OUR CONNECTED PERSONS

We have entered into certain transactions in the ordinary and normal course of our business with the following connected persons, which will constitute continuing connected transactions upon Listing under Chapter 14A of the Listing Rules:

Name of our connected person	Connected Relationship
Amlogic Holdings Ltd. and its subsidiaries, excluding the Group (the "**Amlogic Holdings Group**")	As of the Latest Practicable Date, Amlogic Holdings Ltd. is a substantial Shareholder of our Company. Therefore, members of the Amlogic Holdings Group will become connected persons of our Company upon Listing under Chapter 14A of the Listing Rules.

SUMMARY OF OUR CONTINUING CONNECTED TRANSACTIONS

Transaction	Applicable Listing Rule(s)	Waiver(s) sought
Fully-exempt continuing connected transactions		
Lease of property	14A.76(1)	N/A
Non-exempt continuing connected transactions		
Procurement of R&D and ancillary services	14A.105	Announcement, circular and independent Shareholders' approval

FULLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Lease of Property

On April 29, 2025, we entered into a lease agreement (the "**Property Leasing Agreement**") with Amlogic (USA) Ltd., a subsidiary of Amlogic Holdings Ltd., pursuant to which our Group will lease certain premises comprising office space to Amlogic (USA) Ltd., located at 488 Ellis Street, Mountain View, CA 94043, United States with a total gross floor area of 9,806 square feet.

The initial term of the Property Leasing Agreement commenced on May 1, 2025 and will end on April 30, 2030, and may be renewed for an additional term of five years upon the expiration of the initial term, subject to terms and conditions under the Property Leasing Agreement. The rental fees charged by our Group to Amlogic (USA) Ltd. has been determined through arm's length negotiations between the parties, and with reference to the prevailing market price of properties of comparable size and quality in the adjacent area available to or offered by Independent Third Parties under the similar terms and conditions, which are in the best interests of our Company and our Shareholders as a whole.

Listing Rules Implications

Our Directors confirm that the above transactions are conducted in our ordinary and usual course of business on normal commercial terms or better and that it is normal business practice for the similar lease agreements in the United States to be of a term greater than three years. The Joint Sponsors are of the view that entering into such agreement with a term of over three years is in line with normal business practice. Our Directors currently expect that the highest applicable percentage ratio of such transactions calculated for the purpose of Chapter 14A of the Listing Rules will be less than 0.1%. As such, these transactions will be fully exempt from all of the reporting, annual review, announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Procurement of R&D and ancillary services

Principal Terms

Since 2024, the Amlogic Holdings Group has been providing to us certain R&D and ancillary services, including use of certain intellectual property rights, marketing and procurement services, among others. On May 7, 2025, our Company entered into a framework agreement (the "**R&D and Ancillary Services Framework Agreement**") with Amlogic Holdings Ltd.

The initial term of the R&D and Ancillary Services Framework Agreement commenced on May 7, 2025 and will end on the date of the next annual general meeting of our Company, subject to renewal upon the mutual consent of both parties and compliance with the requirements of the Listing Rules and applicable laws and regulations. Both parties or their respective subsidiaries will enter into separate underlying agreements which will set out the specific terms and conditions according to the principles provided in the R&D and Ancillary Services Framework Agreement.

Reasons for the Transaction

We are committed to investment in R&D, driving the development of new products and technologies through a collaborative approach. Since 2024, we have been collaborating with Amlogic Holdings Group in respect of R&D and ancillary services, through which we have been able to leverage on relevant intellectual properties, equipment and industry expertise, to develop and market new products, meeting our customers' demand in markets across the globe. Our Directors are of the view that the terms of the R&D and Ancillary Services Framework Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms or better and are conducted in the ordinary and usual course of our business and in the interests of our Company and our Shareholders as a whole.

