall annually disclose the Company’s material ESG issues, risk management, achievement of objectives and performance. We believe that sound ESG practices not only enhance corporate competitiveness but also make positive contributions to the sustainable development of society.

ESG Governance Framework

We attach great importance to the overall governance of ESG matters. The Board assumes ultimate supervisory responsibility for ESG and focuses on the associated risks and opportunities faced by the Company in its long-term strategy. The management of the Company will work in accordance with the Board’s guidance to promote the progressive implementation of ESG-related initiatives, and continuously integrate compliance and risk management concepts into day-to-day operation, forming a top-down governance mechanism. Through this arrangement, we aim to balance economic returns with social value during our corporate development, thereby building a long-term stable management foundation.

In terms of internal governance, we have established a number of policies covering corporate governance, compliance management, business ethics, data and information security, etc. These policies provide institutional guarantee for the our operation and promote integrity and risk awareness through sound management mechanism, ensuring we consistently adhere to sound and compliant principles in our rapid development.

From a social perspective, we prioritize constructive engagement with stakeholders, strengthen R&D and quality management, and embed compliance and responsible practices into supply chain operations to ensure stable, long-term partnerships. We are also committed to fostering employee growth, well-being, and a fair, positive organizational culture, building a solid talent foundation for sustainable development.

From an environmental perspective, we actively implement green and low-carbon practices in our daily operations. While focused on design and R&D rather than manufacturing, we promote energy conservation, efficient resource use, and green office initiatives to raise environmental awareness and steadily integrate sustainability into our business activities, supporting global climate and environmental efforts.

BUSINESS

We firmly believe that the sound ESG governance serves not only as a vital foundation for the Company’s compliance operation, but also as a key safeguard for achieving long-term sustainable development. By continuously improving our governance framework, strengthening risk management, and advancing social and environmental responsibilities, we aim to create lasting value for our customers, partners, employees and society while meeting regulatory requirements, and play an active role in the global sustainable development.

ESG Risk Management and Strategy

We attach great importance to the identification and management of ESG issues. As the deepening of the global sustainability trend and the gradual enhancement of the regulatory environment and market expectation, we recognize that ESG factors may significantly impact business model, value chain and financial performance. Consequently, we regard the identification and management of ESG-related risks as an ongoing process, striving to achieve a balance between business development and risk control.

In identifying and assessing risks, we take into account the national and local policy direction and industry trend to review the Company’s operation and value chain, and progressively identify environmental, social and governance issues that may impact the Company. Concurrently, we gather feedback from customers, employees, suppliers and other stakeholders through daily management and communication mechanism, and assess the materiality of relevant issues. This process enables us to progressively prioritize ESG issues, allocate management resources appropriately, and intensify focus and investment on material issues. Our historical ESG compliance costs have mainly consisted of contributions to employees’ work-related injury insurance. In 2025, the ESG compliance cost amounted to RMB2,061,000.

The following lists several significant risks we have identified, along with the mitigation measures we have taken against these risks:

Significant risks	Potential impact	Response strategies
Innovation and research and development. . . .	The semiconductor industry is characterized by rapid technological iteration and intense market competition. Insufficient investment in research and development or inadequate innovation capabilities may result in the Company losing its competitive edge in the competition.	We have maintained substantial investment in research and development, launching multiple new products that have achieved significant market breakthroughs. Concurrently, we have incentivized our R&D teams to innovate and accelerated the commercialization of research outcomes through the establishment of patent bonuses and project-based research and development incentives.

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Significant risks	Potential impact	Response strategies
Customer rights protection	Customer satisfaction is directly linked to the reputation and sustainable development of the Company. Failure to effectively protect customer rights may result in customer loss, reputational damage, and potentially trigger of legal or regulatory liabilities.	We have established a customer feedback and complaint management mechanism, setting out clear requirements for issue resolution process, response times and accountability, to ensure that customers’ reasonable concerns can be responded promptly and effectively.
Product quality management	Product quality is directly related to the Company’s core competitiveness and customer trust. Should quality control prove inadequate, it may lead to potential risks including damage to market reputation, customer loss and legal liabilities.	We consistently regard quality as the core of development. We have passed the ISO9001 quality system certification, and implemented rigorous verification and testing in the chip design to ensure performance and stability. At the same time, we conduct whole value chain management for both upstream suppliers and downstream customers to ensure the full-process quality control from chip design to production and delivery.
Information and privacy security . .	As digitalization continues to advance, risks such as information leaks, data misuse or system attacks may have a significant impact on the Company’s business and customer trust.	We have established a professional security team to comprehensively implement information security protection, including regular website vulnerability fix, client security patch upgrade, operating system upgrade and antivirus software check to ensure the sustained secure operation of the system. Additionally, we have specifically designated a “Data Owner” role responsible for ensuring that employees in its department or area receive adequate training and strictly adhere to policy requirements.

