
BUSINESS

OVERVIEW

Who We Are

We are a recognized fabless high-speed mixed-signal chip design company dedicated to upgrading data transmission and video processing infrastructure for smart terminals and devices, as well as AI applications. Our addressable market primarily comprises two segments: interconnect chips and smart video chips. Leveraging our three foundational technology pillars, including (i) high-bandwidth Serializer/Deserializer (“**SerDes**”), (ii) high-speed interface protocol processing and data encryption, and (iii) high-definition (“**HD**”) video and audio processing and display driver technologies, our products facilitate efficient data processing, transmission, and format conversion among computing, storage, and display units. These include intelligent vision terminals, smart vehicles, AR/VR devices and AI & high-performance computing (“**HPC**”). By integrating high-definition video processing and display capabilities with intelligent sensing and human-machine interaction technologies, our chips establish a solid technical foundation to support on-device AI-powered applications in the future. According to Frost & Sullivan, we are the number one fabless design company based in Chinese Mainland in the video bridging chip market in terms of revenue in 2025, with a market share of 4.1%, which represents a key segment of mixed-signal chips.

HD audio and video data serve as a vital bridge between the physical and digital worlds. From immersive AR/VR experiences and panoramic perception in autonomous driving to the creation of multimodal AI-generated content, the high-speed and stable transmission of such data among heterogeneous processing units, including computing, storage, and display components, is essential. This data flow relies on the three foundational technology pillars. Our nearly two decades of research and development (“**R&D**”) investment in these core technologies support continuous upgrades of our product offerings in the intelligent vision era.

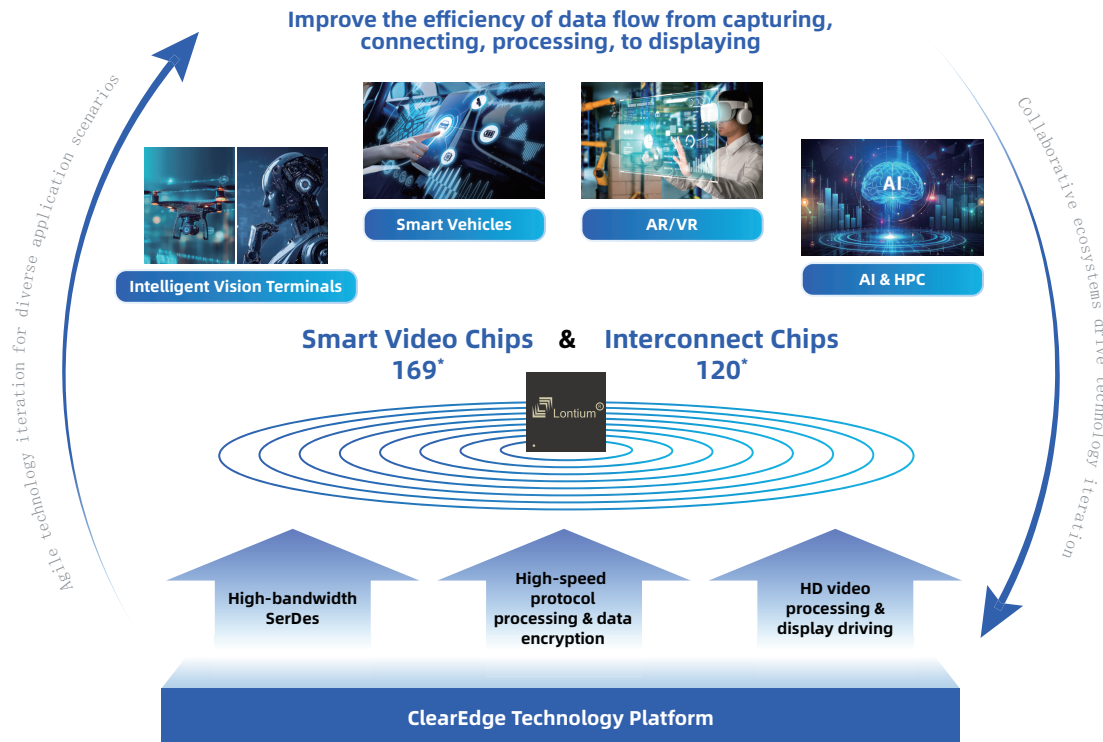
Leveraging our high-bandwidth SerDes technology for HD audio and video signal transmission and processing, we have expanded into broader domain of interconnect chips, including the development of critical interconnect components such as PCIe/CXL/USB retimers and switches. Moreover, our solutions resolve multimodal data transmission bottlenecks to address the growing demands of HPC and AI workloads. These include: scale-up architectures, such as intra-GPU cluster communication; scale-out architectures, such as those within data centers; and scale-across architectures, involving inter-data center connectivity, delivering ultra-low latency, ultra-high bandwidth and high reliability.

Our Products and Solutions

Anchored by our proprietary ClearEdge technology platform, we have developed a portfolio of chips, with chip-based end-to-end solutions encompassing capturing, connecting, processing, and displaying capabilities to serve key application scenarios, including: (i) intelligent vision terminals, (ii) smart vehicles, (iii) AR/VR, and (iv) AI & HPC.

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Our product offerings, comprising 169 smart video chips and 120 interconnect chips as of December 31, 2025, enable data flow across heterogeneous systems. We are committed to enhancing data processing and transmission efficiency and establishing the technological foundation for next-generation intelligent interaction. We cultivate a collaborative ecosystem where user application feedback and strategic partnerships, including reference design collaborations with global semiconductor leaders, fuel continuous technological iteration and solution enhancement. The following diagram illustrates our underlying technologies, product matrix and application scenarios:



Note: As of December 31, 2025

Intelligent Vision Terminals

Intelligent vision terminals represent a key application scenario for our chip solutions. Our smart video chips and interconnect chips enable the lossless transmission of light, color, and dynamic visual details from the physical world to display units. These chips are widely deployed in intelligent vision terminals such as drones, robotics, smart commercial displays, and smart video conferencing systems, serving as critical enablers for the development and adoption of intelligent vision technologies. Our chip portfolio supports a broad range of mainstream interface protocols, including HDMI, DP/eDP, USB-C, MIPI, LVDS, VGA, and others, enabling flexible deployment across diversified and miniaturized terminal designs.

In 2025, our revenue from products for this application accounted for 76.1% of our total revenue. From 2023 to 2025, our revenue from products for this application grew at a CAGR of 27.7%.

Smart Vehicles

We have extended our core technological capabilities, originally developed for intelligent vision terminals, into the field of smart vehicles. Our chip solutions for this application span both the cockpit domain and the driving domain.

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These chips enable multi-system, multi-screen interconnectivity by integrating and transmitting large volumes of sensor data, including data from cameras, LiDAR, and millimeter-wave radar, to domain controllers, and from controllers to display units with high speed and stability. As a result, our products are key enablers of data fusion, real-time perception, and intelligent interaction within smart vehicles. As of December 31, 2025, we have developed 19 automotive-grade chips that have passed AEC-Q100 certification. Our automotive-grade products and solutions have been adopted by a number of original equipment manufacturers (“OEMs”) and tier-1 suppliers serving leading European, U.S. and Chinese automotive brands.

In 2025, our revenue from products for this application accounted for 15.7% of our total revenue. Our revenue from products for this application grew at a CAGR of 59.6% from 2023 to 2025.

AR/VR

Our chips also position us as a key enabler in delivering the immersive user experience required by AR/VR devices, enabling the convergence of virtual and real environments. They support the efficient transmission of display signals, enabling high-resolution (up to binocular 8K) and high-refresh-rate (up to 120Hz), while maintaining ultra-low latency.

Through reference design collaborations with leading system-on-chip (“SoC”) vendors such as Qualcomm and display panel manufacturers such as Sony, we adapt our chips to ensure proven compatibility with their platforms. Serving as the critical high-speed interface bridge in the “SoC + Chip + Panel” ecosystem, our chips have been integrated into Sony’s AR display panel reference design, demonstrating our technical leadership in low-latency transmission. Our advanced chip solutions have been adopted by global AR/VR brands such as RayNeo, Rokid, XREAL, and a global market leader in consumer MR headsets based in the U.S..

In 2025, our revenue from products for this application accounted for 6.4% of our total revenue. From 2023 to 2025, our revenue from products for this application grew at a CAGR of 27.6%.

AI & HPC

We are expanding into the AI & HPC sectors and accelerating the commercialization of our product offerings for these applications. We have developed a PCIe to SATA controller to enhance data transmission efficiency between computing and storage units. Additionally, we have reached the tape-out stage for several high-value products, such as our HDMI2.1 to PCIe4.0 chip to capture and transmit high-resolution, high-refresh rate video signals losslessly. These chips enable advanced video capturing, rendering, processing, and recognition functions, addressing professional-grade signal conversion needs in AI vision and computing systems.

Furthermore, our PCIe/CXL/USB retimers and switches, including a CXL2.0-compatible PCIe5.0 retimer under development, are key enablers for AI & HPC infrastructures, supporting ultra-high-speed interconnects between GPUs and CPUs and addressing the signal integrity challenges and transmission bottlenecks arising from increasing computational demands.

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The following table sets forth our revenue generated during the Track Record Period in terms of the product application scenario, in absolute amounts and as percentages of our total revenue.

	Year Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except percentages)</i>					
Intelligent vision terminals	265,069	82.0	353,449	75.8	432,357	76.1
Smart vehicles	34,954	10.8	84,033	18.0	89,059	15.7
AR/VR	22,366	6.9	22,715	4.9	36,387	6.4
AI & HPC	758	0.3	5,806	1.3	10,401	1.8
Total.	323,147	100.0	466,003	100.0	568,204	100.0

In terms of market size, the global semiconductor chip market has continued to expand, driven by rising demand for high-performance electronic systems in various applications. According to Frost & Sullivan, within the overall semiconductor chip industry, smart video chips and interconnect chips are two important segments that perform fundamental functions in modern electronic systems. Smart video chips are key semiconductor components in display devices, enabling the processing, conversion and transmission of video signals to support image presentation and enhance visual performance. Interconnect chips serve as the data-movement enabler of electronic systems, allowing high-speed and reliable data transmission among processors, memory, storage and other systems components. In terms of market size by revenue, the smart video chip and interconnect chip markets accounted for 2.2% and 3.2% of the overall semiconductor chip industry, respectively, in 2025. The market sizes of the smart video chips and interconnect chips are expected to reach RMB143.1 billion and RMB490.7 billion by 2030, respectively, representing a CAGR of 6.4% and 23.1%, respectively. Moreover, the video bridging chip market is the fastest growing sub-segment within the smart video chip market. In 2025, the video bridging chip market accounted for 10.4% of the smart video chip market and is expected to reach RMB22.1 billion of global market size by 2030, at a CAGR of 15.3%. With our strong brand influence, market leadership position, comprehensive product coverage and proven technological innovation capabilities, we believe we are well-positioned to capture the growth opportunities in our addressable markets and further strengthen our industry leadership.

Our Technology Capabilities and Industry Ecosystem

We have established a robust technology platform, ClearEdge, and an ecosystem moat, underpinned by extensive customer validation across a wide range of applications, through decades of R&D efforts. For details of ClearEdge, see “— Our Core Technologies.”

We follow a full-stack, in-house development strategy for core technologies to maintain tight control over innovation and product quality. Additionally, we continuously deepen our reference design collaborations with global semiconductor leaders such as NVIDIA, Qualcomm, and Intel, where our counterparties usually provide technical blueprints of a system with elements of the system to be enhanced or modified by design partners like us. These collaborations are project-based, non-exclusive, and do not involve joint development of intellectual properties or contractual arrangements between us and the relevant counterparties. According to Frost & Sullivan, such collaboration arrangements are in line with common market practice. We typically own the IP rights of the chips we provide or develop under these collaborations. Through these collaborations, our chips are selected and integrated into the counterparties’ official platform solutions, which facilitates adoption by end customers and strengthens our position within the broader, scalable technology ecosystem. All chip development is undertaken by us independently, and we retain full intellectual property rights over the chips we developed. For details of our reference design collaboration models, see “— Widespread Operations and Close Collaboration with Industry Ecosystem Leaders.”

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We also maintain regular technical dialogs with key stakeholders across the industry value chain, to accurately align our technology design and product development with evolving market needs. In addition, we collaborate closely with leading global integrated circuit (“IC”) foundries and assembly and testing service providers and have established dual-track supply chain systems covering both domestic and international sources to ensure stable and resilient product delivery.

Market Opportunities

The rapid advancement of AI technologies is driving an exponential increase in global data volume. As AI models continue to evolve and become more widely adopted, their application scenarios are expanding — from cloud-based infrastructures to on-device AI. This shift is generating unprecedented demand for ultra-low latency, ultra-high bandwidth, and high reliability interconnects across sensors, processors, and computing platforms. A wide range of high-speed transmission protocols are being rapidly developed and iterated to meet these requirements.

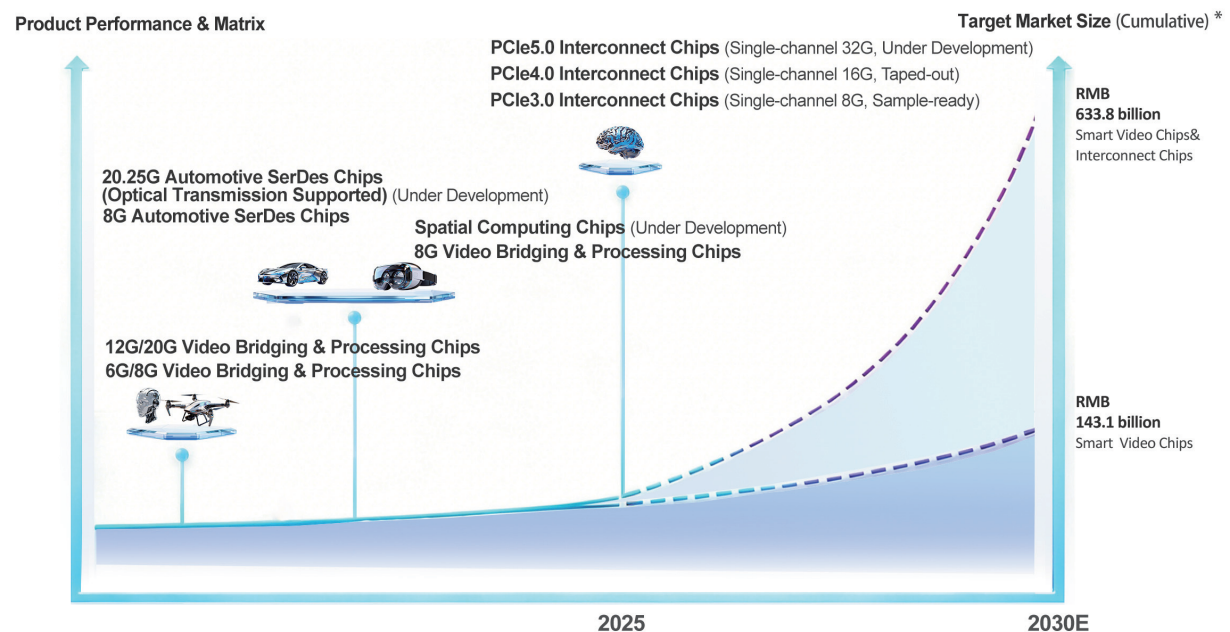
In the era of cloud-edge synergy, our smart video and interconnect chips are positioned to capture this demand by enabling on-device intelligent applications, supporting efficient AI infrastructure, and bridging the physical and digital worlds along two key dimensions:

- The broad deployment of AI infrastructure and the widespread adoption of on-device AI applications will increase the demand for our high-speed mixed-signal chips; and
- The rising technical requirements of AI systems — particularly in terms of transmission speed and power efficiency — will drive continuous upgrades of our products, enhancing their value and competitive differentiation across generations.

These trends provide us with strong and sustainable momentum for long-term business growth and market expansion. According to Frost & Sullivan:

- The market size of smart video chips is expected to grow from RMB111.8 billion in 2026 to RMB143.1 billion in 2030 at a CAGR of 6.4%.
- The market size of interconnect chips is expected to grow from RMB213.4 billion in 2026 to RMB490.7 billion in 2030 at a CAGR of 23.1%.

The chart below outlines the timeline of our expansion into various application scenarios and the market opportunities we are poised to capture.



Note: According to Frost & Sullivan

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- **Intelligent Vision Terminals:** AI is transforming intelligent vision terminals from “information presentation” or “passive execution” devices to intelligent nodes capable of environment sensing, multimodal interaction and autonomous decision-making. As critical infrastructure connecting the physical world and digital space, these terminals are driving increasing demand for high-quality audio-video data capturing and transmission, which our chips directly address. According to Frost & Sullivan, the market size of smart video chips for intelligent vision terminals is expected to grow from RMB74.7 billion in 2026 to RMB84.2 billion in 2030 at a CAGR of 3.0%.
- **Smart Vehicles:** Various sensors such as cameras, LiDAR and millimeter-wave radar, as well as domain controllers and displays need to complete the time synchronization, precise fusion and stable transmission of massive multimodal data with high stability and real-time performance. Such stringent real-time and reliability requirements directly drive demand for smart video chips and interconnect chips as key enablers. According to Frost & Sullivan, the market size of smart video chips for smart vehicles is expected to grow from RMB32.9 billion in 2026 to RMB46.4 billion in 2030 at a CAGR of 8.9%.
- **AR/VR:** To provide consumers with a superior immersive experience, AR/VR devices continue to improve in immersive display, spatial interaction and real-time rendering, which will directly drive the continuous evolution of smart video chips and interconnect chips. According to Frost & Sullivan, the market size of smart video chips for AR/VR is expected to grow from RMB4.2 billion in 2026 to RMB12.6 billion in 2030 at a CAGR of 31.8%.
- **AI & HPC:** To meet the stringent requirements of large-scale AI training and inferencing on data throughput and latency, the underlying hardware needs to support high-speed protocols such as PCIe5.0/6.0 and CXL2.0/3.0. As a result, demand for PCIe/CXL retimers and switches has grown significantly. According to Frost & Sullivan, the market size for AI interconnect chips is expected to grow from RMB202.3 billion in 2026 to RMB474.2 billion in 2030 at a CAGR of 23.7%.

STRENGTHS

Recognized High-Speed Mixed-Signal Chip Design Company

We have established a recognized position in the high-speed mixed-signal chip industry through nearly two decades of R&D efforts and product development. According to Frost & Sullivan, we are the number one fabless design company based in Chinese Mainland in the video bridging chip market in terms of revenue in 2025, holding a market share of 4.1%, which represents a key segment of mixed-signal chips. Leveraging our strong R&D capabilities and forward-looking industry ecosystem, we serve customers across intelligent vision terminals, smart vehicles, AR/VR, and AI & HPC applications, with capabilities comparable to those of major international players.

