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**GigaDevice**

**GigaDevice Semiconductor Inc.**

**兆易創新科技集團股份有限公司**

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

**(Stock Code: 3986)**

**ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED  
DECEMBER 31, 2025**

The board of directors (the “**Board**”) of GigaDevice Semiconductor Inc. (the “**Company**”) hereby announces the audited results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended December 31, 2025. This results announcement, containing the full text of the 2025 annual report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcements of annual results.

The Group’s annual results for the year ended December 31, 2025 have been reviewed by the audit committee of the Board.

This results announcement has been published on the website of Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.gigadevice.com](http://www.gigadevice.com)) respectively.

The 2025 annual report of the Company will be published on the above-mentioned website of Hong Kong Exchanges and Clearing Limited and the website of the Company respectively in due course.

By order of the Board  
**GigaDevice Semiconductor Inc.**  
**Mr. Zhu Yiming**

*Chairman of the Board and Executive Director*

Beijing, the PRC, March 30, 2026

*As at the date of this announcement, the Board comprises: (i) Mr. Zhu Yiming, Mr. He Wei and Mr. Hu Hong as executive directors; (ii) Ms. Wen Tian as a non-executive director; and (iii) Mr. Zhou Haitao, Dr. Qian He, Ms. Yeung Siuman Shirley, Dr. Chen Jie and Mr. Zheng Xiaodong as independent non-executive directors.*

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# CORPORATE INFORMATION

## Company's Chinese name

兆易創新科技集團股份有限公司

## Company's English name

GigaDevice Semiconductor Inc.

## Registered address, Headquarters and Principal Place of Business in the PRC

Room 101, 1/F to 5/F, Building 8  
No. 9 Fenghao East Road  
Haidian District  
Beijing  
PRC

## Principal Place of Business in Hong Kong

Room 1915, 19/F  
Lee Garden One  
33 Hysan Avenue  
Causeway Bay  
Hong Kong

## DIRECTORS

### Executive Directors

Mr. Zhu Yiming (朱一明) (*Chairman*)  
Mr. He Wei (何衛) (*General Manager*)  
Mr. Hu Hong (胡洪)

### Non-Executive Directors

Ms. Wen Tian (文恬)<sup>1</sup>  
Mr. WANG ZHIWEI (王志偉)<sup>2</sup>

## Independent Non-Executive Directors

Mr. Zhou Haitao (周海濤)  
Dr. Qian He (錢鶴)  
Ms. Yeung Siuman Shirley (楊小雯)  
Dr. Chen Jie (陳潔)  
Mr. Zheng Xiaodong (鄭曉東)

## Strategy and Sustainable Development Committee

Mr. Zhu Yiming (*Chairperson*)  
Dr. Qian He  
Ms. Yeung Siuman Shirley

## Audit Committee

Mr. Zhou Haitao (*Chairperson*)  
Dr. Qian He<sup>3</sup>  
Ms. Yeung Siuman Shirley  
Mr. Zheng Xiaodong<sup>4</sup>

## Remuneration and Appraisal Committee

Dr. Chen Jie (*Chairperson*)  
Mr. Zheng Xiaodong  
Mr. Zhou Haitao

## Nomination Committee

Dr. Qian He (*Chairperson*)  
Dr. Chen Jie  
Mr. Zheng Xiaodong<sup>4</sup>  
Mr. WANG ZHIWEI<sup>2</sup>

**Supervisors<sup>5</sup>**

Ms. Wen Tian  
 Mr. Ge Liang (葛亮)  
 Ms. Liu Xiaowei (劉曉薇)

**Legal Representative**

Mr. He Wei

**Joint Company Secretaries**

Ms. Dong Lingyan (董靈燕)  
 Ms. Wong Wai Yee, Ella (黃慧兒)  
 (FCG HKFCG(PE))

**Authorised Representatives**

Mr. Hu Hong  
 Ms. Wong Wai Yee, Ella

**Company's Website:**

[www.gigadevice.com](http://www.gigadevice.com)

**Compliance Advisor**

Altus Capital Limited  
 21 Wing Wo Street  
 Central  
 Hong Kong

**Hong Kong Legal Advisor**

Jingtian & Gongcheng LLP  
 Suites 3203-3209, 32/F.,  
 Edinburgh Tower, The Landmark,  
 15 Queen's Road Central, Hong Kong

**International Auditor**

KPMG  
 Certified Public Accountants  
 Public Interest Entity Auditor registered in  
 accordance with the Accounting and Financial  
 Reporting Council Ordinance  
 8th Floor, Prince's Building  
 10 Chater Road  
 Central  
 Hong Kong

**H Share Registrar**

Tricor Investor Services Limited  
 17/F, Far East Finance Centre  
 16 Harcourt Road  
 Hong Kong

**Stock Code**

Shanghai Stock Exchange: 603986  
 Hong Kong Stock Exchange: 3986

**Notes:**

1. On June 10, 2025, Ms. Wen Tian has been appointed as a non-executive Director (employee representative).
2. On June 10, 2025, Mr. WANG ZHIWEI has resigned as a Director, and from May 20, 2025, Mr. WANG ZHIWEI has ceased to be a member of the Nomination Committee.
3. On May 20, 2025, Dr. Qian He has been appointed as a member of the Audit Committee.
4. On May 20, 2025, Mr. Zheng Xiaodong has been appointed as a member of the Nomination Committee; with effect from the same date, he has ceased to be a member of the Audit Committee.
5. Following the approval of the revocation of the board of supervisors by the extraordinary general meeting of the Company held on June 10, 2025, the Company has not maintained a board of supervisors nor any supervisors with effect from such date. The relevant functions originally vested in the board of supervisors have been assumed by the Audit Committee.



## LETTER TO SHAREHOLDERS

Driven by the rapid development of AI, the semiconductor industry entered an upward trajectory in 2025. The increasing electrification of automobiles and the advancement of industrial intelligence are gradually embedding AI into the fundamental fabric of socio-economic operations, resulting in semiconductor demand exhibiting greater resilience compared to typical cycles. This technological transformation has also led to a regional restructuring of the global semiconductor supply chain. In this AI-led cycle, while benefiting from new opportunities arising from shifts in the industry supply landscape, the Group has also achieved solid operational results during the reporting period through its strategic focus, continuous technological iteration, and sustained improvement in organizational effectiveness. In 2025, the Group achieved operating revenue of RMB9.203 billion, representing a year-on-year increase of 25.12%, net profit attributable to shareholders of the listed company amounted to RMB1.648 billion, representing a year-on-year increase of 49.47%.

In 2025, the operating revenue of the Group's memory chip business grew by 26.41% year-on-year, of which, revenue from the Flash business line grew rapidly, particularly achieving good progress in the consumer and automotive-grade markets. The product portfolio for niche DRAM was further refined and optimized, with the newly launched DDR4 8Gb product achieving smooth market adoption and contributing significantly to revenue growth. The customized memory business progressed in an orderly manner, securing breakthroughs with key clients and projects in multiple fields such as AI smartphones, AI PCs, and robotics. In 2025, the industry in which the Group's MCU business line operates remained highly competitive. Through measures such as enhancing strategic planning in specific segments, advancing new AI MCU products and solutions, and improving research and development efficiency, the Group achieved a year-on-year increase of 12.98% in operating revenue for this business line.

During the past year, we continued to advance our global strategic layout, actively seized opportunities in overseas markets, and enhanced our international brand image. In June 2025, we established our international headquarters in Singapore, which undertakes key functions such as coordinating international operations, promoting localized product innovation, and strengthening customer and supply chain synergies. In January 2026, the Company's H shares were listed and began trading on the Main Board of The Stock Exchange of Hong Kong Limited, completing the establishment of an "A+H" dual capital platform and providing a new engine for the Group's global strategy.

As a high-tech enterprise, research and development capabilities and technological innovation are key to the Group maintaining its competitive edge and market leadership. We continuously improve R&D efficiency and build fundamental, universal technologies and engineering platforms. Over the past three years, the Group's R&D investment has grown consistently, totaling approximately RMB3.727 billion. As of the end of 2025, the Group held 1,154 granted patents, of which 934 were invention patents. Furthermore, as a Fabless chip design company, amidst complexities such as shifting supply and demand dynamics in the industrial chain and regional adjustments in industrial layouts, the Group has advanced the development of a global supply chain footprint, deepened strategic cooperation with suppliers, and continuously enhanced its supply capabilities and production efficiency, thereby providing a solid foundation for the development of its various business lines.

In 2026, we will continue to fully embrace AI, remaining focused on empowering product innovation, expanding industrial opportunities, and enhancing organisational effectiveness through AI, accelerating our strategic positioning for the future. In 2026, we will continue to advance our international development strategy, accelerate the expansion of our overseas business, and enhance our global brand recognition. We will continue to promote global recruitment, strategic talent development and the optimisation of incentive mechanisms, further strengthening our talent pool and stimulating organisational vitality. We will remain committed to our core values of “Excellence, Teamwork, Open Innovation, Goal-Driven, Integrity, Accountability”, creating sustainable value for our shareholders and working together with our partners to write a new chapter in the semiconductor industry!

**Zhu Yiming**

*Chairman of the Board and Executive Director*

**GigaDevice Semiconductor Inc.**

March 30, 2026

# FINANCIAL SUMMARY

Set out below is a summary of the results and the assets and liabilities of the Group for the last four financial years:

	For the years ended December 31,			
	2025	2024	2023	2022
	(RMB'000)			
<b>Revenue</b>	<b>9,203,463</b>	7,355,978	5,760,823	8,129,992
Cost of sales	<b>(5,601,492)</b>	(4,732,760)	(4,014,515)	(4,432,776)
Gross profit	<b>3,601,971</b>	2,623,218	1,746,308	3,697,216
Profit from operations	<b>1,748,873</b>	1,150,491	135,883	2,274,271
Profit before taxation	<b>1,706,356</b>	1,123,663	124,748	2,262,425
Income tax	<b>(29,012)</b>	(22,782)	36,393	(209,543)
Profit for the year	<b>1,677,344</b>	1,100,881	161,141	2,052,882
<b>Attributable to:</b>				
Equity shareholders of the Company	<b>1,648,022</b>	1,102,543	161,141	2,052,882
Non-controlling interests	<b>29,322</b>	(1,662)	–	–
	As of December 31,			
	2025	2024	2023	2022
	(RMB'000)			
Non-current assets	<b>7,971,349</b>	6,794,033	4,852,823	5,232,044
Current assets	<b>13,425,233</b>	12,434,797	11,602,957	11,414,643
Current liabilities	<b>1,947,460</b>	2,330,507	986,175	1,196,664
Net current assets	<b>11,477,773</b>	10,104,290	10,616,782	10,217,979
Total assets less current liabilities	<b>19,449,122</b>	16,898,323	15,469,605	15,450,023
Non-current liabilities	<b>226,285</b>	219,546	270,032	262,883
Net assets	<b>19,222,837</b>	16,678,777	15,199,573	15,187,140
Total equity	<b>19,222,837</b>	16,678,777	15,199,573	15,187,140
Total equity attributable to shareholders of the Company	<b>19,007,782</b>	16,498,505	15,199,573	15,187,140
Non-controlling interests	<b>215,055</b>	180,272	–	–

The background of the page features a stylized graphic of a semiconductor chip with the text "GigaDevice" and "SEMICONDUCTOR INC." overlaid. The chip is depicted with various pins and internal circuitry, set against a blue and white circular pattern. The overall aesthetic is clean and professional, typical of a corporate annual report.

# MANAGEMENT DISCUSSION AND ANALYSIS

## INDUSTRY OVERVIEW

In 2025, the integrated circuit industry in which the Company operates experienced a robust recovery driven by the surge in AI demand, with the global market size reaching a record high. According to WSTS data, the global semiconductor market size reached US\$772.0 billion in 2025, representing a year-on-year increase of 22%, among which logic chips grew by 37% and memory chips grew by 28%, becoming the main drivers of growth. In China's integrated circuit industry, based on data from the China Semiconductor Industry Association, the market size of China's domestic integrated circuit industry is estimated to reach US\$280.0 billion, with the design sector generating revenue of approximately US\$118.0 billion, representing a year-on-year increase of approximately 29.4%. Driven by the surge in AI demand and the moderate recovery in automotive electronics and consumer electronics, demand for GPUs and memory chips has been increasing and prices have been surging, becoming the main driving forces for the growth of the integrated circuit industry.

In the memory business, according to Frost & Sullivan, the global market size of the specialty memory (including NOR Flash, SLC NAND Flash, and niche DRAM) in which the Company operates is estimated to reach US\$15.7 billion in 2025, comprising US\$9.9 billion for niche DRAM, US\$3.1 billion for NOR Flash, and US\$2.7 billion for SLC NAND Flash. In terms of DRAM products, the surge in demand for products such as AI servers has driven a sharp increase in demand for mainstream memory products like DDR5 and HBM. Leading international companies are accelerating their migration toward mainstream products such as HBM and DDR5 using advanced process nodes, while abandoning or scaling back production of niche products. This has led to an improvement in the industry's competitive landscape and a significant surge in niche DRAM prices. In terms of SLC NAND Flash products, benefiting from the surge in AI-driven demand, the demand for mainstream 3D NAND (such as eSSD) has increased significantly, prompting major international manufacturers to cut 2D NAND capacity and shift their strategic focus toward 3D NAND. This has created a notable supply gap in the 2D NAND market, leading to a significant price increase for SLC NAND Flash starting from the third quarter. For NOR Flash, with the development of edge AI, the total volume of code continues to increase. In the short term, industry supply is relatively tight, leading to moderate price increases.

In terms of MCU business, according to Frost & Sullivan, the global MCU market size is expected to be US\$21.0 billion in 2025. During the Reporting Period, MCU industry prices were at the bottom of the cycle, with inventory levels remaining relatively low. The Company holds a leading domestic position in the 32-bit MCU product segment, with strategic focus in automotive-grade, industrial control, digital energy and white goods markets.



## MANAGEMENT DISCUSSION AND ANALYSIS

In terms of sensor business, the global market size for touch chips grew modestly from US\$2.59 billion in 2020 to US\$2.9 billion in 2024. The global market size for fingerprint chips reached US\$5.83 billion in 2024.

In terms of analog business, the global market size is forecast to be US\$83.09 billion in 2025.

### BUSINESS REVIEW

#### (I) Principal Business during the Reporting Period

We are an integrated circuit design house for a diverse range of chips. We provide customers with a wide range of chips, including Flash, niche DRAM, MCU, analog chips and sensor chips that can be used in consumer electronics, automobiles, industrial applications, PC and servers, internet of things, network communications and other fields, while providing customers with a complete set of systems and solutions, including corresponding algorithms and software.

In 2025, the Company achieved robust growth in both revenue and profit, primarily attributable to the synergistic effect resulting from the improved industry landscape, the steady implementation of the Company's strategy, and relatively rapid technological iterations. At the industry level, the memory industry entered an upward cycle, with optimized supply and demand dynamics driving both volume and price increases for products. At the strategic level, the Company actively embraced AI, developing new businesses and products such as customized memory, higher computing power MCU and AI MCU, and providing tailored solutions to meet customer needs across various segments. The Company consistently adhered to the core development objective of prioritizing market share, continuously deepening the diversified product portfolio. The demand growth across multiple domains effectively synergized with the Company's rich product matrix, providing solid support for the steady improvement of the full-year performance. The Company maintained a relatively fast pace of technological iteration, actively responding to customer requirements in different fields such as PCs, servers, automotive electronics, and edge AI. During the Reporting Period, the Company achieved operating revenue of RMB9.203 billion, representing a year-on-year increase of 25.12%; net profit attributable to shareholders of the listed company amounted to RMB1.648 billion, representing a year-on-year increase of 49.47%.

The following is a summary of the Company's operating performance for the year 2025:

***1. The memory cycle trended upwards, benefiting niche DRAM, SLC NAND, and NOR Flash to varying degrees; downstream markets including consumer, automotive, industrial, memory and computing achieved relatively rapid growth***

The Company's revenue from memory chips increased by approximately 26.41% year-on-year. Among these, benefiting from industry supply constraints leading to relatively rapid price increases, niche DRAM and SLC NAND Flash achieved notable revenue growth rates. NOR Flash revenue continued steady growth, with prices also beginning to show moderate increases in the second half of 2025.

In terms of Flash products, the consumer market for NOR Flash remained relatively stable. Benefiting from the impetus from the automotive, industrial, memory and computing, and mobile phone/tablet segment, overall revenue and shipment volume achieved growth in 2025. Revenue from SLC NAND Flash declined year-on-year in the first half of 2025, primarily due to prices and gross margins being at relatively low levels. However, entering the second half of the year, benefiting from the withdrawal of major overseas manufacturers from 2D NAND, a significant supply gap emerged in the industry. SLC NAND Flash experienced growth in both volume and price, with gross margins improving significantly quarter-on-quarter and revenue achieving high year-on-year growth. Regarding the downstream customer structure, driven by the consumer, industrial, memory and computing, overall revenue and shipment volume achieved sound growth.

In terms of niche DRAM, as major overseas manufacturers accelerated their exit from the niche DRAM market, the niche market experienced a significant supply shortage. Starting from the second quarter of 2025, the Company's niche DRAM products saw growth in both volume and price, with gross profit margins improving markedly on a quarter-on-quarter basis. In terms of revenue structure, the proportion of DDR4 products increased, among which the new product DDR4 8Gb has achieved remarkable results in customer introduction in TV, industrial and other fields, and its revenue contribution has increased rapidly, which has become an important part of niche DRAM revenue.

In terms of customized memory solutions, the Company's controlled subsidiary, CreMemory Technology, has successively entered customer sampling and pilot production stages in several projects in the second half of 2025. It is expected that these projects will enter mass production and correspondingly contribute to revenue in 2026.

The top of the page features a blue-tinted background with a circular graphic containing the text "GigaDevice" and a stylized chip design. Below this graphic, the section header "MANAGEMENT DISCUSSION AND ANALYSIS" is displayed in a bold, blue, sans-serif font.

## MANAGEMENT DISCUSSION AND ANALYSIS

In terms of MCU products, despite continued intense industry competition and prices remaining at the cycle bottom, the Company continued to enhance R&D efficiency, expand product material code, and strengthen deep cultivation of quality consumer and industrial markets. The growth in shipment volume drove the revenue of MCU products to increase by 12.98% year-on-year. In terms of downstream application areas, revenue from the consumer, industrial, automotive, memory and computing, and networking communications all achieved steady year-on-year growth.

