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Application Proof of

Amlogic (Shanghai) Co., Ltd.
晶晨半導體（上海）股份有限公司

(the "**Company**")

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

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Amlogic (Shanghai) Co., Ltd.
晶晨半導體（上海）股份有限公司

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

[REDACTED]

Number of [REDACTED] under the [REDACTED]	**:**	**[REDACTED] H Shares (subject to the [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to [REDACTED] and the [REDACTED])**
[REDACTED]	**:**	**HK$[REDACTED] per H Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Hong Kong Stock Exchange trading fee of 0.00565% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value	**:**	**RMB1.00 per H Share**
Stock code	**:**	**[●]**

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SUMMARY

This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you. You should read the entire document before you decide to invest in the H Shares.

There are risks associated with any investment in the H Shares. Some of the particular risks in investing in the H Shares are set out in the section headed "Risk Factors" in this document. You should read that section carefully before you decide to invest in the H Shares.

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%.

Since inception, we have been focusing on high system-level complexity and multi-layered and highly integrated SoC solutions. With 30 years of experience in SoC design, 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.

Our products, SoCs and ICs, could be directly integrated into a range of end-consumer electronic products, such as smart TVs, set-top boxes and smart home devices. Typically, our end-customers integrate our products at the component level during the manufacturing process of finished goods. For example, for smart TV SoCs, television manufacturers solder our SoC as the main chip onto the motherboard, where it works together with both hardware and software to deliver essential functions such as display driving, intelligent control and network connectivity. Our smart TV SoCs serve as the primary processing units in smart TVs produced by leading TV companies such as Xiaomi and Hisense, enabling advanced features such as 4K video decoding and AI picture quality optimization.

We have established a leading position in the global smart home sector by strategically prioritizing key markets and capitalizing on growth opportunities. This approach has resulted in significant commercial success and has strengthened our competitive advantages. 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.

COMPETITIVE STRENGTHS

We believe that our business success and leading market position are underpinned by the following key strengths: (i) strong capabilities in system-level SoC innovation; (ii) robust proprietary IP library powering a scalable platform ecosystem; (iii) pioneering edge AI and next-generation process technology; (iv) enduring strategic alliances with global industry leaders and ecosystem platforms; (v) agile global operations with strong local responsiveness; and (vi) experienced management and R&D team. See "Business — Competitive Strengths."

STRATEGIES

We are committed to the following strategies to drive sustainable growth and achieve our vision: (i) continuous innovation in edge AI and communication and connectivity technology to deepen product layout in smart device applications; (ii) deepening ecosystem partnerships with leading customers and extending smart device market reach; (iii) drive product innovation through strong talent pool; and (iv) exploring strategic investment and acquisitions to strengthen technological leadership. See "Business — Strategies."

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. Leveraging extensive industry experience and our highly reusable general IP resource library, we have forged strong partnerships with leading clients across multiple segments. Our business footprint extends across the globe, including mainland China, Hong Kong, North America, Europe, Latin America, Asia-Pacific and Africa.

We adopted both direct sales and distribution model. In 2023, 2024 and 2025, our revenue generated from distributorship amounted to 78.5%, 78.3% and 78.1%, respectively. 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.

CUSTOMERS AND SUPPLIERS

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. See "Business — Our Customers" for more details.

During the Track Record Period, our suppliers primarily consisted of (i) foundries and (ii) chip packaging and testing service providers. 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 54.6%, 49.8% and 41.6% of our total purchases in 2023, 2024 and 2025, respectively. See "Business — Our Suppliers" for more details.

We started cooperating with Supplier A, a global public semiconductor foundry, since 2016, and have established stable relationships with Supplier A through long-term agreements. According to Frost & Sullivan, it is in line with industry 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. See "Business — Our Suppliers — Reliance on Certain Supplier."

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 of which have a substantially higher market share than us. The principal competitive factors in our market include technological expertise, R&D capabilities, diverse portfolio of reusable IP assets, sales and marketing capability, supply chain management, and brand and reputation. We have demonstrated strong market competitiveness. According to Frost & Sullivan, in term 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."

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The summary of consolidated financial information should be read together with the consolidated financial information to the Accountants' Report set out in Appendix I to this document, including the accompanying notes and the information set out in "Financial Information" in this document.

Summary of Consolidated Statements of Profit or Loss

The following table sets forth a summary of our consolidated statement of profit or loss for the years indicated.

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Revenue	5,370,942	100.0	5,926,315	100.0	6,790,582	100.0
Cost of sales	(3,586,897)	(66.8)	(3,728,253)	(62.9)	(4,224,222)	(62.2)
Gross profit	1,784,045	33.2	2,198,062	37.1	2,566,360	37.8
Other income	43,273	0.8	21,024	0.4	22,406	0.3
Other gains and losses, net	91,187	1.7	100,956	1.7	19,438	0.3
Selling and marketing expenses	(88,825)	(1.7)	(71,712)	(1.2)	(86,244)	(1.3)
General and administrative expenses	(169,244)	(3.2)	(163,972)	(2.8)	(155,906)	(2.3)
Research and development expenses	(1,282,691)	(23.9)	(1,352,730)	(22.8)	(1,551,795)	(22.9)
Impairment losses, net of reversal on financial assets	(60)	(0.0)	43	0.0	(336)	(0.0)
Finance income, net	86,390	1.6	111,949	1.9	89,711	1.3
Share of results of associates	38,953	0.7	8,195	0.1	5,001	0.1
Profit before tax	503,028	9.4	851,815	14.4	908,635	13.4
Income tax expenses	(4,335)	(0.1)	(32,604)	(0.6)	(38,168)	(0.6)
Profit for the year	498,693	9.3	819,211	13.8	870,467	12.8

Our profit for the year increased by 64.3% from RMB498.7 million in 2023 to RMB819.2 million in 2024, primarily due to an increase in our revenue of RMB555.4 million, mainly driven by the expansion of our customer base, recovery of downstream market and commercialization of our 6-nm chips. Our profit for the year further increased by 6.3% from RMB819.2 million in 2024 to RMB870.5 million in 2025, primarily due to an increase in our revenue of RMB864.3 million, mainly as a result of the expansion of our customer base and application scenarios of our products.

Revenue

During the Track Record Period, we generated revenue primarily from semiconductor sales. The following table sets forth a breakdown of our revenue by the nature of business for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
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	**5,370,942**	**100.0**	**5,926,315**	**100.0**	**6,790,582**	**100.0**

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.

According to Frost & Sullivan, the IC industry experienced a downturn in the second half of 2022 and 2023, characterized by inventory accumulation, reduced consumer demand, and declining prices across various products. In 2024, the industry began to show signs of an uneven recovery across certain end markets, while the competition in those markets was still intense. Affected by such cyclical downturns and gradual recovery across different end markets during the Track Record Period, the sales volume of our different products experienced fluctuation during the same period, followed by recovery in 2024. Leveraging our diversified product portfolio and supply chain management capabilities, we were able to maintain relatively stable total revenue and overall gross profit margins in 2023, despite cyclical downturns in the industry. In 2025, we were able to capitalize on the gradual recovery of global IC industry and the surge in demand for smart devices driven by the development of AI and advanced intelligent technologies, building on our ongoing investment in product development and iteration.

The following table sets forth a breakdown of our revenue by geographic location for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Mainland China	524,880	9.8	511,958	8.6	615,402	9.1
Outside of mainland China[(1)]	4,846,062	90.2	5,414,357	91.4	6,175,180	90.9
Total	**5,370,942**	**100.0**	**5,926,315**	**100.0**	**6,790,582**	**100.0**

Note:

(1) We categorize our revenue by geographic location based on the place of delivery. Based on considerations, such as logistics, business customs and foreign exchange settlements, our customers typically select Hong Kong as the delivery location.

Gross Profit and Gross Profit Margin

The following table sets forth our gross profit and gross margins by business line for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Sales of ICs						
Smart multimedia and display SoCs	1,397,531	34.4	1,389,251	32.4	1,768,752	35.7
AIoT SoCs	522,951	43.6	743,498	49.2	768,057	46.8
Communication and connectivity ICs	20,006	25.9	31,616	26.4	39,049	19.5
Smart automotive SoCs and other ICs	14,044	43.8	1,635	33.8	747	52.6
Provision of technical services	1,058	100.0	–	–	950	100.0
Subtotal/Overall	**1,955,590**	**36.3**	**2,166,000**	**36.5**	**2,577,555**	**38.0**
(Write-down)/reversal of write-down of inventories	(171,545)		32,062		(11,195)	
Total/Overall	**1,784,045**	**33.2**	**2,198,062**	**37.1**	**2,566,360**	**37.8**

Our gross profit increased by 23.2% from RMB1,784.0 million in 2023 to RMB2,198.1 million in 2024, primarily driven by (i) the net reversal of write-downs of inventories in 2024 due to the recovery of demand in downstream markets and (ii) increases in sales volume of our AIoT SoCs and communication and connectivity ICs. Our gross profit increased by 16.8% from RMB2,198.1 million in 2024 to RMB2,566.4 million in 2025, primarily due to the increases in the sales volume of our AIoT SoCs, partially offset by a decrease in reversal of write-down of inventories.

Our gross profit margin increased from 33.2% in 2023 to 37.1% in 2024, primarily due to the net reversal of write-downs of inventories due to the recovery of demand in downstream markets. In 2025, our gross profit margin remained relatively stable at 37.8%.

Summary of Consolidated Statements of Financial Position

The following table sets forth a summary of our consolidated statement of financial position as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Total non-current assets	1,208,541	1,533,932	1,961,108
Total current assets	5,147,520	5,832,098	6,683,008
Total assets	6,356,061	7,366,030	8,644,116
Total non-current liabilities	67,492	55,843	66,671
Total current liabilities	799,513	883,619	1,201,492
Total liabilities	867,005	939,462	1,268,163
Net current assets	4,348,007	4,948,479	5,481,516
Net assets	5,489,056	6,426,568	7,375,953

Net Current Assets

Our net current assets remained relatively stable at RMB5,481.5 million as of December 31, 2025 and RMB5,430.5 million as of February 28, 2026.

Our net current assets increased by 10.8% from RMB4,948.5 million as of December 31, 2024 to RMB5,481.5 million as of December 31, 2025, primarily due to (i) an increase of RMB1,118.1 million in inventories mainly as we increased our inventory level based on our market judgment (ii) an increase of RMB384.5 million in prepayments mainly as a result of a change in payment arrangement with certain major suppliers to ensure supply chain stability, and (iii) an increase of RMB171.9 million in trade and other receivables in line with the growth

in our sales. The increases were partially offset by (i) a decrease of RMB536.6 million in financial assets at FVTPL, primarily in relation to the redemption of wealth management products upon maturity and (ii) a decrease of RMB393.9 million in cash and bank balances.

Our net current assets increased by 13.8% from RMB4,348.0 million as of December 31, 2023 to RMB4,948.5 million as of December 31, 2024, primarily due to (i) an increase of RMB408.5 million in cash and bank balances, primarily reflecting our improved cash flow, (ii) an increase of RMB165.0 million in inventories in response to the gradual recovery in market demands, and (iii) an increase of RMB143.9 million in the current portion of financial assets at amortized cost mainly as a result of changes of our investment.

Net Assets

Our net assets increased by 17.1% from RMB5,489.1 million as of December 31, 2023 to RMB6,426.6 million as of December 31, 2024, primarily due to our profit for the year of RMB819.2 million. Our net assets further increased by 14.8% from RMB6,426.6 million as of December 31, 2024 to RMB7,376.0 million as of December 31, 2025, primarily due to the profit for the period of RMB870.5 million.

Summary of Consolidated Statements of Cash Flow

The following table sets forth selected cash flow statement information for the years indicated:

	Year ended December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Net cash from/(used in) operating activities	886,961	950,653	(225,435)
Net cash from/(used in) investing activities	(1,112,248)	(938,221)	581,443
Net cash from/(used in) financing activities	(128,363)	17,472	18,969
Net increase/(decrease) in cash and cash equivalents	(353,650)	29,904	374,977
Effect of exchange rate changes	4,939	(950)	(14,281)
Cash and cash equivalents at beginning of the year	1,129,525	780,814	809,768
Cash and cash equivalents at end of the year	**780,814**	**809,768**	**1,170,464**

For the year ended December 31, 2025, we had net cash used in operating activities of RMB225.4 million, primarily due to an increase in prepayments of RMB365.0 million mainly as a result of a substantial increase in prepayment for goods in relation to a change in payment arrangement with certain major suppliers for us to place wafer fabrication orders through the subsidiary of Amlogic Holdings Ltd. in order to ensure supply chain stability. See "Business — Legal Proceedings and Compliance — The Export Control Compliance Arrangement." We expect to experience net cash used in operating activities until the subsidiary of Amlogic Holdings Ltd. can extend credit term with these major suppliers. We will continue to monitor our cash flows from operations closely and improve our net operating cash out flows position through a variety of means, including (i) extending the credit period of Amlogic Holdings Ltd.'s subsidiary with the major suppliers, (ii) extending our credit period with Amlogic Holdings Ltd. to reduce the amount of prepayments required, (iii) managing our trade and bills receivables by monitoring the credit profile of our customers and enhancing our payment collection system, and (iv) increasing our inventory turnover rate to increase our cash flows from operating activities.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios as of the dates or for the periods indicated:

	Year ended/As of December 31,		
	2023	2024	2025
Gross profit margin[(1)]	33.2%	37.1%	37.8%
Current ratio[(2)]	6.4	6.6	5.6
Quick ratio[(3)]	4.9	5.0	3.5
Debt-to-equity ratio[(4)]	0.2	0.1	0.2
Return on equity[(5)]	9.6%	13.8%	12.6%

Notes:

(1) Gross profit margin is calculated as revenue minus cost of sales divided by revenue, then multiplied by 100%.

(2) Current ratio equals total current assets divided by total current liabilities as of the date indicated.

(3) Quick ratio is calculated using current assets less inventories and divided by current liabilities as of the dates indicated.

(4) Debt-to-equity ratio is calculated using total debt divided by total equity.

(5) Return on equity is calculated by dividing profit for the year by the equity of our Company for the respective year (sum of opening and closing balances of the equity of the respective year and then divided by two) and multiplied by 100%.

RISK FACTORS

Our operations and the [**REDACTED**] involve certain risks and uncertainties, including (i) risks relating to our industry and business operations, (ii) risks relating to our research and development and intellectual property rights of our products, (iii) risks relating to our financial condition and need for additional capital, (iv) risks relating to doing business in the jurisdictions we operate, and (v) risks relating to the [**REDACTED**], which are set out in the section headed "Risk Factors" in this document. You should read that section in its entirety carefully before you decide to invest in the [**REDACTED**].

Some of the major risks we face include, but are not limited to: (i) we operate in competitive markets. If we are unable to compete effectively with existing or new competitors, our sales, market share and profitability could be adversely affected; (ii) if we are not able to introduce products on a timely basis with features and performance levels that provide value to our customers, our operating results may suffer; (iii) factors that adversely affect the industries and sectors of our customers may adversely impact our business, financial condition, results of operations and prospects; (iv) 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; (v) products that fail to meet customers' specifications or are defective could impose significant costs on us or result in loss of business; (vi) changes to industry standards and technical requirements relevant to our products and markets could adversely affect our business, results of operations and prospects; and (vii) we source certain services that are key to our operations from a limited number of suppliers.

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.

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 and financial conditions.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

No Material Adverse Change

After performing sufficient due diligence work that our Directors consider appropriate, our Directors confirm that, up to the date of this document, there has been no material adverse change in our financial or trading position or prospects since December 31, 2025 (being the end date of the period reported on in the Accountants' Report in Appendix I to this document) and there has been no event since December 31, 2025 that would materially affect the information as set out in the Accountants' Report in Appendix I to this document.

Recent Developments

The semiconductor industry globally maintained strong growth momentum in early 2026, primarily driven by robust demand from AI-related applications, including data centers and smart devices. Continued advancement in AI workloads, coupled with increasing silicon content across diversified applications, further supported the expansion of the global semiconductor industry.

In March 2026, we approved a cash dividend in the aggregate amount of RMB84.0 million for the year ended December 31, 2025. See Note 47 to the Accountants' Report included in Appendix I to this document.

OUR LISTING ON THE SHANGHAI STOCK EXCHANGE AND REASON FOR THE LISTING ON THE STOCK EXCHANGE

Our Company has been listed on the Star Market of the Shanghai Stock Exchange since August 2019. We seek to be listed on the Hong Kong Stock Exchange in order to further improve the capital strength and comprehensive competitiveness of the Company, and advance the Company's internationalization strategy. See "Business — Our Strategies" and "Future Plans and Use of Proceeds" for more details.

Our Directors confirmed that, since our listing on the Star Market of the Shanghai Stock Exchange and as of the Latest Practicable Date, we had no instances of material noncompliance with the rules of the Shanghai Stock Exchange and other applicable securities laws and regulations of the PRC, and, to the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to the investors' attention in relation to our compliance record on the Shanghai Stock Exchange. Our PRC Legal Advisors are of the view that we have not been subject to any material administrative penalties or regulatory measures imposed by PRC securities regulatory authorities and we have complied with the relevant rules of the Shanghai Stock Exchange and other applicable securities laws and regulations of the PRC applicable to us in all material respects. Based on the independent due diligence conducted by the Joint Sponsors, nothing has come to the Joint Sponsors' attention that would cause them to disagree with our Directors' confirmation with regard to the compliance records of the Company on the Shanghai Stock Exchange.

THE IMPACT OF COVID-19

The outbreak of COVID-19 pandemic has adversely affected the global economy since the first quarter of 2020. In response, government authorities adopted various anti-pandemic measures, including travel bans and restrictions, quarantines measures and remote working arrangements. The adverse impact of the pandemic has gradually subsided since 2023.

By collaborating mainly with leading suppliers, our supply chain remained stable, and the prices of procured raw materials and services did not experience significant fluctuations. In addition, during the Track Record Period and up to the Latest Practicable Date, we did not experience any material shutdown of business operations due to the COVID-19 pandemic, and our product delivery has not been materially affected by the COVID-19 pandemic. Accordingly, we believe that the outbreak of COVID-19 has not had any material adverse impact on our business, financial condition or results of operations.

[**REDACTED**]

	Based on an [REDACTED] of HK$[REDACTED] per H Share	**Based on an [REDACTED] of HK$[REDACTED] per H Share**
Market capitalization of our H Shares[(1)]	HK$[**REDACTED**]	HK$[**REDACTED**]
Market capitalization of our A+H Shares[(2)] .	HK$[**REDACTED**]	HK$[**REDACTED**]
Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as of December 31, 2025 per Share[(3)]	HK$[**REDACTED**]	HK$[**REDACTED**]

Notes:

(1) The calculation is based on the assumption that [**REDACTED**] H Shares are newly issued in the [**REDACTED**] (without taking into account H Shares that may be issued upon the exercise of the [**REDACTED**] and that no other changes are made to the issued share capital of our Company from the Latest Practicable Date to the Listing Date).

(2) The calculation of market capitalization is based on [**REDACTED**] Shares expected to be in issue immediately upon completion of the [**REDACTED**], assuming the [**REDACTED**] is not exercised.

(3) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as of December 31, 2025 per share is calculated based on a total of [**REDACTED**] shares, assuming the [**REDACTED**] had been completed on December 31, 2025, but does not take into account of any shares which may be issued upon the exercise of the [**REDACTED**] and upon the vesting of restricted shares that have been or may be granted from time to time under the plan of restricted shares. For details, please refer to the Appendix II — Unaudited Pro Forma Financial Information.

(4) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as of December 31, 2025 to reflect any trading results or other transactions of the Group entered into subsequent to December 31, 2025, including the acquisition of 100% equity interests in Xinmai Micro and declaration of dividend as set forth in note 47 to the Accountants' Report in the Appendix I to this document.

USE OF PROCEEDS

Assuming the [**REDACTED**] is HK$[**REDACTED**] per H Share (being the mid-point of the [**REDACTED**] range stated in this document), we estimate that we will receive net proceeds of approximately HK$[**REDACTED**] from the [**REDACTED**] after deducting the [**REDACTED**] and other estimated expenses paid and payable by us in connection with the [**REDACTED**] (assuming the [**REDACTED**] is not exercised).

Based on our strategy, we intend to use the proceeds from the [**REDACTED**] for the purposes and amounts specified below: (i) approximately [70.0]%, or HK$[**REDACTED**], is intended to be used in next five years to support the continued growth and advancement of our global R&D capabilities, with a focus on cutting-edge IC technologies; (ii) approximately [10.0]%, or HK$[**REDACTED**], is intended to be used for the development of our global customer service system over the next five years; (iii) approximately [10.0]%, or HK$[**REDACTED**], is intended to be used for strategic investment and acquisition aimed at advancing our "platform plus ecosystem" strategy; and (iv) approximately [10.0%], or HK$[**REDACTED**], will be allocated for general working capital and general corporate purposes. See "Future Plans and Use of Proceeds."

DIVIDEND

Pursuant to PRC laws and regulations, including the PRC Company Law (《中華人民共和國公司法》), and the Articles of Association, we have adopted an annual dividend policy. As of the Latest Practicable Date, we do not have a fixed dividend distribution ratio. We prioritize distributing dividends in the form of cash, but may also distribute dividends in the form of stocks or a combination of cash and stocks. Pursuant to the Articles of Association, our Board may recommend a distribution of dividends after taking into account our results of operations, financial condition, operating requirements and capital requirements. Under applicable PRC laws, dividends may be paid only out of distributable profits, which refer to after-tax profits less any recovery of accumulated losses and required allocations to statutory capital reserve funds. During the Track Record Period, we declared dividends of RMB208.2 million, nil and nil to our Shareholders in 2023, 2024 and 2025, respectively. All of such dividends declared during the Track Record Period had been fully settled as of the Latest Practicable Date.

LISTING EXPENSES

Listing expenses represent professional fees, [**REDACTED**] and other fees incurred in connection with the [**REDACTED**]. Listing expenses to be borne by us are estimated to be approximately RMB[**REDACTED**] (HK$[**REDACTED**]), comprising: (i) [**REDACTED**] of RMB[**REDACTED**] (HK$[**REDACTED**]); and (ii) [**REDACTED**] expenses of RMB[**REDACTED**] (HK$[**REDACTED**]), which are further categorized into: (a) fees and expenses of legal advisors and accountants of RMB[**REDACTED**] (HK$[**REDACTED**]); and (b) other fees and expenses of RMB[**REDACTED**] (HK$[**REDACTED**]), assuming the [**REDACTED**] is not exercised and based on the [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the [**REDACTED**] range), approximately

RMB[**REDACTED**] (HK$[**REDACTED**]) of which was charged or is expected to be charged to our consolidated statements of profit or loss, and approximately RMB[**REDACTED**] (HK$[**REDACTED**]) of which is expected to be deducted from equity upon the completion of the [**REDACTED**]. The listing expenses are expected to represent approximately [**REDACTED**]% of the gross proceeds of the [**REDACTED**], assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the indicative [**REDACTED**] range) and that the [**REDACTED**] is not exercised. The listing expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

THE EXPORT CONTROL COMPLIANCE ARRANGEMENT

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 our Export Control Compliance Arrangement (as defined below). See "Business — Legal Proceedings and Compliance — The Export Control Compliance Arrangement," "Connected Transactions," and "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."

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

"A Share(s)"	ordinary shares issued by our Company, with a nominal value of RMB1.00 each, which are listed on the Star Market of the Shanghai Stock Exchange and traded in Renminbi
"Accountants' Report"	the accountants' report of our Company for the Track Record Period, the text of which is set out in Appendix I to this document
"affiliate(s)"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AFRC"	the Accounting and Financial Reporting Council of Hong Kong
"Amlogic HK"	Amlogic Co., Limited, a limited company incorporated in Hong Kong on September 23, 2015 and a wholly owned subsidiary of our Company
"Amlogic Shenzhen"	Amlogic (Shenzhen) Co., Ltd. (晶晨半導體(深圳)有限公司), a limited company established in the PRC on June 25, 2014 and a wholly owned subsidiary of our Company
"Articles" or "Articles of Association"	the articles of association of our Company, as amended, which shall become effective from the Listing Date and a summary of which is set out in Appendix VI to this document
"associate(s)"	has the meaning ascribed to it under the Hong Kong Listing Rules
"Audit Committee"	the audit committee of the Board
"Board"	the board of Directors

"Business Day"	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"close associate(s)"	has the meaning ascribed to it under the Listing Rules
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company", "our Company", or "the Company"	Amlogic (Shanghai) Co., Ltd. (晶晨半導體(上海)股份有限公司), a company with limited liability established under the laws of the PRC on July 11, 2003
"Compliance Advisor"	Somerley Capital Limited, our compliance advisor
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"CSDC"	China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司)
"CSRC"	the China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)"	the director(s) of our Company
"EIT Law"	the PRC Enterprise Income Tax Law (中華人民共和國企所得税法), as enacted by the NPC on March 16, 2007 and effective on January 1, 2008, as amended, supplemented or otherwise modified from time to time

"Exchange Participant(s)"	a person: (a) who, in accordance with the Hong Kong Listing Rules, may trade on or through the Hong Kong Stock Exchange; and (b) whose name is entered in a list, register or roll kept by the Hong Kong Stock Exchange as a person who may trade on or through the Hong Kong Stock Exchange
"Extreme Conditions"	any extreme conditions caused by a super typhoon as announced by the government of Hong Kong or any extreme conditions or events, the occurrence of which will cause interruption to the ordinary course of business operations in Hong Kong or that may affect the Listing Date
"FINI"	an online platform operated by HKSCC that is mandatory for admission to trading and, where applicable, the collection and processing of specified information on subscription in and settlement for all New Listings
"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent professional market research and consulting company
"Frost & Sullivan Report"	the report with respect to this [**REDACTED**] issued by Frost & Sullivan
"General Rules of HKSCC"	General Rules of HKSCC published by the Stock Exchange and as amended from time to time
	[**REDACTED**]
"Governmental Authority"	any governmental, regulatory, or administrative commission, board, body, authority, or agency, or any stock exchange, self-regulatory organization, or other non-governmental regulatory authority, or any court, judicial body, tribunal, or arbitrator, in each case whether national, central, federal, provincial, state, regional, municipal, local, domestic, foreign, or supranational

"Group", "our Group", "the Group", "we", "us" or "our"	the Company and its subsidiaries from time to time, their predecessors (as the case may be), and where the context requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
"Guide for New Listing Applicants" or "Guide"	the Guide for New Listing Applicants issued by the Hong Kong Stock Exchange effective from January 1, 2024 (as amended, supplemented or otherwise modified from time to time)
"H Share(s)"	overseas listed foreign shares in our ordinary share capital with a nominal value of RMB1.00 each, to be subscribed for and traded in Hong Kong dollars and listed on the Stock Exchange
"H Share Registrar"	[**REDACTED**]
"HK$" or "Hong Kong dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"HK" or "Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"HKSCC"	Hong Kong Securities Clearing Company Limited

[**REDACTED**]

"HKSCC Nominees"	HKSCC Nominees Limited, a wholly owned subsidiary of HKSCC

"HKSCC Operational Procedures"	the operational procedures of HKSCC, containing the practices, procedures and administrative or other requirements relating to HKSCC's services and the operations and functions of CCASS, FINI or any other platform, facility or system established, operated and/or otherwise provided by or through HKSCC, as from time to time in force
"HKSCC Participant(s)"	a participant admitted participating in CCASS as a direct clearing participant, a general clearing participant or a custodian participant
"Hong Kong Listing Rules" or "Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)

[**REDACTED**]

"IFRS"	International Financial Reporting Standards, as issued by the International Accounting Standards Board
"Independent Third Party(ies)"	any entity or person who is not a connected person of our Company within the meaning ascribed to it under the Listing Rules

[**REDACTED**]

"Joint Sponsors"	the joint sponsors of the Listing as named in "Directors and Parties Involved in the [**REDACTED**]"

"Latest Practicable Date"	[April 7], 2026, being the latest practicable date for ascertaining certain information in this document before its publication
"Laws"	all laws, statutes, legislation, ordinances, rules, regulations, guidelines, opinions, notices, circulars, directives, requests, orders, judgments, decrees, or rulings of any Governmental Authority (including the Stock Exchange and the SFC) of all relevant jurisdictions
"Listing"	the listing of the H Shares on the Main Board
"Listing Committee"	the Listing Committee of the Hong Kong Stock Exchange
"Listing Date"	the date, expected to be on or about [**REDACTED**], on which the H Shares are to be listed and on which dealings in the H Shares are to be first permitted to take place on the Stock Exchange
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
"MOF"	Ministry of Finance of the PRC (中華人民共和國財政部)
"Nomination Committee"	the nomination committee of the Board

[**REDACTED**]

[**REDACTED**]

"PRC" or "China"	the People's Republic of China, but for the purposes of this document only (unless otherwise indicated) excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"PRC Company Law"	the Company Law of the PRC, as amended, modified and/or otherwise supplemented from time to time
"PRC GAAP"	generally accepted accounting principles in the PRC
"PRC Government Body"	has the meaning ascribed to it under the Listing Rules
"PRC Legal Advisor"	Jia Yuan Law Offices, our legal advisor on PRC laws

[**REDACTED**]

"Principal Subsidiaries"	our subsidiaries as identified in "History and Corporate Structure — Principal Subsidiaries and Operating Entities"
"Regulation S"	Regulation S under the U.S. Securities Act
"Restricted Share Incentive Schemes"	the restricted share incentive schemes of our Company currently in effect, including the 2019 Restricted Share Incentive Scheme, the 2021 Restricted Share Incentive Scheme, the 2023 Restricted Share Incentive Scheme, the 2023 Restricted Share Incentive Scheme (Phase II) and the 2025 Restricted Share Incentive Scheme
"Restricted Stock(s)"	restricted stock(s) granted under the Restricted Share Incentive Schemes

"RMB or Renminbi"	Renminbi, the lawful currency of China
"Remuneration and Appraisal Committee"	the remuneration and appraisal committee of the Board
"SAFE"	the State Administration for Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SAT"	the State Administration of Taxation of the PRC (中華人民共和國國家税務總局)
"SFC"	Securities and Futures Commission of Hong Kong
"SFO" or "Securities and Futures Ordinance"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shanghai-Hong Kong Stock Connect"	a securities trading and clearing links program developed by the Hong Kong Stock Exchange, Shanghai Stock Exchange, HKSCC and China Securities Depository and Clearing Corporation Limited for mutual market access between Hong Kong and Shanghai
"Share(s)"	shares in the share capital of our Company, with a nominal value of RMB1.00 each, comprising our A Shares and our H Shares
"Shenzhen-Hong Kong Stock Connect"	a securities trading and clearing links program developed by the Hong Kong Stock Exchange, Shenzhen Stock Exchange, HKSCC and China Securities Depository and Clearing Corporation Limited for mutual market access between Hong Kong and Shenzhen
	[**REDACTED**]
"Single Largest Shareholders"	Amlogic (Hong Kong) Limited, Amlogic Holdings Ltd., Mr. John Zhong, Ms. Yeeping Chen Zhong and Mr. Chen Haitao (陳海濤) are the Single Largest Shareholders of our Company
	[**REDACTED**]

"State Council"	the State Council of the PRC (中華人民共和國國務院)
"Stock Exchange" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary" or "subsidiaries"	has the meaning ascribed to it in section 15 of the Companies Ordinance
"Substantial shareholder(s)"	has the meaning ascribed to it in the Listing Rules
"Track Record Period"	the three years ended December 31, 2023, 2024 and 2025
"U.S.", "US" or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdictions
"U.S. dollars" or "US$"	United States dollars, the lawful currency of the United States
"U.S. Securities Act"	United States Securities Act of 1933 and the rules and regulations promulgated thereunder
	[**REDACTED**]
"VAT"	value-added tax

[**REDACTED**]

"2019 Restricted Share Incentive Scheme"	our restricted share incentive scheme approved and adopted by our Board on December 3, 2019 and by the extraordinary general meeting of our Company on December 19, 2019
"2021 Restricted Share Incentive Scheme"	our restricted share incentive scheme approved and adopted by our Board on April 11, 2021 and by the extraordinary general meeting of our Company on April 28, 2021

"2023 Restricted Share Incentive Scheme"	our restricted share incentive scheme approved and adopted by our Board on March 8, 2023 and by the extraordinary general meeting of our Company on March 24, 2023
"2023 Restricted Share Incentive Scheme (Phase II)"	our restricted share incentive scheme approved and adopted by our Board on November 24, 2023 and by the extraordinary general meeting of our Company on December 18, 2023
"2025 Restricted Share Incentive Scheme"	our restricted share incentive scheme approved and adopted by our Board on April 17, 2025 and by the annual general meeting of our Company on May 7, 2025
"%"	per cent

For ease of reference, the names of Chinese laws and regulations, governmental authorities, institutions, natural persons or other entities (including our subsidiaries) have been included in this document in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail.

GLOSSARY OF TECHNICAL TERMS

In this document, unless the context otherwise requires, explanations and definitions of certain terms used in this document in connection with our Company and our business shall have the meanings set out below. The terms and their meanings may not always correspond to standard industry meaning or usage of these terms.

Term	Explanation
"ADC"	analog-to-digital converter, a converter that changes analog signals into digital data
"agentic AI"	AI systems designed to act autonomously and pursue objectives on behalf of users. These systems can make decisions, initiate actions and adapt to changing environments without direct or continuous human intervention
"AIoT"	artificial intelligence of things, the combination of the connectivity from the IoT infrastructure with data-driven knowledge obtained from AI to achieve more efficient IoT operations, improve human-machine interactions and enhance data management and analytics
"AP"	access point
"Bluetooth"	a short-range wireless technology standard for data exchange between fixed and mobiles devices over short distances
"CAGR"	compound annual growth rate
"codec"	a computer hardware or software component that encodes or decodes a data stream or signal
"CPU"	central processing unit, a mass integrated circuit that serves as the computational and controlling core of electronic devices
"DDR"	double data rate, a memory technology used to double the data transfer rate by transmitting data on both the rising and falling edges of the clock signals
"DSP"	digital signal processor, a specialized microprocessor chip, with its architecture optimized for the operational needs of digital signal processing

GLOSSARY OF TECHNICAL TERMS

"edge-AI"	AI algorithms processed locally on hardware devices instead of in centralized data centers
"fabless"	IC design companies that focus solely on IC research, development and sales, while outsourcing wafer fabrication, packaging and testing to specialized foundries and service providers; the term is sometimes also used to refer to this business model
"FPGA"	field-programmable gate array, a type of IC that allows users to configure and reprogram its internal hardware logic after manufacturing using software tools
"FHD"	full high definition
"foundry"	a manufacturer specializing in the production and manufacture of chips in the field of integrated circuits
"FTTH"	fiber-to-the-home
"FTTR"	fiber-to-the-room
"GHz"	gigahertz, a unit of frequency
"GPON"	gigabit passive optical network
"GPU"	a specialized processor primarily designed for rapid rendering of images and video, which is now widely used for parallel processing tasks in scientific computing, AI, and cloud machine learning
"HD"	high definition
"HDMI"	high-definition multimedia interface
"HDR"	high dynamic range
"Hz"	hertz, a measurement of frequency
"IC"	integrated circuit, a small unit or package which is made as a single indivisible structure (such as a chip) and is electrically equivalent to a conventional circuit of many separate components

"INT8"	integer8, a data type in computer science that is often used as the computational precision to test the computing power of chips
"IPTV"	internet protocol television is the delivery of television content over internet protocol networks
"ISP"	image signal processor, a type of media processor or specialized digital signal processor used for image processing
"LAN"	local area network
"large language model"	a type of machine learning model trained on extensive datasets to understand and generate human-like content
"LTE"	long-term evolution
"MEMC"	motion estimation and motion compensation, a video processing technology to improve the clarity of fast-moving images
"MHz"	megahertz, a unit of frequency equal to one million cycles per second
"nm"	nanometer
"NPU"	neural processing unit, a specialized hardware accelerator designed to handle complex computations required for AI and machine learning
"OEM"	original equipment manufacturer
"OLED"	organic light-emitting diode
"OLT"	optical line terminal
"OTT"	a means of providing television and film content over the internet at the request and to suit the requirements of the individual consumer
"PCI express"	peripheral component interconnect express, serving as interconnecting ports from processors or chipsets.
"PON"	passive optical network

GLOSSARY OF TECHNICAL TERMS

"PQ"	picture quality
"QHD"	quad high definition
"RF"	radio frequency
"SerDes"	Serializer/Desereailizer, an IC or a pair of ICs used in highspeed communication to convert parallel data into a serial stream for transmission and then back into parallel data at the receiving end
"SoC"	system on chip, an application-specific IC that contains a complete system, including all necessary hardware and embedded software components, integrated onto a single chip
"SR"	super resolution
"tape-out"	the final stage in the design process of an IC, where the completed digital design is sent for manufacturing
"TOPS"	tera operations per second, a measurement of the overall performance of a supercomputer or a high-end circuit board containing multiple processors or SoCs
"UHD"	ultra high definition
"USB"	universal serial bus, an industry standard that allows data exchange and delivery of power between many various types of electronics
"VCD"	Video Compact Disc, an early digital format
"VESA"	Video Electronics Standards Association
"Wafer"	a circular substrate made of a semiconductor material, most commonly silicon, and used in the manufacturing of ICs, where various circuit structures can be fabricated to produce IC products with specific electrical functions
"WAN"	wide area network
"WLAN"	wireless local area networks

FORWARD-LOOKING STATEMENTS

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

This document contains forward-looking statements and information relating to us and our subsidiaries that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this document, the words "aim," "anticipate," "believe," "could," "expect," "going forward," "intend," "may," "ought to," "plan," "project," "seek," "should," "will," "would," "vision," "aspire," "target," "schedules," and the negative of these words and other similar expressions, as they relate to us or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the risk factors as described in this document, some of which are beyond our control and may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing us which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our operations and business prospects;
- our ability to maintain relationships with, and the actions and developments affecting, our major customers and suppliers;
- future developments, trends and conditions in the industries and markets in which we operate or plan to operate;
- general economic, political and business conditions in the markets in which we operate;
- changes to the regulatory environment in the industries and markets in which we operate;
- our ability to maintain the market leading positions;
- the actions and developments of our competitors;
- our ability to effectively contain costs and optimize pricing;
- the ability of third parties to perform in accordance with contractual terms and specifications;
- our ability to retain senior management and key personnel and recruit qualified staff;

- our business strategies and plans to achieve these strategies, including our service and expansion plans;
- our ability to defend our intellectual rights and protect confidentiality;
- the effectiveness of our quality control systems;
- change or volatility in interest rates, foreign exchange rates, equity prices, trading volumes, commodity prices and overall market trends; including those pertaining to the PRC and the industry and markets in which we operate; and
- capital market developments.

By their nature, certain disclosures relating to these and other risks are only estimates and should one or more of these uncertainties or risks, among others, materialize, actual results may vary materially from those estimated, anticipated or projected, as well as from historical results. Specifically but without limitation, sales could decrease, costs could increase, capital costs could increase, capital investment could be delayed and anticipated improvements in performance might not be fully realized.

Subject to the requirements of applicable laws, rules and regulations, we do not have any and undertake no obligation to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this document might not occur in the way we expect or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this document are qualified by reference to the cautionary statements in this section as well as the risks and uncertainties discussed in "Risk Factors."

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

You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an investment in our H Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, results of operations, financial conditions and prospects. In any such case, the market price of our H Shares could decline, and you may lose all or part of your investment.

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

We believe there are certain risks and uncertainties involved in our operations. We have categorized these risks and uncertainties into: (i) risks relating to our industry and business operations, (ii) risks relating to our research and development and intellectual property rights of our products, (iii) risks relating to our financial condition and need for additional capital, (iv) risks relating to doing business in the jurisdictions we operate, and (v) risks relating to the [**REDACTED**].

RISKS RELATING TO OUR INDUSTRY AND BUSINESS OPERATIONS

We operate in competitive markets. If we are unable to compete effectively with existing or new competitors, our sales, market share and profitability could be adversely affected.

Markets in which we operate, the global smart device SoC and communication and connectivity IC markets, are highly competitive, and some of our competitors currently hold substantial market shares. General competition in our industries is characterized by price competition and rapid technological changes. We compete with different companies, depending upon the type of product. Some of our competitors may have longer operating histories, greater name recognition, larger customer bases and greater financial, sales and marketing, distribution, technical and other resources and experience than we do.

In addition, our competitors may be able to devote greater resources to the research and development of technologies and products that are more effective than ours. They may also adapt more quickly to new or emerging technologies and changes in customer demand and requirements. Our competitors may also intentionally cut their prices, even at the expense of their profit margins, to win greater market share. Our failure to maintain our competitive position with respect to technological advances, to adapt to changing market conditions or to compete successfully with existing or new competitors may have a material and adverse effect on our business, financial condition and results of operations.

If we are not able to introduce products on a timely basis with features and performance levels that provide value to our customers, our operating results may suffer.

Our success depends on, to a significant extent, the development, implementation and acceptance of new products that provide value for our customers. Our ability to develop and launch new products and related technologies to meet evolving industry requirements, at prices acceptable to our customers on a timely basis, is a significant factor in determining our competitiveness in our target markets. Due to the high technical content of our products, there is a risk of misjudging our own capabilities, particularly in assessing technological development capacity. This may result in failure to realize research and development projects, budget overrun or prolonged development cycles. We cannot assure you that our efforts to execute our product roadmap will result in innovative products and technologies that provide value to our customers. If we fail to or are delayed in developing or launching new products or technologies that provide value to our customers and address these new trends or if we fail to predict which new functionality, features or form factors consumers will adopt and adjust our business accordingly, we may lose competitive positioning, which could negatively affect our business.

Factors that adversely affect the industries and sectors of our customers may adversely impact our business, financial condition, results of operations and prospects.

Our products are primarily offered to downstream end customers of certain industries and sectors, and in application scenarios, including smart set-top boxes, smart TVs, smart home devices and smart cars. Therefore, factors that adversely affect these industries and sectors could also materially and adversely affect our business, financial condition, results of operations and prospects. These factors include but not limited to: (i) a decline in demand for, or negative perception of, or publicity about, products of these industries; (ii) the reduction or elimination of preferential tax treatments and economic incentives for manufacturers in these industries; (iii) regulatory restrictions, trade disputes, industry-specific quotas, tariffs, non-tariff barriers and taxes that may have the effect of limiting exports of these industries; (iv) a downturn in general economic conditions of major countries and regions that sell products of these industries and (v) increasing level of competition in these industries.

According to Frost & Sullivan, the global smart device SoC and communication and connectivity IC markets experienced a downturn in 2023, primarily affected by the reduced downstream demand. Such industry downturn was featured by inventory buildup and weakened consumer demand across different products. We cannot assure you that such cyclical market downturn will not happen in the future, which could have a material adverse effect on our business, results of operations and financial condition.

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.

We are 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 could be adversely affected.

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. These circumstances could reduce levels of international trade, investment, technological exchange, and other economic activities. They might also lead to changes in political and economic relations between countries, sanctions, export controls, and other geopolitical issues. These developments have created a dynamic and unpredictable trade landscape, which may adversely impact our business, financial condition, results of operations and prospects.

In addition, geopolitics and international trade tensions have led to certain countries and organizations utilizing economic sanctions, export controls, investment restrictions and other restrictive measures targeting high-technology solutions, including semiconductors. These policies have introduced uncertainties to global investment activities, increased compliance costs and limited access to critical resources necessary to R&D activities and operations for companies operating in affected industries.

Our global operations may subject us to export control and sanctions risks. We generate revenue from a number of countries and regions and are therefore subject to the relevant export control and sanctions laws and regulations promulgated by different governments and organizations, such as United Nations and European Union. During the Track Record Period, as advised by our International Sanctions Legal Advisor, we did not transact with any sanctioned customers that would constitute a violation of the relevant sanction laws and regulations. However, these laws and regulations are subject to frequent changes, and their interpretation and enforcement involve substantial uncertainties, which may be heightened by national security concerns or driven by political or other factors that are out of our control. Therefore, such restrictions, and any future export control, sanctions laws, regulations and restrictions imposed by the U.S. or other governments or organizations may be difficult or costly to comply with, and may materially and adversely affect our operations. Additionally, we could be subject to future enforcement action with respect to compliance with governmental economic sanctions and export controls laws that result in penalties and costs that could have a material effect on our business and operating results. Furthermore, as our business is closely interrelated with our customers and suppliers, any imposition of economic sanctions or export control that impact our customers or suppliers could materially and adversely affect our business, financial condition and results of operations.

To maintain our competitive edge, support sustainable development and ensure regulatory compliance, we have refined our business operations by leveraging our relationship with Amlogic Holdings Ltd., one of our substantial shareholders, through a series of arrangements. For further details, see "Business — Legal Proceedings and Compliance — The Export Control Compliance Arrangement." However, we cannot assure you that these arrangements will not be affected or invalidated as the regulatory framework continues to evolve. If any of these arrangements were ultimately deemed invalid, we might need to replace certain existing key suppliers, devote additional resources to adjusting and refining our operations to accommodate new suppliers, and incur higher costs and greater resource requirements for supply chain management.

Products that fail to meet customers' specifications or are defective could impose significant costs on us or result in loss of business.

Our product and solution offerings are complex and may in the future contain defects or security vulnerabilities, or experience failures or unsatisfactory performance due to any issue in design, fabrication, packaging, testing, materials and/or applications in use cases. These risks may increase as our products and solutions are introduced into new devices, markets, technological environment and applications or as new features are released. These risks further increase when we partner with third-party providers for fabrication, testing and packaging, distribution and certain aspects of R&D of our products, as these arrangements reduce our direct control over the quality of our products. Some failures in our products and solutions may in the future be only discovered after such products and solutions have been delivered or even used for a period of time. Undiscovered vulnerabilities in our products and solutions could result in unsatisfactory user experiences, loss of data or other technical incidents, or could expose our end customers to unscrupulous third parties who develop and deploy malicious software programs that could attack our products and solutions.

Additionally, our efforts to remedy these issues may not be timely or satisfactory to our customers. An error or defect in products after commercial delivery could result in failure to achieve market acceptance, loss of design wins, temporary or permanent withdrawal of a product from the market, suffer damage or indemnification liabilities, harm to our relationships with customers and partners and our brand reputation, which would in turn negatively impact our results of operations and financial performance.

Changes to industry standards and technical requirements relevant to our products and markets could adversely affect our business, results of operations and prospects.

Many of our products form parts of larger microelectronics systems. Products incorporated into these systems must comply with various industry standards and technical requirements created by industry standard-setting bodies or industry participants in order to operate efficiently together. Our customers may also designate certain specifications and other technical requirements specific to their products and solutions. These technical requirements may change as customers introduce new or enhanced products and solutions.

Our ability to compete in the future will depend on our ability to identify and comply with evolving industry standards and technical requirements. The emergence of new industry standards and technical requirements could render our products incompatible with products developed by other suppliers or make it difficult for our products to meet the requirements of certain of our customers in consumer, industrial and other markets. As a result, we could be required to invest significant time and effort and to incur significant expenses to redesign our products to ensure compliance with relevant standards and requirements. If our products are not in adherence to prevailing industry standards and/or technical requirements for a significant period of time, we could miss opportunities to achieve crucial design wins, our revenue may decline and we may incur significant expenses to redesign our products to meet the relevant standards, which could adversely affect our business, results of operations and prospects.

We source certain services that are key to our operations from a limited number of suppliers.

As a fabless IC design company, we procure wafers, chip packaging and testing, and IPs from third-party providers globally. Purchases from our five largest suppliers accounted for 86.6%, 88.0% and 79.8% of our total purchases in 2023, 2024 and 2025, respectively. Due to the complex manufacturing nature of ICs, any disaster or business disruption at our foundry partners' facilities could require a significant transition period to new suppliers, adversely affecting our inventory, business, results of operations and financial condition. We are also vulnerable to the risk that our current suppliers may be unable to meet demand for our products, cease operations or experience raw material shortages that constrain their supply.

Our ability to receive sufficient product supplies could also be adversely affected by natural disasters, geopolitical challenges, international trade policies and trade protection measures, including the imposition of trade restrictions and sanctions. See "— Risks Relating to Our Business and Industry — 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."

Moreover, increased regulation regarding responsible sourcing practices could raise our compliance costs. As we do not directly control the procurement or employment practices of our suppliers, any failure by them to comply with applicable regulations could expose us to financial or reputational risks. To the extent we are unable to manage these risks, our ability to timely supply competitive products will be harmed, and our business, results of operations and financial condition will be adversely affected.

U.S. outbound investment regulations and other foreign laws and regulations could have a negative impact on our future ability to access to capital.

Recent U.S. policy developments may have unforeseen implications for our business. Executive Order 14105, issued on August 9, 2023, introduced a mechanism for reviewing U.S. outbound investments in certain national security technologies and products in "countries of concern," targeting sectors including semiconductors and microelectronics, quantum information technologies and artificial intelligence. On October 28, 2024, the Department of the Treasury issued the Provisions Pertaining to U.S. Investments in Certain National Security Technologies and Products in Countries of Concern (the "Outbound Investment Rule") to implement Executive Order 14105, which became effective on January 2, 2025. The Outbound Investment Rule imposes prohibition or notification requirements on a wide range of U.S. person investments, including acquisitions of equity interests, certain debt financing, joint ventures and certain limited partner investments, in persons from countries of concern, currently including China, engaged in covered activities in the aforementioned sectors.

We may be deemed a "covered foreign person" under the Outbound Investment Rule as we engage in the design of integrated circuits. Following the completion of the Listing, U.S. persons are expected to be able to invest in our H Shares pursuant to the publicly traded securities exception, provided such investments do not afford rights beyond standard minority shareholder protections. Nonetheless, the Outbound Investment Rule may increase the compliance burden on U.S. investors and cause certain U.S. investors to adopt a more cautious investment approach, which may negatively impact our ability to raise capital from U.S. investors.

The rules and regulations regarding U.S. outbound investment may be subject to further development, which may have a significant impact on how the U.S. government regulates U.S. outbound investments in China. U.S. investors seeking to invest in China may face expanded investment restrictions, which may negatively impact our ability to raise capital from U.S. investors.

Our growth and profitability depend on general economic conditions and the level of consumer spending.

Our results of operations depend significantly on general economic conditions and consumer spending. Consumer spending is affected by a number of economic and other factors beyond our control, such as interest rates, conditions in the real estate and mortgage markets, unemployment rates, labor and healthcare costs, access to credit, consumer confidence, and other macroeconomic factors affecting the spending behavior of consumers. Economic uncertainty and other related factors may exacerbate negative trends in consumer spending and may cause consumers to postpone or refrain from purchasing consumer electronics, which in turn will negatively affect our customers' demands for our products and therefore adversely affect our business, results of operations and financial condition.

Similarly, our operating results are affected by cyclicality, either directly or indirectly, in the smart device industry, which is highly competitive and to a large extent driven by end-user markets. Fluctuations in price and demand within the smart device industry could lead to reduced sales and declining prices for the end products, which will in turn affect our revenue and profit margins. As a result of the foregoing factors, we may experience fluctuations in our results of operations and financial performance.

Specifically, our end users in certain industries may face intense competition and constant pressure to cut the selling prices of their end products. Accordingly, these end users may expect cost reductions from us. If we are not able to meet such expectations, our business, financial condition, results of operations and growth prospects will be adversely affected.

We are exposed to risks when we expand our business overseas.

During the Track Record Period, our products were sold globally. We generated majority of our revenue from markets outside of mainland China, which accounted for around 90.2%, 91.4% and 90.9% of our total revenue in 2023, 2024 and 2025, respectively. As international markets are expected to be a significant contributor to our long-term growth, we intend to continue expanding our global footprint through increased investment in overseas sales channels and research and development efforts. However, international expansion entails a number of inherent challenges and risks, including: (i) challenges in providing solutions, services and support, in recruiting personnel in non-domestic markets, and in managing sales channels and distribution networks effectively; (ii) revenue fluctuation from period to period in the future due to unfavorable market conditions, intensified competition, unattractive solutions and services, downward pressure on our selling price and any other inherent risks associated with our international business operations; (iii) challenges in conducting business in new markets where we have limited experience with the local market dynamics and no existing or developed sales, distribution and marketing infrastructure; (iv) challenges in tailoring our strategies to the unique needs of different geographic regions as we have limited understanding of local customer preferences and purchasing behaviors; (v) difficulties in dealing with regulatory regimes, regulatory bodies and government policies with which we may be unfamiliar, in order to obtain permits, licenses and approvals necessary to manufacture or import, market and sell solutions in or to various jurisdictions; (vi) potentially reduced protection for our intellectual property rights and potential breach of third-party intellectual rights; (vii) differences in accounting treatment in different jurisdictions, potential adverse tax implications and foreign exchange losses; (viii) inability to effectively enforce contractual or legal rights; and (ix) changes in laws, regulations and policies as well as political, economic and market instability or civil unrest in the relevant jurisdictions.

If we are unable to effectively avoid or mitigate these risks, our ability to expand in international markets will be impaired, or our international business may not be able to achieve or sustain profitability, which could have a material and adverse effect on our business, financial condition, results of operations and prospects.

Our business growth might be affected by our distributorship network. If we fail to maintain our existing distribution channel, our business, financial condition and results of operations could be adversely affected.

During the Track Record Period, we primarily utilized professional distributors to market and sell our products globally. In 2023, 2024 and 2025, distributor sales accounted for 78.5%, 78.3% and 78.1% of our revenue in relation to the sales of our products, respectively. For further information on our channel partners, see "Business — Sales, Marketing and Distribution — Our Sales Network."

Distributorship model contains certain inherent risks. We have limited control over the business operation of our distributors and we cannot assure you that distributors will operate their business in compliance with our distributorship agreements, sales policies and the relevant laws and regulations. There is no assurance that our distributors will be able to maintain a stable sales level. In the event of any material interruption to our relationship with distributors, or upon termination of our relationship for whatever reason, there is no assurance that we may be able to replace a distributor with comparable sales capability in a timely and cost-effective manner, or at all. There can be no assurance as to the financial interest of our distributors and that they will not give higher priority to our competitors' products, thereby reducing their efforts to sell our products. As independent companies, distributors make their own business decisions that may not always align with our interests. The actual actions of our distributors may be beyond our control and any wrongdoings, such as corruption, bribery or other illegal acts or actions generally considered detrimental to our brand value, committed by them while selling or promoting solutions, or otherwise using our brand names, will subject us to material reputation risks.

In addition, we cannot assure you that we are always able to accurately track the inventory level of our distributors or to identify any excessive inventory build-up at various levels of our distribution network. Moreover, our distributors may be unable to sell adequate amounts of their inventories of our products in a given period to end customers, which may result in a buildup of inventory levels. This could have an adverse impact on the sales of our products and, accordingly, to our business, financial condition, results of operations, and prospects. Moreover, any significant growth in our sales to certain distributors in the future, or increases to our sales and service network, may give rise to competition among our distributors and increase the risk of cannibalization. Any such behavior may harm our results of operations, financial conditions, business and prospects.

In addition, our business and our future growth are, in part, dependent on the ability of our distributors to maintain and expand their distribution coverage. We may not be able to effectively maintain our business relationship with distributors, or manage our distribution network, which could adversely affect our brand, results of operations and financial condition.

Our complex product cycle including designing, taping-out, fabricating, packaging and testing, in addition to our customers' qualification and design cycle, may result in uncertainty and delays in revenue generation.

The production of our chips requires a lengthy manufacturing and packaging process, typically lasting approximately a few months. Additional time may pass before a customer commences taking volume shipments of products that incorporate our SoC products. Even when a manufacturer agrees to design our SoC products into its products, it may not deliver final products incorporating our SoC products. Prior to purchasing our products, our customers and/or end-use customers require that our solutions undergo extensive qualification processes, which involve testing of our products in the customers' systems, as well as testing for reliability. This qualification process may continue for several months. After our products are qualified, it can take several months or more before the customer commences volume

production of components or systems that incorporate our products. Moreover, qualification of a product by a customer does not assure final sales of the product to that customer. Even after successful qualification and sales of a product to a customer, a subsequent revision in our foundry partners' manufacturing process or our selection of a new supplier may require a new qualification process with our customers, which may result in delays and our holding excess or obsolete inventory.

Given this lengthy cycle, we may experience a delay between the time we incur expenditures for research and development and sales and marketing efforts and the time we generate revenue, if any, from these expenditures. This delay makes it more difficult to forecast customer demand, which adds uncertainty to the manufacturing planning process and could adversely affect our business, financial condition and results of operations. In addition, the product life cycle for certain of our SoC products designed for use in certain applications can be relatively short. If we fail to appropriately manage the manufacturing and packaging process, our products may become obsolete before they can be incorporated into our customers' products and we may never realize a return on investment for the expenditures we incur in designing, developing and producing these solutions.

Negative publicity or rumors about us, our products, our management, directors, employees, shareholders, customers, business partners or their affiliates or our industry in general may adversely affect our reputation and business.

Negative publicity or rumors involving our industry, our Company, our products, our management, our directors, employees, customers, distributors, business partners or their affiliates, or our relationship with any of these parties may materially and adversely harm our business and reputation. Although we made efforts to strengthen our responsiveness to negative publicity events, we cannot preclude media reports of a similar nature or similar allegations from other parties from being made in the future, nor can we assure you that we will be able to defuse such negative publicity to the satisfaction of our customers and business partners or prevent related misconception and other damages caused by such reports. We may have to incur significant expenses as we may need to seek legal recourse or defend our Company in court in response to such allegations, which may cause us to incur significant expenses and divert our management's time and attention in order to remedy the effects of these negative reports or allegations even if they are baseless, which may materially and adversely affect our results of operations.

If we fail to recruit, retain and motivate key employees, especially our senior management and R&D team, we could lose the innovation, collaboration and focus that contribute to our business.

Our future success depends on the continued contributions of senior management, many of whom are difficult to replace. If there are changes in our senior management team, the normal course of our business might be disrupted. The loss of the services of any of our senior management could harm our business.

We have established robust R&D capabilities that play a significant role in our success. Our R&D team, especially core R&D members, have significant industry experience and their knowledge and expertise would be difficult to replace. However, competition for qualified talent is intense. We compete with many other companies for engineers and R&D professionals with meaningful experience in designing and developing SoC products, and we may not be successful in attracting and retaining the professionals we need. If one or more of our core R&D members are unable or unwilling to continue contributing their services to us, we may not be able to replace them in a timely manner, or at all. If we are not able to effectively hire, train and retain employees, our ability to achieve our strategic objectives may be adversely impacted and our business, financial condition and results of operations may be harmed.

Our employee hiring and retention also depend on our ability to build and maintain a diverse and inclusive working environment and be recognized as an attractive employer and desirable workplace. If our share-based compensation or other compensation programs and workplace culture cease to be viewed as competitive, our ability to attract, retain and motivate key individuals would be weakened, which would in turn materially and adversely affect our business, financial condition and prospects.

Our global operations expose us to various and diverse legal and regulatory requirements, and violation of these regulations could harm our business.

We are subject to various and diverse legal regimes on matters as diverse as anti-corruption, import or export controls, trade restrictions, tariffs, taxation, sanctions, immigration, internal and disclosure control obligations, securities regulation, anti-monopoly, data privacy and labor relations. This includes in emerging markets where legal systems may be less developed, less familiar to us or does not provide sufficient protection to our rights. Compliance with diverse legal requirements is costly, time consuming and requires significant resources. Violations of one or more of these regulations in the conduct of our business could result in significant fines, criminal sanctions against us or our officers, prohibitions on doing business and damage to our reputation. Violations of these regulations in connection with the performance of our obligations to our customers or suppliers also could result in liability for significant monetary damages, fines and/or criminal prosecution, unfavorable publicity and other reputational damage, restrictions on our ability to process information and allegations by our customers or suppliers that we have not performed our contractual obligations.

A limited number of customers contribute to a substantial portion of our revenue, which exposes us to significant concentration risk.

During the Track Record Period, our customers primarily consisted of distributors. Revenue from our five largest customers accounted for 65.5%, 63.3% and 63.8% of our revenue in 2023, 2024 and 2025. The sales to our largest customers accounted for 24.5%, 18.8% and 22.7% of our revenue in the respective year. Considering the industry landscape, we expect these key customers to continue to contribute to a substantial portion of our sales. Furthermore, since our products are featured in end products such as smart home devices and smart office equipment, we also rely on the recognition of brand companies in the consumer electronics industry. As a result, we still need to pass on the stringent certification requirements of leading consumer electronics brand companies. Therefore, our reputation among the brand companies also significantly affects our business operations and financial condition.

If our key customers do not continue to transact with us on scales or terms similar to historical levels, or if our reputation among the key customers deteriorates, our business, financial condition and results of operations will be negatively affected. In particular, our customers' products are characterized by rapidly evolving technologies that innovate product features or adoption of new or alternative technologies each time a new product is introduced, or an existing product is upgraded. In addition, we enter into framework agreements with these customers, and the agreements do not specify the number of products these customers will purchase from us in any given year or contain minimum purchase requirements. Product sales are confirmed with purchase orders rather than framework agreements. The loss of or reduction in any key customer's business as a result of our inability to meet the product specifications, to adopt new technologies, our exclusion from a key product development cycle or for any other reason may materially and adversely affect our results of operations.

Delivery delays, poor handling by third party logistics service providers or disruptions in the transportation network may adversely affect our business and financial condition.

We use third party logistics service providers to deliver our products. Disputes with or terminations of our contractual relationships with our logistics service providers could result in delayed delivery of products or increased costs. We may not be able to continue or extend relationships with our current logistics service providers on terms acceptable to us or establish relationships with new logistics service providers to ensure accurate, timely and cost-efficient delivery services. If we are unable to maintain or develop good relationships with logistics service providers, it may inhibit our ability to offer products in sufficient quantities, on a timely basis, or at prices acceptable to our customers. If there is any breakdown in our relationships with our preferred logistics service providers, we may suffer business interruptions that could materially and adversely affect our business, financial condition and results of operations. As we do not have any direct control over these logistics service providers, we cannot guarantee their quality of services. If there is any delay in delivery, damage to products or any other issue due to transportation shortages, natural disasters, labor strikes or other factors, we may lose customers and sales and our reputation may be tarnished. In addition, our suppliers sometimes deliver materials to us through third party logistics service providers. Delays in delivery could adversely impact our suppliers' ability to timely deliver materials to us, and our ability to deliver to our customers.

Failure to achieve expected manufacturing yields for our products could negatively impact our operating results and damage our reputation.

Manufacturing yields for our products depend on both the product design and the process technology, which is generally owned and operated by a third-party foundry. Yield issues may arise from either the product design or the process technology. Consequently, we may not be able to identify the problem until the products are manufactured. When a yield issue arises, we analyze and test the product to determine its cause. However, the actual causes of yield issues may not become apparent until major production process is complete.

Addressing yield issues requires active collaboration and clear communication between the Company, the foundry, package and test partners, and occasionally our customers. Our access to a wafer foundry's production process may be limited, making it challenging to resolve these problems in time, which in turn lowers the manufacturing yields. A decrease in the manufacturing yields could lead to increased costs and/or prolonged testing process. More importantly, low yields could damage our customer relationships, harm our reputation, and negatively impact our financial performance.

We, our directors, management, employees and shareholders and their affiliates may be subject to lawsuits, contract disputes, employment-related controversies, and other legal and administrative proceedings or fines, which could have a material adverse effect on our business, results of operations, financial condition and reputation.

We may be involved in commercial or contractual disputes, legal and administrative proceedings, and claims arising out of the ordinary course of our business. We cannot assure you that we will not be involved in various disputes in the future, which may expose us to additional risks and losses. In addition, existing or future disputes, proceedings and claims may be costly to defend or resolve. We may have to pay legal costs associated with such disputes, including fees relating to appraisal, auction, execution and legal advisory services. Litigation and other disputes may lead to inquiries, investigations and proceedings by regulatory authorities and other governmental agencies. Any claims, disputes, inquiries, investigations and proceedings may result in damage to our reputation, additional operating costs and diversion of resources and management's attention from our core business. The disruption of our business due to judgment, arbitration and legal proceedings against us or adverse adjudications in proceedings against our Directors, senior management or key employees may materially and adversely affect our reputation, business, financial conditions and results of operations.

We may make acquisitions and conduct strategic investments, which may not be successful.

To further expand our business and strengthen our market position, we may form strategic cooperation or make strategic investments and acquisitions to fuel business growth. Acquisitions involve numerous risks, including difficulties in integrating the operations and personnel of the acquired companies, distraction of management from overseeing our existing operations, difficulties in executing new business initiatives, entering markets or lines of business in which we have no or limited direct prior experience, the possible loss of key employees and customers and difficulties in achieving the synergies we anticipated or levels of revenue, profitability, productivity or other benefits we expected. These transactions may also cause us to (i) significantly increase our interest expense, leverage and debt service requirements if we incur additional debt to pay for an acquisition or investment, (ii) issue Shares that would dilute our current Shareholders' percentage ownership, (iii) incur decline in consolidated earnings caused by consolidation of unprofitable subsidiaries, or (iv) incur asset write-offs and restructuring costs and other related expenses. Acquisitions, joint ventures and strategic investments involve numerous other risks, including potential exposure to unknown

liabilities of acquired or investee companies and restrictions under regulations relating to anti-monopoly. There can be no assurance that our acquisitions and other strategic investments will be successful and will not have a material and adverse impact on our business, results of operations and financial condition.

Our technology infrastructure may experience unexpected system failure, interruption, inadequacy, security breaches or cyber-attacks.

Our technology infrastructure may encounter disruptions or other outages caused by problems or defects in our own technologies and systems, such as malfunctions in software or network overload. Our technology infrastructure may be vulnerable to damage or interruption caused by telecommunication failures, power loss, fires, floods, earthquakes and other natural disasters, human error, cyber-attacks or other accidents. Despite any precautionary measures we may take, the occurrence of unanticipated problems that affect our technology infrastructure could result in interruptions in our operations. There is no assurance that we can respond to such interruptions in a timely manner, or at all. Such interruptions may affect the delivery of our products, which would damage our reputation, reduce our future revenues, harm our future profits, subject us to regulatory scrutiny and lead our customers and end-users to seek alternative solutions and services.

We have not completed lease registration procedures with the relevant authorities for some of the properties we lease.

We rent certain properties primarily used for offices and R&D facilities. As of the Latest Practicable Date, we had not completed the lease registration procedures of three leased properties in China. Under the Measures for Administration of Lease of Commodity Properties (《商品房屋租賃管理辦法》), which was promulgated by the Ministry of Housing and Urban-Rural Development of the PRC on December 1, 2010 and became effective on February 1, 2011, both lessors and lessees are required to file the lease agreements for registration and obtain property leasing filing certificates for their leases. We cannot assure you that we will be able to comply with the relevant laws and regulations by completing all required filings of our existing and future lease agreements in China. We may be required by relevant government authorities to file future lease agreements for registration within a time limit, and may be subject to a fine ranging from RMB1,000 to RMB10,000 for each non-registered lease exceeding such time limit.

Our risk management and internal control systems may not be adequate or effective.

We seek to improve and update our risk management and internal control systems on a regular basis. See "Business — Internal Control and Risk Management." However, there is no assurance that such systems will be effective in ensuring, among other things, accurate reporting of our financial results and the prevention of fraud. Our risk management and internal control systems depend on effective implementation by our employees, and we cannot assure you that our employees are sufficiently trained to implement these systems or that their

implementation will be free from error. If we fail to adequately maintain our risk management policies and internal control procedures, our business, financial condition, results of operations and prospects could be materially and adversely affected.

Further, there can be no assurance that our employees or business partners will not engage in misconduct or omissions that could adversely affect our operations and reputation, which may in turn materially and adversely affect our business, financial condition and results of operations.

Failure to detect or prevent fraudulent or illegal activities or other misconduct by our employees, suppliers, customers or other third parties may materially and adversely affect our business.

We are exposed to fraudulent or illegal activities or other misconduct by our employees, suppliers, customers, distributors or other third parties, that could subject us to liabilities, fines and other penalties imposed by government authorities. Although we have established internal control policies and relevant contractual covenants, we cannot assure you that we will be able to prevent such conduct or that similar incidents will not occur in the future. Any such activity by our employees, suppliers, customers or other third parties, including, but not limited to, those in violation of anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions and similar laws, could subject us to negative publicity, significant financial and other liabilities, and fines and other penalties imposed by government authorities. Accordingly, our failure to detect and prevent such misconduct could materially and adversely affect our business.

Environmental, social and governance matters may impact our business and reputation.

To identify, manage, and mitigate ESG risks, we may incur additional costs and expenses which could impact our financial performance. Given the nature of our business, we do not produce any material generation of emissions, wastes or heavy pollution. Nonetheless, we monitor environmental and climate-related risks that may impact on our business, strategy and financial performance and evaluate the magnitude of the resulting impact over the short-, medium- and long-term horizons. We monitor a wide range of indicators such as power consumption, emission of greenhouse gas, water consumption and waste generation to manage our environmental and climate-related risks arising from our operations and are committed to providing adequate support to our employees to nurture a friendly and inspirational corporate culture. This commitment may entail incurring substantial additional costs and would potentially impact our profitability. See "Business — Environmental, Social and Governance." In addition, the increasing ESG-related regulatory requirements, including various ESG disclosure mandates in the jurisdictions where we operate, may lead to rising compliance costs and cost of sales may rise. Failure to adapt to new regulations or meet evolving industry expectations and standards could result in consumers choosing solutions from other companies, which may materially and adversely affect our results of operations and financial conditions.

We may not have sufficient insurance coverage to cover our business risks.

We have obtained insurance to cover certain potential risks and liabilities, such as property all risks insurance, public liability insurance, transportation insurance and supplementary medical insurance. See "Business — Insurance." However, insurance companies in the PRC and other jurisdictions in which we operate may offer limited business insurance products. As a result, we may not be able to acquire any insurance for all types of risks we face in our operations in the PRC and overseas, and our coverage may not be adequate to compensate for all losses that may occur, particularly with respect to loss of business or operations. This potentially insufficient coverage could expose us to potential claims and losses. Any business disruption, litigation, regulatory action, outbreak of epidemic disease, adverse weather conditions or natural disasters could also expose us to substantial costs and diversion of resources. There can be no assurance that our insurance coverage will be sufficient to cover us for any loss or that we will be able to successfully claim our losses under our current insurance policy on a timely basis, or at all. If we incur any loss that is not covered by our insurance policies, or the compensation amount is significantly less than our actual loss, our business, financial condition and results of operations could be materially and adversely affected.

We face risks related to natural disasters, health epidemics and other outbreaks of contagious diseases.

Our business could be adversely affected by natural disasters such as floods, earthquakes, sandstorms, snowstorms, fire or drought, the outbreak of a widespread health epidemic or any severe epidemic disease such as SARS, Ebola, Zika or the COVID-19, acts of war, terrorism or other force majeure events beyond our control. These events may disrupt our research and development, and sales and marketing activities and business operations, all of which could adversely affect our business, results of operations, financial condition and prospects. In particular, these natural disasters, outbreaks of contagious diseases and other adverse public health developments could severely disrupt our business operations by damaging our technology infrastructure or information technology system or impacting the productivity of our workforce, which may adversely affect our financial condition and results of operations.

China's export restrictions on rare earth materials could disrupt our foundries' operations and adversely affect our ability to manufacture products.

China has previously imposed, and may in the future reimpose, export restrictions on certain rare earth materials. Although recent restrictions have been temporarily suspended and we do not expect any direct impact on our operations, such measures could indirectly affect us if they lead to higher costs or supply disruptions for our foundry partners, as rare earth elements are used in semiconductor manufacturing equipment.

Based on public statements by our key foundry partners, we understand that they have not observed any material impact from prior rare earth export restrictions on their ability to supply services to us. However, if future restrictions materially increase their costs, reduce available

capacity or lengthen production lead times, our cost of sales or delivery schedules could be affected. While we monitor regulatory developments and maintain communication with our key suppliers, there is no assurance that any future rare earth export restrictions would not have an adverse, albeit indirect, impact on our business and results of operations.

RISKS RELATING TO OUR RESEARCH AND DEVELOPMENT AND INTELLECTUAL PROPERTY RIGHTS OF OUR PRODUCTS

Our research and development efforts are not guaranteed to yield the results we anticipate.

In order to maintain our competitive position and continue to grow our business, we have been and intend to continue investing significantly in research and development. We will continue to develop and introduce innovative products for our existing and potential downstream customers, such as edge AI technologies. Our market is characterized by continuous technological developments and innovation to address increasingly complex and diverse consumer needs. Accordingly, we emphasize our research and development activities, which require considerable human resources and capital investment. In 2023, 2024 and 2025, our research and development expenses amounted to RMB1,282.7 million, RMB1,352.7 million and RMB1,551.8 million. However, we cannot assure you that these efforts will be successful or produce our anticipated results. We may not be able to apply the technologies we developed to introduce new products in time to capture the first-mover advantage, or at all. Any failure in successfully translating our R&D efforts to new products could have a material adverse impact on our business, results of operations and financial condition.

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.

Our success depends in a large part on our ability to protect our proprietary technologies as well as our products from competition by obtaining, maintaining and enforcing our intellectual property rights. We have been protecting the proprietary technologies that we consider commercially important by, among others, filing patent applications in China and other jurisdictions. As of December 31, 2025, we had 373 granted patents, 93 copyrights, 76 registered trademarks, and three domain names in China and overseas. See "Business — Intellectual Property."

The patent application process may be expensive and time-consuming, and we may not be able to file and prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner, if at all. In addition, we may fail to identify patentable aspects of our research and development outputs before it is too late to obtain patent protection. As a result, we may not be able to prevent competitors from developing and commercializing competitive solutions in all such fields. Patents may be invalidated, and patent applications may be denied for several reasons, including known or unknown deficiencies in the patent application or the lack of novelty in the underlying invention or technology. Even if our patent applications are successfully granted, the scope of protection may be limited and may not effectively prevent

competitors from developing similar or alternative technologies or solutions without infringing our rights. As a result, granted patents may not offer meaningful protection or competitive advantage. Our patents may also be challenged in courts or by patent offices in China and other jurisdictions, and the grant of a patent does not guarantee its validity, scope, enforceability or rightful inventorship.

Further, the life of a patent and the protection it affords are limited. We may face competition for any approved solutions even if we successfully obtain patent protection once the patent life expires for such solutions. Any of the foregoing could materially and adversely affect our business, financial condition, results of operations and competitive position.

We may face claims of infringing intellectual property rights of third parties, which can lead to time-consuming and costly intellectual property infringement claims, and we may have to redesign or discontinue selling relevant solutions.

Some of our competitors have large patent portfolios and may claim that our products and/or technologies have infringed upon their patents. Our competitors may initiate legal proceedings alleging that we are infringing upon, misappropriating or otherwise violating their intellectual property rights in connection with the commercialization of relevant solutions. We cannot assure you that we or our solutions will not infringe any intellectual property rights held by third parties in the future. In addition, we may be unaware of intellectual property registrations or applications relating to our solutions or business operations that may give rise to potential infringement claims against us. There may also be technologies licensed to and relied on by us that are subject to infringement or other corresponding allegations or claims by third parties.

Companies in the IC industry may use intellectual property litigation to gain a competitive advantage. We may hire employees who have previously worked for our competitors or other companies in relevant industries. There can be no assurance that such employees will not use their previous employers' proprietary know-how or trade secrets in their work for us, which could result in litigation against us. We also face risks related to patents filed by employees during their initial employment period. These patents could be subject to claims that the underlying inventions were developed by their previous employers, potentially resulting in disputes, loss of patent rights, or limitations on our use of the related technologies. Our competitors may also have filed for patent protection which is not as yet a matter of public knowledge or claim trademark rights that have not been revealed through our searches of relevant public records. Our efforts to identify and avoid infringing upon third parties' intellectual property rights may not always be successful. Any claims of patent or other intellectual property infringement, regardless of their merit, could: (i) be expensive and time-consuming to defend; (ii) cause us to pay substantial damages to third parties; (iii) forbid us from making or selling solutions that incorporate the challenged intellectual property; (iv) require us to redesign, reengineer or rebrand our solutions; (v) cause us to enter into royalty or licensing agreements in order to obtain the right to use a third-party intellectual property, which may not be available on terms acceptable to us or at all; (vi) divert the attention of our management; or (vii) result in customers terminating, deferring or limiting their purchase of the affected solutions until resolution of the litigation.

We cannot be certain that our operations or any aspects of our business do not or will not infringe upon or otherwise violate intellectual property rights held by third parties. Any claims or proceedings relating to intellectual property infringement, with or without merit, could be costly and distract our management from day-to-day operations. If we fail to successfully defend against such claims, we may be prohibited from using certain intellectual property rights, subject to substantial damages, fines or penalties, or ordered to cease certain aspects of our business, which may have a material and adverse effect on our business, financial condition and results of operations, as well as tarnish our reputation.

Our ability to design, introduce and sell our products is dependent in part upon third-party intellectual property rights.

We rely in part on third-party intellectual properties such as certain architecture design, software development tools and testing tools in our R&D process. For instance, Amlogic Holdings Group shared certain intellectual properties with us to support our R&D activities. See "Business — Legal Proceedings and Compliance — The Export Control Compliance Arrangement." Furthermore, certain product features may rely on intellectual property acquired from third parties. The design requirements necessary to meet future customer demands for more features and greater functionality from semiconductor solutions may exceed the capabilities of the third-party intellectual property or development tools that are available to us. In addition, hardware and software tools and products procured or licensed from third parties may contain design or manufacturing defects that such third parties are unable to resolve, including flaws that could unexpectedly interfere with the operation of our solutions. Furthermore, some of the software licensed from third parties may not be available in the future on terms acceptable to us or allow our solutions to remain competitive. The loss of these licenses or the inability to maintain any of them on commercially acceptable terms could delay development of future solutions or the enhancement of existing solutions. If the third-party intellectual property that we use becomes unavailable or fails to produce designs that meet customer demands, our business could be harmed.

In addition to patented technology, we rely on our unpatented proprietary technology, trade secrets, processes and know-how as well as our copyrights.

We rely on proprietary information, such as trade secrets, know-how and confidential information, to protect intellectual property that may not be patentable, or that we believe is best protected by means that do not require public disclosure. We may fail to enter into the necessary confidentiality agreements, and even if entered into, these agreements may be breached or may otherwise fail to prevent disclosure, third-party infringement or misappropriation of our proprietary information, may be limited as to their term and may not provide an adequate remedy in the event of unauthorized disclosure or use of proprietary information. We have limited control over the protection of trade secrets used by our third-party manufacturers and partners and could lose future trade secret protection if any unauthorized disclosure of such information occurs. In addition, our proprietary information may otherwise become known or be independently developed by our competitors or other third parties. To the extent that our employees, consultants and other third parties use intellectual

property owned by others in their work for us, disputes may arise as to the rights in related or resulting know-how and inventions. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain protection for our proprietary information could adversely affect our competitive business position. Furthermore, laws regarding trade secret rights in certain markets where we operate may afford little or no protection to our trade secrets.