BUSINESS

Environment

Environmental protection

Driven by the global trend towards sustainable development, we deeply recognize the significance of environmental protection to the long-term stable growth of the Company. As a Fabless company, while our daily operation does not directly involve manufacturing process or cause direct environmental pollution, we actively advocate for green and low-carbon development concept.

In terms of strategy, we focus on green innovation in the chip research and development process. In the process of design and research and development, we prioritize reducing resource consumption, optimizing circuit design, enhancing product energy efficiency and performance, and advancing low-power, high-performance chip solutions. Through technological innovation, we launch greener integrated circuit products, minimizing environmental impact in the product lifecycle.

In terms of risk management, we recognize that environmental risks may impact business operation and employee safety. We have established preventative and response measures for emergencies such as fires and natural disasters to mitigate risks arising from potential uncertainties. We will also continue to pay attention to relevant laws, regulations and industry trends to ensure that the Company’s environmental management remains compliant and robust.

Climate change and responses

We are highly concerned about global climate change and integrate relevant concepts into the daily operation and management. Our operation does not directly generate significant greenhouse gas emission. The Company’s primary sources of greenhouse gas emission comprise direct energy emission (Scope 1) arising from vehicle fuel consumption and indirect energy emission (Scope 2) arising from purchased electricity. Regarding greenhouse gas (Scope 3) emission, we are currently focused on identifying emission sources in our value chain and plan to establish preliminary carbon data communication mechanism with key suppliers. We will incorporate the accounting and management of Scope 3 emission into our overall planning at an appropriate stage.

In terms of strategy, we have implemented proactive measures to reduce greenhouse gas emission, prioritizing the use of new energy vehicles to decrease reliance on conventional fuel vehicles, and introducing vehicle management system to optimize operational efficiency. The Company actively promotes the application of renewable energy, installing photovoltaic power generation system on the roof of office buildings and integrating it into the Company’s grid to prioritize clean energy usage and reduce dependence on conventional electricity. Concurrently, we have undertaken green renovation on existing buildings, including adding insulation layers and installing energy-efficient glass to reduce energy consumption of buildings.

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In terms of risk management, we focus on integrating climate change considerations into our operation and management, and responding to potential environmental risks within the controllable range, to ensure that the Company fulfils its environmental responsibilities while pursuing business development.

Indicators and targets: In 2025, we adhered to green and low-carbon operation, with the Company’s cumulative photovoltaic power generation reaching 96.25 megawatt hours. The table below lists the Company’s carbon emission data. Among semiconductor companies disclosing carbon emission intensity, our carbon emission intensity stands significantly below the industry average of 0.1928 tCO₂e/RMB ten thousand in revenue.

	For the year ended December 31,		
	2023	2024	2025
Greenhouse gas emission (Scope 1) (tCO ₂ e) . .	13.18	38.60	23.72
Greenhouse gas emission (Scope 2) (tCO ₂ e) . .	1,733.14	2,095.43	1,931.16
Total greenhouse gas emission (Scope 1 + Scope 2) (tCO ₂ e)	1,746.32	2,134.03	1,954.88
Greenhouse gas emission intensity (tCO ₂ e/RMB ten thousand in revenue)	0.0033	0.0036	0.0029

Use of resource

In daily production and operation, our resource consumption primarily comes from the consumption of office electricity, domestic water and office supplies. Adhering to the principle of sustainable development, the Company actively promotes refined management, and strives to enhance the efficiency of energy and water resource utilization while reducing unnecessary consumption.