In terms of sensor chips, affected by intensified competition in the mobile phone/tablet sector, both revenue and gross profit margin declined year-on-year.

In terms of analog chips, revenue from the Company's original analog chips achieved a year-on-year increase of approximately 460%. Suzhou XySemi operated with stable performance, fulfilling the 2025 performance commitment of achieving net profit after deducting non-recurring gains and losses of no less than RMB70.0 million. Through effective integration with Suzhou XySemi in areas such as technology, business, resources and teams, the synergistic effects of the Company's analog business are gradually emerging.

The Company continued to deepen its presence in the automotive market, further elevating the strategic positioning of automotive products, and actively deepened cooperative relationships with domestic and international automotive manufacturers and Tier 1 suppliers. The Company's automotive-grade Flash products achieved good revenue growth, with cumulative shipments exceeding 300 million units. These products are widely used in key scenarios such as intelligent cockpits and advanced driver assistance systems, providing high-reliability, high-performance memory support for smart vehicles. In the area of high-compute MCU, the GD32A7 series of automotive-grade MCU successively entered the mass production stage and secured design wins for multiple vehicle models. Cumulative shipments of the entire GD32A series of automotive-grade MCU exceeded 8 million units, adequately meeting the multi-layer application requirements of complete vehicles.

### 2. *Diversified Product Portfolio Providing Multiple Growth Drivers*

The Company identifies industry trends, makes forward-looking arrangements for a diversified product portfolio, and responds swiftly to customer demands, thereby further enhancing customer stickiness and improving the Company's comprehensive competitiveness and brand influence.

#### *(1) Memory Products*

The Company's specialty memory chips comprise three product lines: NOR Flash, SLC NAND Flash and niche DRAM, which form a rich product matrix that meets customers' diverse requirements for capacity, voltage and packaging forms across various applications. It has achieved full category coverage in fields such as consumer electronics, industrial applications, communications, and automotive electronics.

In terms of NOR Flash, the Company offers up to 13 product capacity options, covering 512Kb to 2Gb, with 5 different voltage types, over 20 product series, 5 temperature specifications and more than 20 packaging options. It provides multiple product series tailored to different market application needs, including high-performance, low-power, high-reliability, and small-package options. In 2025, the Company launched new products including: a dual-voltage SPI NOR Flash product specifically designed for 1.2V SoC, further strengthening the Company's strategic layout in the dual-voltage flash memory solutions field and providing advanced embedded memory solutions to the market. This product can be applied in emerging fields such as smart wearable devices, medical health, IoTs, data centers and edge AI. Additionally, a dual-voltage high-performance xSPI NOR Flash, combining high-speed data transmission capability and high reliability, can be widely used in application scenarios such as wearable devices, data centers, edge AI and automotive electronics. In terms of process iteration, in 2025, the Company was among the first to achieve mass production of 45nm node SPI NOR Flash, significantly improving storage density and continuing to maintain the technological and market leadership.



## MANAGEMENT DISCUSSION AND ANALYSIS

In terms of SLC NAND Flash, the Company's products cover capacities ranging from 1Gb to 8Gb, operate on 3V/1.8V power supply voltages, and feature high speed, high reliability and low power consumption. Among these, SPI NAND Flash has achieved full category coverage in fields such as consumer electronics, industrial applications, and automotive electronics. In 2025, the Company launched a high-speed QSPI NAND Flash product combining faster read speeds with bad block management functionality, applicable in quick-start application scenarios such as industrial and IoTs.

The Company's niche DRAM products are widely used in fields such as network communications, televisions, set-top boxes, smart homes, and industrial applications. In 2025, the market promotion of the Company's DDR4 8Gb product proceeded smoothly, with revenue growing steadily; LPDDR4 products began contributing to revenue. The Company's controlled subsidiary, CreMemory Technology, completed the formation of core team, and related customized memory business progressed in an orderly manner, achieving breakthroughs with key customers and projects in multiple fields including AI mobile phones, AI PC, and robotics.

### *(2) MCU Products*

The MCU product line represents one of the Company's key strategic directions. The Company has successfully mass-produced 69 series, encompassing over 700 MCU products, available for market selection. In 2025, the Company continued to broaden the technological capabilities in MCU products and deepen its focus in specialized areas:

In terms of AI algorithms and solutions, the Company's DC arc detection solution leverages the high-performance GD32H7 series MCU as a powerful computational hardware foundation, and provides a complete set of AI algorithm tools, significantly improving detection accuracy. The Company's AI large language model solution, built on wireless MCU products, supports functions such as AI intelligent voice conversation, translation, and story generation, and can be widely applied in scenarios like intelligent companion AI toys and smart homes.

In terms of higher-compute MCU, during the Reporting Period, the Company launched the GD32H78D/77D series of high-performance 32-bit general-purpose microcontrollers. These newly integrate an MIPI DSI interface, providing excellent multimedia processing capabilities and are widely applicable to a variety of human-machine interaction scenarios such as high-end embedded HMI, handheld gimbals, professional sound cards, portable medical devices, and smart homes, offering a comprehensive and reliable hardware platform for high-performance embedded systems.

In areas such as industrial automation, digital energy, and humanoid robotics, the products launched by the Company include: the GDSCN832 series of EtherCAT® slave station controller products and the GD32H75E series of ultra-high-performance industrial connectivity MCU products. These integrate advanced control algorithms and hardware technologies, significantly enhancing system real-time performance, flexibility, and cost-effectiveness, and can be widely used in motion control systems within industrial robots, collaborative robots, and automated production lines. The GD32F503/505 high-performance series 32-bit MCU products provide a solid foundation for high-performance computing and can be broadly applied in diverse scenarios such as digital power supplies, industrial automation, motor control, floor scrubbers, BMS, and humanoid robotics. The Company has launched MCU and AFE solutions covering application areas including power control, energy storage systems, and edge AI, contributing to the acceleration of the smart energy industry's upgrade towards higher efficiency and intelligence.

In the field of home appliance frequency conversion technology, the Company leverages its specialized customization capabilities to provide full-link technical support, from underlying drivers to upper-layer applications, for scenarios such as refrigerators, washing machines, and range hoods.

During the Reporting Period, the Company officially launched the GD32C231 series of entry-level MCU, further expanding product portfolio and providing more competitive solutions for applications including small home appliances, BMS battery management systems, small-screen display devices, handheld consumer products, industrial auxiliary control, and automotive aftermarket.

### *(3) Sensor Products*

The Company's fingerprint recognition products have been commercially adopted in capacitive and optical solutions for front-mounted/rear-mounted/side-mounted applications across multiple flagship, high-end, and mid-range smartphones, establishing the Company as one of the mainstream solution providers in the market. The Company's touch controller products cover human-machine interaction fields such as mobile phones, tablets, and smart homes. The Company's high-precision barometric pressure sensors provide solutions for areas including mobile phones, wearables, and the IoT. In 2025, the Company launched a self-capacitance and mutual-capacitance integrated capacitive multi-point touchpad controller chip, and jointly launched a high-performance, high-precision touchpad module solution with partners. Up to now, several industry-leading companies have adopted the Company's touchpad solution and achieved mass production. The Company's GSL6188 MoC (Match-on-Chip) PC fingerprint recognition sensor successfully obtained Windows Hello Enhanced Sign-in Security certification, marking that the Company's software and hardware design and system integration capabilities in the field of high-security biometric chips have reached internationally mainstream standards. In the field of MEMS barometric pressure sensors, the Company has established a forward-looking product portfolio layout. The Company's general-purpose barometer, a mainstay product targeting the mobile phone market, has successfully passed E911 testing. Regarding waterproof barometric pressure sensor products, certain product models have successfully achieved mass production in products from internationally renowned manufacturers.

### *(4) Analog Products*

The Company's GD30 series analog chips now encompass over 700 models, covering four core product series: power (including memory PMIC, general-purpose DC-DC, charging chips, and LDO, etc.), motor drive (including brushless motor, brushed motor, stepper motor drivers, and motor SoC chips), battery management (providing fully integrated BMS AFE chips and cascadable BMS AFE chips), and general signal chain (covering high-precision ADC, DAC, operational amplifiers, voltage references, switches, interfaces, and temperature and humidity sensors). The Company's general-purpose products achieve broad coverage across the entire industry, while the specialized products precisely meet the customized needs of specific industries, achieving deep implementation in many market segments such as servers, power utilities, home appliances, energy storage, cleaning appliances, light electric vehicles, humanoid robotics, and 3D printers. The Company's GD30 series analog chips work in synergy with GD32 series MCU and memory chips, providing customers with highly integrated, high-performance overall solutions. Analog chip products from the Company's subsidiary, Suzhou XySemi, have been successfully applied in the products and solutions of numerous well-known end customers.

### *3. Deepening the Global Strategic Layout and Accelerating Overseas Business Development*

The Company continuously advances product innovation, global supply chain coordination and ecological layout, actively seizes overseas market opportunities, and responds more efficiently to the diverse application needs of global customers.

In order to deepen the global strategic layout, accelerate the development of overseas business, enhance the Company's international brand image and further enhance the Company's core competitiveness, the Company's international headquarters was formally established in Singapore in June 2025. The Singapore company will undertake key functions such as coordinating international operations, promoting localized product innovation and strengthening customer-supply chain synergy. With this as a strategic starting point, the Company will accelerate the expansion of the international market and build a more open, flexible and forward-looking ecosystem. In October 2025, the Company officially opened a new office in Minato-ku, Tokyo, to continue to explore the Japanese market, serve local customers, strengthen regional cooperation and further promote the globalization process.

Approved by the Hong Kong Stock Exchange, the Company's H shares were listed and commenced trading on the Main Board of the Hong Kong Stock Exchange on January 13, 2026. This marked a key step in completing the construction of an "A+H" dual capital platform, signifying that the Company's capital platform and internationalization strategy have entered a new phase. From a global perspective, the Company will continue to solidify the diversified chip product portfolio, seize development opportunities in multiple fields such as AI, automotive electronics, and new-type intelligent terminals, and form systematic competitiveness through technological innovation, ecosystem collaboration and brand building.

#### *4. Collaborative Innovation in the Supply Chain and Enhancement of Supply Chain Resilience*

During the Reporting Period, the global semiconductor supply chain exhibited a complex situation characterized by shifts in the pace of supply and demand, adjustments in regional industrial layouts, and the coexistence of risks and opportunities. Through in-depth strategic cooperation with suppliers, the Company navigated multifaceted challenges while continuously enhancing the supply capacity and production efficiency and strengthening the risk warning mechanism, providing solid support for each product line.

#### *5. Practicing Sustainable Development and Improving ESG Level in All Aspects*

The Company actively adopts various measures, carrying out targeted work in areas including ESG governance and management, addressing climate change issues, focusing on a clean technology development strategy, business ethics and anti-commercial bribery, human capital development, and responsible supply chain, continuously improving ESG management level. The Company has officially joined the United Nations Global Compact (UNGC), committing to support and implement the Global Compact's ten principles concerning human rights, labor, environment and anti-corruption.

### **(II) Analysis of Core Competitiveness**

#### *1. Diversified Business Portfolio and Strong Research and Development Capabilities*

The Company is a chip design company with a diversified strategy, covering NOR Flash, SLC NAND Flash, niche DRAM, MCU, analog chips and sensor chips. Leveraging its diversified chip design capabilities and strong research and development capabilities, the Company is able to develop comprehensive product portfolios, strengthen the core competitiveness and enhance brand influence.

### *(1) Diversified Layout and Multi-level Growth to Unleash Development Potential*

#### **I. Market Development Synergies of Diversified Products**

Building on its strengths in the Flash business, the Company continuously advances new product lines in the MCU, niche DRAM, sensor and analog chip business areas. The Company accelerates new business development through methods such as mergers and acquisitions and internal incubation. The Company continues to expand the application fields of its chips, with downstream application scenarios already covering industrial, automotive, consumer electronics (including wearable products, smart watches, TWS earphones, home appliances, etc.), network communications (including wireless routers, base stations, optical modules, etc.), PCs and servers, as well as the IoTs, achieving extensive coverage of product applications.

#### **II. Diversified Product Portfolio Enables Staggered Ramp-up across Different Businesses and Application Areas**

The Company's business is divided into three matrices – mature, growth and incubating:

In terms of mature businesses, the Company's NOR Flash business ranks second globally. In terms of growth businesses, the Company's MCU shipments reached a record high and will continue to grow rapidly. The niche DRAM business benefited from an improved competitive landscape and achieved both volume and price increases during the Reporting Period, leveraging its strengths in product competitiveness and customer coverage. In terms of incubating businesses, the Company's customized memory solutions made smooth progress in customer expansion in several areas, including AI smartphones, AI PCs, automobiles, and robotics.

### *(2) Continuous Investment in R&D and Technological Innovation*

The Company possesses strong R&D capabilities and has devoted substantial resources to R&D efforts. From 2023 to 2025, the Company's cumulative R&D investment amounted to approximately RMB3.727 billion, and its R&D spending has continued to grow steadily. As of the end of the Reporting Period, the Company had 1,533 experienced R&D employees, accounting for 65.71% of the total number of employees. Approximately 58.81% of the Company's employees held a master's degree or above. This R&D talent pool provides a solid foundation for product iteration and the continuous upgrading of integrated product solutions. In 2025, the Company filed 222 new patent applications, of which 198 were invention patent applications, accounting for 89%; during the year, it was granted 130 patents, of which 103 were invention patents, accounting for 79%. As of the end of 2025, the Company had accumulated a total of 1,154 granted patents (934 invention patents, accounting for 81%), 283 registered trademarks, 69 integrated circuit layout designs, 52 software copyrights, and 12 non-software copyright registrations.

## *2. Continuously Enhanced Technology and Product Advantages*

### *(1) Memory Products*

In 2020, the Company was the first in Chinese Mainland to roll out high-performance SPI NOR Flash with a capacity of up to 2Gb, becoming the first Chinese Mainland-based company to achieve full product line coverage from 512Kb to 2Gb. In 2024, the Company launched the first low-power series SPI NOR Flash in Chinese Mainland, with 1.2V low voltage and ultra-low power mode, significantly improving the endurance of small-capacity battery devices. In 2025, the Company was one of the first movers to achieve large-scale mass production of 45nm node SPI NOR Flash, achieving a significant improvement in storage density and continuing to maintain its technological and market leadership. In the automotive field, the Company's automotive-grade SPI NOR Flash products have fully covered the capacity range from 2Mb to 2Gb, providing the market with fully localized automotive-grade flash memory products. The Company's GD55LX02GE series automotive-grade SPI NOR Flash won the "AEIF 2025 Awards • Golden Chip Award for Outstanding Product" for its excellent product performance and reliable product quality.

For NAND Flash, the Company focuses on SLC NAND Flash, which features high efficiency, high reliability and low power consumption. They are mainly designed for industrial control, automotive electronics, communications equipment and other application scenarios that have strict requirements for durability, stability and reliability. The Company's products using both 38nm and 24nm processes are in full production. Currently, the Company mainly uses the 24nm process, with product capacity covering 1Gb to 8Gb. During the Reporting Period, the Company's GD5F1GM9 (QSPI NAND Flash) based on the 24nm process won the "Outstanding Technological Innovation Product" award at the 20th "CHINA CHIP" activity.

The Company's niche DRAM product line is basically complete, and product categories continue to expand, now including DDR3L/DDR4/LPDDR4, etc. Leveraging its supply chain advantages, the Company's share in the global niche DRAM market is growing rapidly. The development of AI has put forward new requirements for memory solutions. The Company's subsidiary, CreMemory Technology, keeps abreast of customer needs and actively explores new technologies, new products and new markets, including customized memory solutions, providing customers with solutions tailored to their inference demand in terms of capacity, bandwidth, and power consumption, reshaping the new form of memory. During the Reporting Period, customized memory solutions in pilot projects launched by certain customers confirmed the significant advantages of this technology on the system and application ends, positioning the Company at the forefront of the industry with a first-mover advantage.

### **(2) MCU Products**

As the largest provider of 32-bit MCU in China, the Company's GD32 MCU products have successfully mass-produced 69 product series and over 700 MCU products, achieving comprehensive coverage of high-performance, mainstream, entry-level, low-power, wireless, automotive-grade, and specialized products. The product architectures cover ARM® Cortex®- M23, M3, M4, M33 and M7. The Company is the world's first company to launch and mass-produce 32-bit general-purpose MCU products based on the RISC-V core, and also the first company in China to launch high-performance MCU products based on the M7 architecture.

The page features a blue-toned background with abstract circular patterns and a faint 'GigaDevice' logo in the upper left corner. The main title 'MANAGEMENT DISCUSSION AND ANALYSIS' is positioned at the top left in a bold, blue, sans-serif font.

## MANAGEMENT DISCUSSION AND ANALYSIS

In the automotive application field, the Company's new generation of automotive-grade MCU products, featuring an ultra-high-performance M7 core, integrates excellent performance, enhanced safety levels, and rich peripheral interfaces, fully catering to various electrified automotive scenarios such as body domain control, body control, and chassis applications, further expanding the Company's product layout in the automotive electronics field.

In terms of process technology, the Company's MCU products currently cover 110nm, 55nm, 40nm, and 22nm processes, maintaining a leading position in the industry. While providing a rich product series to the market, the Company offers customers high-quality and convenient localized support services through its service network spread across domestic and international markets. The Company's brand value and market competitiveness in the MCU field continue to improve.

### **(3) *Sensor Products***

The Company focuses on the sensor technology field, taking the deep integration of multi-dimensional perception and edge intelligence as its technological core, building a smart sensor product matrix covering application scenarios such as touch interaction, biometric recognition, and air pressure detection, providing full-link solutions "from perception to decision-making", continuously empowering terminal devices to develop in a scenario-oriented and intelligent direction.

### **(4) *Analog Products***

The Company's GD30 series analog chips currently include power supplies, motor drivers, battery management and general-purpose signal chain series, with over 700 models available for market selection. They are widely used in various fields, with typical application scenarios including wireless infrastructure, communications/networking, industrial automation, multi-phase motor control, smart wearables/smart homes, energy storage, power measurement/monitoring, and data centers. The Company's subsidiary, Suzhou XySemi, offers analog chips including three major categories: battery protection products, battery management products, and SoC products, with typical application scenarios including power banks, smart wearables, and other general fields.