With respect to intellectual property rights in software, while international conventions and international treaties may provide meaningful protection against unauthorized copying of software, the laws of some foreign jurisdictions may not protect proprietary rights to the same extent as the international conventions or international treaties. The absence of internationally harmonized intellectual property laws makes it more difficult to ensure consistent protection of our proprietary rights.

We also rely on physical and electronic security measures to protect our proprietary information, but we cannot provide assurance that these security measures will not be breached or provide adequate protection for our property. There is a risk that third parties may obtain and improperly utilize our proprietary information to our competitive disadvantage. We may not be able to detect or prevent the unauthorized use of such information or take appropriate and timely steps to enforce our intellectual property rights.

RISKS RELATING TO OUR FINANCIAL CONDITION AND NEED FOR ADDITIONAL CAPITAL

If we are unable to manage our inventory risks efficiently or the proportions and amount of our write-down of inventories further increase, our financial condition and results of operations may be adversely affected.

We had inventories of RMB1,244.6 million, RMB1,409.6 million and RMB2,527.7 million as of December 31, 2023, 2024 and 2025, respectively. In the same period, we had write-down of inventories of RMB307.1 million, RMB223.7 million and RMB226.0 million, respectively. Our inventory turnover days were 164.0 days, 155.9 days and 189.5 days in 2023, 2024 and 2025, respectively. According to Frost & Sullivan, the global smart device SoC and communication and connectivity IC markets are characterized by evolving technologies, increasing competition, changing industry standards, and changing market demands, among others. Therefore, our SoC products may quickly become outdated due to fast-changing trends and constant technological advancements. In addition, raw materials used for wafer fabrication are subject to price volatility, which may affect the value of our inventories. If we fail to manage our inventory effectively, we may be subject to a heightened risk of inventory obsolescence, a decline in inventory values, and significant inventory write-downs or write-offs that directly impact our profitability, tied-up capital in slow-moving inventory reducing our liquidity, and higher storage and handling costs pressuring our margins, which may adversely and materially affect our business, results of operations and financial condition.

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

In 2025, we recorded net operating cash outflows of RMB225.4 million. Those net operating cash outflows incurred were primarily attributable to our prepayment for goods in relation to a change in payment arrangement with certain major suppliers to ensure supply chain stability. We cannot assure you that we will be able to generate positive cash flows from operating activities in the future. If we record net operating cash outflows in the future, our working capital may be constrained, which may adversely affect our financial condition.

Failure to collect our trade receivables or other receivables in a timely manner may adversely affect our liquidity.

We had trade and other receivables of RMB244.7 million, RMB199.0 million and RMB370.9 million as of December 31, 2023, 2024 and 2025, respectively. We may not be able to collect our trade receivables in a timely manner, and we may face difficulty collecting receivables for reasons beyond our control, such as customers delaying payment past the relevant credit periods granted or being unable to pay us when payments are due. Any significant delay or default in our collection of trade receivables or other receivables may impose pressure on our cash flow and liquidity, which in turn could have a material adverse effect on our business, financial condition and results of operations.

We may be subject to additional tax liabilities in connection with our transfer pricing arrangements, which could have adverse impacts on our financial condition.

In the ordinary course of business, we may be subject to inquiries, reviews, claims, assessments or other regulatory actions conducted by relevant tax or revenue authorities in the jurisdictions in which we operate. We may be subject to additional tax or duty liabilities, or increased statutory royalties in relation to our operations, as a result of any unfavorable decisions made by such relevant tax or revenue authorities, which may materially and adversely affect our business, financial position and results of operations. Such regulatory actions may also divert our management's attention and other resources, especially if they are not resolved in a timely manner. For example, we carried out certain intra-group transactions during the Track Record Period, and our profit allocation and income tax positions in connection with such transfer pricing arrangements are subject to the interpretations by relevant tax authorities of applicable tax law as well as applicable rules and regulations with respect to transfer pricing in relevant jurisdictions. There is no assurance that the respective tax authorities would not challenge the appropriateness of our historical transfer pricing arrangements or that the relevant regulations or standards governing such arrangements will not be subject to future changes. If a competent tax authority later determines that the transfer prices and the transaction terms that we have adopted as well as our historical income tax provisions and accruals are not appropriate, such authority may require the relevant subsidiaries to re-assess the transfer prices and re-allocate the income or adjust the taxable income. If we are considered not to be in compliance with the applicable transfer pricing rules and regulations, the relevant tax authority may also have the power to order us to pay all outstanding tax and statutory interest and/or fines.

We have granted, and may continue to grant, share options and other types of awards under our share incentive plans, which may result in increased share-based payments.

We have adopted share-based compensation to provide additional incentives to employees. We recorded RMB157.4 million, RMB71.9 million and RMB46.8 million in share-based payments in 2023, 2024 and 2025. We believe the granting of share-based awards is of significant importance to our ability to attract and retain key personnel and employees, and we will continue to grant share-based awards in the future. As a result, our expenses associated with share-based payments may increase, which may have an adverse effect on our results of operations.

We face exposure to foreign currency risks.

We are exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, which is a currency other than the functional currency of the operations to which the transactions relate. We recorded net foreign exchange gains of RMB47.1 million, RMB55.6 million in 2023 and 2024, respectively, and we recorded net foreign exchange losses of RMB60.0 million in 2025, respectively. Any significant revaluation of the Renminbi may adversely affect our financial conditions and results of operations.

Additionally, the net proceeds from the [**REDACTED**] will be in Hong Kong dollars. Fluctuations in the exchange rates among the RMB, the Hong Kong dollar, the U.S. dollar and other foreign currencies will affect the relative purchasing power in Renminbi in terms of the proceeds from the [**REDACTED**]. Fluctuations in the exchange rate may also incur foreign exchange losses and affect the relative value of any dividend issued by us. In addition, appreciation or depreciation in the value of the Renminbi relative to the Hong Kong dollar or the U.S. dollar may affect our financial results in Hong Kong dollar or U.S. dollar terms without giving effect to any underlying change in our business, financial conditions or results of operations.

Our business development benefited from a favorable regulatory environment and supportive policies for the IC industry and government grants. Any future reductions or withdrawal of governmental support or grants could materially and adversely affect our business, financial condition and results of operations.

Our growth and business development have benefited, and are expected to continue to benefit, from supportive government policies that promote the advancement of the global smart device SoC and communication and connectivity IC markets, such as the rapid advancement and adaptation of AI technologies in smart device sectors. Any reduction, modification, or withdrawal of these policies due to changes in government priorities, budget constraints, shifts in political landscape, or macroeconomic conditions, may result in reduced demand for our solutions adversely impact our business.

In 2023, 2024 and 2025, we received government grants of RMB43.3 million, RMB21.0 million and RMB20.7 million, respectively. If governmental authorities decide to reduce or cancel such government grants, or require us to repay part or all of the government grants we previously received pursuant to applicable laws and regulations, our business, financial condition and results of operations may be adversely affected. As these government grants are typically provided on a one-off basis, there is no guarantee that we will continue receiving or benefiting from them in the future. In addition, we may not be able to successfully or timely obtain government grants that may become available to us in the future, and such failure could adversely affect our business, financial condition and results of operations.

RISKS RELATING TO DOING BUSINESS IN THE JURISDICTIONS WE OPERATE

Failure to fully adapt to changes in the economic, political and social conditions, as well as government policies, laws and regulations, and industry practice guidelines in China could materially and adversely affect our business, financial condition, results of operations and prospects.

The majority of our business assets are located in China and a portion of our sales and revenue is currently derived from China. Accordingly, our business, financial condition, results of operations and prospects are subject to the economic, political and legal conditions in China. Political and economic policies of the PRC government could affect our business and financial condition. Failure to fully adapt to these changes in political and economic policies may adversely affect our growth. In recent years, the PRC government implemented a series of laws, regulations and policies with respect to, among other things, quality and safety control, and supervision and administration of companies in our industry. See "Regulatory Overview." Laws, regulations and policies related to our industries will continue to evolve and undergo changes or adjustments, compliance to which may incur additional costs for us. If we cannot fully comply with these laws, regulations and policies, our business, financial condition, results of operations and prospects may be adversely affected.

Development in the legal system of certain geographic markets in which we operate could materially and adversely affect us.

Legal systems of the geographic markets where we operate vary significantly. Some jurisdictions have a civil law system based on written statutes, while others are based on common law, where prior court decisions under the civil law system have limited precedential value.

The legal systems of some geographic markets where we operate are consistently evolving, and recently enacted laws and regulations may not sufficiently cover all aspects of economic activities in such markets. The interpretation and enforcement of these laws and regulations are subject to future implementations, and since local administrative and court authorities have discretion in interpreting statutory provisions and contractual terms, it may be difficult to evaluate the outcome of administrative and court proceedings. Local courts may also have discretion to reject enforcement of foreign or arbitration awards. These uncertainties

may affect our ability to enforce our contractual rights or claims. In addition, the regulatory environment may be exploited through unmerited or frivolous legal actions or threats in an attempt to extract payments or benefits from us.

New laws and regulations may be adopted or construed to apply to us in the geographic markets where we operate, and increased regulatory scrutiny may require us to devote additional resources to compliance. Such changes may slow the growth of our industries and adversely affect our business, financial condition and results of operations.

Regulations on currency exchange may limit our foreign exchange transactions, including our ability to pay dividends and other obligations, and may affect the value of your investment.

The conversion of Renminbi is subject to applicable laws and regulations in China. Under the current PRC foreign exchange regulatory system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from the SAFE. We are required to present documentary evidence of such transactions and conduct such transactions at banks that have the licenses to carry out foreign exchange business. Foreign exchange transactions under the capital account conducted by us, however, normally need to be approved by or be registered by the SAFE or its designated banks.

Under existing foreign exchange regulations, following the completion of the [**REDACTED**], we will be able to pay dividends in foreign currencies without prior approval from the SAFE by complying with certain procedural requirements. However, any change in these foreign exchange policies or any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to shareholders or to satisfy any other foreign exchange requirements, or to capitalize our capital expenditure plans, and even our business, financial conditions and results of operations, may be affected.

Non-PRC Holders of our H Shares may be subject to PRC income tax obligations.

Under the EIT Law and its implementation rules, subject to any applicable tax treaty or similar arrangement, PRC withholding tax at the rate of 10% is normally applicable to dividends from PRC sources payable to non-PRC resident enterprises that do not have an establishment or place of business in the PRC, or whose relevant income is not effectively connected with such establishment or place of business. Gains realized on the transfer of shares by such investors are also subject to a 10% PRC income tax rate if regarded as income from PRC sources, unless a treaty or similar arrangement provides otherwise.

Under the PRC Individual Income Tax Law (《中華人民共和國個人所得税法》) and its implementation rules, dividends from PRC sources paid to non-PRC resident foreign individual investors are generally subject to a PRC withholding tax at a rate of 20%, and gains from PRC sources realized by such investors on the transfer of shares are generally subject to a 20% PRC income tax rate, in each case subject to any reduction or exemption under applicable tax treaties and PRC laws. Pursuant to relevant circulars issued by the MOF, the SAT and the CSRC, gains of individuals derived from the transfer of listed shares on certain domestic

exchanges may be exempt from individual income tax, subject to certain exceptions for shares with sales restrictions. As of the Latest Practicable Date, the aforesaid provisions have not expressly provided that individual income tax shall be collected from non-PRC resident individuals on the sale of shares of PRC resident enterprises listed on overseas stock exchanges. There is no assurance that future laws, regulations or practices would not result in levying income tax on non-PRC resident individuals on gains from the sale of H Shares.

If the PRC income tax is imposed on gains realized from the transfer of our H Shares or on dividends paid to our non-PRC resident investors, the value of your investment in our H Shares may be affected. Furthermore, our Shareholders whose jurisdictions of residence have tax treaties or arrangements with the PRC may not qualify for benefits under such tax treaties or arrangements.

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

As the PRC laws and regulations in relation to overseas issuance and listing of shares develop, we may be required to make filings with or report to CSRC or other PRC regulatory authorities for our future capital raising activities. On February 17, 2023, the CSRC promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "Trial Measures") and their implementation guidelines. See "Regulatory Overview — Laws And Regulations Relating to Overseas Securities Offering and Listing by Domestic Companies." If a domestic company fails to complete the filing procedure or conceals any material fact or falsifies any major content in its filing documents, such domestic company may be subject to administrative penalties, such as order to rectify, warnings, fines, and its controlling shareholders, actual controllers, the person directly in charge and other directly liable persons may also be subject to administrative penalties, such as warnings and fines. In addition, such failure may restrict our ability to complete the proposed Offering and to finance the development of our business and may have a material and adverse effect on our business, financial condition and prospects.

On February 24, 2023, the CSRC, the MOF, the National Administration of State Secrets Protection of China, and the National Archives Administration of China published the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the "Archives Rules"), which came into effect on March 31, 2023. The Archives Rules require that, in relation to the overseas securities offering and listing activities of domestic enterprises, either in direct or indirect form, such domestic enterprises, as well as securities companies and securities service institutions providing relevant securities services, are required to strictly comply with relevant requirements on confidentiality and archives management, establish a sound confidentiality and archives system, and take necessary measures to implement their confidentiality and archives management responsibilities. Any failure to comply with Archives Rules may materially and adversely affect our business, results of operations, financial conditions and prospects.

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

We are a company incorporated under the PRC laws and a majority of our assets and subsidiaries are located in China. The majority of our Directors and senior management reside within China. The assets of these Directors and senior management also may be located within China. As a result, it may be complex for investors to effect service of process upon or to enforce judgments outside of mainland China against us and most of our Directors and senior management outside China. A judgment of a court of another jurisdiction may be reciprocally recognized or enforced in mainland China only if the jurisdiction has a treaty with mainland China or if the jurisdiction has been otherwise deemed by the courts of mainland China to satisfy the requirements for reciprocal recognition, subject to the satisfaction of other requirements. However, mainland China is not a party to treaties providing for the reciprocal enforcement of judgments of courts with certain foreign countries such as the United States, and enforcement in mainland China of judgments of a court in these jurisdictions may consequently be difficult or impossible. On July 3, 2008, the Supreme People's Court promulgated the Arrangement between the Mainland and the HKSAR on Reciprocal Recognition and Enforcement of the Decisions of Civil and Commercial Cases under Consensual Jurisdiction (關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排) (the "2008 Arrangement"), which provides for the recognition and enforcement of enforceable final judgments requiring payment of money in civil and commercial cases pursuant to a choice of court agreement. On January 25, 2024, the Supreme People's Court promulgated the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安 排) (the "2024 Arrangement"), which became effective on January 29, 2024 and broadened the scope of reciprocal recognition and enforcement of judgments in civil and commercial matters between the courts in mainland China and those in Hong Kong. The 2008 Arrangement will remain applicable to a "choice of court agreement in writing" within the meaning of the 2008 Arrangement made before the effective date of the 2024 Arrangement. However, the effectiveness of any action brought under either arrangement remains uncertain.

RISKS RELATING TO THE [REDACTED]

We will be concurrently subject to listing and regulatory requirements of mainland China and Hong Kong.

As our A Shares are listed on the STAR Market of the Shanghai Stock Exchange and our H Shares will be listed on the Main Board of the Stock Exchange, we will be required to comply with the listing rules (where applicable) and other regulatory regimes of both jurisdictions, unless an exemption is available or a waiver has been obtained. Accordingly, we may incur additional costs and resources in continuously complying with all sets of listing rules in the two jurisdictions.

The characteristics of the A share and H share markets may differ.

Our A Shares are listed and traded on the STAR Market of Shanghai Stock Exchange. Following the [**REDACTED**], our A Shares will continue to be traded on the STAR Market of Shanghai Stock Exchange and our H Shares will be traded on the Main Board of the Stock Exchange. Under current laws and regulations of China, without the approval from the relevant regulatory authorities, our H Shares and A Shares are neither interchangeable nor fungible, and there is no direct trading or settlement between the H Share and A Share markets. With different trading characteristics, the H Share and A Share markets have different trading volumes, liquidity and investor bases, as well as different levels of retail and institutional investor participation. As a result, the trading performance of our H Shares and A Shares may not be comparable. Nonetheless, fluctuations in the price of our A Shares may adversely affect the price of our H Shares, and vice versa. Due to the different characteristics of the H Share and A Share markets, the historical prices of our A Shares may not be indicative of the performance of our H Shares. You should therefore not place undue reliance on the trading history of our A Shares when evaluating the investment decision in our H Shares.

You should not place any reliance on any information released by us in connection with the listing of our A Shares on the Shanghai Stock Exchange.

As our A Shares are listed on STAR Market of Shanghai Stock Exchange, we have been subject to periodic reporting and other information disclosure requirements in Mainland China. As a result, from time to time, we publicly release information relating to us on the Shanghai Stock Exchange or other media outlets designated by the CSRC. However, the information announced by us in connection with our A Shares listing is based on regulatory requirements of the securities authorities, industry standards and market practices in Mainland China, which are different from those applicable to the [**REDACTED**]. The presentation of financial and operational information for the Track Record Period disclosed on the Shanghai Stock Exchange or other media outlets may not be directly comparable to the financial and operational information contained in this document. As a result, prospective investors in our H Shares should be reminded that, in making their investment decisions as to whether to purchase our H Shares, they should rely only on the financial, operating and other information included in this document. By applying to purchase our H Shares in the [**REDACTED**], you will be deemed to have agreed that you will not rely on any information other than that contained in this document and any formal announcements made by us in Hong Kong with respect to the [**REDACTED**].

There has been no prior public market for our H Shares, an active trading market for our H Shares may not develop following the [REDACTED] and the liquidity and market price of our H Shares may be volatile.

Prior to the [**REDACTED**], there was no public market for our H Shares. We cannot assure you that a public market for our H Shares with adequate liquidity and trading volume will develop and be sustained following the completion of the [**REDACTED**]. In addition, the [**REDACTED**] of our H Shares is the result of negotiations between the [**REDACTED**] (for themselves and on behalf of the [**REDACTED**]) and us, and may not be an indication of the

market price at which our H Shares will be traded following the completion of the [**REDACTED**]. If an active public market for our H Shares does not develop following the completion of the [**REDACTED**], the market price and liquidity of our H Shares may be materially and adversely affected.

The liquidity, trading volume and market price of our H Shares following the [REDACTED] may be volatile, which could result in substantial losses to investors.

The price and trading volume of our H Shares may be subject to significant volatility in response to various factors beyond our control, including the political uncertainties in Hong Kong and the general market conditions of the securities in Hong Kong and elsewhere in the world. In particular, the business and performance and the market price of the shares of other companies engaging in similar business may affect the price and trading volume of our H Shares. In addition to market and industry factors, the price and trading volume of our H Shares may be highly volatile for specific business reasons, such as fluctuations in our revenue, earnings, cash flows, investments, expenditures, regulatory developments, relationships with our suppliers and customers, movements or activities of key personnel, or actions taken by competitors. Moreover, shares of other companies listed on the Stock Exchange with significant operations and assets in China have experienced price volatility in the past, and it is possible that our H Shares may be subject to changes in price not directly related to our performance but related to the overall political and economic conditions in Hong Kong, China or elsewhere in the world.

Future sales or perceived sales or conversion of substantial amounts of our securities in the public market, such as conversion of our Domestic Shares into H Shares, could have a material and adverse effect on the prevailing market price of our H Shares and our ability to raise additional capital in the future, or may result in dilution of your shareholdings.

Future sales of substantial amounts of our H Shares or other securities relating to our H Shares in the public market, or the issuance of new H Shares or other securities relating to our H Shares, or the perception that such sales or issuances may occur could all cause a decline in the market price of our H Shares. Future sales, or perceived sales, of substantial amounts of our securities or other securities relating to our H Shares, including part of any future offerings, could also materially and adversely affect the prevailing market price of our H Shares and our ability to raise capital in the future at a time and at a price which we deem appropriate.

Although our existing shareholders are subject to restrictions on their sales of H Shares within 12 months from the Listing Date, future sales of a significant number of our H Shares by our Single Largest Shareholders or other existing shareholders in the public market after the [**REDACTED**], or the perception that these sales could occur, could cause the market price of our H Shares to decline and could materially impair our future ability to raise capital through offerings of our H Shares. We cannot assure you that our Single Largest Shareholders, or other existing shareholders will not dispose of H Shares held by them or that we will not issue H Shares upon the expiration of restrictions set out above.

Our historical dividends may not be indicative of our future dividend policy, and there can be no assurance whether and when we will pay dividends in the future.

We have declared dividends in the past. However, there is no assurance that dividends of any amount will be declared or distributed by us in any year in the future. Under the applicable laws and regulations of mainland China, the payment of dividends may be subject to certain limitations, and the calculation of our profit under the Accounting Standards for Business Enterprises may differ in certain respects from the calculation under the IFRSs. The declaration, payment and amount of any future dividends are subject to the discretion of our Board of Directors, after taking into account various factors, including but not limited to our results of operations, financial condition, cash flows, capital expenditure requirements, market conditions, our strategic plans and prospects for business development, regulatory restrictions on the payment of dividends and other factors as our Board of Directors may deem relevant, and subject to the approval at Shareholders' meeting. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the applicable laws and regulations of mainland China. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our historical dividends should not be taken as indicative of our dividend policy in the future. See "Financial Information — Dividend."

Certain facts, forecasts and other statistics obtained from government resources have not been independently verified and may not be reliable.

Certain facts, forecasts and other statistics in this document are derived from various government resources. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. However the information from official government sources has not been independently verified by us or any other parties involved in the [**REDACTED**], or any of our or their respective directors, senior management, representatives, advisers or any other persons involved in the [**REDACTED**] and no representation is given as to its accuracy. Moreover, such facts, forecasts and other statistics may not be prepared on the same basis or with the same degree of accuracy (as the case may be) as similar statistics presented elsewhere. For these reasons, the information from various government resources contained in this document may not be accurate and should not be given undue reliance as a basis for making your investment in our H Shares.

Forward-looking information in this document is subject to risks and uncertainties.

This document contains forward-looking statements and information relating to us and our operations and prospects that are based on our current beliefs and assumptions as well as information currently available to us. When used in this document, the words "anticipate," "believe," "expect," "plans," "prospects," "going forward," "intend" and similar expressions, as they relate to us or our business, are intended to identify forward-looking statements. Such statements reflect our current views with respect to future events and are subject to risks, uncertainties and various assumptions, including the risk factors described in this document.

Should one or more of these risks or uncertainties materialize, or if any of the underlying assumptions prove incorrect, actual results may diverge significantly from the forward-looking statements in this document. Whether actual results will conform with our expectations and predictions is subject to a number of risks and uncertainties, many of which are beyond our control, and reflect future business decisions that are subject to change. In light of these and other uncertainties, the inclusion of forward-looking statements in this document should not be regarded as representations that our plans or objectives will be achieved, and investors should not place undue reliance on such forward-looking statements. All forward-looking statements contained in this document are qualified by reference to the cautionary statements set out in this section.

You should read the entire document carefully and we strongly caution you not to place any reliance on any information contained in press articles and other media regarding us and the [REDACTED].

Prior to the publication of this document, there has been and there may also be, subsequent to the date of this document but prior to the completion of the [**REDACTED**], press and media coverage regarding us, our business, our industries and the [**REDACTED**], which contained, among other things, certain financial information, projections, valuations and other forward-looking information about us and the [**REDACTED**]. We have not authorized the disclosure of any such information in the press or media and do not accept responsibility for the accuracy or completeness of such press articles or other media coverage. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of such projections, valuations or other forward-looking information about us. To the extent such statements are inconsistent with, or conflict with, the information contained in this document, we disclaim responsibility for them. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of the information contained in this document only and should not rely on any other information.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

In preparation for the Listing, we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules.

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 and Rule 19A.15 of the Listing Rules, an issuer must have a sufficient management presence in Hong Kong. This will normally mean that at least two of its executive directors must be ordinarily resident in Hong Kong. Given that (i) our Group's management headquarters, senior management, business operations and assets are primarily based outside Hong Kong, namely in the PRC; (ii) our executive Directors and members of the senior management team principally reside in the PRC; and (iii) the management and operations of the Company have been mainly under the supervision and guidance of our executive Directors and senior management team, who are principally responsible for the overall management, corporate strategy, planning, business development and control of the Group's businesses and it is important for them to remain in close proximity to the Group's operations located in the PRC, the Directors consider that the appointment of executive directors who will be ordinarily resident in Hong Kong would not be beneficial to, or appropriate for, our Group and therefore would not be in the best interests of our Company or the Shareholders as a whole. For the above reasons, we do not have, and do not contemplate in the foreseeable future that we will have sufficient management presence in Hong Kong for the purpose of satisfying Rule 8.12 and Rule 19A.15 of the Listing Rules.

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

(a) pursuant to Rule 3.05 of the Listing Rules, we have appointed and will continue to maintain two authorized representatives who shall act at all times as the principal channel of communication with the Stock Exchange. Each of our authorized representatives will be readily contactable by the Stock Exchange to deal promptly with enquiries from the Stock Exchange and will be able to meet with the Stock Exchange within a reasonable time frame on request. Both of our authorized representatives are authorized to communicate on our behalf with the Stock Exchange. Our Company will also inform the Stock Exchange promptly in respect of any change in our authorized representatives. At present, our two authorized representatives are Ms. Yu Li (余莉), our executive Director, and Ms. Chan Ching Nga (陳靜雅), our company secretary;

(b) pursuant to Rule 3.20 of the Listing Rules, each Director will provide his/her contact information (including telephone number, mobile phone number and/or email address) to the Stock Exchange and to the authorized representatives. This will ensure that the Stock Exchange and the authorized representatives should have means for contacting all Directors promptly at all times as and when required;

(c) we will endeavor to ensure that each Director who is not ordinarily resident in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period; and

(d) pursuant to Rule 3A.19 of the Listing Rules, we have appointed Somerley Capital Limited as our compliance advisor (the "**Compliance Advisor**"), who will act as an additional channel of communication with the Hong Kong Stock Exchange from the Listing Date to the date when our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year immediately following the Listing Date. The Compliance Advisor will maintain constant contact with the authorized representatives, Directors and senior management of our Company through various means, including regular meetings and telephone discussions whenever necessary. Our authorized representatives, Directors and other members of the senior management of our Company will promptly provide such information and assistance as the Compliance Advisor may reasonably require in connection with the performance of the Compliance Advisor's duties as set forth in Chapter 3A of the Hong Kong Listing Rules; and

(e) meetings between the Hong Kong Stock Exchange and our Directors will be arranged through the authorized representatives or the Compliance Advisor, or directly with our Directors within a reasonable time frame. We will inform the Stock Exchange promptly in respect of any change in our authorized representatives and/or our Compliance Advisor.

APPOINTMENT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, we must appoint a company secretary who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of the company secretary. Note 1 to Rule 3.28 of the Listing Rules provides that the Stock Exchange considers the following academic or professional qualifications to be acceptable:

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

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

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

Note 2 to Rule 3.28 of the Listing Rules further provides that the Stock Exchange considers the following factors in assessing the "relevant experience" of the individual:

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

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

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

(d) professional qualifications in other jurisdictions.

Pursuant to Chapter 3.10 under the Guide, the Stock Exchange will consider a waiver application by an issuer in relation to Rules 3.28 and 8.17 of the Listing Rules based on the specific facts and circumstances. Factors that will be considered by the Stock Exchange include:

(a) whether the issuer has principal business activities primarily outside Hong Kong;

(b) whether the issuer was able to demonstrate the need to appoint a person who does not have the Acceptable Qualification nor Relevant Experience (both as defined under paragraph 11 of Chapter 3.10 under the Guide) as a company secretary; and

(c) why the directors consider the individual to be suitable to act as the issuer's company secretary.

Further, pursuant to paragraph 13 of Chapter 3.10 under the Guide, such waiver, if granted, will be for a fixed period of time (the "**Waiver Period**") and on the following conditions:

(a) the proposed company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the Waiver Period; and

(b) the waiver can be revoked if there are material breaches of the Listing Rules by the issuer.

Our Company has appointed Ms. Yu Li as one of our joint company secretaries. Ms. Yu Li has extensive experience in board and corporate management matters but presently does not possess any of the qualifications under Rules 3.28 and 8.17 of the Listing Rules, and may not be able to solely fulfill the requirements of the Listing Rules. Therefore, we have appointed Ms. Chan Ching Nga, who is an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom and meets the requirements stipulated under Rules 3.28 and 8.17 of the Listing Rules, as a joint company secretary to provide assistance to Ms. Yu Li for an initial period of three years from the Listing Date to enable Ms. Yu Li to acquire the "relevant experience" under Note 2 to Rule 3.28 of the Listing Rules so as to fully comply with the requirements set forth under Rules 3.28 and 8.17 of the Listing Rules. For details of their biographies, see "Directors and Senior Management — Joint Company Secretaries."

Given Ms. Chan Ching Nga's professional qualification and experience, she will be able to explain to both Ms. Yu Li and us the relevant requirements under the Listing Rules and other applicable Hong Kong laws and regulations. Ms. Chan Ching Nga will also assist Ms. Yu Li in organizing Board meetings and Shareholders' meetings of our Company as well as other matters of our Company which are incidental to the duties of a company secretary. Ms. Yu Li is expected to work closely with Ms. Chan Ching Nga and will maintain regular contact with Ms. Chan Ching Nga. In addition, Ms. Yu Li will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules to enhance her knowledge of the Listing Rules during the three-year period from the Listing Date. She will also be assisted by the Compliance Advisor and our legal advisors as to the Hong Kong laws on matters in relation to our ongoing compliance with the Listing Rules and the applicable laws and regulations.

Since Ms. Yu Li does not possess the formal qualifications required of a company secretary under Rule 3.28 of the Listing Rules, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Ms. Yu Li may be appointed as a joint company secretary of our Company. The waiver is valid for an initial period of three years from the Listing Date on the conditions that (a) Ms. Yu Li must be assisted by Ms. Chan Ching Nga who possesses the qualifications and experience required under Rule 3.28 of the Listing Rules throughout the Waiver Period; and (b) the waiver will be revoked immediately if and when Ms. Chan Ching Nga ceases to provide assistance to Ms. Yu Li as a joint company secretary or if there are material breaches of the Listing Rules by our Company.

Before the expiration of the Waiver Period, the qualifications of Ms. Yu Li will be re-evaluated to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied and whether the need for ongoing assistance will continue. We will liaise with the Stock Exchange before the expiration of the Waiver Period to enable it to assess whether Ms. Yu Li, having benefited from the assistance of Ms. Chan Ching Nga for the preceding three years, will have acquired the skills necessary to carry out the duties of a company secretary and the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

CONTINUING CONNECTED TRANSACTIONS

We have entered into and will continue to engage in certain transactions which would constitute continuing connected transactions for our Company under the Listing Rules following completion of the [**REDACTED**]. We have applied to the Stock Exchange for, and the Stock Exchange [has granted] us, a waiver from strict compliance with certain requirements set out in Chapter 14A of the Listing Rules for certain continuing connected transactions. For further details of such non-exempt continuing connected transactions and the waiver, please see "Connected Transactions."

WAIVER IN RESPECT OF ACQUISITION AFTER THE TRACK RECORD PERIOD

Rules 4.04(2) and 4.04(4) of the Listing Rules require that the new applicant includes in its accountants' report the results and balance sheet of any business or subsidiary acquired, agreed or proposed to be acquired, since the date to which its latest audited accounts have been made up, in respect of each of the three financial year immediately preceding the issue of the listing document.

On September 15, 2025, we entered into an equity transfer agreement in respect of the acquisition of 100% of the equity interests in Xinmai Micro Semiconductor (Jiaxing) Co., Ltd. (芯邁微半導體(嘉興)有限公司) ("**Xinmai Micro**" or the "**Target**") from all of its then 13 shareholders*(Note)*, all of whom are Independent Third Parties (the "**Acquisition**"). Sun Dian is the legal representative, the chairman of the board directors and the general manager of Xinmai Micro. Zhuhai Xintengfei and Zhuhai Xinruyi are investment holding vehicles ultimately controlled by Sun Dian. Each of the other sellers is primarily engaged in equity investment activities.

The consideration for the acquisition is RMB316.11 million, determined through arm's length commercial negotiations with reference to a valuation of the assets of Xinmai Micro conducted by our Company having considered due diligence results of Xinmai Micro. The consideration will be settled in cash from our internal resources in two tranches: (i) 50% of the consideration shall be paid within 20 working days from the effective date of the equity transfer agreement; and (ii) 50% of the consideration shall be paid within 20 working days from the completion of the relevant PRC registration for the change in shareholders and satisfaction of such other conditions pursuant to the equity transfer agreement, or from the date such conditions are waived by our Company.

The first tranche of the consideration was settled in October 2025. The acquisition will be completed upon relevant PRC registration for the change in shareholders being made, which is currently expected to be completed by April 2026. Upon completion of the acquisition, Xinmai Micro will become a wholly owned subsidiary of our Company and the financial results, assets and liabilities of Xinmai Micro will be consolidated into the financial statements of our Group.

Xinmai Micro is a company established under the laws of the PRC on August 12, 2021. Xinmai Micro is principally engaged in the research and manufacturing of WAN communication chips and total solution in the Internet of Things, Internet of Vehicles and intelligent mobile terminal fields.

Note: The shareholders of Xinmai Micro are Sun Dian (孫滇), Zhuhai Xintengfei Technology Partnership (Limited Partnership) (珠海鑫騰翡科技合夥企業(有限合夥)) ("**Zhuhai Xintengfei**"), Zhuhai Xinruyi Technology Partnership (Limited Partnership) (珠海鑫儒煜科技合夥企業(有限合夥)) ("**Zhuhai Xinruyi**"), Guangzhou Huaxin Shengjing Venture Capital Center (Limited Partnership) (廣州華芯盛景創業投資中心(有限合夥)), Shenzhen Junlian Shenyun Private Equity Investment Fund Partnership (Limited Partnership) (深圳君聯深運私募股權投資基金合夥企業(有限合夥)), Jiaxing Economic Development Zone Huachenchuang New Equity Investment Fund Partnership (Limited Partnership) (嘉興經濟開發區華宸創新股權投資基金合夥企業(有限合夥)), Shenzhen Xingrui No. 1 Venture Capital Fund Partnership (Limited Partnership) (深圳星睿壹號創業投資基金合夥企業 (有限合夥)), Nanjing Chuangshi Partner Phase II Venture Capital Partnership (Limited Partnership) (南京創世夥伴二期創業投資合夥企業(有限合夥)), Hangzhou Zhenhao Zhenxin Equity Investment Partnership (Limited Partnership) (杭州鋆昊臻芯股權投資合夥企業(有限合夥)), Shenzhen Junke Danmu Venture Capital Partnership (Limited Partnership) (深圳君科丹木創業投資合夥企業(有限合夥)), Guangzhou Qingrui Huahong Venture Capital Center (Limited Partnership) (廣州清睿華弘創業投資中心(有限合夥)), Hu Yuan (胡苑) and Qingdao Chaobin Equity Investment Partnership (Limited Partnership) (青島朝斌股權投資合夥企業(有限合夥)).

The total assets of Xinmai Micro amounted to approximately RMB126.10 million as of December 31, 2023 and RMB65.64 million as of December 31, 2024. For the two years ended December 31, 2024, the revenue of Xinmai Micro amounted to RMB0 and RMB0, respectively, and its net loss amounted to approximately RMB83.89 million and RMB81.66 million, respectively.

We believe that the acquisition of Xinmai Micro will contribute to our business expansion, create synergies in technical capabilities to accelerate our AIoT solutions, and support our long-term business development. Our Directors consider that the Acquisition is on normal commercial terms, fair and reasonable and in the interest of our Company and the Shareholders as a whole.

We have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with Rules 4.04(2) and 4.04(4)(a) of the Listing Rules in respect of the Acquisition on the following grounds:

(i) The relevant percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules in respect of the Acquisition are all below 5% by reference to the most recent audited financial year of the Track Record Period. In addition, the Acquisition is not significant enough to require our Company to prepare pro forma financial information under Rule 4.28 of the Listing Rules. Therefore, we consider the Acquisition to be immaterial in the context of our Company's operations as a whole and will not result in any significant change to our financial position since the Track Record Period. All information that is reasonably necessary for the potential investors to make an informed assessment of our activities or financial position has been included in this document. As such, a waiver from strict compliance with Rules 4.04(2) and 4.04(4) of the Listing Rules would not prejudice the interests of the investing public.

(ii) Detailed or complete historical financial information of the Target is not readily available for disclosure in this document in accordance with the Listing Rules. In addition, it would require considerable time and resources for our Company and its reporting accountants to fully familiarize themselves with the management accounting policies of the Target and compile the necessary financial information and supporting documents for disclosure in this document. Having considered the Acquisition to be immaterial and that we do not expect the Acquisition to have any material effect on our business, financial condition or operations, we believe that it would not be meaningful, and would be impractical and unduly burdensome for us to disclose the audited financial information of the Target as required under Rules 4.04(2) and 4.04(4)(a) of the Listing Rules and include the financial information of the Target during the Track Record Period in this document.

(iii) The Company has provided alternative information about the Acquisition in this document. Such information includes that which would be required for a discloseable transaction under Chapter 14 of the Listing Rules that our Directors consider to be material, including, for example, descriptions of the Target's and sellers' principal business activities, the basis and amount of the consideration for the Acquisition, the date of the equity transfer agreement in relation to the Acquisition, a statement that whether each of the sellers is an Independent Third Party, the reasons and benefits of the Acquisition, and the statement that our Directors believe that the terms of the Acquisition are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

Since the relevant percentage ratios of the Acquisition is less than 5% by reference to the most recent fiscal year of our Track Record Period, the current disclosure is adequate for potential investors to form an informed assessment of our Company. Our Company will not use any proceeds from the Listing to fund the Acquisition.

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. John Zhong	26131 Altadena Drive Los Altos Hill CA 94022 United States	United States
Ms. Yu Li (余莉)	Room 403, Building 10, Lane 160 Rushan Road, Pudong New Area Shanghai, PRC	Chinese
Non-executive Directors		
Mr. Luo Bin (羅濱)	Room 601, Building 31, Lane 1177 Shangcheng Road, Pudong New Area, Shanghai, PRC	Chinese
Ms. Zhao Dan (趙丹)	No. 238, Shining Street Sanjie Town, Shengzhou City Zhejiang Province, PRC	Chinese
Independent non-executive Directors		
Mr. Li Hanjie (李翰傑)	Room 501, No. 43, Lane 471 Miyun Road, Hongkou District Shanghai, PRC	Chinese
Mr. Feng Yijing (馮義晶)	Room 502, No. 8, Lane 25 Yanji Middle Road, Yangpu District Shanghai, PRC	Chinese
Mr. Tian Hong (田宏)	NO 6, 15th Street, Hong Lok Yuen Tai Po, NT Hong Kong	United States

For details with respect to our Directors, see "Directors and Senior Management."

PARTIES INVOLVED IN THE [REDACTED]

Joint Sponsors

China International Capital Corporation Hong Kong Securities Limited
29/F, One International Finance Center
1 Harbor View Street
Central
Hong Kong

Haitong International Capital Limited
Suites 3001-3006 and 3015-3016
One International Finance Center
No. 1 Harbor View Street
Central
Hong Kong

[**REDACTED**]

Legal Advisors to our Company

As to Hong Kong and U.S. laws
Linklaters
11/F, Alexandra House
Chater Road
Central
Hong Kong

	As to PRC law **Jia Yuan Law Offices** 32nd Floor, Building S1 BFC Bund Financial Center No. 600 Zhongshan East 2nd Road, Huangpu District Shanghai the PRC *As to International Sanction laws* **Hogan Lovells International LLP** 11th Floor, One Pacific Place 88 Queensway Hong Kong
Legal Advisors to the Joint Sponsors and [REDACTED]	*As to Hong Kong and U.S. laws* **Haiwen & Partners LLP** Suites 601-602 & 610-616, 6/F One International Finance Centre 1 Harbour View Street Central Hong Kong *As to PRC law* **Haiwen & Partners** 20/F, Fortune Financial Center 5 Dong San Huan Central Road Chaoyang District, Beijing PRC
Auditor and Reporting Accountant	**BDO Limited** *Certified Public Accountants* *Registered Public Interest Entity Auditor* 25th Floor, Wing On Center 111 Connaught Road Central Hong Kong
Industry Consultant	**Frost & Sullivan** Room 2504, Wheelock Square 1717 West Nanjing Road Jing'an District Shanghai PRC
Compliance Advisor	**Somerley Capital Limited** 20/F, China Building 29 Queen's Road Central Hong Kong SAR

[**REDACTED**]

Property Valuer	**Jones Lang LaSalle Corporate Appraisal and Advisory Limited** 7/F, One Taikoo Place No. 979 King's Road, Quarry Bay Hong Kong

CORPORATE INFORMATION

Registered office	Room 406, South Building, No. 350 Chunxiao Road, China (Shanghai) Pilot Free Trade Zone Pudong New Area, Shanghai PRC
Principal place of business in the PRC	Building E5, Caohejing Kangqiao Business Oasis 2555 Xiupu Road, Pudong New Area Shanghai, PRC
Principal place of business in Hong Kong	46/F, Hopewell Center 183 Queen's Road East Wanchai Hong Kong
Company's Website	**www.amlogic.cn** *(The information contained in this website does not form part of this document)*
Joint company secretaries	**Ms. Yu Li (余莉)** Room 403, Building 10, Lane 160 Rushan Road Pudong New Area, Shanghai PRC **Ms. Chan Ching Nga (陳靜雅)** 46F, Hopewell Center 183 Queen's Road East Wan Chai Hong Kong
Authorized representatives	**Ms. Yu Li (余莉)** Room 403, Building 10, Lane 160 Rushan Road Pudong New Area, Shanghai PRC **Ms. Chan Ching Nga (陳靜雅)** 46F, Hopewell Center 183 Queen's Road East Wan Chai Hong Kong

CORPORATE INFORMATION

Audit Committee	Mr. Feng Yijing (馮義晶) *(Chairperson)* Mr. Luo Bin (羅濱) Mr. Li Hanjie (李翰傑)
Remuneration and Appraisal Committee	Mr. Li Hanjie (李翰傑) *(Chairperson)* Mr. John Zhong Mr. Feng Yijing (馮義晶)
Nomination Committee	Mr. Li Hanjie (李翰傑) *(Chairperson)* Ms. Yu Li (余莉) Mr. Feng Yijing (馮義晶)
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OVERVIEW OF GLOBAL SMART DEVICE SOC MARKET

Introduction of Smart Device SoC

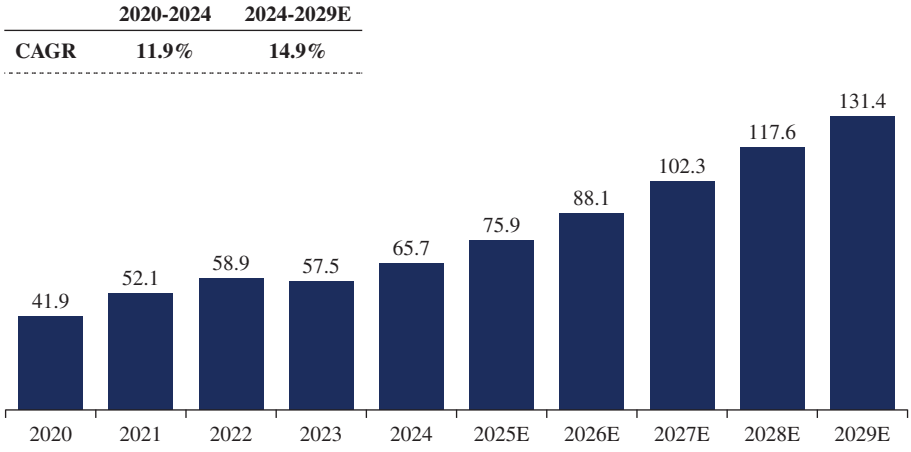
Smart device refers to the device equipped with operating systems, processing capabilities, and network connection functions, capable of running multiple applications and interacting with users. Typical smart device products include smart TV, smart set-top boxes, smart speakers, smart automobiles, smartphones, tablets, and wearable devices. Smart device SoC is the key hardware foundation, determining the functional boundaries, performance, energy efficiency of smart devices. It provides core computing power for smart devices, supporting the operation of complex operating systems and applications. The AI computing that can be integrated enable devices to possess edge AI processing capabilities, realizing experiences such as voice recognition, image processing, and real-time translation. SoC directly determines the response speed, battery life performance, multitasking capability, and interactive experience of smart devices, and it is the key engine driving the continuous evolution of smart devices.

Value Chain of Smart Device SoC Market

The upstream of the smart device SoC market focuses on providing the essential components and services needed for SoC design and production. The midstream is the core of the value chain, where SoC providers are primarily responsible for the research and development, design, and sales of the SoCs. In addition, the downstream focuses on integrating these SoCs into smart devices and delivering them to end users. This involves smart device brands and OEMs (Original Equipment Manufacturers), who work with telecom operators to distribute products to end users.

Market Size of Smart Device SoCs

Market size of smart device SoCs globally, in terms of revenue
USD billion, 2020-2029E

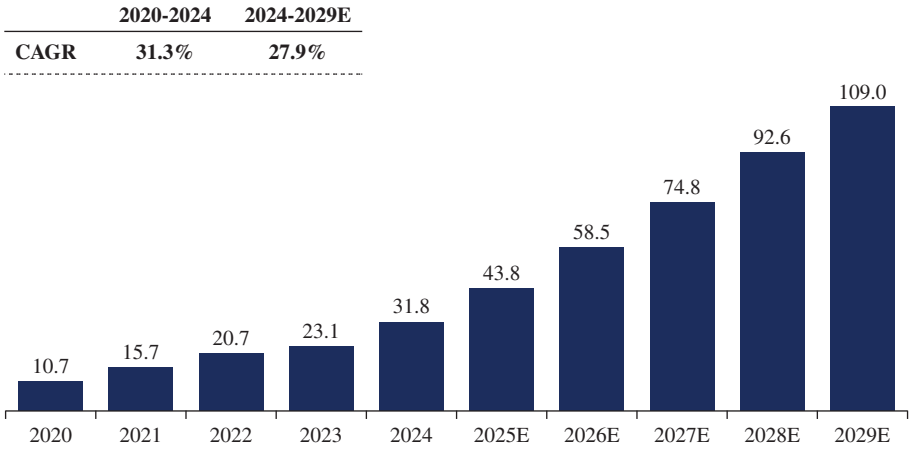


Source: Public Information; Frost & Sullivan

The advancement of AI algorithms represented by large models promotes the rapid adoption of AI models on devices. The launch of generative AI accelerates the migration of AI inference models to the edge, driving AI models to evolve toward lightweight, efficient, and customized forms. With the rapid growth of smart devices equipped with AI computing power, the demand for edge AI computing on low-power edge devices will also significantly increase. AI SoC, through integrating NPU and combining algorithm-IC collaborative optimization, can effectively unleash real-time inference and decision-making capabilities on the edge side, serving as important infrastructure for the penetration of AI on devices.

A smart device AI SoC is a SoC optimized specifically for AI workloads on smart devices, which usually involve matrix operations, convolutional neural networks, and other AI tasks, providing highly efficient parallel processing. Building on traditional smart device SoCs, smart device AI SoCs integrate modules designed for AI computation, making them particularly well suited for compute-intensive tasks. The AI accelerator, typically a NPU, is the key element that sets a smart device AI SoC apart from a smart device SoC.

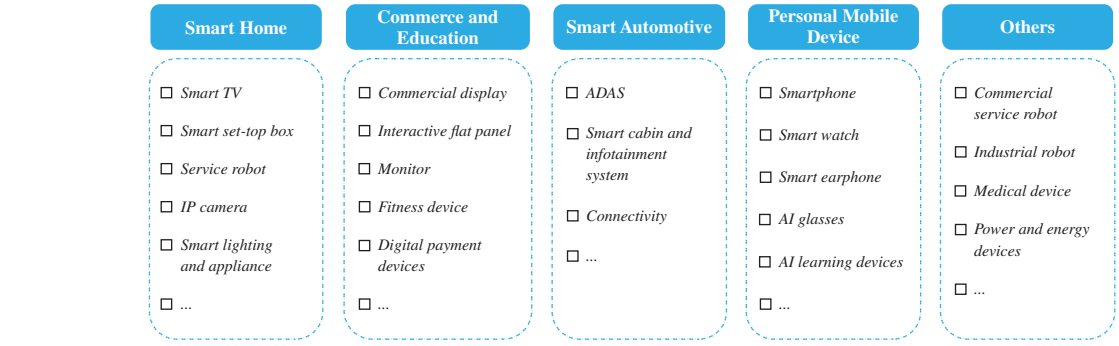
Market size of smart device AI SoC globally, in terms of revenue
USD billion, 2020-2029E



Source: IDC; Omdia; Frost & Sullivan

Applications of Smart Device SoCs

Smart device SoCs are mainly applied in smart home, commerce and education, automotive, personal mobile devices, and other applications such as industrial, medical, and power and energy.



Source: IDC; Omdia; TrendForce; Frost & Sullivan

Smart Home Applications

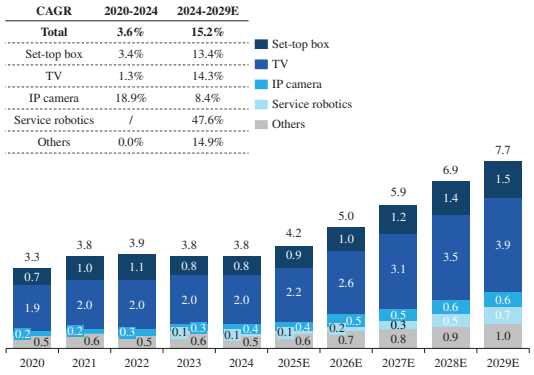
Market overview and size

Smart home devices include smart TVs, smart set-top boxes, IP cameras, service robotics, and others such as smart lighting and appliance, smart projectors, and smart doorbells. While AI advancements are continuously refining the viewing experience, smart home devices are expected to experience an increment. Among them, the 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% from 2024 to 2029. And the global smart set-top box shipments are expected to grow from 150.0 million to 210.4 million in 2029, with a CAGR of 7.0% from 2024 to 2029. Meanwhile, the global consumer-grade IP camera market continues to grow steadily. The global shipments of consumer-grade IP camera increased from 76.4 million in 2020 to 158.0 million in 2024, and are expected to further grow to 301.3 million in 2029, with a CAGR of 13.8% from 2024 to 2029. With continuous innovation in AI and robotics technology, the home scenario has become one of the important landing scenarios for smart robots. Smart home service robot product categories continue to be enriched, expanding from the previous sweeping robot category to pool cleaning robots, lawn mowing robots, companion robots, and humanoid robots with general intelligence capabilities. The global shipments of smart home service robots are expected to rapidly increase from 23.0 million in 2024 to 77.9 million in 2029, with a CAGR

of 27.6% from 2024 to 2029. Moreover, with the development of wireless communication technologies such as 5G and Wi-Fi 7, connections between devices have become faster and more stable, laying the foundation for the popularization of smart appliances and lighting.

Market size of smart home device SoC globally by end device, in terms of revenue

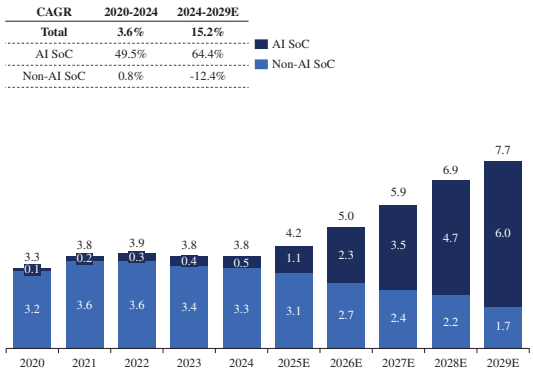
USD billion, 2020-2029E



Source: IDC; Omdia; Frost & Sullivan

Market size of smart home device SoC globally by type of SoC, in terms of revenue

USD billion, 2020-2029E



Source: IDC; Omdia; Frost & Sullivan

The penetration rate of AI SoCs in terms of revenue in smart home devices is expected to increase from 13.2% in 2024 to 77.9% in 2029.

Driving factors and development trends

Growing demands for intelligent experiences in home scenarios driven by popularity of IoT and AI technology. On the supply side, IoT enables various devices to realize interconnection, and AI endows devices with autonomous perception, learning, and decision-making capabilities. The combination of the two drives the continuous expansion of home smart device types with increasingly diversified application scenarios. On the demand side, consumers not only hope to remotely control home devices through voice or mobile devices, but also expect devices to realize automatic coordination with each other. Such demand drives home devices to rely on higher computing power, lower power consumption, and stronger connectivity, which are exactly the core capabilities provided by SoCs.

Increasingly improved home network infrastructure and continuous innovation of streaming content. In terms of network infrastructure, the improvement of global penetration rates of optical fiber, 5G, and gigabit broadband enables streaming media application, driving devices such as smart set-top boxes, smart TV, and projectors to upgrade toward higher resolution and increasing intelligent functions. Large screens are still the core carrier for users' living room entertainment, thereby driving the demand for high-performance multimedia SoC. The global smart set-top box penetration rate reached approximately 49.0% in 2024, with over 90% penetration rate in the Chinese market and less than 40% in the rest of the world, indicating significant untapped potential and strategic opportunities for expansion.

The application of AI on devices drives faster growth of AI SoC demand. As AI application gradually extend from the cloud to devices, smart devices at home increasingly need to complete AI tasks locally, such as voice recognition, image processing, and human-computer interaction, to enhance real-time performance and privacy protection capabilities. This transformation significantly raises devices' demand for AI computing power, and AI SoC is the core hardware carrier to meet this demand. Compared with traditional SoC, AI SoC integrates dedicated neural network acceleration units, which can efficiently run complex algorithms under power-constrained conditions, directly determining the experience level of smart home devices.

Continuous innovation of edge AI applications. Leading smart device providers are continuously accelerating the landing of AI application around smart home devices, such as realizing natural interaction through voice assistants, using AI algorithms for content recommendation, or introducing intelligent optimization in picture quality and sound effects. These innovations further enhance users' reliance on and stickiness to large-screen devices, thereby driving the demand for SoC with stronger AI computing power and connectivity, and promoting smart TV and OTT devices to continuously occupy an important position in smart home ecosystem.

The importance of operators in global smart home device market continues to increase. Operators usually have a large user base, which gives them natural scale advantages when deploying smart home devices. Operators are not only sales channels for smart home devices, but also key hubs connecting users, devices, content, and services. Through their own network infrastructure, they connect smart devices to cloud services and provide one-stop solutions including broadband, 5G, and various value-added services. This deep integration makes operators play an irreplaceable role in shaping users' smart home experiences.

Commerce and Education Applications

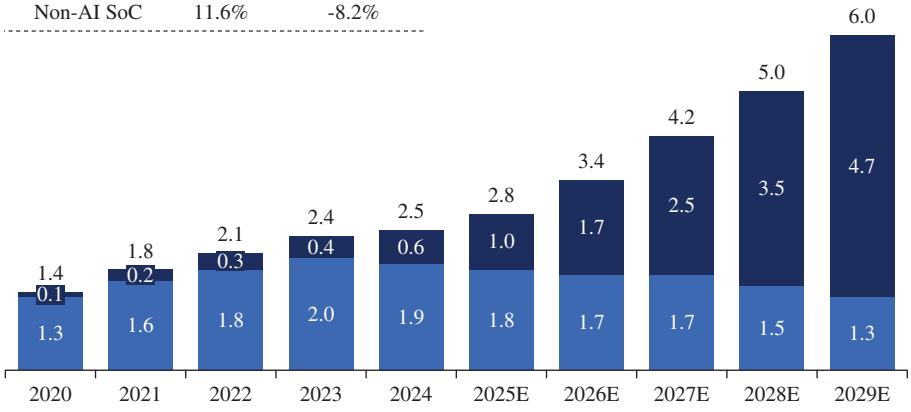
Market overview and size

Commerce and education scenarios have the most diversified smart device categories, including smart conferencing system, smart commercial display, smart interactive panels for education, smart fitness device, smart payment device, smart advertising device, smart access and attendance system, and smart control panel. The global commercial smart device shipments increased from 209.9 million in 2020 to 310.0 million in 2024, and are expected to further grow to 461.0 million in 2029.

Market size of smart device SoC for commerce and education globally by type of SoC, in terms of revenue

USD billion, 2020-2029E

CAGR	2020-2024	2024-2029E
Total	**15.6%**	**19.1%**
AI SoC	56.5%	50.9%
Non-AI SoC	11.6%	-8.2%



Source: Omdia; Frost & Sullivan

The penetration rate of smart device AI SoCs in terms of revenue in the commerce and education sector is expected to increase from 24.0% in 2024 to 78.3% in 2029.

Driving factors and development trends

With the continuous pursuit of intelligent and personalized customer experience, the smart device market centered on SoC is ushering in unprecedented development opportunities. In retail field, the popularization of smart payment devices greatly improves transaction efficiency and user experience by integrating AI recognition and multi-modal payment functions. In fitness industry, smart fitness devices realize real-time monitoring of exercise data, personalized course recommendations, and immersive interactive experiences through SoC. In advertising industry, smart advertising devices use the edge computing and AI capabilities of SoC to achieve precise delivery and interactive marketing. The vigorous development of these application scenarios together constitutes the main driving force of the commerce and education smart device SoC market.

Enterprises accelerating digital transformation has become a key strategy to enhance core competitiveness. This trend directly drives strong demand for smart conferencing systems, smart commercial displays, and smart control panels. SoC, as their core, provides powerful computing, graphics processing, and AI capabilities, enabling devices to support complex functions such as high-definition video conferencing and multi-point touch interaction. In the future, this market will continue to evolve toward high integration, edge AI, low power consumption, and integrated software and hardware, to meet the growing needs for digital and intelligent transformation.

Automotive Applications

Market overview and size

The trends of electrification, connectivity, and intelligence in automobiles drive the rapid growth of the global automotive electronics market. The global smart automobile sales increased from 41.2 million in 2020 to 65.7 million in 2024, with a CAGR of 12.4% from 2020 to 2024, and are expected to further grow to 95.8 million in 2029, with a CAGR of 7.8% from 2024 to 2029. Smart automobiles have higher requirements for the computing and data processing capability of SoC, as well as for image and video processing capability, bringing new development opportunities to the smart device SoC market.

In automobile, SoCs are widely applied in Advanced Driver Assistance Systems, smart cabin and infotainment systems, communication and connectivity, body control, powertrain, and transmission. For smart cabin, SoC empowers smart cabin systems to realize automatic adjustment of key cabin elements such as seats, air conditioning, and environment settings, as well as safety functions such as driver monitoring, through multi-screen interaction, multi-modal input, and AI recognition technologies, thereby improving comfort, personalized experience, and safety. For smart infotainment systems, SoC can integrate high-performance CPU, GPU, multimedia accelerators, and NPU modules, supporting high-definition video decoding (4K/8K), 3D graphics rendering, multi-screen display, and voice assistant functions,

thereby realizing multimedia processing and high-performance computing, voice interaction and natural language processing, intelligent human-computer interaction, real-time data processing, and edge computing.

Seamless communication and reliable connectivity are becoming the core driving force for the evolution of the smart automotive SoC market. As vehicles increasingly depend on real-time data exchange to enable functions, the design and performance requirements of SoC are being redefined. This is reflected in the growing need for ultra-low-latency communication channels, multi-protocol compatibility, and high-bandwidth data processing within the vehicle. Future smart automotive SoCs will not only handle local computation but also serve as high-speed communication hubs, supporting synchronized data flows from sensors to cloud platforms, enabling vehicle-to-vehicle and vehicle-to-infrastructure interactions, and delivering uninterrupted infotainment experiences across multiple devices. These trends push SoCs toward higher integration of communication modules, stronger AI-driven network optimization, and more efficient power management.

In terms of revenue, the global smart automotive SoC market increased from USD3.4 billion in 2020 to USD11.3 billion in 2024, with a CAGR of 35.0% from 2020 to 2024, and will further grow to USD39.2 billion in 2029, with a CAGR of 28.2% from 2024 to 2029. Particularly, in terms of revenue, the global smart cabin and infotainment SoC market increased from USD1.0 billion in 2020 to USD4.2 billion in 2024, with a CAGR of 44.9% from 2020 to 2024, and is expected to further grow to USD14.3 billion in 2029, with a CAGR of 27.6% from 2024 to 2029.

Driving factors and development trends

Increasing smart automobiles. Driven by consumers' growing demand for smart functions and automakers' pursuit of differentiated products in an increasingly competitive environment, smart automobile functions are rapidly expanding from high-end models to the mass market. Continuous innovation (including algorithm optimization and system architecture upgrades) has greatly reduced the cost of smart systems. Moreover, improvements in mass production capabilities and collaboration across the value chain promote the virtuous cycle of the entire industry.

Rising consumer demand for immersive experiences in vehicle systems. As users expect the in-vehicle environment to provide immersive and personalized experiences, the design and performance requirements of SoC are undergoing revolutionary changes. Future Smart automotive SoC become central brains integrating multi-modal perception, high-performance AI processing, and ultra-high-speed data transmission. They will support the synchronous display and interaction of multiple cockpit screens, realize AR navigation combined with real scenarios, and provide millisecond-level responsive intelligent voice services.

Increasing importance of automotive intelligence. As the automobile industry moves toward electrification and intelligence, the rapid advancement of vehicle electrification has placed higher demands on the speed and efficiency of signal transmission between components.

Traditional MCUs face challenges such as complex electronic and electrical architectures and massive data processing. SoC, with numerous advantages such as improved computing power, increased data transmission efficiency, low latency, reduced IC usage, and more flexible software upgrades, has become the mainstream trend in automotive ICs.

Personal Mobile Device Applications

Market overview and size

Smart personal mobile devices include smartphones, personal computers, tablet computers, smart watches, smart earphones, XR devices, and AI glasses. The global smart personal mobile device shipments increased from 1.4 billion in 2020 to 1.5 billion in 2024 and are expected to further grow to 2.0 billion in 2029. The smart personal mobile device market is highly fragmented, with continuous product form innovations.

In terms of revenue, the global smart personal mobile device SoC market increased from USD29.9 billion in 2020 to USD44.3 billion in 2024, with a CAGR of 10.3% from 2020 to 2024, and will further grow to USD71.9 billion in 2029, with a CAGR of 10.2% from 2024 to 2029. Compared with traditional smart devices such as smartphones and personal computers, the smart wearable device sector demonstrates a stronger growth in the forecast period. In terms of revenue, the market size of global smart wearable device SoCs is expected to rapidly increase to USD25.0 billion in 2029, representing a CAGR of 15.8% from 2024 to 2029. The continuous emergence of new product forms drives steady growth in SoC demand. For SoC providers, those with a rich product portfolio, general-purpose products, and technical capabilities have more opportunities to seize the growth opportunities brought by product form innovation and shipment surge in smart personal mobile device market.

Driving factors and development trends

Product innovation. Smart personal mobile devices are evolving toward more diversified and intelligent directions, such as AI learning devices, XR (Extended Reality) devices, and AI glasses. This evolution directly drives the demand for highly integrated, low-power, and powerful AI computing SoC. Therefore, SoC suppliers are actively developing customized ICs with higher heterogeneous computing capabilities and better energy efficiency ratios, to empower the next generation of smart personal mobile devices.

Widespread application of AI technology. AI is shifting from the cloud to the device, enabling smartphones, wearables, and smart earphones to directly perform data processing and decision-making locally. This implementation of end-side AI greatly improves product response speed, data privacy protection, and offline working capabilities, thereby generating urgent demand for SoC capable of supporting powerful AI computing.

Cost Structure of Smart Device SoCs

The major costs of smart device SoCs primarily consist of raw material costs and processing fees. Generally, the raw material costs account for 65% to 80% of the total costs for smart device SoCs, while the processing fees account for 15% to 25% of the total costs. The major raw material that a fabless smart device SoC company procure is processed wafers provided by foundries. Historically, from 2020 to 2024, the average price of processed wafers for smart device SoCs witnessed an increasing trend in 2021 and 2022 jointly due to a short-term supply shortage of processed wafers globally, while the average price began to decrease in 2023 and 2024 as a result of the recovery of the overall production capacity of foundries.

COMPETITIVE LANDSCAPE OF GLOBAL SMART DEVICE SOC MARKET

Rankings

In terms of related revenue in 2024, Our Company ranked the eleventh among all global smart device SoC providers, and ranked the fourth among all global smart device SoC providers who focused on providing SoCs and ranked the second among Chinese SoC-focused companies, with a market share of 1.2%. In terms of related revenue excluding revenue from smart personal mobile devices, Our Company ranked the third among all global smart device SoC providers who focused on providing SoCs.

Leading SoC-focused companies in global smart device SoC market, in terms of related revenue (2024)

Ranking	Provider	Related Revenue (USD billion)	Market Share
1	Company A	20.8	31.6%
2	Company B	7.2	10.9%
3	Company C	2.0	3.1%
4	Our Company	0.8	1.2%
5	Company D	0.7	1.1%

Source: Public Filings; Expert interview; Frost & Sullivan

Leading Chinese SoC-focused companies in global smart device SoC market, in terms of related revenue (2024)

Ranking	Provider	Related Revenue (USD billion)	Market Share
1	Company C	2.0	3.1%
2	Our Company	0.8	1.2%
3	Company G	0.5	0.7%
4	Company H	0.4	0.6%
5	Company I	0.3	0.5%

Source: Public Filings; Expert interview; Frost & Sullivan

Note: Company A is a public company listed on the NASDAQ and it is founded in 1985 and headquartered in the United States. It is a technology company specializes in the research and development of key components and solutions for modern electronics.

Company B is a public company listed on the Taiwan Stock Exchange and it is founded in 1997 and headquartered in Taiwan, China. It specializes in the design of semiconductor chips for wireless communications, AI computing, and other advanced technologies.

Company C is a private company founded in 2001 and headquartered in Chinese mainland. It specializes in communication semiconductor design, providing comprehensive solutions in chip design, wireless communication, and system integration across all major technologies.

Company D is a public company listed on the Tokyo Stock Exchange and it is founded in 2015 and headquartered in Japan. It is a global company that designs and sells SoC, providing custom semiconductor solutions for a wide range of applications, including automotive, data centers, and consumer electronics.

Company G is a public company listed on the Shanghai Stock Exchange and it is founded in 2015 and headquartered in Chinese mainland. It is dedicated to R&D in ultra-low power, intelligent audio-visual interaction, and wireless connectivity technologies.

Company H is a public company listed on the Shanghai Stock Exchange and it is founded in 2001 and headquartered in Chinese mainland. It focuses on mobile Internet and digital multimedia chip design, delivering professional SoC solutions for personal mobile information terminals.

Company I is a public company listed on the Shenzhen Stock Exchange and it is founded in 2017 and headquartered in Chinese mainland. It is dedicated to providing SoCs and solutions for edge devices across various scenarios.

In the smart home device sector, which covers smart devices such as smart set-top boxes, smart TVs, and other diversified AIoT devices, in terms of related revenue in 2024, Our Company ranked the second among global smart device SoC providers, with a market share of 17.7%. In particular, in terms of related revenue in 2024, Our Company also ranked the first among all global smart set-top box SoC providers, with a market share of 31.5%, and ranked the second among all global smart TV SoC providers, with a market share of 16.8%.

Leading companies in global smart home device SoC market, in terms of related revenue (2024)

Ranking	Provider	Related Revenue (USD billion)	Market Share
1	Company B	1.5	39.5%
2	Our Company	0.7	17.7%
3	Company E	0.5	12.1%
4	Company F	0.3	8.2%
5	Company A	0.2	4.5%

Source: Desktop research; Expert interview; Frost & Sullivan

Note: Company E is a public company listed on the Taiwan Stock Exchange and it is founded in 1987 and headquartered in Taiwan, China. It is a fabless semiconductor company specializes in creating integrated circuits for a variety of applications, including networking, computer accessories, and connected devices.

Company F is a public company listed on the Taiwan Stock Exchange and it is founded in 1997 and headquartered in Taiwan, China. It is a global technology company that specializes in designing and delivering innovative semiconductor solutions for intelligent imaging and smart display applications.

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

Leading technological R&D and innovation capabilities. SoCs often integrate a large number of IP modules, and the complexity of IP chaining and combination is extremely high. In addition, SoC providers need to possess overall integration capabilities for complex systems. Some ICs also require advanced process technology to meet performance and energy efficiency demands. Leading providers, through years of R&D investment, have accumulated profound technical expertise and developed high-performance, low-power, and miniaturized SoC products. Furthermore, leading providers own rich patent portfolios and proprietary technologies, covering IC design, architecture optimization, and AI algorithm integration, forming high technical barriers. At the same time, SoC providers with self-developed NPU modules have a first-mover and leading advantage in the explosive growth wave of AI edge application.

Flexible and reusable self-developed IP portfolio. Leading smart device SoC providers own diversified IP assets, including processor cores, AI accelerators, connectivity modules, and power management units. They are able to quickly respond to diverse and continuously updated smart device product demands through flexible combinations. The IP reuse strategy not only extends the commercial lifecycle of IP and reduces R&D costs, but also enhances product adaptability through technology reuse. At the same time, flexible use of IP portfolios allows providers to optimize design processes and shorten time-to-market, thereby seizing opportunities in rapidly changing markets and gaining stronger commercial growth capabilities.

Customer resources, brand, and product recognition. Through long-term cooperation and providing leading, reliable SoC products, leading smart device SoC providers have established stable partnerships with numerous top downstream customers. In contrast, new entrants often lack top downstream customer resources and successful cases, and introducing SoC products into top customers requires a lengthy product verification and certification cycle. In addition, during new product proof-of-concept, R&D, and commercialization processes, leading providers can cooperate with existing top customers, support customers' forward-looking development, and jointly explore new product function definitions and new demands for smart device SoC products, enabling leading providers to gain new business opportunities earlier.

Global marketing, sales, and service network. Due to the fragmented nature of the global market, where each country has its own unique set of telecom operators, it is even more critical for leading smart device SoC market participants to have a well-established global presence. Global leading smart device SoC market participants have established global marketing, sales, and service networks. By having these networks, companies can quickly capture and respond to customer needs in different regions worldwide. Building such global networks requires long-term resource investment, market insight, and strong relationships with global partners, posing high time and cost barriers for new entrants.

Lowered cost resulted from scale advantage. The SoC market is highly dependent on economies of scale. Leading providers achieve continuous cost dilution through large-scale shipments, thereby forming significant bargaining power in wafer procurement, IP licensing, and EDA tool usage. At the same time, scale also brings ecosystem effects, such as improved customer stickiness and prioritized support from industry chain resources. Entrants lacking scale advantages not only find it difficult to obtain cost advantages, but also face higher per-unit R&D and tape-out costs, forming significant entry barriers.

Strong capital advantage to support continuous innovation. The IC industry experiences cyclical fluctuations, which makes a strong financial position and profitability even more critical for SoC providers. SoC R&D is characterized by high investment and long cycles, with advanced process tape-out costs soaring. Continuous and sufficient capital investment supported by strong profitability is not only a prerequisite for maintaining product iteration pace, but also key for providers to sustain leadership. Meanwhile, strong financial strength allows providers to maintain stable investment during industry cycles, maintaining the stability of the R&D team, avoiding R&D interruptions, and further widening the gap with other providers.

Top-tier talent advantage. SoC design relies on top-tier engineering talent, covering architecture design, IP development, physical implementation, and hardware-software co-optimization. Leading providers, by virtue of industry position and financial strength, are able to attract and continuously retain high-level talent teams, forming continuously iterative knowledge and experience accumulation. In contrast, new entrants face obvious disadvantages in talent attraction, making it difficult to quickly build and maintain R&D teams with a complete capability structure.

OVERVIEW OF GLOBAL COMMUNICATION AND CONNECTIVITY IC MARKET

Introduction of Communication and Connectivity ICs

Communication and connectivity ICs are integrated circuit products enabling information transmission and exchange between electronic devices. They integrate RF, baseband, encoding/decoding, and various communication protocol processing functions, aiming to optimize signal transmission efficiency and reliability, handling data, enabling signal transmission, supporting network connections, and providing support for various communication protocols. Communication and connectivity ICs are widely used in communication and networking equipment and end devices, and are the core components of smart devices and modern digital infrastructure. Based on the communication protocol and transmission media, communication and connectivity ICs can be divided into ICs for cellular mobile communication (such as 4G/5G), Wi-Fi ICs for wireless local area networking, optical communication ICs used in high-speed data transmission over fiber optic networks, and others such as Bluetooth and Satellite communication. In terms of revenue, the global communication and connectivity IC market size grew from USD143.8 billion in 2020 to USD171.5 billion in 2024, with a CAGR of 4.5% from 2020 to 2024, and is expected to further grow to USD183.3 billion by 2029, with a CAGR of 6.9% from 2024 to 2029.

In optical communication and connectivity, FTTR devices are driving a major shift toward optical communication for households, enabling ultra-fast, stable, and interference-free connectivity. With fiber extended to every room, households can enjoy seamless 8K streaming, low-latency gaming, and reliable smart home integration, marking optical networking as a key trend for the future. The global shipments of chipsets for FTTR devices are expected to increase from 27.0 million in 2024 to 51.0 million in 2029.

In cellular communication and connectivity, cellular-based IoT devices are expanding steadily, fueled by advancements in 4G, 5G, and NB-IoT. Their scalability, wide-area coverage, and low-power capabilities drive adoption across multiple industries, making cellular networks a key growth engine for the global IoT ecosystem. For example, cellular communication and connectivity is vital for smart cabin, enabling real-time navigation, cloud services, OTA updates, and seamless infotainment, while supporting safety-critical V2X communications. The global shipments of cellular IoT chipsets are expected to increase from 0.6 billion in 2024 to 1.1 billion in 2029.

Market Drivers and Development Trends of Global Communication and Connectivity IC Market

AIoT expansion in consumer, commercial and industrial applications. With AIoT adoption accelerating in smart homes, commerce and education, automotive, personal mobile devices, and industrial applications, the demand is rising for low-power, cost-efficient ICs supporting wide-area and short-range communication. The need for reliable, always-on connectivity in massive device networks reinforces the role of multi-protocol ICs tailored for AIoT ecosystems.

Rising data intensity of smart applications. The growth of bandwidth-hungry applications, such as high-resolution video streaming, real-time gaming, and AI-driven services, necessitates ICs capable of faster data transmission and higher efficiency. This is pushing adoption of advanced Wi-Fi ICs, optical communication solutions, and 5G-enabled chips in smart devices.

Growing demands boosted by fiber connectivity in households. In the household segment, the rapid adoption of high-bandwidth applications has made optical communication a critical enabler of reliable, low-latency connectivity. Fiber-to-the-home (FTTH) deployments are accelerating globally, and home optical gateways increasingly integrate advanced communication ICs to support multi-device, multi-protocol environments. This penetration of optical communication into residential networks not only addresses rising bandwidth and latency requirements but also drives incremental demand for high-performance, energy-efficient, and security-enhanced communication and connectivity ICs.

Introduction and Market Size of Wi-Fi ICs

Over the past two decades, Wi-Fi has gradually become the most widely used wireless connection technology between devices and communication networks. From desktop devices, mobile devices, home appliances to automobiles, Wi-Fi applications are ubiquitous, providing WLAN access services for billions of devices. Wi-Fi ICs refer to ICs that implement IEEE 802.11 standard communication functions within certain frequency bands, responsible for modulation/demodulation, data link layer protocols, RF transceiving, and power amplification, enabling devices to have WLAN access capabilities.

Based on the terminals that Wi-Fi ICs are applied in, Wi-Fi ICs can be divided into Wi-Fi STA ICs and Wi-Fi AP ICs. Wi-Fi STA ICs mainly focus on supporting Station (STA) mode, which emphasizes on enabling a station, namely an end-user device, such as a smartphone or AIoT devices, to scan nearby Wi-Fi networks and connect to an existing Wi-Fi access point. After a successful connection, the device can access the internet or other devices in the LAN via the access point. Wi-Fi STA ICs for devices are widely used in smart home devices, consumer electronics, industrial IoT, medical devices, and commercial devices. On the other hand, Wi-Fi AP ICs mainly focus on AP (Access Point) mode, which emphasizes on creating the wireless network, acting as a central hub that connects wireless devices to a wired network. This requires stronger processing capabilities and more complex software support. Wi-Fi AP ICs are widely used in wireless routers and gateways.

The Wi-Fi ICs market has high technical barriers, especially in high-end products, where only a few providers with advanced processes, RF front-end design, system-level integration, and protocol optimization capabilities can achieve mass production. High-end Wi-Fi ICs need to simultaneously meet strict requirements for high-speed transmission, multi-antenna concurrency, low power management, and cross-standard compatibility. This not only poses extremely high challenges to IC architecture design and RF performance but also requires providers to have long-term algorithm optimization and software support capabilities.

In terms of revenue, the global Wi-Fi ICs market grew from USD15.3 billion in 2020 to USD18.9 billion in 2024, with a CAGR of 5.5% from 2020 to 2024, and is expected to further grow to USD28.1 billion by 2029, with a CAGR of 8.3% from 2024 to 2029. Meanwhile, in terms of revenue, the global market size of Wi-Fi STA ICs grew from USD12.2 billion in 2020 to USD15.5 billion in 2024, with a CAGR of 6.2% from 2020 to 2024, and is expected to further grow to USD23.6 billion by 2029, with a CAGR of 8.8% from 2024 to 2029.

SOURCES OF INFORMATION

In connection with the [**REDACTED**], we have engaged Frost & Sullivan to conduct a detailed analysis and prepare an industry report on the markets in which we operate. Services provided by Frost & Sullivan, which is an independent global consulting firm founded in 1961, include market assessments, competitive benchmarking, and strategic and market planning for a variety of industries. We have agreed to a total of RMB450,000 in fees and expenses for the preparation and use of the Frost & Sullivan Report. The payment of such an amount was not contingent upon our successful Listing or on the results of the Frost & Sullivan Report. Apart from the Frost & Sullivan Report, we have not commissioned any other industry report in connection with the [**REDACTED**].

Frost & Sullivan prepared its report based on its in-house database, independent third-party reports and publicly available data from reputable industry organizations. Where necessary, Frost & Sullivan contacts companies operating in the industry to gather and synthesise information in relation to the market, prices and other relevant information. The market projections in the Frost & Sullivan Report are mainly based on the assumption that the social, economic, and political environments in the PRC and globally will remain stable throughout the forecast period. Frost & Sullivan believes that the basic assumptions used in preparing the Frost & Sullivan Report, including those used to make future projections, are factual, correct and not misleading. Frost & Sullivan has independently analyzed the information, but the accuracy of the conclusions of its review largely relies on the accuracy of the information collected. Frost & Sullivan's research may be affected by the accuracy of these assumptions and the choice of these primary and secondary sources.

Our Directors have confirmed that Frost & Sullivan has exercised reasonable care in selecting and identifying the sources of information used in this section (which are extracted from the Frost & Sullivan Report), compiling, extracting and reproducing the information, and ensuring no material omission of the information. Our Directors confirm that, after making reasonable enquiries, there is no material adverse change in the market information since the date of the Frost & Sullivan Report which may qualify, contradict or have an impact on the information in this section.

