

Corporate Value and Return Enhancement Action Plan 2024

of

Amlogic (Shanghai) Co., Ltd.

Amlogic (Shanghai) Co., Ltd. (Hereinafter referred to as "Amlogic" or "the Company") believes that Amlogic, as a listed company, has the responsibility to improve our quality, increase investors' returns, and enhance investors' sense of gain. The Company hereby formulates the "Corporate Value and Return Enhancement Action Plan 2024 of Amlogic (Shanghai) Co., Ltd.," which was reviewed and approved in the ninth meeting of the third Board of Directors of the Company on April 11, 2024, to practice the "investor-oriented" concept, safeguard the interests of all shareholders, continuously optimize operations, regulate governance, and actively reward investors. The Action Plan is detailed as follows:

I. Enhancing Technological Innovation Capability and Maintaining the Stability of the R&D Team

1) Maintaining Heavy Investment in R&D to Promote New Product Development

Technology R&D and innovation are the core competitiveness of modern enterprises, and the key factors to promote the sustainable development of enterprises. Amlogic attaches great importance to technology R&D and innovation, and promotes it as the enterprise's development strategy.

In 2024, the Company will adopt the following plans and measures to achieve the development goals:

(1) Product Development Plan

With the continuous development and maturity of consumer electronics related technologies, the demand for chip products in the above-mentioned field is further released. Therefore, the Company will continue to strengthen and improve chip design and development capabilities to meet the needs of downstream manufacturers, brands

and operators for chip products with higher integration, better performance and more security. At the same time, the Company will maintain heavy investment in R&D in the field of new products, and give full play to the expansion, innovation and application of the Company's core technologies in new fields, accelerating the transformation of core technologies, and speeding up the formation of new profit growth points.

(2) Technology R&D Plan

Based on the combination of medium- and long-term planning with near-term goals and forward-looking technology research with product application development, the Company will carry out technology R&D and product innovation and improve the innovation mechanism by taking the technology R&D center as a platform and the market as a guide. The Company's sustainable innovation ability is secured in terms of manpower, financial resources, materials, and management mechanisms, facilitating the continuous development of the Company's new technology and new products.

2) Promoting the Transformation of R&D Results and Improving Intellectual Property Protection

Since its establishment, the Company has conducted in-depth R&D of core technologies in the industry segments. By increasing the investment in technology research and product development, and continuously improving and innovating products and technologies, the Company's product functions and technical level have been continuously improved and perfected. In the process of R&D, the Company uses patent rights and other forms to protect the property rights of some valuable R&D and innovation results. In 2023, the Company applied for 52 new intellectual properties, including 30 invention patents, and obtained 80 newly authorized intellectual properties, including 54 invention patents.

In 2024, the Company will continue to apply for patents to legally protect R&D and innovation results. It is expected that no less than 40 new patents will be filed.

3) Strengthening Industry-University-Research Collaboration to Share Cutting-edge Technologies and New Industry Forces

In 2023, the Company continued to promote the joint laboratory project with the School of Communication & Electronic Engineering under East China Normal University, and the joint training project with Xidian University, separately. Some excellent graduates from Xidian University joined the Company to bring new forces for the Company's talent echelon construction.

In 2024, the Company will continue to explore a new model of campus-enterprise cooperation in cooperation with colleges and universities to improve the talent echelon, actively establish cooperative relations with colleges and universities, promote talent training, technological innovation and knowledge sharing, jointly explore cutting-edge technologies, and cultivate new forces in the industry.

4) Optimizing the Talent Incentive Mechanism and Maintaining the Stability of the R&D Team

Talent is the core resource for corporate development. The Company always adheres to the business philosophy that R&D capability constitutes a primary productive force and considers the talent team as the core asset of the Company. By the end of 2023, Amlogic had 1,579 R&D personnel, increasing 99 people compared with the same period of last year, with a year-on-year growth of 6.69%. The average salary of R&D personnel increased to 595,700 yuan/person, with a year-on-year growth of 7.99%.