### 3. *A Stable and Thriving Global Partnership Ecosystem and an Increasingly Deepened Global Presence*

The Company has built a stable and thriving system based on the following three pillars:

#### *(1) Large High-Quality Customer Base*

Leveraging its technology, diversified product portfolio, and comprehensive solution capabilities, the Company has established in-depth cooperation with high-quality global customers, thereby continuously enhancing its technological capabilities and industry insights, and building higher brand recognition globally. At the same time, the Company expands its customer base through an extensive and high-quality distributor network.

#### *(2) Extensive and Deep Supply Chain Collaboration and Service Capabilities*

The Company integrates the different product and application requirements of downstream customers and has formed mutually beneficial, trusting, and collaborative relationships with numerous quality foundries and OSAT providers, establishing key competitive advantages across the entire industry chain. At the same time, with its exceptional supply chain capabilities, rigorous quality management system, and global service network, the Company ensures timely response to customer needs and achieves large-scale, efficient, and high-quality delivery.

#### *(3) Increasingly Deepened Global Presence*

The Company continues to deepen its presence in the domestic market, maintaining a leading position. At the same time, it actively explores overseas markets. Leveraging its overseas presence built over many years, the Company's brand influence continues to grow, and its localized overseas sales and service teams are constantly improving, achieving a diversified market regional layout. The Company has established a professional localized sales and service network in the United States, South Korea, Japan, the United Kingdom, Germany and Singapore. The Company has also expanded its overseas supply chain partnerships to enable high-quality and efficient delivery.

#### 4. *Fabless Asset-Light Business Model and Management Operational Advantages*

Since its inception, the Company has adopted a flexible Fabless asset-light business model and currently does not have its own production capacity. Compared to the IDM model, the Fabless model is more flexible, enabling the Company to adapt to the characteristics of its existing products and business, fully utilize high-quality semiconductor industry chain resources, concentrate its main efforts on product R&D and technology iteration, and facilitate rapid response and adjustment in a fiercely competitive market environment for rapid development.

The Company's management team possesses extensive industry experience and a global perspective, working collaboratively to drive the Company's strategic vision. The Company's highly stable management team members average over 15 years of industry experience, combining diverse professional backgrounds with rich corporate management expertise. They possess profound insights into global industry trends and customer needs. The Company's experienced management team members play a pivotal role in maintaining the Company's innovative edge and technological proficiency.

The Company upholds a "pragmatic" spirit and embodies the corporate values and engineering culture of "Excellence, Teamwork, Open Innovation, Goal-Driven, Integrity, Accountability". Prioritizing talent, the Company has established comprehensive systems for training, motivation, and promotion, cultivating a capable and forward-looking management team. The Company's strong cultural foundation and unwavering commitment to mission fulfillment continue to propel it forward with great momentum.

**RESULTS OF OPERATIONS**

**For the years ended December 31,**  
**2025** 2024  
(in RMB thousands, except for percentages)

<b>Revenue</b>	<b>9,203,463</b>	<b>100.0%</b>	7,355,978	100.0%
Cost of sales	<b>(5,601,492)</b>	<b>(60.9)%</b>	(4,732,760)	(64.3)%
<b>Gross profit</b>	<b>3,601,971</b>	<b>39.1%</b>	2,623,218	35.7%
Other income	<b>376,386</b>	<b>4.1%</b>	549,914	7.5%
Selling and distribution expenses	<b>(446,302)</b>	<b>(4.8)%</b>	(370,907)	(5.0)%
Administrative expenses	<b>(655,371)</b>	<b>(7.1)%</b>	(525,678)	(7.1)%
Research and development expenses	<b>(1,116,992)</b>	<b>(12.1)%</b>	(1,122,389)	(15.3)%
Impairment loss on trade and other receivables	<b>(1,836)</b>	<b>(0.0)%</b>	(3,667)	(0.0)%
Impairment loss on property, plant and equipment	<b>(7,080)</b>	<b>(0.1)%</b>	–	–
Impairment loss on intangible assets	<b>(1,903)</b>	<b>(0.0)%</b>	–	–
<b>Profit from operations</b>	<b>1,748,873</b>	<b>19.0%</b>	1,150,491	15.6%
Finance costs	<b>(22,132)</b>	<b>(0.2)%</b>	(19,253)	(0.3)%
Share of profits less losses of associates	<b>(20,385)</b>	<b>(0.2)%</b>	(7,575)	(0.1)%
<b>Profit before taxation</b>	<b>1,706,356</b>	<b>18.5%</b>	1,123,663	15.3%
Income tax	<b>(29,012)</b>	<b>(0.3)%</b>	(22,782)	(0.3)%
<b>Profit for the year</b>	<b>1,677,344</b>	<b>18.2%</b>	1,100,881	15.0%
<b>Attributable to:</b>				
Equity shareholders of the Company	<b>1,648,022</b>	<b>17.9%</b>	1,102,543	15.0%
Non-controlling interests	<b>29,322</b>	<b>0.3%</b>	(1,662)	(0.0)%

# MANAGEMENT DISCUSSION AND ANALYSIS

## 1. NON-IFRS MEASURES

To supplement our consolidated financial statements that are presented in accordance with IFRS Accounting Standards, we also use non-IFRS measures, including adjusted net profit (a non-IFRS measure) and adjusted net profit margin (a non-IFRS measure), as additional financial metrics, which are not required by, or presented in accordance with IFRS Accounting Standards. We believe that these non-IFRS measures facilitate comparisons of operating performance from period to period by eliminating potential impact of certain items. We believe that these measures provide useful information to investors and others in understanding and evaluating our consolidated financial statements in the same manner as they help our management. However, our presentation of adjusted net profit (a non-IFRS measure) and adjusted net profit margin (a non-IFRS measure) may not be comparable to similar item measures presented by other companies. The use of these non-IFRS measures has limitations as an analytical tool, and you should not consider them in isolation from, or as substitute for analysis of, our consolidated financial statements or financial condition as reported under IFRS Accounting Standards. We define adjusted net profit (a non-IFRS measure) as profit for the year adjusted for share-based payments (a non-cash item) and listing expenses. We define adjusted net profit margin (a non-IFRS measure) as adjusted net profit (a non-IFRS measure) as a percentage of our total revenue.

	<b>For the years ended</b>	
	<b>December 31,</b>	
	<b>2025</b>	<b>2024</b>
	(in RMB thousands, except for percentages)	
<b>Profit for the year</b>	<b>1,677,344</b>	1,100,881
Adjusted for:		
Share-based payment expenses	<b>135,982</b>	159,034
Listing expenses	<b>1,850</b>	–
<b>Adjusted net profit (a non-IFRS measure)</b>	<b>1,815,176</b>	1,259,915
<b>Adjusted net profit margin (a non-IFRS measure)</b>	<b>19.7%</b>	17.1%

## 2. PRINCIPAL COMPONENTS OF RESULTS OF OPERATIONS

### (1) Revenue

During the Reporting Period, we primarily generated revenue from the sales of specialty memory chips, MCU, analog chips and sensor chips. Our revenue was recorded net of sales rebate.

#### *By Product*

	For the years ended December 31,			
	2025		2024	
	Amount	Proportion	Amount	Proportion
(in RMB thousands, except for percentages)				
Specialty memory chips	<b>6,565,940</b>	<b>71.3%</b>	5,194,173	70.6%
MCU	<b>1,909,898</b>	<b>20.8%</b>	1,690,547	23.0%
Sensor chips	<b>389,355</b>	<b>4.2%</b>	448,300	6.1%
Analog chips	<b>332,844</b>	<b>3.6%</b>	15,468	0.2%
Others <sup>1</sup>	<b>5,426</b>	<b>0.1%</b>	7,490	0.1%
<b>Total</b>	<b>9,203,463</b>	<b>100.0%</b>	7,355,978	100.0%

<sup>1</sup> Mainly including technical services.

## MANAGEMENT DISCUSSION AND ANALYSIS

	For the years ended December 31,			
	2025		2024	
	Sales volume (Unit'000)	Average Selling Price (RMB)	Sales volume (Unit'000)	Average Selling Price <sup>2</sup> (RMB)
Specialty memory chips	4,435,854	1.48	3,553,167	1.46
MCU	500,342	3.82	409,251	4.13
Sensor chips	244,982	1.59	267,983	1.67
Analog chips	2,137,581	0.16	131,183	0.12

Our revenue increased by 25.1% from RMB7,356.0 million in 2024 to RMB9,203.5 million in 2025, primarily due to (i) a 26.4% increase in revenue from sales of specialty memory chips; (ii) a 13.0% increase in MCU sales revenue; and (iii) a substantial increase in sales revenue of analog chips.

### Specialty memory chips

Our revenue from specialty memory chips increased by 26.4% from RMB5,194.2 million in 2024 to RMB6,565.9 million in 2025, while the average selling price increased from RMB1.46 per unit in 2024 to RMB1.48 per unit in 2025, with a 24.8% increase in sales volume from 3,553.2 million units in 2024 to 4,435.9 million units in 2025, primarily due to (i) the gradual recovery in demand due to the further recovery of demands for our NOR Flash in various downstream markets, especially consumer electronics, as incentivized by the State's consumer subsidies; (ii) the continuous increase in storage capacity required for NOR Flash for consumer electronics and AI-driven devices, and (iii) a significant supply contraction in the niche DRAM market, as leading overseas manufacturers accelerated their migration to mainstream products such as HBM and DDR5 based on advanced process nodes, thereby discontinuing or reducing production of niche products, resulting in increases in both the sales volume and selling prices of our niche DRAM.

<sup>2</sup> Average selling price is calculated through dividing revenue by the relevant sales volume during the same years, which represented the average price at which our products were sold to our customers.

### **MCU**

Our revenue from MCU increased by 13.0% from RMB1,690.5 million in 2024 to RMB1,909.9 million in 2025, primarily due to a 22.3% increase in sales volume from 409.3 million units in 2024 to 500.3 million units in 2025, primarily due to (i) the consumer electronics market as incentivized by the State's consumer subsidies, and (ii) the launch of new products mainly for industrial applications (such as industrial automation, energy storage and battery management) and consumer electronics that further drove the sales of our MCU. Such increase was partially offset by a decrease in average selling prices from RMB4.13 per unit in 2024 to RMB3.82 per unit in 2025 primarily due to the more competitive prices we offered to further solidify and expand our market share amid intensified market competition.

### **Sensor chips**

Our revenue from sensor chips decreased by 13.1% from RMB448.3 million in 2024 to RMB389.4 million in 2025, driven by an 8.6% decrease in sales volume from 268.0 million units in 2024 to 245.0 million units in 2025, as the Company selectively focused on relatively high gross margin businesses amid intensified market competition.

### **Analog chips**

Our revenue from analog chips increased significantly from RMB15.5 million in 2024 to RMB332.8 million in 2025, primarily due to (i) the increase in sales volume of our existing analog chips as well as the analog chips of XySemi that was acquired by us by the end of 2024, the total sales volume of which increased significantly from 131.2 million units in 2024 to 2,137.6 million units in 2025, and (ii) an increase in average selling price from RMB0.12 per unit in 2024 to RMB0.16 per unit in 2025, primarily due to a shift in product mix following the acquisition of XySemi. The new portfolio included analog chips designed by XySemi used in lithium-ion battery protection with higher average selling prices.

### **Others**

Our revenue from others decreased by 27.6% from RMB7.5 million in 2024 to RMB5.4 million in 2025 primarily due to less revenue from providing technical services, as part of such revenue had not yet been recognized, which was dependent on the progress of service delivery.

## MANAGEMENT DISCUSSION AND ANALYSIS

### *By Sales Channel*

During the Reporting Period, we established a sales network comprising (i) distributor sales, and (ii) direct sales.

	For the years ended December 31, 2025		2024	
	Amount	Proportion	Amount	Proportion
	(in RMB thousands, except for percentages)			
Distributor sales	<b>8,354,422</b>	<b>90.8%</b>	6,553,179	89.1%
Direct sales	<b>849,041</b>	<b>9.2%</b>	802,799	10.9%
<b>Total</b>	<b>9,203,463</b>	<b>100.0%</b>	7,355,978	100.0%

### *By Geographical Location<sup>3</sup>*

	For the years ended December 31, 2025		2024	
	Amount	Proportion	Amount	Proportion
	(in RMB thousands, except for percentages)			
Chinese Mainland	<b>2,788,545</b>	<b>30.3%</b>	1,923,578	26.1%
Hong Kong	<b>4,319,596</b>	<b>46.9%</b>	3,374,412	45.9%
Other countries or regions <sup>4</sup>	<b>2,095,322</b>	<b>22.8%</b>	2,057,988	28.0%
<b>Total</b>	<b>9,203,463</b>	<b>100.0%</b>	7,355,978	100.0%

<sup>3</sup> Geographical location is solely based on the places of registration of our customers.

<sup>4</sup> Comprise 22 countries/regions in total during the Reporting Period, mainly including Taiwan, China, Japan, South Korea and Singapore.

(2) Cost of Sales

Our cost of sales primarily consists of (i) cost of wafers, (ii) cost of packaging and testing, (iii) others, mainly include the depreciation of property, plant and equipment, such as masks, and amortization of intangible assets, such as licensed IPs and logistics expenses, and (iv) the write-down of inventories.

	For the years ended December 31,			
	2025		2024	
	Amount	Proportion	Amount	Proportion
	(in RMB thousands, except for percentages)			
Cost of wafers	<b>3,877,492</b>	<b>69.2%</b>	3,262,675	69.0%
Cost of packaging and testing	<b>1,512,670</b>	<b>27.0%</b>	1,107,100	23.4%
Others	<b>112,018</b>	<b>2.0%</b>	190,850	4.0%
<b>Sub-total</b>	<b>5,502,180</b>	<b>98.2%</b>	4,560,625	96.4%
Write-down of inventories	<b>99,312</b>	<b>1.8%</b>	172,135	3.6%
<b>Total</b>	<b>5,601,492</b>	<b>100.0%</b>	4,732,760	100.0%

Our cost of sales increased by 18.4% from RMB4,732.8 million in 2024 to RMB5,601.5 million in 2025, primarily due to an 18.8% increase in cost of wafers and a 36.6% increase in cost of packaging and testing, primarily due to the increase in sales volume of our products. Our write-down of inventories decreased by 42.3% from RMB172.1 million in 2024 to RMB99.3 million in 2025, primarily due to the gradual increase of the prices of our products.

## MANAGEMENT DISCUSSION AND ANALYSIS

### (3) Gross Profit and Gross Profit Margin

Our gross profit increased by 37.3% from RMB2,623.2 million in 2024 to RMB3,602.0 million in 2025, primarily due to a 25.1% increase in our total revenue and an increase in gross profit margin from 35.7% in 2024 to 39.1% in 2025.

#### By Product

	For the years ended December 31,			
	2025		2024	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin
(in RMB thousands, except for percentages)				
Specialty memory chips	<b>2,813,070</b>	<b>42.8%</b>	2,091,500	40.3%
MCU	<b>684,132</b>	<b>35.8%</b>	621,085	36.7%
Sensor chips	<b>76,196</b>	<b>19.6%</b>	73,797	16.5%
Analog chips	<b>123,023</b>	<b>37.0%</b>	1,628	10.5%
Others	<b>4,862</b>	<b>89.6%</b>	7,343	98.0%
<b>Subtotal/Overall</b>	<b>3,701,283</b>	<b>40.2%</b>	2,795,353	38.0%
Write-down of inventories	<b>(99,312)</b>	<b>N/A</b>	(172,135)	N/A
<b>Total/Overall</b>	<b>3,601,971</b>	<b>39.1%</b>	2,623,218	35.7%

#### Specialty memory chips

Our gross profit from specialty memory chips increased by 34.5% from RMB2,091.5 million in 2024 to RMB2,813.1 million in 2025, primarily attributable to a 26.4% growth in sales revenue from specialty memory chips over the same period. The gross profit margin of specialty memory chips improved from 40.3% in 2024 to 42.8% in 2025, mainly due to an increase in market prices.

### **MCU**

Our gross profit from MCU increased by 10.2% from RMB621.1 million in 2024 to RMB684.1 million in 2025, primarily attributable to a 13.0% growth in sales revenue from MCU over the same period. The gross profit margin of MCU decreased from 36.7% in 2024 to 35.8% in 2025, mainly due to the more competitive prices we offered to further expand our market share amid intensified market competition.

### **Sensor chips**

Our gross profit from sensor chips increased by 3.3% from RMB73.8 million in 2024 to RMB76.2 million in 2025, primarily attributable to an increase in gross profit margin of our sensor chips from 16.5% in 2024 to 19.6% in 2025. The increase in gross profit margin was mainly due to our strategic focus on engaging in businesses with higher gross profit margins in the market, coupled with the continuous implementation of cost reduction measures.

### **Analog chips**

Our gross profit from analog chips increased significantly from RMB1.6 million in 2024 to RMB123.0 million in 2025, primarily due to (i) the significant increase in sales revenue from analog chips over the same period, and (ii) the increase in gross profit margin from 10.5% in 2024 to 37.0% in 2025. The increase in gross profit margin was primarily due to a shift in product mix following the acquisition of XySemi. The new portfolio included analog chips designed by XySemi used in lithium-ion battery protection with higher average selling prices.

### **Others**

The gross profit from others decreased by 33.8% from RMB7.3 million in 2024 to RMB4.9 million in 2025, primarily due to a 27.6% decrease in revenue from others.

## MANAGEMENT DISCUSSION AND ANALYSIS

### *By Sales Channel*

	For the years ended December 31,			
	2025		2024	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin
(in RMB thousands, except for percentages)				
Distributor sales	<b>3,344,239</b>	<b>40.0%</b>	2,457,350	37.5%
Direct sales	<b>357,044</b>	<b>42.1%</b>	338,003	42.1%
<b>Subtotal/Overall</b>	<b>3,701,283</b>	<b>40.2%</b>	2,795,353	38.0%
Write-down of inventories	<b>(99,312)</b>	<b>N/A</b>	(172,135)	N/A
<b>Total/Overall</b>	<b>3,601,971</b>	<b>39.1%</b>	2,623,218	35.7%

In 2024 and 2025, the gross profit margin of the Company's direct sales was higher than that of distributor sales, mainly because the prices of most direct customers were generally higher than those of distributors, who tended to sell at wholesale prices.