THE PRC LAWS, REGULATIONS AND POLICIES

This section sets out summaries of main PRC laws, regulations and policies, which are relevant to the current daily business operations of the Company in China.

MAJOR REGULATORY AUTHORITIES

We mainly engage in the research and development, design, and sales of multimedia intelligent terminal SoC chips. The major regulatory authority overseeing our business activities in the industry is the Ministry of Industry and Information Technology of the PRC (the "MIIT"), and the self-discipline organization is China Semiconductor Industry Association (the "Semiconductor Association"). The MIIT and the Semiconductor Association form the management system of the integrated circuit industry.

POLICIES RELATING TO THE INTEGRATED CIRCUIT INDUSTRY

Support Policies for the Integrated Circuit Industry

In June 2014, the State Council of the People's Republic of China (the "State Council") issued the Outline for Advancing the National Integrated Circuit Industry (《國家集成電路產業發展推進綱要》), stating that the development goal of the integrated circuit industry is to achieve international advanced level in the main sections of the integrated circuit industry chain by 2030, and a number of companies will enter the top international echelon, realizing leaping development. The main task and development focus are on the development of the integrated circuit design industry, and strengthening the design of the integrated circuit, software development, system integration and collaborative innovation in content and services around the industry chain in key areas, driving the development of manufacturing through rapid growth in the design industry.

In November 2016, the State Council issued the Notice of the State Council on the "13th Five-Year Plan" for the Development of National Strategic Emerging Industries (《國務院關於印發"十三五"國家戰略性新興產業發展規劃的通知》), initiating the major productivity layout planning project for the integrated circuit and implementing a batch of projects with strong driving effects to promote the rapid upgrade of industrial capabilities. It accelerates the construction of production lines for advanced manufacturing processes, memory and specialized processes, enhances the design and development capabilities and application level of key products such as secure and reliable CPUs, analog-to-digital/digital-to-analog converter chips and digital signal processing chips, and promotes the rapid development of packaging testing, key equipment and materials industries.

In July 2020, the State Council announced Several Policies for Promoting the High-quality Development of Integrated Circuit and Software Industries in the New Era (《新時期促進集成電路產業和軟件產業高質量發展若干政策》) to further optimize the development environment for these industries, deepen international cooperation, enhance innovation

capabilities and improve development quality. A series of supportive policies related to finance and taxation, investment and financing, research and development, import and export, talent, intellectual property, market application and international cooperation were introduced.

In December 2021, the State Council issued the Notice of the State Council on the "14th Five-Year Plan" for the Development of Digital Economy (《國務院關於印發"十四五"數字經濟發展規劃的通知》), which stated that during the 14th Five-Year Period, efforts should be made to enhance key technological innovation capabilities, targeting strategic and forward-looking fields such as sensors, quantum information, network communication, integrated circuit, key software, big data, artificial intelligence, blockchain and new materials. The advantages of our socialist system, new type of nationwide system and ultra-large-scale market should be leveraged to improve the foundational R&D capabilities of digital technologies, fill the gaps in key technologies, optimize and innovate organizational methods such as "Open Competition Mechanism", focus on breakthroughs in critical core technologies in high-end chips, operating systems, industrial software, core algorithms and frameworks, and strengthen the integrated R&D of key technologies for general processors, cloud computing system and software.

In December 2023, the NDRC issued the Industrial Restructuring Guidance Catalog (2024 version) (《產業結構調整指導目錄(2024年本)》), in which the integrated circuit is listed as the twenty-eighth category of the information industry in the first category of encouraged industries. The Company mainly engages in the integrated circuit design, which belongs to the first category of encouraged projects in the Catalog.

Preferential Tax Policies for the Integrated Circuit Industry

In December 2020, the MOF, the State Taxation Administration (the "STA"), the NDRC and the MIIT jointly issued the Announcement on Enterprise Income Tax Policies for Promoting High-quality Development of Integrated Circuit Industry and Software Industry (《關於促進集成電路產業和軟件產業高質量發展企業所得稅政策的公告》. According to these provisions, key integrated circuit design enterprises and software enterprises encouraged by the State will be exempt from corporate income tax for the first to fifth years starting from the profit-making year, and in the following years, they will be taxed at a reduced rate of 10%.

In March 2021, the MOF, the General Administration of Customs (the "GAC") and the STA jointly issued the Notice of the Ministry of Finance, the General Administration of Customs and the State Taxation Administration on Import Tax Policies to Support the Development of Integrated Circuit Industry and Software Industry (《財政部、海關總署、稅務總局關於支持集成電路產業和軟件產業發展進口稅收政策的通知》). The imports that meet the conditions specified in this regulation will be exempt from import duties, with the implementation period from July 27, 2020 to December 31, 2030.

In May 2022, the STA issued the Guidelines on Preferential Tax Policies for Software and Integrated Circuit Enterprises (《軟件企業和集成電路企業税費優惠政策指引》). For the purpose of facilitating timely knowledge of applicable preferential tax policies, the foregoing guidelines have clearly demonstrated preference contents, conditions and policy basis for integrated circuit enterprises.

In April 2023, the MOF and the STA jointly issued the Notice of the Ministry of Finance and the State Taxation Administration on the Weighted Deduction Policy for Value-added Tax on Integrated Circuit Enterprises (《財政部、税務總局關於集成電路企業增值税加計抵減政策的通知》). From January 1, 2023 to December 31, 2027, enterprises engaged in integrated circuit design, production, packaging testing, equipment and materials are allowed to deduct 15% of the current deductible input tax amount from their payable value-added tax.

In March 2025, the NDRC, the MOF, the GAC and the STA jointly issued the Notice of the National Development and Reform Commission and Other Departments on the Formulation of the List of Integrated Circuit Enterprises or Projects and Software Enterprises Enjoying Preferential Tax Policies in 2025 (《國家發展改革委等部門關於做好2025年享受税收優惠政策的集成電路企業或項目、軟件企業清單制定工作的通知》), which listed the following areas as key integrated circuit design fields: (1) high-performance processors and FPGA chips; (2) storage chips; (3) smart sensors; (4) industrial, communication, automotive and security chips; (5) EDA, IP and design services. Key integrated circuit design enterprises encouraged by the State can enjoy preferential tax policies if they meet indicators such as R&D personnel and financial data.

LAWS AND REGULATIONS RELATING TO FOREIGN INVESTMENT

Company Regulations

The establishment, operation and management of corporate entities in China are regulated by the Company Law of the People's Republic of China (the "Company Law of China"), which was promulgated by the Standing Committee of the National People's Congress (the "SCNPC") on December 29, 1993, and was latest amended on December 29, 2023, coming into effect on July 1, 2024. Limited liability companies and joint stock companies established in China are subject to the Company Law of China. Unless otherwise specified by laws governing foreign investment, foreign-invested companies are also regulated by the Company Law of China.

Regulation and Access of Foreign Investment

The Foreign Investment Law of the People's Republic of China (《中華人民共和國外商投資法》), which was promulgated by the NPC on March 15, 2019 and implemented on January 1, 2020, establishes the management system for pre-access national treatment and negative list for foreign investment in the PRC. Pre-access national treatment means that foreign investors and their investments shall be treated no less favorably than domestic investors and their investments at the stage of investment access; negative list refers to the special administrative measures for access of foreign investment in specific fields as prescribed by the PRC. The PRC gives national treatment to foreign investment outside the negative list.

In addition, the Regulation for Implementing the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》) (the "Implementation Regulations"), which was promulgated by the NPC on December 26, 2019 and came into effect on January 1, 2020, further stipulates that the PRC shall, according to the needs of national economic and social development, formulate a catalog of encouraged foreign-invested industries, and specify the specific industries, fields and regions in which foreign investors are encouraged and guided to invest.

The NDRC and the Ministry of Commerce (the "MOC") jointly revised and issued the Special Administrative Measures (Negative List) for Foreign Investment Access (2024 version) (《外商投資准入特別管理措施(負面清單)(2024年版)》) (the "Negative List") on September 6, 2024, which came into effect on November 1, 2024, to replace the previous negative list thereunder. Domestic enterprises engaged in businesses in the fields prohibited for investment on the Negative List must obtain approval from the relevant competent departments of the PRC before issuing shares and being listed for trading abroad. Foreign investors are not allowed to participate in the operation and management of the enterprise, and their shareholding should refer to the regulations regarding the management of foreign investors' domestic securities investment.

Security Review on Foreign Investment

According to the Measures for the Security Review of Foreign Investment (《外商投資安全審查辦法》) issued by the NDRC and the MOC on December 19, 2020 and effective from January 18, 2021, foreign investments that affect or may affect national security are subject to security review according to these measures. Foreign investors or relevant domestic parties should proactively report to the working mechanism office before investments in the following areas: (1) investments in fields related to national defense security such as military industries and military support industries, as well as investments in the surrounding areas of military facilities and military production facilities; (2) investments in important agricultural products, important energy and resources, major equipment manufacturing, important infrastructure, critical transportation services, essential cultural products and services, important information technology and internet products and services, vital financial services, key technologies and other significant fields related to national security in which they acquire actual control over the invested enterprises.

REGULATIONS RELATING TO OVERSEAS INVESTMENT

Pursuant to the Administrative Measures for Overseas Investments (《境外投資管理辦法》) which was promulgated by the MOC on March 16, 2009, latest amended on September 6, 2014 and came into effect on October 6, 2014, the MOC and provincial competent commerce departments shall conduct filing and approval management depending on different circumstances of overseas investments of enterprises. Overseas investments involving any sensitive country, region or sensitive industry shall be subject to approval management, while overseas investments under other circumstances shall be subject to filing management. After completing the legal procedures abroad, enterprises that invest in overseas enterprises engaged in overseas reinvestment should report to the competent commerce departments.

According to the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving the Policies of Foreign Exchange Administration Applicable to Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) issued by the State Administration of Foreign Exchange (the "SAFE") on February 13, 2015 and effective from June 1, 2015, the verification and approval of foreign exchange registration of overseas direct investment is abolished. The banks shall directly examine and handle foreign exchange registration of overseas direct investment. The SAFE and its branches shall conduct indirect regulation of foreign exchange registration of overseas direct investment via banks.

Pursuant to the Administrative Measures for Overseas Investments by Enterprises (《企業境外投資管理辦法》) which was promulgated by the NDRC on December 26, 2017 and came in effect on March 1, 2018, an enterprise located in the PRC (the "Investor") making an overseas investment shall go through such formalities as the approval and filing for the overseas investment project (the "Project(s)"), the reporting of relevant information, and the cooperation in the supervision and inspection over the overseas investment. Sensitive Projects carried out by Investors directly or through overseas enterprises controlled by them shall be subject to approval, while non-sensitive Projects directly carried out by Investors, namely, the non-sensitive Projects involving Investors' direct investment of assets and equities or the provision of financing or guarantees, shall be subject to filing. The aforementioned sensitive Project means a project involving a sensitive country or region or a sensitive industry. The NDRC promulgated the catalog of Sensitive Industries for Overseas Investment (2018 version) (《境外投資敏感行業目錄(2018年版)》), effective on March 1, 2018 to list the sensitive industries for overseas investment in detail.

LAWS AND REGULATIONS RELATING TO INTELLECTUAL PROPERTY

Patent

Pursuant to the Patent Law of the People's Republic of China (《中華人民共和國專利法》) (the "Patent Law") promulgated by the SCNPC on March 12, 1984, latest amended on October 17, 2020 and came into effect on June 1, 2021, and the Implementing Rules of the Patent Law of the People's Republic of China (《中華人民共和國專利法實施細則》) promulgated by the State Council on June 15, 2001, latest amended on December 11, 2023 and came into effect on January 20, 2024, there are three types of patents, namely invention, utility model and design. The duration of patent rights for an invention shall be 20 years, the duration of patent rights for a utility model shall be 10 years and the duration of patent rights for a design shall be 15 years, commencing from the application date.

Trademark

Pursuant to the Trademark Law of the People's Republic of China (《中華人民共和國商標法》) promulgated by the SCNPC on August 23, 1982, latest amended on April 23, 2019 and came into effect on November 1, 2019, and the Implementation Rules of the Trademark Law of the People's Republic of China (《中華人民共和國商標法實施條例》) promulgated by the

State Council on August 3, 2002, latest amended on April 29, 2014 and came into effect on May 1, 2014, trademarks approved and registered by the Trademark Bureau are registered trademarks, and trademark registrants enjoy exclusive rights to use trademark and are protected by the law. The validity period of a registered trademark is ten years, commencing from the date of registration.

Copyright

Pursuant to the Copyright Law of the People's Republic of China (《中華人民共和國著作權法》) promulgated by the SCNPC on September 7, 1990, latest amended on November 11, 2020 and came into effect on June 1, 2021, and the Implementation Regulations of the Copyright Law of the People's Republic of China (《中華人民共和國著作權法實施條例》) promulgated by the State Council on August 2, 2002, latest amended on January 30, 2013 and came into effect on March 1, 2013, Chinese citizens, legal persons or organizations without legal personality enjoy copyright over their works, whether published or not, in accordance with the Law. Works refer to original intellectual achievements in the fields of literature, art and science which can be expressed in a certain form. A copyright holder shall enjoy a number of personal rights and property rights, including publication right, the right of authorship and the right of revision.

Pursuant to the Regulations on the Protection of Computer Software (《計算機軟件保護條例》) promulgated by the State Council on June 4, 1991, latest amended on January 30, 2013 and effective from March 1, 2013, and the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) amended by the National Copyright Administration on April 6, 1992 and February 20, 2002, computer software refers to computer programs and related files. Chinese citizens, legal persons or other organizations enjoy the copyright of the software he/it has developed, whether the software is released publicly or not. Software copyright commences from the date on which the development of the software is completed. The protection period for software copyright of a legal person or other organization shall be 50 years, concluding on December 31 of the 50th year after the software's initial release. But if the software has not been released within 50 years from the date on which the software development is completed, it shall no longer receive protection.

Layouts Design of Integrated Circuit

Pursuant to the Regulations on the Protection of the Layout Design of Integrated Circuits (《集成電路佈圖設計保護條例》) (the "Regulations on the Protection") promulgated by the State Council on April 2, 2001 and effective from October 1, 2001, where Chinese natural persons, legal persons or other organizations create layout designs, they shall enjoy the proprietary rights in the layout designs in accordance with the Regulations on the Protection. Proprietary rights in layout designs shall become valid after being registered with the administrative department of the State Council responsible for intellectual property. Unregistered layout designs are not protected by the Regulations on the Protection. The protection period of the proprietary rights in a layout design is 10 years, commencing from the date of the application for registration of the layout design or the date that it is put into

commercial use anywhere in the world for the first time, whichever is earlier. However, regardless of whether or not a layout design is registered, or whether or not it is put into commercial use, it shall no longer be protected by the Regulations on the Protection after 15 years from the date of its creation.

Domain Name

Pursuant to the Administrative Measures on the Internet Domain Names (《互聯網域名管理辦法》) promulgated by the MIIT on August 24, 2017 and effective from November 1, 2017, the MIIT is responsible for the supervision and administration over domain name services nationwide. No organization or individual shall disrupt the security and stable operation of the Internet domain name system.

LAWS AND REGULATIONS RELATING TO CYBER SECURITY AND DATA SECURITY

National Security Review

Pursuant to the State Security Law of the People's Republic of China (《中華人民共和國國家安全法》) promulgated and implemented by the SCNPC on July 1, 2015, national security refers to a status in which the regime, sovereignty, unity, territorial integrity, welfare of the people, sustainable economic and social development, and other vital interests of the State, and the capability to maintain a sustained security status are not faced with any danger and not threatened internally or externally.

Cyber Security

According to the Cyber Security Law of the People's Republic of China (《中華人民共和國網絡安全法》) promulgated by the SCNPC on November 7, 2016 and effective from June 1, 2017, for the purpose of constructing and operating of a network or providing services through a network, technical measures and other necessary measures shall be taken in accordance with laws, administrative regulations and the compulsory requirements set forth in national standards to ensure the secure and stable operation of the network, effectively cope with cyber security events, prevent criminal activities committed on the network, and protect the integrity, confidentiality and availability of network data.

Pursuant to the Measures for Cyber Security Review (《網絡安全審查辦法》) jointly promulgated by the Cyberspace Administration of China and other departments on December 28, 2021 and effective from February 15, 2022, operators of critical information infrastructure purchasing network products and services, and network platform operators carrying out data processing activities that affect or may affect national security, shall be subject to a cyber security review.

Data Security

Pursuant to the Data Security Law of the People's Republic of China (《中華人民共和國數據安全法》) promulgated by the SCNPC on June 10, 2021 and effective from September 1, 2021, the State established a data classification and hierarchical protection system to conduct classified and hierarchical protection of data. Entities carrying out data processing activities shall establish a sound data security management system throughout the whole process, organize data security education and training, and take corresponding technical measures and other necessary measures to ensure data security, in accordance with the provisions of laws and regulations.

REGULATIONS RELATING TO LAND AND REAL ESTATE

Owned Properties

Pursuant to the Law on Administration of Urban Real Estate of the People's Republic of China (《中華人民共和國城市房地產管理法》) promulgated on July 5, 1994 and latest amended on August 26, 2019, the acquisition of land use rights for real estate development within the urban planning area of state-owned land, for engaging in real estate development, real estate transactions and implementing real estate management, must comply with this Law.

Lease Properties

Pursuant to the Law on Administration of Urban Real Estate of the People's Republic of China (《中華人民共和國城市房地產管理法》) promulgated by the SCNPC on July 5, 1994, latest amended on August 26, 2019 and effective from January 1, 2020, the lessor and the lessee shall enter into a written lease contract for leasing of building to stipulate the term of lease, purpose of the lease, lease price, maintenance and repair liability etc., and any other rights and obligations of both parties. The lease contract shall be registered and filed with the real estate administration authorities.

In addition, according to the Management Measures for the Lease of Commercial Housing (《商品房屋租賃管理辦法》) promulgated by the Ministry of Housing and Urban-Rural Development on December 1, 2010 and effective from February 1, 2011, the lessor and the lessee shall complete property leasing registration and filing formalities within 30 days from execution of the property lease contract. Individuals or organizations who violate the foregoing provisions shall be ordered to make correction within a stipulated period; where the individual fails to make correction within the stipulated period, a fine of not more than RMB1,000 shall be imposed; where the organization fails to make correction within the stipulated period, a fine ranging from RMB1,000 to RMB10,000 shall be imposed.

LAWS AND REGULATIONS RELATING TO PRODUCT QUALITY

According to the Product Quality Law of the People's Republic of China (《中華人民共和國產品質量法》) promulgated by the SCNPC on February 22, 1993 and latest amended on December 29, 2018, producers and sellers shall establish a sound internal product quality control system, strictly adhere to a job responsibility system in relation to quality standards and quality liabilities, and implement corresponding examination and inspection measures.

LAWS AND REGULATIONS RELATING TO IMPORT AND EXPORT TRADE

According to the Customs Law of the People's Republic of China (《中華人民共和國海關法》) promulgated by the SCNPC on January 22, 1987 and latest amended on April 29, 2021, unless otherwise specified, the import and export cargo consignors and consignees can go through the customs declaration and tax payment procedures for the import and export goods on their own, or by entrusting a customs declaration company to handle the procedures. The import and export cargo consignors and consignees, as well as the customs declaration company, should file with the customs for the declaration procedures in accordance with the law.

Pursuant to the Foreign Trade Law of the People's Republic of China (《中華人民共和國對外貿易法》) promulgated by the SCNPC on May 12, 1994 and latest amended on December 30, 2022 and the Regulations on the People's Republic of China on the Administration of the Import and Export of Goods (《中華人民共和國貨物進出口管理條例》) promulgated by the State Council on December 10, 2001, latest amended on March 10, 2024 and effective from May 1, 2024, no organization or individual is allowed to impose, maintain or enforce any prohibitive or restrictive measures on the import and export of goods, unless explicitly prohibited or restricted by laws or administrative regulations.

Pursuant to the Export Control Law of the People's Republic of China (《中華人民共和國出口管制法》) promulgated by the SCNPC on October 17, 2020 and effective from December 1, 2020, the State implements the export control on dual-use items, military products, nuclear and other goods, technologies, services and other items related to the protection of national security and interests or the fulfillment of international obligations such as non-proliferation. The State's export control authorities shall, together with other related departments, formulate and adjust the list of items subject to export control, pursuant to the provisions of the Export Control Law and other relevant laws and administrative regulations, export control policies and specified procedures, and promptly release the same.

LAWS AND REGULATIONS RELATING TO LABOR AND SOCIAL SECURITY

Labor Law and Labor Contract Law

According to the Labor Law of the People's Republic of China (《中華人民共和國勞動法》) latest amended by the SCNPC on December 29, 2018, and the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》) latest amended by the SCNPC on December 28, 2012 and effective from July 1, 2013, a labor contract shall be concluded for establishment of work relationships. Employers shall establish and improve the labor regulation to protect the labor rights and fulfill labor obligations of their employees in accordance with the law.

Social Insurance and Housing Provident Fund

Pursuant to the Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》) latest amended and effective by the SCNPC on December 29, 2018, and the Provisional Regulations for the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) latest amended and effective by the State Council on March 24, 2019, the social insurance system including basic pension insurance, basic medical insurance, occupational injury insurance, unemployment insurance and maternity insurance has been established. The employer shall register for social insurance with the local social insurance agency and participate in the insurance program. Both the employer and the employee shall pay the social insurance premiums on time and in full.

Pursuant to the Regulations on the Housing Provident Fund (《住房公積金管理條例》) latest amended and effective by the State Council on March 24, 2019, the employer shall register the housing provident fund contributions with the housing provident fund management center and set up the procedures for establishing housing provident fund accounts for its employees. The employer shall make timely and full contributions to the housing provident fund.

LAWS AND REGULATIONS RELATING TO TAXATION

Enterprise Income Tax

According to the Enterprise Income Tax Law (《企業所得税法》) and relevant implementing regulations, a uniform enterprise income tax rate of 25% is applicable. However, if non-resident enterprises do not have establishment or place of business in the PRC, or if they have establishment or place of business in the PRC but there is no actual relationship between the relevant income derived in the PRC and such establishment or place of business, the enterprise income tax is, in that case, set at the rate of 10% for their income sourced from the PRC.

According to the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得税法》) promulgated by the SCNPC and latest amended and effective on December 29, 2018, and the Implementation Regulations for the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得税法實施條例》) promulgated by the State Council, latest amended in December 6, 2024 and effective from January 20, 2025, a uniform 25% enterprise income tax rate is imposed to both foreign invested enterprises and domestic enterprises, except where tax incentives are granted to special industries and projects. The enterprise income tax rate is reduced by 20% for qualifying small low-profit enterprises. The high-tech enterprises that need full support from the PRC's government will enjoy a 15% tax rate reduction for enterprise income tax.

Value-added Tax

Pursuant to the Provisional Regulations on Value-added Tax of the People's Republic of China (《中華人民共和國增值税暫行條例》) promulgated by the State Council, latest amended and effective on November 19, 2017 and the Implementation Rules for the Provisional Regulations on Value-added Tax of the People's Republic of China (《中華人民共和國增值税暫行條例實施細則》) promulgated by the MOF, latest amended on October 28, 2011 and effective from November 1, 2011, all organizations or individuals in the PRC engaging in the sale of goods or processing, repair and assembly services or import and export in the PRC shall be taxpayers of value-added tax and shall pay value-added tax.

On December 25, 2024, the SCNPC promulgated the Value-added Tax Law of the People's Republic of China (《中華人民共和國增值税法》) (the "Value-added Tax Law"), which will come into effective on January 1, 2026, and replace the Provisional Regulations on Value-added Tax of the People's Republic of China (《中華人民共和國增值税暫行條例》). According to the Value-added Tax Law, all organizations and individuals (including individual industrial and commercial households) in the PRC engaging in the sale of goods, services, intangible assets, real estates and imports in the PRC shall be taxpayers of value-added tax and shall pay value-added tax according to the Law. The tax rate for taxpayers selling goods, as well as providing processing, repair and assembly services, leasing of tangible movable property services and imports is 13% unless otherwise specified; in certain specific situations, the rate is 9%, 6% or 0%.

Dividend Withholding Tax

According to the Arrangement between the Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重税和防止偷漏税的安排》) signed by the STA and the Hong Kong Special Administrative Region government on August 21, 2006 and effective on December 8, 2006, if a mainland China resident company pays dividends to a Hong Kong resident and the beneficial owner of the dividends is a company that directly holds at least 25% of the capital of the dividend-paying company, the tax levy shall not exceed 5% of the total amount of dividends; in other cases, it shall not exceed 10% of the total amount of dividends.

According to the Response to Questions on Levying Enterprise Income Tax on Dividends Derived by Non-resident Enterprise from Holding Stock such as B shares (《關於非居民企業取得B股等股票股息徵收企業所得税問題的批覆》) issued and implemented by the STA on July 24, 2009, Chinese resident enterprises that publicly issue and list stocks (A shares, B shares and overseas stocks) in China and abroad are required to withhold and pay enterprise income tax at a unified rate of 10% when distributing dividends to non-resident enterprise shareholders for the years 2008 and thereafter. Non-resident enterprise shareholders who need to enjoy benefits under tax treaties should proceed according to the relevant provisions of the tax treaties.

The MOF, the STA and the China Securities Regulatory Commission (the "CSRC") issued the Notice on the Tax Policies Related to the Pilot program of the Shanghai-Hong Kong Stock Connect (《關於滬港股票市場交易互聯互通機制試點有關税收政策的通知》) on October 31, 2014, which was implemented on November 17, 2014, stipulating: (1) for individual investors in mainland China who receive dividends from H shares listed on the Hong Kong Stock Exchange through the Shanghai-Hong Kong Stock Connect, H share companies must submit an application to China Securities Depository and Clearing Corporation Limited (the "China Clearing"), which will provide the list of mainland individual investors to the H share companies. The H share companies will withhold personal income tax at a rate of 20%. Individual investors who have already paid withholding tax abroad can apply to the competent tax authorities of China Clearing for tax credit with valid tax deduction certificates. Dividends received by mainland securities investment funds from stocks listed on the Hong Kong Stock Exchange through the Shanghai-Hong Kong Stock Connect will be subject to personal income tax according to the above provisions; and (2) for corporate investors in mainland China who receive dividends from stocks listed on the Hong Kong Stock Exchange through the Shanghai-Hong Kong Stock Connect, these dividends are included in their total income and are subject to enterprise income tax in accordance with the law. Among them, dividends received by resident companies in mainland China that hold H shares for more than 12 consecutive months will be exempt from enterprise income tax in accordance with the law.

LAWS AND REGULATIONS RELATING TO FOREIGN EXCHANGE

According to the Regulations of the People's Republic of China on the Administration of Foreign Exchange (《中華人民共和國外匯管理條例》) latest amended by the State Council on August 5, 2008, the Regulations shall apply to the foreign exchange income and expenditure or foreign exchange business activities of domestic institutions and individuals, as well as the foreign exchange income and expenditure or foreign exchange business activities of overseas institutions and overseas individuals in China.

According to the Notice of the State Administration of Foreign Exchange on Further Deepening Reforms to Promote the Convenience of Cross-border Trade and Investment (《關於進一步深化改革促進跨境貿易投資便利化的通知》) issued by the SAFE on December 4, 2023, the foreign exchange funds raised by domestic enterprises through overseas listings can be directly remitted to the capital account settlement account. The funds in the capital account settlement account can be freely settled for use.

On December 24, 2025, the PBOC and the SAFE jointly promulgated the Circular on Issues Concerning the Administration of Funds for Overseas Listing of Domestic Enterprises (《關於境內企業境外上市資金管理有關問題的通知》), which became effective on April 1, 2026. Pursuant to this circular, a domestic enterprise shall complete the registration with the competent banks within 30 business days after the date of its initial overseas listing or the completion of the over-allotment. The proceeds raised may be remitted to the PRC or deposited overseas, provided that the use of funds shall be consistent with the relevant disclosure documents. Domestic shareholders increasing or decreasing their overseas shareholdings are also required to comply with the relevant registration and account management requirements.

LAWS AND REGULATIONS RELATING TO STOCK INCENTIVE PLAN

According to the Notice of the State Administration of Foreign Exchange on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Listed Company (《國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》) promulgated and effective on February 15, 2012, the overseas-listed companies' directors, supervisors, senior management and other employees who are Chinese citizens or non-Chinese citizens residing in China for more than one year, participating in stock incentive plan, should register with the SAFE through domestic agencies.

LAWS AND REGULATIONS RELATING TO OVERSEAS SECURITIES OFFERING AND LISTING BY DOMESTIC COMPANIES

Securities Laws and Regulations

The Securities Law of the People's Republic of China (《中華人民共和國證券法》) (the "Securities Law"), latest amended by the SCNPC on December 28, 2019 and effective from March 1, 2020, comprehensively regulates activities in securities market in China. The Securities Law further regulates that a domestic enterprise issuing securities overseas directly or indirectly or listing their securities overseas shall comply with the relevant provisions of the State Council, and for subscription and trading of stocks of domestic companies using foreign currencies, detailed measures shall be stipulated by the State Council separately. The CSRC is the securities regulatory body set up by the State Council to supervise and administer the securities market according to law, maintain order in the market, and ensure the market operates in a lawful manner.

Overseas Listings

On February 17, 2023, the CSRC promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "Trial Measures") and relevant guidelines, which were effective from March 31, 2023. According to the Trial Measures, if a company within China directly or indirectly issues stocks or gets listed overseas, it shall file its issuance and listing application documents with the CSRC within 3 working days after submission overseas. In any of the

following circumstances, overseas issuance and listing are not permitted: those explicitly prohibited by laws, administrative regulations or relevant national provisions from raising funds through listing; those identified by the relevant departments of the State Council after examination according to law as posing a threat to national security due to overseas issuance and listing; domestic enterprises or their controlling shareholders or de facto controllers having committed crimes such as corruption, bribery, embezzlement, misappropriation of property, or disruption of the socialist market economic order within the last three years; domestic enterprises being under legal investigation due to suspected crimes or significant violations of laws and regulations, with no clear conclusions reached yet; and significant disputes over the ownership of shares held by controlling shareholders or shareholders under the control of the controlling shareholders or de facto controllers.

According to Provisions on Strengthening Confidentiality and Archives Administration in Respect of Overseas Issuance and Listing of Securities by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the "Provisions on Strengthening Confidentiality and Archives Administration") jointly issued by the CSRC and other relevant departments on February 24, 2023 and effective from March 31, 2023, in the course of overseas issuance and listing of domestic enterprises, domestic enterprises and securities companies and securities service agencies which provide the corresponding services shall strictly comply with the relevant laws and regulations of the People's Republic of China and the requirements of the Provisions on Strengthening Confidentiality and Archives Administration, strengthen legal awareness of confidentiality of State secrets and archives administration, establish a sound system for confidentiality and archives work, adopt the requisite measures to perform the responsibilities of confidentiality and archives administration, and shall not divulge State secrets and work secrets of State agencies or harm State and public interests.

OVERVIEW

The history of our business could be dated back to 1995, when AMTEK, the predecessor of Amlogic Inc. ("**Amlogic CA**"), was incorporated in the state of California before being renamed as Amlogic CA in August 2000, with Mr. John Zhong serving as chairman of the board. Our Company was founded by Mr. John Zhong under the laws of the PRC on July 11, 2003 to further our business in the PRC. In April 2006, Amlogic Inc. ("**Amlogic DE**") was established in Delaware. In November 2011, Amlogic DE merged with Amlogic CA, and subsequently, in January 2014, Amlogic DE was acquired by Amlogic Holdings Ltd. Following the restructuring of our Group over the past decades, the offshore controlling shareholders of our Company have successively been Amlogic CA, Amlogic DE, and Amlogic Holdings Ltd.

Over the years, we have evolved as 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.

Our company was established under the laws of the PRC on July 11, 2003. In August 2019, our A Shares were listed on the STAR Market of the Shanghai Stock Exchange (stock code: 688099). As of the Latest Practicable Date, our total issued share capital was RMB421,165,613, comprising 421,165,613 A Shares.

KEY CORPORATE AND BUSINESS DEVELOPMENT MILESTONES

The following table sets forth our various key corporate and business development milestones.

Year	Event
1995 . . .	• Incorporation of the predecessor of Amlogic CA.
2000 . . .	• Mr. John Zhong was appointed as chairman of the board of Amlogic CA and led the reorganization of its core management team.
2003 . . .	• Establishment of our Company.
2004 . . .	• We developed the world's first SoC with RMVB technology integrated in video decoder.
2005 . . .	• We were the first in the world to launch solutions for digital TV multimedia application processors.

Year	Event
2006 . . .	• We collaborated with leading semiconductor foundries to mass-produce on 130nm process chip.
2007 . . .	• We introduced single chip solution to digital photo frame product and successfully won leadership in the market.
2008 . . .	• We collaborated with leading semiconductor foundries to mass-produce on 90nm process chip.
2009 . . .	• We collaborated with a global leading semiconductor designer and service provider in the consumer electronics product line, successfully navigating the direction of technological change.
2010 . . .	• We developed world's first 1080P full HD decoder employing Android operating system based on Cortex-A9 CPU and Mali-400 GPU.
2011 . . .	• We were the first in the world to release SoCs for smart TVs, tablet PCs and IP set-top boxes based on Android 4.0.
2012 . . .	• We were among the first batch of strategic partners for TV products of a global leading technology company and released a dual-core Cortex-A9 system-on-chip, which was then successfully applied in consumer electronics such as tablets, set-top boxes and digital TVs.
2013 . . .	• We successfully achieved mass production of a 28 nm quad-core A9 CPU SoC and led the industry in shipments of smart set-top box SoC.
2014 . . .	• We released our flagship quad-core application processor, featuring a 4K2K H.265 decoder and ultra-low power consumption.
2015 . . .	• We released a 64-bit multi-core 4K2K over-the-top and set-top box system-on-chip.
2016 . . .	• We released a Google Cast Ready WiFi audio system-on-chip, as well as a 64-bit multi-core 4K2K VP9 SoC.
2017 . . .	• We introduced voice control technology for our speakers and soundbars, and launched a global television system-on-chip.
2018 . . .	• We released 12nm UHD TV/STB SoC and Smart Vision SoC.
2019 . . .	• We developed Smart TV SoC and 4K Smart Vision SoC.

Year	Event
2020 . . .	• We developed AV1 STB, TV chips and Wi-Fi 5 wireless connectivity chips.
2021 . . .	• We released MEMC/AI-SR global DTV SoC and put front-loading IVI in-car entertainment SoC into mass production.
2022 . . .	• We launched our Wi-Fi 6 and Bluetooth 5 chip, along with 8K STB SoC.
2023 . . .	• We launched our first smart TV processor chip supporting 4K144Hz ultra-high-definition full-format.
2024 . . .	• We launched 6nm UHD STB SoC Tri-radio conn chip for Matter.
2025 . . .	• We launched 4G LTE Cat1 Chip. • We launched a flagship SoC for high-end smart TVs supporting 4K 165Hz high refresh rate, strong AI computing power and full-format 8K decoding.
2026 . . .	• We launched a gaming-grade monitor SoC for gaming, office, professional design monitors and commercial display devices.

PRINCIPAL SUBSIDIARIES AND OPERATING ENTITIES

Set forth below is a table summarizing the key information of our principal subsidiaries that made a material contribution to our results of operations during the Track Record Period.

Name of subsidiary	Registered Capital	Equity interest attributable to our Group	Place of incorporation/ establishment	Date of incorporation/ establishment	Principal business activities
Amlogic Shenzhen . .	RMB61,132,000	100%	China	June 25, 2014	Research and development and sales of IC chip products
Amlogic HK.	US$9,000,000	100%	Hong Kong	September 23, 2015	Sales and distribution of ICs

As of the Latest Practicable Date, we had 16 subsidiaries. For further details of these subsidiaries, see "— Corporate Structure" in this section. For changes in the registered capital of our subsidiaries, see "Appendix VII — Statutory and General Information — (A) Further Information about Our Group — 3 Changes in Share Capital of our Subsidiaries" in this document.

MAJOR CHANGES OF OUR COMPANY

Establishment of our Company and Conversion into a Joint Stock Company

Our Company, then known as Amlogic (Shanghai) Limited Company (晶晨半導體(上海)有限公司), was established in July 2003 with an initial share capital of US$1,000,000. In March 2017, our Company was converted into a joint stock company. Upon completion of the conversion, our Company had a total share capital of RMB370,000,000 divided into 370,000,000 Shares and our Company was controlled by Amlogic (Hong Kong) Limited, a member of our Single Largest Shareholder Group, as to 52.43%, with TCL King Electrical Appliances (Huizhou) Co., Ltd. ("**TCL**"), an Independent Third Party, holding 11.29% of the then equity interest of our Company and the rest of other Shareholders each holding less than 10% of equity interest of our Company.

Listing on Star Market of the Shanghai Stock Exchange

In August 2019, our Company was listed on Star Market of the Shanghai Stock Exchange under the stock code 688099. In connection with the listing, we completed an initial public offering of our A Shares (the "**A Share Offering**"), pursuant to which our total share capital increased from RMB370,000,000 to RMB411,120,000. Immediately after the A Share Offering, our Company was controlled by Amlogic (Hong Kong) Limited as to 35.56%, with TCL holding 10.16% of the then equity interest of our Company and the rest of other Shareholders each holding less than 10% of the then equity interest of our Company.

As of the Latest Practicable Date, our Company had a total share capital of RMB421,165,613 divided into 421,165,613 A Shares (including 1,334,489 A Shares held as treasury Shares repurchased by our Company), and was held by Amlogic (Hong Kong) Limited as to 18.86%, with the rest of other Shareholders each holding less than 5% of the equity interest of our Company. The changes in our total share capital and our Shareholders' holding percentage were primarily due to additional Shares issued by us under the Restricted Share Schemes and disposal of certain Shares by Amlogic (Hong Kong) Limited.

MAJOR ACQUISITIONS AND DISPOSALS

During the Track Record Period, we had not conducted any acquisitions, disposals or mergers that we consider material to us.

OUR LISTING ON THE SHANGHAI STOCK EXCHANGE AND REASON FOR THE LISTING ON THE STOCK EXCHANGE

Our Company has been listed on the Star Market of the Shanghai Stock Exchange since August 2019. We seek to be listed on the Hong Kong Stock Exchange in order to further improve the capital strength and comprehensive competitiveness of the Company, and advance the Company's internationalization strategy. See "Business — Strategies" and "Future Plans and Use of Proceeds" for more details.

Our Directors confirmed that, since our listing on the Star Market of the Shanghai Stock Exchange and as of the Latest Practicable Date, we had no instances of material non-compliance with the rules of the Shanghai Stock Exchange and other applicable securities laws and regulations of the PRC, and, to the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to the investors' attention in relation to our compliance record on the Shanghai Stock Exchange. Our PRC Legal Advisors are of the view that we have not been subject to any material administrative penalties or regulatory measures imposed by PRC securities regulatory authorities and we have complied with the relevant rules of the Shanghai Stock Exchange and other applicable securities laws and regulations of the PRC applicable to us in all material respects. Based on the independent due diligence conducted by the Joint Sponsors, nothing has come to the Joint Sponsors' attention that would cause them to disagree with our Directors' confirmation with regard to the compliance records of the Company on the Shanghai Stock Exchange.

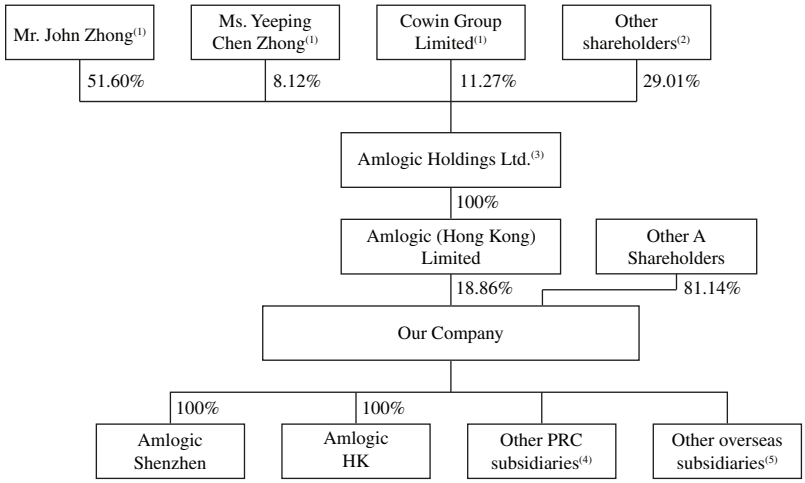
[**REDACTED**]

[**REDACTED**]

CORPORATE STRUCTURE

Corporate structure immediately before the [**REDACTED**]

The following simplified diagram illustrates the corporate and shareholding structure of our Group immediately prior to the completion of the [**REDACTED**], assuming that no changes are made to the total issued share capital of our Company since the Latest Practicable Date and up to the Listing:



Notes:

(1) Cowin Group Limited is wholly owned by Mr. Chen Haitao (陳海濤) (the father of Ms. Yeeping Chen Zhong). Mr. John Zhong, Ms. Yeeping Chen Zhong (the spouse of Mr. John Zhong) and Mr. Chen Haitao are parties deemed to be acting-in-concert under the laws and regulations of the PRC, and therefore are deemed to be interested in the Shares held by each other. See "Substantial Shareholders" for further details.

(2) Other shareholders of Amlogic Holdings Ltd. include (i) Michael Yip, our former vice general manager who resigned in May 2025 and an Independent Third Party, who holds 6.33% of the share capital of Amlogic Holdings Ltd.; (ii) Proland Group Ltd., who holds 6.31% of the share capital of Amlogic Holdings Ltd., and is ultimately held as to 100% by Cheung Kin who is an Independent Third Party. To the best knowledge of the Company, Proland Group Ltd. is primarily engaged in computer programming service; (iii) Century First Ltd, who holds 2.03% of the share capital of Amlogic Holdings Ltd., and is ultimately held as to 100% by Vincent Tai, an Independent Third Party. To the best knowledge of the Company, Century First Ltd is primarily engaged in clay product and refractory manufacturing; (iv) Raymond Wing-Man Wong, a supervisor of Amlogic

Shenzhen, who holds 1.49% of the share capital of Amlogic Holdings Ltd.; and (v) other shareholders of Amlogic Holdings Ltd. holding less than 2% each, all of which are Independent Third Parties. To the best knowledge of the Company, none of such shareholders holds more than 10% of the shareholding of Amlogic Holdings and is not in any way acting in concert with Mr. John Zhong, Ms. Yeeping Chen Zhong and/or Mr. Chen Haitao.

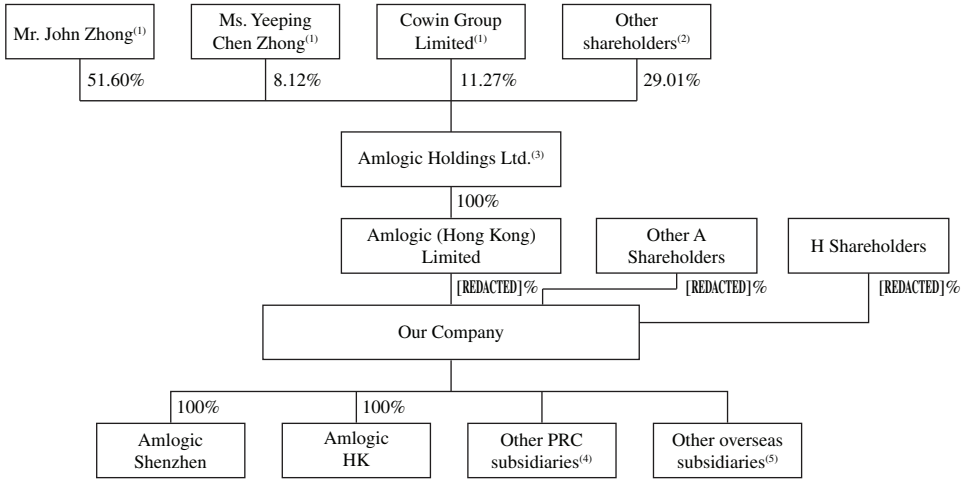
(3) The total issued shares of Amlogic Holdings Ltd. is 12,074,236, with 299,417 shares being held by Amlogic Holdings Ltd. as treasury shares.

(4) Other PRC subsidiaries of our Company include: (i) Amlogic Technology (Beijing) Co., Ltd. (晶晨半導體科技(北京)有限公司), Amlogic (Xi'an) Co., Ltd. (晶晨半導體(西安)有限公司), Amlogic (Chengdu) Co., Ltd. (晶晨芯半導體(成都)有限公司), Amlogic (Nanjing) Co., Ltd. (晶晨半導體(南京)有限公司), Hefei Amlogic Co., Ltd. (合肥晶晨芯半導體有限公司), Jingqi Semiconductor (Shanghai) Co., Ltd. (晶其半導體(上海)有限公司), Jingwen Semiconductor (Shanghai) Co., Ltd. (晶玟半導體(上海)有限公司) and Amlogic (Zhuhai) Co., Ltd. (晶晨半導體(珠海)有限公司), all of which were wholly owned by our Company; (ii) Shanghai Jingmin Enterprise Management Center (Limited Partnership) (上海晶旻企業管理中心(有限合夥)), which is 95% owned by our Company as the limited partner and 5% owned by Amlogic Shenzhen as the managing partner; and (iii) Shanghai Jingyi Business Consulting Partnership (Limited Partnership) (上海晶毅商務諮詢合夥企業(有限合夥)), which was 65.70% owned by our Company as a limited partner, 33.30% owned by Shanghai Delta International Trading Co., Ltd. (上海鼎源國際貿易有限公司) as a limited partner and 1% owned by Amlogic Shenzhen as the managing partner. Shanghai Delta International Trading Co., Ltd. is primarily engaged in international trading and trading consultancy services. It is 100% held by MAX OVERSEAS LIMITED, which is in turn owned by Ting Ka Yee and Ting Yat Ming, both being Independent Third Parties, as to 66.60% and 33.40%, respectively.

(5) Other overseas subsidiaries of our Company include (i) Amlogic (CA) Co., Inc., (ii) Amlogic Singapore Private Limited, (iii) Amlogic Korea Limited and (iv) Amlogic Co., Limited, all of which are directly or indirectly wholly owned by our Company; and (v) Archer Vision Limited, which is owned as to 99.8351% by Amlogic Co., Limited and 0.1649% by ARCHER ALLIANCE LIMITED, an Independent Third Party.

Corporate structure immediately following the [REDACTED]

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



Note 1 to 5: Please refer to the details contained in the sub-section headed "Corporate Structure — Corporate structure immediately before the [**REDACTED**]" above.

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.

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%.

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.

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

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.

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.

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.

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,

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.

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

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	%
	(RMB in thousands, except for percentages)					
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	**5,370,942**	**100.0**	**5,926,315**	**100.0**	**6,790,582**	**100.0**

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.

In addition, we focus on the R&D of communication and connectivity ICs, which has become one of our key strategic focuses in recent years. Through sustained development efforts, we have advanced our proprietary technologies and achieved milestones in baseband, radio frequency, and protocol stack development for communication and connectivity ICs.

Our products target distinct application scenarios and market segments. A smart device typically uses a single main SoC as its primary control chip, and our smart multimedia and display SoCs, AIoT SoCs and smart automotive SoCs each support different device categories and use cases with little interchangeablilty. By contrast, our communication and connectivity ICs are designed to complement these SoC solutions. When integrated in the same device, they work together to reduce latency, enhance connectivity and deliver comprehensive smart device functionality.

The table below provides an overview of the key product types by principal business lines:

Business lines	Product types	End-use applications	Industry sector
Smart multimedia and display SoCs	Smart set-top box SoCs	smart UHD OTT/IPTV set-top box; smart TV stick; smart projector; AR terminal warehouse robot; streaming media player; smart fitness equipment	smart home; commerce and education
	Smart display terminal SoCs	smart TV; smart UHD projector; UHD gaming display; smart commercial display; smart conference screen	

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.

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
8K Ai 4K		• **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	
4K Premium		• **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
4K Mainstream		• **Process**: 11-nm • **CPU**: Quad Cortex-A55 • **GPU**: Mali-G31 MP2 • **Decoding**: 4Kp75 UHD	
2K		• **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

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
4K Premium HFR		• **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**: 12th 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: • 4K UHD smart all-in-one TV • Smart UHD projector • UHD gaming display • Smart commercial display • Smart conference screen
4K Mainstream HFR		• **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 Mainstream		• **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
2K		• **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

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.

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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
Edge AI Visual		• **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: • Smart access control • Attendance machine • Hunting camera and action camera • Smart visual doorbell • Smart beauty mirror • Facial payment devices
		• **Process**: 12-nm • **CPU**: Dual Dual-A35 • **NPU**: 1 TOPS+ CVE, • **ISP**: 5M pixel HDR ISP optimized for low light • **Encoding: 5M30**	
Edge AI Audio		• **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: • Smart speaker • Soundbar • Audio streamer/amplifier • Audio DSP for TV • Voice gateway device • Smart speaker lamp • Smart voice assistant
		• **Process**: 12-nm • **CPU**: Quad A53 • **Decoder**: Dolby ATMOS/DTS:X	

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-Fi6 + 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-Fi6 + BT 5.4 + 802.15.4 tri-mode ▪ 2x2 2.4G/5G HE80 ▪ 15.4 / Thread / Zigbee

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.

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.

- ***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.

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.

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:

Duration	Three to five years.
Principal rights and obligations of parties involved	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.
Payment and credit terms	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.
Warranty	Our suppliers generally provide a warranty period of one year.

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

Supplier	Background	Materials/ Services purchased	Purchase costs	% of total purchases	Commencement year of business relationship
			RMB'000		
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			**2,817,864**	**86.6**	

For the Year Ended December 31, 2024

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	1,844,707	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

Supplier	Background	Materials/ Services purchased	Purchase costs	% of total purchases	Commencement year of business relationship
			RMB'000		
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
			RMB'000		
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

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.

	For the Year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
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	**5,370,942**	**100.0**	**5,926,315**	**100.0**	**6,790,582**	**100.0**

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	**22**	**21**	**23**

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:

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

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.

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.

Duration	Generally one to three years.
Payment and credit terms	We generally grant a credit period of 30 to 45 days to our direct sales customers.
Pricing	We typically sell our products at prices set forth in the purchase orders after negotiation with our customers.
Logistics	We are typically responsible for delivering our products to the place designated in the agreements for our customers' inspection and acceptance.
Product return	Direct sales customers are entitled to return products to us for product quality issues caused by us.
Confidentiality	We and our customers 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.

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.

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

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

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	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
			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	1,544,521	22.7	Payment in advance	2017

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	1,064,487	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**

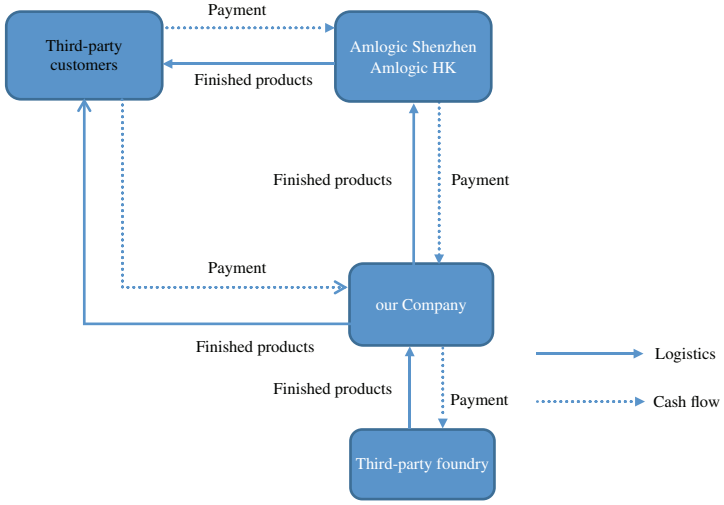
Pricing Guidelines") promulgated by the Organization for Economic Cooperation and Development (the "**OECD**"), an international organization of international cooperation, and the applicable laws and regulations in the jurisdictions where we operate.

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

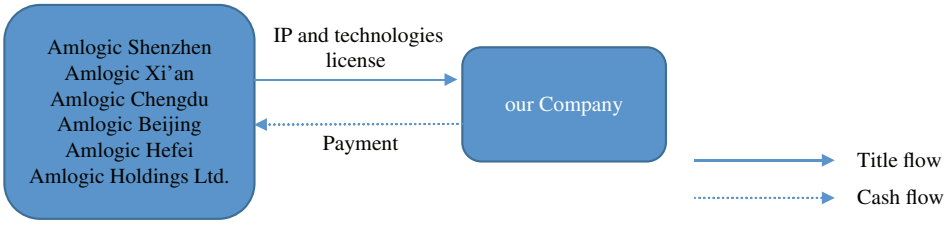
Tangible Asset Ownership Transactions

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.



Intangible Asset Usage Rights Transactions

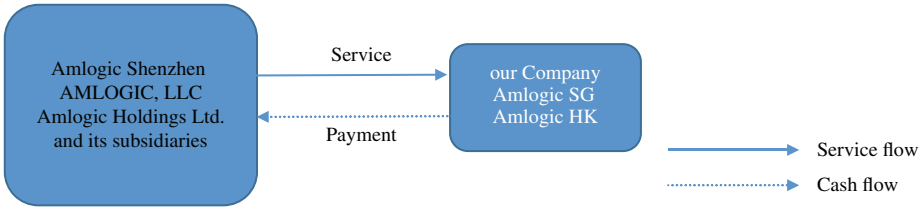
During the Track Record Period, (i) Amlogic Shenzhen, Amlogic Technology (Beijing) Co., Ltd. ("**Amlogic Beijing**"), Amlogic (Xi'an) Co., Ltd. ("**Amlogic Xi'an**"), Amlogic (Chengdu) Co., Ltd. ("**Amlogic Chengdu**"), and Hefei Amlogic Co., Ltd. ("**Amlogic Hefei**") licensed self-developed technologies 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

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.

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.

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.

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.

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	**1,945**	**100.0**

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

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.

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.

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.

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.

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.

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."

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.

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.

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.

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.

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 tCO_2e/RMB ten thousand in revenue.

	For the year ended December 31,		
	2023	**2024**	**2025**
Greenhouse gas emission (Scope 1) (tCO2 e) . .	13.18	38.60	23.72
Greenhouse gas emission (Scope 2) (tCO2 e) . .	1,733.14	2,095.43	1,931.16
Total greenhouse gas emission (Scope 1 + Scope 2) (tCO2 e)	1,746.32	2,134.03	1,954.88
Greenhouse gas emission intensity (tCO2 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 instaled 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.

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.

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

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

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.

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.

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.

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.

DIRECTORS

Our Board consists of the following Directors. Our Directors serve a term of three years and shall be subject to re-election upon the expiry of their respective term of office.

Name	Age	Position(s)	Time of joining our Group	Time of appointment as Director[1]	Roles and responsibilities	Relationship with other Director and senior management
Mr. John Zhong	62	Executive Director, chairman of our Board and general manager	July 2003	March 2017	Responsible for the Group's strategic planning, business direction, and overall operation and management	None
Ms. Yu Li (余莉)	45	Executive Director, Board secretary and joint company secretary	February 2016	May 2020	Responsible for the Group's daily operations, managing information disclosure and communication, and organizing important company meetings	None
Mr. Luo Bin (羅濱)	43	Non-executive Director	July 2023	July 2023	Responsible for providing professional opinion and judgment to the Board	None
Ms. Zhao Dan (趙丹)	38	Non-executive Director and employee representative Director	June 2021	September 2025	Responsible for providing professional opinion and judgment to the Board	None
Mr. Li Hanjie (李翰傑)	39	Independent non-executive Director	July 2023	July 2023	Responsible for providing independent opinion and judgment to the Board	None
Mr. Feng Yijing (馮義晶)	44	Independent non-executive Director	September 2024	September 2024	Responsible for providing independent opinion and judgment to the Board	None
Mr. Tian Hong (田宏)	64	Independent non-executive Director	Upon Listing[2]	Upon Listing[2]	Responsible for providing independent opinion and judgment to the Board	None

Note:

(1) The time of the appointment refer to the appointment of the relevant positions in our Company after its conversion into a joint stock company with limited liability in March 2017. For the details of the conversion, please see "History and Corporate Structure — Establishment of our Company and Conversion into a Joint Stock Company."

(2) The appointment of Mr. Tian Hong as an independent non-executive Director will take effect from the Listing Date.

Executive Directors

Mr. John Zhong, aged 62, is the chairman of our Board, an executive Director and the general manager of our Company.

Mr. John Zhong has been a Director, the chairman of the Board and the general manager of our Company since March 2017. He is primarily responsible for the strategic planning, business direction and overall operation and management of our Group.

Mr. John Zhong has been serving as a director of Amlogic (Hong Kong) Limited and Amlogic Holdings Ltd. since January 2007 and November 2013, respectively. Mr. John Zhong served as project manager at Amitech Inc., from March 1988 to December 1989. In February 1990, he joined Northern Telecom Limited, a company previously listed on the Toronto Stock Exchange under the stock code NT.TO where he worked as a research and development engineer until December 1992. From January 1993 to March 1999, he served as general manager at Sun Valley International Limited. From 1999 to July 2003, he was a director of Amlogic Inc. From July 2003 to March 2017, he served as the chairman of the board and general manager of Amlogic (Shanghai) Limited Company (晶晨半導體(上海)有限公司), the predecessor of our Company.

Mr. John Zhong obtained his master's degree in electrical engineering from the Georgia Institute of Technology in the United States in March 1988.

Ms. Yu Li (余莉), aged 45, is our executive Director. She is responsible for the Group's daily operations, managing information disclosure and communication, and organizing important company meetings.

Ms. Yu Li has been a Director and secretary to the Board since May 2020 and March 2017, respectively. Ms. Yu Li has over 20 years' experience in the legal profession. Prior to joining our Group, she served as legal counsel at Shanghai Feimai Film and Television Production Co., Ltd. (上海飛邁影視製作有限公司) from September 2003 to June 2006. From July 2006 to July 2014, she served as senior legal specialist at Spreadtrum Communications (Shanghai) Co., Ltd. (展訊通信(上海)有限公司). From July 2014 to February 2016, she was a legal manager at Montage Technology (Shanghai) Co., Ltd. (瀾起科技(上海)有限公司). From February 2016 to March 2017, she worked as a legal manager at Amlogic (Shanghai) Limited Company (晶晨半導體(上海)有限公司), the predecessor of our Company. From April 2017 to September 2017, she served as a supervisor at Shanghai Jingfeng Enterprise Management Consulting Co., Ltd. (上海晶楓企業管理諮詢有限公司).

Ms. Yu Li obtained her bachelor's degree in law from Wuhan University of Technology (武漢理工大學) in the PRC in June 2003.

Non-Executive Director

Mr. Luo Bin (羅濱), aged 43, is our non-executive Director. He is responsible for providing professional opinion and judgment to the Board.

Mr. Luo Bin has been a Director since July 2023. Mr. Luo has been working in the internet and communications technology industry since 2007. From July 2007 to July 2010, he served as a research analyst at McKinsey & Company (Shanghai) Consulting Co., Ltd. (麥肯錫(上海)諮詢有限公司). From July 2010 to May 2016, he served as principal at Meritco Technical Services (Beijing) Co., Ltd. (久遠謙長(北京)企業管理諮詢有限公司). From May 2016 to October 2018, he worked at Shanghai Cainiao Management Consulting Co., Ltd.* (上海菜鳥管理諮詢有限公司). From November 2018 to 2019, he served as a vice president at TCL Technology Group Corporation (TCL 科技集團股份有限公司). He has then been serving as a vice president and general manager of the strategy and investment department at TCL Industry Holding Co., Ltd. (TCL實業控股股份有限公司) since January 2019.

Mr. Luo Bin obtained his bachelor's degree in computer science and technology and master's degree in computer applications technology from Nanjing University (南京大學) in the PRC in June 2004 and June 2007, respectively.

Ms. Zhao Dan (趙丹), aged 38, is our non-executive Director and employee representative Director, responsible for providing professional opinion and judgment to the Board.

Ms. Zhao Dan was appointed as a non-executive Director and employee representative Director on September 22, 2025. From July 2010 to June 2021, Ms. Zhao Dan worked at Shanghai Guomao Digital Technology Co., Ltd. (上海國茂數字技術有限公司). She has been serving as a VLSI engineering assistant of our Company since June 2021. She served as a supervisor and the chairwoman of the board of supervisors from July 2023 to September 2025, upon the abolition of the board of supervisors of the Company.

Ms. Zhao Dan graduated from Shanghai Tuopu Information Technology Vocational College (上海托普信息技術職業學院) with a major in software technology in the PRC in July 2010.

Independent Non-Executive Directors

Mr. Li Hanjie (李翰傑), aged 39, is our independent non-executive Director. He is responsible for providing independent opinion and judgment to the Board.

Mr. Li Hanjie has been an independent Director since July 2023. From July 2012 to October 2016, Mr. Li Hanjie served as a legal assistant at Jingtian & Gongcheng Law Firm (北京市競天公誠律師事務所). From November 2016 to March 2018, he served as an associate at Shanghai Jingcheng Shenheng Law Firm (上海精誠申衡律師事務所). Since March 2018, he worked at Jingtian & Gongcheng Law Firm Shanghai office (北京市競天公誠律師事務所上海分所) and is now a partner.

Mr. Li Hanjie obtained his bachelor's degree in international economic law from East China University of Political Science and Law (華東政法大學) in the PRC in July 2009. He obtained another bachelor's degree in English from Shanghai International Studies University (上海外國語大學) in the PRC in July 2010. He obtained his master's degree in economic law from East China University of Political Science and Law (華東政法大學) in the PRC in June 2012. Mr. Li Hanjie is a PRC qualified lawyer.

Mr. Feng Yijing (馮義晶), aged 44, is our independent non-executive Director. He is responsible for providing independent opinion and judgment to the Board.

Mr. Feng Yijing has been an independent Director since September 2024. From August 2004 to October 2016, Mr. Feng Yijing served as a senior audit manager at the Nanjing branch of Ernst & Young Hua Ming LLP (安永華明會計師事務所(特殊普通合夥)南京分所), where he was responsible for audit and other assurance and advisory services. From October 2016 to January 2019, he served as the chief financial officer of Hangzhou Wansecheng E-Commerce Co., Ltd. (萬色城電子商務集團有限公司). From August 2021 to April 2025, he served as an executive director and chief financial officer of MemeStrategy, Inc. (迷策略), a company listed on the Stock Exchange under the stock code 2440 and formerly known as Howkingtech International Holding Limited (濠暟科技國際控股有限公司). From June 2020 to July 2022, he served as an independent non-executive director of Suchuang Gas Corporation Limited (蘇創燃氣股份有限公司), a company previously listed on the Hong Kong Stock Exchange with the stock code 1430.

Mr. Feng Yijing served as an independent non-executive director of DaFa Properties Group Limited ("**DaFa Properties**"), a company previously listed on the Stock Exchange (former stock code: 6111), from July 2023 to June 2024. A winding-up order was made against DaFa Properties in October 2024 following its inability to pay its outstanding debt, and DaFa Properties was subsequently delisted from the Stock Exchange in October 2024. Mr. Feng Yijing has confirmed that (i) he was not involved in the day-to-day management of DaFa Properties nor breached any fiduciary duties; (ii) there was no wrongful act on his part leading to the winding-up proceedings of DaFa Properties; and (iii) he is not aware of any actual or potential claim that has been or would be made against him as a result of such winding-up proceedings. Based on the above and the Joint Sponsors' due diligence work, nothing has come to the Joint Sponsors' attention that would cause them to cast any doubt on the suitability of Mr. Feng Yijing to act as a Director under Rules 3.08 and 3.09 of the Listing Rules.

Mr. Feng Yijing obtained his bachelor's degree in auditing from Nanjing Audit University (南京審計大學) (formerly known as Nanjing Audit College (南京審計學院)) in the PRC in June 2004. He is a certified public accountant of the Chinese Institute of Certified Public Accountants (CICPA) and a certified internal auditor of The Institute of Internal Auditors. Mr. Feng Yijing also holds a qualification of the Association of Chartered Certified Accountants (ACCA).

Mr. Tian Hong (田宏), aged 64, is our independent non-executive Director. He is responsible for providing independent opinion and judgment to the Board. Mr. Tian Hong was appointed as an independent non-executive Director with effect from the Listing Date.

From October 1990 to November 1993, Mr. Tian Hong served as an R&D engineer at Hoya Electronics, where he was responsible for developing new production processes for glass hard drives. From December 1993 to December 1995, he served as a senior engineer of Conner Peripheral, Inc. From February 1996 to September 2022, he served as the chairman and chief executive officer of TDK Group Greater China at SAE Magnetics, a wholly owned subsidiary of TDK Corporation, a company listed on the Tokyo Stock Exchange under the stock code 6762. He served as chairman of Dongdianhua (China) Investment Co., Ltd. (東電化(中國)投資有限公司) from April 2014 to April 2022, and as chairman of SAE Magnetics (Hong Kong) Ltd. (香港新科實業有限公司) from April 2014 to September 2022. From October 2022 to July 2024, he was a director of the National Technology Innovation center for the Guangdong-Hong Kong-Macao Greater Bay Area (粵港澳大灣區國家技術創新中心).

Since May 2023, he has been serving as an independent director of EverProX Technologies Co., Ltd. (長芯博創科技股份有限公司), a company listed on the Shenzhen Stock Exchange under the stock code 300548. Since January 2025, he has been serving as an independent director of Lens Technology Co., Ltd. (藍思科技股份有限公司), a company listed on the Shenzhen Stock Exchange under the stock code 300433 and on the Stock Exchange under the stock code 6613.

Mr. Tian Hong obtained his bachelor's degree in metallic materials from Tsinghua University (清華大學) in the PRC in July 1983 and his master's degree and doctoral degree in mechanical engineering from the Massachusetts Institute of Technology in the United States in February 1987 and September 1990, respectively.

As of the Latest Practicable Date, none of our Directors had any interest in any business which competes, or is likely to compete, either directly or indirectly, with our business and would require disclosure under Rule 8.10 of the Listing Rules.

Save as disclosed above, to the best knowledge, information and belief of the Directors having made all reasonable inquiries, there were no other matters with respect to the appointment of the Directors that need to be brought to the attention of the Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rules 13.51(2)(b) to (v) of the Listing Rules.

Rule 3.09D of the Listing Rules

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on September 19, 2025 (for all the Directors other than Mr. John Zhong) and September 22, 2025 (for Mr. John Zhong), and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors has confirmed (i) his/her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) he/she has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person of our Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his/her independence at the time of his/her appointments.

SENIOR MANAGEMENT

The senior management is responsible for the day-to-day management of our business. None of the members of senior management are related to our Directors or other members of senior management. The following table sets out the information of members of our senior management.

Name	Age	Position(s)	Time of joining our Group	Time of appointment as senior management	Roles and responsibilities	Relationship with other Director and senior management
Mr. John Zhong	62	Executive Director, chairman of our Board and general manager	July 2003	March 2017	Responsible for the Group's strategic planning, business direction, and overall operation and management	None
Mr. Zhong Fuyao (鍾富堯)	47	Vice general manager	December 2003	April 2025	Responsible for the overall management of the Group's research and development, leading software development and technical operations	None
Ms. Gao Jingwei (高靜薇)	41	Chief financial officer	September 2019	February 2021	Responsible for overall financial management, risk control, and supporting the company's strategic decision-making	None

Name	Age	Position(s)	Time of joining our Group	Time of appointment as senior management	Roles and responsibilities	Relationship with other Director and senior management
Ms. Yu Li (余莉)	45	Executive Director, Board secretary and joint company secretary	February 2016	March 2017	Responsible for the Group's daily operations, managing information disclosure and communication, and organizing important company meetings	None

Mr. John Zhong, aged 62, is the chairman of our Board, an executive Director and the general manager of our Company. For Mr. John Zhong's biography, please see "— Directors — Executive Directors" in this section.

Mr. Zhong Fuyao (鍾富堯), aged 47, is our vice general manager. He is responsible for overall management of the Group's research and development, leading software development and technical operations.

Mr. Zhong Fuyao joined our group in December 2003 and has successively served as software engineer, software director, senior software director, vice president of the software research and development department and vice general manager of our Company.

Mr. Zhong Fuyao obtained his bachelor's and master's degrees in computer applications technology from the Dalian Maritime University (大連海事大學) in the PRC in June 2001 and April 2004, respectively.

Ms. Gao Jingwei (高靜薇), aged 41, is our chief financial officer. She is responsible for overall financial management, risk control, and supporting the company's strategic decision-making.

Ms. Gao Jingwei has been our chief financial officer since February 2021 and served as the accounting director of our Company from September 2019 to February 2021. Ms. Gao Jingwei has extensive auditing experience. Prior to joining our Group, she served as an audit manager at PricewaterhouseCoopers Zhong Tian LLP (普華永道中天會計師事務所) from August 2006 to December 2011. From December 2011 to September 2019, she served as an accounting director at Spreadtrum Communications (Shanghai) Co., Ltd. (展訊通信(上海)有限公司).

Ms. Gao Jingwei obtained her bachelor's degree in teaching Chinese as a foreign language from Shanghai International Studies University (上海外國語大學) in the PRC in July 2006. She is a certified public accountant of the Chinese Institute of Certified Public Accountants (CICPA).

Ms. Yu Li (余莉), aged 45, has been serving as our board secretary since March 2017. For Ms. Yu Li's biography, please see "— Directors — Executive Directors" in this section.

JOINT COMPANY SECRETARIES

Ms. Yu Li (余莉), who has been appointed as our joint company secretary with effect from the Listing Date. See "— Directors" above for Ms. Yu Li's biography.

Ms. Chan Ching Nga (陳靜雅), who has been appointed as our joint company secretary with effect from the Listing Date.

Ms. Chan Ching Nga has over 20 years of experience in company secretarial and corporate governance fields and is currently a senior manager, entity solutions at Computershare Hong Kong Investor Services Limited.

Ms. Chan obtained a master's degree in corporate governance from The Hong Kong Polytechnic University in October 2012. She is an associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

MANAGEMENT AND CORPORATE GOVERNANCE

Board Committees

Our Board delegates certain responsibilities to various committees. We have established four Board committees, namely the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee and the Strategy and Decision Committee.

Audit Committee

We have established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the Audit Committee are to review the financial information and relevant disclosure of the Company, and to supervise and evaluate internal and external audit work and internal controls. The Audit Committee comprises three members, namely Mr. Feng Yijing, Mr. Luo Bin and Mr. Li Hanjie, with Mr. Feng Yijing (being an independent non-executive Director with the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules) serving as chairperson.

Remuneration and Appraisal Committee

We have established the Remuneration and Appraisal Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code set out in Appendix C 1 to the Listing Rules. The primary duties of the Remuneration and Appraisal Committee are to formulate the assessment criteria for Directors and senior management personnel and conduct assessment, and to formulate and review remuneration policies and plans for Directors and senior management personnel. The Remuneration and Appraisal Committee comprises three members, namely Mr. Li Hanjie, Mr. John Zhong, and Mr. Feng Yijing, with Mr. Li Hanjie serving as chairperson.

Nomination Committee

We have established the Nomination Committee pursuant to Rule 3.27A of the Listing Rules with written terms of reference set out in the Code on Corporate Governance in Appendix C1 to the Listing Rules. The primary duties of the Nomination Committee are to formulate selection criteria and procedures for Directors and senior management personnel, and to select and review candidates for Directors and senior management personnel and their qualifications. The Nomination Committee comprises three members, namely Mr. Li Hanjie, Ms. Yu Li, and Mr. Feng Yijing, with Mr. Li Hanjie serving as chairperson.

Strategy and Decision Committee

We have established the Strategy and Decision Committee. The primary duties of the Strategy and Decision Committee are to research and make suggestions to the long-term plan, operation targets and development strategies of our Group. The Strategy and Decision Committee comprises three members, namely Mr. John Zhong, Mr. Luo Bin, and Mr. Tian Hong, with Mr. John Zhong serving as chairperson.

Corporate Governance Code

We aim to achieve high standards of corporate governance which are crucial to the development and safeguard the interests of our Shareholders. In accomplish this, our Company expects to comply with the Corporate Governance Code set out in Appendix C1 to the Listing Rules after the Listing save for the deviation as mentioned below. Any deviation from the code provisions shall be carefully considered, and the reasons for any deviation and explanation of how good corporate governance was achieved by means other than strict compliance with the code provisions shall be given in the interim report and the annual report in respect of relevant period.

According to code provision C.2.1 of Part 2 of the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The roles of chairman of the Board and general manager are currently performed by Mr. John Zhong. In view of Mr. John Zhong's substantial contribution to our Group since our establishment and his extensive experience, our Board believes that it is in the best interest of our Group to have Mr. John Zhong taking up both roles for effective management and operations. Therefore, our Directors consider that the deviation from such code provision is appropriate. Notwithstanding such deviation, our Directors are of the view that our Board is able to work efficiently and perform its responsibilities with all key and appropriate issues discussed in a timely manner. In addition, as all major decisions will be made in consultation with members of our Board and the relevant Board committees, and there are three independent non-executive Directors on our Board offering independent perspective, our Board is therefore of the view that there are adequate safeguards in place to ensure sufficient balance of powers within our Board. Our Board shall nevertheless review the structure and composition of our Board and senior management from time to time in light of prevailing circumstances to maintain a high standard of corporate governance practices of our Company.

Board diversity

Our Company has adopted a board diversity policy (the "**Board Diversity Policy**") which sets out the approach to achieving diversity of the Board. Our Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level, including gender diversity, as an essential element in maintaining our Company's competitive advantage and enhancing its ability to attract, retain and motivate employees from the widest possible pool of available talent. Pursuant to the Board Diversity Policy, in reviewing and assessing suitable candidates to serve as a Director of our Group, the Nomination Committee will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge, and industry and regional experience. Pursuant to the Board Diversity Policy, the Nomination Committee will discuss periodically and when necessary, agree on the measurable objectives for achieving diversity, including gender diversity, on the Board and recommend them to the Board for adoption.

Our Directors have a balanced mixed of knowledge and skills, including but not limited to overall business management, engineering, law and finance and accounting. They received degrees in various majors including electrical engineering, mechanical engineering, computer applications technology, law and accounting. We have both male and female members serving on the Board currently. Furthermore, the Board has a relatively wide range of ages, ranging from 38 years old to 64 years old. The Board is of the view that the Board satisfies the Board Diversity Policy.

The Nomination Committee is responsible for reviewing the diversity of the Board. Upon the Listing, the Nomination Committee will from time to time review the Board Diversity Policy, develop and review measurable objectives for implementing the policy, and monitor the progress on achieving these measurable objectives in order to ensure that the policy remains effective. Our Company will disclose the biographical details of each Director and plans to report on the implementation of the Board Diversity Policy (including whether we have achieved board diversity) in our annual corporate governance report. Our Company also intends to promote gender diversity when recruiting staff at the mid to senior level so that our Company will have a pipeline of female senior management and potential successors to the Board. We plan to offer all-rounded training to female employees whom we consider having the suitable experience, skills, and knowledge of our operation and business, including but not limited to, business operation, management, accounting and finance, legal and compliance, and research and development. We are of the view that such a strategy will offer chances for the Board to identify more capable female employees to be nominated as a member of the Board in future with an aim to provide the Board with a pipeline of female candidates to achieve gender diversity in the Board in the long run.

Management presence

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

Accordingly, we have applied for, and the Stock Exchange [has granted], a waiver from strict compliance with Rules 8.12 and 19A.15 of the Listing Rules. See "Waivers — Management Presence in Hong Kong" for further details.

REMUNERATION

Our Directors and senior management receive remuneration, including salaries and other benefits, performance-based bonus, retirement benefits scheme contributions and share-based payment.

The aggregate amount of remuneration (including directors' fee, salaries and other benefits, performance-based bonus, retirement benefits scheme contributions and share-based payment) for the years ended December 31, 2023, 2024 and 2025 was approximately RMB5.3 million, RMB5.7 million and RMB4.3 million for our Directors, respectively. None of our Directors waived any remuneration during the aforesaid periods.

The five highest paid individuals of our Group for the years ended December 31, 2023, 2024 and 2025 included one, one and one Director, respectively. The aggregate amount of remuneration (including salaries and other benefits, performance-based bonus, retirement benefits scheme contributions and share-based payment) for the five highest paid individuals for the years ended December 31, 2023, 2024 and 2025 was approximately RMB18.0 million, RMB20.1 million and RMB13.2 million, respectively.

Save as disclosed above, no other payments have been paid or are payable, in respect of the Track Record Period by our Company to our Directors. For the year ending December 31, 2026, we expect to pay approximately RMB4.1 million in aggregate remuneration to our Directors.

No remuneration was paid to our Directors or the five highest paid individuals as an inducement to join, or upon joining, our Company. No compensation was paid to, or receivable by, our Directors or past directors for the Track Record Period for the loss of office as director or supervisor or any member of our Group or of any other office in connection with the management of the affairs of any member of our Group. None of our Directors waived any emoluments during the same period.

COMPLIANCE ADVISOR

We have appointed Somerley Capital Limited as our compliance advisor (the "**Compliance Advisor**") pursuant to Rule 3A.19 of the Listing Rules. The Compliance Advisor will provide us with guidance and advice as to compliance with the requirements under the Listing Rules and applicable laws. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Advisor will advise our Company, among others, in the following circumstances:

- before the publication of any regulatory announcement, circular, or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- where we propose to use the proceeds of the [**REDACTED**] in a manner different from that detailed in this document or where the business activities, development, or results of our Group deviate from any forecast, estimate, or other information in this document; and
- where the Stock Exchange makes an inquiry to our Company regarding unusual movements in the price or trading volume of our listed securities or any other matters in accordance with Rule 13.10 of the Listing Rules.

The term of appointment of the Compliance Advisor shall commence on the Listing Date and is expected to end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing Date and such appointment may be subject to extension by mutual agreement.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and no changes are made to the total issued share capital of our Company since the Latest Practicable Date and up to the Listing), the following persons will have an interest or short position in our Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the issued voting shares of any class of shares of our Company:

Substantial shareholders of our Company

		As of the Latest Practicable Date		Immediately following the completion of the [REDACTED]		
Name of Shareholder	**Capacity/Nature of interest[1]**	**Number of A Shares held**	**Approximate percentage of issued Shares**	**Number of A Shares held**	**Approximate percentage of issued A Shares**	**Approximate percentage of total issued Shares**
			(%)		*(%)*	*(%)*
Amlogic (Hong Kong) Limited	Beneficial owner	79,441,087	18.86	79,441,087	18.86	[**REDACTED**]
Amlogic Holdings Ltd.	Interest in controlled corporation[2]	79,441,087	18.86	79,441,087	18.86	[**REDACTED**]
Mr. John Zhong	Interest in controlled corporation; Interest held jointly with other persons[2]	79,441,087	18.86	79,441,087	18.86	[**REDACTED**]
Ms. Yeeping Chen Zhong	Interest in controlled corporation; Interest held jointly with other persons[2]	79,441,087	18.86	79,441,087	18.86	[**REDACTED**]
Mr. Chen Haitao (陳海濤)	Interest in controlled corporation; Interest held jointly with other persons[2]	79,441,087	18.86	79,441,087	18.86	[**REDACTED**]

Notes:

(1) All interest stated are long positions.