At the same time, the Company has established a sound long-term incentive mechanism to fully motivate employees and attract and retain outstanding talents. The interests of shareholders, the Company and employees are effectively combined to bring the Company's long-term development into focus. As of December 31, 2023, the Company has implemented four phases of the equity incentive plan (restricted stock incentive plan in 2019, 2021, 2023, and 2023 (phase II)). In 2023, the total amount of confirmed share payment fee for equity-based incentive was RMB 157 million.

In 2024, the Company will continue to prioritize the acquisition and cultivation of talents, maintain high-intensity R&D investment, continuously optimize the R&D team, and maintain a high-level development platform for talents. When the market

conditions and internal conditions are appropriate, the Company will consider using equity tools to further strengthen the medium-to-long-term incentives for employees and build a community of interests for employees, the Company and shareholders.

II. Focusing on the Main Business and Actively Engaging in Market Development

Amlogic, a leading fabless semiconductor system design manufacturer in China with a global layout, is mainly engaged in the research and development (R&D), design, and sales of the system on chips (SoCs) and peripheral chips. Currently, the Company provides main products including multimedia intelligent terminal SoCs, wireless connectivity chips, and automotive electronics chips, offering master control chips (SoCs) and system-level solutions for numerous consumer electronics sectors. The Company's products have been widely used in home, automotive, office, education, physical fitness, industry, commerce, agriculture, entertainment, warehousing and other fields. The Company boasts rich experience in the whole process design of SoCs, and is committed to the development of core software and hardware technologies such as ultra-high definition multimedia codec and display processing, content security protection, and system IP, integrating industry-leading CPU/GPU technologies and advanced process technology, realizing cost, performance and power optimization, providing complete system solutions based on various open platforms, and helping global operators, OEMs, ODMs and other customers to quickly deploy the market.

The Company's business has covered the Chinese mainland, Hong Kong, North America, Europe, Latin America, Asia-Pacific, Africa and other major economic regions in the world. Relying on long-term technology application, continuous R&D of new technologies and new application fields, as well as global location advantages and market resources, the Company has accumulated a stable and high-quality customer base around the world.

In 2023, the Company's R&D expenditure was RMB 1.283 billion, up 8.21% from the same period in 2022, accounting for 23.88% of the operating revenue. In the context of an industry downturn, the Company's counter-cyclical heavy investment in R&D

takes effect gradually. Recently, the Company succeeded in the trial production of its first 6nm commercial chip. In addition, the new Wi-Fi product has been successfully trial-produced (tri-mode combination Wi-Fi 6 + BT 5.4 + 802.15.4, which supports Thread/Zigbee and can be used in end products such as Matter controllers and IoT gateways). The 8K chip has passed the operators' bidding certification test and will soon be extensively used in the domestic operator market.

In 2024, the Company will continue to focus on the intensive cultivation of main businesses, maintain heavy investment in R&D, and constantly improve the market competitiveness of products and technology leadership, to comprehensively enhance the core competitiveness, profitability and brand influence of the Company. Specifically, the following aspects are included:

1) Market Development Plan

The Company has established a long-term cooperative relationship with many customers. The Company will continue to upgrade the existing chip products to meet customer demand for chip products with higher integration, more powerful performance and higher security. In addition, the Company will deeply explore market demand and customer demand, continuously improve the independent R&D and innovation capabilities through technology R&D center construction, and enhance market competitiveness.

2) Enhancing Market Expansion and Retaining Efforts

The Company is always customer-centric and strives to optimize customer relationship management (CRM). In 2023, the Company introduced the CRM system to optimize the sales process, enhance customer satisfaction, and improve sales efficiency and business decision quality through the functions of real-time reporting, future forecasting, and online process management provided by CRM system, bringing greater business value and competitive advantage to the Company.

In 2024, the Company will further consolidate the cooperation with existing customers in advantageous fields, extend the previous successful experience to new

customers and regions, actively expand the new application scenarios of advantageous products, continuously enhance the market share of advantageous products, and further increase the incremental market share and customers. At the same time, in the field of new products, the Company will actively get close to and deeply understand customer needs, use new products to bring new value to customers, achieve new growth for the Company, and transform dominant core technologies into the competitiveness of new products.