**By Geographical Location**

	<b>For the years ended December 31,</b>			
	<b>2025</b>		<b>2024</b>	
	<b>Gross profit</b>	<b>Gross profit margin</b>	Gross profit	Gross profit margin
	(in RMB thousands, except for percentages)			
Chinese Mainland <sup>5</sup>	<b>910,769</b>	<b>32.7%</b>	575,384	29.9%
Hong Kong	<b>1,664,189</b>	<b>38.5%</b>	1,109,122	32.9%
Other countries or regions <sup>6</sup>	<b>1,126,325</b>	<b>53.8%</b>	1,110,847	54.0%
Write-down of inventories	<b>(99,312)</b>	<b>N/A</b>	(172,135)	N/A
<b>Total</b>	<b>3,601,971</b>	<b>39.1%</b>	2,623,218	35.7%

During the Reporting Period, the gross profit margin from sales to Hong Kong and other countries or regions was generally higher than that in Chinese Mainland, primarily due to a different product mix in those regions, which typically have a higher proportion of products, such as NOR Flash, with a higher gross profit margin.

<sup>5</sup> Geographical location is solely based on the places of registration of our customers.

<sup>6</sup> Comprise 22 countries/regions in total during the Reporting Period, mainly including Taiwan, China, Japan, South Korea and Singapore.

## MANAGEMENT DISCUSSION AND ANALYSIS

### (4) Other Income

Our other income primarily includes (i) interest income mainly generated from our deposits with banks, (ii) net gains from financial assets and liabilities measured at FVPL, (iii) government grants and (iv) foreign exchange differences from the conversion of monetary items denominated in foreign currencies into the functional currency. There are no unfulfilled conditions or contingencies relating to the government grants.

For the year ended December 31, 2025, our other income amounted to RMB376.4 million, representing 4.1% of our total revenue for the year ended December 31, 2025.

### (5) Selling and Distribution Expenses

Our selling and distribution expenses primarily include (i) salaries, compensations and benefits for personnel engaging in the sales and marketing function, (ii) professional service fees for commission in relation to the promotional activities of our products, (iii) marketing expenses in relation to advertising and promotion expenses, (iv) traveling expenses, and (v) others, mainly include depreciation and amortization and business development expenses.

	<b>For the years ended December 31,</b>			
	<b>2025</b>		<b>2024</b>	
	<b>Amount</b>	<b>Proportion</b>	Amount	Proportion
	(in RMB thousands, except for percentages)			
Salaries, compensations and benefits	<b>314,425</b>	<b>70.5%</b>	266,018	71.8%
Professional service fees	<b>63,574</b>	<b>14.2%</b>	56,587	15.3%
Marketing expenses	<b>16,370</b>	<b>3.7%</b>	13,888	3.7%
Traveling expenses	<b>21,647</b>	<b>4.9%</b>	15,747	4.2%
Others	<b>30,286</b>	<b>6.7%</b>	18,667	5.0%
<b>Total</b>	<b>446,302</b>	<b>100.0%</b>	370,907	100.0%
as % of total revenue		<b>4.8%</b>		5.0%

(6) *Administrative Expenses*

Our administrative expenses primarily include (i) salaries, compensations and benefits for personnel engaging in administrative function, (ii) depreciation and amortization for properties and equipment related to administrative function, (iii) service fees mainly for professional services and IT services, (iv) taxes and additional charges, (v) office expenses, and (vi) others, mainly include lease expenses, recruitment expenses and utility expenses.

	For the years ended December 31,			
	2025		2024	
	Amount	Proportion	Amount	Proportion
	(in RMB thousands, except for percentages)			
Salaries, compensations and benefits	408,677	62.4%	307,791	58.6%
Depreciation and amortization	83,281	12.7%	60,049	11.4%
Service fees	58,744	9.0%	50,680	9.6%
Taxes and additional charges	41,784	6.4%	31,247	5.9%
Office expenses	24,844	3.8%	19,569	3.7%
Others	38,041	5.7%	56,342	10.8%
<b>Total</b>	<b>655,371</b>	<b>100.0%</b>	525,678	100.0%
as % of total revenue		7.1%		7.1%

## MANAGEMENT DISCUSSION AND ANALYSIS

### (7) Research and Development Expenses

Our research and development expenses primarily include (i) salaries, compensations and benefits for personnel engaging in R&D function, (ii) depreciation and amortization for properties and equipment related to research and development function, (iii) service fees for professional services associated with R&D activities, and (iv) others, mainly include material expenses, testing expenses, lease expenses and traveling expenses.

	For the years ended December 31,		2024	
	2025		Amount	Proportion
	Amount	Proportion	Amount	Proportion
	(in RMB thousands, except for percentages)			
Salaries, compensations and benefits	<b>787,879</b>	<b>70.5%</b>	742,591	66.2%
Depreciation and amortization	<b>217,191</b>	<b>19.4%</b>	265,448	23.7%
Service fees	<b>58,259</b>	<b>5.2%</b>	60,280	5.4%
Others	<b>53,663</b>	<b>4.9%</b>	54,070	4.7%
<b>Total</b>	<b>1,116,992</b>	<b>100.0%</b>	1,122,389	100.0%
as % of total revenue		<b>12.1%</b>		15.3%

### (8) Income Tax

Our income tax expenses comprise current tax and deferred tax.

We are subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which the members of the Group are domiciled and operate. Entities of the Group established in the Chinese Mainland were subject to the PRC corporate income tax rate of 25% during the Reporting Period. The provision for Hong Kong Profits Tax for the Reporting Period was calculated at 16.5% of the estimated assessable profits for the year. During the Reporting Period, a subsidiary of the Group incorporated in Hong Kong was under the two-tiered profits tax rate regime, i.e. the first Hong Kong Dollars 2,000,000 of assessable profits were taxed at 8.25% and the remaining assessable profits were taxed at 16.5%.

We are subject to certain preferential tax rates. We and certain subsidiaries are regarded as key enterprises in the industry. According to the announcement on preferential corporate income tax policies for key enterprises, we and these subsidiaries were subject to a preferential tax rate of 10% during the Reporting Period. We and these subsidiaries were also entitled to an additional tax deductible allowance amounting to 120% of the qualified research and development costs incurred for the Reporting Period. Certain subsidiaries of the Group obtained the certificates of “High and New Technology Enterprise” (“**HNTE**”) from the tax authorities and were subject to a preferential tax rate of 15% during the Reporting Period. These subsidiaries were also entitled to an additional tax deductible allowance amounting to 100% of the qualified research and development costs incurred for the Reporting Period.

During the Reporting Period and as of the Latest Practicable Date, we had fulfilled all our tax obligations and did not have any unresolved tax disputes.

### *(9) Profit for the Year*

As a result of the foregoing, our profit for the year increased from RMB1,100.9 million for the year ended December 31, 2024 to RMB1,677.3 million for the year ended December 31, 2025.

## 3. LIQUIDITY AND CAPITAL RESOURCES

During the Reporting Period, we financed our operations primarily through cash generated from our operating activities. As of December 31, 2025 and 2024, we had cash and cash equivalents of RMB9,161.9 million and RMB9,104.2 million, respectively.

Going forward, we believe our liquidity requirements will be satisfied by using funds from a combination of cash generated from our operating activities and net proceeds from the Global Offering.

Taking into account the cash and cash equivalents, the net proceeds from the Global Offering and cash generated from our operating activities available to us, our Directors believe that we have sufficient working capital to meet our present and future cash requirements for at least the next 12 months.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 4. NET CURRENT ASSETS/LIABILITIES

The table below sets forth our current assets and liabilities as of the dates indicated.

	<b>As of December 31,</b>	
	<b>2025</b>	2024
	(RMB'000)	
<b>Current assets:</b>		
Financial assets measured at FVPL	<b>101,603</b>	120,000
Inventories	<b>3,065,974</b>	2,346,368
Trade and bills receivables	<b>198,765</b>	231,791
Prepayments and other current assets	<b>856,570</b>	608,614
Prepaid income tax	<b>16,051</b>	14
Cash at bank and on hand	<b>9,186,270</b>	9,128,010
<b>Total current assets</b>	<b>13,425,233</b>	12,434,797
<b>Current liabilities:</b>		
Trade payables	<b>812,929</b>	733,599
Accruals and other payables	<b>574,401</b>	522,731
Contract liabilities	<b>218,174</b>	94,532
Financial liabilities measured at FV	<b>3,366</b>	–
Bank loans	<b>200,139</b>	898,221
Lease liabilities	<b>54,445</b>	53,113
Income tax payable	<b>84,006</b>	28,311
<b>Total current liabilities</b>	<b>1,947,460</b>	2,330,507
<b>Net current assets</b>	<b>11,477,773</b>	10,104,290

Our net current assets increased from RMB10,104.3 million as of December 31, 2024 to RMB11,477.8 million as of December 31, 2025, primarily due to (i) an increase in current assets, mainly including an increase in inventories of RMB719.6 million, and an increase in prepayments and other current assets of RMB248.0 million, and (ii) a decrease in current liabilities, mainly including a decrease in bank loans of RMB698.1 million.

## 5. CASH FLOWS

The table below sets forth our cash flows for the years indicated.

	<b>Year Ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
	(RMB'000)	
Operating profit before working capital changes	<b>2,376,251</b>	1,658,569
Changes in working capital	<b>(149,234)</b>	368,892
Income tax (paid)/refunded	<b>(98,513)</b>	4,769
Net cash generated from operating activities	<b>2,128,504</b>	2,032,230
Net cash used in investing activities	<b>(1,390,657)</b>	(669,335)
Net cash (used in)/generated from financing activities	<b>(516,861)</b>	480,384
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>220,986</b>	1,843,279
Cash and cash equivalents at the beginning of the year	<b>9,104,159</b>	7,130,888
Effects of foreign exchange rate changes	<b>(163,212)</b>	129,992
<b>Cash and cash equivalents at the end of the year</b>	<b>9,161,933</b>	9,104,159

### ***Operating Activities***

For the year ended December 31, 2025, we had net cash generated from operating activities of RMB2,128.5 million, which primarily consists of profit before taxation of RMB1,706.4 million, adjusted for certain non-cash and non-operating items. Adjustments for such non-cash and non-operating items primarily include (i) depreciation and amortisation of RMB501.2 million; (ii) net gain from financial assets and liabilities measured at FVPL of RMB152.3 million; and (iii) equity-settled share-based payment expenses of RMB136.0 million. The amount was further adjusted by changes in working capital, primarily including (i) an increase in accruals and other payables of RMB180.8 million; (ii) an increase in contract liabilities of RMB170.7 million; (iii) an increase in trade payables of RMB164.0 million; and (vi) a decrease in prepayments and other current assets and other non-current assets of RMB105.3 million, partially offset by an increase in inventories of RMB735.1 million.

### ***Investing Activities***

For the year ended December 31, 2025, we had net cash used in investing activities of RMB1,390.6 million, which primarily consists of (i) purchase of time deposits of RMB1,330.3 million, (ii) payments for the purchase of property, plant and equipment and intangible assets of RMB1,048.6 million; and (iii) investment in associates of RMB364.9 million, partially offset by proceeds from redemption of time deposits of RMB1,327.9 million.

### ***Financing Activities***

For the year ended December 31, 2025, we had net cash used in financing activities of RMB516.9 million, which primarily consists of (i) repayment of bank loans of RMB1,097.7 million; (ii) the payment of dividends of RMB225.6 million; and (iii) capital element of lease rentals paid of RMB64.0 million, partially offset by (i) proceeds from exercised share options of RMB516.5 million; and (ii) proceeds from bank loans of RMB400.0 million.

## 6. INDEBTEDNESS

The table below sets forth the indebtedness as of the dates indicated.

	<b>As of December 31,</b>	
	<b>2025</b>	2024
	(RMB'000)	
Current portion		
Bank loans	<b>200,139</b>	898,221
Lease liabilities	<b>54,445</b>	53,113
<b>Subtotal</b>	<b>254,584</b>	951,334
Lease liabilities	<b>42,571</b>	48,023
<b>Total</b>	<b>297,155</b>	999,357

### ***Bank Loans***

As of December 31, 2024 and December 31, 2025, our bank loans amounted to RMB898.2 million and RMB200.1 million, respectively. Our bank loans were mainly for general corporate purposes.

As of December 31, 2025, we had unutilized banking facilities of approximately RMB4,988.2 million.

## MANAGEMENT DISCUSSION AND ANALYSIS

### ***Lease Liabilities***

The table below sets forth the lease liabilities as of the dates indicated.

	<b>As of December 31,</b>	
	<b>2025</b>	<b>2024</b>
	<b>(RMB'000)</b>	
<b>Current</b>		
Lease liabilities	<b>54,445</b>	53,113
<b>Non-current</b>		
Lease liabilities	<b>42,571</b>	48,023
<b>Total</b>	<b>97,016</b>	101,136

Our lease liabilities decreased from RMB101.1 million as of December 31, 2024 to RMB97.0 million as of December 31, 2025, primarily due to our payment of rents.

### ***Contingent Liabilities***

As of December 31, 2025, we did not have any material contingent liabilities.

## 7. CAPITAL EXPENDITURE AND COMMITMENTS

### **Capital Expenditure**

The table below sets forth the capital expenditure for the years indicated.

	<b>Year Ended December 31,</b>	
	<b>2025</b>	2024
	(RMB'000)	
Payments for the purchase of property, plant and equipment and intangible assets	<b>1,048,564</b>	499,018
<b>Total capital expenditure</b>	<b>1,048,564</b>	499,018

During the Reporting Period, our capital expenditure was primarily for property, plant and equipment, such as masks and R&D equipment, and intangible assets such as licensed IPs.

### **Capital Commitments**

The table below sets forth the capital commitments as of the dates indicated.

	<b>As of December 31,</b>	
	<b>2025</b>	2024
	(RMB'000)	
Contracted to purchase property, plant and equipment and intangible assets	<b>207,516</b>	–
Contracted for capital injections into equity securities	<b>195,627</b>	635,400
<b>Total</b>	<b>403,143</b>	635,400

## 8. KEY FINANCIAL RATIOS

	Year Ended/As of December 31,	
	2025	2024
Gross profit margin <sup>7</sup>	<b>39.1%</b>	35.7%
Profit margin <sup>8</sup>	<b>18.2%</b>	15.0%
Adjusted net profit margin (a non-IFRS measure)	<b>19.7%</b>	17.1%
Current ratio <sup>9</sup>	<b>6.9</b>	5.3
Quick ratio <sup>10</sup>	<b>5.3</b>	4.3
Gearing ratio <sup>11</sup>	<b>10.2%</b>	13.3%

## 9. OFF-BALANCE SHEET ARRANGEMENTS

We have not entered into, nor do we expect to enter into, any off-balance sheet arrangements. We also have not entered into any financial guarantees or other commitments to guarantee the payment obligations of manufacturing partners. In addition, we have not entered into any derivative contracts that are indexed to our equity interests and classified as owners' equity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing or hedging or research and development services with us.

## 10. DISTRIBUTABLE RESERVE

As of December 31, 2025, the Company has distributable reserves of RMB8,407.2 million.

## 11. LISTING EXPENSES

Among our listing expenses, approximately RMB1.9 million has been charged to our consolidated statement of profit or loss in 2025.

<sup>7</sup> Gross profit margin is calculated as revenue minus cost of sales divided by revenue, then multiplied by 100%.

<sup>8</sup> Profit margin is calculated as net profit divided by revenue, then multiplied by 100%.

<sup>9</sup> Current ratio is calculated based on the total current assets divided by the total current liabilities as at the end of the respective years.

<sup>10</sup> Quick ratio is calculated as total current assets less inventories divided by the total current liabilities as at the end of the respective years.

<sup>11</sup> Gearing ratio is calculated as total liabilities divided by total assets as at the end of the respective years, then multiplied by 100%.

### PRINCIPAL RISKS AND UNCERTAINTIES

We are exposed to risks arising from macro environment and industry volatility, supply chain, talent attrition, foreign exchange gains and losses, credit, product R&D falling short of expectations, and mergers and acquisitions integration falling short of expectations in the ordinary course of our business and equity price risk arising from our equity investments in other entities and changes in the price of our own equity.

#### Macro Environment and Industry Volatility Risk

The semiconductor industry is facing global competition and cooperation, which will be influenced by macro-environmental factors such as domestic and international macroeconomic conditions, industry regulations, and international trade frictions. Concurrently, the semiconductor industry exhibits a degree of cyclical volatility. The Company will continue to fortify its core competitiveness in technology and products, persistently deepening technological pre-research and reserves. By aligning with the developmental characteristics and future trends of the industry, the Company will make arrangements in advance, explore avenues for differentiation, and adjust product and customer portfolios. This strategy enables swift responses to market dynamics, thereby mitigating the impact of macroeconomic and industry fluctuations.

#### Supply Chain Risks

The Company's product characteristics render a fabless operating model suitable. Uncertainties and risks exist regarding whether the production capacity of various supply chain segments, including wafer foundries and assembly and testing factories, can adequately meet procurement demands at a reasonable cost. To mitigate supplier risks, the Company adheres to a development strategy focused on supply chain diversification and resilience management. It has established long-term, robust business relationships with multiple reputable suppliers to accommodate the Company's rapid growth requirements.

#### Talent Attrition Risk

As an integrated circuit design enterprise, maintaining a stable, high-caliber management and technical team is paramount to preserving the Company's leading position in the industry. To this end, the Company has established comprehensive remuneration, benefits, and incentive schemes, offering employees competitive compensation within the industry. By fostering a robust corporate culture, we enhance team cohesion and stimulate employee proactiveness and innovation. Furthermore, the Company has implemented equity incentive plans, which provide an effective motivational and restrictive mechanism, as well as talent security, for the Company's long-term and stable development.