Since our inception, we have continuously enhanced our R&D capabilities and broadened the application scope of our products. In 2008, we introduced our first HDMI1.3 product, marking the beginning of our journey in high-speed interface technologies. In 2020, we entered the smart vehicles sector, forming partnerships with industry leaders, renowned European premium OEMs, and prominent Chinese new energy and traditional vehicle manufacturers. In 2023, we achieved meaningful progress in the AR/VR sector through collaborations with Sony and other ecosystem partners. In 2025, we began expanding our presence in the AI & HPC market, advancing the development of new PCIe and DP interface products, with single-lane data rates of up to 20Gbps.

As AI models continue to evolve and become more widely adopted, their application scenarios are expanding from cloud-based infrastructures to on-device AI. This shift is generating unprecedented demand for ultra-low latency, ultra-high bandwidth, and high reliability interconnects across sensors, processors, and AI computing platforms.

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Proprietary, In-House Developed Underlying Technology Platform

We have established a proprietary technology platform, ClearEdge, that underpins our technological leadership. ClearEdge integrates three core technology pillars: high-bandwidth SerDes, high-speed protocol processing and data encryption, and HD video processing and display driving. With design, data and know-how from over 100 chip development projects, this platform enables adaptation of circuit designs across different foundries and rapid reuse of design capabilities across many application scenarios. For details, see “— Our Core Technologies.”

High-bandwidth SerDes technology enables high-speed data transmission in advanced electronic systems. Our sustained R&D efforts in SerDes support both existing and next-generation products. For example, our independently developed SerDes technology typically supports: (i) HDMI2.1 with 12Gbps single-channel rates for 8K@60Hz UHD video; (ii) ADP with 8.1Gbps rates for smart vehicle systems; and (iii) DP2.1, reaching 20Gbps per channel for next-generation high-resolution, high-refresh rate displays in AR/VR applications. We are also developing SerDes technology supporting up to 32Gbps per channel for protocols like PCIe5.0. Our SerDes solutions are characterized by high speed, low latency, high reliability, and low BER, making them suitable for data-intensive AI training and inference systems.

Our capabilities in interface protocol processing and data encryption support mainstream transmission protocols, including: HDMI, DP/eDP, USB, MIPI, LVDS, VGA, PCIe, and SATA. Our solutions provide stable, high-efficiency signal processing that meet the diverse requirements of intelligent terminals and edge devices. In the PCIe domain, we have validated key chip solutions with tested leading performance such as PCIe to SATA and HDMI to PCIe, which are essential for high-throughput interconnects in AI inference and training environments. Furthermore, to ensure data security, we have integrated data encryption and decryption technology modules at both the transmission and reception ends of our chips, ensuring only authorized devices are allowed to decrypt and use the protected content and preventing unauthorized copying, interception, and use.

Our video processing and display driver technologies support the full flow from video input to output, supporting UHD formats up to 4K/8K with low latency and low power consumption. We have independently developed memory controller technologies for LPDDR4, DDR3, and PSRAM to ensure efficient, stable, and real-time video processing, including image enhancement, display control, multi-screen processing, and scene adaptation.

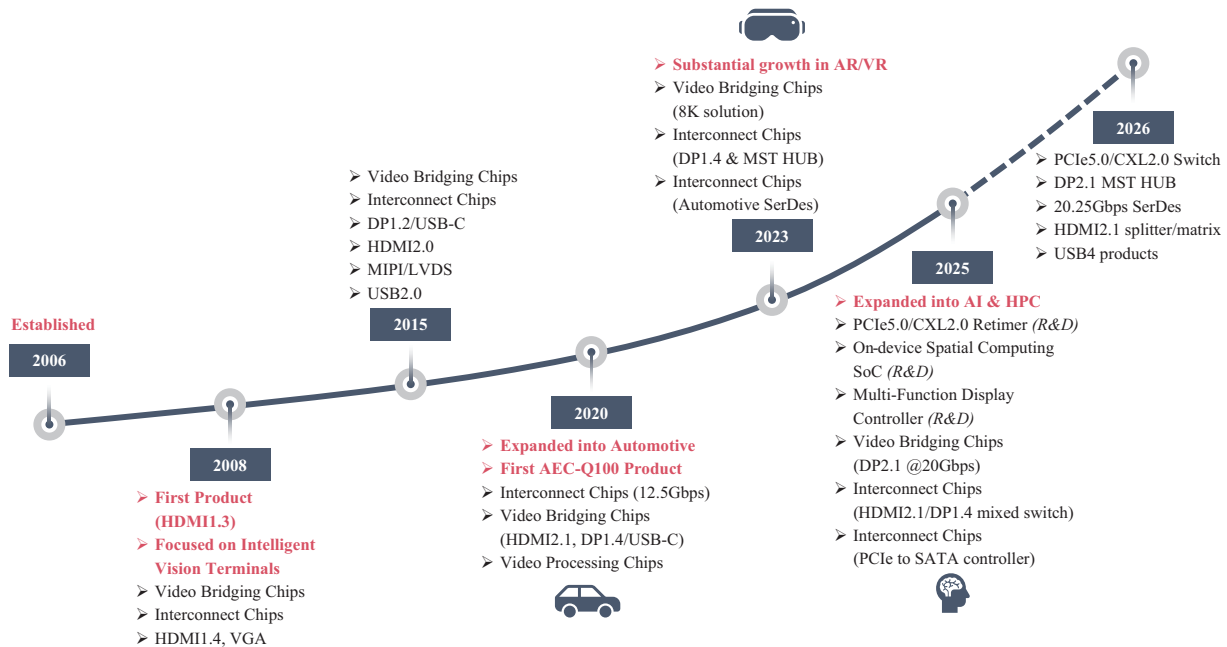
All of our mass-produced chips are based on self-developed IP. We have built a highly reusable IP library, enabling efficient scalability across products and applications and allowing expedited product development, swift response to customers’ requirement and minimized usage of third-party IP.

Product Portfolio Targeting High-growth Application Scenarios

We have built a product portfolio comprising over 200 chip models spanning from fundamental function chips to advanced system-level solutions and enabling us to meet the diverse technological and performance requirements of applications such as intelligent vision terminals, smart vehicles, AR/VR, and AI & HPC.

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The diagram below illustrates our product evolution and key technological milestones:



Our chips are designed to address the increasing demand for HD, high-speed signal processing and multi-device interconnectivity across sensing and display endpoints. Our solutions support conversion between mainstream signal protocols and integrate functions such as data encryption and decryption, video processing, compression, color enhancement and display control. See “Our Products” and “Our Solutions and Applications.”

We are a recognized player in the intelligent vision terminal segment. In the automotive sector, as of December 31, 2025, we had completed AEC-Q100 certification for 19 chip models, and our products had been successfully integrated into the supply chains of major global automotive OEMs. Our in-vehicle SerDes chips, developed to support long-distance, UHD video transmission, are now being extended into new scenarios such as camera gimbals and drones. In the AR/VR field, our solutions have been adopted in several mass-produced models from leading global brands. Additionally, we have successfully developed a PCIe to SATA controller and are developing PCIe/CXL/USB retimers, targeting AI PCs and servers.

Widespread Operations and Close Collaboration with Industry Ecosystem Leaders

Our widespread operations are supported by our close collaboration with industry ecosystem leaders, where our technical capabilities and product performance have earned widespread recognition from leading customers and ecosystem partners both in China and globally.

We cooperate closely with leading global chip manufacturers, including NVIDIA, Qualcomm, and Intel. Through reference design partnerships, we have successfully integrated our chips into their official platform solutions. Our collaboration typically follows two models, adaptation and targeted innovation. Under the adaptation model, we provide our existing chips to complement the counterparty’s SoC, resolving critical connectivity gaps such as enabling a processor without built-in HDMI capability to output high-definition video. Under the targeted innovation model, we leverage our proprietary technology platform to develop new chips for the broader market by aligning technical specifications with the counterparty, such as creating a high-spec HDMI 2.1 to PCIe 4.0 bridge to address the connectivity needs of AI/HPC applications. Conforming with market practice, our reference

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design partnerships typically do not involve contractual arrangements between us and the relevant counterparties. In both models, we own the IP rights of the chips provided or developed by us and also commercialize the chips independently. These market-tested solutions help our customers significantly reduce their R&D cycles and improving integration efficiency. We also conduct co-research of industry trends and engage in joint debugging of emerging solutions with key market participants to ensure our products remain aligned with evolving customer needs.

High Value, Loyal Customer Base

Moreover, we have built a loyal customer ecosystem characterized by both scale and high engagement. Our strategic partnerships span leading brands and manufacturers in core application areas such as intelligent vision terminals, smart vehicles, and AR/VR systems.

The chart below illustrates our representative end customers in intelligent vision terminals, smart vehicles and AR/VR sectors:

Application Sectors	Representative End Customers ⁽¹⁾
Intelligent vision terminals	CVTE, Global networking leaders, renowned peripheral manufacturers, global PC giants, top-tier electronics contract manufacturers
Smart vehicles	Renowned European premium automakers, global tier-1 suppliers, leading Chinese automotive brands
AR/VR	RayNeo, Rokid, XREAL, Global market leader in consumer MR headsets based in the U.S.

Note: Listed in alphabetical order.

Efficient and Resilient Dual-Track Supply Systems

We maintain close partnerships with the world’s leading wafer foundries and assembly and testing service providers to ensure the delivery of high-quality products that meet the stringent requirements of our global customers. To further enhance supply chain security and flexibility, we have established dual-track supply systems to effectively address the diverse needs of customers across different regions. We also engage in technology exchanges and strategic collaboration with upstream partners, sharing industry insights and jointly promoting innovation in wafer fabrication, assembly and testing technologies, to respond quickly to market dynamics and customer demands.

Visionary and Experienced Management Team

Our management team is composed of visionary and experienced leaders with deep expertise in high-speed mixed-signal chip design. Our founder, Mr. FENG CHEN (陳峰), previously held technical leadership roles at Intel, where he specialized in high-speed CPU and I/O chip design. With his deep insights into global semiconductor trends and industry dynamics, Mr. Chen has shaped our R&D framework.

Inspired by Mr. Chen’s industry foresight, our management team has pursued a strategy of technology iteration and scenario expansion. We initially focused on HD video chips supporting HDMI, DP, and related protocols, establishing a position in the domestic market. We subsequently expanded into intelligent in-vehicle systems and AR/VR, and have more recently initiated R&D on PCIe/CXL, SATA, USB, on-device computation, and real-time interaction technologies for AI and HPC applications. This forward-looking, competency-driven strategy has enabled us to maintain an advantage across multiple industry cycles.

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STRATEGIES

Strengthening R&D Investment to Support Continued Core Technology and Product Development

Upgrading Our ClearEdge Platform and Expanding Proprietary IP

We continue to expand our self-developed IP resource base and optimize our ClearEdge platform, with a strong focus on enhancing its scalability across various applications.

Driving Innovation in Key Emerging Technologies

We are deepening our presence in three high-growth verticals:

- In the smart vehicle sector, we are advancing SerDes technology and have progressed from our first-generation, mass-produced ADP protocol to a second-generation ADP solution. This next-gen technology supports higher forward single-channel transmission rate and reverse rate, and is compatible with both electrical and optical transmission.
- In the AR/VR sector, we are focused on spatial computing technologies, building core competencies in video capturing and data fusion, high-performance video processing, and on-device edge computing. With high-speed interface conversion technologies, they support high-precision environmental perception and 3D reconstruction, enabling immersive and intelligent AR/VR experiences.
- In the AI & HPC sector, we continue to invest in the R&D of high-speed transmission protocols including PCIe/CXL, SATA, and USB, to meet the growing data throughput requirements of AI training, inference, and edge computing scenarios.

Advancing Semiconductor Process Technology

We are accelerating the development of relatively advanced process nodes through deepened collaboration with leading wafer foundries, aiming to continuously enhance integration density, reduce power consumption, improve performance, and lower overall production costs.

Targeting High-Value and High-Volume Application Scenarios to Continuously Enrich Our Product Matrix and Reach Higher Revenue Growth Rate

Leveraging our technological expertise, we will continue to enrich our product matrix, reach higher revenue growth rate and increase our market penetration by targeting emerging high-value intelligent scenarios such as smart vehicles, AR/VR and AI & HPC.

- **Smart Vehicle Sector:** We have established the Automotive Chip and System Solutions Business Unit and will continue to expand our automotive-grade chips and solutions in the areas of in-car entertainment systems, cockpit displays, HUD, ADAS video capture and transmission SerDes, multiplexed display transmission SerDes, automotive-grade panel drivers, audio transmission SerDes, and microphones and speakers.
- **AR/VR Sector:** We will continue to improve the performance, integration and power management of our products to meet the evolving needs of AR/VR devices for transmission with ultra-low latency, low power consumption and miniaturization; and simultaneously promote the R&D of on-device capturing and spatial computing chips to meet the extremely low computing latency requirements of “What You See Is What You Get” human-machine interaction.
- **AI & HPC Sector:** We will focus on on-device AI and high-performance transmission scenarios, and continue to promote the development and iteration of high-speed protocol chips such as PCIe/CXL, SATA, USB, etc.

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Expanding Market Presence and Establishing a Scalable Operational System

Internationalization is a core pillar of our development strategy, with global resource integration serving as a key enabler in building a comprehensive and scalable operational system. The key components of our strategy include:

- ***Overseas R&D Center Planning:*** We aim to strategically establish R&D centers in key international markets. This initiative will facilitate localized innovation, allowing us to adapt our products to meet diverse market demands and leverage regional expertise.
- ***Strengthening Partnerships with International Chip Makers:*** Building on our existing collaborations with major international chip manufacturers, we will continue to expand our ecosystem partnerships in the global market.
- ***Global Customer Service Network Optimization:*** We are committed to optimizing our global customer service network to ensure swift response. Through streamlined processes, we aim to enhance customer satisfaction and build long-term loyalty.
- ***Dual-track Supply System Development:*** We will continue to build a dual-track supply system that integrates both domestic and international foundries. This involves deepening strategic collaborations with leading global wafer manufacturers and assembly and testing companies, ensuring our supply chain is robust, flexible, and capable of meeting increased demand.

Strengthening Talent Development to Empower R&D and Growth

We aim to build an outstanding team with international vision and strong system engineering capabilities. As our business continues to expand, we are placing greater emphasis on the strategic value of talent. We will focus on the introduction of high-caliber talent, especially strengthening our R&D team and accurately reaching out to top talents through multiple channels by expanding our expert referral network and campus recruitment. We will also continue to promote the talent incentive program to stimulate the potential of our employees, build a highly efficient and energetic working environment, and cultivate R&D talent with scientific and technological creativity and team spirit, to build a solid talent moat for our long-term development.

Exploring Strategic Investment and M&A Opportunities

To enhance our technological advantages, we explore strategic investment and M&A opportunities focused on key sectors, including smart vehicle chips, display driver chips, and AI power chips. By rigorously screening high-quality targets that possess deep technological expertise and unique competitiveness, we aim to further expand our technology and product offerings.

OUR PRODUCTS

Our product portfolio covers 169 smart video chips and 120 interconnect chips as of December 31, 2025. We produce mixed-signal products that bridge the physical and digital worlds, delivering end-to-end solutions that encompass capturing, connecting, processing, and displaying capabilities to meet the increasing demand for ultra-low latency, ultra-high bandwidth, and high reliability data transmission, and intelligent interaction in the intelligent vision era.

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The following table sets forth our revenue generated during the Track Record Period in terms of the products we offered:

	Year Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except percentages)</i>					
Smart video chips	269,543	83.4	381,387	81.8	473,109	83.3
Interconnect chips	52,154	16.1	73,287	15.7	93,331	16.4
Others ⁽¹⁾	1,450	0.5	11,329	2.5	1,764	0.3
Total.	323,147	100.0	466,003	100.0	568,204	100.0

Note:

- (1) “Others” primarily include revenue from technological services and ancillary components. Technological services include technology licensing and custom chip design services. Ancillary components include printed circuit boards, security keys and other auxiliary chips.

The following table sets forth our sales volume and average selling price (“ASP”) by major product category for the periods indicated.

	Year Ended December 31,					
	2023		2024		2025	
	Volume '000 units	ASP RMB	Volume '000 units	ASP RMB	Volume '000 units	ASP RMB
Smart video chips	17,542	15.4	25,584	14.9	35,816	13.2
Interconnect chips	6,953	7.5	8,883	8.3	11,236	8.3
Others ⁽¹⁾	722	2.0	790	14.3	686	2.6
Total.	25,217	12.8	35,256	13.2	47,738	11.9

Note: “Others” primarily consists of technical services.

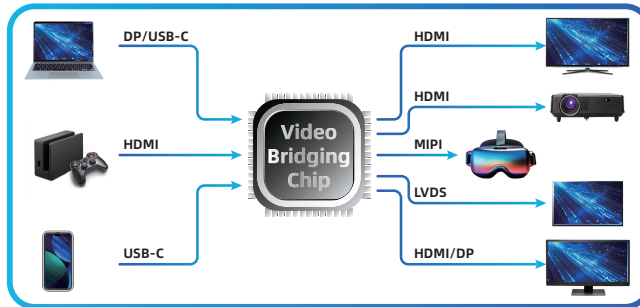
Our total sales volume increased from approximately 25.2 million units in 2023 to 47.7 million units in 2025, primarily driven by our expanded product portfolio with enhanced chip performance, together with optimized sales strategies that broadened our customer reach.

The ASP of smart video chips decreased from RMB15.4 per unit in 2023 to RMB13.2 per unit in 2025, primarily because a higher proportion of sales consisted of more mature product models with lower costs and selling prices. The sales volume of such cost-optimized chip models increased from approximately 110 thousand units in 2023 to approximately 6.9 million units in 2025. By optimizing chip architecture and reducing certain non-core circuit components while maintaining and enhancing chip performance, we increased the number of chips produced per wafer and improved wafer utilization. The resulting reduction in unit manufacturing costs allowed us to offer more competitive pricing to customers, leading to the decrease in the average selling price. The ASP of interconnect chips fluctuated between RMB7.5 and RMB8.3 per unit during the Track Record Period, primarily reflecting changes in product mix. The ASP of others fluctuated between RMB2.0 and RMB14.3 per unit during the Track Record Period, primarily reflecting the varying mix and complexity of technical services delivered in each period. The significant increase in the ASP of others in 2024 was primarily due to the recognition of revenue from technology licensing and custom chip design services, where such revenue was generated on a project basis and was not directly correlated with product sales. For a breakdown of gross profit and gross profit margin by major product category, see “Financial Information — Results of Operations — Gross Profit and Gross Profit Margin.”