(2) As of the Latest Practicable Date, Amlogic (Hong Kong) Limited was wholly owned by Amlogic Holdings Ltd. Amlogic Holdings Ltd. was owned as to (i) 51.60% by Mr. John Zhong, (ii) 8.12% by Ms. Yeeping Chen Zhong (being the spouse of Mr. John Zhong), and (iii) 11.27% by Cowin Group Limited, which was wholly owned by Mr. Chen Haitao (the father of Ms. Yeeping Chen Zhong). Mr. John Zhong, Ms. Yeeping Chen Zhong and Mr. Chen Haitao are parties deemed to be acting-in-concert under the laws and regulations of the PRC, and therefore are deemed to be interested in the shares held by each other. Therefore, under the SFO, each of Amlogic Holdings Ltd., Mr. John Zhong, Ms. Yeeping Chen Zhong and Mr. Chen Haitao was deemed to be interested in the Shares held by Amlogic (Hong Kong) Limited.

Except as disclosed above, our Directors are not aware of any other person who will, immediately following completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and no changes are made to the total issued share capital of our Company since the Latest Practicable Date and up to the Listing), have an interest or short position in our Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the issued voting shares of any class of shares of our Company.

This section presents certain information regarding our share capital before and upon completion of the [**REDACTED**].

BEFORE THE [REDACTED]

As of the Latest Practicable Date, our total issued share capital was RMB421,165,613, comprising of 421,165,613 A Shares with a nominal value of RMB1.00 each, including 1,334,489 A Shares being held as treasury Shares repurchased by our Company as approved by our Board, accounting for approximately 0.32% of the total number of A Shares in issue.

UPON COMPLETION OF THE [REDACTED]

The share capital of our Company immediately following completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised and no changes are made to the total issued share capital of our Company since the Latest Practicable Date and up to the Listing) will be as follows:

Description of Shares	Number of Shares	Approximate percentage to total share capital
		(%)
A Shares in issue*	421,165,613	[**REDACTED**]
H Shares to be issued under the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	[**REDACTED**]	**100.00**

* Including 1,334,489 A Shares being held as treasury Shares repurchased by our Company as approved by our Board, accounting for approximately 0.32% of the total number of A Shares in issue.

The share capital of our Company immediately following completion of the [**REDACTED**] (assuming the [**REDACTED**] is fully exercised and no changes are made to the total issued share capital of our Company since the Latest Practicable Date and up to the Listing) will be as follows:

Description of Shares	Number of Shares	Approximate percentage to total share capital
		(%)
A Shares in issue*	421,165,613	[**REDACTED**]
H Shares to be issued under the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	[**REDACTED**]	**100.00**

* Including 1,334,489 A Shares being held as treasury Shares repurchased by our Company as approved by our Board, accounting for approximately 0.32% of the total number of A Shares in issue.

RANKING

Upon the completion of the [**REDACTED**], our Shares will consist of A Shares and H Shares. A Shares and H Shares are all ordinary Shares in the share capital of our Company and are regarded as the same class of Shares under the Articles of Association.

Apart from certain qualified domestic institutional investors in the PRC, the qualified PRC investors under the Shanghai-Hong Kong Stock Connect or the Shenzhen-Hong Kong Stock Connect and other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities, H Shares generally cannot be subscribed for by or traded between legal or natural persons of the PRC.

A Shares and H Shares shall carry the same rights in all other respects and, in particular, will rank equally for dividends or distributions declared, paid or made. All dividends in respect of our H Shares are to be paid by us in Hong Kong dollars whereas all dividends in respect of our A Shares are to be paid by us in Renminbi. In addition to cash, dividends may also be distributed in the form of Shares. Holders of our H Shares will receive share dividends in the form of H Shares, and holders of our A Shares will receive share dividends in the form of A Shares.

NO CONVERSION OF OUR A SHARES INTO H SHARES FOR LISTING AND TRADING ON THE HONG KONG STOCK EXCHANGE

Our A Shares and our H Shares are generally neither interchangeable nor fungible, and the market prices of our A Shares and our H Shares may be different after the [**REDACTED**]. The Guidelines on Application for "Full Circulation" of Domestic Unlisted Shares of H-share Companies (《H股公司境內未上市股份申請"全流通"業務指引》) announced by the CSRC are not applicable to companies dual listed in the PRC and on the Hong Kong Stock Exchange. As of the Latest Practicable Date, there were no relevant rules or guidelines from the CSRC providing that A Shareholders may convert A shares held by them into H shares for listing and trading on the Hong Kong Stock Exchange.

APPROVAL FROM HOLDERS OF A SHARES REGARDING THE [**REDACTED**]

Approval from holders of A Shares is required for our Company to issue H Shares and seek the listing of H Shares on the Hong Kong Stock Exchange. Such approval was obtained by us at the shareholders' general meeting of our Company held on September 22, 2025 and is subject to the following major conditions:

(i) *Size of the* [**REDACTED**]*:* The proposed number of H Shares to be [**REDACTED**] shall not exceed approximately [**REDACTED**] of the total issued share capital enlarged by the H Shares to be issued pursuant to the [**REDACTED**] (before the exercise of the [**REDACTED**]). The number of H Shares to be issued pursuant to the full exercise of the [**REDACTED**] shall not exceed [**REDACTED**] of the total number of H Shares to be [**REDACTED**] initially under the [**REDACTED**].

(ii) *Method of* [**REDACTED**]*:* The method of [**REDACTED**] shall be by way of an [**REDACTED**] to institutional investors and [**REDACTED**].

(iii) *Target investors:* The H Shares shall be issued to overseas institutional investors, corporations and individual investors, as well as qualified domestic institutional investors and other investors who fulfill the relevant laws and regulations.

(iv) [**REDACTED**] *basis:* The [**REDACTED**] of the H Shares will be determined by the Board and its authorized person with the authorization of the Shareholders' general meetings, together with the [**REDACTED**], after full consideration of the interests of existing Shareholders, the acceptance of investors and the risk of the [**REDACTED**], based on international practices, the conditions of domestic and international capital markets and the results of roadshow and book-building, and through demands for orders and book-building process.

(v) *Valid period:* The issue and listing of H Shares on the Hong Kong Stock Exchange shall be completed within 24 months from the date on which such matters were approved at the Shareholders' meeting. If the Company obtains approval from the relevant regulatory authorities for the Listing within the 24 months, the authorization period shall automatically be extended to the later of the completion date of this issuance and the Listing or the exercise date of the [**REDACTED**] (if applicable). There are no other approved [**REDACTED**] plans for our Shares except the [**REDACTED**].

CIRCUMSTANCES UNDER WHICH GENERAL MEETING IS REQUIRED

For details of circumstances under which our Shareholders' general meeting is required, see "Summary of Articles of Association of the Company" in Appendix VI to this document.

SHARES INCENTIVE SCHEMES

Certain directors and employees of our Company and our subsidiaries are eligible for interests of our Shares through the incentive schemes of our Company. For details, see "Appendix VII — Statutory and General Information — (D) Restricted Share Incentive Schemes" in this document.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our financial statements and notes included in Appendix I to this document. The financial information as set out in the Accountants' Report incorporates the financial statements of the Company during the Track Record Period. You should read the whole Accountants' Report and not rely merely on the information in this section. For the purpose of this section, unless the context otherwise requires, references to 2023, 2024 and 2025 refer to our financial years ended December 31 of such years.

The following discussion and analysis contain forward-looking statements that reflect the current views with respect to future events and financial performance. These statements are based on assumptions and analyses made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate under the circumstances. However, whether the actual outcome and developments will meet our expectations and predictions depends on a number of risks and uncertainties over which we do not have control. In evaluating our business, you should carefully consider all of the information provided in this document, including the sections headed "Forward-Looking Statements," "Risk Factors" and "Business" in this document.

OVERVIEW

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 term 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%.

Since inception, we have been focusing on high system-level complexity and multi-layered and highly integrated SoC solutions. With 30 years of experience in SoC design, 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.

During the Track Record Period, our financial performance demonstrated resilience against cyclical downturns in the global IC industry and related downstream markets. In 2023, 2024 and 2025, we recorded revenue of RMB5,370.9 million, RMB5,926.3 million and RMB6,790.6 million, respectively. Our gross profit margin remained relatively stable at 33.2%, 37.1% and 37.8% during the same periods.

BASIS OF PRESENTATION

Our historical financial information has been prepared in accordance with the accounting policies which conform with IFRS Accounting Standards, issued by the International Accounting Standards Board. The historical financial information has been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss, which are carried at fair value.

The preparation of the historical financial information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying our accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the historical financial information are disclosed in Note 5 to the Accountants' Report included in Appendix I to this document.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

The success and growth of our business depend on many factors. While each of these factors presents significant opportunities for our business, they also pose important challenges that we must successfully address to optimize our results of operations and sustain our growth.

Market Trends and Developments

As a globally leading IC design company, our business and financial performance are closely tied to the global demand for smart devices across the smart home, smart office, smart mobility, entertainment and education, and industrial production, as well as the ongoing trend toward adoption of smart and AI-enabled technologies. These markets have experienced significant growth in the past decade. According to Frost & Sullivan, the global smart device SoC market increased from US$41.9 billion in 2020 to US$65.7 billion in 2024, representing a CAGR of 11.9% over the period from 2020 to 2024. The market is expected to further expand to US$131.4 billion by 2029, representing a CAGR of 14.9% from 2024 to 2029. The market size of the global communication and connectivity IC market increased from US$143.8 billion in 2020 to US$171.5 billion in 2024, representing a CAGR of 4.5%, and is expected to further expand to US$183.3 billion by 2029, representing a CAGR of 6.9%. Our ability to capture growth opportunities in these fast-growing markets and maintain our market position are critical to our success. For instance, leveraging advanced technologies and forward-looking strategies, we have capitalized on the rapid advancement and adaptation of AI technologies in smart device sectors. As of the Latest Practicable Date, we have mass productions of more than 20 chip models that incorporate our proprietary edge AI computing units. In 2025, shipments of these chips exceeded 20.0 million units, realizing a 160% growth as compared to 2024.

Our operations are also affected by cyclical market dynamics. The cycle is driven by a variety of factors, including macroeconomic conditions, geopolitics, capital expenditure trends, technology transitions, inventory adjustments, and adjustment in end-market demand and supply structure. In particular, according to Frost & Sullivan, the global smart device SoC and communication and connectivity IC markets experienced a downturn in 2023, featured by inventory buildup and weakened consumer demand across different products. We recorded write-off on inventories of RMB171.5 million in 2023. In 2024, certain end markets gradually recovered from the cyclical downturns.

In addition, the development of geopolitics may affect the global IC industry. Specifically, export control measures, economic sanctions, tariffs, investment restrictions and other restrictive measures may have a direct impact on the operations of semiconductor companies globally.

Demands and Our Ability to Drive Technological Innovations

Our core products are used in a number of application scenarios, including smart set-top boxes, smart TVs, smart home devices and smart cars. The development and market acceptance of end products within these markets can have a significant and direct impact on our business and financial results. These markets are characterized by intense competition and are largely driven by the evolving needs and preferences of the end users. For example, increasing consumer demand for intelligent home solutions is elevating expectations from basic connectivity to advanced automation. Home devices are now expected not only to offer remote control functionality but also to operate in an integrated and automated manner with higher level of intelligence, delivering enhanced convenience and personalization. Addressing these requirements necessitates devices with greater computational capabilities, improved efficiency, and superior connectivity, driving the demand for SoC technology.

As an IC design company, our ability to drive technological innovation, and maintain, expand and upgrade our product portfolio, to address evolving downstream requirements are key to our operations. The IC industry faces constant technological changes, rapid product obsolescence and evolving standards. In particular, the popularization of edge AI applications necessitates advanced chip designs with high-performance and low energy consumption. To meet industry demands and maintain our market position, we endeavor to enrich our product portfolio and expand business footprints.

Moreover, our success remains subject to the commercial success of end products incorporating our products, which in turn depends on broader factors such as end-user preferences, pricing, brand reputation, and overall economic conditions affecting end users. Development of new products and end uses can generate significant growth opportunities for us. See "Industry Overview" for further details. Conversely, a decline in demand for certain end products could lead to reduced orders for our products.

Supply Chain Management

Supply chain management capabilities have a direct and significant impact on our results of operations. As a fabless IC design company, we partner with third-party providers for fabrication and testing and packaging of our products. Building strong and long-term partnerships with key suppliers is essential to our results of operations. These relationships may provide stability in securing capacity allocation from the third-party partners. In particular, capacity allocation, reservation and production scheduling are inherent constrained by available resources from our suppliers. Additionally, effective coordination with production partners allows us to optimize the production process, streamline backend operations, reduce cycle times and improve time-to-market, which is crucial for capturing market opportunities and staying ahead of competitors. Optimizing procurement lead times for critical materials and services, such as wafers, and packaging and testing services, minimizes inventory holding costs while ensuring continuous production flow.

Moreover, geopolitics and international trade protection measures have a direct impact on the supply chain of the global IC industry. Trade tensions, export controls, and sanctions may restrict access to essential technologies, components, and manufacturing equipment. Regulatory uncertainties and shifts in international policy can disrupt established supplier and customer relationships. As a result, supply bottlenecks due to geopolitics could materially and adversely impact our results of operations. We maintain long-term partnerships with major suppliers, diversify our overseas supply chain, and implement a strategic procurement plan to enhance the resilience and robustness of our supply chain, enabling our continual cost management and expansion.

Our Ability to Maintain and Improve R&D and Operational Efficiency

Our ability to control our costs and expenses is critical to the success of our business. We believe the continued growth of our business and expansion of our market share will continue to drive economies of scale, resulting from higher utilization of our platform-based technologies, higher efficiency of our operations, and expanded customer base.

We utilize a fabless business model, which we believe enables us to concentrate on our core competencies of product design and engineering, and reduce capital investment. Changes in the price of wafers and other raw materials may result in fluctuations in production costs and our gross profit margin. As we continue to develop new products and technologies, we may require our suppliers to manufacture wafers with advanced manufacturing processing and higher design complexity, which may result in an increase in wafer prices. However, through such close collaboration with our wafer suppliers with advanced technology, we are able to lower costs while maintaining higher average selling prices of products which are hence associated with a higher gross profit margin.

In addition, our ability to control our expenses, especially research and development expenses, is crucial for our business. We are an integral part of the Amlogic global R&D network, collaborating closely with our partners on R&D. See "Business — Research and Development." As the semiconductor industry is subject to constant and rapid changes in technology, constant product and technology upgrade, frequent new product introductions and evolving technical standards, we have been and expect to continue investing in R&D activities to maintain and enhance our competitive strength. In pursuance for independent and controllable development of key core technologies, we continue to invest in research and development. As of the Latest Practicable Date, over 70.0% of the functional modules in our SoC products are developed in-house. During the Track Record Period, our research and development expenses accounted for 23.9%, 22.8% and 22.9% of our total revenue in 2023, 2024 and 2025. However, there is no guarantee that our investment in R&D will eventually result in a desirable outcome, or we will be able to successfully commercialize our R&D results. If that happens, our results of operations would be adversely affected. See "Risk Factors — Risks Relating to Our Research and Development and Intellectual Property Rights of Our Products — Our research and development efforts are not guaranteed to yield the results we anticipate."

Product Mix

We maintain a diversified product portfolio to meet evolving customer demands and deliver long-term growth and profitability. We offer smart multimedia and display SoCs, AIoT SoCs and communication and connectivity ICs across a range of application scenarios and a wide spectrum of end markets, including smart home, smart office, smart mobility, entertainment and education and industrial production. Within each product category, we offer multiple series with different specifications to meet the specific performance and functional requirements of different application scenarios diversified customer demands. Our diversified product portfolio can help us mitigate reliance on one single product category and enhance our resilience against industry-wide volatility.

The selling prices and gross profit margin for different products and series are different due to, among others, the differences in product complexity, R&D investment and costs. Our product mix may change in response to the market condition and technological changes in the end markets to which our products are adopted. Significant changes in product mix can directly affect our profitability due to the varying gross profit margin attributable to different products and series, which in turn affects our results of operations.

Foreign Exchange Fluctuations

We derive a significant portion of our revenue from markets outside of mainland China. A significant portion of our sales, purchases, trade receivables and payables and bank balances are recorded or denominated in foreign currencies. Consequently, foreign currency exchange rates have a significant impact on our consolidated financial information.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. In 2023, 2024 and 2025, we recorded net foreign exchange gains of RMB47.1 million, RMB55.6 million and net foreign exchange losses of RMB60.0 million, respectively.

For further details regarding the carrying amounts of our monetary and non-monetary assets denominated in foreign currencies and the effect of foreign currency fluctuations on our results of operations, see Note 42 to the Accountants' Report set out in Appendix I.

MATERIAL ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

The preparation of the historical financial information requires the use of accounting estimates which, by definition, will seldom equal the actual results. Our management also needs to exercise judgment in applying our accounting policies. Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on us and that are believed to be reasonable under the circumstances. For details on such estimates and judgments, see Note 5 to the Accountants' Report included in Appendix I to this document.

Our management has identified below the accounting policies, estimates and judgments that they believe are critical to the preparation of our financial statements:

Revenue Recognition

Sales of goods

The Group designs, develops, sells and distributes a range of ICs. Revenue from the sales and distribution of products when control of the products has been transferred, being when the products are delivered to the customer. Delivery occurs when the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer 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.

Some of the contracts between us and our customers include arrangements for sales rebates, and some contracts provide customers with a right to return within a specified period, resulting in variable consideration. Accumulated experience is used to estimate and provide for variable consideration, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur.

The credit period granted to our customers is determined based on their credit risk characteristics.

As receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Provision of services

We provide IC design or development services to external parties. For those contracts that we have an enforceable right to payment for performance completed to date, the contract is recognized over time when the services are provided and accepted by the customers.

Financing components

In determining the transaction price, we adjust the promised amount of consideration for the effect of a financing component if it is significant.

Interest income

We recognize interest income on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income

We recognize dividend income when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to us and the amount of the dividend can be measured reliably.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on a weighted average method. Net realizable value represents the estimate selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Foreign currencies

Functional and presentation currency

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Our historical financial information is presented in RMB, which is our functional currency. Each entity in our Group determines its own functional currency and items included in the Historical Financial Information of each entity are measured using that functional currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are generally recognized in profit or loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss and translation differences on non-monetary asses such as equities classified as fair value through other comprehensive income are recognized in other comprehensive income.

On disposal of a foreign operation, the cumulative exchange differences recognized in the foreign exchange reserve relating to that operation up to the date of disposal are transferred to the consolidated statement of comprehensive income as part of the profit or loss on disposal.

RESULTS OF OPERATIONS

The following table summarizes our results of operations for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Revenue	5,370,942	100.0	5,926,315	100.0	6,790,582	100.0
Cost of sales	(3,586,897)	(66.8)	(3,728,253)	(62.9)	(4,224,222)	(62.2)
Gross profit	1,784,045	33.2	2,198,062	37.1	2,566,360	37.8
Other income	43,273	0.8	21,024	0.4	22,406	0.3
Other gains and losses, net	91,187	1.7	100,956	1.7	19,438	0.3
Selling and marketing expenses	(88,825)	(1.7)	(71,712)	(1.2)	(86,244)	(1.3)
General and administrative expenses	(169,244)	(3.2)	(163,972)	(2.8)	(155,906)	(2.3)
Research and development expenses	(1,282,691)	(23.9)	(1,352,730)	(22.8)	(1,551,795)	(22.9)
Impairment losses, net of reversal on financial assets	(60)	(0.0)	43	0.0	(336)	(0.0)
Finance income, net	86,390	1.6	111,949	1.9	89,711	1.3
Share of results of associates	38,953	0.7	8,195	0.1	5,001	0.1
Profit before tax	**503,028**	**9.4**	**851,815**	**14.4**	**908,635**	**13.4**
Income tax expenses	(4,335)	(0.1)	(32,604)	(0.6)	(38,168)	(0.6)
Profit for the year	**498,693**	**9.3**	**819,211**	**13.8**	**870,467**	**12.8**
Exchange differences on translation of foreign operations	9,571	0.2	11,136	0.2	(21,409)	(0.3)
Total comprehensive income for the year	508,264	9.5	830,347	14.0	849,058	12.5
Profit attributable to:						
Owners of the Company	498,036	9.3	821,921	13.9	872,985	12.9
Non-controlling interests	657	0.0	(2,710)	(0.0)	(2,518)	(0.0)
	498,693	9.3	819,211	13.8	870,467	12.8

DESCRIPTION OF KEY COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

During the Track Record Period, we generated revenue primarily from SoC sales.

Revenue by Business Line

The following table sets forth a breakdown of our revenue by business line for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
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	**5,370,942**	**100.0**	**5,926,315**	**100.0**	**6,790,582**	**100.0**

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.

According to Frost & Sullivan, the IC industry experienced a downturn in the second half of 2022 and 2023, characterized by inventory accumulation, reduced consumer demand, and declining prices across various products. In 2024, the industry began to show signs of an uneven recovery across certain end markets, while the competition in those markets was still intense. Affected by such cyclical downturns and gradual recovery across different end markets during the Track Record Period, the sales volume of our different products experienced fluctuation during the same period, followed by recovery in 2024. Leveraging our diversified product portfolio and supply chain management capabilities, we were able to maintain relatively stable total revenue and overall gross profit margins in 2023, despite cyclical downturns in the industry. In 2025, we were able to capitalize on the gradual recovery of global IC industry and the surge in demand for smart devices driven by the development of AI and advanced intelligent technologies, building on our ongoing investment in product development and iteration.

The following table sets forth a breakdown of sales volume and average selling price by business line for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Sales volume	Average selling prices[1]	Sales volume	Average selling prices[1]	Sales volume	Average selling prices[1]
	(Unit '000)	*(RMB)*	*(Unit '000)*	*(RMB)*	*(Unit '000)*	*(RMB)*
Smart multimedia and display SoCs	94,953	42.8	95,099	45.1	113,143	43.7
AIoT SoCs	30,032	40.0	34,149	44.3	41,152	39.8
Communication and connectivity ICs	8,791	8.8	13,749	8.7	19,840	10.1
Smart automotive SoCs and other ICs	233	137.2	38	125.9	10	138.2
Total	**134,010**	**40.1**	**143,036**	**41.4**	**174,147**	**39.0**

Note:

(1) Average selling price is calculated by dividing revenue by the relevant sales volume during the same period, which represented the average price at which our products were sold to our customers.

Revenue by Geographic Location

During the Track Record Period, we generated majority of our revenue from markets outside of mainland China, based on places of delivery, which accounted for around 90.2%, 91.4% and 90.9% in 2023, 2024 and 2025, respectively. The following table sets forth a breakdown of our revenue by geographic location for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Mainland China	524,880	9.8	511,958	8.6	615,402	9.1
Outside of mainland China[1]	4,846,062	90.2	5,414,357	91.4	6,175,180	90.9
Total	**5,370,942**	**100.0**	**5,926,315**	**100.0**	**6,790,582**	**100.0**

Note:

(1) We categorize our revenue by geographic location based on the place of delivery. Some customers have a registered address that differs from their principal places of business, and may operate from several locations. Thus, the place of delivery can provide a clearer picture of our operational flow. Based on considerations, such as logistics, business customs and foreign exchange settlements, our customers typically select Hong Kong, the key global hub for consumer electronics, as the delivery location. In addition, some of our customers distribute their end products to markets worldwide. To optimize costs, these customers commonly receive raw materials in Hong Kong under a bonded import arrangement. After completing further production or processing, these products are then cleared through customs and exported. According to Frost & Sullivan, such arrangements are common in the global IC market.

Revenue by Sales Channel

The following table sets forth a breakdown of our revenue by sales channel for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
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	**5,370,942**	**100.0**	**5,926,315**	**100.0**	**6,790,582**	**100.0**

The following table sets forth a breakdown of sales volume and average selling price by sales channel for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Sales volume	Average selling prices[(1)]	Sales volume	Average selling prices[(1)]	Sales volume	Average selling prices[(1)]
	(Unit '000)	*(RMB)*	*(Unit '000)*	*(RMB)*	*(Unit '000)*	*(RMB)*
Distributorship	104,115	40.5	112,017	41.4	133,052	39.8
Direct sales	29,895	38.6	31,019	41.4	41,095	36.2
Total	**134,010**	**40.1**	**143,036**	**41.4**	**174,147**	**39.0**

Cost of Sales

Our cost of sales during the Track Record Period consisted of (i) raw material costs, primarily including wafers; (ii) packaging and testing costs, (iii) write-down of inventories, and (iv) others, mainly include royalties for technology licensing and the depreciation of fixed assets, such as photomasks. The following table sets forth a breakdown of our cost of sales by nature for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Raw material costs	2,279,644	63.6	2,621,069	70.3	3,035,436	71.9
Packaging and testing costs	769,753	21.5	801,689	21.5	806,081	19.1
Others	365,955	10.1	337,557	9.1	371,510	8.8
Subtotal	**3,415,352**	**95.2**	**3,760,315**	**100.9**	**4,213,027**	**99.7**
(Write-down)/reversal of write-down of inventories	171,545	4.8	(32,062)	(0.9)	11,195	0.3
Total	**3,586,897**	**100.0**	**3,728,253**	**100.0**	**4,224,222**	**100.0**

The following table sets forth our cost of sales by business segment for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Smart multimedia and display SoCs	2,662,827	74.2	2,901,393	77.8	3,180,003	75.3
AIoT SoCs	677,425	18.9	767,757	20.6	871,604	20.6
Communication and connectivity ICs	57,104	1.6	87,963	2.4	160,748	3.8
Other ICs	17,995	0.5	3,202	0.1	672	–
Subtotal	**3,415,351**	**95.2**	**3,760,315**	**100.9**	**4,213,027**	**99.7**
Write-down/(reversal) of inventories	171,545	4.8	(32,062)	(0.9)	11,195	0.3
Total	**3,586,896**	**100.0**	**3,728,253**	**100.0**	**4,224,222**	**100.0**

Gross Profit and Gross Profit Margin

The following table sets forth our gross profit and gross profit margins by the business line for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Sales of ICs						
Smart multimedia and display SoCs	1,397,531	34.4	1,389,251	32.4	1,768,752	35.7
AIoT SoCs	522,951	43.6	743,498	49.2	768,057	46.8
Communication and connectivity ICs	20,006	25.9	31,616	26.4	39,049	19.5
Smart automotive SoCs and other ICs	14,044	43.8	1,635	33.8	747	52.6
Provision of technical services	1,058	100.0	–	–	950	100.0
Subtotal/Overall	**1,955,590**	**36.3**	**2,166,000**	**36.5**	**2,577,555**	**38.0**
(Write-down)/reversal of write-down of inventories	(171,545)		32,062		(11,195)	
Total/Overall	**1,784,045**	**33.2**	**2,198,062**	**37.1**	**2,566,360**	**37.8**

The fluctuation in our gross profit margin during the Track Record Period primarily resulted from the write-down of inventories due to industry-wide inventory adjustments. Excluding the effect of inventory write-down, our overall gross profit margin remained relatively stable despite cyclical downturns in the global IC industry.

The following table sets forth our gross profit and gross margins by sales channel for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	(RMB in thousands, except for percentages)					
Distributorship	1,545,754	36.7%	1,601,412	34.5%	2,048,766	38.7%
Direct sales	409,836	35.5%	564,588	44.0%	528,789	35.5%
Subtotal/Overall	**1,955,590**	**36.3%**	**2,166,000**	**36.5%**	**2,577,555**	**38.0%**
(Write-down)/reversal of write-down of inventories	(171,545)		32,062		(11,195)	
Total/Overall	**1,784,045**	**33.2%**	**2,198,062**	**37.1%**	**2,566,360**	**37.8%**

During the Track Record Period, fluctuations in the gross profit margins across sales channels were mainly attributed to changes in the product mix.

Other Income

Our other income primarily consist of government grants. The following table sets forth a breakdown of our other income for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Government grants	43,273	21,024	20,662
Others	–	–	1,744
Total	**43,273**	**21,024**	**22,406**

Selling and Marketing Expenses

Our selling and marketing expenses consist of (i) employee benefit expenses, which primarily include the salaries and wages for our sales and marketing personnel, (ii) business development expenses, (iii) business entertainment and traveling expenses, (iv) share-based payment expenses, and (v) others, primarily including office expenses and depreciation and amortization. The following table sets forth a breakdown of our selling and marketing expenses for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Employee benefit expenses	48,456	54.6	40,287	56.2	31,978	37.1
Business development expenses	8,271	9.3	11,797	16.5	39,217	45.5
Business entertainment and traveling expenses	14,486	16.3	13,738	19.2	9,459	11.0
Share-based payment expenses	14,097	15.9	92	0.1	458	0.5
Others	3,515	3.9	5,798	8.0	5,132	5.9
Total	**88,825**	**100.0**	**71,712**	**100.0**	**86,244**	**100.0**

In 2023, 2024 and 2025, our selling and marketing expenses accounted for 1.7%, 1.2% and 1.3% of our total revenue in the same periods, respectively.

General and Administrative Expenses

Our general and administrative expenses consist of (i) employee benefit expenses, which primarily include the salaries and wages for our administrative personnel, (ii) depreciation and amortization, (iii) office related expenses, including rental expenses, utility fees, phone and internet charges and office expenses, (iv) professional service fees, including legal fees, audit fees and consulting service fees, (v) travel expenses, (vi) share-based payment expenses, and (vii) others, which primarily include software and hardware maintenance expenses, tax and surcharges. The following table sets forth a breakdown of our general and administrative expenses for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Employee benefit expenses	65,978	39.0	70,313	42.9	63,238	40.6
Depreciation and amortization	25,663	15.2	24,153	14.7	20,318	13.0
Office related expenses	20,984	12.4	23,114	14.1	19,571	12.6
Professional service fees	9,638	5.7	11,745	7.2	13,664	8.7
Travel expenses	4,718	2.8	4,114	2.5	3,278	2.1
Share-based payment expenses	5,885	3.5	3,589	2.2	2,180	1.4
Others	36,378	21.4	26,944	16.4	33,657	21.5
Total	**169,244**	**100.0**	**163,972**	**100.0**	**155,906**	**100.0**

In 2023, 2024 and 2025, our general and administrative expenses accounted for 3.2%, 2.8% and 2.3% of our total revenue in the same periods, respectively.

Research and Development Expenses

Our research and development expenses consist of (i) employee benefit expenses, which primarily include the salaries and wages for our research and development personnel, (ii) professional service fees to support research and development activities, (iii) depreciation and amortization, (iv) expense for use of patents to support the designing of our chips during our research and development activities, (v) share-based payment expenses, (vi) material costs in relation to our research and development activities, (vii) testing expenses, and (viii) others. The following table sets forth a breakdown of our research and development expenses for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Employee benefit expenses	940,645	73.3	1,040,542	76.9	1,060,616	68.3
Professional service fee	6,346	0.5	28,559	2.1	210,453	13.6

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Depreciation and amortization	135,818	10.6	117,203	8.7	98,966	6.4
Expense for use of patents	–	–	44,615	3.3	86,737	5.6
Share-based payment expenses	136,180	10.6	68,156	5.0	43,693	2.8
Material costs	17,736	1.4	21,571	1.6	25,551	1.6
Testing expenses	9,152	0.7	8,844	0.7	7,872	0.5
Others	36,814	2.9	23,240	1.7	17,907	1.2
Total	**1,282,691**	**100.0**	**1,352,730**	**100.0**	**1,551,795**	**100.0**

In 2023, 2024 and 2025, our research and development expenses accounted for 23.9%, 22.8% and 22.9% of our total revenue in the same periods, respectively.

Impairment Losses, net of reversal on Financial Assets

Our impairment losses on financial assets primarily represent provision for trade and other receivable and other non-current and current assets. We recorded reversal of impairment losses on financial assets of RMB43,000 in 2024 and net impairment losses on financial assets of RMB60,000 and RMB0.3 million in 2023 and 2025, respectively.

Other Gains and Losses, net

Our other net gains and losses primarily consists of (i) dividend income from financial assets at FVTPL in relation to our wealth management products and equity investments, (ii) change in fair value on financial assets and liabilities at FVTPL in relation to our equity investments and investments in private equity funds, wealth management products, foreign exchange options and structural deposits, (iii) net gains on disposal of financial assets and liabilities at FVTPL, (iv) interest income from financial assets at amortized cost, (v) net foreign exchange gains/(losses) in relation to our foreign exchange options, and (vi) others. The following table sets forth a breakdown of our other net gains for the periods indicated.

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Dividend income from financial assets at fair value through profit or loss	12,142	15,060	15,086
Change in fair value on financial assets and financial liabilities at FVTPL	20,602	13,687	27,632
Net gains on disposal of financial assets and financial liabilities at FVTPL	1,501	5,395	14,264

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Interest income from financial assets at amortized cost	6,392	11,612	22,313
Net foreign exchange gains/(losses)	47,072	55,601	(59,990)
Others	3,478	(399)	133
Total	**91,187**	**100,956**	**19,438**

Finance Income, Net

Our net finance income represents the net finance income and finance costs. Finance income represents interest income from bank deposits. Finance cost include interest expense on lease liabilities. The following table sets forth a breakdown of our net finance income for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Interest income	88,138	113,333	90,689
Interest expense on lease liabilities	(1,748)	(1,384)	(978)
Total	86,390	111,949	89,711

Share of Results of Associates

Our share of results of associates primarily represented our share of profits and losses from long-term investments in associates. We recorded share of profit of associates of RMB39.0 million, RMB8.2 million and RMB5.0 million in 2023, 2024 and 2025, respectively.

Income Tax Expenses

Our income tax expense primarily consisted of current income tax and deferred income tax. In 2023, 2024 and 2025, we had tax expense of RMB4.3 million, RMB32.6 million and RMB38.2 million, respectively.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the standard EIT rate of the PRC subsidiaries is 25%. Pursuant to the existing legislation, interpretations and practices, our PRC subsidiaries qualified as High and New Technology Enterprises enjoyed a preferential income tax rate of 15% during the Track Record Period. For our PRC subsidiaries approved as "Micro and Small Enterprise" by the relevant government authorities, which the annual taxable income is not

more than RMB1,000,000 shall be included in its taxable income at the reduced rate of 25%, with the applicable enterprise income tax rate of 20% for years ended December 31, 2023 to 2027. Our subsidiaries incorporated in Hong Kong are qualified for the two-tiered profits tax rates. The first HK$2,000,000 of assessable profits of this subsidiary are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. Taxation arising from other jurisdictions is calculated at the rate prevailing in the relevant jurisdictions. For details, see Note 12 to the Accountants' Report in Appendix I to this document.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Year Ended December 31, 2025 Compared to Year Ended December 31, 2024

Revenue

Our revenue increased by 14.6% from RMB5,926.3 million in 2024 to RMB6,790.6 million in 2025. Such increase was primarily attributable to the increases in the sales volume of our products.

Revenue by product type

Our revenue from sales of smart multimedia and display SoCs increased by 15.3% from RMB4,290.6 million to RMB4,948.8 million, primarily due to a 19.0% increase in sales volume of our smart multimedia and display SoCs, driven by the increased demands in the downstream market.

Our revenue from sales of AIoT SoCs increased by 8.5% from RMB1,511.3 million in 2024 to RMB1,639.7 million in 2025, primarily due to a 20.5% increase in sales volume of our AIoT SoCs, driven by the continued expansion of our customer base and application scenarios of our products as we capitalized on the continued development of edge intelligence technologies and growing market demands for smart devices. The increase was partially offset by a decrease in the average selling price of our AIoT SoCs primarily due to changes in product mix.

Our revenue from sales of communication and connectivity ICs increased by 67.1% from RMB119.6 million in 2024 to RMB199.8 million in 2025, primarily due to a 44.3% increase in the sales volume of our Wi-Fi ICs, primarily driven by (i) the successful deployment of our Wi-Fi 6 ICs, (ii) the rapid iteration of our products and the continued expansion of our product portfolio and (iii) the continued expansion of our customer base.

Our revenue from sales of smart automotive SoCs and other ICs decreased by 73.7% from RMB4.8 million in 2024 to RMB1.4 million in 2025, primarily as new generation of certain products was under development.

Cost of Sales

Our cost of sales increased by 13.3% from RMB3,728.3 million in 2024 to RMB4,224.2 million in 2025. Such increase was primarily in line with our increased sales volume.

Gross Profit and Gross Profit Margin

Our gross profit increased by 16.8% from RMB2,198.1 million in 2024 to RMB2,566.4 million in 2025, primarily due to the increases in the sales volume of our smart multimedia and display SoCs. Our gross profit margin remained relatively stable at 37.1% in 2024 and 7.8% in 2025.

The gross profit of our smart multimedia and display SoCs increased by 27.3% from RMB1,389.3 million in 2024 to RMB1,768.8 million in 2025, primarily due to (i) an decrease in the unit production costs of our smart multimedia and display SoCs driven by our continuous efforts in cost control with our foundry partners and (ii) a 19.0% increase in the sales volume of our smart multimedia and display SoCs driven by the gradual recovery of downstream market demands and the introduction of our 6nm AI SoCs. The gross profit margin of our smart multimedia and display SoCs increased from 32.4% in 2024 to 35.7% in 2025, primarily due to (i) a decrease in revenue contribution from our smart TV ICs, which had a relatively lower gross profit margin and (ii) our efforts in enhancing our cost structure.

The gross profit of our AIoT SoCs increased by 3.3% from RMB743.5 million in 2024 to RMB768.1 million in 2025, primarily due to a 20.5% increase in the sales volume of our AIoT SoCs, partially offset by a decrease in the average selling price of our AIoT SoCs due to changes in product mix. The gross profit margin of our AIoT SoCs decreased from 49.2% in 2024 to 46.8% in 2025, primarily due to change in our product mix.

The gross profit of our communication and connectivity ICs increased by 23.5% from RMB31.6 million in 2024 to RMB39.0 million in 2025, primarily due to a 44.3% increase in sales volume of our communication and connectivity ICs driven by the increased popularity of our Wi-Fi 6 ICs. The gross profit margin of our communication and connectivity ICs decreased from 26.4% in 2024 to 19.5% in 2025, primarily driven by an increase in revenue contribution from our Wi-Fi ICs, which had a relative lower gross profit margin.

The gross profit of our smart automotive SoCs and other ICs decreased by 54.3% from RMB1.6 million in 2024 to RMB0.7 million in 2025, primarily due to a decrease in sales volume. The gross profit margin of our smart automotive SoCs and other ICs increased from 33.8% in 2024 to 52.6% in 2025, primarily due to changes in customers mix.

Other Income

Our other income increased by 6.6% from RMB21.0 million in 2024 to RMB22.4 million in 2025, primarily due to an increase in lease income from our owned property.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 20.2% from RMB71.7 million in 2024 to RMB86.2 million in 2025, primarily due to an increase in business development expenses in relation to (i) the marketing services provided by our Amlogic Holdings Group and (ii) the promotion of our new products. The increase was partially offset by a decrease in employee benefits expenses as certain personnel joined Amlogic Holdings and its subsidiaries.

General and Administrative Expenses

Our general and administrative expenses decreased by 4.9% from RMB164.0 million in 2024 and to RMB155.9 million in 2025, primarily due to a decrease in employee benefit expenses mainly as a result of certain staff joined Amlogic global network as part of our globalization strategy.

Research and Development Expenses

Our research and development expenses increased by 14.7% from RMB1,352.7 million in 2024 to RMB1,551.8 million in 2025, primarily due to an increase in professional service fees in relation to the R&D services provided by Amlogic Holdings Group. See "Connected Transactions — Non-Exempt Continuing Connected Transactions — Procurement of R&D and Ancillary Services" and (ii) the R&D activities of our new products.

Impairment Losses, net of reversal on Financial Assets

Our net impairment losses on financial assets reverted from a net reversal of RMB43,000 in 2024 to a net impairment loss of RMB0.3 million in 2025, primarily due to a increase in impairment losses on trade and other receivables mainly as a result of our business growth.

Other Gains and Losses, net

Our other net gains and losses decreased by 80.7% from RMB101.0 million in 2024 to RMB19.4 million in 2025, primarily as we recorded a net foreign exchange loss of RMB60.0 million in 2025 as compared to a net foreign exchange gain of RMB55.6 million in 2024, mainly as a result of fluctuations in exchange rate from US$ to RMB.

Finance Income, Net

Our finance income decreased by 19.9% from RMB111.9 million in 2024 to RMB89.7 million in 2025, primarily due to a decrease in interest income from bank deposits mainly due to optimization of our investment structure to better utilize our cash on hand for investment.

Share of Results of Associates

Our share of profit of associates decreased by 39.0% from RMB8.3 million in 2024 to RMB5.0 million in 2025, primarily due to the financial performance of one of our associates.

Income Tax Expenses

Our income tax expenses increased by 17.1% from RMB32.6 million in 2024 to RMB38.2 million in 2025, primarily in relation to our business growth.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 6.3% from RMB819.2 million in 2024 to RMB870.5 million in 2025.

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Revenue

Our revenue increased by 10.3% from RMB5,370.9 million in 2023 to RMB5,926.3 million in 2024. Such increase was primarily attributable to the increases in the sales volume of our AIoT SoCs and communication and connectivity ICs driven by the commercialization of various new products.

Revenue by product type

Our revenue from sales of smart multimedia and display SoCs increased by 5.7% from RMB4,060.4 million in 2023 to RMB4,290.6 million in 2024, primarily due to an increase in the average selling price of our smart multimedia and display SoCs primarily driven by (i) our continuous efforts to expand our customer base in markets outside of mainland China, (ii) the gradual recovery of demands due to development in downstream consumer electronics market and (iii) the commercialization of our 6-nm chips in the second half of 2024, which quickly gained market recognition and attracted orders from various leading international customers.

Our revenue from sales of AIoT SoCs increased by 25.9% from RMB1,200.4 million in 2023 to RMB1,511.3 million in 2024, primarily due to an increase in sales volume and the average selling price of our AIoT SoCs driven by (i) the gradual recovery of demands due to development in downstream consumer electronics market, (ii) the expansion of the application scenarios of our AIoT SoCs through collaboration with various international smart terminal manufacturers and (iii) the mass production of of our 6-nm chips.

Our revenue from sales of communication and connectivity ICs increased by 55.1% from RMB77.1 million in 2023 to RMB119.6 million in 2024, primarily due to a 56.4% increase in sales volume of our Wi-Fi ICs driven by (i) the rapid iteration and expansion in our product portfolio and (ii) the deepened collaboration with various telecom operators driven by the introduction of Wi-Fi 6.

Our revenue from sales of smart automotive SoCs and other ICs decreased by 84.9% from RMB32.0 million in 2023 to RMB4.8 million in 2024, primarily due to a 83.5% decrease in sales volume as new generation of certain products was still under development.

Our revenue derived from provision of technical services decreased from RMB1.1 million in 2023 to nil in 2024, primarily due to the completion of relevant customized technical project in 2023.

Cost of Sales

In 2023, we recorded a write-down of inventories of RMB171.5 million primarily due to the cyclical industry downturns that led to weakened market demand. In 2024, driven by the recovery of demands in downstream markets, we recorded a net reversal of write-down of inventories of RMB32.1 million. As a result, despite the increase in our revenue from 2023 to 2024, our cost of sales remained relatively stable at RMB3,586.9 million and RMB3,728.3 million in 2023 and 2024, respectively.

Gross Profit and Gross Profit Margin

Our gross profit increased by 23.2% from RMB1,784.0 million in 2023 to RMB2,198.1 million in 2024, primarily driven by (i) the net reversal of write-downs of inventories in 2024 due to the recovery of demands in downstream markets and (ii) increases in sales volume of our AIoT SoCs and communication and connectivity ICs. Our gross profit margin increased from 33.2% in 2023 to 37.1% in 2024, primarily due to an increase in revenue contribution from AIoT SoCs, which had a relatively higher gross profit margin.

The gross profit of our smart multimedia and display SoCs remained relatively stable at RMB1,397.5 million and RMB1,389.3 million in 2023 and 2024, respectively. The gross profit margin of our smart multimedia and display SoCs remained stable at 34.4% and 32.4% in 2023 and 2024, respectively.

The gross profit of our AIoT SoCs increased by 42.2% from RMB523.0 million in 2023 to RMB743.5 million in 2024, primarily due to a 13.7% increase in sales volume of our AIoT SoCs. The gross profit margin of our AIoT SoCs increased from 43.6% in 2023 to 49.2% in 2024, primarily due to an increase in revenue contribution from products with higher gross profit margin.

The gross profit of our communication and connectivity ICs increased by 58.0% from RMB20.0 million in 2023 to RMB31.6 million in 2024, primarily due to a 56.4% increase in sales volume of our communication and connectivity ICs, in line with the increase in our revenue. The gross profit margin of our communication and connectivity ICs remained stable at 25.9% and 26.4% in 2023 and 2024, respectively.

The gross profit of our smart automotive SoCs and other ICs decreased by 88.4% from RMB14.0 million in 2023 to RMB1.6 million in 2024, primarily due to a 83.7% decrease in sales volume. The gross profit margin of our smart automotive SoCs and other ICs decreased from 43.8% in 2023 to 33.8% in 2024, primarily due to changes in product mix.

Other Income

Our other income decreased by 51.4% from RMB43.3 million in 2023 to RMB21.0 million in 2024, primarily due to a decrease in certain temporary and one-off government grants.

Selling and Marketing Expenses

Our selling and marketing expenses decreased by 19.3% from RMB88.8 million in 2023 to RMB71.7 million in 2024, primarily due to (i) a decrease of RMB14.0 million in our share-based payment expenses and (ii) a decrease of RMB8.2 million in our employee benefit expenses. The decreases were due to reduction in the number of staffs.

General and Administrative Expenses

Our general and administrative expenses remained relatively stable at RMB169.2 million in 2023 and RMB164.0 million in 2024.

Research and Development Expenses

Our research and development expenses increased by 5.5% from RMB1,282.7 million in 2023 to RMB1,352.7 million in 2024, primarily due to an increase of RMB99.9 million in employee benefit expenses primarily driven by the increase in salaries of our R&D personnel.

Impairment Losses, net of reversal on Financial Assets

We recorded a reversal of impairment losses on financial assets of RMB43,000 in 2024 as compared to a impairment losses on financial assets of RMB60,000 in 2023.

Other Gains and Losses, net

Our other net gains and losses increased by 10.7% from RMB91.2 million in 2023 to RMB101.0 million in 2024, primarily due to (i) an increase of RMB8.5 million in net foreign exchange gains mainly as a result of fluctuations in exchange rate from US$ to RMB and (ii) an increase of RMB5.2 million in interest income from financial assets at amortized costs in relation to our investments in bonds.

Finance Income, Net

Our finance income increased by 29.6% from RMB86.4 million in 2023 to RMB111.9 million in 2024, primarily due to an increase in interest income from bank deposits of RMB25.2 million primarily attributable to the increase in our deposits.

Share of Results of Associates

Our share of profit of associates decreased by 79.0% from RMB39.0 million in 2023 to RMB8.2 million in 2024, primarily as we recorded substantial share of profits from one of our associates in 2023.

Income Tax Expenses

Our income tax expenses increased from RMB4.3 million in 2023 to RMB32.6 million in 2024, primarily as we recorded a reversal deferred tax expense of RMB20.0 million in 2024.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 64.3% from RMB498.7 million in 2023 to RMB819.2 million in 2024.

DISCUSSION OF SELECTED BALANCE SHEET ITEMS

The following table sets forth a summary of consolidated statements of financial position as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Total non-current assets	1,208,541	1,533,932	1,961,108
Total current assets	5,147,520	5,832,098	6,683,008
Total assets	6,356,061	7,366,030	8,644,116
Total non-current liabilities	67,492	55,843	66,671
Total current liabilities	799,513	883,619	1,201,492
Total liabilities	867,005	939,462	1,268,163
Net current assets	4,348,007	4,948,479	5,481,516
Net assets	5,489,056	6,426,568	7,375,953

The following table sets forth our current assets, current liabilities and net current assets as of the dates indicated:

	As of December 31,			As of February 28,
	2023	2024	2025	2026
				(unaudited)
	(RMB in thousands)			
Current assets				
Inventories	1,244,553	1,409,592	2,527,697	3,108,615
Trade and other receivables	244,707	199,010	370,924	379,806
Prepayments	8,159	8,349	392,847	384,585
Financial assets at fair value through profit or loss	974,837	937,103	400,552	247,880
Financial assets at amortized cost	142,913	286,822	358,856	143,144
Cash and bank balances	2,506,951	2,915,442	2,521,583	2,246,563
Restricted bank deposits	–	43,130	71,086	–
Other current assets	25,400	32,650	39,463	36,578
Total current assets	5,147,520	5,832,098	6,683,008	6,547,171
Current liabilities				
Trade and other payables	614,942	688,124	950,930	874,980
Contract liabilities	55,253	117,874	121,274	117,436
Financial liabilities at FVTPL	–	201	63	–
Tax payables	7,282	402	24,459	20,546
Lease liabilities	14,108	14,766	10,219	11,925
Other current liabilities	107,928	62,252	94,547	91,834
Total current liabilities	799,513	883,619	1,201,492	1,116,721
Net Current Assets	4,348,007	4,948,479	5,481,516	5,430,450

Our net current assets remained relatively stable at RMB5,481.5 million as of December 31, 2025 and RMB5,430.5 million as of February 28, 2026.

Our net current assets increased by 10.8% from RMB4,948.5 million as of December 31, 2024 to RMB5,481.5 million as of December 31, 2025, primarily due to (i) an increase of RMB1,118.1 million in inventories mainly as we increased our inventory level based on our market judgment; (ii) an increase of RMB384.5 million in prepayments mainly as a result of a change in payment arrangement with certain major suppliers to ensure supply chain stability, and (iii) an increase of RMB171.9 million in trade and other receivables in line with the growth in our sales. The increases were partially offset by (i) a decrease of RMB536.6 million in financial assets at FVTPL, primarily in relation to the redemption of wealth management products upon maturity and (ii) a decrease of RMB393.9 million in cash and bank balances.

Our net current assets increased by 13.8% from RMB4,348.0 million as of December 31, 2023 to RMB4,948.5 million as of December 31, 2024, primarily due to (i) an increase of RMB408.5 million in cash and bank balances, primarily reflecting our improved cash flow, (ii) an increase of RMB165.0 million in inventories in response to the gradual recovery in market demands, and (iii) an increase of RMB143.9 million in financial assets at amortized cost mainly as a result of changes of our investment.

Property, Plant and Equipment

Our property, plant and equipment mainly consist of office equipment and fixtures, equipment and machinery, electronic equipment, and leasehold improvements. The following table sets forth the breakdown of our property, plant and equipment as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Property and buildings	141,564	229,079	218,871
Electronic equipment	323,700	382,775	380,771
Motor vehicle	739	775	2,146
Office equipment	5,407	4,359	3,411
Leasehold improvement	9,232	6,167	3,508
Total	480,642	623,155	608,707

Our property, plant and equipment increased from RMB480.6 million as of December 31, 2023 to RMB623.2 million as of December 31, 2024, primarily due to (i) an increase in buildings in relation to new office space to support our business expansion, and (ii) an increase in our procurement of electronic equipment primarily attributable to new testing and inspection equipment to support our research and development activities. Our property, plant and equipment decreased from RMB623.2 million as of December 31, 2024 to RMB608.7 million as of December 31, 2025, primarily due to a decrease in property and buildings mainly as a result of the continued depreciation and disposal of existing property and buildings.

Right-of-use Assets

Our right-of-use assets represent carrying amounts of leased offices for our operations. Our right-of-use assets further decreased from RMB36.6 million as of December 31, 2023 to RMB29.8 million as of December 31, 2024, and further to RMB19.0 million as of December 31, 2025, primarily due to the depreciation of right-of-use assets and the termination of certain lease agreement.

Intangible Assets

Our intangible assets mainly included our patents and software. Our intangible assets decreased from RMB118.5 million as of December 31, 2023 to RMB67.2 million as of December 31, 2024, primarily as we refined sourcing of certain intangible assets used in our R&D activities and our Amlogic Holdings Group shared the use of such intangible assets with us as part of our globalization strategy. Our intangible assets increased from RMB67.2 million as of December 31, 2024 to RMB151.5 million as of December 31, 2025, primarily attributable to the increase in certain patents and software purchased to support our R&D activities.

Inventories

Our inventories primarily comprise (i) raw materials, mainly including untested foundry manufactured wafers and memory modules, (ii) work in progress, which includes chips under packaging and testing, (iii) finished goods, and (iv) goods in transit. The following table sets forth a breakdown of our inventories as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Raw materials	299,157	211,483	817,491
Work in progress	846,805	936,529	1,187,015
Finished goods	405,729	485,316	663,027
Goods in transit	–	–	86,209
Less: write-down of inventories	(307,138)	(223,736)	(226,045)
Total	1,244,553	1,409,592	2,527,697

Our inventories increased from RMB1,244.6 million as of December 31, 2023 to RMB1,409.6 million as of December 31, 2024, primarily due to an increase in (i) work in progress and finished goods and (ii) a decrease in provision for write-down of inventories mainly as a result of the growing market demand driven by the recovery of downstream consumer electronics market. Our inventories further increased from RMB1,409.6 million as of December 31, 2024 to RMB2,527.7 million as of December 31, 2025, primarily due to the increased inventory level driven by the increased sales volume and based on our market judgment at the time.

The following table sets forth an aging analysis of our inventories based on recognition date as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Within six months	1,227,285	1,386,696	2,306,707
From six months to one year	17,268	22,896	220,990
Total	1,244,553	1,409,592	2,527,697

The following table sets forth our inventory turnover days for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	(days)		
Inventory turnover days[(1)]	164.0	155.9	189.5

Note:

(1) Inventory turnover days equal the average of opening balance and closing balance of the inventories (before write-downs of inventories) for relevant period divided by cost of sales for the same period and multiplied by 365 days (for a year).

Our inventory turnover days remained relatively stable throughout the Track Record Period. Our inventory turnover days decreased from 164.0 days in 2023 to 155.9 days in 2024, primarily due to the gradual recovery in market demands in 2024. Our inventory turnover days increased to 189.5 days in 2025, primarily due to our increased inventory level in 2025 based on our market judgment at the time.

As of December 31, 2023, 2024 and 2025, we recorded write-down of inventories of RMB307.1 million, RMB223.7 million and RMB226.0 million, respectively, primarily related to slow-moving inventories exceeding one year and adjustments for impaired or defective inventories. The write-down of inventories in 2023 was primarily due to cyclical industry downturns that led to a weakened market demand. With gradual recovery of downstream markets, our write-down of inventories gradually decreased. We periodically assess impairment of inventories and recognize write-down of inventories when their carrying amount is lower than their net realizable value. In addition, majority of our inventory has an aging of less than six months. As such, we believe we have made sufficient provision for inventory impairment during the Track Record Period.

As of February 28, 2026, RMB516.9 million, or approximately 18.8%, of our inventories as of December 31, 2025 had been subsequently sold or utilized.

Trade and Other Receivables

Our trade and other receivables represent amounts due from customers for products and services we provided. The following table sets forth our trade and other receivables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Trade receivables			
– Related parties	–	–	293
– Independent third parties	218,583	177,196	335,401
Less: loss allowance for trade receivables	(554)	(518)	(845)
	218,029	176,678	334,849
Other receivables			
– Related parties	–	–	64
– Independent third parties	26,679	22,333	36,012
Less: loss allowance for other receivables	(1)	(1)	(1)
	26,678	22,332	36,075
Total	244,707	199,010	370,924

Our trade and other receivables decreased from RMB244.7 million as of December 31, 2023 to RMB199.0 million as of December 31, 2024, primarily due to fluctuations in sales volume of our products in the fourth quarters of the respective periods. Our trade and other receivables increased from RMB199.0 million as of December 31, 2024 to RMB370.9 million as of December 31, 2025, primarily due to the payment schedule of orders received.

During the Track Record Period, we generally allow a credit period of 30 days to 45 days for our customers after invoice date. The following table sets forth an aging analysis of our trade receivables, including related provision for impairment, based on the recognition date as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
0-30 days	163,611	116,439	274,148
31-180 days	54,418	60,239	60,701
Total	218,029	176,678	334,849

The following table sets forth the turnover days of our trade receivables for the years indicated:

	Year ended December 31,		
	2023	2024	2025
		(days)	
Trade receivables turnover days[(1)]	11.9	12.2	13.7

Note:

(1) Trade receivables turnover days equal the average of opening balance and closing balance of trade receivables (before loss allowance) for relevant period divided by total revenue for the same period and multiplied by 365 days (for a year).

Our trade receivables turnover days remained relatively stable at 11.9 days, 12.2 days and 13.7 days in 2023, 2024 and 2025, respectively.

As of February 28, 2026, RMB276.3 million, or approximately 74.3%, of our trade and other receivables as of December 31, 2025 had been subsequently settled.

Prepayments

Our prepayments primarily consist of (i) prepayments for acquisition of property, plant and equipment, (ii) prepaid EIT and (iii) prepayment for inventories. The table below sets forth the breakdown of our prepayments as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Prepayment for acquisition of property, plant and equipment	9,385	3,056	2,156
Prepayment for acquisition of equity interest in an entity	–	–	158,055
Prepaid EIT	2,134	4,051	2,163
Prepayment for inventories	6,025	4,298	390,684
Total	17,544	11,405	553,058

Our prepayments further decreased from RMB17.5 million as of December 31, 2023 to RMB11.4 million as of December 31, 2024, primarily due to a decrease in prepayments for acquisition of property, plant and equipment mainly as a result of ramp-up of renovations of our new office space. Our prepayments increased substantially from RMB11.4 million as of December 31, 2024 to RMB553.1 million as of December 31, 2025, primarily attributable to (i) a substantial increase in prepayment for goods in relation to a change in payment arrangement with certain major suppliers for us to place wafer fabrication orders through the subsidiary of Amlogic Holdings Ltd. in order to ensure supply chain stability. See "Business — Legal Proceedings and Compliance — The Export Control Compliance Arrangement", and (ii) an increase in prepayment for acquisition of equity interests in Xinmai Micro in September 2025.

As of February 28, 2026, RMB325.3 million, or approximately 58.8%, of our prepayments as of December 31, 2025 had been subsequently settled.

Trade and Other Payables

Our trade and other payables primarily consist of outstanding amounts due to our suppliers, other payables in relation to licensed IPs and salary and bonus. The following table sets forth our trade and other payables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Trade payables			
– Related parties	–	–	17,911
– Independent third parties	357,539	386,711	551,693
Other payables			
– Related parties	–	41,353	114,989
– Independent third parties	72,030	71,601	67,536
– Salary and bonus payables	185,373	188,459	198,801
Total	614,942	688,124	950,930

As of December 31, 2023, 2024 and 2025, our trade and other payables was RMB614.9 million, RMB688.1 million and RMB950.9 million, respectively. The increase in our trade and other payables from December 31, 2023 to December 31, 2024 was primarily due to increased other payables in relation to payables for R&D and ancillary services provided by our Amlogic Holdings Group. See "Connected Transaction — Non-Exempt Continuing Connected Transaction — Procurement of R&D and Ancillary Services." The increase in our trade and other payables from December 31, 2024 to December 31, 2025 was primarily due to increased inventory level based on our market judgment at the time.

During the Track Record Period, we are typically granted a credit term ranging from 30 days to 60 days by our suppliers. The following table sets forth an aging analysis of our trade payables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
0-180 days	356,864	364,309	549,345
181-365 days	219	21,948	–
1-2 years	1	–	20,252
Over 2 years	455	454	7
Total	357,539	386,711	569,604

The following table sets forth the turnover days of our trade payables for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	(days)		
Trade payables turnover days[(1)]	39.1	36.4	41.3

Note:

(1) Trade payables turnover days equal the average of the opening and closing balances of trade payables for relevant period divided by total cost of sales for the same period and multiplied by 365 days (for a year).

Our trade payables turnover days were 39.1 days, 36.4 days and 41.3 days in 2023, 2024 and 2025. Our trade payables turnover days increased from 36.4 days in 2024 to 41.3 days in 2025, primarily due to our increased inventory based on our market judgment at the time.

As of February 28, 2026, RMB702.1 million, or approximately 73.8%, of our trade and other payables as of December 31, 2025 had been subsequently settled.

Contract Liabilities

Contract liabilities mainly arise from the advance payments made by customers before we recognize the related revenue. As of December 31, 2023, 2024 and 2025, our contract liabilities amounted to RMB55.3 million, RMB117.9 million and RMB121.3 million, respectively. Such amount fluctuates in proportion to the revenue generated from customers who make advance payments.

As of February 28, 2026, RMB96.7 million, or approximately 79.8%, of our contract liabilities as of December 31, 2025 had been subsequently recognized as revenue.

Other Current Liabilities

Our other current liabilities consist primarily of (i) patent license fees in relation to purchases of intangible assets, (ii) accrued royalty fees primarily represent royalty fees in relation to use of patents licensed to us, and (iii) others. The following table sets forth a breakdown of our other current liabilities as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Patent license fee	46,098	13,200	26,223
Accrued royalty fees	55,411	45,673	59,359
Others	6,419	3,379	8,965
Total	107,928	62,252	94,547

Our other current liabilities decreased from RMB107.9 million as of December 31, 2023 to RMB62.3 million as of December 31, 2024, primarily due to a decrease in patent license fees reflects fewer licenses purchased during the year, consistent with our business needs. Our other current liabilities increased from RMB62.3 million as of December 31, 2024 to RMB94.5 million as of December 31, 2025, primarily attributable to an increase in accrued royalty fees driven by an increase in sales volume of corresponding products.

As of February 28, 2026, RMB52.8 million, or approximately 77.3%, of our other current liabilities as of December 31, 2025 had been subsequently settled.

Financial Assets at FVTPL

Financial assets at FVTPL primarily include our investments in wealth management products issued by banks, equity investments in private companies, structural deposits and our investments in private equity funds. Our financial assets at FVTPL increased from RMB1,278.6 million as of December 31, 2023 to RMB1,427.4 million as of December 31, 2024, primarily due to increased investments in certain private equity funds. Our financial assets at FVTPL decreased from RMB1,427.4 million as of December 31, 2024 to RMB948.9 million as of December 31, 2025, primarily as we reduced our holdings in certain investment products.

We have established a comprehensive set of internal policies and guidelines to monitor and control our investment risk. We ensure that investments are made in secure, liquid products offered by qualified financial institutions and closely monitor the fair value of our investments. Members of our investment committee, who possess experience in financial investments, are responsible for proposing, analyzing, and evaluating potential investment opportunities. Our material investments are made subject to the approval by the Board of Directors or Shareholder's meeting and the monitor by our independent executive Directors. We also perform internal audits and compliance checks to ensure adherence to our internal policies and liquidity needs.

Upon Listing, our investments in financial assets will be subject to compliance with Chapter 14 of the Listing Rules.

LIQUIDITY AND CAPITAL RESOURCES

Working Capital Sufficiency

Our Directors are of the view that taking into account our available resources including cash and cash equivalents on hand, the operating cash flows, the available banking facilities and the net estimated proceeds from the [**REDACTED**], we have sufficient working capital for our present requirements and for the next 12 months from the date of this document.

During the Track Record Period and up to the Latest Practicable Date, we primarily funded our cash requirements from cash from operations. As of February 28, 2026, we had cash and bank balances of RMB2,246.6 million.

Cash Flows

The following table sets forth selected cash flow statement information for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Net cash from/(used in) operating activities	886,961	950,653	(225,435)
Net cash from/(used in) investing activities	(1,112,248)	(938,221)	581,443
Net cash from/(used in) financing activities	(128,363)	17,472	18,969
Net increase/(decrease) in cash and cash equivalents	(353,650)	29,904	374,977
Effect of exchange rate changes	4,939	(950)	(14,281)
Cash and cash equivalents at beginning of the year	1,129,525	780,814	809,768
Cash and cash equivalents at end of the year	780,814	809,768	1,170,464

Net Cash from/(Used in) Operating Activities

For the year ended December 31, 2025, we had net cash used in operating activities of RMB225.4 million, which represents our profit before tax of RMB908.6 million, adjusted for certain non-cash and non-operating items, primarily including (i) interest income from bank deposits of RMB113.0 million and (ii) change in fair value of financial assets at FVTPL of RMB41.7 million. The amount was further adjusted by changes in working capital, primarily including (i) an increase in inventories of RMB1,127.5 million, (ii) an increase in prepayments of RMB365.0 million. We will continue to monitor our cash flows from operations closely and improve our net operating cash flows position through a variety of means, including (i) increasing our bargaining power and extending our credit period with our suppliers, (ii) managing our trade and bills receivables by monitoring the credit profile of our customers and enhancing our payment collection system, and (iii) increasing our inventory turnover rate to increase our cash flows from operating activities.

For the year ended December 31, 2024, our net cash generated from operating activities was RMB950.7 million, which was primarily attributable to our profit before tax of RMB851.8 million, as adjusted by certain non-cash and non-operating items, primarily consisting of (i) depreciation and amortization of RMB216.7 million and (ii) share-based payments of RMB71.9 million. The amount was further adjusted by changes in working capital, primarily including an increase in trade and other payables of RMB73.2 million, partially offset by an increase in inventories of RMB133.0 million.

For the year ended December 31, 2023, our net cash generated from operating activities was RMB887.0 million, which was primarily attributable to our profit before tax of RMB503.0 million, as adjusted by certain non-cash and non-operating items, primarily consisting of (i) depreciation and amortization of RMB248.0 million, (ii) write-down of inventories of RMB171.5 million and (iii) share-based payments of RMB157.4 million. The amount was further adjusted by changes in working capital, primarily including a decrease in inventories of RMB101.5 million, partially offset by (i) an increase in trade and other receivables of RMB91.6 million and (ii) interest income from bank deposits of RMB88.1 million.

Net Cash from/(Used in) Investing Activities

For the year ended December 31, 2025, we had net cash generated from investing activities of RMB581.4 million, primarily due to (i) withdrawal of time deposits of RMB719.8 million and (ii) net proceeds from financial assets/liabilities at FVTPL of RMB436.3 million, partially offset by (i) net payments for financial assets at amortized cost of RMB210.2 million, (ii) purchase of property, plant and equipment of RMB177.4 million, (iii) prepayment for acquisition of equity interests of an entity of RMB158.1 million and (iv) purchase of intangible assets of RMB154.8 million.

For the year ended December 31, 2024, we had net cash used in investing activities of RMB938.2 million, primarily due to (i) placement of time deposits of RMB379.5 million, (ii) purchase of property, plant and equipment of RMB173.5 million, (iii) purchase of assets under construction of RMB169.4 million, partially offset by interest received of RMB113.3 million.

For the year ended December 31, 2023, we had net cash used in investing activities of RMB1,112.2 million, primarily due to (i) placement of time deposits of RMB735.8 million, (ii) net proceeds from financial assets/liabilities at FVTPL of RMB220.2 million and (iii) payments for purchase of property, plant and equipment of RMB165.6 million, partially offset by interest received of RMB88.1 million.

Net Cash from/(Used in) Financing Activities

For the year ended December 31, 2025, we had net cash generated from financing activities of RMB19.0 million, primarily due to proceeds from issuance of new shares, net of issuance cost of RMB133.5 million, partially offset by repurchase of restricted shares of RMB80.0 million.

For the year ended December 31, 2024, we had net cash generated from financing activities of RMB17.5 million, primarily due to proceeds from issuance of new shares, net of issuance cost of RMB38.9 million, partially offset by repayment of principal of lease liabilities of RMB16.4 million.

For the year ended December 31, 2023, we had net cash used in financing activities of RMB128.4 million, primarily due to dividends paid to owners of the Company of RMB208.2 million, partially offset by proceeds from issuance of new shares, net of issuance cost of RMB98.6 million.

INDEBTEDNESS

The table below sets forth a breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of February 28,
	2023	2024	2025	2026
				(unaudited)
	(RMB in thousands)			
Lease liabilities	40,554	32,258	19,346	17,727

As of February 28, 2026, we did not have any unutilized banking facilities.

Lease Liabilities

Our lease liabilities are in relation to properties that we lease for our offices and R&D facilities. As of December 31, 2023,2024 and 2025 and February 28, 2026, we recognized total lease liabilities of RMB40.6 million, RMB32.3 million, RMB19.3 million and RMB17.7 million. Our lease liabilities decreased throughout the Track Record Period, in line with the depreciation recognized during the lease term.

Save as disclosed above, as of February 28, 2026, being the latest practicable date for determining our indebtedness, we did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance or other similar indebtedness, hire purchase commitments, guarantees or other material contingent liabilities. Our Directors have confirmed that there had been no material change in our indebtedness since February 28, 2026 and up to the date of this document.

CAPITAL EXPENDITURES

Our capital expenditures were RMB233.3 million, RMB199.9 million, and RMB323.2 million in 2023, 2024 and 2025, respectively. The following table sets forth our capital expenditures for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Purchase of property, plant and equipment	165,608	173,474	177,393
Purchase of Intangible assets	67,646	26,401	145,813
Total	233,254	199,875	323,206

During the Track Record Period, our capital expenditures were primarily in relation to purchases of items of property, plant and equipment and intangible assets. We expect that our capital expenditures in 2026 will primarily consist of investments in purchases of equipment, intangible assets and other non-current assets. We expect to finance our capital expenditures through existing cash on hand and the net proceeds from the [**REDACTED**]. We may adjust our capital expenditures for any given year according to our development plans or in light of market conditions and other factors we believe to be appropriate.

CAPITAL COMMITMENTS

Our capital commitments primarily represent capital expenditure contracted for but not provided for during the Track Record Period. The table below sets forth, as at the dates indicated, our capital commitments.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Acquisition of patents	54,699	19,302	36,607
Capital contribution	10,000	10,000	–
Total	64,699	29,302	36,607

Our Directors confirm that there had been no material change in our capital commitments since February 28, 2026 and up to the Latest Practicable Date.

CONTINGENT LIABILITIES

As of December 31, 2023, 2024 and 2025, we did not have any significant contingent liabilities. Our Directors confirmed that there had not been any material change in the contingent liabilities of our Company since February 28, 2026 and up to the Latest Practicable Date.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios as of the dates or for the years indicated:

	Year ended/As of December 31,		
	2023	2024	2025
Gross profit margin[(1)]	33.2%	37.1%	37.8%
Current ratio[(2)]	6.4	6.6	5.6
Quick ratio[(3)]	4.9	5.0	3.5
Debt-to-equity ratio[(4)]	0.2	0.1	0.2
Return on equity[(5)]	9.6%	13.8%	12.6%

Notes:

(1) Gross profit margin is calculated as revenue minus cost of sales divided by revenue, then multiplied by 100%.

(2) Current ratio equals total current assets divided by total current liabilities as of the date indicated.

(3) Quick ratio is calculated using current assets less inventories and divided by current liabilities as of the dates indicated.

(4) Debt-to-equity ratio is calculated using total debt divided by total equity.

(5) Return on equity is calculated by dividing profit for the year by the equity of our Company for the respective year (sum of opening and closing balances of the equity of the respective year and then divided by two) and multiplied by 100%.

Our quick ratio was 4.9, 5.0 and 3.5 as of December 31, 2023, 2024 and 2025, respectively. The decrease in our quick ratio from December 31, 2024 to December 31, 2025 was primarily driven by the increase in our inventories. Our return on equity was 9.6%, 13.8% and 12.6% in December 31, 2023, 2024 and 2025, respectively. The fluctuations in our return on equity were primarily driven by the fluctuations in our profit.

FINANCIAL RISK MANAGEMENT

Our principal financial instruments include cash and cash equivalents, restricted bank deposits and financial assets at FVTPL. The primary purpose of these financial instruments is to support our operations by raising financing. We also have other financial assets and liabilities, such as trade and other receivables and trade and other payables, which arise directly from our business activities. The key risks associated with our financial instruments include currency risk, credit risk, and liquidity risk. Our Directors regularly review these risks and establish policies to manage and mitigate their impact effectively. For details, see Note 43 to the Accountants' Report included in Appendix I to this document.

OFF-BALANCE SHEET ARRANGEMENTS

As of the Latest Practicable Date, we did not have any outstanding off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

Related party transactions are set out in note 46 to Appendix I to this document. Our Directors believe that these transactions were conducted on normal commercial terms and on an arm's length basis in the ordinary and usual course of business, and did not distort our results of operations or make our historical results not reflective of our future performance.

DIVIDEND

Pursuant to PRC laws and regulations, including the PRC Company Law (《中華人民共和國公司法》), and the Articles of Association, we have adopted an annual dividend policy. As of the Latest Practicable Date, we do not have a fixed dividend distribution ratio. We prioritize distributing dividends in the form of cash, but may also distribute dividends in the form of stocks or a combination of cash and stocks. Pursuant to the Articles of Association, our Board may recommend a distribution of dividends after taking into account our results of operations, financial condition, operating requirements and capital requirements. Under applicable PRC laws, dividends may be paid only out of distributable profits, which refer to after-tax profits less any recovery of accumulated losses and required allocations to statutory capital reserve funds.

During the Track Record Period, we declared dividends to our Shareholders as follows:

	Year ended December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Dividends	208,160	–	–

All of such dividends declared during the Track Record Period had been fully settled as of the Latest Practicable Date.

PROPERTY INTERESTS AND VALUATION OF PROPERTIES

Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent qualified property valuer, valued our selected property interests as of January 31, 2026 at RMB95.5 million. Details of the valuation are summarized in Appendix III to this document. The following table sets out the reconciliation between the net carrying amount of the property as of December 31, 2025 as extracted from the Accountants' Report in Appendix I to this document and the property valuation report as set out in Appendix III to this document as of January 31, 2026:

	RMB'000
Net carrying amount of the subject property as of December 31, 2025	91,913
Add: Changes in fair value	3,546
Valuation of the subject property as of January 31, 2026, as set out in Appendix III	95,459

DISTRIBUTABLE RESERVES

As of December 31, 2025, our distributable reserve was RMB3,801.6 million.

UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED OF NET TANGIBLE ASSETS

See Unaudited Pro Forma Financial Information in Appendix II to this document for details.

LISTING EXPENSES

Listing expenses represent professional fees, [**REDACTED**] and other fees incurred in connection with the [**REDACTED**]. Listing expenses to be borne by us are estimated to be approximately RMB[**REDACTED**] (HK$[**REDACTED**]), comprising: (i) [**REDACTED**] of RMB[**REDACTED**] (HK$[**REDACTED**]); and (ii) [**REDACTED**] expenses of RMB[**REDACTED**] (HK$[**REDACTED**]), which are further categorized into: (a) fees and expenses of legal advisors and accountants of RMB[**REDACTED**] (HK$[**REDACTED**]); and (b) other fees and expenses of RMB[**REDACTED**] (HK$[**REDACTED**]), assuming the [**REDACTED**] is not exercised and based on the [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the [**REDACTED**] range), approximately RMB[**REDACTED**] (HK$[**REDACTED**]) of which was charged or is expected to be charged to our consolidated statements of profit or loss, and approximately RMB[**REDACTED**]

(HK$[**REDACTED**]) of which is expected to be deducted from equity upon the completion of the [**REDACTED**]. The listing expenses are expected to represent approximately [**REDACTED**]% of the gross proceeds of the [**REDACTED**], assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the indicative [**REDACTED**] range) and that the [**REDACTED**] is not exercised. The listing expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

NO MATERIAL ADVERSE CHANGE

After performing sufficient due diligence work that our Directors consider appropriate and after due and careful consideration, our Directors confirm that, up to the date of this document, there has been no material adverse change in our financial or trading position or prospects since December 31, 2025 (being the end date of the period reported on in the Accountants' Report in Appendix I to this document) and there has been no event since December 31, 2025 that would materially affect the information as set out in the Accountants' Report in Appendix I to this document.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors confirm that as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS

See "Business — Strategies" for a detailed description of our future plans.

USE OF PROCEEDS

The net proceeds from the [**REDACTED**] that we will receive, after deducting the [**REDACTED**] and other estimated expenses paid and payable by us in connection with the [**REDACTED**], as follows:

	Net proceeds (HK$ in millions)	
	(a) Assuming the [REDACTED] is not exercised in full	(b) Assuming the [REDACTED] is exercised in full
Assuming an [**REDACTED**] of HK$[**REDACTED**] per H share (being the low end of the [**REDACTED**] Range stated in this document)	[**REDACTED**]	[**REDACTED**]
Assuming an [**REDACTED**] of HK$[**REDACTED**] per H share (being the mid-point of the [**REDACTED**] Range stated in this document)	[**REDACTED**]	[**REDACTED**]
Assuming an [**REDACTED**] of HK$[**REDACTED**] per H share (being the high end of the [**REDACTED**] Range stated in this document)	[**REDACTED**]	[**REDACTED**]

Assuming the [**REDACTED**] is HK$[**REDACTED**] per H share (being the mid-point of the [**REDACTED**] Range stated in this document) and the [**REDACTED**] is not exercised, based on our strategy, we intend to use the proceeds from the [**REDACTED**] for the purposes and amounts specified below:

- approximately [70.0]%, or HK$[**REDACTED**], is intended to be used in next five years to support the continued growth and advancement of our R&D capabilities, with a focus on cutting-edge IC technologies, including:

  (i). approximately [40.0]%, or HK$[**REDACTED**], is planned to be used in next five years for team building and talent retention of our R&D team, as well as for the enhancement of our global Amlogic R&D network. Specifically:

  (a). approximately [15.0]%, or HK$[**REDACTED**], is planned to be used to strengthen our R&D talent pool in core technologies. We focus on recruitment and retention of experts in independent IP development, full-stack self-developed R&D system and architectural innovation. Particularly, drive the iteration and upgrade of core IPs in areas including full-format audio and video codec processing, UHD image processing, neural network processors, edge AI

engines and algorithms, chip-level security solutions, and communication and wireless connectivity ICs, physical AI and vision systems, building strong and sustainable technological barriers.

Furthermore, we intend to promote deep integration of algorithms, software, and system design, consolidating our foundational technology stack and establishing a general technology plus scenario-specific customization architecture. This approach will enable efficient re-use of core technologies across diverse scenarios and significantly improve our overall R&D efficiency.

(b). approximately [25.0]%, or HK$[**REDACTED**], is intended to be used to expand and retain our R&D team in the fields of communication and connectivity ICs and intelligent edge ICs.