### Foreign Exchange Gains and Losses Risk

The Company has a relatively high proportion of overseas sales, which are primarily settled in US Dollars. Significant fluctuations in exchange rates may expose the Company's operations to exchange risk. The Company has formulated the Management System for Foreign Exchange Hedging Business and, in light of its actual circumstances, prudently conducts foreign exchange hedging activities. This approach aims to effectively mitigate foreign exchange market risks, prevent the adverse effects of substantial exchange rate volatility, and control fluctuations in the Company's financial expenses. We ensure that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances. We use foreign exchange forward contracts to manage our currency risk until the settlement date of foreign currency receivables or payables and these foreign exchange forward contracts have a maturity of less than one year from the reporting date. Changes in the fair value of foreign exchange forward contracts that economically hedge monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

### Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to us. Our credit risk is primarily attributable to trade receivables and other receivables. Our management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. Our exposure to credit risk arising from cash and cash equivalents and bills receivables is limited because the counterparties are banks and financial institutions with high credit standing, for which we consider having low credit risk.

### Risk of Product R&D Falling Short of Expectations

The semiconductor industry is characterized by continuous and rapid technological changes, ongoing product and technology upgrades, frequent product launches and evolving technical standards. The integrated circuit design industry in which the Company operates is characterized by ongoing technological development and innovation aimed at addressing increasingly complex and diverse market demands. To this end, the Company is required to continuously develop and introduce innovative products for existing and potential customers in order to maintain its competitive position in the industry and continue its business development. The Company has consistently invested human resources and capital in research and development, with total R&D investments over the past three years amounted to approximately RMB3.727 billion. At the strategic level, the Company is actively embracing AI, and in terms of product research and development, this includes developing new businesses and new products such as customized memory, higher-computing MCUs and AI MCUs, while providing tailored solutions to address customer needs across different application areas. There is a risk that the Company's R&D may not achieve the expected results. Furthermore, even in the event of successful product development, there is also a risk that the Company may not be able to timely apply the developed technologies to launch new products in order to gain a first-mover advantage.

### Risk of Mergers and Acquisitions Integration Falling Short of Expectations

While pursuing organic growth through continuous research and development and innovation, the Company regards strategic mergers and acquisitions as an important means of expanding and strengthening its business, and continuously explores industrial M&A opportunities in pursuit of inorganic growth. The use of proceeds from the Company's H share listing includes conducting strategic and industry-related investments and acquisitions. The Company will continue to seek strategic and industry-related collaboration, investment and acquisition opportunities both in Chinese Mainland and overseas, with a view to enhancing overall competitiveness and driving sustainable development. The success of any M&A activities undertaken by the Company depends on its ability to identify suitable targets and to achieve effective post-acquisition integration. Accordingly, there is a risk that M&A integration may not meet expectations, which could adversely affect the Company's business development and operating results.



## MANAGEMENT DISCUSSION AND ANALYSIS

### SIGNIFICANT INVESTMENTS

As of December 31, 2025, the Group held significant investments in CXMT, which accounted for more than 5% of the Group's total assets. CXMT is a leading IC manufacturing company with an IDM business model established in June 2016 and headquartered in Hefei, Anhui Province, the PRC, primarily engaged in the research, development, production and sales of DRAM. As of December 31, 2025, the Company held 1,085,672,415 shares or approximately 1.80% of the shares of CXMT, and the corresponding investment cost was RMB2,300.0 million. As of December 31, 2025, the fair value of CXMT was RMB2,855.6 million, accounting for 13.3% of the total assets of the Group. For the year ended December 31, 2025, the fair value change gain of CXMT was RMB22.0 million and dividend income was nil. We will adjust the investment scale according to CXMT's capital plan and the Company's strategy.

Save as disclosed above, as of December 31, 2025, we did not hold any significant investments representing 5% or more of the Group's total assets.

### MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Since the Listing Date of H Shares of the Company and up to the Latest Practicable Date, the Company had no material investments, material acquisitions and disposals of subsidiaries, associates and joint ventures.

### FUTURE PLANS FOR CAPITAL ASSET INVESTMENTS

Save as disclosed in this annual report, the Group does not have a clear plan to acquire capital assets.

### PLEDGE OF ASSETS

As of December 31, 2025, the Group did not have any material pledge of assets.

## FUTURE OUTLOOK

### (I) Industry Structure and Trends

#### 1. *Development trend of the industry in which the Company operates*

IC, as the most critical segment of the semiconductor industry, are expected to continue expanding driven by the rapid development of key sectors such as artificial intelligence and automotive electronics. According to Frost & Sullivan, the market is expected to reach USD900.3 billion by 2029. The importance of the Chinese market in the global chip industry is set to further increase. China's IC market size grew from USD125.2 billion in 2020 to an estimated USD241.9 billion in 2025 (by revenue). By 2029, the market size is expected to expand to USD392.0 billion, with a CAGR of 12.83%, and its global share is set to rise from 40.8% to approximately 43.5%. During this process, the Chinese market is benefiting from multiple industrial opportunities, including the trend of artificial intelligence, 'electrification, intelligence and connectivity' of automotive industry, and the rise of embodied intelligence, continuously consolidating its position as the world's largest single market of semiconductor industry.

In the memory business segment, according to Frost & Sullivan, the specialty memory market (including NOR Flash, SLC NAND Flash, and niche DRAM) in which the Company operates is benefiting from increased memory capacity demands driven by developments in areas such as edge AI and automotive electronics. Between 2025 and 2029, the specialty memory market is expected to continue expanding at a CAGR of 7.1%, with its market size projected to reach USD20.82 billion in 2029. Among these, the niche DRAM market size is expected to grow to USD13.21 billion, with a CAGR of 7.4%; the NOR Flash market size is expected to grow to USD4.18 billion, with a CAGR of 7.6%; and the SLC NAND Flash market size is expected to grow to USD3.44 billion, with a CAGR of 5.8%. The main growth drivers for the specialty memory industry include: automotive 'electrification, intelligence and connectivity' drive demand for automotive-grade memory. As the global electric vehicle market continues to expand, automotive-grade memory chips are becoming another important growth engine following consumer electronics. The AI era presents opportunities for companies with diverse memory chips, both cloud and edge devices generate massive demand for memory chips, creating significant growth opportunities across the memory industry.

In the MCU business segment, according to Frost & Sullivan, the global MCU market is projected to reach USD21.0 billion in 2025 and USD29.3 billion by 2029, with a CAGR of 8.7%. The development of edge AI, the advancement of automotive electrification and electronics, and the increasing demand for high-performance industrial applications collectively drive further growth in the MCU industry. The current global market is still primarily dominated by overseas players, including Infineon, Renesas Electronics, NXP, and STMicroelectronics. The Company holds a leading domestic position in the 32-bit MCU product segment, with key strategic focus areas including automotive-grade, industrial control, digital energy, and white appliances markets.

In the sensor business segment, the global touch sensor chips market is projected to reach USD3.74 billion by 2029. The global fingerprint chips market is projected to reach USD8.89 billion by 2029.

In the analog chips business segment, driven by the development of global AI, the increasing penetration rate of the automotive ‘electrification, intelligence and connectivity’, and the intelligent upgrade of industrial control and consumer electronics, the global analog chip market is expected to grow further. According to Frost & Sullivan’s forecast, the global market size is projected to reach USD83.1 billion in 2025 and is expected to grow to USD112.8 billion by 2029, with a CAGR of 7.9% during the period. Among which, the future market size of power management chips is expected to increase from USD49.7 billion in 2025 to USD68.3 billion in 2029, with a CAGR of 8.3%.

### ***2. Industry landscape and the Company’s position within the industry***

#### **(1) Memory product segment:**

In terms of NOR Flash products, according to Frost & Sullivan, the competitive landscape of the global NOR Flash market in 2024 exhibited characteristics of relative stability and high concentration, with the top 3 companies accounting for approximately 63.2% of the total market size. Among which, the Company held a market share of approximately 18.5%, ranking second globally and also the highest-ranking Chinese mainland company. According to Omdia data, in the first quarter of 2025, the Company ranked second globally in terms of revenue for its NOR Flash products.

In terms of SLC NAND Flash products, the global market share is highly concentrated among overseas manufacturers and those in Taiwan, China. According to Frost & Sullivan, the Company ranked sixth globally and first among Chinese mainland companies in terms of market share in 2024.

In terms of DRAM products, the Company focuses on the niche DRAM market (including consumer, industrial, networking communications, etc.) and has launched product series such as DDR4, DDR3L, and LPDDR4. According to Frost & Sullivan, the global niche DRAM market share is highly concentrated among leading overseas companies in South Korea and the United States. In 2024, the Company ranked seventh globally and second in Chinese mainland by market share. As major overseas manufacturers gradually withdraw from the niche DRAM market, the Company is presented with more development opportunities.

- (2) In the MCU product segment, global market share is highly concentrated among major overseas manufacturers. According to Frost & Sullivan, the Company held a global market share of 1.2% in 2024, ranking eighth globally and first in Chinese mainland.
- (3) In the sensor product segment, the Company ranked second in Chinese mainland in terms of fingerprint sensor chip market share in 2024.

## (II) Company Development Strategy

The Company is committed to becoming an excellent world-class technology company, and to achieve this goal, we will implement the following strategies:

### 1. *Fully Embrace AI to Seize the Unprecedented Opportunities in Industry Development*

The Company will adopt AI as a strategic driver, integrating it throughout our “Product – Ecosystem – Efficiency Enhancement” triad strategy, detailed as follows:

- (1) AI Product Innovation. The Company aims to closely follow the evolving market demands driven by AI’s penetration into intelligent devices. Through both organic growth and strategic expansion, we plan to proactively deploy a broad range of product categories widely used in edge AI, such as AI MCUs or higher-compute MCUs, SoCs, customized memory solutions, and connectivity technologies and products extensively applied in edge AI scenarios, thereby fully capitalizing on the unprecedented opportunities brought by AI development.



## MANAGEMENT DISCUSSION AND ANALYSIS

- (2) **AI Ecosystem Expansion.** The Company aims to continuously enhance our AI-related ecosystem, a diverse portfolio of products and solutions applicable to AI scenarios, through internal incubation, investments, mergers and acquisitions, customized services and collaborative development. By working closely with upstream and downstream partners, we plan to further strengthen customer loyalty and establish strong ecosystem barriers.
- (3) **AI-Driven Platform Efficiency.** The Company aims to empower various internal departments with general AI technologies by developing AI middle platforms, which are comprehensive AI-empowered operation management systems, across R&D, supply chain, marketing and other functions. This comprehensive approach aims to enhance operational efficiency, enable advanced data analytics and intelligent decision-making, and support the company's medium – to long-term growth.

### ***2. Diversification Strategy and Multi-track Growth Underpinning Stable and Sustainable Operations***

- (1) **Business Front:** Adhere to a diversified product portfolio strategy encompassing memory, MCU, analog, automotive electronics and others, while continuously seek new growth curves.
- (2) **Application Front:** Broaden the application scenarios of our chips to extensively cover markets such as consumer electronics, industrial, automotive, networking communications, storage and computing.

### ***3. Advancing Technological Innovation, Broadening Product Portfolio and Expanding into Emerging Fields***

The Company will continue to enhance R&D efficiency, expand its product portfolio, and enrich solutions based on our existing business. The Company remains committed to a market share-focused growth strategy, consolidating our positions in consumer electronics, networking communications and smart home sectors, while further expanding and deepening our presence in industrial, automotive, computing and embodied intelligence markets to drive higher market share across all business units.

### ***4. Pursuing Inorganic Growth Through Strategic and Industry-related Partnerships, Investments and Acquisitions***

The Company plans to focus on strategic areas such as AI, analog and automotive electronics, with targeted investments in projects that demonstrate high growth potential and strong technical barriers.

### *5. Accelerate Our Globalization to Build an Excellent World-Class Technology Brand*

The Company aims to continue to advance its global footprint, align with the needs of customers worldwide, enhance its localized service capabilities and strengthen the integrated capabilities across supply chain, sales, R&D, supply and service.

### *6. Further Our Global Top Talent Strategy to Energize Organizational Vitality*

The Company plans to further enrich its talent pool and invigorate our organization through global recruitment, strategic talent development and enhanced incentive mechanisms.

## (III) Business Plan

Looking ahead to 2026, WSTS projects the global semiconductor market to reach USD975.5 billion, representing a year-on-year increase of 26.3%. The core driving factor is the explosion in demand for AI computing power, driving growth in memory and logic chips exceeding 30%. Currently, the memory products operated by the Company are all experiencing tight supply, with corresponding price increases. In 2026, while vigorously developing its memory business, the Company also needs to achieve more balanced development across its other product lines, continue to seize industry opportunities, comprehensively increase market share, and strive to further enhance its operating performance.

### *1. Building on our existing strengths to continuously increase market share*

In terms of Flash products, the Company continues to prioritize market share as its core focus. While consolidating its stronghold in advantageous areas such as consumer electronics, networking communications, and the domestic industrial market, we will continue to increase the market share penetration for NOR Flash in areas including automotive, computing, edge AI, and overseas markets. In terms of DRAM products, the Company's niche DRAM continues to benefit from production cuts and exits by leading companies in the industry. In 2026, the Company will continue to advance customer adoption of products such as DDR4 8Gb in key areas including TV, industrial (e.g., power) clients, and AI-related applications, as well as the mass production of LPDDR4 products and the research and development of small-capacity LPDDR5 products. In the customized memory business, the second half of 2025 saw some projects successively entering stages such as customer sampling and pilot production. In 2026, the Company will continue to drive products toward mass production in fields such as automotive cockpits, AI PC, and robotics, contributing a certain scale of revenue.

In terms of MCU products, the Company will continue to focus on the industrial, automotive, and white appliances sectors as its primary development directions. According to Omdia data, the domestic industrial MCU market size is USD1.56 billion, with suppliers primarily being leading overseas manufacturers. The Company will continue to deeply cultivate this field, enhancing product competitiveness through resource and technology investment, and continuously launching products that meet customer requirements and align with future development trends. In the automotive MCU sector, which has high entry barriers and requires long R&D cycles, the Company will maintain strategic focus, accelerate the pace of product research and development and introduction, and maintain close and strong cooperation with leading domestic and international Tier-1 suppliers and automakers. The Company will also actively seize opportunities presented by localization to increase its market share in the white appliances sector. In 2026, the Company will continue to enhance market development for new products (primarily high-performance MCUs such as the H7 and F5 series) and increase their contribution to total revenue.

In terms of analog products, the Company will continue to deepen its integration with XySemi to expand product categories, enhance the Company's profitability, increase customer stickiness, and further improve market coverage.

### ***2. Continuously enhancing production capacity resilience***

In 2026, the Company will continue to strengthen its dual-track supply system covering both domestic and international markets, enhance the resilience of its production capacity, achieve synergy across multiple product lines, and implement digital applications. These efforts will empower the Company's business operations and supply chain partners.

### ***3. Further advancing high-quality development***

At the R&D and technology level, the Company will continuously strive to enhance R&D efficiency and drive the effective transformation of R&D achievements. It will persistently refine foundational technologies, promote technological synergy and innovation efficiency, injecting strong momentum into the Company's development. At the sales level, the Company will continue to advance the transformation of sales professionalism, deeply cultivate industry customers, and build an industry ecosystem. At the same time, the Company will leverage various initiatives including enhancing efficiency through AI applications, accelerating product and technology initiatives through mergers and acquisitions, and establishing an evolutionary organization to comprehensively safeguard the Company's steady progress. Additionally, the Company will continue to closely monitor industry development trends and potential market investment opportunities, optimize its industry layout, and enhance its overall competitiveness in the semiconductor field.

#### *4. Establishing A+H dual platforms, ensuring sound management of funds raised, and promoting the Company's steady and sustainable growth*

The Company was listed on the Hong Kong Stock Exchange on January 13, 2026. In 2026 and the following years, the Company will continue to promote the implementation of the use of proceeds from this offering in accordance with the plans disclosed in the section headed “Future Plans and Use of Proceeds” in the Prospectus and foster the long-term development of the Company’s business.

- (1) Continuous investment in R&D: The Company will continue to promote continuous product iteration and technological innovation, further enrich and optimize its product portfolio, seize opportunities arising from AI development, and strategically expand into emerging markets, thereby supporting the sustainable development of its business. The Company plans to further expand its team of specialized talents in areas such as high-performance MCUs, automotive-grade Flash, and customized memory solutions. This will further consolidate the Company’s competitive advantages in the specialty memory chip and high-performance MCU markets and enable it to better capture the growth opportunities presented by AI applications.
- (2) Conducting strategic and industry-related investments and acquisitions: The Company will continue to seek strategic and industry-related cooperation, investment, and acquisition opportunities in Chinese mainland and overseas to enhance its overall competitiveness and drive sustainable growth.
- (3) Continuously advancing global strategy, strengthening global marketing and service networks, and enhancing the Company’s global influence: The Company will continue to promote the establishment of its Singapore International Headquarters to expand overseas sales in countries/regions such as Southeast Asia, Japan, the Americas, and Europe, integrate global resources, and raise the Company’s global brand awareness.
- (4) Continuously improving the Company’s operational efficiency: Specific plans include (i) promoting the integration of AI into the Company’s daily operational management and R&D activities, through a combination of self-developed and commercially available software, to comprehensively enhance operational efficiency and achieve in-depth data analysis and intelligent decision-making; and (ii) establishing digital management systems for R&D and supply chain operations by procuring mature software, thereby strengthening the Company’s end-to-end coordination and responsiveness.



# CORPORATE GOVERNANCE REPORT

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has been committed to maintaining and enhancing the corporate governance standards, thereby improving the transparency of the Group with a view to increasing long-term shareholder returns. From the Listing Date of H Shares of the Company up to the Latest Practicable Date, the Company has complied with the code provisions of the Corporate Governance Code (the “**Corporate Governance Code**”) as set out in Appendix C1 of the Listing Rules. The Company has established a corporate governance system in accordance with the requirements of the corporate governance policies as stipulated in the Code.

The Board will continue to review and monitor the Company’s code on corporate governance practices to ensure the effectiveness of the Company’s compliance with the Corporate Governance Code and maintain a high standard of corporate governance practices.