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Smart Video Chips

Our smart video chips include video bridging chips and video processing chips, enabling intelligent systems to capture, connect, process, and display visual information with exceptional clarity. Functioning as versatile translators and image quality engines, our products address the incompatibility between visual information sources, such as cameras or SoCs, and display terminals, such as screens or monitors.



Video Bridging Chips

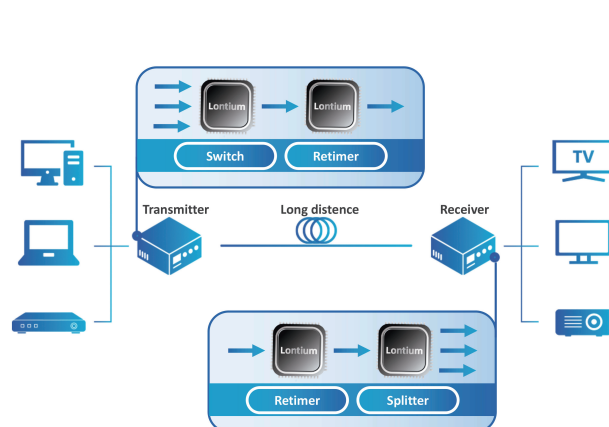


Video Processing Chips

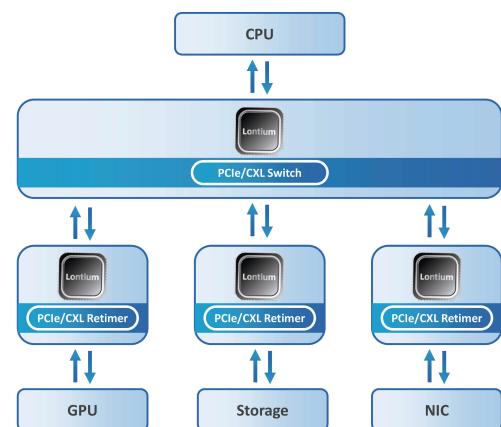
- **Video Bridging Chips:** These chips convert signals between varying standards, including DP, HDMI and MIPI, allowing devices with different protocols to communicate instantly. Our bridging chips ensure high-bandwidth video transmission at rates up to 20Gbps with ultra-low latency and broad protocol compatibility.
- **Video Processing Chips:** These chips enhance the visual experience with image scaling, color correction, and noise reduction. They enable features such as multi-window displays, 8K ultra-high resolution, and high-refresh-rate output of up to 240Hz to ensure the crisp, fluid and color-accurate presentation of final image.

Interconnect Chips

Our interconnect chips primarily comprise high-speed signal interconnect chips and AI interconnect chips, ensuring massive amounts of data to travel across systems efficiently and reliably. As data centers and AI & HPC platforms scale up, signal degradation over distance and extensive data switching become bottlenecks, which our chips are designed to address.



High Speed Signal Interconnect Chips



AI Interconnect Chips

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- ***High-Speed Signal Interconnect Chips:*** These chips, including repeaters, switches, splitters, and matrix chips, are signal boosters and traffic controllers for display ecosystems. Utilizing our proprietary signal conditioning technologies, they clean, amplify, and route signals across long distances and complex circuit boards, enabling multi-screen setups and ensuring high-fidelity transmission in AI-powered intelligent vision terminals, AR/VR devices, and displays in smart vehicles.
- ***AI Interconnect Chips:*** These chips, such as high-speed PCIe/CXL/USB retimers and switches and protocol bridges, support the distributed topologies required by AI training and high-performance computing. They facilitate the efficient exchange of data between storage units and computing units, such as CPUs and GPUs. Supporting transmission rates of up to 32GT/s per lane, these chips under development ensure data integrity for critical interfaces such as PCIe4.0/5.0 (CXL2.0 compatible), and SATA.

Product Lifecycle and Lead Time

Our products follow the technical upgrade cycles of underlying interface protocols. For smart video chips, we offer products spanning multiple HDMI generations from HDMI1.4 (3.4Gbps/lane, 1080p) to HDMI2.1 (12Gbps/lane, 8K), and DisplayPort generations from DP1.2 (2.7Gbps/lane) to DP2.1 (20Gbps/lane). For interconnect chips, we offer products supporting data rates from 3Gbps to 8Gbps. We maintain multiple product generations in mass production concurrently, as different end markets adopt new protocols at varying paces. During the Track Record Period, typically, the new product development cycle spans approximately 200 days for design, 120 days for manufacturing, and 150 days for validation. Once in mass production, the average time from order placement to delivery generally ranged from 25 days to 50 days. Pricing varies by product generation and specification, with higher-specification products generally commanding higher prices. See “— Sales, Marketing and Distribution, Pricing.”

OUR SOLUTIONS AND APPLICATIONS

Our chips can serve multiple application scenarios. For instance, a video bridging chip may help an intelligent vision terminal to communicate with a conference camera, while the same underlying technology support a smart vehicle to link the infotainment system to the rear-seat display. Similarly, an interconnect chip ensuring signal integrity in an AI server can also maintain stable high-speed data flow in complex AR/VR systems. Their fundamental capabilities of capturing, connecting, processing, and displaying underpin our solutions across target markets. Our products have been widely applied in intelligent vision terminals, smart vehicles, and AR/VR devices, and we are focusing on applications in the AI & HPC fields.

Intelligent Vision Terminals

Intelligent vision terminals represent our largest end-application market. Our products have been adopted in mass production by a number of internationally renowned companies across drones, robotics, smart commercial displays, and smart video conferencing systems.

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The following diagrams set forth an overview of multiple typical application scenarios of our products in intelligent vision terminals for illustrative purposes:



Our chips for intelligent vision terminals have the following competitive advantages:

- **Comprehensive Protocol Support:** Our products support major industry protocols, including HDMI, DP/eDP, USB-C, MIPI, LVDS and VGA, enabling flexible and diverse deployment for the commercial display and accessory markets;
- **High Data Rates and High Resolution:** Our products support resolutions of up to 8K at 60Hz and incorporate DSC compression and decompression technologies. In addition, our DP/USB-C products support Multi-Stream Transport (MST), enabling multiple display streams over a single link and reducing the complexity of system-level design;
- **Single-Chip Solutions:** We expand our product portfolio to offer single-chip solutions for typical applications, simplifying customers' system design and reducing device costs;
- **Low Power Consumption and High Stability:** Through ongoing design optimization and refined power-domain partitioning, we reduce chip-level power consumption and improve overall system stability, thereby extending battery life for portable devices; and
- **Specialized Products for Multiple Applications:** We also offer certain products tailored for specialized markets, featuring compact size, low power consumption, low thermal output, high resolution, high refresh rate and high color depth, making them well suited for applications such as medical endoscopy and industrial non-destructive testing.

Case Study: HDMI-MIPI Protocol Conversion for Smart Video Conferencing Systems

When a leading global PC and enterprise solutions provider sought to build a new smart video conferencing system on Qualcomm mobile SoC platforms, featuring advanced capabilities such as smart audio and facial recognition, they encountered a critical connectivity bottleneck. The core processor operated on the MIPI standard, yet the real-world ecosystem, ranging from video and audio data sources like laptops to displays like large commercial screens, relies predominantly on HDMI. This mismatch created an urgent need for high-performance interface bridging ICs capable of translating between these incompatible protocols.

We provided a solution with all IP independently developed in-house, optimizing performance and power consumption at the architectural level. Our comprehensive HDMI-MIPI conversion portfolio supports standards from HDMI1.4 to the advanced HDMI2.1. Our HDMI-MIPI conversion products have been adapted for Qualcomm platforms and integrated into Qualcomm's official reference design

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platform. All chip development is undertaken by us independently. This collaboration enables downstream customers to accelerate development cycles and receive technical support from both Qualcomm and our Company. The solution has also been extended to mini-PC products with Intel CPU platforms.

Smart Vehicles

We have leveraged the our technological strengths accumulated in intelligent vision terminal applications to expand into the smart vehicle sector. Our high-speed mixed-signal chips are deployed across both the cockpit and driving domains, integrating and transmitting large volumes of data from various sensors — including cameras, LiDAR, and millimeter-wave radar, to domain controllers and displays with high speed and stability.

In a typical smart vehicle architecture, our serializer chips transmit sensor data from cameras and other devices to the domain controller, while our deserializer chips deliver processed video signals from the domain controller to cockpit displays. Our video bridging chips further enable protocol conversion between the domain controller and in-vehicle display systems.

Our chips for smart vehicles have the following competitive advantages:

- ***Comprehensive Automotive-grade Qualification:*** As of December 31, 2025, 19 of our chips have passed AEC-Q100 qualification, with several additional chips undergoing qualification tests. These products cover key functionalities such as human-machine interaction and display driving;
- ***Rich Product Portfolio:*** Our chip series for smart vehicles offer multiple versions and specifications to address customers’ diverse requirements and provide cost-competitive solutions across different vehicle platforms;
- ***Mass-Production Adoption by Major Automakers and Tier-1 Suppliers:*** Multiple products have already entered mass-volume vehicle production with leading automotive brands. Our solutions have also been adopted as standard configurations by major tier-1 suppliers such as global and domestic automotive electronics leaders, demonstrating the proven reliability of our products;
- ***Automotive SerDes Chipsets with Proprietary ADP Protocol:*** Purpose-built for automotive applications, our SerDes chipsets incorporate our self-developed ADP protocol, enabling long-distance and lossless transmission with ultra-low latency for in-vehicle camera and display signals. The products also support daisy-chain topologies and multi-channel fusion, simplifying in-vehicle wiring, reducing harness cost and enhancing system-design flexibility; and
- ***Next-generation Under Development:*** We are developing the next generation of our ADP Link-II technology, designed to support a forward-channel data rate of up to 20.25Gbps and a reverse-channel data rate of up to 1.08Gbps.

Case Study: HDMI-MIPI Conversion for Automotive Smart Cockpit Entertainment Systems

A leading automotive electronics provider developed a smart cockpit entertainment system for premium vehicles, using Qualcomm SoC and Amlogic’s SoC platforms. The system requires HDMI2.0 input to CSI-2 conversion chips to (i) connect external HDMI devices, such as computers or gaming consoles, for projection onto rear-seat displays and (ii) interface the HDMI output from the Amlogic SoC to the Qualcomm SoC for internal screen projection. Additionally, CSI-2 output from in-car camera modules needs to be converted to HDMI for processing by the Amlogic SoC. The solution must support up to 4K60 resolution, HDCP2.3, and meet automotive-grade standards.

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We provide HDMI-to-MIPI and MIPI-to-HDMI chips, which were industry firsts to support HDMI2.0 4K60 and HDCP2.3 while passing AEC-Q100 automotive qualification. Both chips have proven compatibility with Qualcomm platforms. The solution has been successfully mass-produced in automotive smart cockpit systems. The same components have also been applied to marine electronics products.

AR/VR

Our chips connect the virtual and real worlds in AR/VR devices, which can transmit high-resolution and high-refresh-rate visual data from the main processor to micro-displays with ultra-low latency, ensuring smooth, tear-free display and a boundless sense of immersion.

In a typical AR/VR application, our chips serve multiple roles across the signal chain. For VR headsets, our USB-C to MIPI/LVDS conversion chip receives video signals from the host device and converts them into formats compatible with micro-displays. Our Spatial Computing SoC process spatial interaction functions including 6DOF tracking, gesture recognition, and eye tracking. For AR glasses, our MIPI to USB-C and HDMI to USB-C chips transmit captured visual data from the device back to the host for processing.

Our chips for AR/VR have the following competitive advantages:

- ***Adoption by Leading AR/VR Device Manufacturers:*** We cooperate with leading market players such as RayNeo, Rokid, XREAL, and a global market leader in consumer MR headsets based in the U.S. Multiple mass-production models from these manufacturers have adopted our chips, enabling high-resolution (up to binocular 8K), high-refresh-rate (up to 120Hz) and ultra-low-latency display performance;
- ***Comprehensive Functionality for Advanced Display Systems:*** Our chips support DP1.4, DSC compression/decompression, HDCP decryption, 3D display and OSD functionalities. They also integrate USB-C PD controllers and LPDDR4 memory to enhance image-scaling and frame-rate-conversion performance;
- ***Compact Design Optimized for Wearables:*** Through a highly integrated single-chip architecture and refined multi-power-domain optimization, our chips significantly reduce power consumption and chip size, meeting the stringent thin-and-light requirements of AR glasses; and
- ***Deep Ecosystem Collaboration:*** We collaborate with major global technology companies, including Sony and Qualcomm, to jointly build a “SoC + chipset + panel” ecosystem, strengthening our positioning in next-generation wearable devices.

Case Study: USB-C/DP to MIPI/LVDS Conversion for AR Glasses

A modular AR glasses system requires a chip to bridge the video transmission between the external source and the glasses. When users connect the glasses to external devices such as smartphones, computers, or gaming consoles via USB-C cables, the chip converts the input signal into a display-ready format to be projected onto Micro OLED panels inside the glasses. Certain models use LVDS-interface Micro OLED panels, while others use MIPI-interface Micro OLED panels. The chip must meet strict requirements for size, power consumption and heat dissipation to be compatible to AR glasses.

Our chip supports USB-C/DP1.4 input and outputs both LVDS and MIPI, compatible with Micro OLED panels from Sony, SeeYA and other reputable panel manufacturers. It integrates a USB-C PD controller, MCU, Flash, and rich IOs to simplify system design. Tailored for AR glasses applications, the chip offers high integration, broad compatibility, and mature reference designs in collaboration with leading panel manufacturers. For example, Sony’s Micro OLED panels use special data formats, and

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our product was among the first to support them. Moreover, our chip is integrated into an external computing unit to handle video processing for a high-end AR glasses system built on a mainstream Android XR platform with a Qualcomm SoC.

AI & HPC

We are actively expanding our footprint into the AI & HPC sector. Our in-development AI & HPC solution portfolio are designed to enhance connectivity between computing units and from storage to computing fabrics. We have developed the prototypes of our PCIe to SATA controller for storage expansion, and we are developing a PCIe5.0 retimer (CXL2.0 compatible) for signal integrity and planning to introduce high-performance switching solutions for complex data routing. Together with our video capture technologies, these innovations aim to create a comprehensive interconnect ecosystem that powers the infrastructure of the AI era.

Our chips for AI & HPC have the following competitive advantages:

- ***PCIe-to-SATA Solutions for Enhanced Storage Scalability:*** We have successfully developed a PCIe to SATA controller for applications in AI PCs and servers, enabling significant expansion of storage capacity and meeting the increasing demand for flexible, high-density storage architectures.
- ***HDMI2.1-to-PCIe4.0 Chip for High-resolution and Low Latency:*** We have successfully taped out our HDMI2.1-to-PCIe4.0 chip, designed to support high-resolution and low latency. Paired with computing units, the chip enables advanced image capturing, rendering, processing, and recognition functions, addressing professional requirements in AI vision and data-center video-processing scenarios. For example, the chip can be integrated into AI PCs to enable multi-channel high-resolution video capturing and display processing.
- ***Next-generation PCIe5.0 Retimer under Development:*** We are developing a PCIe5.0 retimer (CXL2.0 compatible) with substantial progress already achieved, planned for tape-out in the first half of 2026. As a core component for high-speed signal transmission, a PCIe5.0 retimer functions as both the guardian of signal integrity and an enabler of system-architecture optimization in servers and AI clusters, supporting multi-CPU/GPU interconnection and distributed storage subsystem deployment.
- ***High Bandwidth and Low Latency:*** Leveraging our SerDes expertise, we have developed and mass-produced a general-purpose single-channel 12.5Gbps high-speed signal-extension chip. Adopted in domestic 5G communication deployments, this product mitigates long-distance signal attenuation in base-station equipment and has been widely used by major communication manufacturers.
- ***High Anti-Interference Capability and Reliability:*** Through the use of differential signaling, advanced equalization (including FFE and CTLE/DFE), and error correction techniques, our solutions maintain signal integrity even in complex industrial electromagnetic environments, ensuring stable and reliable operation.

Case Study: Collaboration with a Leading Telecommunications Equipment Manufacturer on High-Speed Signal Enhancement Chips

We have established a long-term cooperation with a leading telecommunications equipment manufacturer in China to develop its 5G communication base station system products which require high-speed data transmission across multiple functional boards on a backplane. Therefore, the customer needed high-speed signal enhancement chips capable of restoring signal integrity from attenuation, timing skew and jitter under high-speed data transmission.

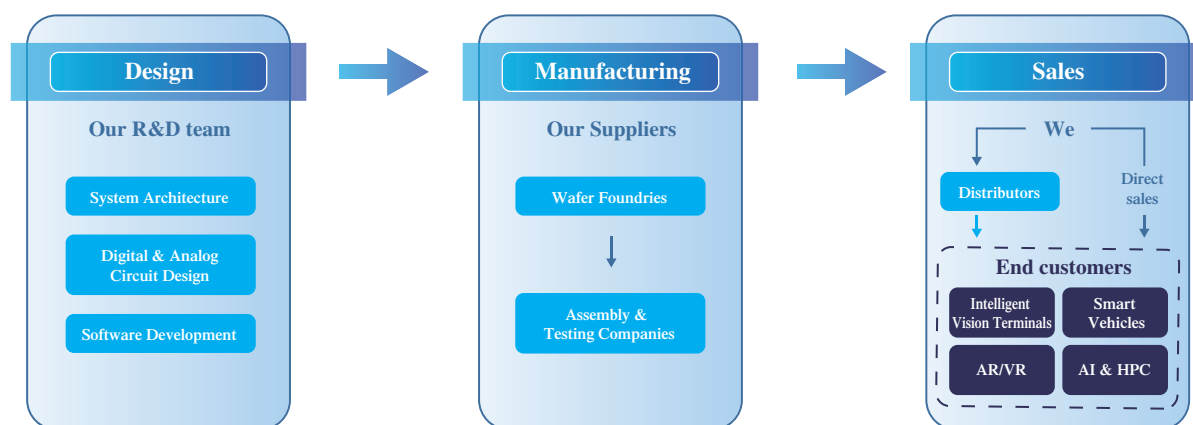
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We independently developed redriver/retimer chips which function as advanced signal relay stations. These chips act as repeaters that receive degraded signals, rectify timing anomalies using advanced equalization and clock-data recovery technology, and re-transmit them with restored integrity. Supporting data rates of up to 12.5Gbps, our solution ensures that data remains intact even when traversing complex backplane architectures based on the 10G-KR Ethernet standard. Furthermore, the chips feature integrated switching functions, allowing them to act as traffic controllers that route data flexibly across multiple channels of various protocols, including CAUI-10 and PCIe. The deployment of our redriver/retimer chips has significantly improved signal quality, meeting the customer’s stringent requirements for mission-critical infrastructure. Moreover, we are jointly exploring next generation redriver/retimer chips with higher transmission speeds. Our cooperation with the customer extends to other product lines such as cloud computing and video conferencing systems, where our smart video chips and interconnect chips have entered mass production. This successful deployment in 5G infrastructure validates our capability to solve critical timing and synchronization challenges, laying a technical foundation for our strategic expansion into the AI and HPC markets.