In particular:

(A) In the field of communication and connectivity ICs, we plan to develop IC solutions across a range of applications, including high-speed optical fiber gateways, FTTR whole-home optical networks, in-vehicle optical fiber communication, Wi-Fi AP, Wi-Fi 6/7, and integrated multi-mode ICs capable of supporting both 4G and 5G standards, establishing an integrated wireless and wired connectivity system designed for comprehensive scenario coverage. In parallel, we are dedicated to advancing cross-device collaboration among mobile phones, smart wearable devices and in-vehicle terminals, focusing on the development of low-latency and highly reliable wireless communication technologies and protocol stacks.

(B) In the field of intelligent edge ICs, we focus on developing edge computing ICs and edge visual processing ICs, integrating high-performance processing units to support local AI interactions. We aim to deliver highly flexible and adaptive edge intelligence IC solutions tailored to the diverse requirements of AIoT application scenarios, empowering terminal devices with intelligent perception, computation and decision-making capabilities, while also supporting the demands of real-time, high-performance computing in applications such as smart cabins of automobile, diverse service robots and other AIoT devices.

We plan to recruit and retain a total of approximately 500 to 560 R&D personnel over the next five years, representing an average CAGR of over 5% for our R&D headcount. As of December 31, 2025, we had a total of 1,684 R&D personnel. We plan to recruit and retain approximately 180 to 200 R&D personnel in core technology R&D, approximately 100 to 120 R&D personnel in communication and connectivity ICs, and approximately 220 to 240 R&D personnel in intelligent edge ICs. The personnel we recruit and retain will be

primarily based in mainland China. We primarily target candidates with (i) education background from renowned universities, (ii) expertise in areas such as electronic engineering, microelectronics and integrated circuit development, algorithms, and software development, and (iii) over three years of industry experience for mid-to-senior level positions, as well as fresh graduates for entry-level positions. We expect the average annual salary for our R&D personnel to range between RMB700 thousand to RMB850 thousand.

(ii). approximately [30.0]%, or HK$[**REDACTED**], is planned to be used for the development of the next-generation IC solutions, leveraging the global Amlogic R&D network. We plan to procure software, equipment, materials, and tape-out services. Specifically:

(a). approximately [10.0]%, or HK$[**REDACTED**], is intended to be used to enhance R&D capabilities by upgrading advanced EDA/IP software and equipment. Through these improvements, we aim to support the development of next-generation communication and connectivity ICs, high-performance intelligent edge ICs and core technologies, increasing the efficiency of product development, and strengthening our technological barriers and competitiveness in high-end markets; and

(b). approximately [20.0]%, or HK$[**REDACTED**], is intended to be used for the procurement of photomasks and other production materials essential for tape-outs as well as the support of prototype development and validation, achieving a seamless transition from product design to functional prototypes.

Specifically, we aim to launch 10 or more new IC products annually to continuously broaden our multi-scenario application capabilities in the next five years. Over the next five years, we plan to apply for over 200 patents and software copyrights in total and complete the tape-out of multiple products using 6-nm and more advanced process nodes. We aim to strengthen our technological depth in areas such as proprietary IP, communication and connectivity ICs, and intelligent edge ICs, thereby building a more competitive product portfolio.

- approximately [10.0]%, or HK$[**REDACTED**], is intended to be used for the development of our global customer service system over the next five years. Through our global customer service network, we aim to provide key international customers with comprehensive product development and technical services, covering the full process from product introduction and IC adaptation to system integration. Specifically:

(i). approximately [9.0]%, or HK$[**REDACTED**], is intended to strengthen our global technical support and customer service capabilities by recruiting and retaining customer service personnel worldwide. We plan to recruit and retain a total of 80 to 100 experienced product sales and marketing personnel globally, with average

annual salary ranges between RMB850 thousand and RMB1,000 thousand. By leveraging our existing offices in mainland China, Singapore and South Korea, and expanding our teams in Europe and Latin America, we will provide comprehensive sales support services to key clients in North America, Europe, Latin America and high-growth sectors in Asia.

(ii). approximately [0.8]% or HK$[**REDACTED**], is intended to enhance brand recognition in emerging markets through targeted sales activities and participation in industry exhibitions over the next five years.

(iii). approximately [0.2]% or HK$[**REDACTED**], is intended to upgrade our digital sales management systems and ERP platforms. We plan to expand the functionality of our existing sales management system to further improve responsiveness to our customers and upgrade our ERP platform to increase supply chain and overall operational efficiency.

Through the development of our global customer service system, we aim to expand direct customer engagement coverage, reduce average technical support response time, and continuously enhance customer satisfaction. These operational improvements are expected to strengthen customer loyalty and increase retention rates, which in turn will positively contribute to our long-term operational efficiency and market competitiveness, and ultimately enhance our market penetration and drive revenue growth.

- approximately [10.0]%, or HK$[**REDACTED**], is intended to be used for strategic investment and acquisition aimed at advancing our "platform plus ecosystem" strategy. We plan to focus on targets with strong synergies with our operations, including enterprise (i) possessing core IP or key technologies in the field of communication and connectivity ICs, (ii) containing complementary product lines that can enhance our system-level solutions, (iii) having a high ratio of R&D personnel within its total workforce, and (iv) demonstrating initial commercial traction, such as annual revenue up to US$20 million with clear growth potential. According to Frost & Sullivan, there are a sufficient number of available targets that meet our selection criteria in the market. Through investments and/or acquisitions, we aim to integrate and complement our technical capabilities, intellectual property portfolio, product offerings, supply chain systems and customer base. This will enable us to expand our technology stack, extend our presence in critical markets, and reinforce the overall synergies and competitiveness under our "platform plus ecosystem" strategy.

  We plan to conduct one to two strategic acquisitions within the next five years, with target valuations ranging between RMB50 million and RMB500 million. We plan to acquire a majority of equity and prioritize targets with experienced semiconductor management teams. As of the Latest Practicable Date, we had not identified any specific targets for investment and acquisition.

- approximately [10.0%], or HK$[**REDACTED**], will be allocated for general working capital and general corporate purposes.

In the event that the [**REDACTED**] is set at the high-end or the low-end of the [**REDACTED**] Range (assuming the [**REDACTED**] is not exercised), the net proceeds will increase or decrease by approximately HK$[**REDACTED**] (after deducting [**REDACTED**] fees and expenses related to the [**REDACTED**]). We intend to apply the additional or reduced net proceeds to the above uses on a pro rata basis.

If the [**REDACTED**] is fully exercised, we will receive net proceeds of approximately HK$[**REDACTED**] based on the [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], being the mid-point of the [**REDACTED**] Range, and after deducting the [**REDACTED**] fees and commissions payable by us. The additional amount raised will be applied to the above areas of use of proceeds on pro rata basis.

If the net proceeds from the [**REDACTED**] are not immediately applied to the above purposes, we will only deposit those net proceeds in short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions). We will make an appropriate announcement if there is any change to the above proposed use of proceeds.

[**REDACTED**]

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The following is the text of a report set out on pages I-1 to I-3, received from the Company's reporting accountants, BDO Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document. It is prepared and addressed to the directors of the Company and to the Joint Sponsors pursuant to the requirements of Hong Kong Standard on Investment Circular Reporting Engagements 200, "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants.

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF AMLOGIC (SHANGHAI) CO., LTD., CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED AND HAITONG INTERNATIONAL CAPITAL LIMITED

Introduction

We report on the historical financial information of Amlogic (Shanghai) Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-[●], which comprises the consolidated statements of financial position of the Group as at December 31, 2023, 2024 and 2025, and the statements of financial position of the Company as of December 31, 2023, 2024 and 2025, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended December 31, 2023, 2024, 2025 (the "Track Record Period") and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-[●] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●] (the "Document") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' Responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting Accountants' Responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgment, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Company as at December 31, 2023, 2024 and 2025 and the consolidated financial position of the Group as at December 31, 2023, 2024 and 2025 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation set out in note 2 to the Historical Financial Information.

Report on Matters under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (The "Listing Rules") and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to note 16 to the Historical Financial Information which contains information about the dividends declared and paid by the Company in respect of the Track Record Period.

[BDO Limited]
Certified Public Accountants
[●]
Practising Certificate no. P [●]

Hong Kong
[Date]

I. HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by BDO Limited in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board ("Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Year Ended December 31, 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Revenue	*6*	5,370,942	5,926,315	6,790,582
Cost of sales		(3,586,897)	(3,728,253)	(4,224,222)
Gross profit		1,784,045	2,198,062	2,566,360
Other income	*7*	43,273	21,024	22,406
Other gains and losses, net	*8*	91,187	100,956	19,438
Selling and marketing expenses		(88,825)	(71,712)	(86,244)
General and administrative expenses		(169,244)	(163,972)	(155,906)
Research and development expenses		(1,282,691)	(1,352,730)	(1,551,795)
Impairment losses, net of reversal on financial assets	*9*	(60)	43	(336)
Finance income, net	*10*	86,390	111,949	89,711
Share of results of associates	*18*	38,953	8,195	5,001
Profit before tax	*11*	503,028	851,815	908,635
Income tax expenses	*12*	(4,335)	(32,604)	(38,168)
Profit for the year		498,693	819,211	870,467
Other comprehensive income				
Items that may be reclassified to profit or loss				
Exchange differences on translation of foreign operations		9,571	11,136	(21,409)
Other comprehensive income for the year, net of tax		9,571	11,136	(21,409)
Total comprehensive income for the year		508,264	830,347	849,058
Profit attributable to:				
Owners of the Company		498,036	821,921	872,985
Non-controlling interests		657	(2,710)	(2,518)
		498,693	819,211	870,467
Total comprehensive income attributable to:				
Owners of the Company		507,607	833,057	851,576
Non-controlling interests		657	(2,710)	(2,518)
		508,264	830,347	849,058
Earnings per share for profit attributable to owners of the Company				
Basic earnings per share *(RMB)*	*15*	1.20	1.97	2.08
Diluted earnings per share *(RMB)*	*15*	1.19	1.96	2.07

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As of December 31, 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment	*19*	480,642	623,155	608,707
Assets under construction	*20*	89,887	163,878	78,078
Right-of-use assets	*21*	36,566	29,772	19,048
Investment properties	*22*	–	–	91,913
Intangible assets	*23*	118,455	67,202	151,499
Investments in associates	*18*	81,703	89,898	94,899
Financial assets at fair value through profit or loss	*28*	303,757	490,322	548,348
Financial assets at amortized cost	*29*	–	–	148,786
Prepayments	*27*	9,385	3,056	160,211
Deferred tax assets	*36*	76,007	56,125	53,373
Other non-current assets	*24*	12,139	10,524	6,246
Total non-current assets		1,208,541	1,533,932	1,961,108
Current assets				
Inventories	*25*	1,244,553	1,409,592	2,527,697
Trade and other receivables	*26*	244,707	199,010	370,924
Prepayments	*27*	8,159	8,349	392,847
Financial assets at fair value through profit or loss	*28*	974,837	937,103	400,552
Financial assets at amortized cost	*29*	142,913	286,822	358,856
Cash and bank balances	*30*	2,506,951	2,915,442	2,521,583
Restricted bank deposits	*30*	–	43,130	71,086
Other current assets	*24*	25,400	32,650	39,463
Total current assets		5,147,520	5,832,098	6,683,008
Current liabilities				
Trade and other payables	*31*	614,942	688,124	950,930
Contract liabilities	*32*	55,253	117,874	121,274
Financial liabilities at fair value through profit or loss	*33*	–	201	63
Tax payables		7,282	402	24,459
Lease liabilities	*34*	14,108	14,766	10,219
Other current liabilities	*35*	107,928	62,252	94,547
Total current liabilities		799,513	883,619	1,201,492
Net current assets		4,348,007	4,948,479	5,481,516
Total assets less current liabilities		5,556,548	6,482,411	7,442,624

	Note	As of December 31, 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Non-current liabilities				
Lease liabilities	*34*	26,446	17,492	9,127
Deferred tax liabilities	*36*	24	16	14
Other non-current liabilities	*35*	41,022	38,335	57,530
Total non-current liabilities		67,492	55,843	66,671
NET ASSETS		5,489,056	6,426,568	7,375,953
Capital and reserves				
Equity attributable to owners of the Company				
Share capital	*37*	416,394	418,735	421,166
Reserves	*40*	5,034,029	5,975,488	6,924,887
		5,450,423	6,394,223	7,346,053
Non-controlling interests		38,633	32,345	29,900
Total equity		5,489,056	6,426,568	7,375,953

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Note	Attributable to owners of the Company						Non-controlling interests	Total equity
		Share capital	Capital reserve	Other reserve	Surplus reserve	Retained earnings	Total		
		RMB'000	*RMB'000 (note 40)*	*RMB'000 (note 40)*	*RMB'000 (note 40)*	*RMB'000 (note 40)*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2023		413,500	2,467,504	(14,748)	176,030	1,851,331	4,893,617	37,976	4,931,593
Profit for the year		–	–	–	–	498,036	498,036	657	498,693
Exchange differences arising from translation of foreign operations		–	–	9,571	–	–	9,571	–	9,571
Other comprehensive income for the year		–	–	9,571	–	–	9,571	–	9,571
Total comprehensive income for the year		–	–	9,571	–	498,036	507,607	657	508,264
Issuance of new shares	*37*	2,894	95,660	–	–	–	98,554	–	98,554
Share-based payment	*39*	–	157,390	–	–	–	157,390	–	157,390
Dividend paid		–	–	–	–	(208,160)	(208,160)	–	(208,160)
Tax impact for share-based payment		–	1,415	–	–	–	1,415	–	1,415
Appropriation to reserves		–	–	–	32,167	(32,167)	–	–	–
Balance at December 31, 2023		416,394	2,721,969	(5,177)	208,197	2,109,040	5,450,423	38,633	5,489,056

	Note	Attributable to owners of the Company						Non-controlling interests	Total equity
		Share capital	Capital reserve	Other reserve	Surplus reserve	Retained earnings	Total		
		RMB'000	*RMB'000 (note 40)*	*RMB'000 (note 40)*	*RMB'000 (note 40)*	*RMB'000 (note 40)*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2024		416,394	2,721,969	(5,177)	208,197	2,109,040	5,450,423	38,633	5,489,056
Profit for the year		–	–	–	–	821,921	821,921	(2,710)	819,211
Exchange differences arising from translation of foreign operations		–	–	11,136	–	–	11,136	–	11,136
Other comprehensive income for the year		–	–	11,136	–	–	11,136	–	11,136
Total comprehensive income for the year		–	–	11,136	–	821,921	833,057	(2,710)	830,347
Issuance of new shares	*37*	2,341	36,512	–	–	–	38,853	–	38,853
Transaction with non-controlling interests		–	–	–	–	–	–	(3,330)	(3,330)
Share-based payment	*39*	–	71,890	–	–	–	71,890	–	71,890
Appropriation to reserves		–	–	–	1,170	(1,170)	–	–	–
Dividend paid to non-controlling interests		–	–	–	–	–	–	(248)	(248)
Balance at December 31, 2024		418,735	2,830,371	5,959	209,367	2,929,791	6,394,223	32,345	6,426,568

	Note	Attributable to owners of the Company								
		Share capital	Capital reserve	Treasury shares	Other reserve	Surplus reserve	Retained earnings	Total	Non-controlling interests	Total equity
		RMB'000	*RMB'000 (note 40)*	*RMB'000 (note 40)*	*RMB'000 (note 40)*	*RMB'000 (note 40)*	*RMB'000 (note 40)*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2025		418,735	2,830,371	–	5,959	209,367	2,929,791	6,394,223	32,345	6,426,568
Profit for the year		–	–	–	–	–	872,985	872,985	(2,518)	870,467
Exchange differences arising from translation of foreign operations		–	–	–	(21,409)	–	–	(21,409)	–	(21,409)
Other comprehensive income for the year		–	–	–	(21,409)	–	–	(21,409)	–	(21,409)
Total comprehensive income for the year		–	–	–	(21,409)	–	872,985	851,576	(2,518)	849,058
Issuance of new shares	*37*	2,431	131,069	–	–	–	–	133,500	–	133,500
Transaction with non-controlling interests		–	–	–	–	–	–	–	79	79
Share-based payment	*39*	–	46,770	–	–	–	–	46,770	–	46,770
Repurchase of shares	*38*	–	–	(80,016)	–	–	–	(80,016)	–	(80,016)
Appropriation to reserves		–	–	–	–	1,215	(1,215)	–	–	–
Dividend paid to non-controlling interests		–	–	–	–	–	–	–	(6)	(6)
Balance at December 31, 2025		421,166	3,008,210	(80,016)	(15,450)	210,582	3,801,561	7,346,053	29,900	7,375,953

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	Year ended December 31, 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		503,028	851,815	908,635
Adjustments for:				
Share-based payments		157,390	71,890	46,770
Interest expenses from lease liabilities	*10*	1,748	1,384	978
Interest income from bank deposits	*10*	(88,138)	(113,333)	(113,002)
Depreciation and amortization	*11*	247,997	216,737	264,646
Change in fair value of financial assets at FVTPL	*8*	(25,776)	(11,785)	(41,747)
Change in fair value of financial liabilities at FVTPL	*8*	5,174	(1,902)	(970)
Net gain on disposal of financial assets at FVTPL	*8*	–	(3,931)	(11,548)
Net gain on disposal of financial liabilities at FVTPL	*8*	(1,501)	(1,464)	(2,716)
Net (gain)/loss on disposal of subsidiaries		338	–	(156)
Net gain on disposal of investment accounted by equity method		(2,136)	–	–
Net (gain)/loss on sales of property, plant and equipment		(23)	58	70
Net gain on sales of right-of-use assets		–	–	(367)
Share of result of associates	*18*	(38,953)	(8,195)	(5,001)
Written down/(reversal of written down) of inventories	*11*	171,545	(32,062)	11,195
Impairment losses, net of reversal on financial assets	*9*	60	(43)	336
Operating loss before working capital changes		930,753	969,169	1,057,123
(Increase)/decrease in prepayments		25,768	6,139	(365,004)
Increase in other current assets		(3,556)	(5,562)	(2,531)
(Increase)/decrease in inventories		101,451	(132,977)	(1,127,526)
(Increase)/decrease in trade and other receivables		(91,575)	45,733	(8,745)
Increase/(decrease) in trade and other payables		(23,937)	73,182	198,026
Increase/(decrease) in contract liabilities		(24,949)	62,621	3,400
Increase/(decrease) in other current liabilities		(5,433)	(48,175)	31,354
Cash from/(used in) operations		908,522	970,130	(213,903)
Income tax paid		(21,561)	(19,477)	(11,532)
Net cash from/(used in) operating activities		886,961	950,653	(225,435)

	Note	Year ended December 31, 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received		88,138	113,333	93,999
Receipt of government grants related to assets		22,161	15,090	20,136
Purchase of property, plant and equipment		(165,608)	(173,474)	(177,393)
Purchase of assets under construction		(88,447)	(169,435)	(12,019)
Purchase of intangible assets		(87,965)	(41,681)	(154,832)
Prepayment for acquisition of equity interests in an entity		–	–	(158,055)
Net proceeds from financial assets at amortized cost		(2,502)	(143,909)	(210,221)
Net proceeds from financial assets/liabilities at FVTPL		(220,186)	(115,779)	436,256
Proceeds from disposal of property, plant and equipment		46	301	1,538
Net Proceeds from disposal of subsidiaries		(437)	–	751
Proceeds from disposal of investment in an associate		11,214	–	–
(Placement)/redemption of restricted cash		67,096	(43,130)	21,511
Placement and withdrawal of time deposits		(735,758)	(379,537)	719,772
Net cash from/(used in) investing activities		(1,112,248)	(938,221)	581,443
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issues of shares, net of issuance cost		98,554	38,853	133,500
Dividends paid to owners of the Company		(208,160)	–	–
Repurchase of shares		–	–	(80,016)
Transaction with non-controlling interests		–	(3,578)	73
Repayment of principal of lease liabilities		(17,009)	(16,419)	(15,491)
Repayment of interest of lease liabilities		(1,748)	(1,384)	(978)
Prepayment for listing expenses		–	–	(18,119)
Net cash from/(used in) financing activities		(128,363)	17,472	18,969
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(353,650)	29,904	374,977
Effect of exchange rate changes		4,939	(950)	(14,281)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		1,129,525	780,814	809,768
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	*30*	780,814	809,768	1,170,464

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Note	As of December 31, 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment	*19*	450,713	506,437	497,989
Assets under construction	*20*	–	521	995
Intangible assets	*23*	104,677	60,246	150,090
Investments in subsidiaries	*17*	836,615	831,485	807,433
Deferred tax assets	*36*	40,499	26,206	20,770
Prepayments	*27*	1,441	1,418	159,892
Other non-current assets	*24*	4,263	2,195	703
Total non-current assets		1,438,208	1,428,508	1,637,872
Current assets				
Inventories	*25*	1,032,856	1,071,783	2,167,407
Trade and other receivables	*26*	812,981	1,025,722	1,161,972
Prepayments	*27*	4,571	3,177	389,736
Financial assets at fair value through profit or loss	*28*	812,460	771,866	150,137
Cash and bank balances	*30*	1,882,911	2,439,270	2,173,719
Restricted bank deposits	*30*	–	43,130	71,086
Other current assets	*24*	11,053	15,449	27,621
Total current assets		4,556,832	5,370,397	6,141,678
Current liabilities				
Trade and other payables	*31*	750,515	898,907	965,653
Contract liabilities	*32*	–	–	3,587
Financial liabilities at fair value through profit or loss	*33*	–	201	63
Other current liabilities	*35*	100,997	58,569	85,545
Total current liabilities		851,512	957,677	1,054,848
Net current assets		3,705,320	4,412,720	5,086,830
Total assets less current liabilities		5,143,528	5,841,228	6,724,702
Non-current liabilities				
Other non-current liabilities	*35*	41,022	38,335	57,530
Total non-current liabilities		41,022	38,335	57,530
NET ASSETS		5,102,506	5,802,893	6,667,172
Capital and reserves				
Equity attributable to owners of the Company				
Share capital	*37*	416,394	418,735	421,166
Reserves	*40*	4,686,112	5,384,158	6,246,006
Total equity		5,102,506	5,802,893	6,667,172

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

Amlogic (Shanghai) Co., Ltd. (the "Company") was incorporated in Shanghai, People's Republic of China (the "PRC") in March 2017 as a joint stock company under the laws of the PRC with limited liability. The Company has its primary listing on The Shanghai Stock Exchange with the stock code of 688099. The address of its registered office is Room 406, South Building, No. 350 Chunxiao Road, Pilot Free Trade Zone, Pudong New Area, Shanghai, the PRC.

The Company and its subsidiaries (collectively, the "Group"), are principally engaged in design, development, sales and distribution of semi-conductor integrated circuits ("IC") and provision of related technical support services.

In the opinion of the directors, the Company's ultimate holding company is Amlogic Holdings Ltd., a company incorporated in the Cayman Islands and controlled by John Zhong and Yeeping Chen Zhong.

2. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared based on the material accounting policies set out in Note 4 which conform with all applicable IFRS Accounting Standards which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards and Interpretations issued by International Accounting Standards Board ("IASB"). In addition, the Historical Financial Information also complies with includes the applicable disclosures requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The IASB has issued a number of new and revised IFRSs. For the purpose of preparing the Historical Financial Information, the Group has adopted the accounting policies which conform with all applicable new and revised IFRS Accounting Standards that are effective during the Track Record Period, consistently throughout the Track Record Period.

3. APPLICATION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS

At the date of this report, a number of new and amendments to IFRS Accounting Standards have been issued but are not effective and have not been early adopted by the Group:

New and amendments to IFRS Accounting Standards issued but not yet effective

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[1]
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity[1]
Amendments to IFRS Accounting Standards . .	Annual Improvements to IFRS Accounting Standards-Volumne 11[1]
IFRS 18	Presentation and Disclosure in Financial Statements[2]
IFRS 19	Subsidiaries without Public Accountability: Disclosures[2]
Amendments to IFRS 10 and IAS 28	Sale or contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IFRS 19	Amendments to Subsidiaries without Public Accountability: Disclosures[2]

1 Effective for annual periods beginning on or after January 1, 2026

2 Effective for annual periods beginning on or after January 1, 2027

3 The amendments shall be applied prospectively to sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

The Group is in the process of making an assessment of the impact of these new and amended IFRS Accounting Standards upon initial application, IFRS 18 introduces new requirements for presentation within the statements of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statements of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals, It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. The new requirements are expected to impact the Group's presentation of the statements of profit or loss and disclosures of the Group's financial performance. So far, the Group considers that the impact of these new and amended standards will not be material on the Group's results of operations and financial position.

4. MATERIAL ACCOUNTING POLICIES

The Historical Financial Information has been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

(a) Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests ("NCI") even if this results in the non-controlling interests having a deficit balance.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

NCI in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

(b) Business combinations

Acquisitions of businesses, other than business combination under common control, are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree.

Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 "Income Taxes" and IAS 19 "Employee Benefits", respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 "Share-based Payment" at the acquisition date (see the accounting policy below); and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net of the acquisition date amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets or at fair value.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognized in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition date fair value (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognized in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income and measured under IFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting year in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement year (see above), and additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

(c) Investments in subsidiaries

Investments in subsidiaries are stated at cost less any identified impairment loss on the statements of financial position of the Company.

(d) Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not to control or to have joint control over those policies.

The results and assets and liabilities of associates are incorporated in the Historical Financial Information using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an interest in an associate is initially recognized in the consolidated statements of financial position at cost and adjusted thereafter to recognized the Group's share of the profit or loss and other comprehensive income of the associate.

The Group discontinues the use of the equity method from the date when its investment becomes a subsidiary, and the Group's interest in the associate is remeasured to fair value at the date when the Group obtains control, and the resulting gain or loss, if any, is recognized in profit or loss.

(e) Revenue recognition and other income

(i) Sales of goods

The Group designs, develops, sells and distributes a range of ICs, including multi-media intelligent terminal ICs and other ICs.

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

Some of the contracts between the Group and its customers include arrangements for sales rebates, and some contracts provide customers with a right to return within a specified period, resulting in variable consideration. Accumulated experience is used to estimate and provide for variable consideration, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur.

The credit period granted to customers by the Group is determined based on their credit risk characteristics.

As receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(ii) Provision of services

The Group provides IC design or development service to external parties. For those contracts that the Group has an enforceable right to payment for performance completed to date, the contract is recognized over time when the services are provided and accepted by the customers.

(iii) Financing components

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant.

(iv) Interest income

Interest income is recognized on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

(v) Dividend income

Dividend income is recognized when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow the Group and the amount of the dividend can be measured reliably.

(f) Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on a weighted average method. Net realizable value represents the estimate selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

(g) Investment properties

Investment properties are properties held to earn rental income and/or for capital appreciation. Investment properties include land use rights leased out, land use rights held for transfer upon capital appreciation, and buildings leased out.

An investment property is measured initially at cost. If the economic benefits relating to an investment property will probably flow in and the cost can be reliably measured, subsequent costs incurred for the property are included in the cost of the investment property. Otherwise, subsequent costs are recognized in profit or loss as incurred.

The Group uses the cost model for the subsequent measurement of investment properties, and adopts a depreciation or amortization policy for the investment properties which is consistent with that for buildings and land use rights.

It is reclassified at its carrying amount at the date of the transfer when an owner-occupied property or inventory is transferred to an investment property, or an investment property is transferred to owner-occupied properties.

When an investment property is transferred to owner-occupied properties, it is reclassified as a fixed asset or an intangible asset at the date of the transfer. When an owner-occupied property is transferred out for earning rentals or for capital appreciation, the fixed asset or intangible asset is reclassified as an investment property at the date of the transfer. If it is transferred to an investment property measured by the cost model, its book value at the date of the transfer shall be used as the value of the investment property; if it is transferred to an investment property measured by the fair value model, its fair value at the date of the transfer shall be used as the value of the investment property.

An investment property is derecognized on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The net amount of proceeds from the sale, transfer, retirement or damage of an investment property net of its carrying amount and related taxes is recognized in profit or loss for the current period.

(h) Leasing

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently change.

The Group as lessee

The Group capitalized in the consolidated statements of financial position as right-of-use assets and lease liabilities for all leases except for (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

The Group also applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Right-of-use assets

The right-of-use asset is recognized at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability. Depreciation is provided using the straight-line method from the commencement date over the shorter of the lease term or the useful life of the underlying asset. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The Group presents right-of-use asset separately in the consolidated statements of financial position.

Lease liabilities

The lease liability is recognized at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate. The Group presents lease liability separately in the consolidated statements of financial position.

Subsequent to the commencement date, the Group measures the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in-substance in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification. The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component. The associated non-lease components are included in the respective lease components.

(i) Foreign currencies

(i) Functional and presentation currency

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

The Historical Financial Information is presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the Historical Financial Information of each entity are measured using that functional currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are generally recognized in profit or loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss and translation differences on non-monetary asses such as equities classified as fair value through other comprehensive income are recognized in other comprehensive income.

On disposal of a foreign operation, the cumulative exchange differences recognized in the foreign exchange reserve relating to that operation up to the date of disposal are transferred to the consolidated statement of comprehensive income as part of the profit or loss on disposal.

(j) Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expense the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire property, plant and equipment are recognized as deferred income in the consolidated statements of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

(k) Retirement benefit costs

The Group contributes toward retirement income protection for its employees through the provision of defined contribution plans, and/or contributions to various public retirement schemes in certain jurisdictions.

The Company's subsidiaries in the PRC participates in state-managed retirement benefit schemes, which are defined contribution schemes, pursuant to which the Group pays a fixed percentage of its staff's wages as contributions to the plans. Payments to such retirement benefit schemes are recognized as an expense when employees have rendered service entitling them to the contributions. The Company also makes payments to other defined contribution plans for the benefit of employees employed by subsidiaries outside of the PRC.

(l) Short-term employee benefits

Short-term employee benefits are recognized at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognized as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognized for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

(m) Taxation

Income tax expense represents the sum of the current tax and deferred tax. Current and deferred tax is recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Current tax

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profits. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profits nor the accounting profit and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries or associates except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period and the tax rate and tax base that are consistent with manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

(n) Property, plant and equipment

Property, plant and equipment other than construction in progress are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are recognized as an expense in profit or loss during the period in which they are incurred.

Property, plant and equipment are depreciated so as to write off their cost net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

Property and Buildings	10-30 years
Electronic equipment	2.5-5 years
Motor vehicle	5 years
Office equipment	3-5 years
Leasehold improvement	Terms of lease contract

Construction in progress is stated at cost less impairment losses. Cost comprises direct costs of construction and installation as well as borrowing costs capitalized during the periods of construction and installation. Capitalization of these costs ceases and the construction in progress is transferred to the appropriate classes of property, plant and equipment when substantially all the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided for in respect of construction in progress until it is completed and ready for its intended use.

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognized.

(o) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a business combination is its fair value at the date of acquisition. Subsequent to initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortization and any accumulated impairment losses. Amortization is provided on a straight-line basis over their estimated useful lives as follows:

Computer software	2-5 years
Patent	1-3.75 years

The estimated useful lives and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

(p) Research and development costs

Expenditure on internally developed products is capitalized if it can be demonstrated that:

- it is technically feasible to develop the product for it to be sold;
- adequate resources are available to complete the development;
- there is an intention to complete and sell the product;
- the Group is able to sell the product; and
- sale of the product will generate future economic benefits; and expenditure on the project can be measured reliably.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognized in profit or loss as incurred.

(q) Impairment losses on non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets and deferred tax assets) to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of value in use and fair value less costs of disposal. In assessing value in use, the estimated future cash flows of the asset (or the cash-generating unit) are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or the cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or the cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or the cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or the cash-generating unit) in prior periods. A reversal of an impairment loss is recognized immediately in profit or loss.

(r) Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument.

(i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

A financial asset is measured at amortized cost if it is not designated as at FVTPL, it is held within a business model whose objective is to hold assets to collect contractual cash flows; and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. These assets are subsequently measured at amortized cost under the effective interest method. The gross carrying amount is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss.

A debt instrument is measured at fair value through other comprehensive income ("FVOCI") if it is not designated as at FVTPL, it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and its contractual terms give rise on specified dates to cash flows that are SPPI on the principal amount outstanding. These assets are subsequently measured at fair value. Interest income calculated under the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Impairment loss on financial assets

The Group recognizes a loss allowance for expected credit loss ("ECL") on financial assets measured at amortized cost and debt instruments measured at FVOCI. The amount of ECL is updated at the end of each reporting period to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognized lifetime ECL for trade receivables using simplified approach. For other financial instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in the credit risk since initial recognition or evidence that a financial asset is credit-impaired, in which case the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate obtained from economic expert reports, financial analysts and governmental bodies, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, or the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definition.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

For internal credit risk management, the Group considers an event of default to have occurred when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or

(e) the purchase or origination of a financial asset at a deep discount that reflects the incurred losses.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries made are recognized in profit or loss.

Measurement and recognition of ECL

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. In estimating ECL on trade receivables, the Group use a provision matrix, taking into consideration historical credit loss experience and forward looking information that is available without undue cost or effort. In respect of other financial assets, the measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Where ECL is measured on a collective basis to cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade receivables, bills receivables, other receivables and deposits paid are each assessed as a separate group.);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

The Group recognizes an impairment gain or loss in profit or loss for financial assets measured at amortized cost by adjusting their carrying amount through a loss allowance account. For debt instrument measured at FVOCI, the loss allowance is recognized in other comprehensive income and accumulated in FVOCI reserve.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group shall continue to recognize the financial asset to the extent of its continuing involvement and an associated liability for amounts it may have to pay. When the Group's continuing involvement takes the form of guaranteeing the transferred asset, the extent of the entity's continuing involvement is the lower of carrying amount of the asset and the maximum amount of the consideration received that the Group could be required to repay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of a debt instrument classified as at FVOCI, the cumulative gain or loss previously accumulated in the FVOCI reserve is reclassified to profit or loss.

(ii) Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as measured at amortized cost. Financial liabilities are subsequently measured at amortized cost under the effective interest method. Interest expense (unless they are eligible for capitalization) and foreign exchange gains and losses are recognized in profit or loss.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, canceled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

(s) Provisions and contingent liabilities

Provisions are recognized for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which it is probable will result in an outflow of economic benefits that can be reliably estimated.

Provisions for the expected cost of assurance-type warranty obligations under the relevant contracts with customers for sales of products are recognized at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(t) Share-based payments

The Company operates several restricted share schemes. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a black-scholes model, further details of which are given in note 39.

The cost of equity-settled transactions is recognized in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognized as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognized. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates, judgments and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if revision affects both current and future periods.

The following are key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(i) Useful lives of property, plant and equipment

The Group determines the estimated useful lives, residual values and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. The Group will increase the depreciation charges where useful lives are less than previously estimated lives, or will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(ii) Useful lives of intangible assets

The Group's management determines the useful lives and related amortization charges for its intangible assets. This estimate is based on the historical experience of the actual useful lives of intangible assets of similar nature and functions and may vary significantly as a result of technical innovations and keen competitions from competitors, resulting in higher amortization charge and/or write-off or write-down of technically obsolete assets when useful lives are less than previously estimated. The Group will increase the amortization charges where useful lives are less than previously estimated lives, or will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(iii) Fair value measurement

A number of assets and liabilities included in the Group's consolidated financial statements require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Group's financial and non-financial assets and liabilities utilizes market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilized are (the "fair value hierarchy"):

Level 1: Quoted prices in active markets for identical items (unadjusted);

Level 2: Observable direct or indirect inputs other than Level 1 inputs;

Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognized in the period they occur.

The Group measures certain financial instruments at fair value. The detailed information in relation to the fair value measurement of the financial instruments is disclosed in note 27.

(iv) Provision of ECL for financial assets at amortized cost

The Group calculates ECL for trade and other receivables, restricted bank deposits and cash and bank balances under IFRS 9. The provision rates are based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. Details of the key assumptions and inputs used are set out in note 41. Changes in these assumptions and estimation could materially affect the assessment and it may be necessary to make additional loss allowance in future periods.

(v) Recognition of deferred tax assets

Deferred income tax assets relating to certain deductible temporary differences and tax losses are recognized as management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilized. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and income tax expenses or other comprehensive income in the periods in which such estimate is changed.

(vi) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets (including property, plant and equipment, assets under construction, intangible assets and right-of-use assets) at the end of each reporting period. When impairment indicators exist, management is required to estimate the recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

(vii) Valuation of share-based payments

The fair value of awarded restricted share at the grant date are determined by using valuation techniques. Significant estimates on assumptions, such as risk-free interest rate and volatility are made based on management's best estimates. Further details are set out in Note 39 to the Historical Financial Information.

6. SEGMENT INFORMATION AND REVENUE

(i) Disaggregation of revenue from contracts with customers

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Revenue from contracts with customers by type of good and service			
Sales of multi-media intelligent terminal ICs	5,292,255	5,806,314	6,589,750
Sales of other ICs	77,629	120,001	199,882
Provision of technical services	1,058	–	950
Total revenue	5,370,942	5,926,315	6,790,582
Timing of revenue recognition:			
At a point in time	5,369,884	5,926,315	6,790,582
Over time	1,058	–	–
Total revenue from contracts with customers	5,370,942	5,926,315	6,790,582

(ii) Transaction Price Allocated to Future Performance Obligations

IFRS 15 requires that the Group to disclose the aggregate amount of transaction price that is allocated to each performance obligation that has not yet been satisfied as at each year end during the Track Record Period. The guidance provides certain practical expedients that limit this requirement and, therefore, for the vast majority of contracts, the Group does not disclose the value of unsatisfied performance obligations for contracts with an original expected length of one year or less.

(iii) Segment information

For the purposes of assessing performance and allocating resources, the Group's operation is regarded as one reportable operating segment which is the ICs segment. The operation engages in research and development, manufacturing and sales of ICs. The executive directors of the Company being the chief operating decision maker, review the financial performance and position of the Group as a whole. Accordingly, no segment information is presented.

Geographical information

An analysis of the Group's revenue from external customers, based on country in which customers reside, is presented below:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Revenue from contracts with customers			
Mainland China	524,880	511,958	615,402
Outside Mainland China – other regions and overseas countries	4,846,062	5,414,357	6,175,180
Total revenue	5,370,942	5,926,315	6,790,582

Information about the Group's non-current assets excluding financial assets and deferred tax assets by geographical location of the assets are presented below:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Non-current assets excluding financial assets and deferred tax assets			
Mainland China	803,768	811,474	940,898
Outside Mainland China – other regions and overseas countries	25,009	176,011	174,805
Total	828,777	987,485	1,115,703

Information about major customers

The major customers which contributed more than 10% of total revenue of the Group for each reporting period during the Track Record Period are follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Customer A	1,317,273	978,090	1,544,142
Customer B	840,864	1,109,760	1,064,434

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Customer C	N/A	N/A	N/A
Customer D	N/A	N/A	N/A
Customer E	N/A	595,253	N/A

Note: The corresponding revenue did not contribute over 10% of the total external sales of the Group.

7. OTHER INCOME

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Government grants*	43,273	21,024	20,662
Others	–	–	1,744
Total	43,273	21,024	22,406

* The amounts represent government grants received from various PRC government authorities as incentives for the Group's industry. There were no unfulfilled conditions or contingencies in relation to these grants recognized for each of the Track Record Period.

8. OTHER GAINS AND LOSSES, NET

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Dividend income from financial assets at FVTPL	12,142	15,060	15,086
Change in fair value of financial assets and financial liabilities at FVTPL	20,602	13,687	27,632
Net gains on disposal of financial assets and financial liabilities at FVTPL	1,501	5,395	14,264
Interest income from financial assets at amortized cost	6,392	11,612	22,313
Net foreign exchange gains/(losses)	47,072	55,601	(59,990)
Others	3,478	(399)	133
Total	91,187	100,956	19,438

9. IMPAIRMENT LOSSES, NET OF REVERSAL ON FINANCIAL ASSETS

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Impairment losses under ECL model, net of reversal			
Trade and other receivables	(59)	41	(340)
Other non-current assets	(1)	2	4
	(60)	43	(336)

Detail of impairment assessment are set out in note 41.

10. FINANCE INCOME, NET

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Interest income	88,138	113,333	90,689
Interest expense on lease liabilities	(1,748)	(1,384)	(978)
	86,390	111,949	89,711

11. PROFIT BEFORE TAX

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Cost of inventories	3,415,352	3,760,315	4,213,027
Written down/(reversal of written down) of inventories	171,545	(32,062)	11,195
Cost of inventories recognized as expenses	3,586,897	3,728,253	4,224,222
Depreciation of property, plant and equipment	132,547	127,526	189,595
Depreciation of right-of-use assets	16,654	14,928	12,693
Depreciation of investment properties	–	–	908
Amortization of intangible assets	98,796	74,283	61,450
Auditor's remuneration	1,976	1,980	1,919
Staff costs (including directors' emoluments):			
– Salaries and other benefits	988,636	817,221	1,165,890
– Retirement benefits scheme contributions	77,186	86,751	94,789
– Share-based payment expenses	157,390	71,890	46,771
	1,223,212	975,862	1,307,450

12. INCOME TAX EXPENSES/(CREDIT)

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current tax – PRC			
Charge for the year	1,457	58	66
Under provision in respect of prior year	197	7	–
Current tax – Hong Kong and others			
Charge for the year	23,048	13,163	35,279
(Over)/under provision in respect of prior year	(361)	(632)	244
Current tax	24,341	12,596	35,589
Deferred tax *(Note 36)*	(20,006)	20,008	2,579
Total income tax expenses/(credit)	4,335	32,604	38,168

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the standard EIT rate of the PRC subsidiaries is 25%. For the PRC subsidiaries approved as "High and New Technology Enterprise" by the relevant government authorities, they are subject to a preferential rate of 15%. For the PRC subsidiaries approved as "Micro and Small Enterprise" by the relevant government authorities, which the annual taxable income is not more than RMB1,000,000 shall be included in its taxable income at the reduced rate of 25%, with the applicable enterprise income tax rate of 20% for years ended December 31, 2023 to 2027.

The group entities incorporated in Hong Kong are subject to Hong Kong profits tax at a rate of 16.5% on the estimated assessable profits for the years ended December 31, 2023, 2024 and 2025. On March 21, 2018, the Hong Kong Legislative Council passed the Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on March 28, 2018 and was gazette on the following day. Under the two-tiered profits tax rates regime, the first HK$2,000,000 of profits of qualifying corporations will be taxed at 8.25%, and profits above HK$2,000,000 will be taxed at 16.5%.

Taxation arising from other jurisdictions is calculated at the rate prevailing in the relevant jurisdictions.

The income tax credit/(expense) for the Track Record Period can be reconciled to the profit before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Profit before tax	503,028	851,815	908,635
Tax at the applicable tax rate of 15% *(note (a))*	75,454	127,772	136,295
Effect of different tax rates of subsidiaries operating in other jurisdictions	28,380	(1,546)	3,408
(Over)/under provision of current tax in prior year	(164)	(625)	244
Tax effect of income not taxable for tax purpose	(4,387)	(7,832)	(7,818)
Tax effect of expenses not deductible for tax purpose	2,572	1,203	8,525
Utilization of tax losses previously not recognized	755	(60)	(4,062)
Effect of deductible temporary differences and tax losses not recognized as deferred tax asset	60,906	85,197	67,475
Effect of super deduction *(note (b))*	(159,181)	(171,505)	(165,899)
Total income tax expenses/(credit)	4,335	32,604	38,168

Notes:

(a) The applicable tax rate is with reference to the preferential PRC tax rate of 15% as the income deriving entities which are the PRC entities approved as "High and New Technology Enterprise" by the relevant government authorities under the EIT Law and Implementation Regulation of the EIT Law for the Track Record Period.

(b) According to the relevant laws and regulations promulgated by the State Tax Bureau of the PRC that was effective from 2018 onwards, enterprises engaging in research and development activities are entitled to claim 175% and 200% of their research and development expenses incurred as tax deductible expenses when determining their assessable profits for that year ("Super Deduction").

According to Public Notice 2023 No. 7 promulgated by the State Tax Bureau of Chinese Mainland in March 2023, the enterprises entitled to claim 200% of their research and development expenses incurred as tax deductible expenses in determining tax assessable profits from 2023 onwards.

The Group has made its best estimate for the Super Deduction to be claimed for the Group's entities in ascertaining their assessable profits during the years ended December 31, 2023, and 2024 and 2025.

13. DIRECTORS' EMOLUMENTS

Details of the emoluments paid or payable to the directors of the Company for the services provided to the Group during the Track Record Period are as follows:

Year ended December 31, 2023

	Directors' fee	Salaries and other benefits	Performance-based bonus	Retirement benefit scheme contributions	Share-based payment	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Chairman:						
John Zhong	–	3,860	–	–	–	3,860
Executive directors:						
余莉	–	1,024	–	–	169	1,193
羅濱 *(Note (e))*	–	–	–	–	–	–
王成 *(Note (b))*	–	–	–	–	–	–
顧炯 *(Note (c))*	60	–	–	–	–	60
章開和 *(Note (d))*	60	–	–	–	–	60
Independent non-executive directors:						
李翰傑 *(Note (f))*	60	–	–	–	–	60
吳輝 *(Note (g))*	60	–	–	–	–	60
	240	4,884	–	–	169	5,293

Year ended December 31, 2024

	Directors' fee	Salaries and other benefits	Performance-based bonus	Retirement benefit scheme contributions	Share-based payment	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Chairman:						
John Zhong	–	4,174	–	–	–	4,174
Executive directors:						
余莉	–	1,099	–	–	191	1,290
羅濱	–	–	–	–	–	–
Independent executive directors:						
李翰傑	120	–	–	–	–	120
吳輝 *(Note (g))*	80	–	–	–	–	80
馮義晶 *(Note (h))*	40	–	–	–	–	40
	240	5,273	–	–	191	5,704

Year ended December 31, 2025

	Directors' fee	Salaries and other benefits	Performance-based bonus	Retirement benefit scheme contributions	Share-based payment	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Chairman:						
John Zhong	–	2,913	–	–	–	2,913
Executive directors:						
余莉	–	871	–	–	149	1,020
羅濱	–	–	–	–	–	–
Independent non-executive directors:						
李翰傑	120	–	–	–	–	120
馮義晶	120	–	–	–	–	120
Employee director:						
趙丹 *(Note (i))*	–	161	–	–	–	161
	240	3,945	–	–	149	4,334

Notes:

(a) The executive director's emoluments shown above were for his services in connection with the management of the affairs of the Company and the Group during the Track Record Period. The performance-based bonus are determined based on the duties and performances of the relevant individuals and the operating result of the Group. None of the directors of the Company waived or agreed to waive any emoluments during the Track Record Period.

(b) 王成 was appointed as an executive director of the Company on May 19, 2020 and resigned on July 3, 2023.

(c) 顧炯 was appointed as an executive director of the Company on March 16, 2017 and resigned on July 3, 2023.

(d) 章開和 was appointed as an executive director of the Company on March 16, 2017 and resigned on July 3, 2023.

(e) 羅濱 was appointed as an executive director of the Company on July 3, 2023.

(f) 李翰傑 was appointed as an independent executive director of the Company on July 3, 2023.

(g) 吳輝 was appointed as an independent executive director of the Company on July 4, 2023 and resigned on September 3, 2024.

(h) 馮義晶 was appointed as an independent director of the Company on September 2, 2024.

(i) 趙丹 was appointed as an employee director of the Company on September 23, 2025.

14. FIVE HIGHEST PAID INDIVIDUALS

During the years ended December 31, 2023, 2024 and 2025, the five individuals with the highest emoluments in the Group include 1, 1 and 1 directors of the Company, details of whose remuneration are set out in Note 13 above. The emoluments of the remaining 4, 4 and 4 individuals during the Track Record Period were as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Salaries and other benefits	6,449	8,473	4,853
Performance-based bonus	1,540	5,384	3,014
Retirement benefits scheme contributions	326	969	404
Share-based payment	5,866	1,058	2,063
	14,181	15,884	10,334

The emoluments of the remaining individuals were within the following bands:

	Number of individuals		
	Year ended December 31,		
	2023	2024	2025
Nil to HK$1,000,000	–	–	–
HK$1,000,000 to HK$1,500,000	–	–	–
HK$1,500,001 to HK$2,000,000	–	–	–
HK$2,000,001 to HK$2,500,000	–	–	–
HK$2,500,001 to HK$3,000,000	–	–	4
HK$3,000,001 to HK$3,500,000	2	2	–
HK$3,500,001 to HK$4,000,000	–	1	–
HK$4,000,001 to HK$4,500,000	1	–	–
HK$4,500,001 to HK$5,000,000	1	–	–
HK$5,000,001 to HK$5,500,000	–	–	–
HK$5,500,001 to HK$6,000,000	–	–	–
HK$6,000,001 to HK$6,500,000	–	–	–
HK$6,500,001 to HK$7,000,000	–	1	–
HK$7,000,001 to HK$7,500,000	–	–	–
HK$7,500,001 to HK$8,000,000	–	–	–
HK$8,000,001 to HK$8,500,000	–	–	–
	4	4	4

During the Track Record Period, no emoluments were paid by the Group to the directors of the Company or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors of the Company have waived any emoluments during the Track Record Period.

15. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of the basic earnings per share attributable to owners of the Company is based on the following data:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Earnings attributable to owners of the Company for the purpose of calculating basic earnings per share	498,036	821,921	872,984

Number of shares:

	Year ended December 31,		
	2023	2024	2025
Weighted average number of ordinary shares in issue, excluding treasury share for the purpose of calculating basic earnings per share	415,669,983	418,100,315	419,861,941

(b) Diluted earnings per share

The calculation of the diluted earnings per share attributable to owners of the Company is based on the following data:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Earnings attributable to owners of the Company for the purpose of calculating diluted earnings per share	498,036	821,921	872,984

Number of shares:

	Year ended December 31,		
	2023	2024	2025
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	415,669,983	418,100,315	419,861,941
Effect of restricted shares	3,748,959	1,867,575	2,808,399
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	419,418,942	419,967,890	422,670,340

16. DIVIDENDS

Dividend paid by the Company during the Track Record Period was as follow:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Dividend	208,160	–	–

The final dividends of RMB208,160,000 in respect of the year ended December 31, 2023 were approved in annual general meeting of the Group and settled in 2023.

17. INVESTMENTS IN SUBSIDIARIES

(a) Investment cost

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Company			
Investments in subsidiaries			
– Unlisted shares, at cost less impairment loss	836,615	831,485	807,433

(b) Particular of the Company's principal subsidiaries at the date of this report are as follows:

Name of subsidiaries	Date and place of incorporation establishment	Registered capital	Equity interests attributable to the Company as at December 31, 2023		December 31, 2024		December 31, 2025		Principal activities
			Direct	Indirect	Direct	Indirect	Direct	Indirect	
			%	%	%	%	%	%	
晶其半導體(上海)有限公司 Jingqi Semiconductor (Shanghai) Co., Ltd. *(notes (a), (d))*	January 18, 2022 PRC	RMB 120,000,000	100	–	100	–	100	–	Research and development
晶晨半導體(深圳)有限公司 Amlogic (Shenzhen) Co., Ltd. *(note (d))*	June 25, 2014 PRC	RMB 61,132,000	100	–	100	–	100	–	Research and development and sales
晶玟半導體(上海)有限公司 Jingwen Semiconductor (Shanghai) Co., Ltd. *(note (a))*	May 26, 2023 PRC	RMB 20,000,000	100	–	100	–	100	–	Research and development
晶晨半導體(南京)有限公司 Amlogic (Nanjing) Co., Ltd. *(note (d))*	January 25, 2021 PRC	RMB 10,000,000	100	–	100	–	100	–	Research and development
晶晨半導體(西安)有限公司 Amlogic (Xian) Co., Ltd. *(note (d))*	December 23, 2020 PRC	RMB 10,000,000	100	–	100	–	100	–	Research and development
合肥晶晨芯半導體有限公司 Amlogic (Hefei) Co. Ltd. *(note (d))*	December 22, 2021	RMB 10,000,000	100	–	100	–	100	–	Research and development
晶晨芯半導體(成都)有限公司 Amlogic (Chengdu) Co. Ltd. *(note (d))*	December 18, 2020 PRC	RMB 10,000,000	100	–	100	–	100	–	Research and development
晶晨半導體科技(北京)有限公司 Amlogic (Beijing) Co., Ltd. *(note (d))*	December 27, 2017 PRC	RMB 3,000,000	100	–	100	–	100	–	Research and development

Name of subsidiaries	Date and place of incorporation establishment	Registered capital	Equity interests attributable to the Company as at December 31, 2023		December 31, 2024		December 31, 2025		Principal activities
			Direct	Indirect	Direct	Indirect	Direct	Indirect	
			%	%	%	%	%	%	
Amlogic Co., Limited *(note (d))*	September 23, 2015 Hong Kong	USD 9,000,000	100	–	100	–	100	–	Sales and distribution of ICs
Amlogic (CA) Co., Inc. *(note (e))*	November 20, 2015 United States	USD 2,010,000	100	–	100	–	100	–	Research and development
上海晶旻企業管理中心(有 限合夥) Shanghai Jingmin Enterprise Management Center (Limited Partnership) *(notes (a), (e))*	November 21, 2019 PRC	RMB 235,000,000	95	–	95	–	95	–	Investment
上海晶毅商務諮詢合夥企業(有限合夥) Shanghai Jingyi Business Consulting Partnership (Limited Partnership) *(notes (a), (e))*	May 24, 2018 PRC	RMB 135,000,000	66	–	66	–	66	–	Investment

Notes:

(a) The English names of all subsidiaries established in the PRC are translated for identification purpose only.

(b) All companies comprising the Group have adopted December 31, as their financial year end date.

(c) Entities established in the PRC are in the form of domestic limited liability company.

(d) The statutory financial statements of these subsidiaries for the years ended December 31, 2023, 2024 and 2025 were prepared in accordance with relevant accounting principles and financial regulations applicable in the relevant jurisdiction.

(e) No statutory audited financial statements were prepared for these entities since their date of incorporation as they are incorporated in a jurisdiction where there are no local statutory audit requirements or exempted from statutory audit requirements.

Non-controlling interests

There is no subsidiaries that has material non-controlling interests during Track Record Period.

18. INVESTMENTS IN ASSOCIATES

	As at December 31, 2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Group			
Share of net assets	81,703	89,898	94,899
At the beginning of the year	51,828	81,703	89,898
Share of post-acquisition profit/(losses)	38,953	8,195	5,001
Disposal	(9,078)	–	–
	81,703	89,898	94,899

The Group had interests in the following principal associate during the Track Record Period:

Name of associates	*Note*	Place of incorporation/ establishment and operation	Authorized share capital/ registered capital	% of ownership interests As at December 31, 2023	2024	2025	Principal activities
深圳盟海五號智能產業投 資合夥企業(有限合夥)	*a*	PRC	85,110,000	23.50%	23.50%	23.50%	Investment fund
深圳盟海智數投資合夥企業(有限合夥)	*b*	PRC	53,000,000	–	–	–	Investment fund
深圳盟海智能科技投資合夥企業(有限合夥)	*c*	PRC	26,500,000	56.60%	56.60%	56.60%	Investment fund

Notes:

(a) 深圳盟海五號智能產業投資合夥企業(有限合夥) is a limited partnership investment fund established in the PRC. The fund's financial and operating activities are managed by the general partner. The Group is one of the members of the investment committee of the fund and has 20% of the voting rights in the investment committee. As such, the Group is considered to have significant influence over the fund and therefore is accounted for as an associate.

(b) 深圳盟海智數投資合夥企業(有限合夥) is a limited partnership investment fund established in the PRC. The fund's financial and operating activities are managed by the general partner. Although the Group only holds 18.87% equity interest in the fund, but it is one of the members of the investment committee of the fund and has 20% of the voting rights in the investment committee. As such, the Group is considered to have significant influence over the fund and therefore is accounted for as an associate.

(c) 深圳盟海智能科技投資合夥企業(有限合夥) is a limited partnership investment fund established in the PRC. Although the Group holds 56.6% equity interest in the fund, the Group does not have control over the fund's financial and operating activities, which are managed by the general partner. The Group is one of the members of the investment committee of the fund and has 33% of the voting rights in the investment committee. As such, the Group is considered to have significant influence over the fund and therefore is accounted for as an associate.

Aggregate information of associates of the Group that are not individually material:

	As at December 31, 2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Aggregate carrying amount of the Group's associates in the Historical Financial Information	81,703	89,898	94,899

	Year ended December 31, 2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Share of results of associates	38,953	8,195	5,001

19. Property, plant and equipment

Group

	Property and Buildings	Electronic equipment	Motor vehicle	Office equipment	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost						
As of January 1, 2023	186,969	612,952	5,152	5,638	11,072	821,783
Additions	–	160,073	–	2,199	3,336	165,608
Disposals	–	(1,322)	–	(43)	(794)	(2,159)
Exchange realignment	–	264	8	15	–	287
As of December 31, 2023 and January 1, 2024	186,969	771,967	5,160	7,809	13,614	985,519
Additions	–	172,458	329	687	–	173,474
Transfer from assets under construction	96,917	–	–	–	42	96,959
Disposals	–	(4,878)	(738)	(27)	–	(5,643)
Exchange realignment	–	237	3	18	–	258
As of December 31, 2024 and January 1, 2025	283,886	939,784	4,754	8,487	13,656	1,250,567
Additions	734	174,422	1,635	602	–	177,393
Transfer from assets under construction	1,220	–	–	–	–	1,220
Disposals	–	(14,764)	(1,009)	(258)	(1,581)	(17,612)
Exchange realignment	–	(165)	1	(24)	(39)	(227)
As of December 31, 2025	285,840	1,099,277	5,381	8,807	12,036	1,411,341
Depreciation						
As of January 1, 2023	36,538	330,272	3,980	987	2,438	374,215
Depreciation charged	8,867	119,066	435	1,428	2,751	132,547
Disposals	–	(1,254)	–	(20)	(123)	(1,397)
Exchange realignment	–	183	6	7	(684)	(488)
As of December 31, 2023 and January 1, 2024	45,405	448,267	4,421	2,402	4,382	504,877
Depreciation charged	9,402	113,030	276	1,727	3,091	127,526
Disposals	–	(4,483)	(720)	(11)	–	(5,214)
Exchange realignment	–	195	2	10	16	223
As of December 31, 2024 and January 1, 2025	54,807	557,009	3,979	4,128	7,489	627,412
Depreciation charged	12,162	173,027	214	1,533	2,659	189,595
Disposals	–	(11,384)	(958)	(247)	(1,581)	(14,170)
Exchange realignment	–	(146)	–	(18)	(39)	(203)
As of December 31, 2025	66,969	718,506	3,235	5,396	8,528	802,634
Net carrying value						
As of December 31, 2023	141,564	323,700	739	5,407	9,232	480,642
As of December 31, 2024	229,079	382,775	775	4,359	6,167	623,155
As of December 31, 2025	218,871	380,771	2,146	3,411	3,508	608,707

Company

	Property and Buildings	Electronic equipment	Motor vehicle	Office equipment	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost						
As of January 1, 2023	186,969	571,492	2,147	934	794	762,336
Additions	–	155,286	–	127	–	155,413
Disposals	–	(1,244)	–	–	(794)	(2,038)
As of December 31, 2023 and January 1, 2024	186,969	725,534	2,147	1,061	–	915,711
Additions	–	170,332	–	264	–	170,596
Disposals	–	(1,745)	–	(5)	–	(1,750)
As of December 31, 2024 and January 1, 2025	186,969	894,121	2,147	1,320	–	1,084,557
Additions	–	168,944	1,635	348	–	170,927
Transfer from assets under construction	1,220	–	–	–	–	1,220
Disposals	–	(4,760)	(875)	(24)	–	(5,659)
As of December 31, 2025	188,189	1,058,305	2,907	1,644	–	1,251,045
Depreciation						
As of January 1, 2023	36,536	306,554	1,808	241	123	345,262
Depreciation charged	8,867	111,466	179	218	–	120,730
Disposals	–	(871)	–	–	(123)	(994)
As of December 31, 2023 and January 1, 2024	45,403	417,149	1,987	459	–	464,998
Depreciation	8,867	105,528	53	257	–	114,705
Disposals	–	(1,578)	–	(5)	–	(1,583)
As of December 31, 2024 and January 1, 2025	54,270	521,099	2,040	711	–	578,120
Depreciation charged	8,944	168,628	–	241	–	177,813
Disposals	–	(2,022)	(832)	(23)	–	(2,877)
As of December 31, 2025	63,214	687,705	1,208	929	–	753,056
Net carrying value						
As of December 31, 2023	141,566	308,385	160	602	–	450,713
As of December 31, 2024	132,699	373,022	107	609	–	506,437
As of December 31, 2025	124,975	370,600	1,699	715	–	497,989

20. ASSETS UNDER CONSTRUCTION

Group

	Facilities	Information system	Renovation of leased office Premises	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost				
As of January 1, 2023	–	–	1,440	1,440
Additions	–	–	88,447	88,447
As of December 31, 2023 and January 1, 2024	–	–	89,887	89,887
Additions	–	–	169,435	169,435

	Facilities	Information system	Renovation of leased office Premises	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Transfer to property, plant and equipment	–	–	(96,959)	(96,959)
Exchange realignment	–	–	1,515	1,515
As of December 31, 2024	–	–	163,878	163,878
Additions	–	–	12,019	12,019
Transfer to property, plant and equipment	–	–	(1,220)	(1,220)
Transfer to investment property	–	–	(94,313)	(94,313)
Exchange realignment	–	–	(2,286)	(2,286)
As of December 31, 2025	–	–	78,078	78,078

Company

	Facilities	Information system	Renovation of office premises	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost				
As of January 1, 2023, December 31, 2023 and January 1, 2024	–	–	–	–
Additions	–	–	521	521
As of December 31, 2024	–	–	521	521
Additions	–	–	1,694	1,694
Transfer to property, plant and equipment	–	–	(1,220)	(1,220)
As of December 31, 2025	–	–	995	995

21. RIGHT-OF-USE ASSETS

Group

	Buildings
	RMB'000
Cost	
As of January 1, 2023	78,417
Additions	1,420
Disposals	(11,060)
Exchange realignment	214
As of December 31, 2023 and January 1, 2024	68,991
Additions	8,275
Disposals	(7,798)
Exchange realignment	114
As of December 31, 2024 and January 1, 2025	69,582
Additions	12,829
Disposals	(34,072)
Exchange realignment	(75)
As of December 31, 2025	48,264

	Buildings
	RMB'000
Depreciation	
As of January 1, 2023	26,700
Depreciation charged	16,654
Disposals	(11,060)
Exchange realignment	131
As of December 31, 2023 and January 1, 2024	32,425
Depreciation charged	14,928
Disposals	(7,627)
Exchange realignment	84
As of December 31, 2024 and January 1, 2025	39,810
Depreciation charged	12,693
Disposals	(23,257)
Exchange realignment	(30)
As of December 31, 2025	29,216
Net carrying value	
As of December 31, 2023	36,566
As of December 31, 2024	29,772
As of December 31, 2025	19,048

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Expense relating to short-term or low value leases	4,090	5,188	4,380
Total cash outflow for leases	21,607	26,056	23,614

Lease contracts of factories are entered into for fixed term of 1 year to 5 years. Lease terms are negotiated on an individual basis. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable. The lease contracts of factories comprise only fixed payments over the lease terms and do not include any extension nor termination options.

As at December 31, 2023, 2024 and 2025, the Group's lease liabilities of approximately RMB40,554,000, RMB32,258,000 and RMB19,346,000 are recognized with related right-of-use assets of approximately RMB36,566,000, RMB29,772,000 and RMB19,048,000, respectively.

22. INVESTMENT PROPERTIES

Group

	Buildings	Freehold land	Total
	RMB'000	*RMB'000*	*RMB'000*
As of January 1, 2023, December 31, 2023, January 1, 2024, December 31, 2024 and January 1, 2025	–	–	–
Transfer from assets under construction	30,027	64,286	94,313
Depreciation charged	(908)	–	(908)
Exchange realignment	(465)	(1,027)	(1,492)
As of December 31, 2025	28,654	63,259	91,913

Notes:

(a) The Group's investment properties are located in the United States.

(b) The Group's interests in freehold land and buildings held for operating leases to earn rentals or for capital appreciation purposes are measured using the cost model and are classified and accounted for as investment properties.

Amounts recognized in profit or loss for investment properties:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Rental income from operating leases	–	–	2,381
Direct operating expenses for properties	–	–	(904)
	–	–	1,477

23. INTANGIBLE ASSETS

Group

	Patent	Software	Total
	RMB'000	*RMB'000*	*RMB'000*
Cost			
As of January 1, 2023	464,742	19,033	483,775
Additions	62,980	4,666	67,646
Disposals	(4,298)	(551)	(4,849)
Exchange realignment	557	78	635
As of December 31, 2023 and January 1, 2024	523,981	23,226	547,207
Additions	23,180	3,221	26,401
Disposals	(55,214)	(4,482)	(59,696)
Exchange realignment	498	88	586
As of December 31, 2024 and January 1, 2025	492,445	22,053	514,498
Additions	101,567	44,246	145,813
Disposals	(103,824)	(11,140)	(114,964)
Exchange realignment	(573)	(78)	(651)
As of December 31, 2025	489,615	55,081	544,696
Amortization			
As of January 1, 2023	322,012	12,451	334,463
Amortization charged	93,203	5,593	98,796
Disposals	(4,298)	(551)	(4,849)
Exchange realignment	274	68	342
As of December 31, 2023 and January 1, 2024	411,191	17,561	428,752
Amortization charged	67,444	6,839	74,283
Disposals	(51,704)	(4,482)	(56,186)
Exchange realignment	372	75	447
As of December 31, 2024 and January 1, 2025	427,303	19,993	447,296
Amortization charged	51,135	10,315	61,450
Disposals	(103,824)	(11,140)	(114,964)
Exchange realignment	(511)	(74)	(585)
As of December 31, 2025	374,103	19,094	393,197
Net carrying value			
As of December 31, 2023	112,790	5,665	118,455
As of December 31, 2024	65,142	2,060	67,202
As of December 31, 2025	115,512	35,987	151,499

Company

	Patent	Software	Total
	RMB'000	*RMB'000*	*RMB'000*
Cost			
As of January 1, 2023	431,268	14,415	445,683
Additions	60,679	2,454	63,133
Disposals	–	(336)	(336)
Exchange realignment	–	–	–
As of December 31, 2023 and January 1, 2024	491,947	16,533	508,480
Additions	21,049	883	21,932
Disposals	(55,214)	(2,246)	(57,460)
Exchange realignment	–	–	–
As of December 31, 2024 and January 1, 2025	457,782	15,170	472,952
Additions	101,567	44,246	145,813
Disposals	(91,615)	(7,524)	(99,139)
Exchange realignment	–	–	–
As of December 31, 2025	467,734	51,892	519,626
Amortization			
As of January 1, 2023	307,472	8,139	315,611
Amortization charged	83,683	4,789	88,472
Disposals	–	(280)	(280)
Exchange realignment	–	–	–
As of December 31, 2023 and January 1, 2024	391,155	12,648	403,803
Amortization charged	59,799	3,055	62,854
Disposals	(51,704)	(2,247)	(53,951)
Exchange realignment	–	–	–
As of December 31, 2024 and January 1, 2025	399,250	13,456	412,706
Amortization charged	45,993	9,976	55,969
Disposals	(91,615)	(7,524)	(99,139)
Exchange realignment	–	–	–
As of December 31, 2025	353,628	15,908	369,536
Net carrying value			
As of December 31, 2023	100,792	3,885	104,677
As of December 31, 2024	58,532	1,714	60,246
As of December 31, 2025	114,106	35,984	150,090

24. OTHER NON-CURRENT ASSETS AND OTHER CURRENT ASSETS

Group

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Non-current portion			
Rental deposits	5,342	5,227	4,342
Loan receivables from employees	6,797	5,226	1,812
Others	–	71	92
	12,139	10,524	6,246

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current portion			
Other tax receivables	8,522	11,289	26,477
Loan receivables from employees	5,865	5,565	4,176
Others *(note)*	11,013	15,796	8,810
	25,400	32,650	39,463
Total	37,539	43,174	45,709

Note: The amounts mainly included software maintenance and permit fees and insurance fees.

Company

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Non-current portion			
Rental deposits	516	491	491
Loan receivables from employees	3,747	1,633	120
Others	–	71	92
	4,263	2,195	703
Current portion			
Other tax receivables	4,158	6,078	21,494
Loan receivables from employees	3,650	3,712	1,517
Others	3,245	5,659	4,610
	11,053	15,449	27,621
Total	15,316	17,644	28,324

25. INVENTORIES

Group

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	299,157	211,483	817,491
Work in progress	846,805	936,529	1,187,015
Finished goods	405,729	485,316	663,027
Goods in transit	–	–	86,209
Less: write-downs of inventories	(307,138)	(223,736)	(226,045)
Total	1,244,553	1,409,592	2,527,697

Company

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	299,157	211,483	817,491
Work in progress	846,783	936,506	1,186,992
Finished goods	156,354	109,374	248,218
Goods in transit	–	–	86,209
Less: write-downs of inventories	(269,438)	(185,580)	(171,503)
Total	1,032,856	1,071,783	2,167,407

26. TRADE AND OTHER RECEIVABLES

Group

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables			
Related parties	–	–	293
Independent third parties	218,583	177,196	335,401
Less: loss allowance for trade receivables	(554)	(518)	(845)
	218,029	176,678	334,849
Other receivables *(note (b))*			
Related parties	–	–	64
Independent third parties	26,679	22,333	36,012
Less: loss allowance for other receivables	(1)	(1)	(1)
	26,678	22,332	36,075
Total trade and other receivables	244,707	199,010	370,924

Company

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables			
Third parties	106,393	71,164	75,822
Subsidiaries *(note (a))*	602,141	854,421	987,576
Less: loss allowance for trade receivables	(255)	(171)	(182)
	708,279	925,414	1,063,216
Other receivables *(note (b))*			
Third parties	25,927	21,827	35,497
Subsidiaries *(note (a))*	78,775	78,481	63,259
Less: loss allowance for trade receivables	–	–	–
	104,702	100,308	98,756
Total trade and other receivables	812,981	1,025,722	1,161,972

Notes:

(a) During the Track Record Period, the amounts due from subsidiaries were unsecured, interest free and repayable on demand.

(b) Other receivables mainly included export tax refund and deposits for buildings and utilities.

The Group allows a credit period of 30 days to 45 days to its customers. The following is aging analysis of trade receivables (net of allowance for impairment losses), presented based on the invoice dates, at the end of each reporting period:

Group

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
0-30 days	163,611	116,439	274,148
31-180 days	54,418	60,239	60,701
	218,029	176,678	334,849

Movements in lifetime ECL that have been recognized for trade receivables in accordance with the simplified approach set out in IFRS 9 for the years ended December 31, 2023, 2024 and 2025:

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of year	489	554	518
Impairment losses, net	553	515	858
Amount written off as uncollectible	(494)	(556)	(518)
Exchange realignment	6	5	(13)
At the end of year	554	518	845

Company

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
0-30 days	468,952	602,825	761,876
31-180 days	239,327	322,589	301,340
	708,279	925,414	1,063,216

Movements in lifetime ECL that have been recognized for trade receivables in accordance with the simplified approach set out in IFRS 9 for the years ended December 31, 2023, 2024 and 2025:

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of year	103	255	171
Impairment losses, net	152	(84)	11
At the end of year	255	171	182

27. PREPAYMENTS

Group

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Non-current portion			
Prepayment for acquisition of property, plant and equipment and intangible assets	9,385	3,056	2,156
Prepayment for acquisition of 100% interests in Xinmai Micro Semiconductor (Jiaxing) Co., Ltd. *(note)*	–	–	158,055
	9,385	3,056	160,211
Current portion			
Prepaid EIT	2,134	4,051	2,163
Prepayment for inventories	6,025	4,298	390,684
	8,159	8,349	392,847
Total prepayments	17,544	11,405	553,058

Company

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Non-current portion			
Prepayment for acquisition of property, plant and equipment and intangible assets	1,441	1,418	1,837
Prepayment for acquisition of 100% interests in Xinmai Micro Semiconductor (Jiaxing) Co., Ltd. *(note)*	–	–	158,055
	1,441	1,418	159,892
Current portion			
Prepaid EIT	–	–	–
Prepayment for inventories	4,571	3,177	389,736
	4,571	3,177	389,736
Total prepayments	6,012	4,595	549,628

Note:

Details of acquisition of 100% interests in Xinmai Micro Semiconductor (Jiaxing) Co., Ltd. are disclosed in note 47 to this Historical Financial Information.

28. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Group

	Note	As of December 31, 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Non-current portion				
Investment in unlisted companies		195,025	208,065	264,513
Private equity funds		108,732	282,257	283,835
		303,757	490,322	548,348
Current portion				
Structured deposits	*a*	826,491	781,880	165,169
Wealth management products	*b*	148,346	155,223	235,383
		974,837	937,103	400,552
Total		1,278,594	1,427,425	948,900

Notes:

(a) As of December 31, 2023, 2024 and 2025, the Group maintained a portfolio of structured deposit products, issued by licensed banks. During the Track Record Period, interest income from the structure deposit products has recognized as fair value gains on financial assets at fair value through profit or loss, which are set out in note 8.

These structured deposit products are low-risk with terms ranging from one to twelve months, and linked to interest rates and foreign exchange indices.

(b) As of December 31, 2023, 2024 and 2025, the Group maintained a portfolio of wealth management products, issued by licensed banks and financial institutions, with expected rates of return ranging from 1.1% to 5.3% per annum, 0.5% to 4.8% per annum and 1.9% to 6.7% per annum for the years ended December 31, 2023, 2024 and 2025. The return on all these wealth management products is not guaranteed, and their contractual cash flows do not qualify for solely payments of principal and interest. Therefore, these wealth management products are measured at fair value through profit or loss.

Company

	As of December 31, 2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current portion			
Structured deposits	812,460	771,866	150,137
Total	812,460	771,866	150,137

29. FINANCIAL ASSETS AT AMORTIZED COST

Group

	As of December 31, 2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Non-current portion			
– Debt securities	–	–	148,786
Current portion			
– Debt securities	142,913	286,822	358,856
Total	142,913	286,822	507,642

Note: No provision for impairment loss was made on the financial assets held at December 2023, 2024 and 2025 as there is no history of default and the expected credit loss was minimal.

30. CASH AND BANK BALANCES AND RESTRICTED CASH

Group

	Note	As at December 31, 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Cash and bank balances		2,506,951	2,915,442	2,521,583
Restricted bank deposit	*(b)*	–	43,130	71,086
		2,506,951	2,958,572	2,592,669
Less: Time deposits		(1,726,137)	(2,105,674)	(1,351,119)
Restricted bank deposits	*(b)*	–	(43,130)	(71,086)
Cash and cash equivalents		780,814	809,768	1,170,464

Company

	Note	As at December 31, 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Cash and bank balances		1,882,911	2,439,270	2,173,719
Restricted bank deposit	*(b)*	–	43,130	71,086
		1,882,911	2,482,400	2,244,805
Less: Time deposits		(1,440,542)	(2,033,315)	(1,315,562)
Restricted bank deposits	*(b)*	–	(43,130)	(71,086)
Cash and cash equivalents		442,369	405,955	858,157

Notes:

(a) At the end of each reporting period, cash and bank balances of the Group comprised of bank balances and cash held. Bank balances carried interest at prevailing market rates which are 0.01%-1.25%, 0.01%-1.00% and 0.01%-1.35% per annum as of December 31, 2023, 2024 and 2025, respectively.

(b) As of December 31, 2024, bank deposits are denominated in United States Dollar ("USD") and the balances of approximately RMB43,130,000 (equivalents to USD6,000,000) were restricted. The conversion of the USD denominated balances into RMB is subject to the rules and regulations of foreign exchange control promulgated by the PRC Government. The Group is permitted to exchange other currencies for RMB through banks authorized to conduct foreign exchange business.

As of December 31, 2025, bank deposits are denominated in United States Dollar ("USD") and RMB and the balances of approximately RMB21,086,000 (equivalents to USD3,000,000) and RMB50,000,000 were restricted. The conversion of the USD denominated balances into RMB is subject to the rules and regulations of foreign exchange control promulgated by the PRC Government. The Group is permitted to exchange other currencies for RMB through banks authorized to conduct foreign exchange business.

31. TRADE AND OTHER PAYABLES

Group

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade payables			
– Related parties	–	–	17,911
– Independent third parties	357,539	386,711	551,693
	357,539	386,711	569,604
Other payables			
– Related parties	–	41,353	114,989
– Independent third parties	72,030	71,601	67,536
– Salary and bonus payables	185,373	188,459	198,801
	257,403	301,413	381,326
Total trade and other payables	614,942	688,124	950,930

Company

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade payables			
– Third parties	352,818	380,567	549,911
– Subsidiaries *(note (a))*	186,687	226,707	115,391
	539,505	607,274	665,302
Other payables			
– Third parties	40,915	79,778	146,991
– Subsidiaries *(note (a))*	99,488	135,636	58,926
– Salary and bonus payables	70,607	76,219	94,434
	211,010	291,633	300,351
Total trade and other payables	750,515	898,907	965,653

Note:

(a) During the Track Record Period, the amounts due to subsidiaries were unsecured, interest free and repayable on demand.

Payment terms with suppliers are mainly on credit ranging from 30 days to 60 days from invoice date. The following is an aging analysis of trade payables presented based on invoice date at the end of each reporting period:

Group

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
0-180 days	356,864	364,309	549,345
181-365 days	219	21,948	–
1-2 years	1	–	20,252
Over 2 years	455	454	7
Total	357,539	386,711	569,604

Company

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
0-180 days	539,048	569,893	645,954
181-365 days	1	3,350	–
1-2 years	1	33,576	6,324
Over 2 years	455	455	13,024
Total	539,505	607,274	665,302

32. CONTRACT LIABILITIES

Group

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Contract liabilities			
– Third parties	55,253	117,874	121,274
Total	55,253	117,874	121,274

Contract liabilities primarily relate to the advance payments made by customers for sale of semi-conductor IC and other ICs. This amount will be recognized as contract liabilities until the control of the goods has been transferred to the customer, being at the point the goods are delivered to the customers.

Changes in contract liabilities primarily relate to the Group's and the Company's performance of services under the contracts. Revenue of RMB60,729,000, RMB53,459,000 and RMB114,997,000 of the Group were recognized for the years ended December 31, 2023, 2024, and 2025 that were included in the contract liabilities at the beginning of the relevant years, respectively.

The Group expects that the contract liabilities as of December 31, 2023, 2024 and 2025 will be recognized as revenue within a year.

Company

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Contract liabilities			
– Third parties	–	–	3,587
Total	–	–	3,587

33. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Group and Company

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Foreign currency forward contracts	–	201	63
	–	201	63

As of December 31, 2023 and 2024 and 2025, the Group has entered into Nil, USD6,000,000, USD3,000,000 contracts in which the Group is able to sell US$/buy RMB at fixed exchange rates at a fixed future time.

34. LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of each reporting period:

Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within one year	14,108	14,766	10,219
Within a period of more than one year but within two years	11,492	11,878	6,029
Within a period of more than two years but within five years	14,954	5,614	3,098
	40,554	32,258	19,346
Less: Amounts due for settlement within 12 months shown under current liabilities	(14,108)	(14,766)	(10,219)
Amount due for settlement after 12 months shown under non-current liabilities	26,446	17,492	9,127

35. OTHER NON-CURRENT LIABILITIES AND OTHER CURRENT LIABILITIES

Group

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Non-current portion			
Patent license fee	8,600	6,102	10,384
Government grants *(note)*	32,422	32,233	47,146
	41,022	38,335	57,530
Current portion			
Patent license fee	46,098	13,200	26,223
Accrued royalty fees	55,411	45,673	59,359
Others	6,419	3,379	8,965
	107,928	62,252	94,547
Total	148,950	100,587	152,077

Company

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Non-current portion			
Patent license fee	8,600	6,102	10,384
Government grants *(note)*	32,422	32,233	47,146
	41,022	38,335	57,530
Current portion			
Patent license fee	46,098	13,200	26,223
Accrued royalty fees	54,739	45,259	58,844
Others	160	110	478
	100,997	58,569	85,545
Total	142,019	96,904	143,075

Note: The amounts represent government grants received from various PRC government authorities as incentives for the Group's industry. There were no unfulfilled conditions or contingencies in relation to these grants recognized for each of the Track Record Period. The amounts received are treated as other liabilities and will be released to profit or loss over the estimated useful lives of the underlying property, plant and equipment or over the period.

36. DEFERRED TAXATION

Group

The following is a summary of the deferred tax balances of the Group for financial reporting purposes:

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Deferred tax assets	76,007	56,125	53,373
Deferred tax liabilities	(24)	(16)	(14)
	75,983	56,109	53,359

Group

The movements in deferred tax assets/(liabilities) during the Track Record Period, without taking into consideration of offsetting of balances within the same jurisdiction, are as follows:

	Provision for asset impairments	Elimination of intragroup unrealized profit	Tax losses	Deferred income	Accrued expense	Share-based payment	Change in fair value of financial assets and financial liabilities	Lease liabilities	Depreciation and amortization	Temporary differences on equity investments	Right-of-use assets	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As of January 1, 2023	23,580	20,149	1,933	6,171	163	20,953	323	5,997	(13,573)	(3,867)	(5,997)	55,832
(Charged)/credited to profit or loss	22,999	8,939	(283)	(761)	(35)	(393)	(521)	(1,752)	(2,666)	(7,273)	1,752	20,006
Exchange realignment	139	–	–	–	3	–	9	–	(6)	–	–	145
As of December 31, 2023 and January 1, 2024	46,718	29,088	1,650	5,410	131	20,560	(189)	4,245	(16,245)	(11,140)	(4,245)	75,983
(Charged)/credited to profit or loss	(12,672)	(3,304)	(544)	1,053	155	(3,275)	(758)	(674)	1,005	(1,670)	676	(20,008)
Exchange realignment	152	–	–	–	3	–	(5)	–	(1)	(15)	–	134
As of December 31, 2024 and January 1, 2025	34,198	25,784	1,106	6,463	289	17,285	(952)	3,571	(15,241)	(12,825)	(3,569)	56,109
(Charged)/credited to profit or loss	930	4,889	359	2,466	(102)	(4,217)	(786)	(1,523)	(1,924)	(4,058)	1,387	(2,579)
Exchange realignment	(294)	–	–	–	(5)	–	32	–	–	96	–	(171)
As of December 31, 2025	34,834	30,673	1,465	8,929	182	13,068	(1,706)	2,048	(17,165)	(16,787)	(2,182)	53,359

Note: As of December 31, 2023, 2024 and 2025, the Group had deductible temporary differences and unused tax losses of RMB733,575,000, RMB1,316,926,000 and RMB1,908,365,000, respectively, available to offset against future profits for which no deferred tax assets had been recognized as of December 31, 2023, 2024 and 2025, respectively, as it is not probable that taxable profit will be available against which the unused tax losses can be utilized. The material unused tax losses have expiry dates as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Expiry year			
2029	12,007	11,825	11,664
2030	41,178	41,178	41,178
2031	43,792	43,792	43,792
2032	84,992	84,992	84,992
2033 and afterwards	551,606	1,135,139	1,726,739
	733,575	1,316,926	1,908,365

Company

The following is a summary of the deferred tax balances of the Company for financial reporting purposes:

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Deferred tax assets	40,499	26,206	20,770
Deferred tax liabilities	–	–	–
	40,499	26,206	20,770

The movements in deferred tax assets during the Track Record Period, without taking into consideration of offsetting of balances within the same jurisdiction, are as follows:

	Provision for asset impairments	Deferred income	Share-based payment	Change in fair value of financial assets and financial liabilities	Depreciation and amortization	Temporary differences on equity investments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As of January 1, 2023	19,092	6,171	20,953	(359)	(11,067)	(3,867)	30,923
(Charged)/credited to profit or loss	21,365	(761)	(393)	(10)	(3,352)	(7,273)	9,576
As of December 31, 2023 and January 1, 2024	40,457	5,410	20,560	(369)	(14,419)	(11,140)	40,499
(Charged)/credited to profit or loss	(12,593)	1,053	(3,275)	89	516	(83)	(14,293)
As of December 31, 2024 and January 1, 2025	27,864	6,463	17,285	(280)	(13,903)	(11,223)	26,206
(Charged)/credited to profit or loss	(2,110)	2,465	(4,217)	256	(1,618)	(212)	(5,436)
As of December 31, 2025	25,754	8,928	13,068	(24)	(15,521)	(11,435)	20,770

37. SHARE CAPITAL

	Number of ordinary shares	Authorized capital	Issued and paid shares
		RMB'000	*RMB'000*
Group and Company			
Ordinary shares of RMB1.00 each			
As of January 1, 2023	413,499,880	413,500	413,500
Issue of new shares *(note (b))*	2,894,088	2,894	2,894
As of December 31, 2023 and January 1, 2024	416,393,968	416,394	416,394
Issue of new shares *(note (c))*	2,340,840	2,341	2,341
As of December 31, 2024 and January 1, 2025	418,734,808	418,735	418,735
Issue of new shares *(note (d))*	2,430,805	2,431	2,431
As of December 31, 2025	421,165,613	421,166	421,166

Notes:

(a) The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(b) During the year ended December 31, 2023, pursuant to the directors' resolution passed on February 15, 2023, May 18, 2023, August 14, 2023 and November 3, 2023, the Company issued new shares of 1,763,723, 913,285, 142,980 and 74,100, respectively.

(c) During the year ended December 31, 2024, pursuant to the directors' resolution passed on February 23, 2024, August 14, 2024 and October 28, 2024, the Company issued new shares of 1,932,400, 167,640 and 240,800, respectively.

(d) During the year ended December 31, 2025, pursuant to the directors' resolution passed on October 28, 2024, February 20, 2025, May 9, 2025 and October 29, 2025, the Company issued new shares of 748,342, 452,490, 1,165,623 and 64,350, respectively.

38. TREASURY SHARES

Group and Company

	As of December 31,					
	2023		2024		2025	
	Number of shares	*RMB'000*	*Number of shares*	*RMB'000*	*Number of shares*	*RMB'000*
Opening balance	–	–	–	–	–	–
Repurchase of shares *(note)*	–	–	–	–	1,073,489	80,016
Closing balance	–	–	–	–	1,073,489	80,016

Note: During the year ended December 31, 2025, pursuant to the directors' resolution passed on April 10, 2025, the Company has repurchased 1,073,489 shares of A-shares. The implementation of the repurchase meets the requirements of the Company's share repurchase plan and relevant laws and regulations.

39. SHARE-BASED PAYMENT

During the Track Record Period, the Company launched and adopted several restricted share schemes. The restricted share scheme is designed to provide an incentive to attract and retain employees of the Group and to align the long-term interests of employees and shareholders. Eligible participants of these restricted share schemes include directors, senior management, core technical personnel, and key staff in management, technology, and business fields of the Group. Under the scheme, eligible participants may granted restricted shares subject to vesting conditions are based on performance.

The Group uses the Black-Scholes valuation model to determine the estimated fair value for each of the restricted share granted. Dividend yield is based on the estimate of annual dividends expected to be paid at the time of grant. Expected volatility is based on the historical volatility of Amlogic (Shanghai) Co., Ltd. trading on Shanghai Stock Exchange. The risk-free interest rate used for each period presented is based on the China Bond Government Bond Yield Curve at the time of grant for the period equal to the expected life.

	2019 Restricted Share Scheme	2021 Restricted Share Scheme	2023 Restricted Share Scheme – Phase 1	2023 Restricted Share Scheme – Phase 2	2025 Restricted Share Scheme
Share price at date of grant of restricted share	RMB53.99-RMB81.9	RMB93.22-RMB126.1	RMB78.6	RMB61.71	RMB70.2
Exercise price	RMB11/RMB19.25	RMB65.08/RMB78.09	RMB37.4	RMB31.65	RMB36.58
Expected volatility	49.16%-56.37%	50.47%-69.73%	51.78%-62.95%	43.45%-49.54%	37.65%-45.74%
Expected life	2-4 years	1-4 years	1-4 years	1-2 years	1-4 years
Risk-free rate	2.29%-3.05%	2.29%-2.88%	2.14%-2.52%	2.30%-2.36%	1.42%-1.48%
Expected dividend yield	0.11%	0.11%	–	–	–
Weighted average fair value of restricted share at the date of grant	RMB48.33	RMB46.25	RMB48.38	RMB32.54	RMB36.9

Pursuant to the profit distribution completed in Track Record Period, the board of directors of the Company has resolved to adjust the exercise price, without adjust the number of restricted shares granted, under each of the restricted share scheme each year and the details are described below.

2019 Restricted Share Scheme

In December 2019, the Company adopted 2019 restricted share scheme (the "2019 Restricted Share Scheme"), which will be valid and effective for a period of 6 years. Under the 2019 Restricted Share Scheme, the directors of the Company may grant up to 8,000,000 restricted shares to eligible employees to obtain ordinary shares of the Company upon vesting. Before the end of the 2020, totally 8,000,000 restricted shares were granted to eligible employees with two categories of initial exercise price based on their length of service and the importance of their positions:

Category 1: Eligible employees who have served the Group continuously for more than two years or hold critical positions. Under 2019 Restricted Share Scheme and category 1, 5,271,700 restricted shares at the initial exercise price of RMB11.00 per share were granted to 301 employees and the restricted share would be vested in three tranches. In August 2022, the exercise price was changed to RMB10.88 per share. In December 2023, the exercise price further changed to RMB10.38 per share.

Category 2: Eligible employees who have served the Company for less than two years. Under 2019 Restricted Share Scheme and category 2, 1,184,500 restricted shares at the initial exercise price of RMB19.25 per share were granted to 92 employees in February 2020 and the restricted share would be vested in three tranches. In June 2020, 582,800 restricted shares at the initial exercise price of RMB19.25 per share were granted to 269 employees and the restricted share would be vested in three tranches. In September 2020, 283,500 restricted shares at the initial exercise price of RMB19.25 per share were granted to 33 employees and the restricted share would be vested in three tranches. In October 2020, 169,500 restricted shares at the initial exercise price of RMB19.25 per share were granted to 15 employees and the restricted share would be vested in three tranches. In December 2020, 508,000 restricted shares at the initial exercise price of RMB19.25 per share were granted to 71 employees and the restricted share would be vested in three tranches. In August 2022, the exercise price was changed to RMB19.13 per share. In December 2023, the exercise price further changed to RMB18.63 per share.

Upon satisfying the vesting conditions, the participants are entitled to purchase newly issued A shares of the Company at the corresponding prices.

2021 Restricted Share Scheme

In April 2021, the Company adopted 2021 restricted share scheme (the "2021 Restricted Share Scheme"), which will be valid and effective for a period of 6 years. Under the 2021 Restricted Share Scheme, the directors of the Company may grant up to 8,000,000 restricted shares to eligible employees to obtain ordinary shares of the Company upon vesting. Before the end of the 2021, totally 8,000,000 restricted shares were granted to eligible employees with two categories of initial exercise price based on their length of service and the importance of their positions:

Category 1: Eligible employees whose work location is in Mainland China. Under 2021 Restricted Share Scheme and category 1, 3,793,300 restricted shares at the initial exercise price of RMB65.08 per share were granted to 352 employees in April 2021 and the restricted share would be vested in four tranches. In August 2021, 406,500 restricted shares at the initial exercise price of RMB65.08 per share were granted to 28 employees and the restricted share would be vested in four tranches. In December 2021, 1,078,500 restricted shares at the initial exercise price of RMB65.08 per share were granted to 114 employees and the restricted share would be vested in four tranches. In December 2023, the exercise price further changed to RMB64.58 per share.

Category 2: Eligible employees whose work location is outside Mainland China. Under 2021 Restricted Share Scheme and category 2, 2,606,700 restricted shares at the initial exercise price of RMB78.09 per share were granted to 87 employees in April 2021 and the restricted share would be vested in four tranches. In August 2021, 115,000 restricted shares at the initial exercise price of RMB78.09 per share were granted to 4 employees and the restricted share would be vested in four tranches. In December 2023, the exercise price further changed to RMB77.59 per share.

Upon satisfying the vesting conditions, the participants are entitled to purchase newly issued A shares of the Company at the corresponding prices.

2023 Restricted Share Scheme Phase 1

In March 2023, the Company adopted 2023 restricted share scheme (the "2023 Restricted Share Scheme"). Under the 2023 Restricted Share Scheme Phase 1, the directors of the Company may grant up to 4,900,000 restricted shares to eligible employees to obtain ordinary shares of the Company upon vesting, which will be valid and effective for a period of 5 years. On May 4, 2023, 4,900,000 restricted shares were granted to eligible employees at initial exercise price of RMB37.04 per share were granted to 570 employees and the restricted share would be vested in four tranches. In December 2023, the exercise price further changed to RMB36.54 per share.

Upon satisfying the vesting conditions, the participants are entitled to purchase newly issued A shares of the Company at the corresponding prices.

2023 Restricted Share Scheme Phase 2

Under the 2023 Restricted Share Scheme Phase 2, the directors of the Company may grant up to 1,407,625 restricted shares to eligible employees to obtain ordinary shares of the Company upon vesting, which will be valid and effective for a period of 3 years. On December 19, 2023, 1,391,375 restricted shares were granted to eligible employees at initial exercise price of RMB31.65 per share were granted to 586 employees and the restricted share would be vested in two tranches.

Upon satisfying the vesting conditions, the participants are entitled to purchase newly issued A shares of the Company at the corresponding prices.

2025 Restricted Share Scheme

In April 2025, the Company adopted 2025 restricted share scheme (the "2025 Restricted Share Scheme"), which will be valid and effective for a period of 5 years. Under the 2025 Restricted Share Scheme, the directors of the Company may grant up to 8,000,000 restricted shares to eligible employees to obtain ordinary shares of the Company upon vesting. On May 9, 2025, 5,961,100 restricted shares were granted to eligible employees at initial exercise price of RMB36.58 per share were granted to 649 employees and the restricted share would be vested in four tranches.

Upon satisfying the vesting conditions, the participants are entitled to purchase newly issued A shares of the Company at the corresponding prices.

Set out below are details of the movements of the outstanding restricted shares granted under the restricted share schemes during the Track Record Period:

	As of December 31,					
	2023		2024		2025	
	Weighted average exercise price	Number	Weighted average exercise price	Number	Weighted average exercise price	Number
	RMB		*RMB*		*RMB*	
2019 Restricted Share Scheme						
Outstanding at the beginning of the year	13.69	4,165,019	13.32	2,418,840	18.63	161,840
Forfeited *(note)*	19.13	(1)	15.74	(83,160)	–	–
Exercised	13.51	(1,746,178)	12.84	(2,173,840)	18.63	(161,840)
Outstanding at the end of the year	13.32	2,418,840	18.63	161,840	–	–
Exercisable at the end of the year	N/A	–	N/A	–	N/A	–
2021 Restricted Share Scheme						
Outstanding at the beginning of the year	70.13	6,469,040	70.74	5,303,880	69.54	3,709,886
Forfeited *(note)*	65.08	(17,250)	74.59	(1,426,994)	65.14	(1,750,516)
Exercised	65.08	(1,147,910)	64.58	(167,000)	74.51	(1,753,758)
Outstanding at the end of the year	70.74	5,303,880	69.54	3,709,886	64.58	205,612
Exercisable at the end of the year	N/A	–	N/A	–	N/A	–
2023 Restricted Share Scheme – Phase 1						
Outstanding at the beginning of the year	–	–	36.54	4,900,000	36.54	3,370,200
Granted	37.04	4,900,000	–	–	–	–
Forfeited *(note)*	–	–	36.54	(1,529,800)	36.54	(1,528,100)
Outstanding at the end of the year	36.54	4,900,000	36.54	3,370,200	36.54	1,842,100
Exercisable at the end of the year	N/A	–	N/A	–	N/A	–
2023 Restricted Share Scheme – Phase 2						
Outstanding at the beginning of the year	–	–	31.65	1,391,375	31.65	1,272,775
Granted	31.65	1,391,375	–	–	–	–
Forfeited *(note)*	–	–	31.65	(118,600)	31.65	(341,709)
Exercised	–	–	–	–	31.65	(399,849)
Outstanding at the end of the year	31.65	1,391,375	31.65	1,272,775	31.65	531,217
Exercisable at the end of the year	N/A	–	N/A	–	N/A	–
2025 Restricted Share Scheme						
Outstanding at the beginning of the year	–	–	–	–	–	–
Granted	–	–	–	–	36.58	5,961,100
Exercised	–	–	–	–	36.58	(62,850)
Outstanding at the end of the year	–	–	–	–	36.58	5,898,250
Exercisable at the end of the year	N/A	–	N/A	–	N/A	–

Note: As at December 31, 2023, 2024 and 2025, in aggregate of 17,251, 3,158,554 and 3,620,325 restricted shares had been forfeited due to employee resignations or failure to meet performance assessment requirements of the Group.

The weighted average remaining contractual lives of the restricted shares outstanding at December 31, 2023, 2024 and 2025 were 1.18 years, 0.87 years and 1.11 years respectively. There are no restricted shares exercisable at December 31, 2023, 2024 and 2025.

40. RESERVES

Reserve movement of the Company

	Capital reserve	Treasury shares	Surplus reserve	Retained earnings	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2023	2,463,179	–	176,030	1,518,038	4,157,247
Profit for the year	–	–	–	274,400	274,400
Issuance of new shares	95,660	–	–	–	95,660
Share-based payment	157,390	–	–	–	157,390
Tax impact for share-based payments	1,415	–	–	–	1,415
Appropriation to reserves	–	–	32,167	(32,167)	–
Balance at December 31, 2023 and January 1, 2024	2,717,644	–	208,197	1,760,271	4,686,112
Profit for the year	–	–	–	589,644	589,644
Issuance of new shares	36,512	–	–	–	36,512
Share-based payment	71,890	–	–	–	71,890
Appropriation to reserves	–	–	1,170	(1,170)	–
Balance at December 31, 2024 and January 1, 2025	2,826,046	–	209,367	2,348,745	5,384,158
Profit for the year	–	–	–	764,025	764,025
Issuance of new shares	131,069	–	–	–	131,069
Share-based payment	46,770	–	–	–	46,770
Repurchase of shares	–	(80,016)	–	–	(80,016)
Appropriation to reserves	–	–	1,215	(1,215)	–
Balance at December 31, 2025	3,003,885	(80,016)	210,582	3,111,555	6,246,006

Description of the Group's and the Company's reserves as below:

(a) Capital reserve

The amount mainly represents capital contribution in excess of nominal value of share capital and share-based payment reserve.

(b) Treasury reserve

Own equity instruments which held by the Company or the Group (treasury shares) are recognized directly in equity at cost. No gain or loss is recognized in the consolidated statements of profit or loss and other comprehensive income on the purchase, sale, issue or cancelation of the Group's own equity instruments.

(c) Other reserve

The amount represents exchange differences on translating the net assets of foreign operations into presentation currency of the Group.

(d) Surplus reserve

In accordance with the articles of association of subsidiaries established in the PRC, these subsidiaries are required to transfer 10% of the profit after taxation in accordance to China Accounting Standards for Business Enterprises to the statutory reserve until the reserve reaches 50% of the registered capital. Transfer to this reserve shall be made before distributing dividends to equity holders. The statutory reserve can be used to make up for previous years' losses, expand the existing operations or convert into additional capital of the subsidiaries.

(e) Retained earnings

Cumulative net gains and losses recognized in profit or loss.

41. OVERVIEW OF THE GROUP'S EXPOSURE TO CREDIT RISK

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. At the end of each reporting period, the Group's maximum exposure to credit risk which cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognized financial assets as stated in the consolidated statements of the financial position. The Group does not hold any collateral or other credit enhancements to cover its credit risk associated with its financial assets.

In order to minimize credit risk, the Group has tasked its finance team to develop and maintain the Group's credit risk grading to categorize exposures according to their degree of risk of default. Management uses publicly available financial information and the Group's own historical repayment records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate exposure is spread amongst approved counterparties.

The Group's credit risk is primarily attributable to trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Trade receivables

For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for trade receivables that are credit-impaired, the Group determines the ECL on these items collectively based on loss patterns as reflected in the debtors' historical payment pattern. The Group determines the ECL on these items by using a provision matrix as of December 31, 2023, and 2024 and 2025 within lifetime ECL (not credit impaired) estimated based on the financial quality of debtors and historical credit loss experience over the past 3-5 years under roll rate method, adjusted as appropriate to reflect current conditions and estimates of future economic conditions with reference to general macroeconomic conditions (such as gross domestic products, unemployment rate and inflation rate) that may affect the ability of debtors to settle receivables. To measure the ECL, the trade receivables has been grouped into the categories based on share credit risk characteristics and the days past due.

Other receivables

For other receivables, management of the Group makes periodic assessment on the recoverability based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The Group measures the loss allowance equal to 12m ECL, unless when there are indicators that the financial asset is credit-impaired, the Group recognizes lifetime ECL. The Group recognizes lifetime ECL when there is evidence indicating (i) there has been significant increase in credit risk since initial recognition; (ii) the asset is credit-impaired but the Group has realistic prospect of recovery; or (iii) the debtor is in severe financial difficulty.

In determining the ECL for other receivables, the directors of the Company have taken into account the historical default experience and the future prospects of the industries and/or considering various external sources of actual and forecast economic information, as appropriate, in estimating the probability of default of each of the financial assets that are subject to impairment occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

Cash and bank balances and restricted bank deposits

For the purposes of impairment assessment, cash and bank balances and restricted bank deposits that are subject to impairment are considered to have low credit risk as the counterparties are reputable banks with high credit rating assigned by international credit agencies. Accordingly, for the purpose of impairment assessment for these items assets, the loss allowance is measured at an amount equal to 12m ECL, by reference to information relating to probability of default and loss given default of respect credit rating grades published by external credit agency. The directors of the Company considered that the ECL allowance is insignificant as of December 31, 2023, 2024 and 2025.

Financial assets at amortized cost

At December 31, 2023, 2024 and 2025, the investment in debt securities held by the Group were consist of certain corporate bonds. There is no history of default, the expected credit loss was minimal, and therefore no provision for impairment loss was made on the financial assets held.

The following table details the credit risk exposures of the Group's trade receivables which are subject to ECL assessment:

Group

	Average expected credit loss rate	Gross amounts	Loss allowance
		RMB'000	*RMB'000*
As of December 31, 2023			
Current (not past due)	0.24%	216,884	521
0-180 days past due	1.99%	1,699	33
181-365 days past due	25.32%	–	–
Over 1 year	100%	–	–
		218,583	554
As of December 31, 2024			
Current (not past due)	0.24%	171,869	412
0-180 days past due	1.99%	5,327	106
181-365 days past due	25.32%	–	–
Over 1 year	100%	–	–
		177,196	518
As of December 31, 2025			
Current (not past due)	0.24%	333,416	800
0-180 days past due	1.99%	2,278	45
181-365 days past due	25.32%	–	–
Over 1 year	100%	–	–
		335,694	845

The Group considers that there is no significant change in credit risk rating of the debtors, historical payment pattern and forward-looking information during the Track Record Period.

The following table details the credit risk exposures of the Company's trade receivables which are subject to ECL assessment:

Company

	Average expected credit loss rate	Gross amounts	Loss allowance
		RMB'000	*RMB'000*
As of December 31, 2023			
Current (not past due)	0.24%	106,393	255
0-180 days past due	1.99%	–	–
181-365 days past due	25.32%	–	–
Over 1 year	100%	–	–
		106,393	255
Subsidiaries	–	602,141	–
		708,534	255
As of December 31, 2024			
Current (not past due)	0.24%	71,164	171
0-180 days past due	1.99%	–	–
181-365 days past due	25.32%	–	–
Over 1 year	100%	–	–
		71,164	171
Subsidiaries		854,421	–
		925,585	171

	Average expected credit loss rate	Gross amounts	Loss allowance
		RMB'000	*RMB'000*
As of December 31, 2025			
Current (not past due)	0.24%	75,822	182
0-180 days past due	1.99%	–	–
181-365 days past due	25.32%	–	–
Over 1 year	100%	–	–
		75,822	182
Subsidiaries		987,576	–
		1,063,398	182

The Company considers that there is no significant change in credit risk rating of the debtors, historical payment pattern and forward-looking information during the Track Record Period.

The table below details the credit risk exposures of the Group's other receivables which are subject to ECL assessment:

Group

	Average expected credit loss rate	Gross amounts	Loss allowance
		RMB'000	*RMB'000*
As of December 31, 2023			
Not credit-impaired	0.0039%	26,679	1
As of December 31, 2024			
Not credit-impaired	0.0030%	22,333	1
As of December 31, 2025			
Not credit-impaired	0.0021%	36,076	1

42. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities comprising the Group will be able to continue as going concern while maximising the return to shareholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged throughout the Track Record Period.

The Group monitors it capital structure on the basis of an adjusted net debt-to-capital ratio. For this purpose, adjusted net debt is defined as total debts (which included lease liabilities) less cash and bank balances, capital comprises all components of equity and non-controlling interests.

Management of the Group regularly reviews the capital structure on a continuous basis taking into account the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debts.

43. FINANCIAL INSTRUMENTS

Categories of financial instruments

Group

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Financial assets			
Financial assets measured at amortized cost			
– Trade and other receivables *(note 26)*	244,707	199,010	370,924
– Financial assets at amortized cost *(note 29)*	142,913	286,822	507,642
– Cash and bank balances *(notes 30)*	2,506,951	2,915,442	2,521,583
– Restricted bank deposits *(note 30)*	–	43,130	71,086
– Non-current and current other assets *(note 24)*	37,539	43,174	45,709
	2,932,110	3,487,578	3,516,944
Financial assets at FVTPL			
– Financial assets at fair value through profit or loss *(note 28)*	1,278,594	1,427,425	948,900
Financial liabilities			
Financial liabilities at amortized cost			
– Trade and other payables, excluding salary and bonus payables and other tax payables	392,092	469,634	716,605
– Other current liabilities *(note 35)*	46,098	13,200	26,223
– Other non-current liabilities *(note 35)*	8,600	6,102	10,384
– Lease liabilities *(note 34)*	40,554	32,258	19,346
	487,344	521,194	772,558
Financial liabilities at fair value through profit or loss *(note 33)*	–	201	63

Company

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Financial assets			
Financial assets measured at amortized cost			
– Trade and other receivables *(note 26)*	812,981	1,025,722	1,161,972
– Cash and bank balance *(note 30)*	1,882,911	2,439,270	2,173,719
– Restricted bank deposit *(note 30)*	–	43,130	71,086
– Non-current and current other assets *(note 24)*	15,316	17,644	28,324
	2,711,208	3,525,766	3,435,101
Financial assets at FVTPL *(note 28)*	812,460	771,866	150,137
Financial liabilities			
Financial liabilities at amortized cost			
– Trade and other payables, excluding salary and bonus payables and other tax payables	653,628	805,511	850,422
– Other current liabilities *(note 35)*	46,098	13,200	26,223
– Other non-current liabilities *(note 35)*	8,600	6,102	10,384
	708,326	824,813	887,029
Financial liabilities at fair value through profit or loss *(note 33)*	–	201	63

Financial risk management objectives and policies

The Group's and Company's major financial assets and liabilities include trade and other receivables, restricted bank deposits, cash and bank balances, financial assets at amortized cost, non-current and current other assets, financial assets at FVTPL, financial liabilities at FVTPL, trade and other payables, other current/non-current liabilities and lease liabilities. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

The Group's and Company's activities expose it primarily to currency risk, interest rate risk and price risk. There has been no change in the Group's and Company's exposure to these risks or the manner in which it managed and measured the risks during each of the reporting period.

Currency risk

Several subsidiaries of the Company have foreign currency sales, capital expenditure and cash and bank balances, which expose the Group to foreign currency risk.

The subsidiaries are mainly exposed to foreign currency of US$.

Sensitivity analysis

The following table demonstrates the Group's and Company's sensitivity to a reasonably possible change in RMB against US$, the foreign currency with which the Group may have a material exposure, of the Group's profit before tax and the Group's equity. The sensitivity analysis uses outstanding foreign currency denominated monetary items as a base and adjusts their translation at the end of each reporting period for a 5% change in foreign currency rate.

Group and Company

	Increase/ (decrease) by	Increase/(decrease) in profit before tax	Increase/(decrease) in equity
		RMB'000	*RMB'000*
As of December 31, 2023			
US$	5%	95,002	69,447
US$	(5%)	(95,002)	(69,447)
As of December 31, 2024			
US$	5%	117,651	87,481
US$	(5%)	(117,651)	(87,481)
As of December 31, 2025			
US$	5%	93,776	58,911
US$	(5%)	(93,776)	(58,911)

In the opinion of the directors of the Company, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure for during the Track Record Period and 2025.

Credit risk

As of December 31, 2023, 2024 and 2025, the Group has concentration of credit risk as 1%, Nil and Nil, respectively, of the total trade receivables was due from the Group's largest customer. The Group's concentration of credit risk on the top five largest customers accounted for 49%, 40% and 37% of the total trade receivables as of December 31, 2023, 2024 and 2025, respectively.

The Group expects that there is no significant credit risk associated with cash deposits since they are substantially deposited at state-owned banks and other medium or large-sized listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

Liquidity risk

In the management of the liquidity risk, the Group monitor and maintain a level of cash and bank balances to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's and the Company's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

Group

	Effective interest rate	On demand or less than one year	One to two years	Two years or above	Total undiscounted cash flows	Carrying amount
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As of December 31, 2023						
Trade and other payables, excluding salary and bonus payables and other tax payables	N/A	392,092	–	–	392,092	392,092
Other current liabilities *(notes 24)*	N/A	46,098	–	–	46,098	46,098
Other non-current liabilities *(notes 24)*	N/A	–	8,600	–	8,600	8,600
Lease liabilities *(note 34)*	3.25%-4.85%	14,609	12,309	15,391	42,309	40,554
Total		452,799	20,909	15,391	489,099	487,344
As of December 31, 2024						
Trade and other payables, excluding salary and bonus payables and other tax payables	N/A	469,634	–	–	469,634	469,634
Financial liabilities at fair value through profit or loss *(note 33)*	N/A	201	–	–	201	201
Other current liabilities *(notes 35)*	N/A	13,200	–	–	13,200	13,200
Other non-current liabilities *(notes 35)*	N/A	–	6,102	–	6,102	6,102
Lease liabilities *(note 34)*	3.25%-4.85%	15,702	12,420	5,614	33,736	32,258
Total		498,737	18,522	5,614	522,873	521,395
As of December 31, 2025						
Trade and other payables, excluding salary and bonus payables and other tax payables	N/A	716,605	–	–	716,605	716,605
Financial liabilities at fair value through profit or loss *(note 33)*	N/A	63	–	–	63	63
Other current liabilities *(notes 35)*	N/A	26,223	–	–	26,223	26,223
Other non-current liabilities *(notes 35)*	N/A	–	10,384	–	10,384	10,384
Lease liabilities *(note 34)*	3.25%-8.27%	10,796	6,804	2,606	20,207	19,346
Total		753,687	17,188	2,606	773,482	772,621

Company

	Effective interest rate	On demand or less than one year	One to two years	Two to five years	Total undiscounted cash flows	Carrying amount
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As of December 31, 2023						
Trade and other payables excluding salary and bonus payables and other tax payables	N/A	653,628	–	–	653,628	653,628
Financial liabilities at fair value through profit or loss *(note 33)*	N/A	–	–	–	–	–
Other current liabilities	N/A	46,098	–	–	46,098	46,098
Other non-current liabilities	N/A	–	8,600	–	8,600	8,600
Total		699,726	8,600	–	708,326	708,326
As of December 31, 2024						
Trade and other payables excluding salary and bonus payables and other tax payables	N/A	805,511	–	–	805,511	805,511
Financial liabilities at fair value through profit or loss *(note 33)*	N/A	201	–	–	201	201
Other current liabilities *(note 35)*	N/A	13,200	–	–	13,200	13,200
Other non-current liabilities *(note 35)*	N/A	–	6,102	–	6,102	6,102
Total		818,912	6,102	–	825,014	825,014
As of December 31, 2025						
Trade and other payables excluding salary and bonus payables and other tax payables	N/A	850,422	–	–	850,422	850,422
Financial liabilities at fair value through profit or loss *(note 33)*	N/A	63	–	–	63	63
Other current liabilities *(note 35)*	N/A	26,223	–	–	26,223	26,223
Other non-current liabilities *(note 35)*	N/A	–	10,384	–	10,384	10,384
Total		876,708	10,384	–	887,092	887,092

Fair value measurement

In estimating the fair value, the Group uses market-observable data to the extent it is available. For instrument with significant unobservable inputs under Level 3, the Group engages third party qualified valuers to perform the valuation. Management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The Chief Financial Officer reports the valuation's findings to the directors every half-yearly to explain the causes of fluctuation in fair value.

(i) Fair value of the Group's and the Company's financial assets that are measured at fair value on a recurring basis

The fair values of listed equity investments are based on quoted market prices. The fair values of unlisted equity investments designated at fair value through other comprehensive income have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, such as enterprise value to earnings before interest, taxes, depreciation and amortization ("EV/EBITDA") multiple and price to earnings ("P/E") multiple, for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the Track Record Period.

This note provides information about how the Group determines fair value of the following financial assets that are measured at fair value on a recurring basis.

Financial assets

	December 31, 2023	December 31, 2024	December 31, 2025	Fair value hierarchy	Valuation technique(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value	Sensitivity relationship to unobservable input to fair value
	RMB'000	*RMB'000*	*RMB'000*					
Financial assets at FVTPL								
– Investment in unlisted companies	195,025	208,065	264,513	Level 3	Market approach	N/A	N/A	N/A
– Private equity funds	108,732	282,257	283,835	Level 3	Net assets	N/A	N/A	N/A
– Structured deposits	826,491	781,880	165,169	Level 2	Discounted cash flows	N/A	N/A	N/A
– Wealth management products	148,346	155,223	235,383	Level 2	Discounted cash flows	N/A	N/A	N/A
Financial liabilities at FVTPL								
– Foreign currency forward contracts	–	201	63	Level 2	Forward exchange rates	N/A	N/A	N/A

There were no transfers between levels during the Track Record Period.

Fair value measurement

(ii) Reconciliation of Level 3 fair value measurements

Details of reconciliation of financial assets at FVTPL measured at Level 3 fair value measurement are set out as below:

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	257,237	303,757	490,322
Change in fair value	11,520	(512)	20,323
Additions	35,000	194,087	52,857
Settlements	–	(7,100)	(6,759)
Others	–	90	(8,395)
At the closing of the year	303,757	490,322	548,348

(iii) Fair value of financial assets and financial liabilities that are not measured at fair value

The directors of the Company consider that the carrying amount of the Group's and the Company's financial assets and financial liabilities recorded at amortized cost in the Historical Financial Information approximate to their fair values. Such fair values have been determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

44. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities.

	Lease liabilities
	RMB'000
At January 1, 2023	54,780
Financing cash flow	
– Repayment of principal of lease liabilities	(17,009)
– Repayment of interest of lease liabilities	(1,748)
Non-cash changes	
– Interest expense recognized	1,748
– New leases	1,420
Exchange realignment	1,363
At December 31, 2023 and January 1, 2024	40,554
Financing cash flow	
– Repayment of principal of lease liabilities	(16,419)
– Repayment of interest of lease liabilities	(1,384)
Non-cash changes	
– Interest expense recognized	1,384
– New leases	8,275
– Termination of leases	(171)
Exchange realignment	19
At of December 31, 2024 and January 1, 2025	32,258
Financing cash flow	
– Repayment of principal of lease liabilities	(15,491)
– Repayment of interest of lease liabilities	(978)
Non-cash changes	

	Lease liabilities
	RMB'000
– Interest expense recognized	978
– New leases	12,829
– Termination of leases	(11,182)
Exchange realignment	932
At of December 31, 2025	19,346

45. CAPITAL COMMITMENTS

The Group has capital commitments under non-cancellable contracts as follows:

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Acquisition of patents	54,699	19,302	36,607
Capital contribution commitments *(note)*	10,000	10,000	–
	64,699	29,302	36,607

Note: On August 26, 2021, the Company's subsidiary, Shanghai Jingmin, entered into a partnership agreement to subscribe capital contribution in Shanghai Guoce Green Technology Manufacturing Private Equity Investment Fund Partnership (Limited Partnership)* (上海國策綠色科技製造私募投資基金合夥企業(有限合夥)) of RMB100,000,000. As of December 31, 2023, 2024 and 2025, Shanghai Jingmin had paid RMB90,000,000, RMB90,000,000 and RMB100,000,000, respectively.

On September 15, 2025, the Group entered into an equity transfer agreement in respect of the acquisition of 100% of the equity interests in Xinmai Micro Semiconductor (Jiaxing) Co., Ltd. (芯邁微半導體(嘉興)有限公司) ("Xinmai Micro") for a consideration of RMB316,110,000. As of December 31, 2025, the Group had paid RMB158,055,000.

* *The English name of the partnership registered in the PRC mentioned above represent the best efforts made by management of the Company to translate their Chinese names as they do not have official English names.*

46. RELATED PARTY TRANSACTION AND BALANCES

The related parties of the Group during the Track Record Period are as follows:

Names of related parties	Relationship
TCL King Electrical Appliances (Huizhou) Co., Ltd.* (TCL 王牌電器(惠州)有限公司)	Mr. Wang Cheng, a director of the Group, is also a chairman and a director of the entity until August 2022
TCL Electronics (HK) Ltd. ("TCL HK")	The entity is a subsidiary of TCL Industries Holdings Co., Ltd., where Mr. Wang Cheng, a director of the Group until July 2023, also serves as a key management personnel of that holding company
TCL Moka International Limited ("TCL MOKA")	The entity is a subsidiary of a holding company, where Mr. Wang Cheng, a director of the Group until July 2023, also serves as a key management personnel of that holding company
TCL Industries Holdings Co., Ltd. (TCL 實業控股股份有限公司)	Mr. Luo Bin, a director of the Group, is a key management personnel of the entity
Amlogic Holdings Ltd.	A shareholder
Amlogic Holdings Ltd. and its subsidiaries as a group	Controlled by same shareholder of the Company
Xinmai Micro Semiconductor (Jiaxing) Co., Ltd. (芯邁微半導體(嘉興)有限公司)	Mr.Wang Lin, a key management personnel of the Group, is a director of the entity

* *The English name of the related party registered in the PRC mentioned above represent the best efforts made by management of the Company to translate their Chinese names as they do not have official English names.*

In addition to the transactions and balances disclosed in respective notes, the Group had the following significant transactions and balances with related parties during the Track Record Period:

(a) Related party transactions:

(i) Sales revenue from related parties

The nature of the related party transactions between the Group and TCL is that the Group sells chips to distributors, and the distributors sell the Company's chips to TCL. From a prudence perspective, the Company made such related parties transactions disclosure. The transaction amounts with TCL HK and TCL MOKA represent the amounts of transactions between the Group and its distributors.

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
TCL HK	352,580	489,946	436,806
TCL MOKA	1,345	11,161*	–
	353,925	501,107	436,806

* Mr. Wang Cheng was resigned as an executive director of the Company on July 3, 2023, he is no longer a related party of the Group since then, yet he still remains as a connected person until July 3, 2024 according to the Listing Rules. From a prudence perspective, the Group made such related parties transactions disclosure. The amount for the year ended December 31, 2024 and 2024 represented the transaction between the Group and its distributors from January 1, 2024 to July 3, 2024.

(ii) Fee paid to related parties for services

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Amlogic Holdings Ltd. and its subsidiaries as a group	–	66,181	332,375
Xinmai Micro Semiconductor (Jiaxing) Co., Ltd.	–	–	740
	–	66,181	333,115

(iii) Rental income from related parties

	Notes	Year ended December 31,		
		2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Amlogic Holdings Ltd. and its subsidiaries as a group		–	–	2,381

(b) Related party balances:

As at the end of each reporting period, the Group had balances with related parties as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade and other payables			
Amlogic Holdings Ltd. and its subsidiaries as a group	–	41,353	130,006
Xinmai Micro Semiconductor (Jiaxing) Co., Ltd.	–	–	2,894
Trade and other receivables			
Amlogic Holdings Ltd. and its subsidiaries as a groups	–	–	357

The balances with related parties are trade in nature.

(c) Compensation of key management personnel:

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group.

The remuneration of the directors of the Company and other members of key management of the Group during the Track Record Period were as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Directors' fee, salaries and other benefits	10,987	11,280	7,637
Performance-based bonus	380	890	862
Retirement benefit scheme contributions	643	556	699
Share-based payment	1,405	2,525	793
	13,415	15,251	9,991

The remuneration of key management is determined with reference to the performance of the individuals and market trends.

47. SUBSEQUENT EVENTS

(i) On September 15, 2025, the Group entered into an equity transfer agreement in respect of the acquisition of 100% of the equity interests in Xinmai Micro Semiconductor (Jiaxing) Co., Ltd. (芯邁微半導體(嘉興)有限公司) for a consideration of RMB316.11 million. The consideration will be settled in cash in two tranches: (i) 50% of the consideration shall be paid within 20 working days from the effective date of the equity transfer agreement; and (ii) 50% of the consideration shall be paid within 20 working days from the completion of the relevant PRC registration for the change in shareholders and satisfaction of such other conditions pursuant to the equity transfer agreement, or from the date such conditions are waived.

The first tranche of the consideration was settled in October 2025. The acquisition will be completed upon relevant PRC registration for the change in shareholders being made. Upon completion of the acquisition, Xinmai Micro will become a wholly owned subsidiary of our Company and the financial results, assets and liabilities of Xinmai Micro will be consolidated into the financial statements of the Group.

The acquisition of Xinmai Micro is expected to be completed by 2026.

(ii) The 2025 profit distribution plan of a cash dividend of RMB2.0 per 10 shares (including tax) was approved by the directors at the meeting held on March 30, 2026 and the aggregate amount of dividend amounting to RMB84.0 million. The profit distribution plan still needs to be reviewed by the shareholder's meeting.

48. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group, the Company or any of its subsidiaries have been prepared in respect of any period subsequent to December 31, 2025.

The information set forth in this appendix does not form part of the Accountants' Report prepared by BDO Limited, Certified Public Accountants, Hong Kong, the independent reporting accountants of the Company, as set out in Appendix I to this document, and is included herein for illustrative purposes only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" to this document and the "Accountants' Report" set forth in Appendix I to this document.

(A) UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company prepared in accordance with Rule 4.29 of the Listing Rules is for illustration purposes only, and is set forth here to illustrate the effect of the [**REDACTED**] on the unaudited consolidated net tangible assets of the Group attributable to owners of the Company as of December 31, 2025 as if the [**REDACTED**] had taken place on December 31, 2025.

This unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to owners of the Company as of December 31, 2025 or at any future dates following the [**REDACTED**]. It is prepared based on the unaudited consolidated net tangible assets of the Group attributable to owners of the Company as of December 31, 2025 as set out in the Accountants' Report on historical financial information of the Group, the text of which is set out in Appendix I to this Document, and adjusted as described below.

	Unaudited consolidated net tangible assets of the Group attributable to owners of the Company as of December 31, 2025	**Estimated net proceeds from the [REDACTED]**	**Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as of December 31, 2025**	**Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as of December 31, 2025 per Share**	
	RMB'000 (note 1)	*RMB'000 (note 2)*	*RMB'000*	*RMB (note 3)*	*HK$ (note 4)*
Base on an [**REDACTED**] of HK$[**REDACTED**] per H Share	7,224,454	2,769,950	9,994,404	21.41	24.36
Based on an [**REDACTED**] of HK$[**REDACTED**] per H Share	7,224,454	3,120,266	10,344,720	22.16	25.22

Notes:

(1) The unaudited consolidated net tangible assets of the Group attributable to owners of the Company as of December 31, 2025 is extracted from the Accountants' Report set out in Appendix I to this Document, which is based on the unaudited consolidated net assets of the Group attributable to owners of the Company of RMB7,375,953,000 as of December 31, 2025 with an adjustment for intangible assets of RMB151,499,000 as of December 31, 2025.

(2) The estimated net proceeds from the [**REDACTED**] are based on the [**REDACTED**] of HK$[**REDACTED**] and HK$[**REDACTED**], respectively, being the minimum [**REDACTED**] and the [**REDACTED**] in the [**REDACTED**] range, after deduction of the estimated [**REDACTED**] fees and other related listing expenditure payable by the Company (excluding the listing expense that have charged to profit or loss during the Track Record Period), taking into no account of shares which may be issued upon the exercise of the [**REDACTED**] and upon the vesting of restricted shares that have been or may be granted from time to time under the plan of restricted shares.

(3) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as of December 31, 2025 per share is calculated based on a total of [**REDACTED**] shares (representing 421,165,613 shares in issue as of December 31, 2025, excluding 1,073,489 treasury shares as of December 31, 2025, adding [**REDACTED**] under the [**REDACTED**]), assuming that the [**REDACTED**] had been completed on December 31, 2025 but does not take into account of any shares which may be issued upon the exercise of the [**REDACTED**] and upon the vesting of restricted shares that have been or may be granted from time to time under the plan of restricted shares.

(4) For the purpose of unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as of December 31, 2025 per Share, the amounts in Hong Kong dollar are converted into RMB at the rate of RMB0.8786 to HK$1. No representation is made that the RMB amounts have been, could have been to Hong Kong dollar, or vice versa, at that rate or any other rates at all.

(5) The property interests of the Group as of January 31, 2026 have been valued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent property valuer, and the full text of the valuation report is set out in Appendix III to this Document. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company has not taken into account the change in fair value arising from the valuation of these property interests. Such change in fair value has not been recorded in the Historical Financial Information of the Group as of December 31, 2025 set forth in the Accountants' Report in the Appendix I to this Document and will not be recorded in the consolidated financial statements of the Group in future periods according to the Group's accounting policies. As the Group's investment properties are measured using the cost model, had those selected property interests as of December 31, 2025 been recorded at the value as stated in the valuation report set out in Appendix III to this document, additional depreciation of approximately RMB1,045 would be charged against the profit in the future periods.

(6) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as of December 31, 2025 to reflect any trading results or other transactions of the Group entered into subsequent to December 31, 2025, including the acquisition of 100% equity interests in Xinmai Micro and declaration of dividend as set forth in note 47 to the Accountants' Report in the Appendix I to this Document.

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this document received from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer, in connection with its valuation as at 31 January 2026 of the property interest held by the Group.

Jones Lang LaSalle Corporate Appraisal and Advisory Limited
7/F One Taikoo Place 979 King's Road Hong Kong
tel +852 2846 5000 fax +852 2169 6001
Company Licence No.: C-030171

[●]

The Board of Directors
Amlogic (Shanghai) Co., Ltd.
Room 406, South Building
No. 350 Chunxiao Road, China
(Shanghai) Pilot Free Trade Zone
Pudong New Area, Shanghai
PRC

Dear Sirs,

In accordance with your instructions to value the property interest held by Amlogic (Shanghai) Co., Ltd. (the "**Company**") and its subsidiaries (hereinafter together referred to as the "**Group**") in the United States of America ("**United States**"), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property interest as at 31 January 2026 (the "**valuation date**").

Our valuation is carried out on a market value basis. Market value is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

We have valued the property interest by direct comparison approach assuming sale of the property interest in its existing state taking into account the subject tenancies and by making reference to comparable sales transactions as available in the relevant market. This approach rests on the wide acceptance of the market transactions as the best indicator and pre-supposes that evidence of relevant transactions in the market place can be extrapolated to similar properties, subject to allowances for variable factors.

Our valuation has been made on the assumption that the seller sells the property interest in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the value of the property interest.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interest valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value.

In valuing the property interest, we have complied with all requirements contained in Chapter 5 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the RICS Valuation — Global Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors; and the International Valuation Standards published by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and other relevant matters.

We have been shown copies of various title documents including grant deed and other official documents relating to the property interest in the United States and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interest in the United States and any material encumbrance that might be attached to the property interest or any tenancy amendment.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the property but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and where possible, the interior of the property. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory. Moreover, no structural survey has been made, but, in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the property is free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

The site inspection was carried out in 12 March 2026 by Mr. Louis Morago who is a Certified General Real Estate Appraiser in the State of California and has more than 6 years of experience in the valuation of various properties in the United States. Our valuation of the subject property was undertaken with the collaboration of Mr. Louis Morago of our US office.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive at an informed view, and we have no reason to suspect that any material information has been withheld.

Climate change, sustainability, resilience, and ESG are increasingly influencing investment approaches as they may affect prospects for rental and capital growth, and susceptibility to obsolescence. Properties that do not meet the sustainability characteristics expected in the market may represent a higher investment risk, particularly as occupiers become more conscious of ESG impacts on operational workspace, which could impact on vacancy and rental levels. This view is supported by RICS in their recently published guidance note "Sustainability and ESG in commercial property valuation and strategic advice (3rd Edition)."

While some of the sustainability and ESG initiatives are considered subjective and intangible, they cannot always be demonstrated with quantifiable evidence. Based on our research and local market knowledge, there is not yet any direct and tangible evidence of ESG being reflected in specific investment behaviours and/or pricing considerations for assets of a similar nature to the subject property, although it is acknowledged that ESG criteria is forming part of an increasing number of investment mandates. However more tangible benefits such as energy efficiency are realizable in operational costs. We have not undertaken full asset and market investigations in this regard. Whilst there is currently no direct and tangible evidence to suggest that the market is making pricing adjustments for ESG, we will continue to monitor market movements and sentiment.

Unless otherwise stated, all monetary figures stated in this report are in United States Dollars (USD).

Our valuation certificate is attached below for your attention.

Yours faithfully,
for and on behalf of
Jones Lang LaSalle Corporate Appraisal and Advisory Limited
Eddie T. W. Yiu
MRICS MHKIS R. P. S. (GP)
Senior Director

Note: Eddie T. W. Yiu is a Chartered Surveyor who has 32 years' experience in the valuation of properties in Hong Kong as well as relevant property valuation experience in the the United States.

VALUATION CERTIFICATE

Property interest held by the Group in the United States

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 January 2026
			USD
488 Ellis Street, Mountain View, CA 94043	The property is located at the western side of Ellis Street and the southern side of National Avenue in Mountain View, California. The locality of the property comprises mainly office/flex uses, retail and commercial. The area is served with office, flex and retail developments. The property comprises a one-storey flex building with a total gross floor area of approximately 17,620 sq.ft. which was completed in 1966 and renovated in 2025. The buildings mainly include office and R&D space and are constructed of mainly concrete, glass and metal build structure. The property occupies a parcel of land with a site area of approximately 46,174 sq.ft. (or approximately 1.06 acres). The property is held under freehold interest.	As at the valuation date, portion of the property was leased and the remaining portion of the property was vacant. (see notes 3 and 5)	13,700,000

Notes:

1. Pursuant to a copy of a special warranty deed dated 21 August 2024, the registered owner of the property is Amlogic (CA) Co., Inc.

2. Amlogic (CA) Co., Inc is a wholly owned subsidiary of the Company.

3. Pursuant to a lease agreement entered between Amlogic (CA) Co., Inc and Amlogic (USA) Ltd dated 29 April 2025, portion of the property with a total gross floor area of approximately 9,806 sq.ft. was leased for general office purposes for a term of 5 years commencing from 1 May 2025 and expiring on 30 April 2030. The monthly rent as at the valuation date is USD41,675.50, inclusive of HVAC and other maintenance costs and exclusive of water and electricity charges. The 5 year lease term is typical of rented properties in California.

4. Amlogic (USA) Ltd is a subsidiary of Amlogic Holdings Ltd., a substantial Shareholder of the Company.

5. As advised by the Company, the remaining portion of the property of approximately 7,814 sq.ft. was vacant as at the valuation date.

6. According to the Land Use Plan, the site of the property is zoned as P, or the planned community zoning.

7. We have analyzed recent market sales evidences of similar properties to compare with the property under assessment. The unit price of these comparable properties ranges from USD537.81 to USD950.00 per sq.ft. Appropriate adjustments and analysis are considered to the differences in several aspects including time, location, and physical characteristics between the comparable properties and the subject property to arrive at the market value of the property. Based on the analysis of the comparable properties, the adjusted average unit rate for the market value of the subject property is USD778.00 per sq.ft.

TAXATION FOR SECURITIES HOLDERS

H-share holders are obligated to remit income tax and capital gains tax in compliance with the laws and practices of China, as well as those of the jurisdiction in which they reside or are otherwise subject to taxation. The following summary of relevant tax regulations reflects the current legal framework and prevailing practices; it does not account for any prospective amendments or modifications to the relevant laws or policies, nor does it constitute any opinion or advice. This discussion does not involve all potential tax implications associated with investing in H-shares, nor does it consider the individual circumstances of specific investors, some of whom may be subject to special regulations. Accordingly, investors are strongly advised to seek guidance from their own tax advisors concerning the tax implications of investing in H-shares. This discussion is based on laws and related interpretations effective as of the most recent practicable date and may be subject to change or revision, including retrospective application.

This discussion excludes consideration of Chinese taxes beyond income tax, capital gains tax, value-added tax, stamp duty, and inheritance tax. Prospective investors must consult their financial advisors to fully understand the tax implications, both within China and internationally, related to the ownership and disposition of H-shares.

TAXATION IN THE MAINLAND OF CHINA

Dividend Tax

Individual Investors

Pursuant to the most recent amendment to the Individual Income Tax Law of the People's Republic of China (hereinafter referred to as the Individual Income Tax Law) enacted by the Standing Committee of the National People's Congress on August 31, 2018, which took effect on January 1, 2019, along with the Regulation on the Implementation of the Individual Income Tax Law of the People's Republic of China amended by the State Council on December 18, 2018, also effective from January 1, 2019, dividends distributed by Chinese enterprises to individual investors are generally subject to a uniform withholding income tax rate of 20%. Furthermore, in accordance with the Notice of the Ministry of Finance, the State Taxation Administration and the China Securities Regulatory Commission on Issues concerning Differentiated Individual Income Tax Policies on Dividends and Bonuses of Listed Companies issued on September 7, 2015, and effective as of September 8, 2015, dividends and bonuses received by individuals from shares of listed companies acquired through public issuance and transfer markets are temporarily exempt from individual income tax provided the holding period exceeds one year. For shares of listed companies obtained by individuals via public issuance and transfer markets, if the holding period is one month or less (inclusive), the entire dividend and bonus income is included in taxable income; if the holding period exceeds one month but does not exceed one year (inclusive), 50% of the dividend income is temporarily included in taxable income. The aforementioned income is uniformly subject to a 20% individual income tax rate.

In accordance with the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (hereinafter referred to as the Arrangement for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income), signed on August 21, 2006, the Chinese government may levy tax on dividends paid by Chinese companies to residents of Hong Kong (including individuals and legal entities), with the tax rate capped at 10% of the total dividends payable. Where a Hong Kong resident directly holds at least 25% of the equity interest in a Chinese company, is the beneficial owner of the dividends, and satisfies other stipulated conditions, the applicable tax rate shall not exceed 5% of the total dividends payable by the Chinese company. The Fifth Protocol to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (hereinafter referred to as the Fifth Protocol), issued by the State Taxation Administration and effective as of December 6, 2019, provides that the relevant provisions shall not apply to arrangements or transactions where one of the principal purposes is to obtain tax benefits.

Corporate Investors

Pursuant to the most recent amendments and effective provisions of the Enterprise Income Tax Law of the People's Republic of China (hereinafter referred to as the Enterprise Income Tax Law), promulgated by the Standing Committee of the National People's Congress on December 29, 2018, and the Regulation on the Implementation of the Enterprise Income Tax Law of the People's Republic of China, revised by the State Council on December 6, 2024, and effective as of January 20, 2025, income earned by non-resident enterprises from sources within China — including dividends distributed by Chinese resident enterprises listed and issued in Hong Kong to such non-resident enterprises — shall be subject to a 10% enterprise income tax. This applies if the non-resident enterprise has neither established an institution or place of business within the territory of China, nor if such an institution or place of business exists but the income derived is not effectively connected to it. The enterprise income tax payable by non-resident enterprises shall be withheld at source, with the payer designated as the withholding agent. The withholding agent is responsible for deducting the tax at the time of each payment or when the payment becomes due, from the amount payable. Applicable tax treaties or agreements aimed at avoiding double taxation may provide for reductions or exemptions of the tax.

In accordance with the Notice of the State Administration of Taxation on the Issues concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H-share Holders Which Are Overseas Non-resident Enterprises, effective from November 6, 2008, the Chinese resident enterprises are required to withhold and remit enterprise income tax at a uniform rate of 10% on dividends distributed to non-resident H-share shareholders from 2008 onwards.

Under the Arrangement for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income, the Chinese government may levy tax on dividends paid by Chinese companies to residents of Hong Kong (including individuals and legal entities), with the tax rate capped at 10% of the total dividends payable by the Chinese companies. Where a Hong Kong resident directly holds at least 25% of the equity interest in a Chinese company, is the beneficial owner of the dividends, and satisfies other stipulated conditions, the applicable tax rate shall not exceed 5% of the total dividends payable by the Chinese company. The Fifth Protocol provides that the relevant provisions shall not apply to arrangements or transactions where one of the principal purposes is to obtain tax benefits.

Tax Treaties

In cases where the jurisdiction of a non-resident investor has entered into a Double Taxation Avoidance Agreement or arrangement with China, dividends received from Chinese companies may qualify for a reduction or exemption from Chinese corporate income tax. Non-resident enterprises eligible for preferential tax rates under applicable tax treaties or arrangements are required to submit an application to the Chinese tax authorities to obtain a refund of any corporate income tax paid in excess of the treaty-prescribed rate. Such refund applications are subject to approval by the Chinese tax authorities.

Stock Transfer Income Tax

Individual Investors

Pursuant to the Individual Income Tax Law and its Regulation on the Implementation, income derived by individuals from the sale of equity in Chinese resident enterprises is subject to individual income tax at a rate of 20%. In accordance with the Notice of the Ministry of Finance and the State Taxation Administration on the Continued Temporary Exemption from Individual Income Tax on Income from Personal Stock Transfers (Cai Shui Zi [1998]) (hereinafter referred to as Document No. 61), issued on March 30, 1998, income earned by individuals from stock transfer in listed companies has been continuously exempt from individual income tax since January 1, 1997. Furthermore, the Announcement of the Ministry of Finance and the State Taxation Administration on the Continued Validity of Individual Income Tax Preferential Policies, issued on December 29, 2018, confirms that the provisions outlined in Document No. 61 remain in effect.

Nonetheless, the Notice of the Ministry of Finance, the State Administration of Taxation, and China Securities Regulatory Commission on Relevant Issues Concerning the Individual Income Tax on Individual Income from Transfer of Non-tradable Shares of Listed Companies (Cai Shui [2009] No. 167), was promulgated on December 31, 2009, and effective as of January 1, 2010. This notice specifies that income derived from the transfer of publicly offered listed shares and shares listed on the Shanghai Stock Exchange and Shenzhen Stock Exchange continues to be exempt from individual income tax, with the exception of shares categorized as restricted shares (as defined in the Supplementary Notice on Issues Concerning the Levy of Individual Income Tax on Individuals' Income from the Transfer of Restricted Stocks of Listed

Companies (Cai Shui [2010] No. 70) jointly issued and implemented by the relevant authorities on November 10, 2010). As of the most recent applicable date, the aforementioned regulations do not explicitly impose individual income tax obligations on non-Chinese resident individuals with respect to the transfer of shares of Chinese resident enterprises listed on overseas stock exchanges.

Corporate Investors

Pursuant to the Enterprise Income Tax Law and its Regulation on the Implementation, a non-resident enterprise that does not establish an institution or place of business within the territory of China, or that establishes such an institution or a place of business but whose income derived from within China is not effectively connected to that institution or place of business, is generally subject to a 10% corporate income tax on China-sourced income (including gains from the disposal of equity interests in Chinese resident enterprises.) The corporate income tax payable by non-resident enterprises is withheld at source, requiring the income payer to deduct and remit the tax from payments made to the non-resident enterprise. Applicable tax treaties or agreements may provide for reductions or exemptions of such taxes to prevent double taxation.

Shanghai-Hong Kong Stock Connect Taxation Policy

Pursuant to the Notice of the Ministry of Finance, the State Administration of Taxation, and the China Securities Regulatory Commission on Taxation Policies concerning the Pilot Program of an Interconnection Mechanism for Transactions in the Shanghai and Hong Kong Stock Markets (Cai Shui [2014] No. 81), effective as of November 17, 2014: Mainland individual investors receiving dividend income from H-shares listed on the Hong Kong Stock Exchange (hereinafter referred to as "HKEX") via the Shanghai-Hong Kong Stock Connect shall have their dividends subject to a 20% individual income tax withholding. The H-share companies are responsible for applying to China Securities Depository and Clearing Corporation Limited (hereinafter referred to as "CSDC"), which will provide the list of eligible mainland individual investors to the H-share companies for tax withholding purposes.

Mainland corporate investors obtaining dividend income from HKEX-listed stocks through the Shanghai-Hong Kong Stock Connect must include such dividend income in their total revenue and are subject to corporate income tax in accordance with applicable laws. Mainland resident enterprises holding H-shares continuously for a period of 12 months or longer are exempt from corporate income tax on dividend income derived from such holdings, as stipulated by law. H-share companies are not obligated to withhold dividend income tax on behalf of mainland corporate investors; these corporate investors are required to self-declare and remit the appropriate taxes.

In accordance with the Announcement on the Extension of the Relevant Individual Income Tax Policies on the Shanghai-Hong Kong and Shenzhen-Hong Kong Mutual Stock Market Access Mechanism and the Mutual Recognition of Funds between the Mainland and Hong Kong, issued and effective August 21, 2023: Mainland individual investors realizing capital gains from the transfer of HKEX-listed stocks through the Shanghai-Hong Kong Stock Connect shall continue to enjoy a temporary exemption from individual income tax on such gains until December 31, 2027.

Shenzhen-Hong Kong Stock Connect Taxation Policy

Pursuant to the Notice on the Tax Policies for the Pilot Program of the Mutual Access Mechanism of the Shenzhen and Hong Kong Stock Markets (Cai Shui [2016] No. 127), effective as of December 5, 2016: Mainland individual investors receiving dividend income from H-shares listed on the Hong Kong Stock Exchange via the Shenzhen-Hong Kong Stock Connect shall have their tax obligations managed as follows: The H-share companies are responsible for applying to CSDC, which will provide the list of eligible mainland individual investors to the H-share companies for tax withholding purposes at a rate of 20%.

Mainland corporate investors obtaining dividend and bonus income from stocks listed on the Hong Kong Stock Exchange through the Shenzhen-Hong Kong Stock Connect must include such income in their total revenue and are subject to corporate income tax in accordance with applicable laws. Mainland resident enterprises holding H-shares continuously for a period of 12 months or longer are exempt from corporate income tax on dividend and bonus income derived from such holdings, as stipulated by law. H-share companies are not obligated to withhold dividend and bonus income tax on behalf of mainland corporate investors; the responsibility for tax declaration and payment rests with the corporate investors themselves.

In accordance with the Announcement on the Extension of the Relevant Individual Income Tax Policies on the Shanghai-Hong Kong and Shenzhen-Hong Kong Mutual Stock Market Access Mechanism and the Mutual Recognition of Funds between the Mainland and Hong Kong, issued and effective August 21, 2023: Mainland individual investors realizing capital gains from the transfer of HKEX-listed stocks through the Shenzhen-Hong Kong Stock Connect shall continue to enjoy a temporary exemption from individual income tax on such gains until December 31, 2027.

Stamp Duty

Pursuant to the Stamp Duty Law of the People's Republic of China, promulgated on June 10, 2021, and effective as of July 1, 2022, stamp duty in China is applicable exclusively to certain taxable documents that are executed or received within the territory of China, possess a legally binding effect within the territory of China, and are safeguarded under Chinese law. Consequently, the stamp duty regulations concerning the transfer of shares in Chinese listed companies do not extend to non-Chinese investors who acquire or dispose of H-shares outside of the territory of China.

Inheritance Tax

As of the date of this document, Chinese law has not established an inheritance tax.

PRIMARY TAX OBLIGATIONS FOR COMPANIES IN CHINA

Corporate Income Tax

Pursuant to the Enterprise Income Tax Law and its Regulation on the Implementation, all enterprises operating within the territory of China (including foreign-invested enterprises), are subject to a standardized corporate income tax rate of 25%.

In accordance with the Measures for the Administration of the Accreditation of High-Tech Enterprises, jointly issued by the Ministry of Science and Technology, the Ministry of Finance, and the State Taxation Administration on April 14, 2008, and subsequently revised on January 29, 2016, effective from January 1, 2016, enterprises designated as high-tech may qualify for a preferential corporate income tax rate of 15%, as stipulated by the relevant provisions of the Enterprise Income Tax Law.

As per the Announcement of the Ministry of Finance and the State Taxation Administration on the Preferential Income Tax Policies for Micro and Small Enterprises and Individual Industrial and Commercial Households, dated March 26, 2023, micro and small-profit enterprises with annual taxable income not exceeding RMB1 million shall have their taxable income calculated at 25%, and be subject to a corporate income tax rate of 20%. In accordance with the Announcement of the Ministry of Finance and the State Taxation Administration on the Relevant Tax and Fee Policies for Further Supporting the Development of Micro and Small Enterprises and Individual Industrial and Commercial Households issued on August 2, 2023, the policy of calculating taxable income for small and micro-profit enterprises at 25% of the amount and paying corporate income tax at a 20% tax rate will be extended until December 31, 2027.

Value-Added Tax

Pursuant to the Interim Regulation of the People's Republic of China on Value Added Tax, promulgated by the State Council and most recently revised and implemented on November 19, 2017, as well as the Detailed Rules for the Implementation of the Interim Regulation of the People's Republic of China on Value Added Tax, issued by the Ministry of Finance and last amended on October 28, 2011, effective November 1, 2011, entities and individuals engaged in the sale of goods, provision of processing, repair, and replacement services, or the importation of goods within the territory of China are recognized as VAT taxpayers and are obligated to remit VAT accordingly. For taxpayers involved in selling or importing goods and providing processing, repair, and replacement services within the territory of China, the standard VAT rate is 17%, except in certain specified circumstances where rates of 11%, 6%, or 0% apply.

Pursuant to the Notice of the Ministry of Finance and the State Administration of Taxation on Adjusting Value-added Tax Rates, issued on April 4, 2018, and effective from May 1, 2018, the VAT rates applicable to taxable sales or imported goods previously subject to 17% and 11% were revised to 16% and 10%, respectively.

Further, in accordance with the Announcement of the Ministry of Finance, the State Taxation Administration, and the General Administration of Customs on Relevant Policies for Deepening the Value-Added Tax Reform, issued on March 20, 2019, effective April 1, 2019, the VAT rate for general taxpayers on taxable sales or imported goods formerly subject to 16% was adjusted to 13%, while the rate previously at 10% was reduced to 9%.

On December 25, 2024, the Standing Committee of the National People's Congress promulgated the Value-Added Tax Law of the People's Republic of China (hereinafter referred to as the VAT Law), which will take effect on January 1, 2026, concurrently repealing the Interim Regulation of the People's Republic of China on Value Added Tax. Under the VAT Law, entities and individuals (including individual industrial and commercial households), engaged in the sale of goods, provision of services, transfer of intangible assets, real estate transactions, or importation of goods within the territory of China, are designated as VAT taxpayers and are required to pay VAT in accordance with the provisions set forth therein. For taxpayers selling goods, providing processing, repair, and replacement services, leasing tangible movable property, or importing goods, the standard VAT rate is established at 13%, except in specified cases where rates of 9%, 6%, or 0% apply.

Tax Incentive Policies for the Integrated Circuit Industry

Pursuant to the Guidelines on Tax Preference Policies for Software and Integrated Circuit Enterprises issued by the State Taxation Administration on May 21, 2022, the integrated circuit (IC) industry is entitled to a range of tax incentives. For example, enterprises engaged in IC design, equipment manufacturing, materials, as well as packaging and testing, which are endorsed by the State, may benefit from periodic exemptions or reductions in corporate income tax. Additionally, key IC design enterprises recognized by the State are eligible for similar periodic corporate income tax exemptions or reductions. Expenses incurred for employee training within IC design enterprises are deductible from taxable income based on actual expenditures.

In accordance with Notice by the State Council of Issuing the Several Policies for Promoting the High-Quality Development of the Integrated Circuit Industry and the Software Industry in the New Era (Guo Fa [2020] No. 8) (hereinafter referred to as the Notice No. 8), along with the Announcement of the Ministry of Finance, the State Taxation Administration, the National Development and Reform Commission and the Ministry of Industry and Information Technology on Enterprise Income Tax Policies for Promoting the High-Quality Development of the Integrated Circuit Industry and the Software Industry, the state-endorsed IC design, equipment, materials, packaging and testing, and software enterprises are exempt from corporate income tax for the first and second years commencing from their first profitable year. From the third to the fifth year, these enterprises are subject to a 50% reduction of the

statutory 25% corporate income tax rate. Moreover, key IC design and software enterprises encouraged by the State are granted a corporate income tax exemption for the first through fifth years starting from their initial profitable year, followed by a reduced corporate income tax rate of 10% in subsequent years. The Notice by the National Development and Reform Commission and Other Departments of Relevant Requirements for Effectively Developing the List of Integrated Circuit Enterprises or Projects and Software Enterprises Eligible for Preferential Tax Policies in 2024 further elaborates on the eligibility criteria and project standards for enterprises qualifying for these tax incentives, thereby supplementing the provisions set out in the Notice No. 8.

FOREIGN EXCHANGE MANAGEMENT IN CHINA

The official currency of China is RMB. The State Administration of Foreign Exchange (SAFE), operating under the authorization of the People's Bank of China, is responsible for overseeing all foreign exchange-related matters, including the enforcement of foreign exchange regulations.

Pursuant to the Regulations of the People's Republic of China on Foreign Exchange Administration, as revised and effective from August 5, 2008, by the State Council, international payments and transfers are categorized into current account items and capital account items. The government imposes no restrictions on international payments and transfers under the current account. Foreign exchange income derived from current account transactions by Chinese enterprises may be retained or sold to financial institutions authorized to conduct foreign exchange settlement and sales, in accordance with relevant national regulations. The retention or sale of foreign exchange income from capital account transactions requires prior approval from foreign exchange authorities, except where specific state regulations exempt such approval.

In accordance with the Circular of the People's Bank of China on Issuing the Provisions on the Settlement and Sale of and Payment in Foreign Exchange, promulgated on June 20, 1996, and effective July 1, 1996, all remaining restrictions on the convertibility of foreign exchange under current account items have been lifted, while restrictions on capital account foreign exchange transactions remain in effect.

Under relevant Chinese laws and regulations, Chinese enterprises (including foreign-invested enterprises), that requiring foreign exchange for current account transactions may execute payments from foreign exchange accounts at designated foreign exchange banks upon presentation of valid receipts and transaction documentation, without the need for SAFE approval. Foreign-invested enterprises distributing profits to shareholders in foreign exchange, as well as Chinese enterprises obligated to pay fixed dividends in foreign exchange pursuant to regulations, must conduct such payments from their foreign exchange accounts or through designated foreign exchange banks, based on profit distribution resolutions approved by their board of directors.

In accordance with the Decision of the State Council on Canceling and Adjusting a Group of Administrative Approval Items and Other Matters, effective October 23, 2014, the requirement for administrative approval by SAFE and its branches concerning the repatriation and foreign exchange settlement of funds raised overseas through overseas listings has been abolished.

As per the Notice of the State Administration of Foreign Exchange on Issues concerning the Foreign Exchange Administration of Overseas Listing, issued on December 26, 2014, domestic companies are required to complete overseas listing registration procedures with the local foreign exchange bureau within 15 working days following the completion of the overseas issuance. Funds raised by domestic companies through overseas listings may either be repatriated to China or retained abroad, provided that their utilization aligns with the disclosures contained in the prospectus, bond issuance documents, shareholder circulars, or resolutions of the board of directors or shareholders' meetings.

In accordance with the Notice of the State Administration of Foreign Exchange on Reforming and Regulating the Policies for the Administration of Foreign Exchange Settlement under the Capital Account, issued on June 9, 2016, domestic institutions may, in accordance with relevant policies and based on actual business requirements, apply to banks for voluntary settlement of foreign exchange income from capital account items (including repatriated funds raised through overseas listings). The provisional voluntary settlement ratio for capital account foreign exchange income by domestic institutions is set at 100%. SAFE reserves the right to adjust this ratio in a timely manner in response to the balance of payments situation.

This appendix provides a concise summary of the principal Chinese laws, regulations, and policies related to the company's ongoing business operations within the territory of China. Laws and regulations related to Chinese taxation are addressed separately in Appendix IV Taxation and Foreign Exchange. The primary objective of this summary is to furnish prospective investors with a general understanding of the key legal and regulatory frameworks applicable to the company. This summary does not include all information that may be material to potential investors. For discussions related to the laws and regulations governing the company's business activities, please refer to the Regulatory Overview section of this document.

THE LEGAL FRAMEWORK OF THE PEOPLE'S REPUBLIC OF CHINA

The legal framework of the People's Republic of China is founded upon the Constitution of the People's Republic of China (hereinafter referred to as the Constitution), which was revised and promulgated on March 11, 2018. This framework includes statutory laws, administrative regulations, local regulations, autonomous regulations, separate regulations, departmental rules issued by the State Council, local government rules, legislation of the Special Administrative Regions, as well as international treaties ratified by the Chinese government and other normative instruments. Judicial decisions do not establish legally binding precedents; however, they may serve as references and guidance in judicial proceedings.

Pursuant to the Constitution and the most recent amendment to the Legislative Law of the People's Republic of China (hereinafter referred to as the "Legislative Law"), revised on March 13, 2023, and effective as of March 15, 2023, the National People's Congress (NPC) and its Standing Committee possess the authority to exercise national legislative powers. The NPC holds the prerogative to enact and amend fundamental laws governing state institutions, civil affairs, criminal matters, and other domains. The Standing Committee of the NPC is empowered to enact and amend laws, except those statutes that must be enacted by the NPC itself. During the NPC's recess, the Standing Committee may partially supplement and amend laws enacted by the NPC, provided such modifications do not contravene the fundamental principles of the original legislation.

The State Council, as the highest national administrative authority, is authorized to formulate administrative regulations in accordance with the Constitution and relevant laws. People's congresses and their standing committees at the provincial, autonomous regional, and municipal levels directly under the central government may, based on the specific circumstances and practical requirements of their respective administrative regions, promulgate local regulations, provided these do not conflict with the Constitution, national laws, or administrative regulations. Similarly, people's congresses and their standing committees of cities with districts may enact local regulations concerning matters such as urban and rural construction and management, ecological civilization development, historical and cultural preservation, and grassroots governance, contingent upon the specific conditions and practical needs of their cities. Such regulations must not conflict with the Constitution, laws, administrative regulations, or local regulations of their respective provinces or autonomous regions. In cases where laws specify otherwise regarding the authority of cities

with districts to enact local regulations, those provisions shall prevail. Relevant local laws and regulations require approval by the standing committee of the people's congress of the respective province or autonomous region prior to implementation.

The standing committees of the people's congresses of provinces and autonomous regions are responsible for reviewing the legality of local laws and regulations submitted for approval. Provided these regulations do not conflict with the Constitution, national laws, administrative regulations, or local laws and regulations of the province or autonomous region, approval shall be granted within four months. The people's congresses in ethnic autonomous areas possess the authority to enact autonomous regulations and separate regulations in accordance with the political, economic, and cultural characteristics of the local ethnic groups.

Departments and committees of the State Council, the People's Bank of China, the National Audit Office, directly affiliated institutions with administrative management functions, and other institutions prescribed by law may, within the scope of their authority and pursuant to laws, administrative regulations, and decisions or orders of the State Council, formulate departmental rules.

The NPC retains the authority to amend or repeal any inappropriate laws enacted by its Standing Committee and to annul any autonomous or separate regulations approved by the Standing Committee that are inconsistent with the Constitution or the Legislative Law. The Standing Committee of the NPC is empowered to repeal administrative regulations that conflict with the Constitution and laws, to rescind local regulations that contravene the Constitution, laws, and administrative regulations, and to annul autonomous and separate regulations approved by the standing committees of the people's congresses of provinces, autonomous regions, and municipalities directly under the central government that are inconsistent with the Constitution and the Legislative Law. The State Council holds the authority to amend or repeal inappropriate departmental rules and local government rules. The people's congresses of provinces, autonomous regions, and municipalities directly under the central government have the authority to amend or repeal inappropriate local regulations enacted or approved by their respective standing committees. The standing committees of local people's congresses may repeal inappropriate rules formulated by people's governments at the same level, while people's governments of provinces and autonomous regions may amend or repeal inappropriate rules formulated by people's governments at subordinate levels.

In accordance with the Resolution of the Standing Committee of the National People's Congress Providing an Improved Interpretation of the Law, adopted on June 10, 1981, any requirements for further clarification or supplementary provisions concerning the texts of laws and decrees shall be interpreted or regulated by the Standing Committee of the NPC. Interpretations regarding the specific application of laws in judicial trials shall be issued by the Supreme People's Court. Interpretations concerning the application of laws in prosecutorial work shall be provided by the Supreme People's Procuratorate. Other matters related to the specific application of laws, which do not fall within judicial trials or prosecutorial work, shall be interpreted by the State Council and relevant competent departments. At the local level, the authority to interpret local regulations resides with the local legislative and administrative bodies that promulgated such regulations.