## CORPORATE CULTURE

The Company’s core values are:

**“Excellence”**: Daring to challenge higher goals and standards, benchmarking against the best, and continuously pushing boundaries

**“Teamwork”**: Fostering mutual learning and growth among employees, the Company, customers, and the ecosystem, enabling each to contribute to the other’s success

**“Open Innovation”**: Maintaining an open mindset, assimilating outstanding ideas and practices to solidify them, and leading the Company’s progress

**“Goal-Driven”**: Adopting a customer-centric, results-oriented approach, dedicating full efforts to achieve goals efficiently

**“Integrity”**: Upholding integrity in conduct and business dealings, insisting on doing the right things and doing things right

**“Accountability”**: Proactively stepping up to take on responsibilities, and when issues arise, conducting inward-looking analysis and driving towards resolution

The Company’s core values provide guidance for the conduct and behavior of employees, ensuring they are embedded throughout the Company’s operational practices, workplace policies and procedures, and stakeholder relationships. Considering that corporate culture is manifested in various aspects of corporate governance, such as workforce participation, employee training, legal and regulatory compliance, employee safety, welfare, and support, the Board considers that the corporate culture, core values, and strategy of the Group are aligned.

## THE BOARD

From the Listing Date of the Company's H Shares up to the Latest Practicable Date, the composition of the Board is as follows:

### Executive Directors

Mr. Zhu Yiming

Mr. He Wei

Mr. Hu Hong

### Non-executive Director

Ms. Wen Tian

### Independent Non-executive Directors

Mr. Zhou Haitao

Dr. Qian He

Ms. Yeung Siuman Shirley

Dr. Chen Jie

Mr. Zheng Xiaodong

### **DUTIES OF THE BOARD**

The Board is responsible to the Shareholders' meeting and exercises its powers in accordance with the Articles of Association and the Rules of Procedure for the Board. According to the Articles of Association, the main duties of the Board include: (1) to be responsible for convening the general meeting and reporting its work to the general meeting; (2) to implement the resolutions adopted by the general meeting; (3) to determine the Company's business plans and investment plans; (4) to formulate the Company's profit distribution plans and plans to cover losses; and (5) to formulate the plans for the increase or reduction of the Company's registered capital and the plans for the issuance of the Company's bonds or other securities and listing plans, among others.

The Board is responsible for performing the corporate governance functions including: (1) to develop and review the Company's policies and practices on corporate governance and make recommendations; (2) to review and monitor the training and continuous professional development of Directors and senior management; (3) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; (4) to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors; and (5) to review the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report. During the Reporting Period, the Board actively performed its corporate governance duties. For specific implementation, please refer to the disclosure in this Corporate Governance Report.

The Board has independent access to the senior management for enquiries in relation to the management. The Board has established special committees to provide support to the Board in its decision-making process. For details, please refer to the section headed "Special Committees of the Board of Directors" below.

### **PROCEDURE OF BOARD MEETING**

The Board of Directors shall convene regular Board meetings at least four times each year at an interval of approximately once a quarter.

Board meetings shall be convened by the chairman. For regular meetings, a notice of 14 days shall be given to all Directors before each meeting. The Directors may attend meetings in person or through other electronic means of communication. The relevant documents of the regular meeting shall be given to all Directors and other persons attending the meeting at least three days in advance. If an extraordinary Board meeting is proposed to be convened, a notice of the extraordinary Board meeting shall be given five days in advance.

For the purpose of considering resolutions or matters during Board meetings, the Directors may arrange relevant senior management, the persons-in-charge of the functional departments and experts to attend the meetings as necessary to interpret, answer queries or provide advisory opinions on the resolutions involved.

The secretary to the Board of Directors shall be responsible for the communications and liaison with all Directors from the time when the notice is served to the commencement of the Board meeting, and shall provide in a timely manner the necessary information to the Directors to facilitate their decision-making on matters set out in the agenda. All Directors shall have access to the secretary to the Board of Directors. Under the leadership of the Board and the chairman, the secretary to the Board of Directors shall take the initiative to keep himself or herself abreast of the implementation progress of the Board resolutions, and report to and advise the Board and the chairman in a timely manner on major matters arising in the course of implementation. Minutes of Board meetings shall be kept by the secretary to the Board of Directors and made available for inspection by any Director at any time.

### **ELECTION AND TERM OF DIRECTORS**

Directors other than employee representative director(s) are elected at the Shareholders' meeting of the Company, while employee representative director(s) is/are elected or dismissed by the employee representative meeting of the Company. Directors are appointed for a term of three years and are eligible for re-election and re-appointment upon expiry of their terms of office. Pursuant to the relevant laws and regulations in the PRC, independent non-executive Directors shall not serve for more than six consecutive years.

### **CHAIRMAN AND GENERAL MANAGER**

The chairman shall be elected and dismissed by a simple majority of all the directors of the Board. The term of office of the chairman shall be three years, and the chairman is eligible for re-election and re-appointment upon expiry of the term. The chairman is responsible for leading the Board and ensuring the Board's efficient operation and that all major and appropriate issues are discussed by the Board in a prompt and constructive manner.

The Company has a general manager who shall be appointed or dismissed by the Board. The general manager is authorized to oversee the Group's business, implement various strategies and be responsible for the Company's daily operation to attain overall commercial goals.

During the Reporting Period and up to the Latest Practicable Date, the positions of chairman and general manager of the Company are held by different persons.

### **MECHANISM FOR THE BOARD TO OBTAIN INDEPENDENT OPINIONS**

The Company understands that access to independent opinions for the Board is critical to good corporate governance and effective operation. The Board has established a mechanism to ensure the Board can obtain independent opinions when necessary so as to enhance the objectivity and effectiveness of decision making. The Board also reviews the implementation and effectiveness of the following mechanisms annually:

1. **Composition of the Board:** The composition of the Board of the Company shall comply with the requirements of the Listing Rules that the Board must comprise at least three independent non-executive Directors and the so appointed independent non-executive Directors must account for at least one-third of the Board;
2. **Independence Assessment:** Independent non-executive Directors must receive appraisals on independence, qualifications and ability when appointed, and regular assessments on the aforementioned matters shall be conducted after appointment. Each independent non-executive Director must promptly notify the Company regarding any changes in circumstances that may affect their independence;

3. **Board Decision-Making:** Directors (including independent non-executive Directors) having material interest in any contract, transaction or arrangement shall abstain from voting and shall not be counted in a quorum for any Board meetings approving such matters. All Directors shall have the right to request further information from the management on the matters under discussion at the Board meetings. To assist the directors in fulfilling their duties, the Directors may seek the assistance from the company secretary and external independent professional advice when necessary while the relevant expenses shall be borne by the Company;
4. **Communication between Chairman and Independent Non-Executive Directors:** Chairman shall hold meetings at least annually with independent non-executive Directors without the presence of other Directors.

### **BOARD DIVERSITY POLICY**

The Company has adopted a board diversity policy which sets out the approach to achieve diversity of the Board. The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level, including gender diversity, as an essential element in maintaining its competitive advantage and attracting, retaining, and motivating outstanding talent to the greatest extent possible. In reviewing and assessing suitable candidates to serve as a Director, the Nomination Committee will consider a number of aspects, including, but not limited to: (a) diversity perspectives, including but not limited to gender, age, cultural and educational backgrounds, professional experience, skills, regional and industry experience, race, knowledge and length of service; (b) qualifications, including accomplishment, experience and other professional credentials within the relevant industry pertinent to the Company's business; (c) commitment to the duties of the Board in respect of available time and dedication; (d) reputation for character and integrity; (e) the contribution the candidate can bring to the Board; and (f) one or more plans to ensure orderly succession of the Board. Final decision shall be based on the merits of the candidate and the contribution they can bring to the Board.



## CORPORATE GOVERNANCE REPORT

The Board currently consists of three female and six male Directors ranging from 32 to 68 years old with a balanced mix of knowledge and skills, including, but not limited to, overall management and strategic development, accounting and corporate governance in addition to relevant industry experience. They obtained degrees in various majors including electronic engineering, material science, semiconductor physics and devices and laws. Taking into account the Group's existing business model and specific needs, as well as the diverse background of the Directors, the composition of the Board satisfies the board diversity policy. The Board believes that the Company's Board Diversity Policy ensures that there will be alternate potential successors to the Board to continue the existing gender diversity of the Board.

The Nomination Committee is responsible for reviewing the structure and diversity of the Board and selecting individuals to be nominated as Directors. The Nomination Committee will monitor and evaluate the implementation of the board diversity policy from time to time to ensure its ongoing effectiveness, and will propose any necessary amendments as required, recommending such amendments to the Board for consideration and approval. The Nomination Committee will also include a summary of the board diversity policy in the Corporate Governance Report, and will review the policy from time to time to ensure its continued effectiveness.

### **EMPLOYEE DIVERSITY**

As of the end of the Reporting Period, the gender diversity of our Group's employees was generally balanced, with female accounting for 35.41% and male accounting for 64.59%.

The Group is consistently committed to fostering an inclusive and supportive work environment for all employees, respecting individual diversity and valuing employee dignity. The Company is also dedicated to promoting employee equality and diversity, and providing equal opportunities in recruitment, training and development, compensation, as well as employment and promotion opportunities. The Company adheres to the principle of merit-based hiring, giving full consideration to the benefits of diversity when evaluating candidates, including but not limited to gender, age, cultural and educational backgrounds, professional experience, skills, regional and industry experience, race, knowledge, and length of service.

## BOARD MEETING AND SHAREHOLDERS' MEETING

In 2025, the Board of Directors of the Company convened 6 meetings in total, during which it reviewed and approved a number of proposals, including periodic reports, amendments to the internal governance systems and satisfaction of conditions for equity incentive plans. Board Meetings of the Company were held through a combination of on-site and online participation.

In 2025, the Shareholders' Meetings of the Company convened 3 sessions in total, during which it reviewed and approved a number of proposals, including the annual profit distribution plan, the issuance of H shares and listing on the Stock Exchange, and the change of the domestic auditor. The Shareholders' Meetings were held by means of a combination of on-site voting and online voting.

The attendance records of the Directors present at Shareholders' meetings and Board meetings during the Reporting Period are as follows:

	Shareholders' Meeting	Board Meeting
<b>Executive Directors</b>		
Zhu Yiming	3/3	6/6
He Wei	3/3	6/6
Hu Hong	3/3	6/6
<b>Non-Executive Directors</b>		
Wen Tian <sup>1</sup>	1/1	4/4
WANG ZHIWEI <sup>2</sup>	2/2	2/2
<b>Independent Non-Executive Directors</b>		
Zhou Haitao	3/3	6/6
Qian He	2/3	6/6
Yeung Siuman Shirley	1/3	6/6
Chen Jie	2/3	6/6
Zheng Xiaodong	3/3	6/6

Notes:

1 On June 10, 2025, Ms. Wen Tian was appointed as a non-executive Director (employee representative director).

2 On June 10, 2025, Mr. WANG ZHIWEI resigned as a Director.

## CORPORATE GOVERNANCE REPORT

During the Reporting Period, the number of Board meetings held by the Company, the convening procedures, record keeping, the rules governing the conduct of meetings and related matters were in compliance with the relevant code provisions. The attendance records demonstrate that all Directors have diligently discharged their duties and are committed to making contribution to the interests of the Company and its Shareholders as a whole.

### DIRECTORS' TRAINING AND CONTINUOUS PROFESSIONAL DEVELOPMENT

The management of the Company provides Directors with appropriate and sufficient information in a timely manner so as to update them with the latest developments of the Company and facilitate their discharge of duties.

Newly appointed Directors shall be given an introduction in relation to the Company to ensure that they have a sufficient understanding of the management, business and governance practices of the Company. The Company also encourages all Directors to participate in seminars and courses conducted by recognized institutions so as to ensure that they constantly improve their skills and are aware of the latest developments or changes in regulations, the Listing Rules and the Corporate Governance Code with which they are required to comply in discharging their duties, so as to make informed and relevant contributions to the Board.

During the Reporting Period, the training received by the Directors was as follows:

<b>Training for Directors during the Reporting Period</b>	<b>Category</b> <sup>Notes</sup>
<b>Executive Directors</b>	
Zhu Yiming ( <i>Chairman</i> )	A and B
He Wei ( <i>General Manager</i> )	A and B
Hu Hong	A and B
<b>Non-executive Directors</b>	
Wen Tian ( <i>appointed on June 10, 2025</i> )	A and B
WANG ZHIWEI ( <i>resigned on June 10, 2025</i> )	A and B
<b>Independent Non-executive Directors</b>	
Zhou Haitao	A and B
Qian He	A and B
Yeung Siuman Shirley	A and B
Chen Jie	A and B
Zheng Xiaodong	A and B

Notes:

- Participation in seminars, conferences, forums and/or training courses arranged by the Company or external organisations.
- Perusing materials provided by the Company or external parties, such as materials relating to the Company's business updates, directors' duties and responsibilities, corporate governance and regulatory updates, and other applicable regulatory requirements.

## DIRECTORS' COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as its own code regarding Directors’ securities transactions. As the Model Code is not applicable before the Listing Date of H Shares of the Company, having made specific enquiry of all Directors, each of the Directors confirmed that he/she had complied with the Model Code during the period from the Listing Date of H Shares of the Company up to the Latest Practicable Date.

## INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

As at the Latest Practicable Date, the five independent non-executive Directors of the Board of the Company, namely, Mr. Zhou Haitao, Dr. Qian He, Ms. Yeung Siuman Shirley, Dr. Chen Jie, and Mr. Zheng Xiaodong, have confirmed their independence in relation to each of the factors referred to in Rule 3.13 of the Listing Rules. The Company had already received from those independent non-executive Directors the annual statements concerning their independence in which their independence were re-confirmed. The Company considers all independent non-executive Directors as independent within the meaning of Rule 3.13 of the Listing Rules.

## RELATIONSHIP BETWEEN DIRECTORS AND SENIOR MANAGEMENT

There is no financial, business, family or other material relationship between Directors and senior management except for the working relationship within the Company.

## SPECIAL COMMITTEES OF THE BOARD OF DIRECTORS

### Strategy and Sustainable Development Committee

The Board has established the Strategy and Sustainable Development Committee with written terms of reference. The primary duties of the Strategy and Sustainable Development Committee are to research and make recommendations to the Board on the Group’s long-term development strategies, major investment decisions, sustainable development and ESG affairs. The Strategy and Sustainable Development Committee comprises Mr. Zhu Yiming, the Chairman and an executive Director, Dr. Qian He, an independent non-executive Director, and Ms. Yeung Siuman Shirley, an independent non-executive Director, with Mr. Zhu Yiming as the chairperson. During the Reporting Period, to further enhance the corporate governance structure, strengthen the Company’s core competitiveness and sustainable development capabilities, and improve the Company’s environmental, social and governance (ESG) management level, the “Strategy Committee” was restructured into the “Strategy and Sustainable Development Committee”, which was considered and approved at the third meeting of the fifth session of the Board of the Company, in accordance with the Company’s actual circumstances.

## CORPORATE GOVERNANCE REPORT

The primary duties of the Strategy and Sustainable Development Committee include: (1) conduct research on the Company's long-term development strategy and make recommendations; (2) conduct research and make recommendations on major investment decisions and financing plans that, under the Articles of Association, require approval by the Board; (3) conduct research and make recommendations on major capital operations and asset operation projects that, under the Articles of Association, require approval by the Board; (4) conduct research and make corresponding recommendations on the Company's sustainable development and ESG-related matters, and hear work reports from the ESG leadership group; (5) review reports related to the Company's sustainable development and ESG matters and report to the Board; (6) conduct research and make recommendations on other major matters affecting the Company's development; (7) inspect the implementation of the above matters; (8) other matters authorized by the Board. The terms of reference of the Strategy and Sustainable Development Committee are available from the Company's website and the Hong Kong Stock Exchange's website.

The Strategy and Sustainable Development Committee held two meetings during the Reporting Period. Its principal activities included: making resolutions regarding significant matters such as the Company's "2024 Environmental, Social and Governance Report", the "Environmental, Social and Governance (ESG) Management Measures", and the Company's listing on the Main Board of the Stock Exchange; and hearing important work reports including the Company's 2025 ESG Work Plan and the 2025 Strategy Revision.

The attendance records of members of the Strategy and Sustainable Development Committee during the Reporting Period are as follows:

<b>The Strategy and Sustainable Development Committee</b>	<b>Positions</b>	<b>Number of Strategy and Sustainable Development Committee meetings attended/held</b>
Mr. Zhu Yiming ( <i>Chairperson</i> )	Executive Director	2/2
Dr. Qian He	Independent non-executive Director	2/2
Ms. Yeung Siuman Shirley	Independent non-executive Director	2/2

## Audit Committee

The Board has established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code. The primary duties of the Audit Committee are to review the financial information and its disclosure of the Group, to oversee and evaluate the work of internal and external audits and internal control, provide recommendations and advice to the Board and to exercise the functions and powers originally vested in the supervisory board under the Company Law and the functions and powers stipulated in the securities regulatory rules of the place where the shares of the Company are listed. The Audit Committee comprises three independent non-executive Directors, namely: Mr. Zhou Haitao, Dr. Qian He and Ms. Yeung Siuman Shirley, with Mr. Zhou Haitao (being the independent non-executive Director with appropriate professional qualifications) as the chairperson. Of these, Dr. Qian He was appointed as a member of the Audit Committee on May 20, 2025 and Mr. Zheng Xiaodong ceased to be a member of the Audit Committee with effect from the same date.

The primary duties of the Audit Committee include: (1) supervision and evaluation of external audit work; (2) reviewing financial information of the Group; (3) supervision of the Group's financial reporting system, risk management and internal control systems; (4) other duties recommended by laws, regulations, rules, the Listing Rules and the securities regulatory rules of the place where the shares of the Company are listed. The terms of reference of the Audit Committee are available from the Company's website and the Hong Kong Stock Exchange's website.

The Audit Committee held five meetings during the Reporting Period. Its principal activities included: making resolutions on significant matters such as the Company's periodic financial reports, the deposit and actual usage of A-share raised funds, internal control evaluation, revision of the internal audit system, appointment of an auditor for the H-share offering and listing, change of domestic auditor, conducting foreign exchange derivative trading business, and the 2025 audit plan; and hearing reports on internal audit work on a quarterly basis.