OUR FABLESS BUSINESS MODEL

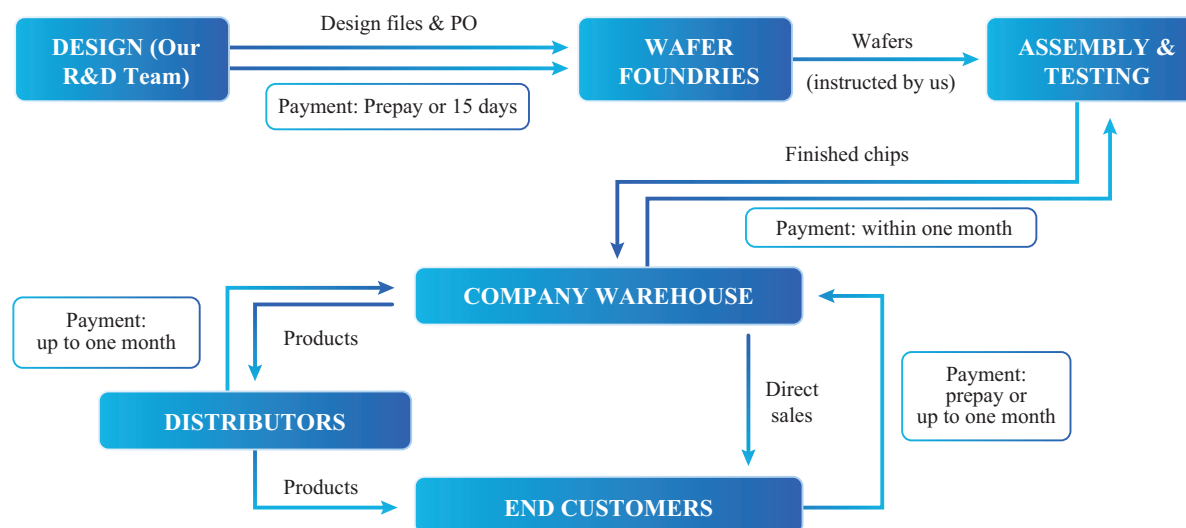
Since our inception, we have operated under a fabless model and primarily focused on the research and development, and sales of integrated circuits. After completing chip design, we outsource production to wafer foundries and assembly and testing services to third-party companies. After quality checking of these outsourced products, we sell the products directly or through distributors to downstream customers. According to Frost & Sullivan, the fabless business model is consistent with the increasing trend of specialized division of labor within the semiconductor industry, allowing fabless companies to focus attention and resources on R&D.

The following diagram illustrates our fabless business model:



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The following diagram illustrates the work, transaction and fund flows among us and key stakeholders:



The roles, responsibilities and payment terms of each party are as follows:

- *Wafer Foundries.* Wafer foundries manufacture wafers according to our design specifications. We bear the risk of design defects; the foundries bear the risk of production defects. Payment terms are prepayment or within 15 days after delivery.
- *Assembly and Testing Companies.* Assembly and testing companies package wafers into finished chips and conduct testing as instructed by us. We bear the risk of design-related failures; the service providers bear the risk of processing defects. Payment is generally made within one month after delivery.
- *Distributors.* Distributors purchase our products, assume title and risk upon delivery, and resell them to end customers at prices they determine, with reference to our recommended guidance. We honor warranty claims for defects attributable to us. We provide distributors with a credit period of up to one month. Product returns are limited to defective products.
- *Direct Sales.* To a lesser extent, we sell our products directly to customers. We adopted this direct model to facilitate joint product development and market promotion for consumer applications. Direct sales customers generally prepay before delivery. In limited cases, we grant a small credit line with a credit period of up to one month.

Through collaboration with established third-party partners, including wafer foundries as well as assembly and testing companies, we gain access to advanced manufacturing technologies and economies of scale. These partnerships enhance our products’ performance and reliability while enabling us to maintain a lean, agile operation and allocate resources efficiently.

OUR CORE TECHNOLOGIES

We adhere to a strategic philosophy of full-stack self-development of core technologies. ClearEdge comprises design libraries, development tools, and circuit design data from over 100 chip development projects. It integrates our three core technologies, (i) high-bandwidth SerDes, (ii) high-speed protocol processing and data encryption, and (iii) HD video processing and display driving, supporting our comprehensive competitive advantages in chip design, protocol stack development, and upper-layer application optimization.

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ClearEdge serves two principal functions: first, it enables us to port analog circuit designs to different wafer foundries with minimal modification, which enhances supply chain flexibility; second, it allows us to reuse proven circuit designs across different product lines, which accelerates time-to-market for new products. For example, our SerDes receiver design was progressively optimized through several generations of DP1.4 video bridging chips. Because PCIe3.0 has similar signal integrity requirements to DP1.4, we adapted this proven SerDes architecture for our PCIe to SATA controller with only interface-level modifications.

Our Full-Stack Proprietary Core Technologies

High-Bandwidth SerDes Technology

SerDes technology is critical to modern high-speed connectivity. It converts parallel data into high-speed serial signals for transmission and unpacks them back into parallel data at the receiver, allowing large volumes of data to travel over fewer cables while minimizing crosstalk and timing skew. Therefore, it enables high bandwidth, low latency, and high reliability communication between chips, modules, and systems.

On the transmission side, we adopt a multi-stage pre-emphasis architecture and noise-suppression techniques to significantly enhance signal integrity and anti-interference performance. On the receiving side, we integrate adaptive equalization, clock data recovery (“CDR”) and high-precision clock phase interpolation to address transmission-distance and media-related attenuation and timing-skew bottlenecks in wired communication.

Our transceiver system also incorporates a high-performance PLL design with automatic temperature monitoring and real-time compensation to reduce environmental fluctuations. With a built-in high-precision voltage reference SerDes architecture, our SerDes technology currently supports stable data rates up to 20Gbps, and with FEC mechanisms, achieves a BER below 10^{-12} over long-distance transmission. Development underway for data rates up to 32Gbps.

Our SerDes technology is compatible with multiple mainstream video protocols and communication standards. Through system-level power management and signal-path optimization, our solutions deliver high bandwidth, high reliability, low power consumption and low latency, making them suitable for next-generation communication infrastructure, UHD video transmission, industrial IoT and AI applications.

High-Speed Protocol Processing and Data Encryption Technology

Our wide coverage of video signal protocols enables industry-leading version compatibility. Specifically, our products comprehensively support HDMI, DP/eDP, USB, MIPI, LVDS, VGA and other mainstream HD video interface protocols currently available in the industry:

- **HDMI:** We were among the earliest industry participants to specialize in HDMI product development. Our product portfolio supports HDMI2.1 with transmission bandwidths of up to 12Gbps, representing the current gold standard for stable UHD video performance. The products support VRR to reduce tearing and stuttering, eARC for high-quality audio return, DSC to lower bandwidth requirements without compromising image quality, HDCP2.3 for content protection and dynamic HDR for enhanced color and contrast. Our HDMI solutions cover home entertainment, professional displays and industrial control applications, and have passed rigorous compatibility and mass-production tests and are well recognized by customers.

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- **DP:** Our DP2.1 solutions support bandwidths of up to 80Gbps, one of the highest bandwidth specification currently defined by the Video Electronics Standards Association (VESA), the global authority on display interface standards, for mass-market displays. These solutions drive single-stream uncompressed 8K@60Hz HDR or 4K@240Hz HDR displays. With DSC, they support 8K@120Hz HDR or dual-stream 4K@144Hz HDR, and further support 10K@60Hz, which positions our technology at the forefront of next-generation UHD display. They incorporate Adaptive-Sync for smooth frame synchronization, MST for multi-stream display over a single link, and low-power modes for extended battery life.
- **USB:** We also offer USB signal-extension and USB3.2 protocol-conversion chips supporting UVC for multi-channel video transmission. As an early developer of USB-C protocol chips, our products support USB-C PD (up to 48V charging) and USB-C DP Alt Mode, enabling rapid high-power charging suitable for performance laptops beyond standard mobile requirements.
- **MIPI:** Our self-developed MIPI products support up to MIPI 3.0 with D-PHY/C-PHY in a combo architecture optimized for chip size and power efficiency. The physical layer supports standard D-PHY/C-PHY, and the protocol layer supports standard DSI/CSI-2. Receiver-side rates reach 4.5Gbps per lane for D-PHY and 3.5Gbps per lane for C-PHY; transmitter-side rates reach 6Gbps and 6Gbps, respectively. DSI supports Video/Command modes and low-speed bidirectional communication, while CSI-2 supports multi-virtual-channel data reception and transparent forwarding with resolutions up to 8K@60Hz, meeting the stringent latency and resolution demands of top-tier VR and automotive cockpit systems.

Our products also support audio data receiving and transmitting, eARC, clock recovery, decoding, and AV synchronization. In addition, we have developed the MAL (Multi-Audio Link) protocol for audio systems in smart vehicles, adopting a half-duplex shared-channel architecture with a bidirectional rate of 98.304Mbps and up to eight cascaded nodes. MAL automatically detects link status and cascade levels, supports 5V–12V power input with online power delivery, and supports TDM, I2S and PDM interfaces.

Furthermore, to ensure the security of data during transmission, we have integrated data encryption and decryption technology modules at the transmission and reception ends of our chips. Through device authentication, signal encryption, and verification mechanisms, only authorized devices are allowed to decrypt and use the protected content, preventing unauthorized copying, interception, and use. This provides end-to-end secure transmission solutions for scenarios such as 4K/8K UHD video and general data transfer.

HD Video Processing and Display Driver Technology

Through years of R&D, we have developed a portfolio of proprietary video processing and display driver technologies designed to optimize visual performance across three key dimensions:

- **Visual Fidelity:** Technologies such as Local Dimming, HDR (High Dynamic Range), Gamma, Uniformity, Color Management, Sharpness, and 3D-LUT, deliver cinema-grade color accuracy and superior contrast ratio;
- **Motion Fluidity:** Features including Over-Drive, FRC (Frame Rate Control), and De-interlace eliminate motion blur and ghosting in fast-paced content; and
- **Display Flexibility:** Capabilities such as Scaler, Rotation, Warping, and Cropping allow content to adapt to curved screens (common in automotive cockpits), video walls, and displays with non-standard aspect ratios.

In addition, our processing suite includes OSD (On-Screen Display), DSC, PIP/PBP (Picture-in-Picture/Picture-by-Picture for multi-source viewing), 3D frame segmentation, MST, and RISC-V-based processing functions.

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Leveraging our self-developed LPDDR4, DDR3 and PSRAM storage controller technologies, we offer an integrated processing pipeline that covers the full path from video input to display output, enabling efficient, stable and low-latency handling of 4K/8K UHD formats. Our technologies also feature low power consumption and strong adaptability across diversified applications. We will continue to deepen R&D and expand into video SoCs, video bridging, and on-device AI computing to provide flexible and efficient video processing solutions.

RESEARCH AND DEVELOPMENT

Our R&D Team

Our dedicated and experienced R&D team operates under the strategic guidance of Mr. FENG CHEN (陳峰), our founder, whose years of industry experience have shaped our overall R&D direction and technology roadmap. Please see “Directors and Senior Management” for details of Mr. Chen’s profile and background.

We have assembled dedicated R&D teams focusing on chip design. As of December 31, 2025, our R&D team consisted of 192 employees, 56.8% of whom held a master’s degree or above. In 2023, 2024 and 2025, our R&D expenses amounted to RMB74.5 million, RMB100.0 million and RMB113.2 million, respectively, accounting for 23.1%, 21.5% and 19.9% of our total revenue for the respective periods.

R&D Process

Our R&D process for a new product comprises four stages:

- **Project Initiation.** We align customer demand with our technology capabilities, after which we submit project plans for feasibility reviews.
- **Project Planning.** We define design objectives, prepare preliminary system architecture and validation plans, and conduct a review. The approved design plan is finalized, and product development begins.
- **Design and Verification.** Our R&D teams conduct detailed chip design and simulation work, covering system architecture, digital and analog circuit design, UVM and FPGA verifications, layout and package design, and software development. A pre-tape-out review is held to ensure all design parameters meet technical specifications before proceeding to mask production.
- **Product Validation and Mass Production.** We perform testing on the chip samples from small-scale pilot production, after which we complete mass production testing programs, application solution development and testing, and reliability testing. Upon passing such tests, the product is qualified for mass production.

Ongoing Key R&D Projects

During the Track Record Period and up to the Latest Practicable Date, we had been engaged in a variety of R&D projects for technologies related to our core products. All of our ongoing R&D projects are undertaken independently by us, and we maintain full control over our R&D processes. The table below illustrates our ongoing key R&D projects:

Project Name	Current Stage	Applicable Field
Multi-Function Display Controller	Design and verification	UHD monitors, video walls and smart terminal systems.

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Project Name	Current Stage	Applicable Field
Video Bridge	Product validation	AR/VR, AI & HPC, smart vehicles, and smart terminal systems.
PCIe5.0/CXL2.0 Retimer . . .	Design and verification	AI & HPC.
20.25G SerDes	Design and verification	Smart vehicles, AR/VR, and smart terminal systems.
On-Device Spatial Computing SoC	Design and verification	AR/VR and robotics.

R&D Centers

As of the Latest Practicable Date, we operate two R&D centers in China. Our headquarters in Hefei serves as our primary R&D hub, focusing on the development of smart video chips and interconnect chips, the design of application solutions, and overall operations. Our Shenzhen center focuses on the development of chip application solutions, as well as marketing and sales.

SUPPLY CHAIN MANAGEMENT

Procurement

We operate under a fabless model to optimize our R&D, design and sales capabilities. The production of our chips is carried out through outsourcing to wafer foundries and assembly and testing companies. During the Track Record Period, we primarily procured wafer fabrication services from wafer foundries and assembly and testing services from assembly and testing companies. We place great emphasis on sourcing our raw materials and services from suppliers with a good reputation and track record.

Procurement Process. The marketing and sales department provides a rolling sales plan based on customer demand. The logistics and procurement department, taking into account the sales plan, order requirements, and product inventory levels, formulates procurement and production plans and arranges wafer fabrication and assembly and testing orders. Once the wafer foundry completes wafer production and passes quality inspection, we instruct the foundry to ship the wafers to the designated assembly and testing facility. Upon arrival, we issue assembly and testing orders, and the assembly and testing facility carries out the process according to the order specifications. After production, the chips are either temporarily stored at the assembly and testing facility or shipped to designated locations as instructed by us.

Outsourced Production Quality Control. We manage and monitor outsourced chip production through the following measures: optimizing production parameters and monitoring yield data to continuously improve product yield, requiring foundries to follow standard control plans for comprehensive quality management, and marking each chip for traceability to wafer fabrication and assembly and testing information.

Payment Process and Credit Policy. We generally have two payment methods with wafer foundries: prepayment before production and settlement after production. For prepayment, payment is made according to the signed purchase order. For post-production settlement, payment is made after reconciling product receipt and supplier invoices, in accordance with the agreed payment terms. We usually settle payments with assembly and testing vendors based on contractually agreed terms. All payments are made via bank transfer, and no cash payments are involved.

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Potential pricing fluctuations in wafer manufacturing and chip assembly and testing services can arise due to factors including global and domestic production capacity, evolving governmental regulations, shifts in supply-demand dynamics and geopolitical conditions including trade restrictions, tariffs and international conflicts. To mitigate these risks, we have established a dual-track supply system leveraging both domestic and international manufacturing resources. See “— Our Competitive Strengths — Efficient and Resilient Dual-Track Supply Systems.” 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 affected our operations.

Our Suppliers

Supplier Selection and Management

During the Track Record Period, our suppliers primarily consisted of (i) wafer foundries, and (ii) companies that provide services in assembly and testing. We typically engage reputable suppliers to ensure the quality of our products. We consider a comprehensive set of factors when selecting suppliers, which mainly include technological expertise, service quality, production capacity, responsiveness and commercial performance. Approved suppliers are included in the qualified supplier list maintained by our supply chain and quality department. We conduct periodic performance reviews of qualified suppliers regarding their price, quality, delivery, and service. Non-compliance or significant quality issues will trigger immediate reassessment, which may result in removal from the qualified supplier list.

We generally issue purchase orders to our suppliers based on our demand forecast. Our demand forecast extends to six months and is updated monthly on a rolling basis relying on historical market demand patterns and our management team’s industry and market experiences and insights. Our supplier confirms and signs the purchase order upon receipt. For domestic foundries and chip assembly and testing companies, we typically enter into framework agreements which set forth the general terms and conditions of purchase.

Salient terms of the supply agreements with our suppliers typically include:

- **Duration.** Our procurement agreements with our main suppliers usually do not have a fixed term.
- **Pricing.** Price is determined by us and our suppliers mutually in the quote or specific purchase orders.
- **Payment and Credit Terms.** Payment terms are typically set out in the quote or specific purchase orders rather than the framework agreement. We are generally granted credit terms within one month.
- **Minimum Purchase Requirements.** Our procurement agreements with our main suppliers usually do not contain minimum purchase requirements.
- **Quality and Product Return.** We typically agree on the yield rate with suppliers. If the yield rate falls below the agreed-upon level, we can request a return, or the supplier will bear the cost loss for the difference in yield.
- **Logistics.** Our suppliers generally make arrangements for the logistics of delivering the raw materials or components to us.
- **Termination/Renewal.** The agreement generally can be terminated by either party upon the occurrence of a list of events, including the un-rectified nonperformance by the other party of its obligations under the agreement.