III. Accelerating Investment Projects

On August 8, 2019, the Company was listed on the Sci-Tech Innovation Board of the Shanghai Stock Exchange and raised a total of RMB 1.58312 billion. Since listing, the Company has used the raised funds to invest in projects such as "R&D and industrialization of AI ultra-HD audio and video processing chips and applications", "Upgrade of standard integrated intelligent main chip for global digital-analog television", "Upgrade of international/domestic standard 8K codec chip", and "Construction of R&D centers". By the end of 2023, the four projects mentioned above have been completed. By the end of 2023, the Company had invested a total of RMB 1.476 billion, and the investment progress reached 97.47%.

In September 2021, in accordance with the *Fundraising Management System*, the Company invested the development and technology reserve funds for the "Multimedia intelligent terminal chip upgrading project" based on the industry trend and the Company's strategic development plan. The investment period of this project is 3 years. In 2024, the Company will accelerate the promotion of investment projects under the Development and Science & Technology Reserve Fund Project. It is expected to reach the usable status no later than the end of 2024. During the implementation of investment projects, the Company will strictly abide by the regulations on the management of the raised funds, prudently use the raised funds, and guarantee the smooth progress of investment projects as planned.

IV. Enhancing Profitability and Capital Efficiency Through Comprehensive Financial Management Optimization

1) Diversified Growth Strategy and Precision Operations to Boost Profitability

Amlogic has long been committed to the R&D, design, and sales of the SoCs and peripheral chips. Our current product portfolio includes a wide range of chips, such as multimedia intelligent terminal SoCs, wireless connectivity chips, and automotive electronics chips. We promote a product diversification strategy by enriching product lines and application scenarios. The application fields include home, automobile, office, education, sports and fitness, industry, commerce, agriculture, entertainment, warehousing, and so on. Our business spans major economic regions worldwide, including the Chinese mainland, Hong Kong, North America, Europe, Latin America, Asia-Pacific, and Africa, with a solid and loyal customer base established globally.

In the future, we will continue to adhere to the product diversification strategy and further strengthen our existing product lines and market positions. At the same time, through continuous technological advancements, innovation and refined operation, we will continue to expand our customer base, enter new markets, and develop new applications to further increase our market share and profitability.

2) Strengthening Accounts Receivable and Inventory Management and Improve Operational Efficiency

In recent years, the Company has been strictly enforcing the credit policy and closely monitoring the collection of accounts receivable, thus ensuring a steady cash flow for business activities. By the end of 2023, our accounts receivable balance stood at RMB 218,028,600, with the turnover rate increasing from 23.93 times in 2022 to 30.79 times in 2023.

To boost our asset returns, we have implemented real-time monitoring and predictive analysis of inventory to maintain optimal stock levels. We have also strengthened our collaboration with suppliers to jointly manage our supply chain, thereby mitigating the risk of excess inventory. Moreover, we have optimized our production plans and sales forecasts to minimize the risk of inventory buildup due to market fluctuations. By the end of 2023, our inventory balance was RMB

1,244,553,400, marking a decrease of RMB 272,995,300 from the previous year and a year-on-year drop of 17.99%. Our days sales of inventory in 2023 was around 146 days, with a healthy inventory structure.

In 2024, we will further strengthen accounts receivable management and reduce accounts receivable balance. Specifically, (1) we have established a relatively comprehensive accounts receivable management process and system, including aging analysis of accounts, collection policy, reconciliation system and risk early warning mechanism. (2) We have implemented the management responsibility of accounts receivable, formulated and optimized a series of measures to collect accounts receivable, and strengthened the credit investigation of customers, accounts receivable management and accounts receivable collection. (3) We have strengthened the internal process of accounts receivable management and appraisal management, and directly linked the collection of accounts receivable to the performance appraisal of the relevant responsible persons to facilitate the collection of accounts receivable.

In 2024, we will further optimize inventory management, reasonably control the scale of inventory, and improve the inventory turnover rate by taking measures such as accelerating the purchase and sale, shortening the procurement cycle, and accelerating the turnover of inventory.