## CORPORATE GOVERNANCE REPORT

The attendance records of members of the Audit Committee during the Reporting Period are as follows:

<b>Audit Committee</b>	<b>Positions</b>	<b>Number of Audit Committee meetings attended/held</b>
Mr. Zhou Haitao ( <i>Chairperson</i> )	Independent non-executive Director	5/5
Ms. Yeung Siuman Shirley	Independent non-executive Director	5/5
Dr. Qian He <sup>1</sup>	Independent non-executive Director	3/3
Mr. Zheng Xiaodong <sup>2</sup>	Independent non-executive Director	2/2

Notes:

1. On May 20, 2025, Dr. Qian He was appointed as a member of the Audit Committee.
2. With effect from May 20, 2025, Mr. Zheng Xiaodong ceased to be a member of the Audit Committee.

In addition, the Audit Committee has reviewed the Company's 2025 annual results and annual report.

### Remuneration and Appraisal Committee

The Board has established the Remuneration and Appraisal Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code. The primary duties of the Remuneration and Appraisal Committee are to review and make recommendations to the Board on the terms of remuneration packages, bonuses and other compensation payable to the Directors and senior management. The Remuneration and Appraisal Committee comprises three independent non-executive Directors, namely: Dr. Chen Jie, Mr. Zheng Xiaodong and Mr. Zhou Haitao, with Dr. Chen Jie as the chairperson.

The main responsibilities of the Remuneration and Appraisal Committee include: The Remuneration and Appraisal committee is responsible for formulating the evaluation criteria for Directors and senior management and conducting the evaluation, preparing and reviewing the remuneration policies and programs for Directors and senior management such as the mechanism for determining the remuneration of Directors and senior management, the decision-making process, and the arrangements for the payment and stoppage of recourse, and making recommendations to the Board of Directors on the following matters: (1) Remuneration of the Directors and senior management; (2) Making recommendations to the Board of Directors on the overall remuneration policy and structure for the Company's Directors and senior management, and on formulating a formal and transparent procedure for the remuneration policy; (3) Reviewing and approving the management's remuneration proposals in light of the corporate policies and objectives set by the Board of Directors; (4) Taking into account the remuneration paid by comparable companies, the time and responsibilities required, and the employment terms of other positions within the Group; (5) Reviewing and approving the compensation payable to Executive Directors and senior management for the loss or termination of their office or appointment; (6) Reviewing and approving the compensation arrangements in connection with the dismissal or removal of any Director due to misconduct; (7) Ensuring that no Director or any of his/her associates is involved in determining his/her own remuneration; (8) Formulating or changing the equity incentive plan and employee share ownership schemes, granting of rights and benefits to the targets of the incentives and fulfillment of the conditions for exercising the rights and benefits; (9) Arranging share ownership schemes for Directors and senior management in the subsidiaries proposed to be spun off; (10) Other matters as provided by laws and regulations, the securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association. The terms of reference of the Remuneration and Appraisal Committee have been published on the Company's website and the website of the Stock Exchange of Hong Kong Limited.

The Remuneration and Appraisal Committee held four meetings during the Reporting Period. Its principal activities included: making resolutions on matters such as the 2024 annual performance assessment and evaluation of the Company's senior management, the 2025 remuneration standards and assessment targets for senior management, and the satisfaction of conditions and adjustment for the equity incentive plans.

## CORPORATE GOVERNANCE REPORT

The attendance records of members of the Remuneration and Appraisal Committee during the Reporting Period are as follows:

<b>Remuneration and Appraisal Committee</b>	<b>Positions</b>	<b>Number of Remuneration and Appraisal Committee meetings attended/held</b>
Dr. Chen Jie ( <i>Chairperson</i> )	Independent non-executive Director	4/4
Mr. Zheng Xiaodong	Independent non-executive Director	4/4
Mr. Zhou Haitao	Independent non-executive Director	4/4

In addition, the Remuneration and Appraisal Committee has reviewed the confirmation of the remuneration of the Directors and senior management of the Company for 2025 and the remuneration plan for 2026.

### Nomination Committee

The Board has established the Nomination Committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules and the Corporate Governance Code. The primary duties of the Nomination Committee are to make recommendations to the Board on the appointment of Directors and succession management of the Board. The Nomination Committee comprises three independent non-executive Directors, namely: Dr. Qian He, Dr. Chen Jie and Mr. Zheng Xiaodong, with Dr. Qian He as the chairperson. Mr. Zheng Xiaodong was appointed as a member of the Nomination Committee on May 20, 2025, and Mr. WANG ZHIWEI ceased to be a member of the Nomination Committee with effect from the same date.

The main responsibilities of the Nomination Committee include: The Nomination Committee is responsible for formulating the standards and procedures for the selection of Directors and senior management, selecting and reviewing the candidates for Directors and senior management and their qualifications for office, and making recommendations to the Board of Directors on the following matters: (1) Reviewing the structure, number of members and composition of the Board of Directors at least once a year, assist the Board of Directors in preparing a Board of Directors skills matrix, and make recommendations on any proposed changes to the Board of Directors to cooperate with the Company's corporate strategy; (2) Identifying individuals suitably qualified to become board members and selecting or making recommendations to the board on the selection of individuals nominated for directorships; (3) the nomination, appointment, removal or reappointment of Directors and the succession planning for Directors; (4) the appointment or dismissal of senior management; (5) the assessment of the independence of Independent Directors; (6) Supporting the Company's regular evaluation of the performance of the Board of Directors; (7) Other matters as provided by laws, administrative regulations, the CSRC, the securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association. The terms of reference of the Nomination Committee have been published on the Company's website and the website of the Stock Exchange of Hong Kong Limited.

The Company's director nomination policy implemented during the Reporting Period is as follows: in accordance with relevant laws and regulations, the securities regulatory rules of the place where the shares of the Company are listed, and the provisions of the Articles of Association, and taking into account the Company's actual circumstances, the Nomination Committee considers the selection procedures, election conditions and term of office of the Directors and senior management of the Company, and submits a resolution to the Board for consideration.

## CORPORATE GOVERNANCE REPORT

The attendance records of members of the Nomination Committee during the Reporting Period are as follows:

<b>Nomination Committee</b>	<b>Positions</b>	<b>Number of Nomination Committee meetings attended/held</b>
Dr. Qian He ( <i>Chairperson</i> )	Independent non-executive Director	1/1
Dr. Chen Jie	Independent non-executive Director	1/1
Mr. Zheng Xiaodong <sup>1</sup>	Independent non-executive Director	N/A
Mr. WANG ZHIWEI <sup>2</sup>	Non-executive Director	1/1

Notes:

1. On May 20, 2025, Mr. Zheng Xiaodong was appointed as a member of the Nomination Committee and no meeting of the Nomination Committee was held after his appointment and up to the end of the Reporting Period.
2. With effect from May 20, 2025, Mr. WANG ZHIWEI ceased to be a member of the Nomination Committee.

### Risk Management and Internal Control

Our future operating performance may be affected by risks relating to our business. Some of these risks are specific to us while others relate to economic conditions and are general to the industry in which we operate.

Our Board and senior management are responsible for establishing and maintaining adequate risk management and internal control systems. The purpose of risk management is to identify potential events that may affect us and to keep risks within our risk tolerance, rather than to eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. Internal control is the process designed to provide reasonable assurance regarding the achievement of objectives related to the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with applicable laws and regulations.

### Risk Management and Internal Control Policies

We have in place a robust risk management and internal control system. We have adopted and consistently improved our internal control mechanisms to ensure the compliance of our business operations with relevant laws and regulations and all our internal policies. Furthermore, we have established an internal audit function to conduct periodic reviews of the implementation of our risk management policies and internal control measures to ensure their effectiveness and sufficiency.

Our Board is responsible for monitoring our internal control system, reviewing its effectiveness, and maintaining suitable and effective risk tolerance levels. The objectives of our risk management system are to: (i) identify potential events that may impact us, ensuring relevant risks are kept within acceptable and appropriate levels relative to our objectives; (ii) facilitate accurate and reliable communication of information to both internal and external stakeholders; (iii) ensure compliance with our business operations; (iv) enhance the efficiency and effectiveness of our business activities, thereby reducing uncertainties in achieving operational goals; and (v) establish crisis management plans for significant risks to protect us from substantial losses due to catastrophic risks or human errors.

Our Audit Committee is responsible for reviewing the regulations and primary objectives related to risk management, submitting comprehensive risk management reports to the Board as needed, reviewing risk management strategies and solutions for significant risks, and addressing other matters related to comprehensive risk management as authorized by the Board. Our internal audit department is tasked with overseeing the implementation of our risk management policies and systems. Other departments and business units are coordinated and supervised by the internal audit department in their risk management efforts.

The Board conducts an annual review of the risk management and internal control of the Company during the Reporting Period, which covers all material controls, including financial controls, operational controls and compliance controls. The Board considers that the risk management and internal control systems of the Company during the Reporting Period are effective and adequate.

### COMPANY SECRETARIES

As of the date of this annual report, the joint company secretaries of the Company are Ms. Dong Lingyan and Ms. Wong Wai Yee, Ella (FCG HKFCG(PE)).

The joint company secretaries are responsible for facilitating the procedures of the Board of Directors and communication among Directors, and between Directors and Shareholders and management. Ms. Dong Lingyan is the primary contact person of Ms. Wong Wai Yee, Ella at the Company. The biographies of the joint company secretaries are set out in the section “Biographies of Directors and Senior Management” in this annual report. Considering the listing of the Company’s H shares on the Main Board of the Stock Exchange on January 13, 2026, Ms. Dong Lingyan will comply with the requirements of Rule 3.29 of the Hong Kong Listing Rules for the year ending December 31, 2026. Ms. Wong Wai Yee, Ella has participated in the relevant professional training in accordance with the requirements of Rule 3.29 of the Hong Kong Listing Rules during the Reporting Period.

### **DIVIDEND POLICY**

Our declaration and payment of dividends are subject to PRC laws and regulations, including the PRC Company Law (《中華人民共和國公司法》) and the No. 3 Guideline for the Supervision of Listed Companies – Cash Dividend Distribution of Listed Companies (2025 Revision) (《上市公司監管指引第3號–上市公司現金分紅(2025年修訂)》) and the Articles of Association. We have established our dividend policy as prescribed in the Articles of Association. As a principle, our profit distribution should emphasize providing reasonable investment returns to public Shareholders, with the aim of sustainable development and safeguarding Shareholders’ rights and interests. Under the condition that the Company’s normal production and operational funding needs are met, if there have been no significant adverse changes in the Company’s external business environment or operating conditions, and the distributable profit for the year is positive, we shall distribute no less than 20% of the distributable profits realized in a given year in the form of cash dividends each year. Save as prescribed in the Articles of Association, we do not set any other payout ratio target. Moreover, over any consecutive three-year period, the total cash dividends distributed shall be no less than 60% of the average annual distributable profits during those three years. Future profit distributions may be carried out in the form of cash dividends or stock dividends or a combination of cash dividends and stock dividends. Any proposed distribution of dividends is subject to the discretion of our Board and the approval at our Shareholders’ meetings. Our Board may recommend a distribution of dividends in the future after taking into account factors including:

- industry characteristics;
- stage of development;
- business model;

- profitability of the relevant year/period;
- whether there are significant capital expenditure plans; and
- any other conditions that our Board may deem relevant.

## DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors confirm their responsibilities for the preparation of the consolidated financial statements of the Company for the year ended December 31, 2025. The statement of the responsibilities of the Company's independent auditors in respect of the financial statements is set out in the independent auditors' report.

The Directors are not aware of any material uncertain events or conditions that may materially adversely affect the Company's continuing operations.

## AUDITORS AND THEIR REMUNERATION

The PRC auditor of the Company for the year 2025 is KPMG Huazhen LLP and the international auditor is KPMG. The details of remuneration for audit and non-audit services (excluding tax) provided to the Company by the PRC auditors and international auditors during the Reporting Period are as follows:

<b>Service Category</b>	<b>Amount Paid/ Payable (exclusive of VAT) (RMB'000)</b>
Audit and audit-related services	3,396.0
Non-audit services	330.0
<b>Total</b>	<b>3,726.0</b>

### **AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

On March 30, 2026, the Board resolved to change the registered capital of the Company and amend the Articles of Association

On November 14, 2025, the Company completed the share registration for the fourth exercise period under the 2021 Stock Option and Restricted Share Incentive Plan, resulting in an increase of 571,379 new Shares. The Company's A Shares increased from 667,277,972 shares to 667,849,351 shares. On January 13, 2026, 28,915,800 H Shares of the Company (prior to the exercise of the over-allotment option) were listed and traded on the Main Board of the Stock Exchange. On February 11, 2026, an additional 4,337,300 H Shares of the Company issued upon the full exercise of the over-allotment option were listed and traded on the Main Board of the Stock Exchange, and the Company's H Shares increased from 28,915,800 shares to 33,253,100 shares.

In light of the above, the Company's total share capital changed from 667,277,972 shares to 701,102,451 shares; the Company's registered capital changed from RMB667,277,972 to RMB701,102,451.

In order to reflect the above issue and listing of H Shares of the Company and the change in registered capital, the Company intends to amend the Articles of Association. The amended Articles of Association will take effect upon approval by the forthcoming annual general meeting. Until such approval, the current Articles of Association remain in effect.

For details, please refer to the announcement of the Company dated March 30, 2026.

Save as disclosed above, from the Listing Date of H Shares of the Company up to the Latest Practicable Date, the Company has not made any material amendments to its Articles of Association.

### **HANDLING AND DISCLOSURE OF INSIDE INFORMATION**

The Group has formulated a sound and appropriate procedure for the handling and disclosure of inside information in accordance with the relevant provisions of the SFO and the Listing Rules. Pursuant to such procedures, the Group prohibits the unauthorized access to and use of inside information, and the handling and disclosure of inside information must comply with the relevant provisions of the SFO and the Listing Rules to ensure the timely, accurate and appropriate disclosure of relevant information to Shareholders and regulatory authorities. The Board of Directors also regularly reviews the content and implementation of such procedures.

### SHAREHOLDER COMMUNICATION POLICY

The Company attaches great importance to communication with Shareholders and has formulated the Shareholder Communication Policy with the objective of establishing guidelines for the Company's communication with Shareholders to ensure equal, timely, effective, transparent, accurate and open communication between the Company and its Shareholders. During the Reporting Period, the Company maintains active, effective and transparent communication with Shareholders through various communication channels, including publishing annual, semi-annual and quarterly reports, announcements and press releases on the Company's website and the exchange's website, and holding results release conferences and roadshows.

In addition, the Shareholders' meeting provides an effective way for Shareholders to exchange views with the Board of Directors. The Company makes appropriate arrangements for the Shareholders' meeting to encourage Shareholder participation. Where appropriate or necessary, members of the Company's Board of Directors, chairmen of special committees or their representatives, relevant senior management and the external audit firm will answer Shareholders' questions at the Shareholders' meeting. Separate resolutions are submitted for each substantially independent matter at the Shareholders' meeting, and the voting results are published on the exchange's website and the Company's website.

During the Reporting Period, the Company held 1 annual general meeting and 2 extraordinary general meetings. During the Reporting Period, the Company also held 3 online performance briefings and 3 large-scale investor teleconferences to communicate with investors on issues of concern to them. The Company has reviewed the implementation and effectiveness of the above shareholder communication policy during the Reporting Period and is satisfied with the review results.

The Board of Directors values the views and opinions of Shareholders. Shareholders may forward their inquiries and opinions to the Board of Directors through the company secretary at any time. The contact details of the company secretary are as follows:

Address: Building 8, IC PARK, No. 9 Fenghao East Road, Haidian District, Beijing

E-mail: [investor@gigadevice.com](mailto:investor@gigadevice.com)

Telephone number: 8610-82881768

### SHAREHOLDERS' RIGHTS

#### Convening an Extraordinary General Meeting

In accordance with Article 50 of the Articles of Association, Shareholder(s) who individually or collectively hold 10% or more of the shares shall have the right to request the Board to convene an extraordinary general meeting and shall submit the request in writing to the Board. The Board shall provide feedback in writing on its consent or refusal to convene an extraordinary general meeting within 10 days upon receiving the request pursuant to laws, administrative regulations, and the Articles of Association.

If the Board agrees to convene the extraordinary general meeting, it shall serve a notice of such meeting within 5 days after the Board resolved to do so. In the event of any change to the original proposal set forth in the notice, the consent of Shareholder(s) who put forward the proposal shall be obtained.

If the Board does not agree to hold the extraordinary general meeting, or fails to give a reply within 10 days after receipt of the request, Shareholder(s) who individually or collectively hold 10% or more Shares shall be entitled to request the Audit Committee to convene an extraordinary general meeting in writing.

If the Audit Committee agrees to convene the extraordinary general meeting, it shall serve a notice of such meeting within 5 days after receipt of the said request. In the event of any change to the original proposal set forth in the notice, the consent of Shareholder(s) who put forward the proposal shall be obtained.

If the Audit Committee fails to issue a notice of the general meeting within a specified period, it shall be deemed that the Audit Committee shall not convene and preside over the general meeting, the Shareholder(s) individually or collectively holding 10% or more of the Company's shares for more than 90 consecutive days may convene and preside over the meeting by himself/herself/themselves.

### Putting Forward Proposal at General Meetings

Pursuant to Article 55 of the Articles of Association, Shareholders separately or aggregately holding more than 1% of the Shares are entitled to submit proposals to the Company at a general meeting.

Shareholders separately or aggregately holding more than 1% of the shares are entitled to submit provisional proposals to the convener in writing 10 days before the convening of such general meeting. The convener shall issue a supplementary notice of the general meeting to announce the content of such ad hoc proposals within 2 days after receiving the proposals, announce the contents of the provisional proposal and submit the provisional proposal to such general meeting for consideration. Save for any provisional proposal that violates the provisions of the laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association, or does not fall within the scope of powers and functions of the general meeting.



# DIRECTORS' REPORT

The Board of Directors is pleased to present the Directors' Report and the audited consolidated financial statements of the Group for the year ended December 31, 2025.

## LIST OF DIRECTORS

The Directors of the Company from the Listing Date of H Shares of the Company up to the Latest Practicable Date are as follows:

### Executive Directors

Mr. Zhu Yiming (Chairman)  
Mr. He Wei (General Manager)  
Mr. Hu Hong

### Non-Executive Director

Ms. Wen Tian

### Independent Non-Executive Directors

Mr. Zhou Haitao  
Dr. Qian He  
Ms. Yeung Siuman Shirley  
Dr. Chen Jie  
Mr. Zheng Xiaodong

Details of the biographies of the Directors are set out in the section “Biographies of Directors and Senior Management” in this annual report. Each Director confirms that (i) he/she obtained the legal opinion referred to in Rule 3.09D of the Listing Rules on June 10, 2025; and (ii) he/she understands the responsibilities of being a director of a listed issuer under the Listing Rules.