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Our Major Suppliers

During the Track Record Period, purchases from our five largest suppliers in each year amounted to RMB153.8 million, RMB235.9 million and RMB282.3 million, respectively, representing 83.2%, 93.1% and 90.6% of our total purchases, respectively. In addition, purchases from our largest supplier in each year during the Track Record Period were RMB63.3 million, RMB104.1 million and RMB121.4 million, respectively, accounting for 34.3%, 41.1% and 39.0% of our total purchases, respectively. For details of our reliance on a limited number of suppliers, see “Risk Factors — Risks Relating to Our Business and Industry — We partner with third-party wafer foundries and assembly and testing service providers. We are exposed to supplier concentration risk due to our reliance on such major suppliers.”

To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, our five largest suppliers in each year during the Track Record Period were Independent Third Parties. Supplier E was one of our five largest suppliers in 2023 and 2024. One of our Shareholders held less than 30% equity interest in Supplier E. Such Shareholder, acting in concert with another Shareholder, owned more than 5% of our issued share capital until July 12, 2024, after which their holdings in our Company were reduced to less than 5%.

As of the Latest Practicable Date, none of our Directors, their close associates, or any of our Shareholders (who or which, to the knowledge of the Directors, owned more than 5% of our issued share capital) had any interest in any of our five largest suppliers in each year during the Track Record Period. Additionally, we did not experience any material disputes with our suppliers during the Track Record Period and up to the Latest Practicable Date.

The following table sets forth the details of our five largest suppliers in each year during the Track Record Period. We settle transactions with our five largest suppliers through bank transfer.

Rank	Supplier	Type of Product/ Services Provided	Purchase Amount	Percentage of Total Purchase	Credit Terms	Year of Commencement of Business Relationship
			RMB'000	%		
For the Year Ended December 31, 2023						
1	Supplier A ⁽¹⁾	Wafer fabrication	63,278	34.3	15 days	2012
2	Supplier B ⁽²⁾	Wafer fabrication	50,476	27.3	pay in advance	2018
3	Supplier C ⁽³⁾	Assembly and testing	22,065	11.9	one month	2011
4	Supplier D ⁽⁴⁾	Assembly and testing	10,062	5.4	one month	2020
5	Supplier E ⁽⁵⁾	Testing	7,895	4.3	one month	2021
Total			153,776	83.2		
For the Year Ended December 31, 2024						
1	Supplier A ⁽¹⁾	Wafer fabrication	104,122	41.1	15 days	2012
2	Supplier B ⁽²⁾	Wafer fabrication	78,569	31.0	one month	2018
3	Supplier C ⁽³⁾	Assembly and testing	30,954	12.2	one month	2011
4	Supplier D ⁽⁴⁾	Assembly and testing	13,516	5.3	one month	2020
5	Supplier E ⁽⁵⁾	Testing	8,719	3.4	one month	2021
Total			235,880	93.1		
For the Year Ended December 31, 2025						
1	Supplier A ⁽¹⁾	Wafer fabrication	121,397	39.0	15 days	2012
2	Supplier B ⁽²⁾	Wafer fabrication	90,201	28.9	one month	2018
3	Supplier C ⁽³⁾	Assembly and testing	43,157	13.9	one month	2011
4	Supplier D ⁽⁴⁾	Assembly and testing	14,485	4.7	one month	2020
5	Supplier F ⁽⁶⁾	Assembly and testing	13,106	4.2	one month	2021
Total			282,346	90.6		

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Notes:

- (1) Supplier A is headquartered in Malaysia and engages in wafer foundry production.
- (2) Supplier B is headquartered in Taiwan and engages in wafer foundry production.
- (3) Supplier C is headquartered in Taiwan and engages in assembly and testing foundry services.
- (4) Supplier D is headquartered in Jiangsu Province, PRC and engages in assembly and testing foundry services.
- (5) Supplier E is headquartered in Anhui Province, PRC and engages in foundry services for wafer and chip testing.
- (6) Supplier F is headquartered in Anhui Province, PRC and engages in assembling and testing foundry services and mid-range professional testing platforms.

During the Track Record Period, we engaged two wafer foundries and five assembly and testing service providers in 2023, three wafer foundries and six assembly and testing service providers in 2024, and four wafer foundries and six assembly and testing service providers in 2025, respectively.

We rely primarily on two wafer foundries for our chip manufacturing. During the Track Record Period, we primarily procured wafers and photomasks from Supplier A and Supplier B. In 2023, 2024 and 2025, our aggregate purchases from Supplier A and Supplier B accounted for 61.6%, 72.1% and 67.9% of our total purchases, respectively. Supplier A is a semiconductor manufacturer headquartered in Malaysia. Supplier B is a semiconductor manufacturer in Taiwan, China. We started business collaboration with Supplier A in 2012 and Supplier B in 2018. According to Frost & Sullivan, Supplier A ranked among the top 10 in the Southeast Asia market in terms of revenue, while Supplier B was among the top five globally in terms of wafer manufacturing revenue in 2025.

While we do not enter into long-term agreements with Supplier A or Supplier B, the supply relationship has remained strong and stable, given the long-standing relationship. In addition, according to Frost & Sullivan, it is in line with industry practice for chip design companies to rely on a limited number of foundry partners for procurement of most of the wafers. As we source a significant portion of wafers from Supplier A and Supplier B, if our relationship with either supplier is terminated, interrupted, or modified in any way adverse to us, there may be material interruptions to our operations and business. See “Risk Factors — Risks Relating to Our Business and Industry — We partner with third-party wafer foundries and assembly and testing service providers. We are exposed to supplier concentration risk due to our reliance on such major suppliers.”

We have expanded our procurement network to include other qualified wafer manufacturers, including those based in China, to ensure the stability and flexibility of our wafer supply. During the Track Record Period, we established stable cooperation with two additional wafer manufacturers and have reached tape-out stage of several products with both. These manufacturers have demonstrated the ability to meet industry standards and our operational needs, manufacturing capacity and product quality requirements under reasonable commercial terms. The commercial terms of our procurement from these manufacturers are comparable with Supplier A and Supplier B. According to Frost & Sullivan, the commercial terms of our procurement from these manufacturers are consistent with the industry norm. We understand there are additional alternative manufacturers with the technical knowledge to produce products as currently supplied by Supplier A and Supplier B with certain variations in prices, quality and specifications to achieve similar functions under reasonable commercial terms. Our Directors are of the view that our relationship with Supplier A and Supplier B is unlikely to materially adversely change or terminate, because (i) we have maintained a long-term and stable relationship with Supplier A and Supplier B for around ten years, and (ii) during the Track Record Period and up to the Latest Practicable Date, we did not have any disputes with Supplier A or Supplier B.

With respect to assembly and testing services, we engage multiple service providers. According to Frost & Sullivan, the commercial terms of our procurement from these service providers are consistent with the industry norm. We have maintained a list of qualified alternative suppliers able to offer us comparable quality and commercial terms.

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During the Track Record Period and as of the Latest Practicable Date, we maintained stable relationships with our major suppliers, and our Directors are of the view that there is no risk of termination of our business relationships with major suppliers. Also, our Directors are not aware of any indicators of potential termination.

SALES, MARKETING AND DISTRIBUTION

Our Sales Network

Our products are standardized and serve a wide range of downstream applications. Our customer base is relatively dispersed, and most of our end customers purchase a variety of chips, preferring to consolidate their procurement through distributors. As a result, our sales model is primarily distributor-based, supplemented by direct sales. We maintain a seller-and-buyer relationship with our distributors: they purchase products from us, with title and risk passing upon delivery, and resell them to end customers at prices they determine, with reference to our recommended guidance. During the Track Record Period, substantially all of our revenue was generated from our distributors, who sell our chips to end customers across various industries.

The table below sets forth a breakdown of revenue contribution by sales channels for the periods indicated.

	Year Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except percentages)</i>					
Distributors	319,481	98.9	459,835	98.7	561,284	98.8
Direct sales	3,666	1.1	6,168	1.3	6,920	1.2
Total	323,147	100.0	466,003	100.0	568,204	100.0

Under the direct sales model, we sell our products directly to end customers, which are primarily consumer electronics companies and audio-visual equipment providers based in China. These end customers are generally well-established participants in their respective sectors and procure our products for integration into their own products. We have been actively expanding our sales networks overseas. Utilizing our own marketing and promotional strengths and distributor channels, we had greater presence in overseas markets and foreign customer coverage, such as South Korea, Japan and Southeast Asia. In December 2023, we established one subsidiary in Singapore to further enhance our overseas sales strategy.

Our Distribution Channels

Overview

During the Track Record Period, we primarily marketed and sold our products through third-party professional distributors. The distributor-based model reduces our resource investment in the sales process, allowing us to focus on product R&D and supply chain management. The primary roles of our distributors include (i) assisting us in acquiring new downstream end customers, maintaining relationships, and providing after-sales service, (ii) supporting day-to-day end customer management to enhance operational efficiency and market responsiveness, and (iii) facilitating faster payments to improve cash flow and reduce accounts receivable risk. According to Frost & Sullivan, it is an industry norm for fabless chip design companies in China to engage distributors for the sales of products.

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The end customers to whom our distributors ultimately sell our products primarily comprise (i) consumer electronics manufacturers and commercial display solution providers for intelligent vision terminal applications, (ii) automotive OEMs and tier-1 suppliers for smart vehicle applications, (iii) AR/VR device manufacturers for AR/VR applications, and (iv) server and computing equipment manufacturers for AI & HPC applications. As we maintain a seller-and-buyer relationship with our distributors without direct contractual relationships with end customers, we do not have complete visibility into the identity of all end customers or an accurate breakdown of revenue by end market.

To the best of our knowledge, we do not have any sub-distributor during the Track Record Period and up to the Latest Practicable Date. Historical sales generated by distributors were generally recurring in nature except in cases where we discontinued our business relationships with certain distributors as detailed below. We did not identify any material incident of non-compliance by our distributors during the Track Record Period and up to the Latest Practicable Date.

During the Track Record Period, we generally issued authorization certificates to our major distributors (the “**Certified Distributors**”) on an annual or semi-annual basis, and entered into distribution agreements with them. As of December 31, 2025, we had 25 Certified Distributors, which are primarily professional distributors in the semiconductor industry, providing comprehensive modern supply chain service. As a supplement to our distribution network, we also transacted with other distributors who are Independent Third Parties. Such other distributors generally comprise (i) new distributors that possess an established customer base but are undergoing our assessment of their business development capabilities, technical support capabilities and market feedback before obtaining certification status; and (ii) distributors making temporary or occasional purchases. We do not enter into distribution agreements with these other distributors, and they typically place purchase orders with us on an ad-hoc basis. We manage sales to such other distributors equivalent to our direct sales, where parties abide only by the terms in the purchase orders.

The following table sets forth the movement in the number of our Certified Distributors during the periods indicated.

	Year Ended December 31,		
	2023	2024	2025
As of the beginning of the period	28	30	32
Additions of new Certified Distributors	4	3	3
Terminations of Certified Distributors	2	1	10
Certified Distributors at the end of period .	30	32	25

We engaged four, three and three new Certified Distributors in 2023, 2024 and 2025, respectively. In 2024, we certified one other distributor as our Certified Distributor for fulfilling our certification requirements.

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The following table sets forth the movement in the number of our other distributors during the periods indicated.

	Year Ended December 31,		
	2023	2024	2025
As of the beginning of the period	11	9	9
Additions of new other distributors	2	3	—
Terminations of other distributors	4	2	6
Certifications of other distributors to Certified Distributors	—	1	—
Other distributors at the end of period	9	9	3

We discontinued our partnership with two, one and ten Certified Distributors in 2023, 2024 and 2025, respectively, mainly due to their failure to consistently meet our requirements for business records, market presence, and technical support capabilities. Furthermore, we terminated four, two and six other distributors in 2023, 2024 and 2025, respectively, primarily because (i) certain other distributors did not subsequently qualify as Certified Distributors following our assessment process, or (ii) temporary or ad-hoc procurement needs had been fulfilled and no further purchases were made. The increase in terminations in 2025 reflected our strategic initiative to consolidate our distribution network, aligning with industry trends observed by Frost & Sullivan. This optimization allows us to concentrate resources on high-performing Certified Distributors, thereby enhancing service efficiency and distributor incentives. During the Track Record Period and up to the Latest Practicable Date, we did not have any material unresolved disputes or lawsuits with these departing Certified Distributors.

To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, all of our distributors were Independent Third Parties. To the best of our knowledge, besides the ordinary course distribution arrangement with us, there is no other relationship between the distributors and each of our Company, our subsidiaries, our Shareholders who own 5% or more of the total issued Shares, Directors or senior management or any of their respective associates.

Principal Contractual Terms with Distributors

The key terms of our distribution agreements with Certified Distributors included the following:

- **Term.** The term of the distribution authorization is typically one year.
- **Purchase.** The purchase amount is specified in purchase orders.
- **Selling Price and Payment.** We generally set selling prices guidance based on market competition, prices of raw materials, internal policies and the regulatory environment. On a case-by-case basis, we provide Certified Distributors with a credit period up to one month after performance obligations are fulfilled, along with a credit order settlement limit.
- **Product Return or Exchange.** We typically do not allow Certified Distributors to return or exchange products except that our Certified Distributors may negotiate with us on return and indemnification of defective products due to our faults.
- **Product Warranty.** We provide a warranty period of two years for our chip products. Our warranty covers manufacturing defects and design defects that result in non-conformance with product specifications, excluding defects arising from improper application or normal wear and tear. We bear the warranty responsibility directly.

The key terms of purchase orders from other distributors included the following:

- **Product Purchase.** Purchase orders from other distributors typically would specify the product name, model, specifications, quantity, price, delivery location and delivery schedule.

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- **Selling Price.** Prices are generally agreed between the parties and set out in the relevant purchase orders.
- **Payment and Credit Terms.** Other distributors generally prepay before delivery.

Robust Management of Certified Distributors

An effective distribution network is essential for enhancing our sales performance and ensuring end customer satisfaction. As such, we maintain rigorous management of our Certified Distributors in the following aspects.

- **Selection Process.** We select Certified Distributors that are legally registered operating entities with good business records, strong market presence, and technical support capabilities in relevant industries, capable of achieving rapid sales growth.
- **Performance Review.** We conduct quarterly and annual reviews of our Certified Distributors, comprehensively assessing their performance against key metrics, including market development capabilities, technical support proficiency, financial strength, operational compliance, and purchase volume.
- **Inventory Management.** Our Certified Distributors are required to submit six-month rolling forecast by the end of each month, which serves as the basis for production planning and inventory preparation. Certified Distributors generally place orders according to submitted forecasts and orders placed without prior forecasts are subject to inventory availability or production capacity.
- **Channel Stuffing and Cannibalization Risk Management.** We have implemented the following measures to manage distribution-related risks:
 - (i) *Channel stuffing.* We sell products to Certified Distributors under a seller-and-buyer relationship based on purchase orders placed by them. We do not monitor or manage Certified Distributors’ inventory levels after sale. Given that, despite our performance targets, we do not impose minimum purchase requirement on Certified Distributors, and that our Certified Distributors are generally not allowed to return any unsold products to us, our Directors are of the view that we do not have any material channel stuffing issue.

We believe that our sales reflect the actual demand from end customers, minimizing the risk of channel stuffing and inventory backlog, as (i) we generally do not allow returns of products sold to distributors, except for limited reasons such as defective products; (ii) the advancement of AI technologies and increasing performance requirements of AI systems drive rapid development and iteration of our products; and (iii) we grant a short credit period to or require payment in advance from distributors and do not set minimum purchase requirements, encouraging distributors to make purchases according to their respective inventory level and market demands. We believe such arrangements encourage distributors to order products based on actual sales forecasts.

- (ii) *Cannibalization.* We have also taken effective measures to minimize the risk of cannibalization, including: (a) *management system:* we require that Certified Distributors in the same region should have complementary strengths to minimize overlapping customer relationships with respect to our products during selection process, (b) *investigation system:* we also investigate identified incidents of cannibalization, where two or more Certified Distributors compete for one customer, and reserve the right to terminate our business relationship with those Certified

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Distributors that engage in cannibalization and (c) *recommended market prices*: we generally set selling prices guidance based on market competition, prices of raw materials, internal policies and the regulatory environment.

- **Empowerment.** We regularly conduct training sessions where we share technical expertise, product information, and industry knowledge with our Certified Distributors, and work with them to enhance sales skills, optimize sales strategies, and maximize the effectiveness of our marketing resources.

During the Track Record Period, we did not apply the management policies applicable to Certified Distributors to other distributors because such other distributors did not form part of our certified distribution network and only comprised new distributors undergoing our assessment process, or distributors making temporary or ad-hoc purchases. Given the limited scope, temporary nature and insignificant revenue contribution of such relationships, we managed sales to these other distributors in a manner substantially similar to our direct sales arrangements rather than subjecting them to the management requirements applicable to Certified Distributors. Consistent with our general policy, (1) we typically do not allow product returns from them except for defective products due to our faults; and (2) we do not impose minimum purchase requirement on them. Revenue generated from such other distributors was insignificant, representing less than 3% of our total distributor revenue in 2025.

Our Direct Sales

To a lesser extent, we sell our products directly to customers, which primarily consist of long-term partners established during our early development stages and manufacturers requiring deep customization. We adopted this direct model to facilitate joint product development and market promotion for consumer applications. We continue to maintain these relationships to support specific project requirements and ensure business continuity.

In 2023, 2024 and 2025, the revenue generated from our direct sales customers amounted to RMB3.7 million, RMB6.2 million and RMB6.9 million, respectively, accounting for approximately 1.1%, 1.3% and 1.2% of our total revenue in the corresponding year.

Principal Contractual Terms with Direct Sales Customers

The key terms of the framework agreements we enter into with our direct sales customers include the following:

- **Duration.** Typically, a term of one to two years, renewable upon mutual consent.
- **Pricing.** Determined in specific purchase orders.
- **Payment and Credit Terms.** Customers generally prepay before delivery. In limited cases, we may grant a small credit line with a credit period of up to one month.
- **Delivery and Risk Transfer.** We deliver products to customer-designated locations. Risk of loss transfers to customers upon acceptance.
- **Quality and Product Return.** Customers may inspect products upon delivery. We must retrieve and replace non-conforming items within a specified period (e.g., three days).
- **Termination.** Terminable upon mutual agreement or material breach. We are required to provide advance written notice (e.g., one to three months) and obtain customer consent before ceasing supply.

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Customer Service and Technical Support

We are committed to providing high-quality customer service. We work to address and resolve customer system challenges and provide expert guidance in optimizing design to meet specific requirements, ensuring stable operation for their applications.