In terms of strategy, we have formulated the Environmental Management Measures and the Energy Management Measures (《能源管理辦法》), and promote their implementation through daily supervision and management. In order to save electricity, we promote the use of energy-efficient equipment such as energy-saving lighting and air conditioners, while employing automated control system to optimize energy usage. In order to save water, we have installed water-saving equipment including low-flow taps and water-efficient toilets. Concurrently, we advocate water conservation concept and guide employees to develop good water usage habit, turning environmental awareness into daily conscious actions and achieving efficient water resource utilization. The Company further advances resource conservation and recycling through measures including paperless office, printing on both sides, procurement of eco-friendly office supplies and encouraging employees to bring personal cups.

BUSINESS

In terms of risk management, we ensure that the usage of energy, water resources and office supplies remains within reasonable and controllable limits through daily monitoring and regular inspection. By conducting periodic checks and maintenance on equipment, water pipes and office resources, the Company can promptly identify and address potential issues, thereby continuously optimizing resource utilization efficiency.

Indicators and targets: In 2025, due to business expansion, the Company’s water consumption saw a slight increase compared to the previous year. However, we will continue to monitor the resource usage, optimize management measures, and promote the efficient utilization of resources to ensure that resource consumption remains aligned with the Company’s sustainable development targets. Among semiconductor companies disclosing water consumption, our consumption is significantly below the industry average of 3.0212 t/RMB ten thousand in revenue, mainly due to the Company’s focus on chip design, which involves fewer production processes and consequently lower water demand.

	For the year ended December 31		
	2023	2024	2025
Electricity consumption (megawatt hour). . . .	3,229.85	3,905.01	3,598.89
Electricity consumption intensity (megawatt hour/RMB ten thousand in revenue).	0.0060	0.0066	0.0053
Water consumption (ton)	6,721	6,866	10,118
Water consumption (ton/RMB ten thousand in revenue).	0.0125	0.0116	0.0149

Waste management

Given the nature of our business, our daily operational activities do not involve the discharge of production-related wastewater, exhaust gases or hazardous waste. Only a small volume of domestic sewage is generated during its daily operation, which is connected to the municipal sewage system for unified treatment, thereby ensuring that daily operation complies with local laws and regulatory requirements.

In terms of strategy, we have established corresponding management regulations in the Environmental Management Measures for waste generated during office and research and development. Waste generated from the Company’s office activities primarily consists of recyclables such as paper and plastic. Dedicated waste sorting facilities are set up in office areas to categorize waste packaging materials, electronic devices, office paper and household waste, aiming to improve the recycling rate of resources. At the same time, the Company advocates prioritizing the use of recyclable and environmentally friendly materials to reduce waste generation at the source and strive to minimize potential negative impact on the environment.

BUSINESS

In terms of risk management, we ensure that office waste is properly disposed through daily supervision and classification management, thereby mitigating compliance and environmental risks arising from improper management. By continuously improving internal management, the Company strives to maintain both the standardization and effectiveness of its waste disposal practices.

Society

Employment

We strictly adhere to the relevant labor management laws and regulations of the places in which we operate during the recruitment, upholding principles of compliance, fairness and transparency to ensure that employees’ rights and interests are fully protected.

In terms of strategy, we have developed an Employee Handbook (《員工手冊》) to attract talents from diverse backgrounds based on the principles of fair, impartial and transparent recruitment, ensuring equal opportunities and dignity for every employee in the Company. Regarding remuneration and benefits, we implement the Remuneration and Benefits Management System (《薪酬福利管理制度》) and Performance Management Principles (《績效管理原則》), while also developing medium- and long-term employee incentive schemes. We actively listen to employees’ needs and feedback, and continuously optimize and improve the welfare system, performance management system, etc. through the employee congress, employee satisfaction survey and other measures to better meet the diverse needs of employees.

In terms of risk management, we have established policies and regulations such as the Regulations on Prohibiting the Use of Child Labor (《禁止使用童工規定》) and the Anti-Discrimination and Anti-Harassment Policy (《反歧視反騷擾政策》) to eliminate any form of child labor, forced labor, discrimination or harassment, fostering an inclusive and respectful working environment.

Indicators and targets: As of December 31, 2025, we had a total of 1,945 employees. The table below sets out the number of employees by gender, age group and education. Our employee turnover rate is 5.12%, which is lower than the semiconductor industry average of 10.83%, reflecting our strong performance in employee retention and stability.