Pricing Policies

The fees to be paid by us to the Amlogic Holdings Group under the R&D and Ancillary Services Framework Agreement generally adopt a cost-plus method, whereby fixed markup rates are applied, and will be determined through arm's length negotiations between the relevant parties and with reference to: (i) in respect of R&D services, research and labor expenses based on the product specification, technical requirements and system design scheme of specific R&D projects; (ii) in respect of use of intellectual property rights, a market fee rate based on amortized costs of the intellectual properties supplied to us; and (iii) in respect of other services (including marketing and procurement services), costs associated with the provision of the services, including the number of employees involved, the hours deployed by the employees in providing the services and the products associated with the services. The cost-plus pricing model adopted by the Amlogic Holdings Group was formulated with an aim to cover the operating costs of the Amlogic Holdings Group, taking into account costs and expenses such as research and development expenses, labour expenses and costs of intellectual properties relevant to the performance of services for our Group. As advised by the independent professional advisor engaged by us to review and benchmark fee rates, such rates were within the range of market fees, based on analysis conducted by the independent professional advisor by reviewing fee rates of comparable companies in the semiconductor and/or information technology industries, providing similar technical services under similar terms in North American regions. We have been, and will continue to, engage an independent professional advisor to review the fee rates (including the fixed markup rates) and benchmark such rates against market fees on an annual basis.

Historical Transaction Amounts

For the years ended December 31, 2024 and 2025, the historical transaction amount of the relevant services were approximately RMB66.18 million and RMB332.37 million, respectively.

Annual Caps

The following table sets forth the proposed annual caps for the amounts to be paid by our Group to the Amlogic Holdings Group under the R&D and Ancillary Services Framework Agreement:

	For the year ending December 31,	
	2026	**2027**
	(RMB in million)	
Total fees to be paid by us to the Amlogic Holdings Group	492.00	576.00

The proposed annual caps are determined based on:

(i) the transaction amount between our Group and the Amlogic Holdings Group for the year ended December 31, 2025 taking into account (a) the existing orders and transactions between our Group and the Amlogic Holdings Group and (b) the expected increase in demand of our Group for such services. In particular, for the year ended December 31, 2025, we paid RMB332.37 million to the Amlogic Holdings Group for the relevant R&D and ancillary services. Such fee paid for the year ended December 31, 2025 represents an increase of approximately five times of the fee for the year ended December 31, 2024. Such increase is primarily attributable to our development of new products which are in initial development phases and require substantial investment into the R&D, driving our significant demand for R&D and ancillary services; and

(ii) an estimated annual increase rate of 10-20% for the annual cap for the year ending December 31, 2027 taking into account our expected increase for the costs and demand of such services.

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 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 certain human resources within Amlogic Holdings Ltd., a substantial Shareholder, and its subsidiaries, leading to the substantial increase in the annual caps for the year ending December 31, 2027. See "Business — Legal Proceedings and Compliance — The Export Control Compliance Arrangement" for further details of the above arrangements.

We believe the above arrangements, including the transactions contemplated under the R&D and Ancillary Service Framework Agreement, are in the best interest of the Company and the Shareholders as a whole and will not give rise to material reliance issue on the following basis: (i) the principal business of Amlogic Holdings Ltd. is IC design but did not sell or market its own products and were not engaged in any distribution of smart multimedia and display SoCs, AIoT SoCs, communication and connectivity ICs or automotive SoCs during the Track Record Period. Accordingly, there is no competition of end customers between the Group and Amlogic Holdings Ltd.; (ii) the development plans of the Group and Amlogic Holdings Ltd. are highly aligned, and leveraging on the long-term and mutual beneficial relationship with Amlogic Holdings Ltd., the Group has been able to benefit from services such as shared IP rights. The Directors therefore consider that the transactions contemplated under the R&D and Ancillary Services Framework Agreement are mutually beneficial to both the Company and Amlogic Holdings Ltd.; and (iii) the Company could procure wafer fabrication services from other authorized IC designers, notwithstanding that the Company would be required to devote significant time, cost and effort. See "Business — Legal Proceedings and Compliance — The Export Control Compliance Arrangement."