Pricing

We price our products by considering the following principal factors: (i) cost coverage, including R&D costs, wafer fabrication costs, assembly and testing costs, and a target profit margin; (ii) product performance and specifications, with higher-spec products generally commanding higher prices; (iii) market competition; and (iv) customer-specific factors such as order volume and payment terms. The purchase price of our raw materials, namely the wafers, is one of the most important factors that we consider when developing our pricing strategies. We may also adjust the final pricing based on the specific customer on a case-by-case basis.

We apply differentiated pricing approaches for our standardized and customized chip products. For standardized chips, we set base prices through a structured process involving cost analysis, competitive benchmarking, and cross-departmental review prior to commercial launch. For customized chips, pricing is determined on a project basis, taking into account the scope of development work, expected production volume, and project-specific costs. We have established a Pricing Committee, chaired by our general manager, which reviews and approves base prices for new products and material price adjustments in response to changes in upstream costs, competitive dynamics, technology iterations, or shifts in downstream demand.

The following table sets forth the price ranges of our major product categories during the Track Record Period:

Product Category	Tier	Price Range (USD)*	Industry Average Price Range (USD)*
Video Bridging Chips	≤4K30	1.0–2.1	0.7–2.5
	4K60	1.7–4.5	1.2–5.5
	>4K60	3.3–7.0	2.5–9.0
Video Processing Chips	≤4K30	2.3–2.5	1.2–3.0
	4K60	2.9–3.9	1.8–5.0
	>4K60	7.0–10.5	4.5–14.0
High-Speed Interconnect	3Gbps	0.2–1.8	0.1–2.5
	6Gbps	1.2–3.5	0.8–5.0
	8Gbps	2.4–8.7	1.5–10.0
AI Interconnect Chips	12.5Gbps	3.0–5.0	2.0–7.0

* Based on Track Record Period sales, estimated by the exchange rate of USD1 = RMB7.

According to Frost & Sullivan, based on the industry average price ranges shown in the table above, the unit prices of smart video chips and interconnect chips are among the mid-range in the industry. See “Industry Overview.”

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Sales and Marketing

Our sales and marketing efforts focus on customer engagement, product promotion and brand building. Our sales and marketing department, consisting of 16 members as of December 31, 2025, works closely with our distributors to execute our marketing strategies. Our sales and marketing initiatives are primarily driven by the daily customer interactions of our team, complemented by various promotional activities such as onsite customer visits, participation in trade exhibitions, online product demonstrations, and other online and offline engagements.

OUR CUSTOMERS

Our customers are primarily distributors. During the Track Record Period, our five largest customers in each year together contributed RMB159.5 million, RMB240.4 million and RMB296.9 million of revenues, respectively, accounting for 49.4%, 51.6% and 52.3% of our total revenue, respectively. Revenue from our largest customer in each year of the Track Record Period amounted to RMB53.0 million, RMB64.9 million and RMB97.5 million, respectively, accounting for 16.4%, 13.9% and 17.2% of our total revenue, respectively. All of our five largest customers in each year during the Track Record Period were Independent Third Parties.

To the best of our knowledge and as of the Latest Practicable Date, we were not aware of any information or arrangement that would lead to the termination of our relationships with any of our existing major customers. 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 in each year during the Track Record Period and up to the Latest Practicable Date.

The following table sets forth the details of our five largest customers in each year during the Track Record Period. We typically either require our customers to pay in advance or grant them a credit term, which is generally within one month after the performance obligations have been fulfilled. We settle transactions with our five largest customers through bank transfer.

Rank	Customer	Type of Products/ Services Purchased	Sales Amount	Percentage of Total Revenue	Credit Terms	Year of Commencement of Business Relationship
			RMB'000	%		
<i>For the Year Ended December 31, 2023</i>						
1	Customer A ⁽¹⁾	smart video chips, interconnect chips and others	53,033	16.4	15 to 25 days	2016
2	Customer B ⁽²⁾	smart video chips, interconnect chips and others	30,159	9.3	15 to 25 days	2017
3	Customer C ⁽³⁾	smart video chips, interconnect chips and others	28,241	8.7	15 to 25 days	2017
4	Customer D ⁽⁴⁾	smart video chips, interconnect chips and others	27,067	8.4	15 to 25 days	2015
5	Customer E ⁽⁵⁾	smart video chips, interconnect chips and others	20,995	6.5	15 to 25 days	2016
Total			159,495	49.4		
<i>For the Year Ended December 31, 2024</i>						
1	Customer A ⁽¹⁾	smart video chips, interconnect chips and others	64,897	13.9	15 to 25 days	2016
2	Customer F ⁽⁶⁾	smart video chips, interconnect chips and others	51,757	11.1	15 to 25 days	2017
3	Customer G ⁽⁷⁾	smart video chips, interconnect chips and others	46,428	10.0	Paid in advance	2021
4	Customer B ⁽²⁾	smart video chips, interconnect chips and others	39,874	8.6	15 to 25 days	2017
5	Customer D ⁽⁴⁾	smart video chips, interconnect chips and others	37,446	8.0	15 to 25 days	2015
Total			240,402	51.6		

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Rank	Customer	Type of Products/ Services Purchased	Sales Amount	Percentage of Total Revenue	Credit Terms	Year of Commencement of Business Relationship
			RMB'000	%		
<i>For the Year Ended December 31, 2025</i>						
1	Customer H ⁽⁸⁾	smart video chips	97,453	17.2	Paid in advance	2024
2	Customer A ⁽¹⁾	smart video chips, interconnect chips and other	63,703	11.2	15 to 25 days	2016
3	Customer F ⁽⁶⁾	smart video chips, interconnect chips and other	58,311	10.3	15 to 25 days	2017
4	Customer D ⁽⁴⁾	smart video chips, interconnect chips and other	50,026	8.8	15 to 25 days	2015
5	Customer C ⁽³⁾	smart video chips, interconnect chips and other	27,417	4.8	15 to 25 days	2017
Total			296,910	52.3		

Notes:

- (1) Customer A is headquartered in Chinese Mainland and engages in the distribution of electronic components and provision of design chain services, supply chain collaboration and supporting services, and industry data services.
- (2) Customer B is headquartered in Chinese Mainland and engages in agency and distribution of electronic components.
- (3) Customer C is headquartered in Chinese Mainland and engages in the distribution of electronic components.
- (4) Customer D is headquartered in Hong Kong, China and engages in the distribution of electronic components.
- (5) Customer E is headquartered in Chinese Mainland and engages in the provision of technical services in advanced industrial fields, offering electronic component supply chain services and embedded system solutions.
- (6) Customer F is headquartered in Chinese Mainland and engages in the provision of technical solutions and value-added semiconductor supply chain services for customers in the automotive electronics and industrial applications markets.
- (7) Customer G is headquartered in Chinese Mainland and engages in system integration, operation maintenance, and technology consulting and training.
- (8) Customer H is headquartered in Chinese Mainland and engages in sales of EV battery-swap facilities, communication equipment, and computer hardware and software.

During the Track Record Period, we generated a significant share of our revenue from our top five customers, all of which were distributors. We expect to continue to generate a significant portion of revenue from our major customers. We have generally maintained long-term and stable collaboration relationships with our major customers. During the Track Record Period and up to the Latest Practicable Date, we did not have any disputes with any of our five largest customers in each year of the Track Record Period.

The following table sets forth certain key operating metrics relating to our customer base for the periods indicated.

	Year Ended December 31,		
	2023	2024	2025
Number of customers⁽¹⁾	42	49	40
— Distributors	36	44	35
— Direct customers	6	5	5
Customer retention rate (%)⁽²⁾	71.2	81.0	71.4

Notes:

- (1) Represents the number of customers that transacted with us during the relevant period.
- (2) Calculated as the number of customers from the prior year/period that continued to transact with us during the current year/period, divided by the total number of customers in the prior year/period.

We had 42, 49 and 40 customers in 2023, 2024 and 2025, respectively, with our customer retention rate fluctuating between 71.2% and 81.0%. These fluctuations primarily reflected our ongoing optimization of our distributor network to concentrate resources. For details, see “— Sales, Marketing and Distribution — Our Distribution Channels — Overview.”

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Overlapping Customers and Suppliers

During the Track Record Period, two of our top five customers in each year during the Track Record Period were also our suppliers. Customer C, one of our top five customers in 2023, was also our supplier in each year during the Track Record Period for consumables used in R&D activities. Our total purchases from Customer C during the Track Record Period amounted to RMB8.2 thousands, excluding tax. Customer D, one of our top five customers in 2023, 2024 and 2025, was also our supplier in 2024 and 2025 for consumables used in R&D activities. Our total purchases from Customer D during the Track Record Period amounted to RMB13.9 thousands, excluding tax. According to Frost & Sullivan, it is in line with industry practice for a company to have both sales to and purchases from the same customer/supplier. Such purchases from Customer C and Customer D were immaterial, together representing less than 0.01% of our total purchases during the Track Record Period.

During the Track Record Period, our sales to and purchases from our overlapping customers and suppliers were not related to or inter-conditional upon each other. The raw materials we purchased from the overlapping customers or suppliers mentioned above were not resold back to them, nor vice versa. Negotiations of the terms of our sales to and purchases from the overlapping customers or suppliers mentioned above were all conducted on an individual basis. For the overlapping supplier-customers, the key terms of our sales and supply agreements were substantially similar to those of our other customers or suppliers and are in line with market practice. Our Directors confirmed that all of our sales to and purchases from the overlapping customers or suppliers mentioned above were conducted in the ordinary course of business under normal commercial terms and on an arm’s-length basis. Save as disclosed, to the best of our knowledge, none of our major customers during each period of the Track Record Period was a supplier of ours and vice versa.

INTELLECTUAL PROPERTY

Our patents, copyrights, trademarks, domain names, know-how, proprietary technologies, trade secrets and other intellectual property rights are critical to our business operations. As of December 31, 2025, we had 122 granted patents in China, including 102 invention related patents and 20 utility model patents. As of the same date, we also had 45 patents granted overseas, including the U.S. and Japan and, to the best knowledge of our Directors, all of our overseas patents were valid and undisputed. As of the same date, we had 160 software copyrights and 35 registered trademarks in China, and 10 registered trademarks overseas. We also had various applications for patents 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-ownership or co-sharing arrangements of our patents and patent applications with third parties.

We rely primarily on a combination of patents, copyrights, trademarks, trade secrets and unfair competition laws and contractual rights, such as confidentiality agreements, 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 — Risks Relating to Our Business and Industry — We may be subject to claims by third parties for intellectual property infringement” in this document for further details.

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QUALITY CONTROL

Quality Control Management

As a fabless design company, we have implemented a comprehensive quality assurance system that spans the entire chip development lifecycle, covering design, supply chain oversight, New Product Introduction (NPI), and mass production. Our quality management framework is ISO 9001 certified and aligns with the stringent IATF 16949 standards for automotive-grade products, ensuring we consistently deliver reliable and outstanding products to our end customers.

We actively adopt advanced standards to meet stringent automotive and security requirements. One of our major products has achieved ASPICE (Automotive Software Process Improvement and Capability Determination) Level 2 assessment. Furthermore, we are actively integrating ISO 26262 (Road Vehicles — Functional Safety) and ISO 27001 (Information Security Management) standards into our operations, reinforcing our commitment to safety and security in mission-critical applications.

As of December 31, 2025, we had five dedicated quality control personnel with high academic and industry credentials. All members hold bachelor’s or master’s degrees from “Double First-Class” universities or other prestigious institutions. The majority of them had over five years of work experience in the chip development industry. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material quality issues.

R&D Activities

In the R&D stage, we implement stringent procedures as part of our quality control framework. See “— Research and Development — R&D Process.” We have a specialized, joint-force R&D quality control team comprising members from our R&D and quality control departments. The team first aligns customer requirements collected by the sales and marketing team with our technologies and solutions to form project plans and conduct feasibility reviews. Afterward, during the chip design process, the R&D members handle tasks such as technical architecture, algorithm, and circuit design, while the quality control members develop and enforce rigorous testing standards. Subsequently, the R&D members conduct simulations, layout design, and validations. Simultaneously, the quality control members oversee comprehensive testing at each stage, including system, parameter, and reliability testing, ensuring that products meet both internal and industry standards. This structured and collaborative approach enables us to deliver products tailored to customer needs.

Supply Chain Quality Control

As a fabless company, our quality control extends to our outsourced manufacturing partners. For details of our supplier selection and assessment criteria, see “Our Suppliers — Supplier Selection and Management”.

During production, we enforce quality controls at each stage of the manufacturing process. Our foundry partners manufacture chips with precision in accordance with our design. Chips then undergo rigorous circuit probing testing to ensure their functionality and performance before proceeding to assembly and testing. The assembly processes include die cutting, wire bonding, and molding to establish electrical connections and provide physical protection for the chips. Final products are subject to thorough functionality, performance, and reliability tests to ensure alignment with design requirements. These multi-step quality assurance measures are vital for maintaining the high standards that our customers expect.

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Certifications

We have a full suite of functional safety processes and obtained the ISO9001 certification for quality management system, ISO14001 certification for environmental management system and ISO45001 certification for occupational health and safety management system.

Product Returns and Warranty

The warranty for our products varies depending on the characteristics of the products sold. We proactively work with our customers after sales to resolve any quality issues. We typically do not allow customers to return or exchange products except that our customers may negotiate with us on return and indemnification of defective products due to our faults. We have developed a standard product return or exchange procedure according to our customer complaint handling procedure. During the Track Record Period and up to the Latest Practicable Date, (i) we did not receive any material product returns, exchanges, complaints or product liability claims from our customers; (ii) we had not received any material complaints relating to product quality; and (iii) we had not experienced any product recalls or accidents due to material product defects.

INVENTORY

Our inventories primarily consist of (i) raw materials, (ii) finished goods, (iii) materials consigned for processing, and (iv) semi-finished goods. Please see “Financial Information — Selected Balance Sheet Items — Inventories.” As of December 31, 2023, 2024, and 2025, our inventories amounted to RMB73.1 million, RMB114.8 million and RMB161.3 million, respectively.

To maintain our competitiveness, align our products with evolving market demand and prevent inventory obsolescence, we have implemented measures to optimize our inventory levels. We proactively track market condition change and maintain safety stock to prepare for unexpected increase in demand or delay, or shortage in supply. We routinely monitor our inventory and ensure that all goods in transit are effectively managed. In 2023, 2024 and 2025, our inventory turnover days were 192.3 days, 160.8 days and 188.4 days, respectively. For further details, see “Financial Information — Selected Balance Sheet Items — Current Assets/Liabilities — Inventories.”

INFORMATION SECURITY AND DATA PRIVACY

In the course of our business, we collect, store and process data from customers, suppliers and internal systems, primarily consisting of transaction data, technical data and operational data. Data ownership is governed by agreements with counterparties, with internal data owned by us. As we only transact with enterprises, we do not collect or process personal data. We protect data and mitigate data security risks through network & data isolation, data encryption, secure data management protocols, and strict transmission policies.

We have established comprehensive internal control policies in relation to corporate data usage, storage and transmission, covering cybersecurity incident response, customer information management, and confidentiality. For example, we have implemented a Customer Information Management Policy to protect data through clear access levels, firewalls, and regular staff training. Additionally, we have implemented a Network & Information Security Policy to control hardware and data use, requiring intranet-only access, monitored software, and senior approval for any data transfers. Only employees with the appropriate authorization may access sensitive information on a need-to-know basis. Our employees are required to sign confidentiality agreements as part of their employment, which strictly prohibit the unauthorized disclosure of any company-related confidential information.

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We maintain a robust backup system that stores data backup copies both locally and remotely across different locations, and regularly test our data restoration processes to ensure that data can be quickly restored in the event of any technical issues, natural disasters, or unforeseen circumstances. With respect to cross-border data transmission, we transmit transaction and technical data to overseas customers and suppliers through designated secure channels, such as enterprise emails or designated FTP servers, for business purposes as necessary.

During the Track Record Period and up to the Latest Practicable Date, 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. During the Track Record Period and as of the Latest Practicable Date, we had complied with applicable laws and regulations relating to data security and privacy in all material aspects, and according to our PRC Legal Adviser, had not been subject to any claim or penalty, or experienced any incident, in relation to breach of cybersecurity or data privacy laws and regulations. During the Track Record Period, substantially all of our revenue and operations were carried out by our subsidiary in the PRC, and our Singapore subsidiary had not commenced substantial operations or generated material revenue. Accordingly, during the Track Record Period and up to the Latest Practicable Date, we were principally subject to the relevant cybersecurity and data security regulations in the PRC.

COMPETITION

We operate in a highly competitive and concentrated industry. We compete with both foreign and domestic peer companies on product performance, technical innovation and cost-efficiency. According to Frost & Sullivan, foreign companies hold a large market share of the global market. In 2025, the global video bridging chip market was highly concentrated, with the top eight companies collectively accounting for approximately 81.4% of the market share. According to Frost & Sullivan, we are the number one fabless design company based in Chinese Mainland in the video bridging chip market in terms of revenue in 2025, with a market share of 4.1%, which represents a key segment of mixed-signal chips.

The following table sets forth a comparison of our products with those of our major competitors in terms of key specifications, pricing, applications, and downstream customers:

	The Company	Competitors
Smart Video Chips		
— Video bridging	Up to 8K@60Hz, 12Gbps/lane; HDMI/DP/USB-C/MIPI/LVDS/VGA compatibility; Combo interface (HDMI/DP, MIPI/LVDS); integrated MCU and CC controller	Up to 4K@60Hz, 12Gbps/lane; HDMI/DP/USB-C/MIPI/LVDS/VGA compatibility; Combo interface (HDMI/DP, MIPI/LVDS); integrated MCU and CC controller
— Video processing	Up to 8K; Local Dimming, HDR, FRC, DSC, scaler, 3D-LUT	Up to 8K; Local Dimming, HDR, FRC, DSC, scaler, 3D-LUT
Pricing (USD)*	1.0–10.5	1.0–30.0
Interconnect Chips		
— High-speed signal	Up to 8Gbps	Up to 20Gbps
— AI interconnect.	Up to 32GT/s (under development); PCIe/CXL/SATA compatibility	Up to 32GT/s; PCIe/CXL/SATA compatibility
— Automotive SerDes.	AEC-Q100 (5 models); proprietary ADP protocols	AEC-Q100 (over 50 models); FPD-Link protocols
Pricing (USD)*	0.2–8.7	1.0–35.0
Application	Intelligent vision terminals, smart vehicles, AR/VR, AI & HPC	Intelligent vision terminals, smart vehicles, AR/VR, AI & HPC

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	The Company	Competitors
Downstream customers.	Consumer electronics OEMs, automotive OEMs and Tier-1 suppliers, AR/VR device manufacturers, telecom equipment manufacturers	Consumer electronics OEMs, automotive OEMs and Tier-1 suppliers, AR/VR device manufacturers, telecom equipment manufacturers, cloud service provider, server manufacturer
Cost control.	100% self-developed IP in mass production; ClearEdge design reuse (reduces development time); dual-track foundry supply (domestic and overseas)	Design reuse; platform-scale deployment; long product lifecycle management

* Based on Track Record Period sales, estimated by the exchange rate of USD1 = RMB7.