	Number of employees	Percentage of total employees
	(person)	(%)
By gender		
Male	1,540	79.2
Female	405	20.8

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	Number of employees	Percentage of total employees
	(person)	(%)
By age group		
<i>Number of employees under the age of 30</i>	444	22.8
<i>Number of employees between the age of 30-50</i>	1,453	74.7
<i>Number of employees above the age of 50</i>	48	2.5
By education		
<i>Number of employees below the bachelor’s degree</i>	108	5.6
<i>Number of employees with the bachelor’s degree</i>	966	49.7
<i>Number of employees with the master’s degree</i>	856	44.0
<i>Number of employees with the doctoral degree</i>	15	0.8

Health and safety

We have established a management policy of “safety-based, prevention first, and shared responsibility”, as well as a long-term objective of “zero major safety accidents”. We are committed to creating a safe and healthy working environment for our employees.

In terms of strategy, we have established the Occupational Health Management System (《職業健康管理制度》) to realize the aforementioned policy and objective. Through regular health examination, emergency drill, equipment upgrade and technological innovation, we continuously enhance safety management standard to safeguard employee health and safety.

In terms of risk management, we comprehensively identify and control safety risks and occupational health hazards in the production. We regularly procure and provide protective supplies such as masks and woundplasts, and promptly identify and resolve potential safety hazards.

Indicators and targets: In 2025, our number of work-related injuries or deaths was 0, and the number of working days lost due to work-related injuries was 0, outperforming the industry average, which demonstrates our sustained high standards in occupational health and safety management.

Development and training

We uphold the people-oriented principle, continuously improving the training and development system, and promoting the deep integration of employee capabilities and organizational growth through a multi-level and comprehensive training mechanism.

In terms of strategy, we have established the Training Management System (《培訓管理制度》), which provides tiered and categorized training programs tailored to employees at different stages to help employees quickly integrate, achieve professional growth and develop their careers.

BUSINESS

Indicators and targets: In 2025, the total duration of employee training reached 17,934 hours, with an average training of approximately 9.2 hours per employee, basically in line with the industry average among semiconductor companies disclosing average employee training hours.

Supply chain management

We particularly emphasize the suppliers’ ESG performance and have established a rigorous supplier management system to drive green and sustainable development across the entire supply chain.

In terms of strategy, we have established policies such as the Supplier Development, Certification and Introduction Guideline (《供應商開發認證及導入指導規範》) to standardize the management of supplier development, certification and introduction, ensuring that the supplier resources meet our development needs, thereby maintaining the sustainability and stability of the supply chain. We regard supplier assessment and management pivotal for ensuring supply chain quality and efficiency. Through the Outsourcing Management Procedure (《外包商管理程序》), we have defined assessment methods, assessment criteria and exit mechanism of suppliers, enabling continuous monitoring of supplier performance. Furthermore, we organize diverse training programs from time to time to enhance suppliers’ professional capabilities, jointly advancing high-quality development.

In terms of risk management, to mitigate supply chain risks and ensure supply chain security, we enter into undertakings with suppliers including, but not limited to, anti-discrimination and anti-harassment, prohibition of forced labor, prohibition of child labor, health and safety standards, environmental protection, anti-corruption and anti-bribery measures, conflict of interest management, responsible mineral sourcing, personal information and privacy protection, respect for intellectual property rights and trade compliance. We also provide timely training to suppliers’ employees and representatives to ensure they fully understand the codes of conduct relevant to their responsibilities.

Information security and privacy protection

We attach great importance to information security management. See “— Information Security and Data Privacy.”

Anti-corruption

We strictly adhere to anti-corruption laws and regulations in the places where we operate, establishing an anti-fraud organizational structure that clearly defines the responsibilities and authority of personnel at all levels in anti-fraud efforts. The Board is responsible for coordinating, guiding and supervising anti-fraud efforts, while the management integrates anti-fraud efforts into daily management and provides necessary resource support. The internal audit department, serving as the day-to-day operational unit for anti-fraud efforts, is responsible for implementing the fraud risk assessment in the annual audit plan, ensuring comprehensive coverage of anti-fraud efforts from the strategic level to executive level.