JUDICIAL SYSTEM OF THE PEOPLE'S REPUBLIC OF CHINA

Pursuant to the Constitution and the Organic Law of the People's Courts of the People's Republic of China (as amended by the Standing Committee of the National People's Congress on October 26, 2018, and effective from January 1, 2019), the judicial system in China comprises the Supreme People's Court, local people's courts at various levels, and specialized people's courts. Local people's courts are organized into three tiers: basic people's courts, intermediate people's courts, and higher people's courts. Basic people's courts may establish specialized civil tribunals depending on regional characteristics, population size, and case circumstances. The Supreme People's Court serves as the highest judicial authority in China. It oversees the adjudicative functions of local people's courts at all levels as well as specialized people's courts. Higher-level people's courts supervise the adjudication conducted by lower-level people's courts.

The judicial system operates under a two-instance final judgment framework, whereby the judgment or ruling rendered after the second trial is final. The parties involved may appeal the initial judgments or rulings issued by local people's courts. Additionally, the People's Procuratorate may, in accordance with legally prescribed procedures, file a protest with the higher-level people's court. In the absence of an appeal by the parties within the stipulated time and no protest filed by the People's Procuratorate, the judgment or ruling shall be deemed final. Final judgments or rulings issued by intermediate people's courts, higher people's courts, and the Supreme People's Court in second-instance proceedings, as well as first-instance judgments or rulings by the Supreme People's Court, shall be deemed final. However, in the event that the Supreme People's Court identifies a substantive error in a final judgment or ruling that has already attained legal effect by the people's courts at various levels, or if a higher people's court detects such an error in a final judgment or ruling rendered by a lower people's court, or if the president of a people's court at any level discovers a substantive error in a final judgment or ruling that has already taken legal effect within their court, they are authorized to remit the case for retrial in accordance with the established judicial supervision procedures.

The most recent amendment to the Civil Procedure Law of the People's Republic of China (hereinafter referred to as the Civil Procedure Law), revised on September 1, 2023 and effective on January 1, 2024, stipulates the initiation of civil litigation, judicial jurisdiction of people's courts, procedural requirements for civil litigation, and conditions governing the enforcement of civil judgments or rulings. All parties initiating civil litigation within the territory of China are required to comply with the Civil Procedure Law. Civil cases are generally adjudicated by the court located at the defendant's place of residence. In cases involving contract disputes or other property rights conflicts, parties may, through written agreement, select the jurisdiction of the people's court at the defendant's residence, the place of contract performance, the location where the contract was executed, the plaintiff's residence, the site of the subject matter, or other locations with a substantive connection to the dispute, provided such selection does not contravene provisions concerning hierarchical or exclusive jurisdiction under the Civil Procedure Law.

Foreigners, stateless persons, foreign companies, and foreign organizations enjoy equal litigation rights and obligations in the people's courts as Chinese citizens, legal persons, or other organizations when initiating or defending legal actions. Should foreign courts impose restrictions on the litigation rights of Chinese citizens or enterprises, the people's courts of China apply the principle of reciprocity concerning the civil litigation rights of nationals or enterprises of the respective foreign country. If a foreigner, a stateless person, a foreign company, or a foreign organization needs to appoint a lawyer to represent it in lawsuits in the People's Court of China, it must appoint a lawyer from China. In accordance with international treaties to which China is a party or based on the principle of reciprocity, the people's courts and the foreign courts may mutually request assistance in service of process, evidence collection, and other litigation-related activities. Requests from foreign courts that infringe upon China's sovereignty, security, or public interests will not be accepted by the people's courts.

Judgments and rulings in civil litigation that have attained legal effect are binding upon the parties. In the event that either party in a civil lawsuit fails to comply with a judgment or ruling issued by the People's Court, or with an award rendered by a Chinese arbitration tribunal, the opposing party may submit an application to the People's Court for the enforcement of the relevant judgment or ruling within a two-year period. Additionally, the party may request a postponement of enforcement or seek its revocation. The provisions governing the suspension or interruption of the statute of limitations for litigation shall likewise be applicable to the suspension or interruption of the statute of limitations for enforcement proceedings. Should a party fail to comply with the judgment within the time established by the court for enforcement, the court may, upon the request of the opposing party, proceed with compulsory enforcement of the judgment.

In instances where a party seeks the enforcement of a legally binding judgment or ruling issued by a people's court against the opposing party, and the opposing party or their assets are situated outside the territory of the People's Republic of China, the requesting party may submit an application to a foreign court possessing appropriate jurisdiction for the acknowledgment and enforcement of such judgment or ruling. Alternatively, the people's court may, pursuant to international treaties to which China is a party or based on the principle of reciprocity, formally request the foreign court to recognize and enforce the judgment or ruling. Likewise, a legally binding judgment or ruling issued by a foreign court that necessitates acknowledgment and enforcement by a people's court of China may be directly submitted for acknowledgment and enforcement by the parties to the competent intermediate people's court in China. Alternatively, the foreign court may petition the people's court to recognize and enforce the judgment or ruling in accordance with the provisions of an international treaty to which China is a party, or on the basis of the principle of reciprocity. Nevertheless, if the judgment or ruling contravenes the fundamental principles of Chinese law or undermines China's national sovereignty, security, or public interests, it shall not be recognized or enforced.

THE COMPANY LAW, THE INTERIM MEASURES, AND THE GUIDELINES ON THE BYLAWS

Joint-stock limited companies established in China that intend to list on the Stock Exchange of Hong Kong are required to primarily adhere to the following Chinese laws and regulations.

The Company Law of the People's Republic of China (hereinafter referred to as the Company Law) was enacted by the Fifth Session of the Standing Committee of the Eighth National People's Congress on December 29, 1993, and became effective on July 1, 1994. It has undergone amendments on December 25, 1999; August 28, 2004; October 27, 2005; December 28, 2013; October 26, 2018; and most recently on December 29, 2023. The latest amended version of the Company Law came into force on July 1, 2024.

The Interim Measures for the Administration of Overseas Securities Offering and Listing by Domestic Enterprises (hereinafter referred to as the Interim Measures), along with related guidelines, were promulgated by the China Securities Regulatory Commission (CSRC) on February 17, 2023, and became effective on March 31, 2023. These Measures apply to both direct and indirect overseas share subscriptions and listings by domestic companies. The Interim Measures also establish the filing procedures and regulatory requirements for domestic enterprises issuing securities abroad and seeking overseas listings.

On March 28, 2025, the CSRC issued the latest revised Guidelines on the Bylaws of Listed Companies (hereinafter referred to as the Guidelines on the Bylaws), which took effect immediately. Pursuant to the Interim Measures and its supporting guideline, the Guidelines for the Application of Regulatory Rules–Overseas Offering and Listing No. 1, domestic enterprises that directly issue shares overseas and seek listing must draft their articles of association in accordance with the Guidelines on the Bylaws and other relevant CSRC provisions concerning corporate governance to ensure proper company governance.

A summary of the principal provisions of the Company Law, the Interim Measures, and the Guidelines on the Bylaws applicable to the company is provided below.

General Provisions

A joint-stock limited company refers to a corporate legal entity established in China in accordance with the Company Law, with its registered capital being divided into shares of equal nominal value. The shareholders shall be liable for the company to the extent of their subscribed capital contribution. The company shall be liable for its debts to the extent of its total assets.

The company is obligated to conduct its business activities in strict accordance with applicable laws, regulations, social ethics, and business ethics. The company is permitted to invest in other limited liability companies. Its liability concerning the companies in which it invests is confined to the amount of its investment. Except as otherwise provided by law, the company shall not become a capital contributor that bears joint liabilities for the debts of the companies in which it invests.

Incorporation

A joint-stock limited company may be established through either the initiator method or the subscription method. The establishment of a joint-stock limited company requires the involvement of between one and two hundred initiators, with the majority of these initiators being domiciled within the territory of China.

When utilizing the initiator method, initiators are required to fully subscribe to the shares to be issued at the time of incorporation of a joint-stock limited company, as specified in the articles of association. In contrast, under the subscription method, initiators must subscribe to no less than 35% of the total shares to be issued at the time of incorporation of a joint-stock limited company, unless otherwise stipulated by applicable laws or administrative regulations, which shall take precedence.

For joint-stock limited companies established via the subscription method, initiators must convene the founding meeting within 30 days following the full payment of the share capital to be issued at incorporation. All subscribers must be notified of the meeting date, or a public announcement must be made by the initiators, at least 15 days before convening the meeting. The founding meeting shall proceed only if shareholders representing more than half of the voting rights are present. The procedures for convening and voting at the founding meeting of a joint-stock limited company established by the initiator method shall be governed by the articles of association or the initiators' agreement.

The initial meeting of the company shall exercise the following functions and powers:

(i) To review the initiators' report on preparatory activities for the company's establishment;

(ii) To adopt the articles of association;

(iii) To elect directors and supervisors;

(iv) To audit the company's establishment expenses;

(v) To audit the valuation of non-monetary contributions made by the initiators; and

(vi) To resolve not to proceed with the establishment in cases of force majeure or significant changes to the operating conditions that directly impact the company's incorporation.

Resolutions made at the founding meeting on the aforementioned matters shall be adopted by a majority of the voting rights held by shareholders present at the meeting.

Within 30 days after the conclusion of the founding meeting, the board of directors must apply to the registration authority for the registration of the establishment of the joint-stock limited company. Upon issuance of a business license by the registration authority, the company shall be officially established and shall acquire legal person status.

Registered Shares and Share Issuance

In accordance with the Company Law, shareholders may contribute capital in the form of monetary funds or non-monetary assets, including but not limited to tangible goods, intellectual property rights, land use rights, stock rights, creditor's rights, or other non-monetary properties that can be legally valued and converted into monetary terms, excluding any assets prohibited by applicable laws or administrative regulations from serving as capital contributions.

The capital of a joint-stock limited company is divided into shares. All shares issued by the company shall be either par value shares or no-par value shares, as stipulated in the company's articles of association. In the case of par value shares, each share carries an equal nominal value. The company may, in accordance with its articles of association, convert all issued par value shares into no-par value shares, or vice versa. For no-par value shares, at least fifty percent of the proceeds from the share issuance must be allocated to the registered capital.

A joint-stock limited company is required to maintain a register of shareholders, which shall be kept at the company's premises. The register of shareholders must contain the following information:

(i) Name or designation and residence of each shareholder;

(ii) The category and number of shares subscribed by each shareholder;

(iii) For shares issued in physical certificate form, the certificate numbers; and

(iv) The date on which each shareholder acquired the shares.

The issuance of shares by a joint-stock limited company shall adhere to principles of fairness and impartiality. Each share within the same class shall confer equal rights. Shares of the same class issued in the same issuance shall be subject to identical issuance conditions and pricing. Subscribers are obligated to pay an equal price per share for the shares they subscribe to. The issuance price of par value shares may be equal to or exceed the par value, but shall not be lower than the par value.

In accordance with the Interim Measures, companies issuing and listing securities on overseas markets may raise capital and distribute dividends in foreign currencies or RMB. In specific circumstances, such as equity incentive plans or asset acquisitions through securities issuance, domestic enterprises may issue securities to designated domestic recipients when conducting direct overseas issuance and listing.

The Interim Measures further provide that, for domestic enterprises engaging in direct overseas issuance and listing, shareholders holding unlisted domestic shares may apply to convert these shares into overseas listed shares for trading on foreign exchanges, subject to the relevant regulations of the CSRC. The domestic enterprise must file the relevant documentation with the CSRC. The term "unlisted domestic shares" as mentioned in the preceding paragraph, refers to shares issued by domestic enterprises that are not listed or traded on any domestic exchange or trading platform. Such unlisted domestic shares shall be centrally registered and deposited with domestic securities registration and settlement institutions. The registration and settlement of overseas listed shares shall comply with the regulations of the respective overseas listing venue.

Domestic enterprises issuing and listing securities overseas are required to file with the CSRC in accordance with the Interim Measures, submitting filing reports, legal opinions, and other relevant materials, and must ensure truthful, accurate, and complete disclosure of shareholder information and related matters. For direct overseas issuance and listing by domestic enterprises, the issuer shall file with the CSRC. In cases of indirect overseas issuance and listing, the issuer must designate a primary domestic operating entity to act as the domestic responsible party for filing with the CSRC.

Increase of Share Capital

In accordance with the Company Law, when a joint-stock limited company intends to issue new shares, the shareholders' meeting must adopt resolutions concerning the following matters:

(i) The category and quantity of the new shares to be issued;

(ii) The issuance price of the new shares;

(iii) The commencement and conclusion dates for the issuance;

(iv) The category and quantity of new shares to be allocated to original shareholders; and

(v) In the case of issuing no-par value shares, the amount of proceeds from the new shares is to be credited to the registered capital.

Should the company conduct a public offering of shares to the general public, it is required to register with and obtain approval from the securities regulatory authority under the State Council, and to make a public announcement accordingly.

Reduction of Share Capital

A company may reduce its registered capital in accordance with the procedures prescribed by the Company Law, which include:

(i) Preparing a balance sheet and a list of assets by the company;

(ii) Obtaining approval for the reduction of registered capital from the shareholders at a shareholders' meeting;

(iii) Notifying creditors within ten days following the shareholders' resolution to reduce the registered capital, and publishing a public announcement in a newspaper or on the National Enterprise Credit Information Publicity System within thirty days;

(iv) Creditors shall have the right to require the company to pay off debts or offer corresponding guarantees within 30 days upon receipt of the notice or 45 days from the date of announcement if they have not received the notice; and

(v) Applying to the company registration authority for the corresponding change of registration.

When reducing the registered capital, the company shall proportionally reduce capital contributions or shares in accordance with shareholders' respective contributions or shareholdings, except where otherwise provided by law, unanimously agreed upon by all shareholders in a limited liability company, or stipulated in the articles of association of a joint-stock limited company.

Redemption

In accordance with the Company Law, a company is prohibited from repurchasing its own shares except under the following conditions:

(i) Decrease the registered capital of the company;

(ii) Merge with other companies holding its shares;

(iii) Use shares for employee stock ownership plans or equity incentives;

(iv) The shareholders who dissent from the merger and division resolutions of the company made by the shareholders' meeting request the company to buy back its shares;

(v) Use shares to convert corporate bonds that are issued by companies and can be converted into shares; or

(vi) It is necessary for the company to safeguard the company's value and shareholders' rights and interests.

If the repurchase is conducted under conditions (i) or (ii), the company must secure approval through a resolution passed at the shareholders' meeting. For repurchases under conditions (iii), (v), or (vi), the company may proceed in accordance with its articles of association or authorization granted by the shareholders' meeting, and must obtain approval via a board resolution passed by at least two-thirds of the directors present at the meeting.

Where a share buyback by the company pursuant to the provisions of the first section of this article falls under the circumstance set out in paragraph (i), the shares shall be canceled within ten days from the date of buyback; where the share buyback falls under the circumstances set out in paragraph (ii) or paragraph (iv), the shares shall be transferred or canceled within six months; where the share buyback falls under the circumstances set out in paragraph (iii), paragraph (v), or paragraph (vi), the total shares held by the company shall not exceed ten percent of the total amount of the shares issued by the company, and the company shall transfer or cancel the shares within three years.

Equity Transfer

The shareholders may transfer their shares in accordance with applicable laws. In accordance with the Company Law, such transfers must occur through a legally recognized securities trading venue or by other methods prescribed by the State Council. The transfer of shares shall be executed by the shareholders via endorsement or other means as stipulated by laws and administrative regulations. Following the transfer, the company shall update the register of shareholders to reflect the assignee's name and address. The register of shareholders shall remain unchanged within twenty days prior to the convening of a shareholders' meeting or within five days preceding the record date for dividend distribution. In cases where laws, administrative regulations, or directives issued by the securities regulatory authority under the State Council provide alternative provisions concerning amendments to the register of shareholders of listed companies, such provisions shall prevail.

In accordance with the Company Law, the shares issued prior to the public offering by the company shall not be transferred within one year from the date when the company's shares are listed on the stock exchange. Should there be any other stipulations in laws, administrative regulations, or from the securities regulatory authority under the State Council regarding the transfer of shares held by shareholders or actual controllers of listed companies, those stipulations shall prevail.

The directors, supervisors, and senior executives shall declare to the company their holding of shares in the company and the changes thereof, and shall not transfer shares more than 25% of the total Company's shares they held in each year during their tenure; and shall not transfer the company's shares within one year since the date when the shares are listed. The aforesaid persons shall not be allowed to transfer the company's shares they held within half a year from their resignation. The company's articles of association may impose additional restrictions on the transfer of shares held by directors, supervisors, and senior executives.

In the event that shares are pledged during any legally or administratively mandated restricted transfer period, the pledgee shall be prohibited from exercising pledge rights throughout the duration of such restricted period.

Shareholders

In accordance with the Company Law and the Guidelines on the Bylaws, shareholders are entitled to the following rights:

(i) To receive dividends and other forms of profit distribution based on the proportion of shares;

(ii) To request, convene, preside over, participate in, or appoint an agent to attend the shareholders' meeting and exercise the corresponding voting rights according to law;

(iii) To supervise the business activities of the company and provide advice or address inquiries;

(iv) To transfer, grant, or pledge their shares in accordance with laws, administrative regulations, and provisions of the articles of association;

(v) To consult and duplicate copies of the company's articles of association, register of shareholders, minutes of shareholders' meetings, resolutions of the board of directors, and financial accounting reports; shareholders meeting specified criteria may also inspect the company's accounting books and vouchers;

(vi) To participate in the distribution of residual property in accordance with shares held by it, in the case of any termination or liquidation;

(vii) To request the company to purchase the shares of the shareholders who dissent from the resolution on the merger or division of the company adopted by the shareholders' meeting;

(viii) To exercise other rights prescribed by laws, administrative regulations, departmental regulations, and the provisions hereof.

The shareholders' responsibilities include:

(i) To comply with laws, administrative regulations, and the provisions hereof;

(ii) To make a monetary contribution in the amount as subscribed and in the method as agreed;

(iii) To refrain from redeeming the shares held by such shareholder in the company except as otherwise stipulated by laws and regulations;

(iv) To protect the interests of the company or other shareholders by not abusing the shareholders' rights; protect the interests of the company's creditors by not abusing the independent legal person status of the company and the limited liability of the shareholders;

(v) To assume other obligations stipulated by laws, administrative regulations, and the provisions hereof.

Shareholders' Meeting

In accordance with the Company Law, the shareholders' meeting of a joint-stock limited company comprises all shareholders. The shareholders' meeting constitutes the company's supreme governing body and is vested with the following functions and powers:

(i) To elect and replace the directors and the supervisor assumed by non-employee representatives, and decide on matters in relation to their remuneration;

(ii) To deliberate and approve reports of the board of directors;

(iii) To deliberate and approve reports of the board of supervisors;

(iv) To deliberate and approve the company's plans for profit appropriation and recovery of losses;

(v) To make a resolution on the increase or reduction of the company's registered capital;

(vi) To make resolutions on the issue of corporate bonds;

(vii) To make a resolution on matters such as merger, division, dissolution, liquidation, or change of corporate form;

(viii) To amend the articles of association of the company; and

(ix) To exercise other duties and powers as stipulated by the articles of association of the company.

In accordance with the Company Law, the shareholders' meetings shall be held once a year generally. The company shall convene an extraordinary general meeting within two months following the occurrence of any of the following circumstances:

(i) The number of directors does not satisfy the requirement of two-thirds of the quorum stipulated by the Company Law or the articles of association;

(ii) The loss to be offset by the company reaches one-third of the total share capital;

(iii) The extraordinary general meeting is requested by a shareholder separately or jointly holding over ten percent of the company's shares;

(iv) Where the board of directors deems it necessary;

(v) Where an extraordinary general meeting is proposed by the board of supervisors; or

(vi) As otherwise specified under the articles of association.

The shareholders' meeting shall be convened by the board of directors and presided over by the chairman. Where the chairman is unable or fails to perform his/her duties, such duties shall be presided over by the vice chairman; if the vice-chairman is unable or fails to perform his/her duties, such duties shall be presided over by a director jointly elected by over half of the directors.

Where the board of directors is unable or fails to perform the duties to convene a shareholders' meeting, the shareholders' meeting shall be convened and presided over by the board of supervisors promptly. Where the board of supervisors fails to convene and preside over such shareholders' meeting, the shareholders representing one-tenth or more of the voting rights for more than 90 consecutive days individually or collectively are entitled to independently convene and preside over a shareholders' meeting.

When shareholders holding 10% or more of the company's shares request the convening of an extraordinary general meeting, the board of directors or the board of supervisors must decide whether to convene the meeting within ten days of receiving the request and provide a written response to the shareholders.

Notification of the time, venue, and agenda of the shareholders' meeting must be provided to all shareholders at least twenty days in advance; for extraordinary general meetings, notification must be given at least fifteen days in advance.

The shareholders separately or jointly holding one percent or more of the company's shares may put forward a temporary proposal and submit it in writing to the board of directors ten days before the holding of the shareholders' meetings. The temporary proposal shall have clear topics and specific resolutions. The board of directors shall notify other shareholders within two days of receiving any temporary proposal and shall submit it for consideration at the shareholders' meeting. Proposals that contravene laws, administrative regulations, or the articles of association, or fall outside the authority of the shareholders' meeting, shall be excluded. The company shall not impose any higher shareholding threshold for shareholders to submit temporary proposals.

In accordance with the Company Law, when shareholders appoint proxies to attend the shareholders' meeting on their behalf, the scope, authorization, and duration of such agency must be clearly specified. The proxy must submit a power of attorney to the company and exercise voting rights within the authorized scope. The Company Law does not explicitly prescribe a statutory quorum for shareholders' meetings.

In accordance with the Company Law, each share owned by a shareholder present at the shareholders' meeting entitles the holder to one voting right, with the exception of shareholders holding preferred shares. The shares held by the company itself carry no voting rights.

In accordance with the Company Law and the Guidelines on the Bylaws, the resolutions of the shareholders' meeting shall be adopted by a majority vote of more than half of the voting rights held by shareholders present. The resolution related to the amendment of the articles of association, increase or decrease of the registered capital, merger, separation, dissolution, or change in the corporate form must be approved by the shareholders representing more than two thirds of the voting rights at a shareholders' meeting.

When the shareholders' meeting votes on the election of directors or supervisors, the cumulative voting system may be implemented in accordance with the provisions of the articles of association or the resolutions of the shareholders' meeting. The cumulative voting system refers to a system in which, a shareholders' meeting elects directors or supervisors, each share has the same number of voting rights as that of the directors or supervisors to be elected, and the voting rights held by shareholders can be used collectively.

Board of Directors

In accordance with the Company Law, a joint-stock limited company is required to establish a board of directors consisting of no fewer than three members. The duration of each director's term is defined in the company's articles of association, with a maximum term length of three years. Upon expiry of the term of office, directors may be re-elected consecutively.

The board of directors shall have one chairman and may have one vice chairman. The term of office of the board shall be three years. The chairman shall convene and preside over the meetings of the board of directors and inspect the implementation of the resolutions thereof. The vice chairman shall assist the chairman. If the chairman is unable or fails to perform his/her duties, such duties shall be performed by the vice chairman; if the vice-chairman is unable or fails to perform his/her duties, such duties shall be performed by a director jointly elected by over half of the directors.

A person shall not serve as the director of the company in any of the following circumstances:

(i) The person does not have the capacity for civil conduct or has a restricted capacity for civil conduct;

(ii) The person has been sentenced to any criminal penalty due to an offense of corruption, bribery, encroachment of property, appropriation of property, or disturbance of the socialist market economic order, where less than five years have elapsed since the expiration of the period of execution, or where less than five years have elapsed since the person has ever been deprived of his or her political rights due to any crime, or where a suspended sentence is announced and not more than two years have elapsed from the date on which the test for the suspended sentence expires;

(iii) The person is a former director, factory director, or manager of a company or an enterprise which has become bankrupt and has been liquidated as a result of mismanagement, personally liable for the bankruptcy of such company or enterprise, where less than three years have elapsed since the date of completion of the bankruptcy and liquidation;

(iv) The person serves as a legal representative of a company or an enterprise whose business license is revoked and is ordered to close due to violation of laws, and is personally liable for the revocation of such company or enterprise, where less than three years have elapsed since the date of the revocation of the business license or being ordered to close down thereof; or

(v) Being identified as a person subject to execution by the People's Court for breach of trust for a relatively large amount of outstanding but overdue debts.

The board meeting shall be convened at least twice a year. All directors and supervisors must be notified at least ten days in advance of each meeting. The board of directors shall exercise the following functions and powers:

(i) To be responsible for convening the shareholders' meeting and reporting to the shareholders' meeting;

(ii) To execute the resolutions of the shareholders' meeting;

(iii) To decide on plans for the operation and investment of the company;

(iv) To formulate the profit distribution plan and deficit coverage plan of the company;

(v) To formulate plans for the increase or decrease of the registered capital of the company and plans for issuing corporate bonds;

(vi) To formulate the plans of merger, division, dissolution, or form change of the company;

(vii) To decide on the establishment of internal management organs of the company;

(viii) To decide on the appointment or removal of the general manager of the company and matters concerning his or her remuneration, and to determine the appointment or removal of the deputy general manager and the chief financial officer of the company upon the general manager's nomination and to decide on matters concerning their remuneration; and

(ix) To formulate a basic management system of the company; and

(x) To exercise other functions and powers as stipulated by the articles of association or granted by the shareholders' meeting.

The meeting of the board of directors shall be held only when more than half of the directors are present. Any resolution made at a Board meeting shall be subject to adoption by over half of all the directors. The resolutions of the meeting of the board of directors shall be voted based on the principle of "one person, one vote". The meeting of the board of directors shall keep minutes of the resolutions made on the matters discussed. The minutes shall be signed by all directors present at the meeting.

The directors shall attend the meeting of the board of directors in person. Should a director be unable to attend the Board meeting, he/she may entrust another director to attend the meeting on his/her in writing. The power of attorney shall specify the scope of authorization. Directors shall be responsible for the Board resolutions. Should a resolution of the board of directors contravene the laws, administrative regulations, the company's articles of association, or shareholders' meeting resolutions, resulting in significant losses to the company, the directors who participated in such a resolution shall be liable for compensation to the company. Nonetheless, a director who formally expressed dissent during the vote and had such dissent recorded in the meeting minutes may be exempt from such liability.

Board of Supervisors

In accordance with the Company Law, a joint-stock limited company is required to establish a board of supervisors comprising no fewer than three members. The members of the board of supervisors shall be composed of shareholder representatives and employee representatives under an appropriate proportion, of whom the proportion of employee representatives shall not be less than one-third, and the specific proportion shall be stipulated in the articles of association of the company. The employees' representatives of the board of supervisors shall be democratically elected by the workers and employees' congress, general membership meeting, or other forms of democratic election from employees of the company. The director or the senior executives shall not concurrently serve as the supervisor.

The board of supervisors shall have one chairman and may appoint one vice chairman. The chairman and the vice chairman of the board of supervisors shall be elected by more than half of all the supervisors. The chairman of the board of supervisors shall convene and preside over meetings of the board of supervisors. If the chairman of the board of supervisors is unable to exercise his/her duties or fails to exercise his/her duties, the vice chairman of the board of

supervisors shall convene and preside over meetings of the board of supervisors. If the vice chairman of the board of supervisors is unable to exercise his/her duties or fails to exercise his/her duties, a supervisor approved by more than half of all the supervisors shall be appointed to convene and preside over the meetings of the board of supervisors.

The board of supervisors shall exercise the following functions and powers:

(i) To examine the financial affairs of the company;

(ii) To supervise the director and the senior executives for their performance of duties, and put forward recommendations to remove the director or the senior executives for violating the laws, administrative regulations, the articles of association, or the resolutions made by the shareholders' meeting;

(iii) To require the directors and the senior executives to take corrective measures if their acts impair the interests of the company;

(iv) To propose the convening of an extraordinary general meeting, and to convene and preside over any shareholders' meeting when the board of directors fails to perform the duty of convening and presiding over such meeting as provided for by the Company Law;

(v) To make proposals at the shareholders' meeting;

(vi) To file proceedings against the director and the senior executives in accordance with the provisions of Article 189 of the Company Law; and

(vii) To exercise other functions and powers as stipulated by the articles of association.

In accordance with its articles of association, a joint-stock limited company may establish an audit committee composed of directors within the board of directors to exercise the functions and powers of the board of supervisors, thereby substituting the establishment of a board of supervisors.

On December 27, 2024, CSRC issued the Transitional Arrangements for the Implementation of Supporting Rules under the New Company Law. Listed companies are required, by January 1, 2026, to stipulate in their articles of association the establishment of an audit committee within the board of directors to exercise the powers of the board of supervisors as prescribed by the Company Law, in accordance with the Provisions by the State Council on Implementing the Registration Management System of Registered Capital in the Company Law of the People's Republic of China, and the CSRC's supporting rules, and shall not establish a board of supervisors or appoint supervisors. Until the internal supervisory structure is adjusted, the board of supervisors or supervisors of listed companies shall continue to comply with the provisions of the original CSRC regulatory rules.

General Manager and Senior Executives

In accordance with the Company Law, a joint-stock limited company shall have one general manager who shall be hired or dismissed upon the decision of the board of directors. The general manager is accountable to the board of directors and exercises functions and powers in accordance with the company's articles of association or as authorized by the board of directors. The general manager shall attend board meetings as a non-voting participant.

In accordance with the Company Law, the senior executives refer to the general manager, deputy general manager, chief financial officer (CFO), secretary of the board of directors of the listed company, and other personnel as stipulated in the articles of association.

Functions and Duties of Directors, Supervisors, and Senior Executives

In accordance with the Company Law, the directors, the supervisors, and the senior executives shall comply with relevant laws, regulations, and the articles of association, and be loyal and diligent to the company. The directors, supervisors, and senior executives shall have a fiduciary duty of loyalty to the company. They are obligated to implement measures to prevent conflicts of interest between their personal interests and those of the company, and must not leverage their positions to secure improper advantages.

The directors, supervisors, and senior executives shall bear a fiduciary duty of diligence toward the company and, in the execution of their duties and responsibilities, are expected to exercise the degree of care that a reasonably prudent manager would employ to act in the company's best interests.

The directors, supervisors, and senior executives shall not:

(i) Encroach on the company's property, or misappropriate the company's funds;

(ii) Open accounts in his or her own name or in the name of any other individual for the deposit of the company's funds;

(iii) Accept bribes or other illegal incomes by taking advantage of their functions and powers;

(iv) Take any commissions in connection with transactions of the company with others;

(v) Disclose the secrets of the company without authorization; or

(vi) Conduct other acts in violation of the duty of loyalty to the company.

The directors, supervisors, and senior executives who engage in contracts or transactions with the company, whether directly or indirectly, are required to disclose such matters to the board of directors or the shareholders' meeting. Furthermore, they must secure approval through a formal resolution of the board of directors or the shareholders' meeting, in accordance with the provisions set forth in the company's articles of association.

Close relatives of directors, supervisors, and senior executives, as well as enterprises directly or indirectly controlled by such directors, supervisors, senior executives, or their close relatives, and any related parties maintaining other affiliated relationships with directors, supervisors, or senior executives, shall be governed by the provisions outlined in the preceding paragraph when entering into contracts or engaging in transactions with the company.

The directors, supervisors, and senior executives shall not seek commercial opportunities that should belong to the company for themselves or any other person by taking advantage of their position. Exceptions to this prohibition include:

(i) disclosing such matters to the board of directors or the shareholders' meeting and obtaining prior approval through resolutions from the board of directors or shareholders' meeting in accordance with the company's articles of association; or

(ii) circumstances where, under applicable laws, administrative regulations, or the company's articles of association, the company is unable to pursue the business opportunity.

The directors, supervisors, and senior executives shall not engage in or operate similar businesses to those of the company on their own behalf or for others without reporting to the board of directors or the shareholders' meeting and obtaining approval through a resolution of the board of directors or the shareholders' meeting in accordance with the company's articles of association.

In the case that the directors, the supervisors, and the senior executives violate laws, administrative regulations, or the provisions hereof in the exercise of their duties, thus causing losses to the company, they shall bear the liabilities for compensation.

Finance and Accounting

In accordance with the Company Law, the company shall establish its financial accounting system in accordance with the laws, administrative regulations, and provisions of the financial department of the State Council. At the end of each fiscal year, the company shall prepare a financial report, which shall be audited by an accounting firm by law. The financial and accounting reports shall be prepared in accordance with the laws, regulations, and provisions of the financial department of the State Council.

For joint-stock limited companies, the financial accounting reports must be made available at the company's premises twenty days prior to the annual shareholders' meeting to allow shareholders adequate time for review. Additionally, joint-stock limited companies with publicly issued shares are obligated to publicly disclose their financial accounting reports.

Any premium received from issuing shares at a price exceeding the par value, amounts received from issuing no-par value shares that are not included in registered capital, and other items designated by the financial department of the State Council to be recorded as capital reserves shall be accounted for as the company's capital reserves.

The reserve of the company shall be used to cover the company's losses, expand its production and operation, or be converted to the company's increased registered capital. When reserves are applied to cover losses, discretionary reserves and statutory reserves must be used first; should these be insufficient, capital reserves may be employed in accordance with regulatory provisions. When the statutory reserve is converted into the increased registered capital, the amount remaining in such statutory reserve shall be no less than 25% of the registered capital before the increase of capital.

No books of account other than those required by laws shall be established by the company. The assets of the company shall not be deposited in an account opened under the name of any individual.

Engagement and Dismissal of Accounting Firms

In accordance with the Company Law, the shareholders' meeting, the board of directors, or the board of supervisors shall decide on the appointment or removal of the accounting firm that undertakes the company's auditing business, in accordance with the provisions of the company's articles of association. When a resolution to dismiss an accounting firm is voted on by the shareholders' meeting, the board of directors, or the board of supervisors, the accounting firm must be given the opportunity to present its views. The company shall warrant to provide the accounting firm with authentic and complete accounting vouchers, account books, financial reports, and other data, and shall not reject, conceal, or make false reports.

In accordance with the Guidelines on the Bylaws, any employment of an accounting firm by the company shall be determined by the shareholders' meetings, and before then, the board of directors shall not designate any accounting firm. The audit expenses of the accounting firm shall be determined by the shareholders' meetings.

Profit Distribution

Where the company distributes annual after-tax profits, it shall allocate ten percent of its profits into the statutory reserve fund. The company does not need to allocate further amounts if the cumulative amount of the statutory reserve reaches 50% or more of the registered capital. Where the statutory reserve fund of the company is not sufficient to cover the company's losses

from the previous years, the profits of the current year shall be used to cover such losses before the allocation is made to the statutory reserve fund pursuant to the previous paragraph. After the allocation to the statutory reserve has been made from the after-tax profits of the company, a discretionary reserve can be withdrawn from the after-tax profits upon the resolution of the shareholders' meeting. Following the settlement of losses and allocation to the reserve fund, the remaining after-tax profit shall be distributed by a joint-stock limited company to its shareholders in proportion to their respective shareholdings, except as otherwise provided in the company's articles of association. The company's shares held by the company shall not be engaged in the distribution of profits.

In the event that profit distributions are made in violation of the Company Law, the shareholders shall be required to return the improperly distributed profits to the company; furthermore, if such actions cause losses to the company, the shareholders, along with the responsible directors, supervisors, and senior executives, shall bear liability for compensation.

Upon the shareholders' meeting passing a resolution on profit distribution, the board of directors shall ensure that the profits are distributed within six months from the date of the resolution.

Dissolution and Liquidation

In accordance with the Company Law, the company shall be dissolved for the following reasons:

(i) The term of business as stipulated by the articles of association expires, or any other cause of dissolution stipulated herein appears;

(ii) A resolution is passed to dissolve the company by the shareholders' meeting;

(iii) The company is dissolved due to a merger or division;

(iv) The business license of the company is revoked, or the company is ordered to shut down or be dissolved in accordance with laws; or

(v) The company is dissolved by the People's Court in accordance with the provisions of Article 231 of the Company Law.

The company shall, within ten days of the occurrence of the reasons for dissolution set forth in the preceding paragraph, make the reasons for dissolution public through the National Enterprise Credit Information Publicity System.

In cases where dissolution arises from reasons set forth in items (i) or (ii) and the company has not yet distributed its assets to shareholders, the company may continue its existence by amending the articles of association or through a shareholders' meeting

resolution. Such an amendment or resolution must be approved by shareholders representing more than two-thirds of the voting rights present. A company dissolved for reasons under items (i), (ii), (iv), or (v) shall proceed to liquidation. The director, as the liquidation obligor of the company, shall form a liquidation committee to carry out the liquidation within 15 days from the date of occurrence of the cause of dissolution. The liquidation committee shall consist of the directors unless otherwise provided in the articles of association or determined by the shareholders' meeting to appoint alternative personnel. If the liquidation obligors fail to fulfill their liquidation obligations in a timely manner, resulting in losses to the company or creditors, they shall bear the responsibility for compensation.

In the event that the liquidation committee is not established within the time limit for liquidation, or if the liquidation committee is established but does not carry out the liquidation, the interested parties may apply to a people's court to appoint relevant personnel to form a liquidation committee for liquidation. The people's court shall accept such petitions and promptly organize the liquidation committee to carry out the liquidation.

The liquidation committee may exercise the following functions and powers during the liquidation:

(i) To investigate the company's assets, and to prepare a balance sheet and a list of the company's assets;

(ii) To notify the creditors through notice or announcement;

(iii) To handle the company's outstanding businesses concerning liquidation;

(iv) To effect payment of all overdue taxes of the company;

(v) To settle creditors' rights and debts of the company;

(vi) To distribute the remaining assets after the settlement of the company's debts; and

(vii) To appear in court for civil proceedings on behalf of the company.

The liquidation committee shall notify the creditors of the company within ten days from the date of its establishment and shall make an announcement in the newspaper or the National Enterprise Credit Information Publicity System within 60 days. Creditors shall declare their creditor's rights to the liquidation committee within 30 days upon receipt of the notice and 45 days from the date of announcement if they have not received the notice. In declaring the creditor's right, the creditors shall explain the relevant matters concerning the creditor's right and provide supporting materials. The liquidation committee shall register the creditor's rights. During the declaration of creditors' rights, the liquidation committee shall not pay off the debts to the creditors.

After clearing up the property of the company and preparing the balance sheet and a list of assets, the liquidation committee shall formulate a liquidation proposal and submit it to the shareholders' meeting or a people's court for confirmation.

After paying liquidation expenses, wages of employees, social insurance premiums and legal compensation as well as taxes owed, and paying off the company's debts, the remaining assets of the company shall be distributed by the limited liability company based on the proportion of capital contribution of the shareholders, and by the joint-stock limited company based on the proportion of shares held by the shareholders.

During the liquidation, the company may continue to exist, but shall not carry out any business activities unrelated to the liquidation. No assets of the company may be distributed to the shareholder prior to full payments as stipulated by the preceding clause.

If the liquidation committee, after the clear-up of the assets of the company and preparation of the balance sheet and the list of assets, confirms that the assets of the company are insufficient to settle its debts, it shall make an application to the people's court for a declaration of insolvency and liquidation according to law. After the people's court accepts the bankruptcy application, the liquidation committee shall transfer the liquidation matters to the bankruptcy administrator designated by the people's court.

Members of the liquidation committee are obligated to perform their duties with loyalty and diligence. If members of the liquidation committee fail to fulfill their liquidation responsibilities and thereby cause losses to the company, they shall be held liable for compensation. Furthermore, if their willful misconduct or gross negligence results in losses to the creditors, they shall likewise be liable for corresponding compensation.

After the liquidation, the liquidation committee shall prepare a liquidation report, submit it to the shareholders or the people's court for confirmation, report it to the company registration authority, and apply for its registration cancelation.

In instances where a company's business license is revoked, it is ordered to close, or is canceled, and no application for cancelation of company registration is submitted to the registration authority within three years, the registration authority may publish a notice via the National Enterprise Credit Information Publicity System for a period of no less than sixty days. If no objections are raised during this period, the registration authority may proceed to cancel the company's registration.

Overseas Listing

Pursuant to the Interim Measures, when an issuer undertakes an initial public offering or listing on an overseas market, it is required to submit the application documents for issuance and listing to CSRC within three working days following the submission of the application abroad. Subsequent to the issuance of securities and listing on the same overseas market, the issuer must file the relevant documentation with the CSRC within three working days after the completion of the issuance. In cases where the issuer issues and lists securities on additional overseas markets following the initial overseas issuance and listing, the filing must be conducted in accordance with the provisions set forth in the first paragraph of this article.

Loss of Stock Certificates

In the event that stock certificates are stolen, lost, or destroyed, shareholders may, in accordance with the public notice and claim procedures prescribed by the Civil Procedure Law of the People's Republic of China, petition the people's court to declare the stock certificates invalid. Upon the court's declaration of invalidity, shareholders may apply to the company for the reissuance of the stock certificates.

Suspension and Termination of Listing

Provisions concerning the suspension and termination of listing have been removed from the Company Law. Similarly, the Securities Law of the People's Republic of China (2019 Revision) has eliminated provisions related to the suspension of listing. Where listed securities meet the delisting criteria established by the securities exchange, the exchange shall proceed to terminate their listing and trading in accordance with its business rules.

In accordance with the Interim Measures, if an issuer voluntarily or mandatorily terminates its listing following the issuance and listing of securities on an overseas market, the issuer is obligated to submit a report to the CSRC within three working days after the occurrence and public disclosure of such event.

Securities Laws and Regulations

In October 1992, the State Council established the Securities Committee alongside CSRC. The Securities Committee is tasked with coordinating the drafting of securities regulations, formulating policies related to securities, planning the development of the securities market, providing guidance, coordination, and supervision of all securities-related institutions within China, and overseeing the management of CSRC. CSRC functions as the regulatory body under the Securities Committee, responsible for drafting regulatory rules governing the securities market, supervising securities firms, overseeing the public issuance of securities by Chinese companies both domestically and internationally, regulating securities trading activities, compiling securities-related statistical data, and conducting pertinent research and analysis. On March 29, 1998, the State Council consolidated these two entities and reorganized the CSRC.

The State Council promulgated the Interim Provisions on the Management of the Issuing and Trading of Stocks, which became effective on April 22, 1993. These regulations stipulate the procedures for application and approval of public stock issuance, stock trading, acquisition of listed companies, custody, clearing, and transfer of listed stocks, disclosure of information by listed companies, investigation, and enforcement measures, as well as dispute arbitration.

The State Council issued the Regulations of the State Council on Domestic Listing of Foreign-oriented Stocks by Share-holding Companies, effective December 25, 1995. These regulations primarily govern the issuance, subscription, trading, and dividend distribution of foreign-invested shares listed domestically, and the disclosure obligations of joint-stock limited companies holding such shares.

The Standing Committee of the National People's Congress most recently amended the Securities Law of the People's Republic of China (hereinafter referred to as the China Securities Law) on December 28, 2019, with the amendments taking effect on March 1, 2020. This legislation establishes comprehensive provisions concerning securities issuance and trading within China, acquisition of listed companies, securities exchanges, securities firms, and the responsibilities and duties of the State Council's securities regulatory authorities, thereby providing an extensive regulatory framework for securities market activities in China. The China Securities Law mandates that domestic enterprises issuing securities abroad, either directly or indirectly, or listing their securities for trading overseas, must adhere to relevant regulations promulgated by the State Council. At present, the issuance and trading of shares abroad are principally governed by rules and regulations issued by the State Council and the CSRC.

Arbitration and Enforcement of Arbitration Awards

Pursuant to the Arbitration Law of the People's Republic of China (hereinafter referred to as the Arbitration Law), as amended by the Standing Committee of the National People's Congress on September 1, 2017, and effective from January 1, 2018, foreign-related economic disputes submitted to arbitration by arbitration commissions established under the Arbitration Law, based on a written agreement between the parties, are subject to the provisions of the Arbitration Law. Prior to the establishment of arbitration rules by the China Arbitration Association, arbitration commissions were authorized to formulate interim arbitration rules in accordance with the Arbitration Law and relevant provisions of the Civil Procedure Law of the People's Republic of China. Where parties involved have entered into a valid arbitration agreement and one party initiates litigation before a people's court, the court shall decline to accept the case, except in instances where the arbitration agreement is deemed invalid.

The Arbitration Law stipulates that arbitration decisions are final and binding upon all parties involved. In the event that any party fails to comply with an arbitration award, the opposing party may apply to the people's court for enforcement of the award in accordance with the Civil Procedure Law of the People's Republic of China. Should the arbitration proceedings be deemed unlawful (such as when the composition of the arbitration commission

contravenes statutory requirements, the subject matter exceeds the scope of the arbitration agreement, or the arbitration commission lacks jurisdiction), the people's court may refuse to enforce the arbitration award rendered by the arbitration commission. For arbitration awards lawfully rendered within the territory of the People's Republic of China that possess legal effect, if enforcement is sought and the party against whom enforcement is requested or their assets are located outside the territory of China, the requesting party may directly apply to a foreign court with appropriate jurisdiction for recognition and enforcement. Similarly, the people's court may recognize and enforce arbitration awards issued by foreign arbitration institutions based on the principle of reciprocity or pursuant to any international treaties to which China is a signatory or has acceded.

In accordance with the Arrangements of the Supreme People's Court on the Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region, promulgated on January 24, 2000, effective February 1, 2000, and the Supplementary Arrangements of the Supreme People's Court for the Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region, promulgated on November 26, 2020, effective November 27, 2020, arbitration awards rendered by mainland Chinese arbitration institutions may be enforced in Hong Kong, and conversely, arbitration awards made in Hong Kong may be enforced in the mainland of China.

Judicial Judgments and Their Enforcement

Pursuant to the Arrangement of the Supreme People's Court between the Mainland and the HKSAR on Reciprocal Recognition and Enforcement of the Decisions of Civil and Commercial Cases under Consensual Jurisdiction, promulgated by the Supreme People's Court on July 3, 2008, and effective as of August 1, 2008 (subsequently repealed on January 29, 2024), final and enforceable judgments involving payment obligations issued by courts in the mainland of China or Hong Kong in civil and commercial matters, where a written jurisdiction agreement exists, may be subject to recognition and enforcement upon application to the relevant Mainland or Hong Kong courts under this arrangement. A written jurisdiction agreement refers to a written contract in which the parties expressly consent to the exclusive jurisdiction of either the mainland court or the Hong Kong court to adjudicate disputes arising from a specified legal relationship. Accordingly, final judgments rendered by courts in the mainland of China or Hong Kong that satisfy the criteria stipulated in the aforementioned arrangement may be recognized and enforced by the courts of the Mainland or the Hong Kong Special Administrative Region upon the parties' request.

On January 25, 2024, the Supreme People's Court promulgated the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (hereinafter referred to as the New Arrangement), which took effect on January 29, 2024. This new arrangement aims to establish a clearer and more comprehensive framework for the recognition and enforcement of a wider scope of civil and commercial judgments between the Hong Kong Special Administrative Region and the mainland of China.

This Appendix contains a summary of the articles of association of our Company. As the information set out below is in summary form, it does not contain all of the information that may be important to potential investors.

SHARES

Issuance of Shares

The shares of the Company shall take the form of stocks.

The issuance of shares by the Company shall follow the principles of openness, fairness, and impartiality. Each share of the same class shall carry equal rights. Shares of the same class issued at the same time shall be issued under the same conditions and at the same price. All subscribers shall pay the same price per share for shares they subscribed for.

The par value shares issued by the Company shall be denominated in RMB.

The A Shares issued by the Company shall be collectively deposited with China Securities Depository and Clearing Corporation Limited, Shanghai Branch. The H Shares issued by the Company may, in accordance with the laws of the listing place and customary practices for the registration and deposit of securities, be primarily deposited with custodian company under Hong Kong Securities Clearing Company Limited, or held by shareholders in their individual names.

Increase, Decrease and Repurchase of Shares

The Company, based on its operational and development needs, may adopt the following methods to increase its capital upon the resolution of the general meeting of shareholders and subject to the approval by competent authorities, in accordance with laws by competent authorities (if required), regulations, and the securities regulatory rules of the place where the Company's shares are listed:

(1) offering shares to unspecified investors;

(2) placing shares to specified investors;

(3) distributing bonus shares to existing shareholders;

(4) capitalizing capital reserves to increase share capital;

(5) other methods permitted by laws, administrative regulations, departmental rules, and the securities regulatory rules of the place where the Company's shares are listed.

The Company may reduce its registered capital. The Company's reduction of registered capital shall be made in accordance with the Company Law and other relevant regulations and the procedures stipulated in these Articles of Association.

The Company may repurchase its own shares under the following circumstances, in accordance with laws, administrative regulations, departmental rules, and these Articles of Association:

(1) reducing the Company's registered capital;

(2) merging with other companies holding shares in the Company;

(3) using shares for employee stock ownership plans or equity incentive plans;

(4) shareholders who dissent from resolutions of the shareholders' meeting regarding the Company's merger or division, and request the Company to repurchase their shares;

(5) using shares to convert corporate bonds issued by the Company that are convertible into shares;

(6) when necessary for the Company to protect its value and shareholders' equity interest;

(7) other circumstances permitted by laws, regulations, and securities regulatory rules of the place where the Company's shares are listed.

Except for the above circumstances, the Company may not repurchase its own shares.

The Company may repurchase its own shares, provided it complies with the securities regulatory rules of the applicable stock listing place, through public centralized trading or other methods approved by laws, administrative regulations, China Securities Regulatory Commission, and the Hong Kong Stock Exchange.

If the Company repurchases its own shares for the reasons specified in items (1) to (2) above, it shall be approved by a resolution of the shareholders' meeting; if the Company repurchases its own shares for the reasons specified in items (3), (5), and (6) above, it may be approved by a resolution of the board of directors' meeting attended by more than two-thirds of the directors, in accordance with the provisions of these Articles of Association or the authorization of the shareholders' meeting. Where the Company repurchases its own shares in accordance with the provisions as set out above, the following requirements shall apply: in the case of a repurchase under Item (1), the shares shall be canceled within ten (10) days from the date of repurchase; in the case of a repurchase under items (2) or (4), the shares shall be transferred or canceled within 6 months from the date of repurchase; and in the case of a

repurchase under items (3), (5), or (6), the aggregate number of shares held by the Company shall not exceed 10% of the total issued share capital of the Company, and such shares shall be transferred or canceled within 3 years from the date of repurchase. The Company shall fulfill its information disclosure obligations in accordance with the provisions of the Securities Law when repurchasing its own shares. If the Company repurchases its own shares for the reasons specified in items (3), (5), and (6) above, it shall be conducted through public centralized trading. Notwithstanding the above provisions, if applicable laws and regulations, other provisions of these Articles of Association, and the laws of the Company's stock listing place or securities regulatory authorities have other provisions regarding the aforementioned matters involving the repurchase of the Company's shares, the Company shall comply with such provisions. The repurchase of the Company's H shares shall comply with the Hong Kong Listing Rules and other relevant laws, regulations, and regulatory provisions of the place where the Company's H shares are listed. After the Company repurchases its own shares, the Company shall fulfill its information disclosure obligations in accordance with the Securities Law, the Hong Kong Listing Rules, and other applicable laws, regulations, and regulatory provisions of the place where the Company's shares are listed.

Transfer of Shares

The Company's shares shall be transferred in accordance with the law. All transfers of H Shares shall be effected by an instrument of transfer in common or ordinary form or in any other form acceptable to the Board (including the standard transfer form or transfer deed prescribed by the Hong Kong Stock Exchange from time to time); and such instrument of transfer may only be executed by manual signature or by affixing the valid seal of the Company (if the transferor or transferee is a company). If the transferor or transferee is a recognized clearing house or its agent as defined by relevant ordinances in force in Hong Kong from time to time, the instrument of transfer may be signed manually or by machine print. All instruments of transfer shall be kept at the Company's registered address or at such other address as the Board may from time to time designate.

The Company does not accept its shares as the subject matter of a pledge.

Shares issued by the Company before the public offering of A-shares shall not be transferred within 1 year from the date the Company's A-shares are listed and traded on the stock exchange.

The Company's directors and senior executives shall declare their shareholdings in the Company and changes thereto. During their tenure, the shares transferred annually shall not exceed 25% of their total shareholding in the Company; shares held in the Company shall not be transferred within 1 year from the date the Company's shares are listed and traded. Within six (6) months after their resignation, such persons shall not transfer the shares they hold in the Company. Where laws, administrative regulations or the listing rules of the stock exchange(s) at the place where the Company's shares are listed impose additional restrictions on the transfer of the Company's shares, such provisions shall prevail.

If directors, senior executives, or shareholders holding more than 5% of the Company's shares sell their shares or other equity securities within 6 months of buying them, or buy them within 6 months of selling them, the proceeds derived therefrom shall belong to the Company, which will be recovered by the Company's board of directors. However, this does not apply to securities companies holding more than 5% of the shares due to underwriting unsold shares, or other circumstances stipulated by the China Securities Regulatory Commission and the Hong Kong Stock Exchange.

The shares or other equity securities held by directors, senior executives, and natural person shareholders as referred to in the preceding paragraph include those held by their spouses, parents, and children, as well as those held using other people's accounts.

SHAREHOLDERS AND SHAREHOLDERS' MEETING

General Provisions on Shareholders

The Company shall maintain a register of shareholders based on the vouchers provided by securities depository and clearing institutions. The register of shareholders shall be the sufficient evidence of the shareholders' holding of the Company's shares. The original H Share shareholder register shall be kept in Hong Kong; the entrusted overseas agent shall at all times ensure the consistency of the original and duplicate H Share shareholder registers for overseas listed shares. The Hong Kong branch register of members shall be available for inspection by shareholders, but the Company may suspend the registration of shareholders in accordance with applicable laws and regulations and the securities regulatory rules of the place where the Company's shares are listed. Shareholders shall have rights and assume obligations according to the class of shares they hold; shareholders holding the same class of shares shall have equal rights and assume the same obligations.

When the Company convenes a general meeting of shareholders, distributes dividends, conducts liquidation, or carries out other activities requiring confirmation of shareholder identity, the board of directors or the convener of the general meeting of shareholders shall determine the record date. Shareholders registered at the close of business on the record date shall be the shareholders entitled to the relevant rights and interests. The register of H Share shareholders kept in Hong Kong shall be available for inspection by shareholders, but the Company may suspend the registration of shareholders in accordance with terms equivalent to Section 632 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

The shareholders of the Company shall have the following rights:

(1) to receive dividends and other forms of benefit distribution in proportion to the shares they hold;

(2) to propose, convene, preside over, attend in person or appoint a proxy to attend and vote on his/her behalf at shareholders' general meetings in accordance with laws;

(3) to supervise and to put forward proposals and make inquiries relating to the operation of the Company;

(4) to transfer, donate or pledge their shares in accordance with relevant laws, administrative regulations and these Articles of Association;

(5) to inspect and to copy the Articles of Association, register of shareholders (including register of shareholders of H Shares), minutes of the shareholders' general meeting, resolutions of Board meetings and financial reports, and to inspect the Company's accounting books and vouchers for shareholders meeting statutory requirements;

(6) to participate in the distribution of the Company's remaining assets in proportion to the shares they hold when the Company terminates or liquidates;

(7) for shareholders who dissent to a resolution for the merger or division of the Company, to demand the Company to acquire their shares;

(8) other rights stipulated by laws, administrative regulations, departmental rules, securities regulatory rules of the Company's shares listing place, or these Articles of Association.

Shareholders requesting to inspect the aforementioned information or obtain materials shall provide the Company with written documents proving the class and quantity of shares they hold. The Company shall provide them as requested by the shareholder after verifying the shareholder's identity.

Shareholders who individually or collectively hold 3% or more of the Company's shares for 180 consecutive days or more have the right to inspect the Company's accounting books and vouchers. Shareholders requesting to inspect the Company's accounting books and vouchers shall submit a written request to the Company, stating their purpose. If the Company has reasonable grounds to believe that a shareholder's inspection of accounting books and vouchers has an improper purpose and may harm the Company's legitimate interests, it may refuse to make such inspection, and shall provide a written reply to the shareholder within 15 days from the date of receiving the written request, stating the reasons. If the Company refuses to provide inspection, the shareholder may file a lawsuit with the people's court.

Shareholders requesting to inspect or copy the aforementioned information or obtain materials as described in Item (5) above shall provide the Company with written documents proving the class and quantity of shares they hold. After verifying the shareholder's identity, the Company shall notify the shareholder to inspect and copy at the location designated by the Company, and the shareholder shall sign a confidentiality agreement as required by the Company.

The above provisions apply to shareholders requesting to inspect or copy relevant materials of the Company's wholly-owned subsidiaries.

The Company's shareholders shall assume the following obligations:

(1) to abide by laws, administrative regulations, and these Articles of Association;

(2) to pay for shares in accordance with the shares subscribed and the method of subscription;

(3) not to withdraw capital except as provided by laws and regulations;

(4) not to abuse shareholder rights to harm the interests of the Company or other shareholders; not to abuse the Company's independent corporate legal personality and shareholders' limited liability to harm the interests of the Company's creditors;

(5) other obligations stipulated by laws, administrative regulations, securities regulatory rules of the Company's stock listing place, and these Articles of Association.

If the Company's shareholders abuse their shareholder rights and cause losses to the Company or other shareholders, they shall be liable for compensation in accordance with the law; if the Company's shareholders abuse the Company's independent corporate legal personality and shareholders' limited liability to evade debts and seriously harm the interests of the Company's creditors, they shall bear joint and several liability for the Company's debts.

Controlling Shareholder and Actual Controller

The Company's controlling shareholder and actual controller shall exercise their rights and perform their obligations in accordance with laws, administrative regulations, regulations of the China Securities Regulatory Commission and stock exchanges, and the securities regulatory rules of the place where the Company's shares are listed, and protect the Company's interests.

The Company's controlling shareholder and actual controller shall abide by the following provisions:

(1) exercise shareholder rights in accordance with the law, and not abuse control or use related party relationships to harm the legitimate rights and interests of the Company or other shareholders;

(2) strictly fulfill public statements and various commitments made, and not arbitrarily change or waive them;

(3) strictly fulfill information disclosure obligations in accordance with relevant regulations, actively cooperate with the Company in information disclosure, and promptly inform the Company of major events that have occurred or are planned to occur;

(4) not to occupy Company funds in any way;

(5) not to force, direct, or require the Company and relevant personnel to provide guarantees in violation of laws and regulations;

(6) not to use the Company's undisclosed major information to seek benefits, not to disclose any undisclosed major information related to the Company in any way, and not to engage in illegal and irregular acts such as insider trading, short-swing trading, and market manipulation;

(7) not to harm the legitimate rights and interests of the Company and other shareholders through non-arm's length related party transactions, profit distribution, asset restructuring, external investments, or any other means;

(8) ensure the completeness of the Company's assets, independence of personnel, financial independence, institutional independence, and business independence, and not to affect the Company's independence in any way;

(9) other provisions of laws, administrative regulations, regulations of the China Securities Regulatory Commission, business rules of stock exchanges, securities regulatory rules of the place where the Company's shares are listed, and these Articles of Association.

If the Company's controlling shareholder or actual controller does not serve as a director of the Company but actually manages Company affairs, the provisions of these Articles of Association regarding the fiduciary duties and duties of diligence of directors shall apply. If the Company's controlling shareholder or actual controller instructs directors or senior executives to engage in acts that harm the interests of the Company or shareholders, they shall bear joint and several liability with such directors and senior executives.

General Provisions on Shareholders' Meetings

The shareholders' meeting is the Company's power organ and shall exercise the following functions and powers in accordance with the law:

(1) electing and replacing directors not serving as employee representatives, and deciding on matters concerning directors' remuneration;

(2) reviewing and approving the board of directors' reports;

(3) reviewing and approving the Company's profit distribution plan and loss recovery plan;

(4) making resolutions on the increase or decrease of the Company's registered capital;

(5) making resolutions on the issuance of corporate bonds;

(6) making resolutions on the Company's merger, division, dissolution, liquidation, or change of company form;

(7) amending these Articles of Association;

(8) making resolutions on the engagement or dismissal of accounting firms undertaking the Company's audit business by the Company;

(9) reviewing and approving guarantee matters stipulated in Article 47 of these Articles of Association;

(10) reviewing and approving matters where the Company purchases or sells significant assets exceeding 30% of the Company's latest audited total assets within one year;

(11) reviewing and approving matters concerning changes in the use of raised funds;

(12) reviewing and approving equity incentive plans and employee stock ownership plans;

(13) reviewing and approving other matters that may be decided by the shareholders' meeting as stipulated by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed, or these Articles of Association.

The said functions and powers of the shareholders' meeting shall not be exercised by the board of directors or other institutions or individuals through authorization. The shareholders' meeting may authorize the board of directors to make resolutions on the issuance of corporate bonds.

If the Company provides guarantees, they shall be submitted to the board of directors or the shareholders' meeting for deliberation, and promptly disclosed. The following external guarantees of the Company shall be submitted to the shareholders' meeting for deliberation and approval after being approved by the board of directors:

(1) any guarantee provided after the total external guarantees of the Company and its controlled subsidiaries exceed 50% of the Company's latest audited net assets;

(2) any guarantee provided after the Company's total external guarantees exceed 30% of its latest audited total assets;

(3) guarantees provided for those whose asset-liability ratio exceeds 70%;

(4) guarantees with a single guarantee amount exceeding 10% of the latest audited net assets;

(5) guarantees where the Company's guarantee amount within one year exceeds 30% of the Company's latest audited total assets;

(6) guarantees provided to shareholders, actual controllers, and their related parties;

(7) other guarantees required by regulatory authorities to be approved by the shareholders' meeting;

(8) other matters stipulated by laws, regulations, and the securities regulatory rules of the place where the Company's shares are listed.

For guarantee matters within the authority of the board of directors, in addition to being approved by more than half of all directors, they shall also be approved by more than 2/3 of the directors attending the board meeting. The guarantees mentioned in item (5) above shall be approved by shareholders present at the meeting representing more than 2/3 of the voting rights.

When the shareholders' meeting deliberates on proposals for providing guarantees to shareholders, actual controllers, and their related parties, such shareholders or shareholders controlled by such actual controllers shall not participate in the voting, and the resolution shall be passed by more than half of the voting rights held by other shareholders present at the shareholders' meeting.

If the Company provides guarantees for a wholly-owned subsidiary, or provides guarantees for a controlled subsidiary and the other shareholders of the controlled subsidiary provide guarantees in equal proportion based on their equity interests, and it does not harm the Company's interests, the provisions of items (1), (3), and (4) above may be exempted. The Company shall disclose the said guarantees in its annual report and semi-annual report.

If the Company provides guarantees to related parties, it shall have reasonable commercial logic, disclose it promptly after approval by the board of directors, and submit it to the shareholders' meeting for deliberation. If the Company provides guarantees to controlling shareholders, actual controllers, and their related parties, the controlling shareholders, actual controllers, and their related parties shall provide counter-guarantees. Accountability for violations of approval authority and deliberation procedures shall be implemented in accordance with the Company's External Guarantee Management Rules and other relevant regulations.

Convening of Shareholders' Meetings

Shareholders' meetings shall be convened by the board of directors, and the board of directors shall convene shareholders' meetings on time within the prescribed period. With the consent of more than half of all independent directors, independent directors shall have the right to propose to the board of directors to convene an extraordinary general meeting. Regarding the proposal by independent directors to convene an extraordinary general meeting, the board of directors shall provide written feedback within 10 days of receiving the proposal, indicating whether it agrees or disagrees to convene the extraordinary general meeting, in accordance with laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed, and these Articles of Association. If the board of directors agrees to convene an extraordinary general meeting, it shall issue a notice of the general meeting within 5 days after making the board resolution; if the board of directors disagrees to convene an extraordinary general meeting, it shall state the reasons and make an announcement.

The audit committee shall have the right to propose to the board of directors to convene an extraordinary general meeting, and shall submit it to the board of directors in writing. The board of directors shall provide written feedback within 10 days of receiving the proposal, indicating whether it agrees or disagrees to convene the extraordinary general meeting, in accordance with laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed, and these Articles of Association. If the board of directors agrees to convene an extraordinary general meeting, it shall issue a notice of the general meeting within 5 days after making the board resolution, and any changes to the original proposal in the notice shall be approved by the audit committee. If the board of directors disagrees to convene an extraordinary general meeting, or fails to provide feedback within 10 days of receiving the proposal, it shall be deemed that the board of directors is unable to or fails to perform its duty to convene a shareholders' meeting, and the audit committee may convene and preside over it itself.

Shareholders who individually or collectively hold 10% or more of the Company's shares have the right to request the board of directors to convene an extraordinary general meeting, and shall submit such request to the board of directors in writing. The board of directors shall provide written feedback within 10 days of receiving the proposal, indicating whether it agrees or disagrees to convene the extraordinary general meeting, in accordance with laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed, and these Articles of Association. If the board of directors agrees to convene an extraordinary general meeting, it shall issue a notice of the general meeting within 5 days after making the board resolution, and any changes to the original request in the notice shall be approved by the relevant shareholders. If the board of directors disagrees to convene an extraordinary general meeting, or fails to provide feedback within 10 days of receiving the request, shareholders who individually or collectively hold 10% or more of the Company's shares have the right to propose to the audit committee to convene an extraordinary general meeting, and shall submit such request to the audit committee in writing. If the audit committee

agrees to convene an extraordinary general meeting, it shall issue a notice of the general meeting within 5 days of receiving the proposal, and any changes to the original proposal in the notice shall be approved by the relevant shareholders. If the audit committee fails to issue a notice of the general meeting within the prescribed period, it shall be deemed that the audit committee does not convene and preside over the general meeting, and shareholders who individually or collectively hold 10% or more of the Company's shares for 90 consecutive days or more may convene and preside over it themselves.

If the audit committee or shareholders decide to convene a shareholders' meeting themselves, they shall notify the board of directors in writing and file with the stock exchange. The shareholding ratio of the conveners shall not be less than 10% before the announcement of the resolution of the shareholders' meeting. The audit committee or convening shareholders shall submit supporting materials to the stock exchange when issuing the notice of the shareholders' meeting and the announcement of the resolution of the shareholders' meeting.

Proposals and Notices for Shareholders' Meetings

The content of proposals shall fall within the scope of the functions and powers of the shareholders' meeting, have clear topics and specific resolution matters, and comply with the relevant provisions of laws, administrative regulations, securities regulatory rules of the Company's stock listing place, and these Articles of Association.

When the Company convenes a shareholders' meeting, the board of directors, the audit committee, and shareholders holding individually or collectively 1% or more of the Company's shares have the right to submit proposals to the Company. Shareholders holding individually or collectively 1% or more of the Company's shares may submit interim proposals in writing to the convener 10 days before the shareholders' meeting. The convener shall issue a supplementary notice of the general meeting within 2 days of receiving the proposal, announce the content of the interim proposal, and submit the interim proposal to the general meeting for deliberation. However, this excludes interim proposals that violate laws, administrative regulations, securities regulatory rules of the Company's stock listing place, or the Company's Articles of Association, or that do not fall within the scope of the functions and powers of the shareholders' meeting. Except for the circumstances specified in the preceding paragraph, the convener(s) shall not modify the proposals already listed in the notice of the general meeting or add new proposals after issuing the notice of the general meeting. Proposals not listed in the notice of the general meeting or not complying with the above provisions shall not be voted on or resolved by the general meeting.

The convener(s) shall notify each shareholder in writing (including by announcement) 21 days before the annual general meeting, and 15 days before the extraordinary general meeting. When calculating the starting date, the day of the meeting shall not be included.

The notice of the shareholders' meeting shall include the following contents:

(1) time, place, and duration of the meeting;

(2) matters and proposals to be submitted for deliberation at the meeting;

(3) clear statement that all shareholders have the right to attend the shareholders' meeting, and may appoint a proxy in writing to attend the meeting and participate in voting, and such shareholder's proxy does not need to be a shareholder of the Company;

(4) equity registration date for shareholders entitled to attend the shareholders' meeting;

(5) name and telephone number of contact person for meeting affairs;

(6) voting time and procedures for online voting or other methods;

(7) other contents stipulated by relevant laws, regulations, rules, normative documents, securities regulatory rules of the place where the Company's shares are listed, and these Articles of Association.

The notice and supplementary notice of the shareholders' meeting shall fully and completely disclose all specific contents of all proposals.

Convening of Shareholders' Meetings

All shareholders or their proxies registered on the equity registration date have the right to attend the shareholders' meeting, and to speak and exercise voting rights at the shareholders' meeting in accordance with relevant laws, regulations, securities regulatory rules of the Company's stock listing place, and these Articles of Association (unless individual shareholders are required to waive voting rights on specific matters by the securities regulatory rules of the Company's stock listing place). Shareholders may attend the shareholders' meeting in person or appoint a proxy to attend and vote on their behalf.

Individual shareholders attending the meeting in person shall present their ID card or other valid identity documents or proofs; those attending on behalf of others shall present their valid ID card and a power of attorney from the shareholder. Corporate shareholders shall be represented by their legal representative or a proxy appointed by the legal representative. If the legal representative attends the meeting, he/she shall present his/her ID card and valid proof of his/her legal representative qualification; if a proxy attends the meeting, the proxy shall present his/her ID card and a written power of attorney legally issued by the legal representative of the corporate shareholder. This excludes shareholders who are recognized clearing houses and their agents as defined by relevant laws and regulations in force in Hong Kong from time to time or the securities regulatory rules of the Company's stock listing place.

The power of attorney issued by a shareholder for appointing another person to attend the shareholders' meeting shall contain the following contents:

(1) name of the principal, class and quantity of shares held in the Company;

(2) name of the proxy;

(3) specific instructions from the shareholder, including instructions to vote in favor, against, or abstain on each matter listed on the agenda of the shareholders' meeting;

(4) date of issuance and validity of the power of attorney;

(5) signature (or seal) of the principal. If the principal is a corporate shareholder, the seal of the corporate entity shall be affixed.

If the proxy's power of attorney is signed by another person authorized by the appointing shareholder, the authorization letter or other authorization document for authorized signing shall be notarized. Both the notarized authorization letter or other authorization document and the proxy's power of attorney shall be kept at the Company's domicile or other place designated in the notice convening the meeting. If the appointing shareholder is a legal person, its legal representative or a person authorized by a resolution of the board of directors or other decision-making body shall attend the Company's shareholders' meeting as a representative. If such shareholder is a recognized clearing house (or its agent), such shareholder may authorize one or more persons as it deems appropriate to act as its representative at any shareholders' meeting or creditors' meeting; however, if more than one person is authorized, the power of attorney shall state the number and class of shares involved in such authorization for each such person, and the power of attorney shall be signed by the authorized personnel of the recognized clearing house. The persons so authorized may exercise rights on behalf of the recognized clearing house (or its agent) (without presenting share certificates, notarized authorization and/or further evidence of their formal authorization), and shall enjoy statutory rights equivalent to those enjoyed by other shareholders, including the right to speak and vote, as if such person were an individual shareholder of the Company.

Directors and senior executives shall provide explanations and clarifications regarding shareholders' inquiries and suggestions at the shareholders' meeting.

The chairperson shall, prior to voting, declare the number of attending shareholders and proxies and the total number of voting shares they hold, which shall be as registered for the meeting.

The board secretary is responsible for taking minutes of the general meeting. Minutes shall include the following:

(1) time, place and agenda of meeting and name of convener;

(2) name of the chairman of the meeting and directors and senior executives attending the meeting;

(3) number of shareholders and proxies attending the meeting, total number of shares with voting rights held, and their proportion of the Company's total shares;

(4) deliberation process, key points of speeches, and voting results for each proposal;

(5) shareholders' inquiries or suggestions and corresponding replies or explanations;

(6) names of lawyers, vote counters, and scrutineers;

Other contents that should be recorded in the minutes of the meeting as stipulated in these Articles of Association.

Voting and Resolutions of Shareholders' Meetings

Resolutions of the shareholders' meeting are divided into ordinary resolutions and special resolutions. An ordinary resolution of the shareholders' meeting shall be passed by more than half of the voting rights held by shareholders (including shareholder's proxy) with voting rights present at the shareholders' meeting. A special resolution of the shareholders' meeting shall be passed by more than two-thirds of the voting rights held by shareholders (including shareholder's proxy) with voting rights present at the shareholders' meeting.

The following matters shall be passed by an ordinary resolution of the shareholders' meeting:

(1) work reports of the board of directors;

(2) profit distribution plans and loss recovery plans drafted by the board of directors;

(3) appointment and removal of members of the board of directors and their remuneration and payment methods;

(4) other matters not required to be passed by special resolution by laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed, or these Articles of Association.

The following matters shall be passed by a special resolution of the shareholders' meeting:

(1) the Company's increase or decrease of registered capital;

(2) the Company's division, spin-off, merger, dissolution, and liquidation;

(3) amendments to these Articles of Association;

(4) the Company's purchase or sale of significant assets or guarantee amount exceeding 30% of the Company's latest audited total assets within one year;

(5) share incentive plans;

(6) adjustments to the Company's profit distribution policy and loss recovery plan;

(7) other matters stipulated by laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed, or these Articles of Association, and matters deemed by the shareholders' meeting through an ordinary resolution to have a significant impact on the Company and require a special resolution to be passed.

Shareholders (including their proxies) shall exercise voting rights based on the number of shares with voting rights they represent, with each share having one voting right. When voting, shareholders (including their proxies) with two or more voting rights do not need to cast all voting rights for "for", "against", or "abstain". When the shareholders' meeting deliberates on major matters affecting the interests of small and medium investors, votes of small and medium investors shall be counted separately. The result of separate vote counting shall be disclosed timely. Shares held by the Company do not carry any voting right and are excluded from the total number of voting shares held by shareholders attending the general meeting.

In accordance with applicable laws and regulations and the Hong Kong Listing Rules, if any shareholder is required to waive voting rights on a certain resolution or any shareholder is restricted to voting only in favor of (or against) a certain resolution, the votes cast by such shareholders or their representatives in violation of such provisions or restrictions shall not be counted in the total number of shares with voting rights.

If a shareholder acquires voting shares of the Company in violation of the provisions of the first and second paragraphs of Article 63 of the Securities Law, the portion of shares exceeding the prescribed proportion shall not exercise voting rights within 36 months after acquisition, and shall not be included in the total number of shares with voting rights present at the shareholders' meeting.

The board of directors, independent directors, shareholders holding more than 1% of the shares with voting rights, or investor protection institutions established in accordance with laws, administrative regulations, securities regulatory rules of the Company's stock listing place, or the regulations of the China Securities Regulatory Commission may publicly solicit shareholder voting rights. When soliciting shareholder voting rights, specific voting intentions and other information shall be fully disclosed to the solicited parties. Soliciting shareholder voting rights in exchange for compensation or in a disguised form of compensation is prohibited. Except for legal conditions, the Company shall not impose minimum shareholding ratio restrictions on soliciting voting rights.

When the shareholders' meeting deliberates on related party transactions, related shareholders shall not participate in voting, and the number of shares with voting rights they represent shall not be included in the total number of valid votes; the announcement of the resolution of the shareholders' meeting shall explain the voting situation of non-related shareholders. The meaning of "related party transaction" in these Articles of Association includes "connected transaction" as defined in the Hong Kong Listing Rules; "related party" includes "connected person" as defined in the Hong Kong Listing Rules; "related party relationship" includes "connected relationship" as defined in the Hong Kong Listing Rules. Resolutions made by the shareholders' meeting on related party transactions must be approved by more than half of the votes held by non-related shareholders present at the shareholders' meeting to be valid. However, if the related party transaction involves matters that need to be passed by a special resolution as stipulated in these Articles of Association, the resolution of the shareholders' meeting must be passed by more than two-thirds of the votes held by non-related shareholders present at the shareholders' meeting to be valid.

DIRECTORS AND BOARD OF DIRECTORS

General Provisions on Directors

Directors may include executive directors, non-executive directors, and independent directors (the meaning of "independent director" is consistent with the meaning of "independent non-executive director" defined in the Hong Kong Listing Rules). Non-executive directors refer to directors who do not hold management positions in the Company, and independent directors refer to persons who meet the requirements of the securities exchange's regulatory rules of the place where the Company's shares are listed. The Company's directors shall be natural persons, and directors shall possess the qualifications required by laws, administrative regulations, rules, and securities regulatory rules of the place where the Company's shares are listed. Persons falling under any of the following circumstances cannot serve as directors of the Company:

(1) incapable for civil conduct or restricted capacity for civil conduct;

(2) having been sentenced to criminal punishment for corruption, bribery, embezzlement of property, misappropriation of property, or disruption of the socialist market economic order, or having been deprived of political rights due to a crime, with the execution period not exceeding 5 years, or having been declared probation, with the probation period not exceeding 2 years from the expiration date of the probation;

(3) having served as a director, factory director, or manager of a bankrupt or liquidated company or enterprise, and bearing personal responsibility for the bankruptcy of such company or enterprise, with the period not exceeding 3 years from the completion date of the bankruptcy liquidation of such company or enterprise;

(4) having served as the legal representative of a company or enterprise whose business license was revoked or ordered to close due to illegal activities, and bearing personal responsibility for it, with the period not exceeding 3 years from the date of revocation of the business license or order to close such company or enterprise;

(5) having a large amount of personal debt due and unpaid and being listed as a dishonest person subject to enforcement by the people's court;

(6) having been subject to securities market entry measures by the China Securities Regulatory Commission, and the period has not yet expired;

(7) having been publicly recognized by a securities exchange as unsuitable to serve as a director or senior executives of a listed company, and the period has not yet expired;

(8) other contents stipulated by laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed, or departmental rules.

The above period shall be calculated up to the date when the Company's shareholders' meeting deliberates on the proposal for the appointment of director candidates. If directors are elected or appointed in violation of this article, such election, appointment, or engagement shall be invalid. If a director in office falls under items (1) to (6) of the preceding paragraph, he/she shall immediately cease to perform his/her duties and the Company shall remove him/her from office in accordance with relevant regulations; if a director in office falls under items (7) and (8) of the preceding paragraph, the Company shall remove him/her from office within 30 days from the date such fact occurs, unless otherwise stipulated by the stock exchange. If a director should cease to perform his/her duties but has not ceased, or should be removed from office but has not yet been removed, and participates in meetings of the board of directors and its special committees, and special meetings of independent directors and votes, his/her vote shall be invalid and shall not be included in the number of directors present.

Directors shall be elected or replaced by the shareholders' meeting, and may be removed from office by the shareholders' meeting before the expiration of their term. The term of office for directors is 3 years. Upon expiration of their term, directors may be re-elected for another term. The term of directors shall commence on the date of taking office and end upon expiration of the term of the current Board of Directors. If a director's term expires and a replacement is not elected in a timely manner, the original director shall continue to perform the duties of a director in accordance with laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed, and these Articles of Association until the newly elected director takes office. Directors may concurrently serve as general manager or other senior executives, but the total number of directors concurrently serving as general manager or other senior executives and directors serving as employee representatives shall not exceed 1/2 of the total number of directors of the Company. Employee directors on the board of directors shall be democratically elected by the Company's employees through a workers' congress or other forms, and shall directly join the board of directors.

Independent Directors

The Company shall have independent directors. Independent directors refer to directors who do not hold any positions other than independent director in the Company, and have no direct or indirect conflict of interest with the Company, its major shareholders, actual controllers, or other relationships that may affect their independent and objective judgment.