Our products generally deliver higher video resolution and broader compatibility than mainstream competitors, enabling superior visual experiences. Furthermore, all of our mass-produced chips are based on self-developed IP, which minimizes third-party licensing costs. Our ClearEdge platform reduces per-product development costs by enabling reuse of proven circuit designs across over 200 chip models and portability across foundry nodes with minimal modification. For a detailed analysis of the competitive landscape, see “Industry Overview.”

EMPLOYEES

All of our employees were based in China during the Track Record Period. The following table sets forth a breakdown of our full-time employees by function as of December 31, 2025.

Function	Number	Percentage
R&D	192	75.0
Administration	39	15.2
Sales and Marketing	16	6.3
Testing.	9	3.5
Total	256	100.0

We recruit employees primarily through various means including referrals, headhunters, online job portals and campus job fairs. We offer new employee orientation training and regular on-the-job training to our employees. We and our employees enter into standard individual employment contracts covering salary, bonuses, benefits, confidentiality obligations, non-compete clauses, work product and intellectual property transfer clauses and reasons for contract termination. We generally enter into non-compete agreements, which typically include confidentiality obligations that remain effective during employment and after its termination, as well as non-compete clauses that are enforceable for up to two years during and after the termination of employment, with certain key managers and professionals.

Our employees receive salary and bonuses determined by seniority, performance appraisal and term of service. We also provide share incentives and promotion opportunities. We are committed to providing a safe working environment and career development opportunities for our employees.

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. During the Track Record Period and as of the Latest Practicable Date, we made full contributions to the housing

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provident funds but did not make full contributions to the social insurance for certain employees based on their actual wages. The shortfall in social insurance contributions amounted to approximately RMB2.3 million, RMB3.0 million and RMB3.9 million in 2023, 2024 and 2025, respectively.

As advised by our PRC Legal Adviser, pursuant to applicable PRC laws and regulations, the under-contribution of social insurance may subject us to a daily overdue charge of 0.05% of the delayed payment amount, and if such payment is not made within the stipulated period, the competent authority may impose a fine of one to three times of the overdue amount. Based on the shortfall amounts above, the maximum potential penalty would be approximately RMB6.9 million, RMB9.0 million and RMB11.7 million, in 2023, 2024 and 2025, respectively. For details of the applicable PRC laws and regulations, see “Regulatory Overview — Laws and Regulations Concerning Employment, Social Insurance, and Housing Provident Fund.”

As advised by our PRC Legal Adviser, the risk of us being subject to active collection or penalized for such under-contribution is remote, provided that (i) there are no material changes in the applicable laws, regulations and local enforcement and supervision policies, and (ii) no mass employee complaints, litigation or arbitration arise. Furthermore, our Controlling Shareholder has undertaken to indemnify us in full against any payments, penalties or losses we may incur in the event that we are required by the relevant authorities to settle the underpaid amounts. Based on the above, we had not made provision for the shortfall in our social insurance contributions during the Track Record Period.

None of our employees are currently represented by labor unions. We believe that we maintain good working relationships with our employees, and we had 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.

PROPERTIES

Headquartered in Hefei, Anhui Province, we own and lease certain properties in China in connection with our business operation. As of December 31, 2025, we had no single property with a carrying amount of 15% or more of our total assets, and on this basis, we are not required by Rule 5.01A of the Listing Rules to include in this document any valuation report. Pursuant to section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), this document is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which requires a valuation report with respect to all of our interests in land or buildings.

Owned Properties

Lands

As of the Latest Practicable Date, we had the right to use one parcel of land in China, with an aggregate gross site area of approximately 29.1 thousand square meters, which was primarily for R&D centers. As of the Latest Practicable Date, we had obtained the relevant land use right certificate for the land parcel, and we had not received any claims from third parties disputing the ownership of such land.

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Buildings

As of the Latest Practicable Date, we owned 55 properties, comprising six buildings and 49 parking spaces, in China with an aggregate gross floor area of approximately 12.1 thousand square meters, which were primarily for R&D center and office space purposes, and we had obtained the building ownership certificates for all of our owned properties.

Lease Properties

As of the Latest Practicable Date, we leased 10 properties across China, with an aggregate gross floor area of approximately 1.5 thousand square meters, which were primarily for research and development, office and employee dormitory purposes.

As of the Latest Practicable Date, we had not completed lease registration filing for one of the leased properties in China with a gross floor area of approximately 28 square meters, primarily due to the difficulty of procuring the relevant landlord’s cooperation to register the lease. This property is used for internal catering purposes. As of the Latest Practicable Date, in relation to the leased property that had not completed lease registration or lease registration modification, we have not been required by the relevant local housing administrative authorities to complete the registrations, nor been penalized or fined by the relevant authorities. As advised by our PRC Legal Adviser, the absence of registration will not affect the validity of the lease agreement, nor materially and adversely affect our operations.

INSURANCE

We maintain insurance policies in accordance with relevant laws and regulations and based on our assessment of the needs of our operations and industry practices. We take out social insurances for our employees working in China, including pension insurance, medical insurance, work-related injury insurance, maternity insurance and unemployment insurance. We also maintain commercial insurances including personal accident insurance and employer liability insurance for retired rehired personnel and part-time staff and vehicle insurance to our owned vehicles.

In line with general market practice, we do not maintain any business interruption insurance, key man life insurance, insurance policies covering damages to our network infrastructures or information technology systems, which are not mandatory under PRC laws. See “Risk Factors — We may not have sufficient insurance coverage to cover our potential liability or losses.” We believe that our existing insurance coverage is adequate for our business operation.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

ESG Governance

ESG Management and Objectives

We consistently prioritize environmental, social and governance (ESG) management as a strategic priority for our long-term and steady development, and we have integrated ESG concepts into our governance structure and business decision-making.

In terms of ESG governance, we have established a three-tier management structure comprising the Board of Directors, the Strategy Committee and the ESG Working Group. The Board of Directors serves as the highest decision-making body for our ESG matters, responsible for reviewing and approving our ESG strategic planning and related work plans, governance framework, policies and ESG reports. The Strategy Committee functions as the management-level body, responsible for monitoring ESG-related trends and policy developments, supervising and evaluating the implementation of ESG

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work, and providing recommendations to the Board of Directors on ESG matters. The ESG Working Group implements ESG strategies, prepares ESG reports, organizes training, and reports to the Strategy Committee.

Product Responsibility

We comply with the Product Quality Law of the People’s Republic of China (《中華人民共和國產品質量法》), the Law of the People’s Republic of China on the Protection of Consumer Rights and Interests (《中華人民共和國消費者權益保護法》) and other applicable laws and regulations. We have established internal policies such as Chip Design Procedure, the Contract Manufacturer Management Specification, the Compliance Evaluation Management Procedure, the Production Part Approval Procedure and the After-sales Service Regulations, covering project initiation, design, production, delivery and after-sales services. For details of our quality control procedures, see “— Quality Control.” During the Track Record Period and up to the Latest Practicable Date, there were no recorded customer complaints related to product quality.

We have established the Intellectual Property Management Procedure and the Customer Property Management Procedure, which classify and manage technical documents, customer information and cooperation materials while strengthening information security through non-disclosure agreements. We have also developed the Green Product Control Procedure, to identify and control the environmental attributes of products, ensuring compliance with national and customer environmental standards.

Employee Development

We formulate and implement internal systems such as the Human Resources Management System, the Employee Conduct Management Code, and the Welfare Management System to ensure standardized management of recruitment, employment, and career development. For details of our employee recruitment and remuneration, see “— Employees.” We uphold the principle of equal employment, ensuring that there is no discrimination based on gender, ethnicity, religion, or marital status in recruitment, promotion, or compensation. In terms of training and development, we have established a systematic framework that includes induction training, job-specific skills training, and management capability enhancement at multiple levels.

Occupational Health and Safety

We have established workplace safety and occupational health management systems that define safety and hygiene requirements for the office environment and outline basic procedures for managing employees’ occupational health. In accordance with legal requirements, we organize regular health examinations for employees. Additionally, we disseminate safety and health information through office systems and meetings to enhance employees’ awareness of self-protection and safety. We have obtained ISO 45001 certification for occupational health and safety management. See “— Quality Control — Certifications.”

Sustainable Supply Chain

We have implemented internal policies such as the Supplier Selection, Evaluation, and Management Procedures and the Assembly and Testing Outsourcing Management Procedures to govern supplier admission, evaluation, and ongoing supervision. For details, see “— Supply Chain Management.”

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Community Contribution

We actively fulfill our corporate social responsibilities, upholding the principle of “giving back to society through concrete actions”. We have consistently donated to the Ningguo Yanjin Education Foundation in Xuancheng, aimed at enhancing teaching conditions and providing support for students in rural schools. In 2023, we donated RMB1.0 million to support free lunches for rural students, provide student grants, and improve school facilities. In 2024, we further contributed RMB500,000 to the same foundation, promoting the overall development of rural students.

Anti-Corruption

We adhere to the principles of integrity and standardized operations while complying with relevant laws and regulations. We have implemented the Integrity and Clean Practice Management System, which defines conduct requirements and prohibits behaviors for employees while performing their duties. A majority of our employees have signed a Commitment to Integrity and Self-Discipline upon joining us and undergo systematic anti-corruption and professional ethics training during onboarding. Furthermore, we have established an anti-corruption control system encompassing policy establishment, process supervision, and accountability. We conduct internal audits, compliance inspections, and system reviews to identify potential integrity risks in key positions and business processes. In addition, we have set up diverse reporting and complaint channels, including email, written letters, and face-to-face communication, to protect the information security and lawful rights of whistle-blowers. For high-risk positions, we strengthen pre-approval and in-process review mechanisms, incorporating integrity requirements into departmental management and performance appraisals. Additionally, we promote regular anti-corruption training and conduct specialized programs for management and the Board. As of December 31, 2025, we had not received any reports of corrupt conduct and had not been involved in any litigation related to corruption or bribery.

Green Operations

Environmental Management and Targets

As a fabless chip design company, we are primarily engaged in research and development and office-based activities. Consequently, our environmental impact during operations is relatively low. Our environmental management measures cover energy efficiency in office and R&D activities, paperless office practices and resource conservation, and waste categorization, reduction, and recycling. Hazardous waste is handled by qualified entities following the Solid Waste Management Regulations. During the Track Record Period, our resource consumption, waste generation and emissions did not exhibit material fluctuations.

Using 2025 as the baseline year, we have formulated phased environmental targets covering energy, water resources, waste, and greenhouse gas emissions:

- **Energy:** By 2026, we shall reduce comprehensive energy consumption intensity by 2% compared to 2025.
- **Water Resources:** By 2026, we shall reduce water consumption intensity by 2% compared to 2025, with 100% compliance in wastewater discharge.
- **Waste Management:** By 2026, we shall maintain a 100% compliant disposal rate for waste.
- **Greenhouse Gas Emissions:** By 2026, we shall reduce greenhouse gas emission intensity by 2% compared to 2025.

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Addressing Climate Change

We actively respond to global climate governance initiatives by integrating low-carbon and sustainable principles into all aspects of our R&D, supply chain collaboration, and daily operational management.

We have identified two major opportunities in products and markets as well as financing brought by climate change:

Opportunity Type	Opportunity	Potential Influence	Response Measure
Products and Markets . . .	Low-carbon products and services	Increasing demand for high-efficiency, low-loss, and high-speed interconnect chips emphasizing system-level energy saving	Continuously optimize signal-transmission architecture and chip design to improve system energy efficiency and reduce downstream energy consumption; promote standardized certification for product energy efficiency and reliability
Financing	Green-finance support	Green-industry orientation brings opportunities for green credit, low-carbon funds and sustainable-investment opportunities for enterprises with energy-saving and energy-efficiency optimization capabilities	Enhance cooperation for supply chain decarbonization, improve credit ratings within the system, actively engage in green projects and sustainable financing channels, and attract responsible investors

Based on the Guidelines for Accounting and Reporting of Greenhouse Gas Emissions by Enterprises (2022 Revision) issued by the Ministry of Ecology and Environment of the PRC, the 2006 IPCC Guidelines for National Greenhouse Gas Inventories, and the Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard (2021), we have established a greenhouse gas emissions management framework covering the full process from analysis and identification of emission sources to data collection, accounting and measurement, as well as target setting. From an emission source identification perspective, as a fabless semiconductor company, our greenhouse gas emissions mainly arise from non-manufacturing operational activities. Our Scope 1 greenhouse gas emissions primarily include direct emissions from the use of company vehicles. Our Scope 2 emissions mainly include indirect emissions from externally purchased electricity and water consumed in office operations. Our Scope 3 emissions consist of other indirect emissions generated in the course of our business activities, including emissions associated with our products, employees and other value-chain-related activities.

Based on the identified emission sources, we conducted a comprehensive carbon inventory and statistical assessment and measured our greenhouse gas emissions. In 2025, our total greenhouse gas emissions were 7,898.6 tonnes of CO₂e, which included 6.9 tonnes of Scope 1 emissions, 875.8 tonnes of Scope 2 emissions and 7,015.8 tonnes of Scope 3 emissions, resulting in a greenhouse gas emission intensity of 13.9 tonnes of CO₂e per million RMB of revenue. According to Frost & Sullivan, Scope 3 greenhouse gas emissions are disclosed using different statistical scopes across companies, and among companies with disclosure approaches similar to ours, namely those covering the full lifecycle across

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upstream and downstream segments of the value chain, greenhouse gas emission intensity levels are generally observed in the range of 10-20 tonnes of CO₂e per million RMB of revenue, indicating that our emission intensity is consistent with industry standards.

Scope 1 emissions mainly relate to company vehicles and did not exhibit material fluctuations during the Track Record Period, with only a slight increase primarily due to the higher frequency of company vehicle use in line with our daily business operations. Scope 2 emissions mainly arise from externally purchased electricity and water used in office and R&D areas, and increased from 553.6 tonnes of CO₂e in 2023 to 875.8 tonnes of CO₂e in 2025, primarily due to the expansion of our business operations, increase in employee headcount, and higher frequency of office and R&D activities, which led to higher electricity consumption for office premises, R&D equipment, testing devices, servers, lighting and air-conditioning systems. Scope 3 emissions mainly relate to employee business travel and upstream and downstream lifecycle emissions of our products. As a fabless chip design company, our direct operational emissions remained limited, while a substantial portion of our greenhouse gas emissions arose indirectly from value-chain activities associated with our products. During the Track Record Period, Scope 3 emissions increased from 3,697.5 tonnes of CO₂e in 2023 to 7,015.8 tonnes of CO₂e in 2025, representing the primary driver of the increase in our total greenhouse gas emissions. Such increase was mainly attributable to the growth in our product sales volume and the corresponding increase in value-chain activities. In particular, as our product sales volume increased, our demand for outsourced wafer fabrication, assembly and testing services, logistics and other product lifecycle-related activities also increased, and the greenhouse gas emissions generated from such upstream and downstream activities were accounted for as Scope 3 emissions. Considering that our greenhouse gas emission intensity remained relatively stable during the Track Record Period, the increase in our absolute greenhouse gas emissions was primarily driven by the expansion of our business scale, growth in product sales volume and increase in corresponding outsourced production and value-chain activities, rather than a material deterioration in our emission efficiency.

	Year Ended December 31,		
	2023	2024	2025
Greenhouse Gas Emissions (tonnes of CO ₂ e)	4,255.1	5,811.9	7,898.6
Scope 1 — Direct Greenhouse Gas Emissions (tonnes of CO ₂ e)	4.0	5.2	6.9
Scope 2 — Indirect Greenhouse Gas Emissions (tonnes of CO ₂ e)	553.6	646.7	875.8
Scope 3 — Other Indirect Greenhouse Gas Emissions (tonnes of CO ₂ e)	3,697.5	5,160.0	7,015.8
Greenhouse Gas Emission Intensity (tonnes of CO ₂ e per RMB million revenue)	13.2	12.5	13.9

Based on the above carbon inventory results, we have conducted targeted data analysis and established phased emission reduction targets with 2025 as the baseline year. According to Frost & Sullivan, the methodology and target-setting approach adopted are consistent with prevailing industry practices. Our short-term target is to reduce greenhouse gas emission intensity by 2% by 2026, and our medium- to long-term target is a 10% reduction by 2030.

Looking ahead, we will enhance our greenhouse gas emission management system, gradually establish a carbon emissions monitoring and information disclosure mechanism, and promote energy-saving upgrades and green office initiatives.

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Waste Management

We comply with national and local regulations, and have established the Provisions on Solid Waste Management. These provisions govern waste classification, collection, storage, and disposal. In our daily operations, we primarily generate office waste, electronic waste, and a small amount of hazardous waste. We employ a “source classification, designated disposal points, and unified removal” mechanism. Classified containers are placed in office areas, and we engage qualified institutions for regular recycling and removal to ensure proper waste disposal. For electronic waste, such as discarded computers, servers, and electronic components, we entrust specialized institutions for standardized dismantling and treatment.

Waste chemicals, experimental samples, and related packaging generated from research and testing activities are stored in dedicated sealed containers, monitored with regular registration and removal, and treated harmlessly by third-party institutions with hazardous waste operating permits, in accordance with regulatory requirements. We maintain comprehensive records and ledger inspections for hazardous waste management to ensure data authenticity and traceability.

In 2023, 2024 and 2025, we achieved a 100% compliant waste disposal rate, and waste generation did not exhibit material fluctuations during the Track Record Period. Based on this accomplishment, and using 2025 as the baseline year, we have set phased management targets requiring that, by 2026 and through 2030, the compliant disposal rate for both general waste and hazardous waste remains at 100%. In particular, for hazardous waste generated from research and testing activities, we aim to ensure that 100% of such hazardous waste is handled by qualified third-party institutions with hazardous waste operating permits and covered by registration records and management ledgers to ensure traceability. We will also continue to promote source classification, recycling and reduction of office waste in line with our daily operations.