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In terms of strategy, we have established regulations such as the Anti-Commercial Corruption and Commercial Bribery Undertaking (《反商業腐敗及商業賄賂承諾協議》) and the Anti-Corruption and Anti-Bribery Compliance Policy to regulate ethical business conducts. This includes signing integrity commitments with employees and providing specialized training to enhance compliance awareness, requiring suppliers to sign the Supplier Ethics and Compliance Commitment to ensure integrity from the outset of supply chain, and signing the Anti-Corruption and Anti-Bribery Commitment with customers to maintain transparency in cooperation.

In terms of risk management, we continually optimize our whistleblowing procedures, accepting reports both under real names and anonymously, while requiring all employees to cooperate with investigations and evidence-collecting. For significant fraud incidents, the internal audit department will report the results of the report and investigation to the Audit Committee, and promptly file records for Board’s review. At the same time, we maintain strict confidentiality regarding whistleblower information, ensuring that their legitimate rights are protected.

Indicators and targets: In 2025, we conducted two anti-corruption training, covering all employees. No legal proceedings relating to corruption, bribery or fraud were initiated.

INTERNAL CONTROL AND RISK MANAGEMENT

We have established and maintain a robust risk management and internal control system covering financial reporting, compliance, information security, and human resources management. Our Board of Directors and senior management are responsible for the establishment and periodic update of our internal control systems.

Financial Reporting Risk Management

We have adopted comprehensive accounting policies covering financial management, budget management, and financial statement preparation, with our finance department regularly reviewing management accounts. We provide ongoing training to finance staff to ensure effective implementation.

Information System Risk Management

We have implemented rigorous internal procedures and controls to safeguard against data leakage and loss, designed to prevent unauthorized access and ensure the security of sensitive information.

Compliance and Intellectual Property Risk Management

We have implemented strict internal procedures to ensure compliance with relevant laws and regulations and protection of intellectual property rights, including timely obtaining governmental pre-approvals and maintaining trademark, copyright, and patent registrations.

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Human Resources Internal Control

We have developed comprehensive internal control policies for human resources management, covering recruitment, training, work ethics, and legal compliance. Regular performance reviews are conducted with compensation tied to performance outcomes. We closely monitor implementation of internal risk management policies.

Tariff and Export Control Risk Management

In recent years, complexities in international relations, such as the geopolitical tensions between China and the U.S., have presented new challenges and ongoing uncertainties. See “Risk Factors — Risks Relating to Our Industry and Business Operations — We may be subject to the risks associated with international trade policies, geopolitics and trade protection measures, export controls and economic sanctions, and our business, financial condition and results of operations may be materially and adversely affected.”

As of the Latest Practicable Date, our products were not subject to any existing or proposed tariffs as we do not directly export our products to the U.S.. During the Track Record Period, we did not export finished goods directly to the U.S market, and our procurement from the U.S primarily consisted of R&D and ancillary services from Amlogic USA, which were not subject to any existing or proposed tariffs. Based on considerations, such as logistics, business customs and foreign exchange settlements, our customers typically select Hong Kong as the delivery location.

Our Directors are of the view, and the Joint Sponsors concur, that recent US tariff developments have not had, and are not expected to have, a material adverse effect on our Group considering that, during the Track Record Period and up the Latest Practicable Date: (i) we do not export finished products directly to the U.S. market; (ii) our procurement of services from the U.S. were not subject to the tariff, and (iii) we did not experience any material adverse changes in sales, order volume, selling prices or financial performance, nor did it receive any material customer requests for order cancellations or renegotiation of sales terms as a result of US or other overseas tariffs.

We believe any potential tariff impact on our business would be indirect and manageable. Although we are not currently subject to direct tariff risk, we have considered worst-case scenario involving reversion to historic high tariff levels on products sold to the U.S. market. Even under such a scenario, our products would not be directly subject to tariffs as we do not sell directly to U.S. customers and deliveries are structured through Hong Kong. However, tariffs imposed on customers’ end-products could have an adverse impact on customer demand and pricing. To mitigate these potential indirect impacts, we plan to continue to actively expand our customer base and maintain close relationships with foundries and packaging and testing service providers in multiple jurisdictions. Such strategy is designed to ensure continuity of supply and reduce any financial impact arising from future tariff changes.