3) Prudent Use of Idle Funds to Improve Capital Efficiency

The Company wisely manages the planning and utilization of idle funds to ensure optimal capital efficiency. We have also enhanced our management of cash flow to maintain stability. By the end of 2023, our cash reserves amounted to RMB 2,506,951,100. While prioritizing our operational safety, we implement several measures to maximize returns on our capital. First, without affecting our normal operations, we invest our idle funds in safe and profitable financial products to optimize our capital utilization. This approach allows us to utilize our idle funds wisely and generate additional returns for the Company and our shareholders. Second, we share a portion of our profits with our shareholders through cash dividends. During the first three quarters of 2023, we distributed cash dividends totaling RMB 208.1595 million.

The Company's cumulative cash dividends for the year 2023 accounted for 41.80% of the net profit attributable to the listed company's shareholders in the 2023 consolidated financial statements. Finally, we are committed to strengthening our core business and staying ahead in technological advancements. We utilize our idle funds to engage in investment and collaboration both in China and internationally to strategically introduce advanced technologies and premium products. This approach enhances our overall competitiveness and facilitates high-quality growth.

In 2024, on the premise of not affecting the main business, we will remain committed to prudent cash management and the sound allocation and utilization of idle funds to enhance our capital efficiency with the following initiatives:

(1) Strengthen capital budgeting and planning and formulate refined capital budgets and plans to ensure the reasonable allocation of funds in different business areas and avoid idle funds and wasteful use of funds. (For example, the Company and its controlling subsidiaries will use temporarily idle proprietary funds with an amount not exceeding RMB 1 billion to purchase low-risk wealth management products with high security and good liquidity). At the same time, the Company will pay close attention to the flow of funds and make timely adjustments to the capital plan based on market changes and business needs.

(2) Optimize the fund structure, reduce the cost of funds and improve the efficiency of fund usage through rational allocation of short-term and long-term funds. In addition, we will strengthen the risk management of funds to ensure the safe and sound operation of funds. (For example, the Company and its controlling subsidiaries will use proprietary funds and bank credits with an amount not exceeding USD 200 million to carry out foreign exchange hedging business with banks and other financial institutions.)

(3) Strengthen internal communication and collaboration. We will establish a cross-departmental and cross-level fund communication mechanism that enables information sharing and synergy between departments. By strengthening internal communication and collaboration, we can optimize fund management and improve management efficiency.

V. Enhancing Training for Directors, Supervisors, and Senior Management while Continuously Improving Governance Structure to Elevate Governance Standards

Amlogic continuously refines the corporate governance structure in accordance with relevant laws, regulations, and guidelines, such as the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Code of Corporate Governance of Listed Companies*, and the *Guidelines on the Articles of Association of Listed Companies*. Our structure is built around key elements such as the shareholders' meeting, the board of directors, the supervisory board, independent directors, and senior management. Moreover, the coordination, checks and balances among our power structure, decision-making body, supervisory body, and management team ensure that our operations are efficient, stable, and compliant.

1) Enhancing Training Depth and Frequency for Directors, Supervisors, and Senior Management

To bolster the expertise of our directors, supervisors, and senior management, we conducted 11 specialized training sessions in 2023, with a 100% attendance rate.

In 2024, we will continue to firmly support the active participation of our directors, supervisors, and senior management in online and offline training programs hosted by regulatory bodies. Additionally, we will arrange relevant training sessions for our directors, supervisors, and senior management in response to significant regulatory changes. We are committed to enhancing the understanding of securities market laws and regulations, gaining deeper familiarity with the complexities of the securities market, keeping abreast of regulatory developments, continuously enhancing the ability of our directors, supervisors, and senior management to perform duties as well as the professional knowledge of the business personnel, and continuously strengthening their self-discipline awareness. These efforts will enable Amlogic to achieve sustained and standardized operations and effectively avoid the risks of corporate governance.

2) Updating and Optimizing Internal Systems

To implement the reform of the independent director system and other relevant requirements, in 2024, the Company will revise 17 internal systems and formulate the *Accounting Firms Hiring System*. Among them, the revisions of 7 internal systems need

to be submitted to the shareholders' meeting for consideration. After the completion of system revisions, we will publicize the updated systems for employees at different levels by means of written materials, meetings and training, and implement them into the specific work of each department.