Resource Management

Our energy consumption primarily originates from electricity used in office and R&D activities. In 2025, the total energy consumption amounted to 378.5 tonnes of standard coal, resulting in an energy consumption intensity of 0.7 tonnes of standard coal per RMB one million of revenue. We seek to reduce energy consumption through measures including LED lighting, optimized air-conditioning settings, and energy-saving training.

Our daily water usage is mainly derived from office and R&D activities. In 2025, the total annual water consumption was 2,506.5 cubic meters. We reduce water waste through sensor-activated faucets and conducting regular inspections of water supply systems.

During the Track Record Period, the increase in our total energy consumption was primarily attributable to the increase in externally purchased electricity consumption. As our business operations expanded, our employee headcount increased, and the number and frequency of R&D projects, office operations and testing-related activities grew correspondingly, leading to higher electricity usage for office premises, R&D equipment, testing devices, servers, lighting and air-conditioning systems. As a fabless chip design company, we do not operate energy-intensive manufacturing facilities, and therefore the increase in energy consumption was mainly driven by the expansion of our office and R&D activities rather than any material change in our business model. Our energy consumption intensity remained relatively stable during the Track Record Period, indicating that the increase in total energy consumption was primarily attributable to the growth of our business scale rather than a material deterioration in energy efficiency.

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	For the Year ended December 31,		
	2023	2024	2025
Total Water Consumption (cubic meters)	2,697.6	2,453.6	2,506.5
Total Energy Consumption (tons of standard coal).	237.2	279.4	378.5
Energy Consumption Intensity (tons of standard coal per million RMB revenue). . .	0.7	0.6	0.7

Using 2025 as the baseline year, we have established phased resource consumption targets. By 2026, we aim to reduce our energy consumption intensity and water consumption intensity by 2% compared to 2025, and by 2030, we aim to reduce both energy consumption intensity and water consumption intensity by 5% compared to 2025. To achieve these targets, we will continue to optimize electricity consumption in office and R&D areas, promote energy-saving lighting and equipment, improve air-conditioning management, strengthen employee awareness training and conduct regular inspections of water supply systems.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We may, from time to time, become a party to various legal, arbitral or administrative proceedings arising in the ordinary course of our business. During the Track Record Period and up to the Latest Practicable Date, we had not been and were not a party to any legal, arbitral or administrative proceedings that would have a material adverse effect on our business, financial conditions and operations, and we were not aware of any pending or threatened legal, arbitral or administrative proceedings against us or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations. See “Risk Factors — We are subject to risks relating to litigation and disputes, which could adversely affect our business, prospects, results of operations and financial condition.”

As of the Latest Practicable Date, we had a labor dispute with Mr. Li Gaofeng (“**Mr. Li**”), a former employee who served as an administrative assistant at Shenzhen Lontium prior to his departure in July 2020. The share option provisions in Mr. Li’s historical offer document prescribed that Mr. Li would be granted certain share options of our Company upon completion of relevant anniversary year during a period of five years. The provisions in the historical offer document were general and conceptual in nature, lacking specific terms for execution and performance. Nevertheless, Mr. Li claimed entitlement to share options pursuant to such offer. In April 2023, Mr. Li initiated an arbitration claiming approximately RMB10.6 million, which was dismissed. Mr. Li subsequently filed a lawsuit with a court in Shenzhen and increased his claim to RMB100.0 million. In November 2025, the court of first instance dismissed all of Mr. Li’s claims. Mr. Li has filed an appeal, and the case has progressed to the second-instance proceedings. The second-instance court has held a hearing in respect of the case. The case remains under adjudication, and the judgment is pending as of the date of this document.

Our PRC Legal Adviser is of the view that the risk of our Group receiving adverse ruling under the lawsuit and being liable for the claimed damages is remote, considering that (a) according to the civil judgment issued by the Guangdong Province Shenzhen Longgang District People’s Court (廣東省深圳市龍崗區人民法院), the option-related provisions in the historical offer documents do not constitute a legally enforceable agreement because the provisions failed to specify essential terms, including exercise price, vesting conditions and exercise period; and (b) the historical offer document did not provide that Mr. Li was entitled to convert any alleged share options into cash.

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In addition, our Controlling Shareholder, Mr. Chen, has provided an undertaking to indemnify the Company against any losses arising from this dispute. Accordingly, we have not made any provision for this dispute as we believe that this dispute will not have a material adverse effect on our business, financial condition and results of operations. Based on our PRC Legal Adviser’s view and the indemnify undertaking provided by Mr. Chen, our Directors are of the view that the dispute will not have a material adverse impact on our business operation and financial performance. Based on the PRC Legal Adviser’s view, the indemnify undertaking provided by Mr. Chen, the Directors’ view, as well as the independent due diligence work that it has performed, nothing has come to the attention of the Sole Sponsor that would make it disagree with the Directors’ view regarding the dispute. As advised by our PRC Legal Adviser, other than the dispute with Mr. Li, as of the Latest Practicable Date, no current or former employees had initiated similar proceedings against the Group.

Compliance

During the Track Record Period and up to the Latest Practicable Date, we had complied with all relevant laws and regulations applicable to us in all material respects concerning our operations. During the same period, as advised by our PRC Legal Adviser, we had not been subject to any administrative penalties imposed by relevant regulatory authorities for material breaches of applicable laws and regulations. See “Regulatory Overview” for more information about the laws and regulations applicable to us.

RISK MANAGEMENT AND INTERNAL CONTROL

We have developed and implemented risk management policies and internal control measures in relation to our business operations, financial reporting, and general compliance.

Internal Control System

Our risk management policies cover all key aspects of our operations. Our Audit Committee of the Board is responsible for overseeing risk management and internal control. Our senior management team and internal audit department are responsible for the day-to-day implementation of these internal control procedures. We also conduct regular reviews of our policies and procedures to ensure compliance with regulatory requirements and business objectives.

Financial Reporting Risk Management

Our accounting policies cover financial asset management, budgeting and financial statement preparation, as well as accounting record management. We have implemented a multilayer review mechanism, including segregation of duties, approval hierarchies and automated accounting systems, to enhance the integrity of financial data. To prevent fraudulent reporting, our finance department conducts regular internal audits and engages independent external auditors to assess financial reporting risks. The finance department also evaluates internal controls, monitors compliance with accounting policies and ensures transparency in financial disclosures. In addition, we adopt advanced data security measures to safeguard financial data against unauthorized access and cyber threats.

Information Systems and Data Security Risk Management

To prevent data leakage and loss, we have implemented a structured IT governance framework to manage cybersecurity risks, data privacy and system reliability. Our core business systems include OA, ERP, CRM, BI, SMES and other IT systems, which are integrated to ensure data flow and operational efficiency. Our data protection policies are designed to prevent unauthorized access and safeguard

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sensitive information. For details of our information systems and data security measures, see “— Information Security and Data Privacy.” During the Track Record Period and up to the Latest Practicable Date, we did not experience any material data breaches, information losses, or cybersecurity incidents.

Compliance Risk Management

We have established rigorous internal procedures to ensure that our operations comply with applicable laws and regulations. Our legal team monitors changes in the regulatory framework and making necessary adjustments to our internal policies and procedures. Before entering into contracts with customers, suppliers or third parties, we conduct thorough due diligence. Our compliance framework includes regular training programs, internal audits and monitoring to ensure adherence to relevant laws and company policies. For details of our compliance and anti-corruption training and whistleblowing mechanisms, see “— Environmental, Social and Governance — Anti-Corruption.” During the Track Record Period and up to the Latest Practicable Date, no material compliance issues or violations were identified.

CERTIFICATES, APPROVALS AND PERMITS

We are required to obtain or maintain various certificates, permits and approvals to operate our business. We believe that we have obtained all requisite certificates, approvals and permits from relevant government authorities that are material to our business operations in China and overseas. As advised by our PRC Legal Adviser, throughout the Track Record Period and as of the Latest Practicable Date, we had obtained all requisite certificates, approvals and permits from relevant government authorities that are material to our business operations in China. We are required to renew such certificates, approvals and permits from time to time, and we are continually overseeing the compliance with the relevant laws and regulations. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material difficulties in renewing the certificates, approvals and permits, and currently we do not expect any material difficulties in such renewal.

The table below sets forth our material certificates, approvals and permits as of the Latest Practicable Date.

Holder	Certificates/Approval/Permit	Granting/Filing Authority	Validity Period
The Company	Customs Declaration Entity Registration Certificate (報關單位備案證明)	Luzhou Customs of the PRC (中華人民共和國廬州海關)	Permanent
Shenzhen Lontium	Customs Declaration Entity Registration Certificate (報關單位備案證明)	Fuzhong Customs of the PRC (中華人民共和國福中海關)	Permanent

AWARDS AND RECOGNITIONS

The following table sets forth major awards and recognitions we received.

Award/Recognition	Award Year	Awarding Institution/Authority
Nationally-encouraged integrated circuit design enterprise under key state-supported development initiatives (國家重點鼓勵的集成電路設計企業)	2021	National Development and Reform Commission, Ministry of Industry and Information Technology, Ministry of Finance, General Administration of Customs, and State Taxation Administration (國家發展改革委、工信部、財政部、海關總署、稅務總局)

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Award/Recognition	Award Year	Awarding Institution/Authority
High and New Technology Enterprise (高新技術企業) . .	2023	Anhui Provincial Department of Science and Technology, Anhui Provincial Department of Finance and Anhui Provincial Taxation Bureau of the State Taxation Administration (安徽省科學技術廳、安徽省財政廳、國家稅務總局安徽省稅務局)
Top 100 Enterprises in Anhui Province by R&D Intensity (安徽省研發強度百強企業).	2023	Anhui Provincial Department of Science and Technology, Anhui Provincial Bureau of Statistics (安徽省科技廳、安徽省統計局)
STAR Market Value 50 (科創板價值50強)	2025	China Media Group Shanghai Station, China Media Group Finance Program Center and Shenwan Hongyuan Research (中央廣播電視總台上海總站、中央廣播電視總台財經節目中心及申萬宏源證券研究所)

IMPACT OF THE U.S. TARIFFS

As we had not engaged in direct exports to the United States and have no plans to commence such exports in the future, changes in U.S. tariff policies have had minimal direct impact on our business operations and financial performance during the Track Record Period and up to the Latest Practicable Date.

As we have seller-buyer relationships with our distributors and we do not have any U.S.-based distributors, any resale of our products into the U.S. market by distributors is at such distributors’ discretion, and we do not direct or control the ultimate destination of products after sale. Tariff duties and related liabilities in such cross-border transactions are contractual matters solely between the distributors and their respective customers, and do not give rise to any material adverse impact on our business, financial condition, or results of operations.

Notwithstanding the foregoing, to the extent that our distributors, end customers or other participants in the supply chain resell our products into the U.S. market, or incorporate our products into finished goods that are subsequently sold into the U.S. market, changes in U.S. tariffs or trade policies may increase the costs of such products or finished goods, reduce their competitiveness in the U.S. market, or otherwise affect the purchasing decisions, inventory planning, demand forecasts or overall business performance of such distributors, end customers or supply chain participants. As a result, their demand for our products may be adversely affected, which could in turn have an indirect impact on our business.

However, during the Track Record Period and up to the Latest Practicable Date, we did not receive any claims or demands from distributors requesting us to bear, subsidize, or reimburse U.S. import tariffs, nor have we experienced any material order cancellations, supply chain disruptions, or operational interruptions attributable to changes in U.S. tariff policies or related trade measures.

In addition, the Group had historically procured certain U.S.-origin equipment which was not subject to any licensing requirement of the BIS to be exported, reexported or transferred to or within China. Throughout 2025, the U.S. government announced several rounds of tariffs on imports from China under the International Emergency Economic Powers Act (“IEEPA”), and China correspondingly adjusted tariff rates applicable to certain U.S.-origin imports in response. Nevertheless, the Group’s procurement of the relevant U.S.-origin equipment had been completed in 2024. Since 2025, the Group

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has not made any additional procurement of U.S.-origin equipment and therefore has not incurred additional tariff costs or experienced any material adverse impact as a result of the changes in U.S.-China tariff policies.

Therefore, our International Sanctions Counsel is of the view that the potential impact of future changes in U.S. tariff policies on our business operations, financial performance and long-term development outlook will remain limited. We will closely monitor subsequent changes to U.S. tariff and relevant international trade policies, timely assess the potential impacts on our Group and adjust our business strategies to mitigate any potential adverse effects.

IMPACT OF U.S. EXPORT CONTROL AND INTERNATIONAL SANCTIONS

During the Track Record Period and up to the Latest Practicable Date, we procured and used certain U.S.-origin equipment, software and licensed intellectual property in our chip design activities, including protocol analyzers and electronic design automation software. Consequently, the sale of our products may be subject to the Foreign Direct Product rules under the EAR, which restrict transactions with specified parties such as entities on the Entity List designated with footnotes and entities in certain sanctioned jurisdictions (e.g., Russia, Belarus, or Iran). During the Track Record Period and up to the Latest Practicable Date, we did not engage in any such restricted transactions, and we do not intend to do so. During the same period, we did not directly export our products to the United States or any comprehensively sanctioned jurisdictions.

Separately, § 744.6(c) of the EAR, implemented by BIS since October 2022, restricts unlicensed support by U.S. persons for the development or production of certain “advanced-node integrated circuits” at certain PRC-located semiconductor fabrication facilities. “Advanced-node integrated circuits” include logic and memory integrated circuits as defined under § 772.1 of the EAR.

During the Track Record Period and up to the Latest Practicable Date, we are principally engaged in the research, development and design of integrated circuits based on mature process nodes and do not operate semiconductor fabrication facilities. Recently, we engage in the design of a chip to be manufactured through a multi-project wafer process, which meets the definition of an “advanced-node integrated circuit” under the EAR. Moreover, Mr. Chen, our executive Director, Chairman and General Manager, is a U.S. person and a core member of the Group’s technical personnel, primarily responsible for overseeing the Group’s overall operation, management, corporate governance and strategic planning, including high-level technology planning. Mr. Chen does not participate in the day-to-day design, development, verification, fabrication or production activities relating to the Group’s integrated circuit products.

Our advanced-node integrated circuits are currently at the research and development and prototype testing stage. Such integrated circuits are not designed or intended for AI training applications and, based on its expected technical parameters and intended applications, is not expected to be classified under ECCN 3A090.a of the EAR, and is not expected to be subject to the most stringent export control requirements applicable to advanced computing integrated circuits. Based on the current development status of such products and the nature of the relevant transactions conducted to date, we do not expect our current activities relating to advanced-node integrated circuits constitute support for the development or production of certain advanced-node integrated circuits at certain PRC-located semiconductor fabrication facilities. On that basis, as advised by our International Sanctions Counsel, Mr. Chen’s status as a U.S. person does not give rise to any additional BIS licensing requirement in respect of our operations, nor does it adversely affect our compliance with applicable U.S. export control laws and regulations during the Track Record Period and up to the Latest Practicable Date.

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After reviewing relevant transaction information during the Track Record Period and up to the Latest Practicable Date, including, to the extent available, information on the downstream customers of our distributors, our International Sanctions Counsel is of the view that our transactions during the Track Record Period and up to the Latest Practicable Date did not constitute violations of applicable U.S. export control laws and regulations or relevant international sanctions regimes. Accordingly, our Directors believe that our business activities, including Mr. Chen’s involvement in the Group’s operations, are in compliance with applicable U.S. export control laws and regulations and relevant international sanctions regimes, and that such regimes have not had, and are unlikely to have, a material adverse effect on our business, financial condition, or results of operations.

To monitor regulatory developments and to mitigate potential risks associated with international sanctions and export controls, the Group has implemented, and continues to enhance, the following compliance measures:

- (a) **Counterparty Screening Controls.** The Group has implemented a trade compliance control system embedded within its sales process, requiring sanctions screening of customers and other transaction counterparties at multiple stages of the transaction life-cycle, and providing transaction-specific compliance guidance to relevant business personnel.
- (b) **Compliance Review and Risk Classification Mechanism.** The Group has adopted internal guidelines on the classification and tiered management of transaction counterparties, which set out standardized review procedures, defined risk categorization criteria and corresponding mitigation or escalation measures.
- (c) **Regulatory Monitoring.** The Group engages external export control and sanctions advisors to monitor developments in applicable sanctions and export control regimes and to provide updates on relevant international and regional regulatory changes on a periodic basis.

IMPACT OF THE U.S. OUTBOUND INVESTMENT RULE

We design integrated circuits. As advised by our International Sanctions Counsel, our chip design activities only fall into the scope of notifiable-level “covered activities” under the Final Rule, because: (i) our high-speed mixed-signal chips, designed and used primarily for data connectivity and transmission applications, are distinguishable from the high-performance computing chips targeted by ECCN 3A090.a in Supplement No. 1 to 15 C.F.R. Part 774, which controls certain integrated circuits based on specified thresholds for “total processing performance” and “performance density,” and (ii) our chips are not designed for operation at or below 4.5 Kelvin. Consequently, our International Sanctions Counsel is of the view that we are a “covered foreign person” under the Final Rule, and investments by U.S. persons, including the acquisition of our non-public shares, would likely be subject to notification requirements.

However, pursuant to the FAQs (X.4) on the Final Rule issued by the U.S. Department of the Treasury on December 23, 2025, absent additional facts, when a U.S. person acquires an equity interest in a covered foreign person, and at the time of such acquisition the equity interest is publicly traded, such security falls under the description of “publicly traded security exception” under the Final Rule. Therefore, as advised by our International Sanctions Counsel, U.S. investors are exempt from the notification requirements when acquiring our equity publicly traded on the Stock Exchange, except to the extent that the investment affords rights beyond standard minority shareholder protections.

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Accordingly, our Directors and International Sanctions Counsel are of the view that the Final Rule is not expected to have a material adverse impact on the [REDACTED] of our securities on the Exchange. Neither we nor our International Sanctions Counsel are advising [REDACTED] on compliance with the Final Rule. Any [REDACTED] who is uncertain about the Final Rule’s application to its purchase of shares in the [REDACTED] should consult its own counsel.

In addition, as our Chairman is a U.S. person and we are a covered foreign person subject to notification requirements under the Final Rule, our International Sanctions Counsel is of the view that, the notification requirements under the Final Rule will apply under the following circumstances. If Mr. Chen undertakes any transaction with respect to us within the scope of 31 C.F.R. § 850.210, and neither the excepted transaction provisions under 31 C.F.R. § 850.501 nor the national interest exemption under 31 C.F.R. § 850.502 applies to such transaction, such transaction will give rise to a notification requirement for Mr. Chen under the Final Rule.