Independent directors shall perform their duties independently in accordance with relevant provisions of laws, administrative regulations, departmental rules, and securities regulatory rules of the place where the Company's shares are listed, free from the influence of the Company, its major shareholders, actual controllers, or other entities or individuals, and play a role in decision-making, supervision and checks and balances, and professional consultation within the board of directors, safeguarding the overall interests of the Company and protecting the legitimate rights and interests of minority shareholders.

The proportion of independent directors among the members of the Company's board of directors shall not be less than 1/3, and shall include at least one accounting professional.

As members of the board of directors, independent directors have fiduciary duties and duties of diligence to the Company and all shareholders, and shall carefully perform the following duties:

(1) participating in board decisions and expressing clear opinions on the matters discussed;

(2) supervising potential major conflicts of interest between the Company and controlling shareholders, actual controllers, directors, and senior executives, and protecting the legitimate rights and interests of minority shareholders;

(3) providing professional and objective advice on the Company's business development, and promoting the improvement of the board's decision-making level;

(4) Other duties stipulated by laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed, regulations of China Securities Regulatory Commission, and these Articles of Association.

In addition to the powers of directors stipulated in these Articles of Association, independent directors also have the following special powers:

(1) independently engaging intermediary agencies to audit, consult, or verify specific matters of the Company;

(2) proposing to the board of directors to convene an extraordinary general meeting;

(3) proposing to convene a board meeting;

(4) publicly solicit shareholder rights in accordance with the law;

(5) expressing independent opinions on matters that may harm the interests of the Company or minority shareholders;

(6) other powers stipulated by laws, administrative regulations, regulations of the China Securities Regulatory Commission, securities regulatory rules of the place where the Company's shares are listed, and these Articles of Association.

Independent directors shall exercise the above powers (1) to (3) with the consent of more than half of all independent directors.

Exercise of the above powers by independent directors shall be disclosed promptly. If the above powers cannot be exercised normally, the Company shall disclose the specific circumstances and reasons.

The following matters shall be submitted to the board of directors for deliberation after obtaining the consent of more than half of all independent directors:

(1) Related party transactions that should be disclosed;

(2) Schemes for the Company and relevant parties to change or waive commitments;

(3) Decisions and measures taken by the Company's board of directors regarding acquisitions;

(4) Other matters stipulated by laws, administrative regulations, regulations of the China Securities Regulatory Commission, securities regulatory rules of the place where the Company's shares are listed, and these Articles of Association.

Board of Directors

The Company shall establish a board of directors, which shall be responsible to the shareholders' meeting.

The board of directors shall consist of 7 directors, including 3 independent directors. The Company shall have 1 chairman and no vice chairman. The board of directors shall have 1 employee representative director, who shall be democratically elected by the Company's employees through a workers' congress or other forms.

The board of directors shall exercise the following functions and powers:

(1) convening shareholders' meetings and reporting work to the shareholders' meeting;

(2) implementing resolutions of the shareholders' meeting;

(3) deciding on the Company's business plans and investment proposals;

(4) formulating the Company's profit distribution plans and loss recovery plans;

(5) formulating plans for the Company's increase or decrease of registered capital, issuance of bonds or other securities, and listing;

(6) drafting plans for the Company's major acquisitions, repurchase of its own shares, or merger, division, dissolution, and change of company form;

(7) within the scope of authorization of the shareholders' meeting, deciding on matters such as the Company's external investments, acquisition and sale of assets, asset mortgages, external guarantees, entrusted wealth management, related party transactions, and external donations;

(8) deciding on the establishment of the Company's internal management bodies;

(9) deciding on the appointment or dismissal of the Company's general manager, board secretary, and other senior executives, and based on the nomination of the general manager, appointing or dismissing deputy general managers, chief financial officers, and other senior executives;

(10) deciding on the remuneration, payment methods, and reward and punishment matters for the Company's general manager, deputy general managers, chief financial officers, and other senior executives;

(11) formulating the Company's basic management systems;

(12) formulating amendment plans for these Articles of Association;

(13) managing the Company's information disclosure matters;

(14) proposing to the shareholders' meeting to engage or replace the accounting firm auditing the Company;

(15) listening to the general manager's work reports and reviewing the manager's work;

(16) other functions and powers granted by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed, or these Articles of Association.

Matters exceeding the scope of authorization of the shareholders' meeting shall be submitted to the shareholders' meeting for deliberation.

The Company's board of directors shall provide explanations to the shareholders' meeting regarding non-qualified audit opinions issued by certified public accountants on the Company's financial reports.

The board of directors shall formulate rules of procedure for board meetings to ensure that the board implements resolutions of the shareholders' meeting, improves work efficiency, and ensures scientific decision-making. The rules of procedure for board meetings, as an appendix to these Articles of Association, shall be drafted by the board of directors and approved by the shareholders' meeting.

Unless otherwise stipulated by the securities regulatory rules of the Company's stock listing place, the board of directors shall determine the authority for external investments, acquisition and sale of assets, asset mortgages, external guarantees, entrusted wealth management, related party transactions, external donations, etc., and establish strict review and decision-making procedures. Transactions (excluding providing guarantees and financial assistance) occurring in the Company that meet one of the following criteria shall be approved by the board of directors and disclosed promptly:

(1) the total assets involved in the transaction (if both book value and appraised value exist, the higher one shall prevail) account for more than 10% of the Company's latest audited total assets;

(2) the transaction amount accounts for more than 10% of the Company's market value;

(3) the net assets of the transaction target (e.g., equity) in the latest accounting year account for more than 10% of the Company's market value;

(4) the related operating revenue of the transaction target (e.g., equity) in the latest accounting year accounts for more than 10% of the Company's latest audited operating revenue, and exceeds RMB10 million;

(5) the profit generated by the transaction accounts for more than 10% of the Company's latest audited net profit, and exceeds RMB1 million;

(6) the related net profit of the transaction target (e.g., equity) in the latest accounting year accounts for more than 10% of the Company's latest audited net profit, and exceeds RMB1 million.

Transactions (excluding providing guarantees and financial assistance) occurring in the Company that meet one of the following criteria shall be submitted to the shareholders' meeting for deliberation:

(1) the total assets involved in the transaction (if both book value and appraised value exist, the higher one shall prevail) account for more than 50% of the Company's latest audited total assets;

(2) the transaction amount accounts for more than 50% of the Company's market value;

(3) the net assets of the transaction target (e.g., equity) in the latest accounting year account for more than 50% of the Company's market value;

(4) the related operating revenue of the transaction target (e.g., equity) in the latest accounting year accounts for more than 50% of the Company's latest audited operating revenue, and exceeds RMB50 million;

(5) the profit generated by the transaction accounts for more than 50% of the Company's latest audited net profit, and exceeds RMB5 million;

(6) the related net profit of the transaction target (e.g., equity) in the latest accounting year accounts for more than 50% of the Company's latest audited net profit, and exceeds RMB5 million.

The transaction amount specified above refers to the transaction amount paid, debts assumed, and expenses, etc. If the transaction arrangement involves potential future payments or receipts of consideration, does not involve specific amounts, or the amount is determined based on set conditions, the estimated maximum amount shall be the transaction amount. The market value specified above refers to the arithmetic average of the closing market value for the 10 trading days before the transaction. If the Company conducts any transaction in stages, the above provisions shall apply based on the total transaction amount. The Company shall promptly disclose the actual progress of staged transactions.

A board meeting shall be held with the presence of more than half of the directors. Resolutions of the board of directors must be passed by more than half of all directors. Voting on board resolutions shall follow the one person, one vote principle.

Special Committees of the Board of Directors

The Company's board of directors shall establish an audit committee, which shall exercise the functions and powers of the supervisory board stipulated in the Company Law. The audit committee shall consist of no less than three members, who shall be non-executive directors or independent directors not serving as senior executives in the Company, of whom at least one independent director shall be an accounting professional, and the convener of the audit committee shall be an accounting professional.

The audit committee is responsible for reviewing the Company's financial information and its disclosure, and supervising and evaluating internal and external audit work and internal control. The following matters shall be submitted to the board of directors for deliberation after obtaining the consent of more than half of all members of the audit committee:

(1) disclosure of financial accounting reports and financial information in periodic reports, and internal control evaluation reports;

(2) engagement or dismissal of accounting firms undertaking audit services for listed companies;

(3) appointment or dismissal of the financial controller of listed companies;

(4) changes in accounting policies, accounting estimates, or corrections of major accounting errors for reasons other than changes in accounting standards;

(5) other matters stipulated by laws, administrative regulations, regulations of the China Securities Regulatory Commission, securities regulatory rules of the place where the Company's shares are listed, and these Articles of Association.

The Company's board of directors shall establish a strategic decision-making committee, a nomination committee, and a remuneration and appraisal committee, which shall perform their duties in accordance with these Articles of Association and the authorization of the board of directors, and proposals shall be submitted to the board of directors for deliberation and decision.

The nomination committee is responsible for formulating selection criteria and procedures for directors and senior executives, selecting and reviewing candidates for directors and senior executives and their qualifications, and making recommendations to the board of directors on the following matters:

(1) nomination or removal of directors;

(2) appointment or dismissal of senior executives;

(3) other matters stipulated by laws, administrative regulations, regulations of the China Securities Regulatory Commission, securities regulatory rules of the place where the Company's shares are listed, and these Articles of Association.

If the board of directors does not adopt or does not fully adopt the recommendations of the nomination committee, it shall record the opinions of the nomination committee and the specific reasons for not adopting them in the board resolution, and disclose them.

The remuneration and appraisal committee is responsible for formulating appraisal standards for directors and senior executives and conducting appraisals, formulating and reviewing remuneration policies and schemes for directors and senior executives, including the remuneration decision mechanism, decision-making process, payment and clawback arrangements, and making recommendations to the board of directors on the following matters:

(1) remuneration of directors and senior executives;

(2) formulation or change of share incentive plans and employee stock ownership plans, and the achievement of conditions for incentive objects to be granted rights and exercise rights;

(3) shareholding plans arranged for directors and senior executives in proposed spin-off subsidiaries;

(4) other matters stipulated by laws, administrative regulations, regulations of the China Securities Regulatory Commission, securities regulatory rules of the place where the Company's shares are listed, and these Articles of Association.

If the board of directors does not adopt or does not fully adopt the recommendations of the remuneration and appraisal committee, it shall record the opinions of the remuneration and appraisal committee and the specific reasons for not adopting them in the board resolution, and disclose them.

Board Secretary

The Company shall have a board secretary, who shall be responsible for the preparation of shareholders' meetings and board meetings, document custody, shareholder information management, and information disclosure matters of the Company. The board secretary shall abide by relevant provisions of laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed, and these Articles of Association.

Senior executives

The Company shall have 1 general manager, who shall be appointed or dismissed by the board of directors. The Company shall have several vice general managers, who shall be appointed or dismissed by the board of directors. The Company's general manager, vice general managers, board secretary, and chief financial officer are the Company's senior executives.

Personnel holding administrative positions other than director or supervisor in the Company's controlling shareholder entity shall not serve as the Company's senior executives. The Company's senior executives shall only receive salaries from the Company and shall not be paid by the controlling shareholder.

The general manager shall serve a term of three years and may be reappointed for additional terms.

The general manager shall be responsible to the board of directors and exercise the following functions and powers:

(1) being in charge of the Company's production and operation management, organizing and implementing resolutions of the board of directors, and reporting work to the board of directors;

(2) organizing and implementing the Company's annual business plans and investment proposals;

(3) drafting plans for the establishment of the Company's internal management bodies;

(4) drafting the Company's basic management systems;

(5) formulating the Company's specific rules and regulations;

(6) proposing to the board of directors to appoint or dismiss the Company's deputy general managers and chief financial officer;

(7) deciding on the appointment or dismissal of senior executives other than those whose appointment or dismissal should be decided by the board of directors;

(8) other functions and powers granted by these Articles of Association or the board of directors.

The general manager shall attend board meetings. A general manager who is not a director shall attend board meetings but shall not have voting rights at board meetings.

FINANCIAL ACCOUNTING SYSTEM, PROFIT DISTRIBUTION, AND AUDIT

Financial Accounting System

The Company shall formulate its financial accounting system in accordance with laws, administrative regulations, securities regulatory rules of the Company's stock listing place, and the regulations of relevant national authorities.

The Company shall submit its annual report to the local office of China Securities Regulatory Commission and the stock exchange within 4 months from the end of each accounting year, and its interim report to the local office of the China Securities Regulatory Commission and the stock exchange within 2 months from the end of the first 6 months of each fiscal year. The aforementioned annual reports and interim reports shall be prepared in accordance with relevant laws, administrative regulations, departmental rules, regulations of China Securities Regulatory Commission, and securities regulatory rules of the place where the Company's shares are listed.

The Company shall not establish other accounting books in addition to the statutory accounting books. The Company's funds shall not be deposited in accounts opened in any individual's name.

When the Company distributes after-tax profits for the current year, it shall allocate 10% of the profits to the Company's statutory reserve. If the cumulative amount of the Company's statutory reserve exceeds 50% of the Company's registered capital, no further allocation may be required. If the statutory reserve of the Company is insufficient to cover the loss of previous years, the loss shall be recovered out of profit for the current year prior to allocation to the statutory surplus reserve in accordance with the preceding paragraph. The Company may set aside discretionary reserve upon resolution by the shareholders' meeting after allocation of profit after taxes to statutory surplus reserve. After recovery of loss and allocation of surplus reserves, the remaining profit after taxes shall be distributed to shareholders in proportion to their shareholdings, unless otherwise stated herein. If the shareholders' meeting distributes profits to shareholders in violation of the Company Law, the shareholders shall return the profits distributed in violation of the regulations to the Company; if losses are caused to the Company, the shareholders and responsible directors and senior executives shall bear liability for compensation. Shares in the Company held by the Company itself are excluded from profit distribution. The Company shall appoint one or more collection agents in Hong Kong for H Share shareholders. The collection agent shall collect and hold dividends and other amounts payable by the Company for H Shares on behalf of the relevant H Share shareholders, pending payment to such H Share shareholders. The collection agent appointed by the Company shall comply with the requirements of laws and regulations and the securities regulatory rules of the place where the Company's shares are listed.

The Company's common reserve fund shall be used to cover the Company's losses, expand the Company's production and operations, or be converted to increase the Company's registered capital. When common reserve funds are used to cover the Company's losses, discretionary common reserve funds and statutory reserve shall be used first; if still insufficient, capital common reserve funds may be used in accordance with regulations. When the statutory reserve is converted to increase registered capital, the remaining amount of such common reserve fund shall not be less than 25% of the Company's registered capital before the conversion.

After the Company's shareholders' meeting makes a resolution on the profit distribution plan, or the Company's board of directors formulates a specific plan based on the mid-term dividend conditions and upper limit approved by the annual general meeting for the next year, the distribution of dividends (or shares) shall be completed within 2 months.

Internal Audit

The Company shall implement an internal audit system, clarifying the leadership system, responsibilities and powers, staffing, financial guarantees, utilization of audit results, and accountability for internal audit work.

The Company's internal audit system shall be implemented after approval by the board of directors and disclosed publicly.

Appointment of Accounting Firms

The Company shall engage accounting firms that comply with the Securities Law to conduct financial statement audits, net asset verification, and other related consulting services, with a term of 1 year, and may be re-engaged.

The Company's engagement or dismissal of an accounting firm must be decided by the shareholders' meeting, and the board of directors shall not appoint an accounting firm before the shareholders' meeting makes a decision. When the Company's shareholders' meeting votes on the dismissal of an accounting firm, the accounting firm may state its opinion.

The Company guarantees to provide the engaged accounting firm with true and complete accounting vouchers, accounting books, financial accounting reports, and other accounting materials, and shall not refuse, conceal, or misrepresent.

The audit fees of the accounting firm shall be determined by the shareholders' meeting.

Any disengagement or non-reengagement of the accounting firm shall be notified to the accounting firm at least 30 days in advance. The accounting firm shall be allowed to express its opinion when the shareholders' meeting votes on the disengagement of the accounting firm.

If an accounting firm proposes to resign, it shall explain to the shareholders' meeting whether there are any improper circumstances in the Company.

Notices and Announcements

The Company's notices shall be sent in the following forms:

(1) delivered by hand;

(2) sent by mail/email/fax/telephone;

(3) made by announcement;

(4) other forms stipulated in these Articles of Association.

If a notice of the Company is given by announcement, all recipients shall be deemed to have received the notice once the announcement is made.

Notices of shareholders' meetings convened by the Company shall be made by announcement.

Notices of board meetings convened by the Company shall be made in written form, such as mail, email, or fax.

The Company designates one, several, or all of "China Securities Journal," "Securities Times," "Securities Daily," and "Shanghai Securities News" as newspapers for publishing Company announcements and other information requiring disclosure, and designates the official website of the Shanghai Stock Exchange (http://www.sse.com.cn/) as the medium for publishing Company A-share announcements and other information requiring disclosure.

The Company's H-share announcements and other information requiring disclosure shall be published on the Company's website, the HKEXnews website, and other websites as stipulated by the Hong Kong Listing Rules from time to time, in accordance with the relevant requirements of the Hong Kong Listing Rules. Company announcements shall comply with the Company Law, these Articles of Association, and the securities regulatory rules of the place where the Company's shares are listed.

Regarding the manner in which the Company provides and/or distributes corporate communications to H-share shareholders as required by the listing rules of the stock listing place, and subject to the relevant listing rules of the Company's stock listing place, the Company may also send or provide corporate communications to the Company's H-share shareholders electronically or by publishing information on the Company's website or the website of the stock exchange of the place where the Company's shares are listed, in lieu of delivering corporate communications to H-share shareholders by hand or by prepaid mail.

MERGER, DIVISION, CAPITAL INCREASE OR DECREASE, DISSOLUTION AND LIQUIDATION

Merger, Division, Capital Increase or Decrease

The Company's mergers may take the form of absorption mergers or new establishment mergers. An absorption merger is when one company absorbs other companies, and the absorbed companies are dissolved. Consolidation means two or more companies are combined to form a new company, with both or all parties being dissolved afterwards.

If the price paid for a company merger does not exceed 10% of the Company's net assets, it may not require a resolution of the shareholders' meeting, unless otherwise stipulated in these Articles of Association. If the Company merges in accordance with regulations without a resolution of the shareholders' meeting, it shall be approved by a resolution of the board of directors.

For a company merger, all merging parties shall sign a merger agreement and prepare a balance sheet and property inventory. The Company shall notify creditors within 10 days from the date of making the merger resolution, and announce it in newspapers or the National Enterprise Credit Information Publicity System within 30 days. Creditors who receive the notice within 30 days, or those who do not receive the notice within 45 days from the date of the announcement, may require the Company to repay debts or provide corresponding guarantees.

When companies merge, the claims and debts of all merger parties shall be inherited by the surviving company or the newly established company after the merger.

When a company divides, its property shall be divided accordingly. When a company divides, it shall prepare a balance sheet and property inventory. The Company shall notify creditors within 10 days from the date of making the division resolution, and announce it in newspapers or the National Enterprise Credit Information Publicity System within 30 days.

The debts of the company before division shall be jointly and severally borne by the companies after division. However, this excludes cases where the Company and its creditors have reached a written agreement on debt repayment before division.

When the Company reduces its registered capital, it shall prepare a balance sheet and property inventory. The Company shall notify creditors within 10 days from the date of the shareholders' meeting resolution to reduce registered capital, and announce it in newspapers or the National Enterprise Credit Information Publicity System within 30 days. Creditors who receive the notice within 30 days, or those who do not receive the notice within 45 days from the date of the announcement, have the right to require the Company to repay debts or provide

corresponding guarantees. When the Company reduces its registered capital, it shall proportionally reduce the capital contribution or shares in accordance with the proportion of shares held by shareholders, unless otherwise stipulated by laws or these Articles of Association.

If the Company still has losses after covering them in accordance with these Articles of Association, it may reduce its registered capital to cover the losses. When reducing registered capital to cover losses, the Company shall not distribute to shareholders, nor shall it exempt shareholders from the obligation to pay capital contributions or share payments. When reducing registered capital in accordance with the preceding paragraph, the provisions of the second paragraph of Article 189 of these Articles of Association shall not apply, but an announcement shall be made in newspapers or the National Enterprise Credit Information Publicity System within 30 days from the date of the shareholders' meeting resolution to reduce registered capital. After the Company reduces its registered capital in accordance with the preceding two paragraphs, it shall not distribute profits until the cumulative amount of statutory reserve and discretionary common reserve fund reaches 50% of the Company's registered capital.

When the Company issues new shares to increase registered capital, shareholders shall not have pre-emptive subscription rights, unless otherwise stipulated in these Articles of Association or decided by a resolution of the shareholders' meeting that shareholders have pre-emptive subscription rights.

Dissolution and Liquidation

The Company shall be dissolved for the following reasons:

(1) expiration of the operating period stipulated in these Articles of Association or occurrence of other dissolution events stipulated in these Articles of Association;

(2) resolution of the shareholders' meeting to dissolve;

(3) dissolution due to company merger or division;

(4) revocation of business license, order to close, or cancelation in accordance with the law;

(5) if the Company's operations and management encounter serious difficulties, and continued existence would cause significant losses to shareholders' interests, and cannot be resolved through other means, shareholders holding 10% or more of the total voting rights of all shareholders may request the people's court to dissolve the Company.

If the Company encounters a dissolution event as stipulated in the preceding paragraph, it shall publicly disclose the dissolution event through the National Enterprise Credit Information Publicity System within 10 days.

If the Company falls under items (1) and (2) above, and has not yet distributed assets to shareholders, it may continue to exist by amending these Articles of Association or by a resolution of the shareholders' meeting. Amendments to these Articles of Association or resolutions made by the shareholders' meeting in accordance with the above provisions must be passed by more than two-thirds of votes held by shareholders present at the shareholders' meeting.

If the Company is dissolved due to the provisions of items (1), (2), (4), and (5) above, it shall be liquidated. Directors are the Company's liquidation obligors and shall form a liquidation group for liquidation within 15 days from the date of the dissolution event. The liquidation group shall be composed of directors, unless otherwise stipulated in these Articles of Association or decided by a resolution of the shareholders' meeting to elect other persons. If liquidation obligors fail to perform their liquidation obligations in a timely manner and cause losses to the Company or creditors, they shall bear liability for compensation.

AMENDMENT OF ARTICLES OF ASSOCIATION

The Company shall amend its Articles of Association under any of the following circumstances:

(1) after the Company Law or relevant laws and administrative regulations are amended, the matters stipulated in the Articles of Association conflict with the provisions of the amended laws and administrative regulations;

(2) changes in the Company's circumstances are inconsistent with the matters recorded in the Articles of Association;

(3) the shareholders' meeting decides to amend the Articles of Association.

Matters regarding amendment to the Articles of Association approved by a resolution of the shareholders' meeting, if requiring approval/filing by competent authorities, shall be submitted to the competent authorities for approval/filing; if involving matters of company registration, the change registration shall be handled in accordance with the law.

The board of directors shall amend these Articles of Association in accordance with the resolution of the shareholders' meeting to amend the Articles of Association and the approval/opinions of the competent authorities (if required).

Amendment to the Articles of Association that is required to be disclosed by laws, regulations, or securities regulatory rules of the place where the Company's shares are listed shall be announced as required.

(A) FURTHER INFORMATION ABOUT OUR GROUP

1 Incorporation

Our Company was established as a limited liability company under the laws of the PRC on July 11, 2003, and was converted into a joint stock limited company on March 29, 2017. Our Company completed the listing of our A Shares on the Star Market of the Shanghai Stock Exchange (stock code: 688099) in August 2019.

Our Company has established a place of business in Hong Kong at 46/F, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong and was registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on October 9, 2025. Ms. Chan Ching Nga has been appointed as our agent for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As the Company was incorporated in the PRC, its operations are subject to the relevant laws and regulations of the PRC. A summary of the relevant aspects of laws and regulations of the PRC and the Articles of Association is set out in Appendix V and VI to this document, respectively.

2 Changes in Share Capital of our Company

Save as disclosed below, there has been no alteration in our share capital within two years immediately preceding the date of this document.

On March 8, 2024, the share capital of our Company increased from RMB416,393,968 to RMB418,326,368 as a result of the vesting of the Restricted Stocks granted under the 2019 Restricted Share Incentive Scheme.

On August 28, 2024, the share capital of our Company increased from RMB418,326,368 to RMB418,494,008 as a result of the vesting of the Restricted Stocks granted under the 2019 Restricted Share Incentive Scheme and the 2021 Restricted Share Incentive Scheme.

On November 18, 2024, the share capital of our Company increased from RMB418,494,008 to RMB418,734,808 as a result of the vesting of the Restricted Stocks granted under the 2019 Restricted Share Incentive Scheme and the 2021 Restricted Share Incentive Scheme.

On February 19, 2025, the share capital of our Company increased from RMB418,734,808 to RMB419,483,150 as a result of the vesting of the Restricted Stocks granted under the 2021 Restricted Share Incentive Scheme.

On March 10, 2025, the share capital of our Company increased from RMB419,483,150 to RMB419,935,640 as a result of the vesting of the Restricted Stocks granted under the 2019 Restricted Share Incentive Scheme and the 2021 Restricted Share Incentive Scheme.

On June 13, 2025, the share capital of our Company increased from RMB419,935,640 to RMB421,101,263 as a result of the vesting of the Restricted Stocks granted under the 2021 Restricted Share Incentive Scheme and the 2023 Restricted Share Incentive Scheme.

On November 14, 2025, the share capital of our Company increased from RMB421,101,263 to 421,165,613 as a result of the vesting of Restricted Stocks granted under the 2021 Share Incentive Scheme.

3 Changes in Share Capital of our Subsidiaries

Save as disclosed below, there has been no alteration in the registered capital of our Subsidiaries within the two years immediately preceding the date of this document:

On October 24, 2023, the registered share capital of Jingqi Semiconductor (Shanghai) Co., Ltd. (晶其半導體(上海)有限公司) was increased from RMB20,000,000 to RMB120,000,000.

4 Shareholders' General Meeting in Relation to the [REDACTED]

At the extraordinary general meeting of the Shareholders held on September 22, 2025, the following resolutions, among other things, were duly passed:

(a) the issue by the Company of H Shares with a nominal value of RMB1.00 each and such H Shares be listed on the Hong Kong Stock Exchange;

(b) the number of H shares to be issued before the exercise of the [**REDACTED**] shall not exceed [**REDACTED**] of the enlarged share capital of our Company upon completion of the [**REDACTED**] and granting the [**REDACTED**] the [**REDACTED**] of no more than [**REDACTED**] of the above number of H shares to be issued;

(c) subject to the completion of the [**REDACTED**], the Articles of Association has been approved and adopted, which shall only become effective on the Listing Date, and our Board has been authorized to amend the Articles of Association in accordance with any comments from the Stock Exchange and the relevant PRC regulatory authorities; and

(d) authorizing our Board and its authorized persons to handle all relevant matters relating to, among other things, the [**REDACTED**], the issue of H Shares and the Listing.

(B) FURTHER INFORMATION ABOUT OUR BUSINESS

1 Summary of Material Contracts

The following are contracts (not being contracts entered into in the ordinary course of business) entered into by any member of our Group within the two years immediately preceding the date of this document that are or may be material:

(a) [**REDACTED**].

2 Intellectual Property Rights

(a) Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Registered Owner	Place of Registration	Class	Registration Number	Expiry Date
1. . .	Amlogic	the Company	PRC	9	24923670	June 27, 2028
2. . .	Amlogic	the Company	PRC	42	28588081	October 6, 2029
3. . .		the Company	PRC	9	23390449	March 20, 2028
4. . .		the Company	PRC	42	23390390	March 20, 2028
5. . .		the Company	PRC	9	4203571	December 20, 2026
6. . .		the Company	PRC	42	23509264	May 6, 2028
7. . .	晶晨半導體	the Company	PRC	42	23391300	March 20, 2028
8. . .	晶晨	the Company	PRC	9	61561586	August 13, 2033
9. . .		the Company	PRC	42	23392444	March 20, 2028
10. .		the Company	PRC	38	23391264	April 6, 2028
11.. .		the Company	HK	9	306609646	July 10, 2034
12. .		the Company	Singapore	9	40202415515Q	July 11, 2034
13. .		the Company	Malaysia	9	TM2024020844	July 15, 2034

No.	Trademark	Registered Owner	Place of Registration	Class	Registration Number	Expiry Date
14.		the Company	Indonesia	9	IDM001277144	July 12, 2034
15.		the Company	Thailand	9	251119882	July 22, 2034
16.		the Company	Argentina	9	3663721	March 31, 2035
17.		the Company	Switzerland	9	817924	July 23, 2034
18.		the Company	Mexico	9	2789256	December 2, 2034
19.		the Company	Brazil	9	912977230	November 27, 2028
20.		the Company	South Africa	9	2017/18179	June 29, 2027
21.		the Company	India	9	3586272	July 6, 2027
22.		the Company	UAE	9	279000	August 30, 2027
23.		the Company	Japan	9	6032022	March 30, 2028
24.	AMLOGIC	the Company	United States	9	2118278	December 2, 2027
25.	AMLOGIC	the Company	United States	42	5608040	November 13, 2028
26.		the Company	United States	9, 42	5608041	November 13, 2028
27.		the Company	Canada	9, 42	TMA1,034,802	July 2, 2029
28.		the Company	EU	9, 42	17032831	July 26, 2027
29.		the Company	Korea	9, 42	40-1365341	June 4, 2028
30.		the Company	Taiwan	9, 42	1904599	March 15, 2028
31.		the Company	United Kingdom	9, 42	UK00917032831	July 26, 2027

(b) Patents

As of the Latest Practicable Date, we had registered the following patents in the PRC which we consider to be or may be material to our business:

No.	Patent	Registered Owner	Type	Patent Number	Patent grant date
1.	De-interleaving method and apparatus (解交織方法及裝置)	the Company	Invention Patent	ZL201911026075.6	February 8, 2022
2.	A compatible method for NAND memory (一種NAND存儲器的兼容方法)	the Company	Invention Patent	ZL201911014595.5	March 29, 2024
3.	Control method and apparatus based on multimedia interface (基於多媒體接口的方法及裝置)	the Company	Invention Patent	ZL201910877278.X	June 4, 2021
4.	Construction apparatus and method for self-learning speech recognition system (一種自學習語音識別系統的構建裝置和構建方法)	the Company	Invention Patent	ZL201910838612.0	April 1, 2022
5.	USB programming system and method for detecting memory defects (一種檢測內存缺陷的USB燒錄系統和USB燒錄方法)	the Company	Invention Patent	ZL201910792692.0	April 2, 2024
6.	Implementation method of a memory detection tool (一種內存檢測工具的實現方法)	the Company	Invention Patent	ZL201910745666.2	September 7, 2021
7.	Fast startup method for SoC memory (一種片上系統的存儲器快速啟動方法)	the Company	Invention Patent	ZL201910723190.2	October 19, 2021
8.	Signal sampling method for memory (一種存儲器的信號採樣方法)	the Company	Invention Patent	ZL201910702928.7	December 20, 2022
9.	Digitally compensated fractional divider phase-locked loop and control method (數字補償模擬小數分頻鎖相環及控制方法)	the Company	Invention Patent	ZL201910647534.6	April 28, 2023
10.	Digital frequency generator and state switching method (數字頻率生成器及其狀態切換方法)	the Company	Invention Patent	ZL201910647530.8	April 28, 2023

No.	Patent	Registered Owner	Type	Patent Number	Patent grant date
11.	Switching analysis method for signal source (一種信號源的切換分析方法)	the Company	Invention Patent	ZL201910606005.1	November 26, 2021
12.	Multichannel echo cancelation system and method for mixing (一種多聲道混音的回音消除系統和回音消除方法)	the Company	Invention Patent	ZL201910363615.3	September 7, 2021
13.	Exception and interrupt handling system and method based on RISC-V architecture (一種基於RISC-V架構的異常和中斷處理系統及方法)	the Company	Invention Patent	ZL201910205345.3	June 28, 2022
14.	Unmasked interrupt processing system and method for RISC-V architecture (一種適用於RISC-V架構的非屏蔽中斷處理系統及方法)	the Company	Invention Patent	ZL201910205343.4	July 28, 2023
15.	Control method for multi-level equaliser gain of serial data receiver (一種串行數據接收器的多級均衡器增益的控制方法)	the Company	Invention Patent	ZL201910075743.8	October 19, 2021
16.	Control method for multi-level equaliser gain of serial data receiver (一種串行數據接收器的多級均衡器增益的控制方法)	the Company	Invention Patent	ZL201910075706.7	October 19, 2021
17.	Synchronised modulation method and system for embedded player (一種基於嵌入式的播放器的同步調製方法)	the Company	Invention Patent	ZL201910036917.X	June 4, 2021
18.	Error compensation method for phase interpolator in a digital frequency generator (一種數字頻率生成器的相位差值器誤差補償方法)	the Company	Invention Patent	ZL201811647473.5	October 11, 2022
19.	High-speed decision circuit (一種高速判決器)	the Company	Invention Patent	ZL201811642624.8	March 28, 2023
20.	Phase interpolator (一種相位插值器)	the Company	Invention Patent	ZL201811642621.4	April 28, 2023

No.	Patent	Registered Owner	Type	Patent Number	Patent grant date
21.	Automatic adjustment method for multi-level equaliser gain of serial data receiver (一種串行數據接收器的多級均衡器增益的自動調整方法)	the Company	Invention Patent	ZL201811642608.9	November 26, 2021
22.	Kernel stack allocation method and apparatus (內核棧的分配方法及裝置)	the Company	Invention Patent	ZL201811626288.8	March 31, 2023
23.	Video codec firmware management method and system (一種視頻編解碼固件管理方法和系統)	the Company	Invention Patent	ZL201811431376.2	March 9, 2021
24.	Control method for improving network performance (一種提高網絡性能的控制方法)	the Company	Invention Patent	ZL201811289342.4	May 31, 2022
25.	Memory compression and save method for abnormal site (一種異常現場的內存壓縮和保存方法)	the Company	Invention Patent	ZL201810975828.7	January 21, 2022
26.	Slope generator and compensation circuit (一種斜坡發生器及其補償電路)	the Company	Invention Patent	ZL201810680813.8	April 1, 2022
27.	Information interaction method (一種信息交互方法)	the Company	Invention Patent	ZL201810558767.4	November 26, 2021
28.	Loop-stable power system (一種環路穩定的電源系統)	the Company	Invention Patent	ZL201810360664.7	March 9, 2021
29.	Packaging and upgrading method for upgrade packages (升級包的打包方法以及升級方法)	the Company	Invention Patent	ZL201810202061.4	April 27, 2021
30.	Security enhancement method for trusted applications (一種提高可信應用程序安全的方法)	the Company	Invention Patent	ZL201810064595.5	January 21, 2022
31.	Plug detection method for AV signal input interface and terminal device (一種AV信號輸入接口的插拔檢測方法及終端設備)	the Company	Invention Patent	ZL201711489252.5	March 9, 2021

No.	Patent	Registered Owner	Type	Patent Number	Patent grant date
32.	Output parameter setting method and system for set-top box (一種機頂盒的輸出參數設置方法及系統)	the Company	Invention Patent	ZL201711269031.7	April 27, 2021
33.	Automated HDMI compatibility testing method (一種HDMI兼容性自動化測試方法)	the Company	Invention Patent	ZL201711261786.2	April 27, 2021
34.	Automatic clock frequency adjustment method (一種時鐘頻率的自動調節方法)	the Company	Invention Patent	ZL201711086295.9	June 4, 2021
35.	Frequency division adjustment method for PLL (一種PLL的分頻調節方法)	the Company	Invention Patent	ZL201711085273.0	August 6, 2021
36.	Security validation method and system before system upgrade (一種系統升級前的安全校驗方法及系統)	the Company	Invention Patent	ZL201710880963.9	October 19, 2021
37.	Battery detection method (一種電池檢測方法)	the Company	Invention Patent	ZL201710861595.3	March 9, 2021
38.	Key writing method (一種密鑰的寫入方法)	the Company	Invention Patent	ZL201710842059.9	April 27, 2021
39.	Image sorting method and system (一種圖片排序方法及系統)	the Company	Invention Patent	ZL201710766366.3	August 10, 2021
40.	Image processing method, apparatus, image processing device and storage medium (圖像處理方法、裝置、圖像處理設備及存儲介質)	the Company	Invention Patent	ZL202110249576.1	April 25, 2025
41.	Image processing method, image processing system, electronic device and storage medium (圖像處理方法、圖像處理系統、電子設備及存儲介質)	the Company	Invention Patent	ZL202110057922.6	December 24, 2024
42.	Bandgap reference circuit, switching power supply and power management chip (帶隙基準電路、開關電源及電源管理芯片)	the Company	Invention Patent	ZL202011621050.3	March 29, 2024

No.	Patent	Registered Owner	Type	Patent Number	Patent grant date
43.	Coding signal demodulation method, apparatus, device and computer-readable storage medium (編碼信號解調方法、裝置、設備以及計算機可讀存儲介質)	the Company	Invention Patent	ZL202010725787.3	July 30, 2024
44.	Image and video processing method, system, data handling device and medium (圖像和視頻處理方法及其系統、數據處理設備、介質)	the Company	Invention Patent	ZL202011221470.2	April 21, 2023
45.	Correction method for wideband system I/Q imbalance, wideband system and medium (校正寬帶系統I/Q不平衡的方法、寬帶系統和介質)	the Company	Invention Patent	ZL202011248779.0	September 27, 2024
46.	Digital predistortion method, WIFI wideband system and computer storage medium (數字預畸變處理方法、WIFI寬帶系統和計算機存儲介質)	the Company	Invention Patent	ZL202011378320.2	November 22, 2024
47.	Spur removal method for WIFI system, computer storage medium and wideband system (去除WIFI系統spur干擾的方法、計算機存儲媒介和寬帶系統)	the Company	Invention Patent	ZL202011259237.3	March 8, 2024
48.	Reference frame selection method, electronic device and storage medium (選取參考幀的方法、電子設備和存儲介質)	the Company	Invention Patent	ZL202010693440.5	March 12, 2024
49.	Motion vector estimation method for pixel block, video processing apparatus, device and medium (估計像素塊運動矢量的方法和視頻處理裝置及設備和介質)	the Company	Invention Patent	ZL202010687720.5	April 26, 2024

No.	Patent	Registered Owner	Type	Patent Number	Patent grant date
50.	Image processing method and apparatus, electronic device and storage medium (圖像處理方法和圖像處理裝置及電子設備和存儲介質)	the Company	Invention Patent	ZL202010705370.0	July 25, 2025
51.	Real-time detection method and apparatus for video image display area, electronic device (實時檢測視頻圖像顯示區域的方法和裝置及電子設備)	the Company	Invention Patent	ZL202010776132.9	September 17, 2024
52.	Motion estimation method, chip, electronic device and storage medium (運動估計方法、芯片、電子設備以及存儲介質)	the Company	Invention Patent	ZL202010615725.7	December 24, 2024
53.	Static marker area detection method and module, chip, electronic device and medium (靜態標識區域檢測方法及模塊、芯片、電子設備和介質)	the Company	Invention Patent	ZL202010615733.1	February 21, 2025
54.	Scene detection method, chip, electronic device and storage medium (場景檢測方法、芯片、電子設備以及存儲介質)	the Company	Invention Patent	ZL202010613548.9	July 30, 2024
55.	Motion compensation method and module, chip, electronic device and storage medium (運動補償方法和模塊、芯片、電子設備及存儲介質)	the Company	Invention Patent	ZL202010615725.7	October 1, 2024
56.	Method for enhancing lightning protection for small-size PCB-based Ethernet (一種小尺寸PCB增強以太網防雷擊的方法)	Amlogic Shenzhen	Invention Patent	2019110816682	September 3, 2024
57.	Configuration method, device, and system for coexistence of multiple storage media (多存儲介質並存的配置方法、裝置和系統)	Amlogic Shenzhen	Invention Patent	2019113634667	July 26, 2024

No.	Patent	Registered Owner	Type	Patent Number	Patent grant date
58.	Intelligent device and method for controlling boot screen of the intelligent device (智慧裝置及其開機畫面控制方法)	the Company	Invention Patent	US11847469B2	December 19, 2023
59.	Method for controlling gain of multi-stage equalizers of serial data receivers (串列數據接收器多級等化器增益控制方法)	the Company	Invention Patent	EP3687126B1	January 4, 2023
60.	High-speed decision device (高速判決裝置)	the Company	Invention Patent	EP3675358B1	July 26, 2023
61.	Phase interpolator (相位插值器)	the Company	Invention Patent	EP3675359	October 9, 2024
62.	Voice activity detection method (語音活動偵測方法)	the Company	Invention Patent	EP3671743B1	July 19, 2023
63.	Encoded signal demodulation method, apparatus, device, and computer readable storage medium (編碼訊號解調方法、裝置、設備及計算機可讀存儲媒介)	the Company	Invention Patent	US12,040,906B2	July 16, 2024
64.	Method, video processing apparatus, device, and medium for estimating a motion vector of a pixel block (用於估算像素塊運動向量的方法、視頻處理裝置、設備及媒介)	the Company	Invention Patent	US11653017B2	May 16, 2023
65.	Method, video processing apparatus, device, and medium for estimating a motion vector of a pixel block (用於估算像素塊運動向量的方法、視頻處理裝置、設備及媒介)	the Company	Invention Patent	EP3941062B1	November 13, 2024
66.	Method and apparatus for processing image, electronic device, and storage medium (圖像處理方法與裝置、電子設備及存儲媒體)	the Company	Invention Patent	US12094077B2	September 17, 2024

No.	Patent	Registered Owner	Type	Patent Number	Patent grant date
67.	Method, electronic apparatus and storage medium for detecting a static logo of a video (用於檢測視頻靜態標誌的方法、電子裝置及存儲媒體)	the Company	Invention Patent	US11710315B2	July 25, 2023
68.	Method, electronic apparatus and storage medium for detecting a static logo of a video (用於檢測視頻靜態標誌的方法、電子裝置及存儲媒體)	the Company	Invention Patent	EP3945465B1	November 22, 2023
69.	Method, apparatus and electronic device for detecting a display region of a video image in real time (實時檢測視頻圖像顯示區域的方法、裝置及電子設備)	the Company	Invention Patent	EP3951714	October 9, 2024
70.	Motion estimation method, chip, electronic device, and storage medium (運動估算方法、晶片、電子設備及存儲媒介)	the Company	Invention Patent	US11574408B2	February 7, 2023
71.	Static identification area detecting method and module, chip, electronic device and medium (靜態識別區域檢測方法與模組、晶片、電子裝置及媒介)	the Company	Invention Patent	US11785172B2	October 10, 2023
72.	Scene detection method, chip, electronic device, and storage medium (場景檢測方法、晶片、電子設備及存儲媒體)	the Company	Invention Patent	US11823393B2	November 21, 2023
73.	Scene detection method, chip, electronic device, and storage medium (場景檢測方法、晶片、電子設備及存儲媒體)	the Company	Invention Patent	EP3933767B1	January 18, 2023
74.	Motion compensation method and module, chip, electronic device and storage media (運動補償方法與模組、晶片、電子設備及存儲媒體)	the Company	Invention Patent	US11638031B2	April 25, 2023

No.	Patent	Registered Owner	Type	Patent Number	Patent grant date
75.	Comparator and successive approximation analog-to-digital converter (比較器和逐次逼近模數轉換器)	the Company	Invention Patent	ZL202011145498.2	December 5, 2025
76.	Current source drive circuit, analog-to-digital converter and receiver (電流源驅動電路、模數轉換器及接收機)	the Company	Invention Patent	ZL202110296515.0	November 21, 2025
77.	Receiver and data transmission system (接收機和數據傳輸系統)	the Company	Invention Patent	ZL202011619202.6	October 24, 2025
78.	Memory card power supply device and electronic equipment (存儲卡電源裝置和電子設備)	Amlogic Shenzhen	Invention Patent	ZL202110448752.4	August 29, 2025
79.	Clock correction method, clock data recovery circuit, chip, receiving end and terminal (時鐘校正方法、時鐘數據恢復電路、芯片、接收端和終端)	the Company	Invention Patent	ZL202110162812.6	August 19, 2025
80.	Display driving method, module and chip, electronic device and storage medium (顯示驅動方法、模塊及芯片、電子設備和存儲介質)	the Company	Invention Patent	ZL202011094776.6	August 5, 2025
81.	Video data processing method, module, chip and storage medium (視頻數據處理方法、模塊、芯片及存儲介質)	the Company	Invention Patent	ZL202110186240.5	August 1, 2025

(c) Integrated circuit layout-design

As of the Latest Practicable Date, we had registered the following integrated circuit layout-design which we consider to be material to our Group's business:

No.	Name of layout-design	Registered Owner	Registration Number	Registration Date
1. . . .	T5M (TC8000/T963D4系列)	the Company	BS.255508840	June 9, 2025
2. . . .	TXHD2 (T950S)	the Company	BS.255508832	June 9, 2025
3. . . .	GXLX4 (S905L4)	the Company	BS.255508859	June 9, 2025
4. . . .	W3	Amlogic (Chengdu) Co., Ltd. (晶晨芯半導體(成都)有限公司) ("Amlogic Chengdu")	BS.245591664	February 17, 2025
5. . . .	A5 (A113X2)	the Company	BS.235563919	November 9, 2023
6. . . .	A4 (A113L2)	the Company	BS.235563765	November 9, 2023
7. . . .	T962X3	the Company	BS.205582648	December 25, 2020
8. . . .	T5系列 (T963, T963S)	the Company	BS.205603092	December 31, 2020
9. . . .	T3 (T982, T965D4)	the Company	BS.215607643	November 26, 2021
10. . .	S4 (S905Y4, S805X2)	the Company	BS.215607589	November 26, 2021
11. . .	SC2 (S905X4, S905C2))	the Company	BS.215607600	December 24, 2021
12. . .	W2 (W265P1, W265S1, W265U1)	the Company	BS.225560402	October 27, 2022
13. . .	S5 (S928X)	the Company	BS.225563827	October 27, 2022
14. . .	S905X3	Amlogic Shenzhen	BS.205565298	September 30, 2020
15. . .	P231	Amlogic Technology (Beijing) Co., Ltd. (晶晨半導體科技(北京)有限公司) ("Amlogic Beijing")	BS.215607570	December 1, 2021
16. . .	T9028	Amlogic Beijing	BS.215619781	December 30, 2021
17. . .	XTAL32K	Amlogic Chengdu	BS.22557134X	November 18, 2022
18. . .	U3PCIE	Amlogic Chengdu	BS.225571358	November 18, 2022

(d) Copyright

As of the Latest Practicable Date, we had registered the following computer-software copyrights which we consider to be material to our Group's business:

No.	Copyright	Registered Owner	Registration Number	Registration Date
1. . . .	Amlogic Car Sentinel Mode System Software V1.0 (晶晨汽車哨兵模式系統軟件V1.0)	Hefei Amlogic Co., Ltd. (合肥晶晨芯半導體有限公司) ("Amlogic Hefei")	2025SR25171055	December 29, 2025
2. . . .	Amlogic Google TV Automatic Initialization Configuration System Software (晶晨Google TV自動初始化配置系統軟件)	Amlogic Hefei	2025SR23708661	December 8, 2025
3. . . .	AMLOGIC Bluetooth and 15.4 Protocol Coexistence UART Driver System (AMLOGIC藍牙與15.4協議共存UART驅動系統)	Amlogic Hefei	2025SR18740359	September 25, 2025
4. . . .	Amlogic DVB USBCAM Program Playback Software (晶晨DVB U SBCAM節目播放軟件)	Amlogic Chengdu	2025SR18568855	September 24, 2025
5. . . .	Clock Driver Code Generation Method and System (Clock驅動代碼生成方法和系統)	Amlogic Chengdu	2025SR17670661	September 12, 2025
6. . . .	Amlogic Self-Extracting Firmware Creation Tool (晶晨自解壓固件製作工具)	Amlogic (Xi'an) Co., Ltd. (晶晨半導體(西安)有限公司) ("Amlogic Xi'an")	2025SR17195444	September 8, 2025
7. . . .	Amlogic Message Transmission System Software (晶晨信息傳遞系統軟體)	Amlogic Beijing	2025SR0963943	June 10, 2025
8. . . .	Amlogic Long-term Reference Frame Management Extension System (晶晨長期參考幀管理擴展系統)	Amlogic Chengdu	2025SR0541239	March 28, 2025
9. . . .	Amlogic Mini Encoder Video Coding Software (晶晨Mini encoder 視頻編碼軟體)	Amlogic Chengdu	2025SR0540614	March 28, 2025
10. . .	Amlogic In-vehicle Multi-channel Video Recording System (晶晨車載多路視頻記錄系統)	Amlogic Hefei	2025SR0351167	February 28, 2025
11. . .	Amlogic Clock Driver Automated Testing Software (晶晨clock driver自動化測試軟體)	Amlogic Chengdu	2025SR0620400	April 15, 2025

No.	Copyright	Registered Owner	Registration Number	Registration Date
12. . .	Amlogic Rapid Panoramic Reversing Image System V2.0 (晶晨急速全景倒車影像系統V2.0)	Amlogic Hefei	2025SR0214977	February 7, 2025
13. . .	Amlogic In-vehicle Camera Virtualisation Software Based on crosvm (基於crosvm的晶晨車載相機虛擬化軟體)	Amlogic Hefei	2025SR0643071	April 18, 2025
14. . .	Amlogic FVP Interactive Service System (晶晨FVP互動服務系統)	Amlogic Xi'an	2025SR0150380	January 22, 2025
15. . .	Transcoding Multimedia System Software Based on amlogic SOC (基於amlogic SOC的Transcoding多媒體系統軟體)	Amlogic Hefei	2025SR0099379	January 15, 2025
16. . .	Amlogic Arka DVB App Embedded Graphics Framework Adaptation System (Amlogic Arka DVB App嵌入式圖形框架適配系統)	Amlogic Hefei	2025SR0125350	January 20, 2025
17. . .	Amlogic Android VideoDebug Tool Software (晶晨Android VideoDebug工具軟體)	Amlogic Beijing	2024SR2246248	December 31, 2024
18. . .	Amlogic WLCDMI General Decryption Software (晶晨WLCDMI通用解密軟體)	Amlogic Beijing	2024SR2234896	December 30, 2024
19. . .	Implementation of Bluetooth Automated Testing Software Based on Python (基於python的藍牙自動化測試軟體實現)	Amlogic Hefei	2025SR0005476	January 2, 2025
20. . .	Amlogic Device Certification Software (晶晨設備認證軟體)	Amlogic Beijing	2024SR2009062	December 6, 2024
21. . .	Amlogic TEE-based OTP Burning Software (晶晨基於TEE的OTP燒錄軟體)	Amlogic Beijing	2024SR2175140	December 24, 2024
22. . .	Amlogic CryptoShield File Encryption and Decryption Too (晶晨CryptoShield文件加解密工具)	Amlogic Beijing	2024SR2173338	December 24, 2024
23. . .	Amlogic Audio HAL Test & Debug Tool Design and Implementation System (晶晨Audio HAL test&debug tool設計和實現系)	Amlogic Xi'an	2024SR2030910	December 10, 2024
24. . .	Amlogic IPC Pipeline Testing Software (CN) (晶晨IPC pipeline測試軟體(CN))	Amlogic Chengdu	2024SR1582412	October 22, 2024
25. . .	Amlogic Audio Testing Software (晶晨音頻測試軟體)	Amlogic Chengdu	2024SR1583064	October 22, 2024
26. . .	Amlogic Linux Bluetooth Driver User Manual (晶晨Linux藍牙驅動使用手冊)	Amlogic Chengdu	2024SR1582397	October 22, 2024
27. . .	Remote Control System for Android Devices (Android設備的遠程控制系統)	Amlogic Chengdu	2024SR1482722	October 9, 2024
28. . .	Amlogic TEE UTA Loader from uboot Software (晶晨TEE從uboot加載UTA軟體)	Amlogic Beijing	2024SR1253604	August 27, 2024

(e) Domain Names

As of the Latest Practicable Date, we owned the following domain names in the PRC which we consider to be or may be material to our business:

No.	Domain Name	Registered Owner	Approval Date
1.	amlogic.cn	the Company	May 29, 2023
2.	amlogic.com.cn	the Company	May 29, 2023
3.	amlogic.com	the Company	July 5, 2023

(C) FURTHER INFORMATION ABOUT OUR DIRECTORS

1 Particulars of Directors' Service Contracts and Appointment Letters

Each of the Directors [has entered into] a service contract or appointment letter with our Company. The principal particulars of these service contracts and appointment letters comprise (a) the term of the service; (b) subject to termination in accordance with their respective term; and (c) a dispute resolution provision. The service contracts and appointment letters may be renewed in accordance with our Articles of Association and the applicable laws, rules and regulations from time to time.

Save as disclosed above, none of the Directors has or is proposed to have a service contract with any member of our Group (other than contracts expiring or determinable by the relevant employer within one year without the payment of compensation (other than statutory compensation)).

2 Remuneration of Directors

Save as disclosed in "Directors and Senior Management" and under "Accountants' Report — II. Notes to the Historical Financial Information — 13. Directors' Emoluments" in Appendix I to this document, no Director received other remuneration or benefits in kind from our Company in respect of each of the years ended December 31, 2023, 2024 and 2025.

3 Disclosure of Interests

***Interests and Short Positions of our Directors in the Registered Capital of our Company or our Associated Corporations following Completion of the* [REDACTED]**

Immediately following completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and no changes are made to the total issued share capital of our Company since the Latest Practicable Date and up to the Listing), the interests or short positions of our Directors and chief executives in the shares, underlying shares and debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO), which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part

XV of the SFO (including interests and short positions which he/she is taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the 'Model Code for Securities Transactions by Directors of Listed Issuers' contained in the Listing Rules, to be notified to our Company and the Stock Exchange are set out below:

		A Shares held as of the Latest Practicable Date		Shares held following the completion of the [REDACTED]		
Name of Director	**Nature of interest**	**Number of A Shares held**	**Approximate Percentage of issued Shares**	**Number of A Shares held**	**Approximate Percentage of issued A Shares**	**Approximate Percentage of total issued Shares**
			(%)		*(%)*	*(%)*
Mr. John Zhong	Interest in controlled corporation; Interest held jointly with other persons[(1)]	79,441,087	18.86	79,441,087	18.86	[**REDACTED**]
Ms. Yu Li	Beneficial owner	15,350	0.00[(2)]	15,350	0.00[(2)]	[**REDACTED**]

Notes:

(1) See "Substantial Shareholders" for further details.

(2) Denote less than 0.005%.

Interests and Short Positions Disclosable under Divisions 2 and 3 of Part XV of the SFO

For information on the person(s), other than our Directors or chief executive, who will, so far as is known to our Directors or chief executive, immediately following completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and no changes are made to the total issued share capital of our Company since the Latest Practicable Date and up to the Listing), have an interest or short position in the Shares or underlying shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the issued voting shares of our Company, please see "Substantial Shareholders."

Interests of substantial shareholders in members of our Group (excluding our Company)

As of the Latest Practicable Date, to the best knowledge of our Directors, the following persons (other than members of our Group) were interested in 10% or more of the voting rights at general meetings of our subsidiaries:

Name of subsidiary	Name of substantial shareholder	Approximate percentage of shareholding
		(%)
Shanghai Jingyi Business Consulting Partnership (Limited Partnership) (上海晶毅商務諮詢合夥企業(有限合夥))	Shanghai Dingyuan International Trading Company Limited (上海鼎源國際貿易有限公司)	33.30%

(D) RESTRICTED SHARE INCENTIVE SCHEMES

The following is a summary of the principal terms of our Restricted Share Incentive Schemes which were outstanding as of the Latest Practicable Date. The terms of the Restricted Share Incentive Schemes are not subject to the provisions of Chapter 17 of the Listing Rules as they do not involve any grant of Restricted Stocks by our Company upon Listing. Save as otherwise disclosed, the terms of each of the Restricted Share Incentive Schemes are substantially similar and are summarized below.

1. Purposes

The purposes of the Restricted Share Incentive Schemes are to further establish and improve our long-term incentive mechanism, attract and retain outstanding talents, and fully motivate their enthusiasm and innovation to enhance cohesion and core competitiveness of our Company. The Restricted Share Incentive Schemes are implemented to align the interests of our Shareholders, our Company and our core team members, which is beneficial to the sustainable development of our Group and ensures the realization of our development strategy and business objectives.

2. Administration

Each of the Restricted Share Incentive Schemes is subject to the approval of our Company's general meeting, administration of the Board and the supervision of the independent non-executive Directors.

3. Participants

(i) The participants of the 2019 Restricted Share Incentive Scheme include our mid-level management personnel, core technical and business personnels employees.

(ii) The participants of the 2021 Restricted Share Incentive Scheme include our Directors, senior management members, core technical and business personnels.

(iii) The participants of the 2023 Restricted Share Incentive Scheme, the 2023 Restricted Share Incentive Scheme (Phase II) and the 2025 Restricted Share Incentive Scheme include our Directors, senior management member, core management, technical and business personnels.

The scope of participants excludes independent directors, supervisors and shareholders or actual controller who individually or collectively hold 5% or more of the shares of our Company and their spouse, parents and children.

4. Source and Maximum Number of Shares

The Shares underlying the 2019 Restricted Share Incentive Scheme, the 2021 Restricted Share Incentive Scheme, the 2023 Restricted Share Incentive Scheme and the 2023 Restricted Share Incentive Scheme (Phase II) are new A Shares to be issued by our Company, and the Shares underlying the 2025 Restricted Share Incentive Scheme are new A Shares to be issued by our Company or A Shares to be purchased by our Company from the secondary market. The number of Shares granted to any individual grantee under each Restricted Share Incentive Schemes currently in effect shall not exceed 1% of our Company's total share capital.

Subject to the adjustment mechanisms set out in paragraph (i) below, the maximum number of Restricted Stocks initially available to be granted under each Restricted Share Incentive Scheme is as follows:

Restricted Share Incentive Scheme	Maximum number of Shares corresponding to initial Restricted Stocks that may be granted	Maximum number of Shares corresponding to Restricted Stocks that are reserved for and may be further granted
2019 Restricted Share Incentive Scheme	6,456,200	1,543,800
2021 Restricted Share Incentive Scheme	6,400,000	1,600,000
2023 Restricted Share Incentive Scheme	4,900,000	0
2023 Restricted Share Incentive Scheme (Phase II)	1,391,375	0
2025 Restricted Share Incentive Scheme	5,961,100	0

5. Term of the Schemes and Date of Grant

The term of the 2019 Restricted Share Incentive Scheme and the 2021 Restricted Share Incentive Scheme shall commence from the date on which the initial Restricted Stocks are granted and continue until the Restricted Stocks are fully vested or lapsed. This term shall not exceed 72 months.

The term of the 2023 Restricted Share Incentive Scheme and the 2025 Restricted Share Incentive Scheme shall commence from the date on which the initial Restricted Stocks are granted and continue until the Restricted Stocks are fully vested or lapsed. This term shall not exceed 60 months.

The term of the 2023 Restricted Share Incentive Scheme (Phase II) shall commence from the date on which the initial Restricted Stocks are granted and continue until the Restricted Stocks are fully vested or lapsed. This term shall not exceed 36 months.

The grant date of the Restricted Stocks shall be determined by the Board after the approval of the Restricted Share Incentive Schemes by the Shareholders at a general meeting. Unless otherwise stipulated by laws and regulations, the grant date must be a trading day of the Shanghai Stock Exchange. The grant of the Restricted Stocks is subject to the approval of the Board and shall be registered and announced within 60 days after the approval of the Restricted Share Incentive Schemes at a general meeting.

6. Conditions to the Grant of Restricted Stocks

Restricted Stocks will only be granted to eligible participants if the following conditions are fulfilled:

(i) With respect to our Company, none of the following circumstances having occurred:

(A) an audit report with an adverse opinion or a disclaimer of opinion has been issued by the certified public accountant with respect to our accountants' report for the most recent fiscal year;

(B) an audit report with an adverse opinion or a disclaimer of opinion has been issued by the certified public accountant with respect to the internal control report contained in accountants' report for the most recent fiscal year;

(C) our Company has failed to distribute profits in accordance with the laws and regulations, our Articles of Association or our public commitment within the last 36 months after its listing on the Shanghai Stock Exchange;

(D) implementation of any share incentive plan is prohibited under applicable laws and regulations; or

(E) any other circumstances determined by the CSRC.

(ii) With respect to a grantee, none of the following circumstances having occurred:

(A) he or she has been regarded as an inappropriate participant by a stock exchange within the last 12 months;

(B) he or she has been regarded as an inappropriate participant by the CSRC or its local office within the last 12 months;

(C) he or she has been penalized or prohibited from entering into the securities market by the CSRC or its local office due to material non-compliance of laws and regulations within the last 12 months;

(D) he or she is not qualified to serve as a director or senior management according to the PRC Company Law;

(E) he or she is prohibited from participating in any share incentive plans of listed companies according to applicable laws and regulations; or

(F) any other circumstances determined by the CSRC.

The participants under the 2019 Restricted Share Incentive Scheme are classified into two categories based on their length of service at our Company and the importance of their positions: (i) category I are those who have served continuously at our Company for more than two years or who hold critical positions in our Company, and shall pay a consideration of RMB11.00 per Restricted Stock determined by the Board with reference to the average price of the Company's asset appraisal results in 2018. The consideration was changed to RMB10.88 per Restricted Stock in August 2022, and further changed to RMB10.38 per Restricted Stock in December 2023; and (ii) category II those whose length of service at our Company is less than two years, and shall pay a consideration of RMB19.25 per Restricted Stock determined by the Board with reference to 50% of the final offer price of the Company's initial public offering of A shares. The eligible participants who will be awarded reserved Restricted Stocks shall pay a consideration of RMB19.25 per Restricted, which was changed to RMB19.13 per Restricted Stock in August 2022, and further changed to RMB18.63 per Restricted Stock in December 2023.

The participants under the 2021 Restricted Share Incentive Scheme are classified into two categories based on their place of work: (i) category I includes participants whose places of work are in China and shall pay a consideration of RMB65.08 per Restricted Stock, being the 75% of the average trading price of A Shares on the trading day immediately preceding the announcement of the award of the Restricted Stocks by the Board, and the consideration was changed to RMB64.58 per Restricted Stock in December 2023; (ii) category II includes participants whose places of work are outside China and shall pay a consideration of RMB78.09 per Restricted Stock, being 90% of the average trading price of A Shares on the trading day immediately preceding the announcement of the award of the Restricted Stocks by the Board, and the consideration was changed to RMB77.59 per Restricted Stock in December 2023.

The participants under the 2023 Restricted Share Incentive Scheme and the 2025 Restricted Share Incentive Scheme shall all pay a consideration of RMB37.04 per Restricted Stock, being the 50% of the average trading price of A Shares on the trading day immediately preceding the announcement of relevant award of the Restricted Stocks by the Board, and RMB36.58 per Restricted Stock, being the 50% of the average trading price of A Shares on the 20 trading days immediately preceding the announcement of relevant award of the Restricted Stocks by the Board, respectively, and both being the 50% of the average trading price of A Shares on the trading day immediately preceding the announcement of relevant award of the Restricted Stocks by the Board. The consideration for the Shares under the 2023 Restricted Share Incentive Scheme was changed to RMB10.88 per Restricted Stock in August 2022, and was further changed to RMB10.38 per Restricted Stock in December 2023.

The participants under the 2023 Restricted Share Incentive Scheme (Phase II) shall all pay a consideration of RMB32.15 per Restricted Stock, being 50.58% of the average trading price of A Shares on the trading day immediately preceding the announcement of relevant award of the Restricted Stocks by the Board. The consideration was then changed to RMB31.65 per Restricted Stock in December 2023.

7. Lock-up Arrangements

(i) The lock-up arrangements under the Restricted Share Incentive Schemes are determined according to the Articles of Association and applicable PRC laws and regulations: if the grantee is a Director or a senior management of our Company, the Shares to be transferred each year during his or her tenure shall not exceed 25% of the total Shares he or she holds. No Shares held by such Director or senior management may be transferred within six months after termination of his or her employment;

(ii) if the grantee is a Director or senior management of our Company, income gained through sale of Shares of our Company within six months of the purchase or repurchase of Shares, shall belong to our Company and be reclaimed by the Board; and

(iii) if there is any change in the applicable laws and regulations or the relevant provisions of the Articles of Association on the foregoing lock-up requirements within the term of the relevant Restricted Share Incentive Schemes, the grantee shall comply with the amended laws and regulations and the Articles of Association.

8. Vesting of Restricted Stocks

The Restricted Stocks will be vested when (i) the conditions set out under paragraph 6 above are fulfilled; and (ii) the performance targets of our Company and the grantees as set out under the relevant Restricted Share Incentive Schemes are achieved. The granted Restricted Stocks will be vested in accordance with the schedules under the relevant Restricted Share Incentive Schemes as follows:

Restricted Share Incentive Schemes	Vesting Schedule
2019 Restricted Share Incentive Scheme	The Restricted Stocks may be vested in three tranches of 30%, 30% and 40% during the respective 12-month periods between the first trading day after the 24 months from the date of grant and the last trading day within the 60 months of the date of grant.
2021 Restricted Share Incentive Scheme	The Restricted Stocks may be vested in four tranches of 25% each during four consecutive 12-month periods between the first trading day after the 12 months from the date of the grant and the last trading day within the 60 months from the date of the grant.
2023 Restricted Share Incentive Scheme	The Restricted Stocks may be vested in four tranches of 25% each during four consecutive 12-month periods between the first trading day after the 12 months from the date of the grant and the last trading day within the 60 months from the date of the grant.
2023 Restricted Share Incentive Scheme (Phase II)	The Restricted Stocks may be vested in two tranches of 50% each during two consecutive 12-month periods between the first trading day after the 12 months from the date of the grant and the last trading day within the 36 months from the date of the grant.
2025 Restricted Share Incentive Scheme	The Restricted Stocks may be vested in four tranches of 25% each during four consecutive 12-month periods between the first trading day after the 12 months from the date of the grant and the last trading day within the 60 months from the date of the grant.

9. Adjustment

Subject to the other terms and conditions contained in the Restricted Share Incentive Schemes, the number and/or consideration of granted Restricted Stocks may be adjusted upon the occurrence of certain events from the date of the announcement of the relevant Restricted Share Incentive Schemes to the completion of relevant registration. These events include, as the case may be, (i) capitalization of reserves, (ii) distribution of stock dividends, (iii) share subdivision, (iv) share consolidation, (v) rights issue, and (vi) share issuance.

10. Dividend and Voting Rights

Upon the vesting of the Restricted Stocks in accordance with the relevant Restricted Share Incentive Schemes, the grantees will be entitled to exercise the right of Shareholders, including but not limited to the right to receive dividends and right to vote at the general meeting.

11. Outstanding Restricted Stocks

As of the Latest Practicable Date, the number of the outstanding Restricted Stocks under the 2019 Restricted Share Incentive Scheme, the 2021 Restricted Share Incentive Scheme, the 2023 Restricted Share Incentive Scheme, the 2023 Restricted Share Incentive Scheme (Phase II) and the 2025 Restricted Share Incentive Scheme was 0, 205,612, 1,842,100, 531,217 and 5,898,250, representing approximately [**REDACTED**]%, [**REDACTED**]%, [**REDACTED**]%, [**REDACTED**]% and [**REDACTED**]% of the issued Shares immediately following the completion of the [**REDACTED**], respectively (assuming the [**REDACTED**] is not exercised and no changes are made to the total issued share capital of our Company since the Latest Practicable Date and up to the Listing). If all outstanding Restricted Stocks have been granted, assuming the [**REDACTED**] is not exercised and no changes are made to the total issued share capital of our Company since the Latest Practicable Date and up to the Listing, the issued Shares held by Shareholders following the Listing will be diluted by approximately [**REDACTED**]%. The dilutive effect on our earnings per share will be approximately [**REDACTED**]%.

The following table sets forth the details of outstanding Restricted Stocks granted to all grantees under the Restricted Share Incentive Schemes as of the Latest Practicable Date.

Name of grantee	Position in our Group	Corresponding Restricted Share Incentive Scheme	Number of outstanding Restricted Stocks	Grant price (per Share)	Approximate percentage of the issued Shares immediately after the [REDACTED]
				(RMB)	*(%)*
Directors or senior management members					
Ms. Yu Li (余莉)	Executive Director, Board Secretary and Joint Company Secretary	2023 Restricted Share Incentive Scheme	5,000	36.54	[**REDACTED**]
		2023 Restricted Share Incentive Scheme (Phase II)	1,250	31.65	[**REDACTED**]
		2025 Restricted Share Incentive Scheme	27,500	36.58	[**REDACTED**]

Name of grantee	Position in our Group	Corresponding Restricted Share Incentive Scheme	Number of outstanding Restricted Stocks	Grant price (per Share)	Approximate percentage of the issued Shares immediately after the [REDACTED]
				(RMB)	*(%)*
Mr. Zhong Fuyao (鍾富堯)	Vice General Manager	2023 Restricted Share Incentive Scheme	25,000	36.54	[**REDACTED**]
		2023 Restricted Share Incentive Scheme (Phase II)	6,250	31.65	[**REDACTED**]
		2025 Restricted Share Incentive Scheme	72,500	36.58	[**REDACTED**]
Ms. Gao Jingwei (高靜薇)	Chief Financial Officer	2023 Restricted Share Incentive Scheme	7,500	36.54	[**REDACTED**]
		2023 Restricted Share Incentive Scheme (Phase II)	1,875	31.65	[**REDACTED**]
		2025 Restricted Share Incentive Scheme	21,250	36.58	[**REDACTED**]
Subtotal			235,625		[**REDACTED**]
Other connected persons					
Ms. Wang Bei (王蓓)	General Manager of Amlogic Shenzhen	2023 Restricted Share Incentive Scheme	15,000	36.54	[**REDACTED**]
		2023 Restricted Share Incentive Scheme (Phase II)	3,750	31.65	[**REDACTED**]
		2025 Restricted Share Incentive Scheme	57,500	36.58	[**REDACTED**]
Mr. Wang Shixian (王士賢)	Director of Amlogic HK	2023 Restricted Share Incentive Scheme	5,000	36.54	[**REDACTED**]
		2023 Restricted Share Incentive Scheme (Phase II)	1,250	31.65	[**REDACTED**]
		2025 Restricted Share Incentive Scheme	27,500	36.58	[**REDACTED**]
Subtotal			110,000		[**REDACTED**]
Other grantees[(1)]					
Other participants	–	2021 Restricted Share Incentive Scheme	205,612	64.58	[**REDACTED**]
		2023 Restricted Share Incentive Scheme	1,784,600	36.54	[**REDACTED**]
		2023 Restricted Share Incentive Scheme (Phase II)	516,842	31.65	[**REDACTED**]
		2025 Restricted Share Incentive Scheme	5,692,000	36.58	[**REDACTED**]
Subtotal			8,199,054		[**REDACTED**]
Total			8,477,179		[**REDACTED**]

Note:

(1) No employee grantees have been granted Restricted Stocks in excess of 1% of the issued Shares of our Company immediately after the [**REDACTED**] on a stand-alone basis.

* *Denotes less than 0.005%*

(E) OTHER INFORMATION

1 Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall upon any member of our Group.

2 Litigation

Save as disclosed in this document, no member of our Group is engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against our Company that would have a material adverse effect on our Company's results of operations or financial condition.

3 Joint Sponsors

The Joint Sponsors have made an application on behalf of our Company to the Listing Committee for listing of, and permission to deal in, the H Shares of our Company. All necessary arrangements have been made to enable the H Shares to be admitted into CCASS.

Each of the Joint Sponsors satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

Pursuant to the engagement letter entered into between our Company and the Joint Sponsors, we have agreed to pay each of the Joint Sponsors a fee of US$500,000 to act as the sponsor of our Company in connection with the proposed listing on the Stock Exchange.

4 Consent of Experts

The qualification of the experts, as defined under the Hong Kong Listing Rules, who have given opinions in this document are as follows:

Name	Qualification
China International Capital Corporation Hong Kong Securities Limited	A licensed corporation to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities (as defined under SFO)
Haitong International Capital Limited	A licensed corporation to conduct Type 6 (advising on corporate finance) regulated activities (as defined under SFO)
Jia Yuan Law Offices	Legal advisor to our Company as to PRC laws
BDO Limited	Certified Public Accountants under Professional Accountant Ordinance (Chapter 50 of the Laws of Hong Kong) and Registered Public Interest Entity Auditor under Accounting and Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong)
Frost & Sullivan	An independent professional market research and consulting company
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	An independent professional property valuer
Lixin Certified Tax Agents Co., Ltd.	An independent transfer pricing consultant
Hogan Lovells International LLP	Legal advisor to our Company as to International Sanctions laws

As of the Latest Practicable Date, none of the experts named above has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

Each of the experts named above have given and have not withdrawn their respective written consent to the issue of this document with copies of their reports, letters, opinions or summaries of opinions (as the case may be) and the references to their names included herein in the form and context in which they are respectively included.

5 Binding Effect

This document shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

6 Promoters

The promoters of our Company at the time of our incorporation comprised all of the 18 then shareholders of our Company as at March 29, 2017 immediately before our conversion into a joint stock company with limited liability.

Within the two years preceding the date of this document, no cash, securities or other benefit has been paid, allotted or given or is proposed to be paid, allotted or given to any promoter in connection with the [**REDACTED**] and the related transactions described in this document.

7 Bilingual Document

The English language and Chinese language versions of this document are being published separately in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

8 Preliminary Expenses

We have not incurred any material preliminary expenses in relation to the incorporation of our Company.

9 Compliance Advisor

Our Company has appointed Somerley Capital Limited as our compliance advisor in compliance with Rules 3A.19 of the Listing Rules.

10 No Material Adverse Change

Our Directors confirm that, there has been no material adverse change in our business, financial condition and results of operations since December 31, 2025, being the latest balance sheet date of our consolidated financial statements as set out in the Accountants' Report in Appendix I to this document, and up to the date of this document.

11 Taxation of Holders of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty if such sale, purchase and transfer are affected on the H Share register of members of our Company, including in circumstances where such transactions are effected on the Stock Exchange. The current rate of Hong Kong stamp duty for such sale, purchase and transfer on each of the purchaser and the seller is 0.1% of the consideration or, if higher, the fair value of the H Shares being sold or transferred.

12 Related Party Transactions

Our Group entered into the related party transactions within the two years immediately preceding the date of this document as mentioned in "Appendix I — Accountants' Report — II. Notes to the Historical Financial Information — Related Party Transaction and Balances" in Appendix I to this document.

13 Miscellaneous

Save as disclosed in this document:

(a) neither the Company nor any of its subsidiaries has, within the two years preceding the date of this document:

(i) issued, agreed to issue, or proposed to issue (for cash or otherwise, whether fully or partly paid) any shares or loan capital;

(ii) granted or agreed, conditionally or unconditionally, to grant any option over, or agreed to place under option, any shares or loan capital of the Company or any of its subsidiaries;

(iii) created or had outstanding any founders' shares, management shares, deferred shares, convertible debt securities, or debentures;

(iv) paid or agreed to pay any commission, discount, brokerage or other special terms in connection with the issue, sale, subscription, agreement to subscribe, or procuring of subscriptions or agreements to subscribe for any shares or loan capital of the Company or any of its subsidiaries; or

(v) paid or become liable to pay any commission in respect of any such transactions;

(b) neither the Company nor any member of the Group has, as at the date of this document: (a) any outstanding convertible debt securities, debentures, bank overdrafts, or other similar indebtedness; (b) entered into any hire purchase agreement, guarantee, or other material or contingent liability; (c) any share capital or loan capital under option, nor has agreed, conditionally or unconditionally, to place any such capital under option; (d) entered into any arrangement, nor is party to any arrangement, under which future dividends have been, or are to be, waived or agreed to be waived;

(c) within the twelve months immediately preceding the date of this document, there has not been any interruption or material adverse change in the business of the Group which may have or has had a material effect on the Group's financial position;

(d) save for the Company's A shares, which are listed on the STAR Market of the Shanghai Stock Exchange, and the H Shares to be issued pursuant to the [**REDACTED**], as at the date of this document, no other equity or debt securities of the Company (if any) are listed or dealt in on any other stock exchange, nor is any application for such listing or permission to deal being or proposed to be sought;

(e) all necessary arrangements have been made to ensure that the H Shares will be admitted into the Central Clearing and Settlement System (CCASS) for clearing and settlement;

(f) none of the Directors nor any of the experts named in the section "— (E) Other Information — 4. Consent of Experts" in this appendix has had any direct or indirect interest, in the promotion of, or in any assets which have been, within the two years preceding the date of this document, acquired, disposed of, leased by any member of the Group, or are proposed to be acquired, disposed of by, or leased to any member of our Group; and

(g) as at the date of this document, none of the Directors has any material interest in any contract or arrangement which is significant in relation to the business of the Group, nor is any such contract or arrangement subsisting.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were:

(a) the written consents referred to in "Statutory and General Information — (E) Other Information — 4. Consents of Experts" in Appendix VII to this document; and

(b) a copy of each of the material contracts referred to in "Statutory and General Information — (B) Further Information about our Business — 1. Summary of Material Contracts" in Appendix VII to this document.

DOCUMENTS AVAILABLE ON DISPLAY

Electronic copies of the following documents will be available for inspection at the website of the Stock Exchange at **www.hkexnews.hk** and our website at **www.amlogic.cn** including the date which is 14 days from the date of this document:

(a) the Articles of Association;

(b) the material contracts referred to in "Statutory and General Information — (B) Further Information about our Business — 1. Summary of Material Contracts" in Appendix VII to this document;

(c) the service contracts and the letters of appointment referred to in "Statutory and General Information— (C) Further information about our Directors — 1. Particulars of Directors' Service Contracts and Appointment Letters" in Appendix VII to this document;

(d) the industry report issued by Frost & Sullivan, a summary of which is set forth in "Industry Overview" in this document;

(e) the property valuation report prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, the text of which is set out in Appendix III to this document;

(f) the international sanctions opinion issued by Hogan Lovells International LLP;

(g) the transfer pricing report issued by Lixin Certified Tax Agents Co., Ltd. with respect to transfer pricing arrangement of our Group;

(h) the PRC legal opinions issued by Jia Yuan Law Offices in respect of certain general corporate matters and property interests in the PRC of our Group;

(i) the Accountants' Report and the report on the unaudited pro forma financial information of our Group prepared by BDO Limited, the texts of which are set out in "Accountants' Report" in Appendix I to this document and "Unaudited Pro Forma Financial Information" in Appendix II to this document, respectively;

(j) the audited consolidated financial statements of our Company for each of the years ended December 31, 2023, 2024 and 2025;

(k) the PRC Company Law, the PRC Securities Law, the Trial Administrative Measures for Overseas Securities Offering and Listing by Domestic Companies together with their unofficial English translation; and

(l) the written consents referred to in "Statutory and General Information — (E) Other information — 4. Consent of experts" in Appendix VII to this document.