We will closely monitor changes in laws, regulations, and regulatory policies, and promptly update our internal management systems to ensure compliance with laws and regulations, thereby protecting the rights and interests of investors.

3) Improving Internal Control System

The Company assesses, updates, and refines the internal control system as necessary to comply with regulations set forth by the China Securities Regulatory Commission and the Shanghai Stock Exchange, as well as relevant laws such as the *Company Law of the People's Republic of China*, and the provisions outlined in the *Articles of Association*. Additionally, guided by our *Basic Norms for Enterprise Internal Control* and the associated guidelines, we assess and enhance our internal control system based on considerations of both internal and external factors, as well as the Company's specific developmental context. This approach not only boosts the efficiency of our corporate management and decision-making processes but also ensures the legal compliance of our business operations and management, as well as the safety of our assets. Consequently, it effectively facilitates the implementation of our corporate development strategies.

In 2024, the Company will continue to comprehensively review the existing management systems based on the specific situation and prioritize innovation while ensuring compliance with internal control standards. We aim to establish a dynamic internal control management system tailored to our specific needs. This effort will involve clarifying the roles and authorities of relevant departmental personnel, fostering a culture of comprehensive management, and encouraging widespread employee participation. Through these measures, we will establish an internal control system that promotes collaboration, checks and balances among employees.

4) Enhancing the Internal Governance Mechanism

In 2024, the Company will position Environmental, Social, and Governance (ESG)

efforts as a cornerstone of corporate management. We will refine our ESG governance mechanism, with the Board of Directors assuming primary responsibility, to drive the Company's long-term sustainable development.

VI. Improving Information Disclosure Effectiveness and Normalizing Investor Communication

Strengthening information disclosure and managing investor relations effectively are key steps for us to enhance our governance standards, boost our market transparency, and maintain a positive corporate image. The Company always attaches great importance to information disclosure and fulfills disclosure responsibilities strictly in accordance with relevant regulations, such as the *Rules for Listing on the Sci-Tech Innovation Board of the Shanghai Stock Exchange* and our internal *Information Disclosure Management System* policy. We are committed to ensuring truthful, accurate, complete, timely, and effective disclosure of the Company's periodic reports, interim announcements, and other material information.

Our information disclosure received an A rating in the 2022-2023 evaluation of listed companies by the Shanghai Stock Exchange. In 2023, we issued 91 interim announcements, 4 regular reports, and held 3 performance briefings. We also published ESG reports for three consecutive years.

In 2024, we plan to further enhance our information disclosure and investor relations management through the following steps:

1) Improving Clarity in Information Disclosure

In 2024, the Company will release periodic reports and interpret periodic reports and interim announcements in the form of performance briefings, graphic presentations, and so on. By enhancing the intuitiveness and intelligibility of information, we can help investors better understand our operating results, financial situation and development strategies.

Moreover, we will refine the language and structure of our information disclosure by using simpler expressions and avoiding overly technical or obscure terms. This will ensure clarity in communication.

2) Refining Sustainability Reporting and Management System

In 2024, utilizing our past practices, we will continue to optimize the ESG report and effectively integrate ESG into corporate management and business operations to boost economic, social and environmental sustainability. We will work for the organic combination of industrial management and capital operations and be committed to building an international first-class enterprise that is responsible and makes significant contributions. In this way, we can respond more comprehensively to the concerns of the capital market and the public about the Company's sustainable development. We will improve the ESG governance mechanism and work responsibilities at all levels, and carry out ESG management in an institutional, standardized and systematic manner.

Moreover, we will continuously improve the ESG governance structure and strengthen the supervision and participation of the Board of Directors in ESG matters. The Board of Directors is responsible for making suggestions for the ESG matters and supervising and guiding the implementation of the ESG matters. We will be committed to promoting the scientific nature of corporate development planning and strategic decisions and enhancing corporate sustainability.