Listing Rules Implications

The above transactions are conducted in our ordinary and usual course of business on normal commercial terms or better and our Directors currently expect that the highest applicable percentage ratio of such transactions calculated for the purpose of Chapter 14A of the Listing Rules will exceed 5% on an annual basis. As such, these transactions will be subject to the reporting, annual review, announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTERNAL CONTROL PROCEDURES ADOPTED BY THE COMPANY IN RESPECT OF THE IMPLEMENTATION OF CONTINUING CONNECTED TRANSACTION FRAMEWORK AGREEMENT(S)

In order to further safeguard the interests of our Shareholders as a whole (including our minority Shareholders), our Group has implemented the following internal control measures in relation to the continuing connected transactions which have been and will be undertaken by our Group:

- we have adopted a connected transactions management policy for the purpose of ensuring that connected transactions undertaken by our Group will be conducted in a fair manner, on normal commercial terms and in the interests of our Company and our Shareholders as a whole;

- we have been, and will continue to, engage an independent professional advisor to review the fee rates and benchmark such rates against market fees on an annual basis, to ensure that the pricing of the transactions under the R&D and Ancillary Services Framework Agreement are in line with market rates;

- if the value of any proposed connected transaction is expected to exceed certain thresholds, our Company will commence necessary additional assessment and approval procedures and ensure that we will comply with the applicable requirements under Chapter 14A of the Listing Rules (including seeking to revise the relevant annual cap(s) and independent Shareholders' approval);

- when considering any renewal or revisions to the framework agreements after Listing, the interested Directors and Shareholders shall abstain from voting on the Directors and Shareholders resolutions to approve such transactions at Board meetings or Shareholders' general meetings (as the case may be). If the independent Directors' or independent Shareholders' approvals cannot be obtained, we will not continue the transactions under the framework agreement(s) to the extent that they constitute non-exempt continuing connected transactions under Chapter 14A of the Listing Rules; and

- our Company will provide information and supporting documents to the independent non-executive Directors and the auditors in order for them to conduct an annual review of the continuing connected transactions entered into by our Company. In accordance with the requirements under the Listing Rules, the independent non-executive Directors will provide an annual confirmation to the Board as to whether the continuing connected transactions have been entered into in the ordinary and usual course of business of our Group, are on normal commercial terms and are in accordance with the agreement governing them on terms that are fair and reasonable and in the interests of our Company and our Shareholders as a whole, and the auditors will provide an annual confirmation to the Board as to whether anything has come to their attention that causes them to believe that the continuing connected transactions have not been approved by the Board, are not in accordance with the pricing policies of our Group in all material respects, are not entered into in accordance with the relevant agreements governing the transactions in all material respects or have exceeded the cap.

WAIVER FROM THE STOCK EXCHANGE

As the material terms of the non-exempt continuing connected transactions are disclosed in this document and potential investors will participate in the [**REDACTED**] on the basis of the disclosures, our Directors consider that strict compliance with the announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules would be unduly burdensome and, in particular, would induce unnecessary administrative costs to our Company.

Accordingly, our Group has applied to the Stock Exchange, and the Stock Exchange [has granted us,] subject to the condition that the maximum aggregate annual transactions value shall not exceed the estimated annual caps as stated above, a waiver under Rule 14A.105 of the Listing Rules, exempting transactions set out in "— Non-Exempt Continuing Connected Transactions" in this section from strict compliance with the announcement, circular and independent Shareholders' requirements under Chapter 14A of the Listing Rules.

DIRECTORS' CONFIRMATION

Our Directors (including independent non-executive Directors) are of the view that the non-exempt continuing connected transactions set out above have been entered into in our ordinary and usual course of business on normal commercial terms or better which are fair and reasonable and in the interests of our Company and our Shareholders as a whole, and the proposed annual caps in respect of the non-exempt continuing connected transactions are fair and reasonable and in the interests of us and our Shareholders as a whole.

JOINT SPONSORS' CONFIRMATION

The Joint Sponsors concur with our Directors' view that the aforesaid non-exempt continuing connected transactions, for which a waiver has been sought, has been entered into in the ordinary and usual course of our business on normal commercial terms or better terms, are fair and reasonable and in the interests of our Company and our Shareholders as a whole, and that the proposed annual caps in respect of the non-exempt continuing connected transactions are fair and reasonable and in the interests of our Company and our Shareholders as a whole.