3) Enhancing Investor Communication

Since our listing, the Company has been actively engaging with investors through dedicated service lines, promptly responding to investor emails, and addressing messages on the interactive platform of the Shanghai Stock Exchange at <https://sns.sseinfo.com/>. Following the disclosure of our regular reports, we hold investor communication sessions to explain our business performance and interpret the reports. We also visualize our financial reports on our official website. We execute our information disclosure management system in accordance with relevant laws, regulations, and regulatory requirements to ensure truthful, accurate, complete, timely, and fair disclosure of information.

In 2024, Amlogic will proactively schedule investor receptions as requested by investors outside of sensitive statutory quiet periods. For example, investors will be invited to visit the Company and engage in discussions with us to gain insight into our operations. After the release of regular reports, we will hold performance briefings at which our company executives will be invited to interpret our performance and address investor inquiries. Additionally, we will conduct investor relations management tasks through various channels, including our official website, dedicated investor service lines, investor mailbox, and the Shanghai Stock Exchange E-Interactive platform. We are dedicated to improving our communication and interaction with investors while ensuring smooth channels for investor communication.

4) Establishing an Investor Opinion Solicitation and Feedback Mechanism

The Company will continually improve the mechanism for soliciting and addressing investor feedback, while also bolstering transparency in information disclosure. We aim to fully grasp and respond to investors' specific needs through multiple channels. In compliance with laws and regulations, we ensure that investors have comprehensive and timely insights into our business operations, development strategies, and other pertinent information. Strengthening communication and interaction with investors will foster their trust and support for the Company.

VII. Increasing Investor Returns

The Company prioritizes investor returns. In the first three quarters of 2023, we distributed cash dividends totaling RMB 208.1595 million. The Company's cumulative cash dividends for the year 2023 accounted for 41.80% of the net profit attributable to the listed company's shareholders in the 2023 consolidated financial statements. Based on the profit distribution plan for the first three quarters of 2023, the Company intends not to repeat the profit distribution at the end of 2023 and not to increase the share capital by capital surplus. The profit distribution plan for 2023 is yet to be submitted to the shareholders' meeting for consideration.

In 2024, we aim to establish a sustainable, stable, and scientifically-driven shareholder return mechanism based on our profitability, financial needs, and development plans. This mechanism will prioritize both short-term gains and long-term benefits for our shareholders in compliance with relevant laws, regulations, and the Company's *Articles of Association*. Consequently, it will enhance overall investor satisfaction.

VIII. Strengthening the Shared Responsibility, Mutual Benefits, and Checks and Balances Between Management and Shareholders

The Remuneration and Appraisal Committee, operating under the Company's Board of Directors, is responsible for outlining the guiding principles for our compensation plans. This committee reviews and approves the annual performance appraisals and performance bonus schemes for senior management in alignment with the Company's relevant criteria. Subsequently, the results are submitted to the Board of Directors for final approval. The compensation and bonuses for senior management are determined based on the Company's annual business performance and their individual performance appraisals. In 2023, our executive compensation remained in line with the Company's business performance and industry benchmarks.

In 2024, we will conduct performance appraisals of our senior management based on various factors, including our annual financial status and overall business performance. Their compensation will be linked to the Company's business performance to incentivize their enthusiasm, initiative, and creativity, thus ensuring the long-term stability and growth of the Company.

IX. Other Matters

The Company will consistently evaluate the progress of the "Corporate Value and Return Enhancement Action Plan" Action Plan while fulfilling our obligation to disclose information promptly. We will stay focused on our main business activities

while enhancing our competitiveness, profitability, and risk management capabilities. Our goal is to protect investor interests by ensuring effective business management, standardized corporate governance, and satisfactory returns. We are committed to fulfilling our duties as a listed company responsibly and efficiently. We aim to maintain a positive market image, reward investors' trust, and contribute to the stable and healthy development of the capital market.

Please note that the future plans and strategies mentioned in this document are forward-looking statements and do not constitute binding commitments to investors. Investors are advised to be aware of associated risks.

The Board of Directors of Amlogic (Shanghai) Co., Ltd.

April 12, 2024

This report has been prepared in Chinese and English respectively. In case of discrepancy in the interpretation of this report, the Chinese version shall prevail.