## **BUSINESS REVIEW**

We are an integrated circuit design house for a diverse range of chips. We provide customers with a wide range of chips, including Flash, niche DRAM, MCU, analog chips and sensor chips that can be used in consumer electronics, automobiles, industrial applications, PC and servers, IoT, network communications and other fields, as well as a complete set of systems and solutions, including corresponding algorithms and software.

The analysis of the Group’s principal business during the Reporting Period is set out in the section “Management Discussion and Analysis – Business Review”. The major risks and uncertainties faced by the Group during the Reporting Period are set out in the sections “Management Discussion and Analysis – Principal Risks and Uncertainties” and “Corporate Governance Report – Risk Management and Internal Control” in this annual report. The disclosure of the Group’s possible future development is set out in the section “Management Discussion and Analysis – Future Outlook” in this annual report.

## **STRUCTURE OF SHARE CAPITAL**

As at the end of the Reporting Period, the total issued share capital of the Company was RMB667,849,351, representing 667,849,351 shares with a par value of RMB1.00 each. The structure of share capital of the Company as at the end of the Reporting Period is as follows:

<b>Share Category</b>	<b>Number of Shares</b>	<b>Approximately % of issued share capital</b>
A Shares	667,849,351	100.00%

## DIRECTORS' REPORT

As at the Latest Practicable Date, the total issued share capital of the Company was RMB701,102,451, representing 701,102,451 shares with a par value of RMB1.00 each. The structure of share capital of the Company as at the Latest Practicable Date is as follows:

<b>Share Category</b>	<b>Number of Shares</b>	<b>Approximately % of issued share capital</b>
A Shares	667,849,351	95.26%
H Shares <sup>1</sup>	33,253,100	4.74%
<b>Total</b>	<b>701,102,451</b>	<b>100.00%</b>

Note:

1. The Company was listed on the Main Board of the Hong Kong Stock Exchange from January 13, 2026, with an initial public offering of 28,915,800 H Shares. Upon the full exercise of the over-allotment option for the issue and allotment of a total of 4,337,300 H Shares, the number of H Shares increased to 33,253,100 shares from February 11, 2026.

## INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVES IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As of December 31, 2025, since the Company's H Shares had not been listed on the Stock Exchange, the relevant disclosure requirements under Hong Kong law (including Divisions 7 and 8 of Part XV and Section 352 of the SFO) and the Model Code had not applied to the Company and its Directors and chief executive.

The Company's H Shares were listed on the Main Board of the Stock Exchange on January 13, 2026. As of the Latest Practicable Date, the Directors and chief executive of the Company had interests and/or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (as defined in Part XV of the SFO) that are required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests and short positions deemed or regarded as held under the relevant provisions of the SFO), or to be recorded in the register referred to in Section 352 of the SFO, or interests and/or short positions required to be notified to the Company and the Stock Exchange under the Model Code as follows:

(i) Interests in the Company

Name	Nature of Interest	Number and Description of Shares or Underlying Shares Held <sup>1</sup>	Approximately % of the Relevant Class of Shares Held <sup>2</sup>	Approximate % of the Total Issued Share Capital of the Company Held <sup>2</sup>
Mr. Zhu Yiming <sup>3</sup>	Beneficial owner	45,758,013 A Shares	6.85%	6.53%
	Interest held jointly with other persons	13,053,500 A Shares	1.95%	1.86%
Mr. He Wei <sup>4</sup>	Beneficial owner	285,427 A Shares	0.04%	0.04%
Mr. Hu Hong <sup>5</sup>	Beneficial owner	1,462,325 A Shares	0.22%	0.21%

Notes:

- All interests shown are long positions.
- As at the Latest Practicable Date, the total number of issued Shares of the Company was 701,102,451, including 667,849,351 A Shares and 33,253,100 H Shares.
- InfoGrid Limited has issued the Acting-in-Concert Undertaking. By virtue of the SFO, Mr. Zhu Yiming and InfoGrid Limited are deemed to be interested in the Shares held by each other.
- As of the Latest Practicable Date, Mr. He Wei had interests in the following Shares: (i) 195,907 A Shares held by him; and (ii) 89,520 unexercised stock options granted to him under the 2024 Stock Option Incentive Plan entitling him to receive 89,520 A Shares subject to vesting.
- As of the Latest Practicable Date, Mr. Hu Hong had interests in the following Shares: (i) 319,445 A Shares held by him; and (ii) 1,142,880 unexercised stock options granted to him under the 2024 Stock Option Incentive Plan entitling him to receive 1,142,880 A Shares subject to vesting.

(ii) Interests in the associated corporations of the Company

Name	Name of associated corporation	Nature of interest	Number of shares held in associated corporations <sup>1</sup>	Approximate % of shareholding interests in the total share capital of associated corporations
Mr. Hu Hong	CreMemory Technology <sup>2</sup>	Interest in controlled corporations	6,000,000	19.62%

Notes:

- All interests shown are long positions.
- As of the Latest Practicable Date, Beijing CreMemory Zhifan Enterprise Management Partnership (Limited Partnership) (北京青耘智帆企業管理合夥企業(有限合夥)) (“**CreMemory Zhifan**”), Beijing CreMemory Zhiling Enterprise Management Partnership (Limited Partnership) (北京青耘智凌企業管理合夥企業(有限合夥)) (“**CreMemory Zhiling**”) and Beijing CreMemory Zhikuo Enterprise Management Partnership (Limited Partnership) (北京青耘智闊企業管理合夥企業(有限合夥)) (“**CreMemory Zhikuo**”) held 7.36%, 7.36% and 4.91% equity interests in CreMemory Technology respectively. Mr. Hu Hong is the general partner of each of CreMemory Zhifan, CreMemory Zhiling and CreMemory Zhikuo.

Save as disclosed above, as of the Latest Practicable Date, none of the Directors or the chief executive of the Company had any interests and/or short positions (including interests and short positions which they are taken or deemed to have under the relevant provisions of the SFO) in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or required to be recorded in the register referred to under Section 352 of the SFO, or required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

## INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

As at December 31, 2025, as the H Shares of the Company had not yet been listed on the Stock Exchange, the disclosure requirements under the relevant Hong Kong laws (including Divisions 2 and 3 of Part XV and Section 336 of the SFO) had not yet applied to the Company and its substantial Shareholders or other persons.

So far as is known to the Company, as at the Latest Practicable Date, the following persons (other than the Directors and chief executive of the Company) had or would be deemed or taken to have interests and/or short positions in the Shares or underlying Shares as recorded in the register of interests required to be kept by the Company under Section 336 of Part XV of the SFO and which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were directly or indirectly interested in 5% or more of the nominal value of any class of share capital of the Company (carrying voting rights at Shareholders' meetings of any other member of the Company):

Name of Shareholder	Nature of Interest	Number and Description of Underlying Shares or Held	Long Position/ Short Position	Approximate Percentage of Shareholding in Relevant Class of Shares <sup>1</sup>	Approximate Percentage of Shareholding in Total Issued Share Capital of the Company <sup>1</sup>
InfoGrid Limited <sup>2</sup>	Beneficial owner	13,053,500 A Shares	Long position	1.95%	1.86%
	Interest held jointly with other persons	45,758,013 A Shares	Long position	6.85%	6.53%
Huatai Securities Co., Ltd. <sup>3</sup>	Interests in controlled corporations	2,936,600 H Shares	Long position	8.83%	0.42%
		2,926,400 H Shares	Short position	8.80%	0.42%
Huatai International Financial Holdings Company Limited <sup>3</sup>	Interests in controlled corporations	2,936,600 H Shares	Long position	8.83%	0.42%
		2,926,400 H Shares	Short position	8.80%	0.42%
Huatai Capital Investment Limited <sup>3</sup>	Beneficial owner	2,931,400 H Shares	Long position	8.82%	0.42%
		2,926,400 H Shares	Short position	8.80%	0.42%

Notes:



## DIRECTORS' REPORT

1. As at the Latest Practicable Date, the total number of issued Shares of the Company was 701,102,451, comprising 667,849,351 A Shares and 33,253,100 H Shares.
2. InfoGrid Limited has issued the Acting-in-Concert Undertaking. By virtue of the SFO, Mr. Zhu Yiming and InfoGrid Limited are deemed to be interested in the Shares held by each other.
3. Huatai Securities Co., Ltd. indirectly holds 100% interest in Huatai International Financial Holdings Company Limited. Huatai International Financial Holdings Company Limited directly holds 100% interest in Huatai Financial Holdings (Hong Kong) Limited and directly holds 100% interest in Huatai Capital Investment Limited. Huatai Financial Holdings (Hong Kong) Limited holds 5,200 H Shares (long position) of the Company, and Huatai Capital Investment Limited holds 2,931,400 H Shares (long position) and 2,926,400 H Shares (short position) of the Company. Accordingly, Huatai International Financial Holdings Company Limited and Huatai Securities Co., Ltd. are deemed to be interested in the aggregate of 2,936,600 H Shares (long position) and 2,926,400 H Shares (short position) of the Company held by Huatai Financial Holdings (Hong Kong) Limited and Huatai Capital Investment Limited.

Save as disclosed above, so far as is known to the Company, as at the Latest Practicable Date, there was no other person (other than the Directors and chief executive of the Company) who had an interest or short position in the Shares and underlying Shares of the Company as recorded in the register of interests required to be kept by the Company under Section 336 of Part XV of the SFO and which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

## CHANGES IN A SHARES AND PARTICULARS OF SHAREHOLDERS

### Changes in A Shares of the Company as of the end of the Reporting Period

Unit: Share

	Before the Change		Increase/Decrease in the Current Change (+,-)			After the Change	
	Number	Proportion	Issues of New Share	Others	Subtotal	Number	Proportion
		(%)					(%)
i. Shares subject to selling restrictions	1,136,793	0.17	-	-1,132,228	-1,132,228	4,565	0.00
1. State-owned shares	-	-	-	-	-	-	-
2. Shareholding by state-owned legal persons	-	-	-	-	-	-	-
3. Other domestic shareholding	1,136,793	0.17	-	-1,132,228	-1,132,228	4,565	0.00
Including: shareholdings by domestic non-state-owned legal persons	-	-	-	-	-	-	-
shareholdings by domestic natural persons	1,136,793	0.17	-	-1,132,228	-1,132,228	4,565	0.00
4. Foreign shareholding	-	-	-	-	-	-	-
Including: shareholding by overseas legal persons	-	-	-	-	-	-	-
shareholding by overseas natural persons	-	-	-	-	-	-	-
ii. Shares not subject to selling restrictions	662,987,312	99.83	3,819,375	1,038,099	4,857,474	667,844,786	100.00
1. RMB ordinary shares	662,987,312	99.83	3,819,375	1,038,099	4,857,474	667,844,786	100.00
2. Domestic listed foreign shares	-	-	-	-	-	-	-
3. Overseas listed foreign shares	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-
iii. Total number of Shares	664,124,105	100.00	3,819,375	-94,129	3,725,246	667,849,351	100.00

- Description of Changes in Shares: during the Reporting Period, the changes in A Shares of the Company were mainly due to the implementation of the Company's Equity Incentive Plan, including the registration of stock option exercise, the release of restricted shares and the listing and circulation of restricted shares, and the repurchase and cancellation of restricted shares.
- Shares subject to selling restrictions are 4,565 restricted shares in the Company's Equity Incentive Plan that do not meet the conditions for release of restricted shares, which will be repurchased and cancelled by the Company after fulfilling appropriate procedures.

## DIRECTORS' REPORT

### Total Number of Shareholders

As of the end of the Reporting Period, the total number of ordinary Shareholders of A Shares of the Company was 174,437.

As of the end of the Reporting Period, the shareholdings of top ten shareholders of A Shares and top ten circulation Shareholders (or Shareholders not subject to selling restrictions) of the Company

Unit: Share

**Shareholding of top ten Shareholders  
(excluding shares lent under the refinancing and securities lending arrangement)**

Name of shareholder	Increase or decrease during the Reporting Period	Number of shares held at the end of the period	Percentage of Shareholding (%)	Number of Shares subject to selling restrictions	Shares pledged, marked or frozen		Nature of shares
					Status of shares	Number of shares	
Zhu Yiming	0	45,758,013	6.85	0	Nil	0	Domestic natural person
Hong Kong Securities Clearing Company Limited	-3,872,966	41,330,370	6.19	0	Nil	0	Others
Ge Weidong	-1,695,301	17,026,669	2.55	0	Nil	0	Overseas natural person
InfoGrid Limited	0	13,053,500	1.95	0	Nil	0	Overseas legal person
Industrial and Commercial Bank of China – Huatai-Pinebridge CSI 300 Exchange Traded Open-ended Index Securities Investment Fund (中國工商銀行股份有限公司—華泰柏瑞滬深300交易型開放式指數證券投資基金)	-470,627	11,019,205	1.65	0	Nil	0	Others

**Shareholding of top ten Shareholders**  
(excluding shares lent under the refinancing and securities lending arrangement)

Name of shareholder	Increase or decrease during the Reporting Period	Number of shares held at the end of the period	Percentage of Shareholding (%)	Number of Shares subject to selling restrictions	Shares pledged, marked or frozen		Nature of shares
					Status of shares	Number of shares	
China Construction Bank Corporation – ChinaAMC CNI Semiconductor Wafer Exchange Traded Funds (中國建設銀行股份有限公司－華夏國證半導體芯片交易型開放式指數證券投資基金)	-3,509,264	7,961,457	1.19	0	Nil	0	Others
China Construction Bank Corporation – E Fund CSI 300 Exchange Traded Open-ended Index Initiated Securities Investment Fund (中國建設銀行股份有限公司－易方達滬深300交易型開放式指數發起式證券投資基金)	-40,060	7,873,013	1.18	0	Nil	0	Others
Wang Ping	-70,168	7,556,682	1.13	0	Nil	0	Overseas natural persons
China Merchants Bank Co Ltd-Galaxy Innovative Growth Mixed Securities Investment Fund (招商銀行股份有限公司－銀河創新成長混合型證券投資基金)	2,700,000	6,200,000	0.93	0	Nil	0	Others
Industrial and Commercial Bank of China Limited – ChinaAMC CSI 300 Trading Index Securities Investment Open-ended Fund (中國工商銀行股份有限公司－華夏滬深300交易型開放式指數證券投資基金)	749,478	6,004,520	0.90	0	Nil	0	Others

Unit: Share

**Shareholding of top ten Shareholders not subject to selling restrictions  
(excluding shares lent through margin and securities refinancing)**

Name of Shareholder	Number of shares not subject to selling restrictions	Class and number of shares	
		Class	Number
Zhu Yiming	45,758,013	RMB ordinary shares	45,758,013
Hong Kong Securities Clearing Company Limited	41,330,370	RMB ordinary shares	41,330,370
Ge Weidong	17,026,669	RMB ordinary shares	17,026,669
InfoGrid Limited	13,053,500	RMB ordinary shares	13,053,500
Industrial and Commercial Bank of China – Huatai-Pinebridge CSI 300 Exchange Traded Open-ended Index Securities Investment Fund (中國工商銀行股份有限公司－華泰柏瑞滬深300交易型開放式指數證券投資基金)	11,019,205	RMB ordinary shares	11,019,205
China Construction Bank Corporation – ChinaAMC CNI Semiconductor Wafer Exchange Traded Funds (中國建設銀行股份有限公司－華夏國證半導體芯片交易型開放式指數證券投資基金)	7,961,457	RMB ordinary shares	7,961,457
China Construction Bank Corporation – E Fund CSI 300 Exchange Traded Open-ended Index Initiated Securities Investment Fund (中國建設銀行股份有限公司－易方達滬深300交易型開放式指數發起式證券投資基金)	7,873,013	RMB ordinary shares	7,873,013
Wang Ping	7,556,682	RMB ordinary shares	7,556,682
China Merchants Bank Co Ltd-Galaxy Innovative Growth Mixed Securities Investment Fund (招商銀行股份有限公司－銀河創新成長混合型證券投資基金)	6,200,000	RMB ordinary shares	6,200,000
Industrial and Commercial Bank of China Limited – ChinaAMC CSI 300 Trading Index Securities Investment Open-ended Fund (中國工商銀行股份有限公司－華夏滬深300交易型開放式指數證券投資基金)	6,004,520	RMB ordinary shares	6,004,520

Description of the related relationship of the above Shareholders or the parties acting in concert

Zhu Yiming and InfoGrid Limited are parties acting in concert. In addition, the Company is not aware whether there exists any related party relationship among the above Shareholders or whether they are parties acting in concert as defined in the Measures for the Administration of the Takeover of Listed Companies (《上市公司收購管理辦法》).

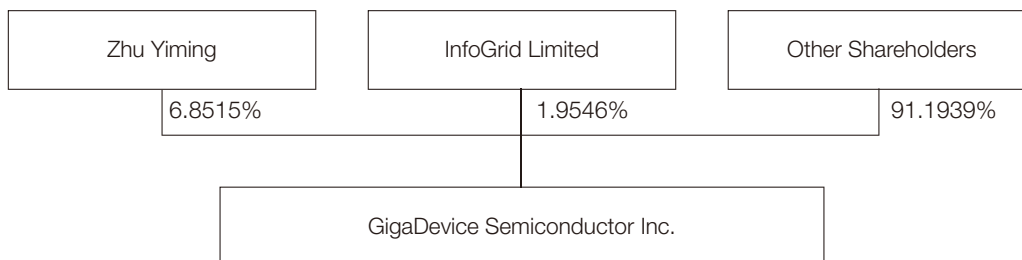
## CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER OF A SHARES

Details of Controlling Shareholders: natural person

Name	Zhu Yiming
Nationality	Chinese
Whether the right of residence in any other country or region has been obtained	Yes
Principal occupation and position	Chairman of the Board of GigaDevice

During the Reporting Period, there was no change in Controlling Shareholders of A Shares of the Company

### Block Diagram of the Property Rights and Control Relationship between the Company and the Controlling Shareholder as of December 31, 2025

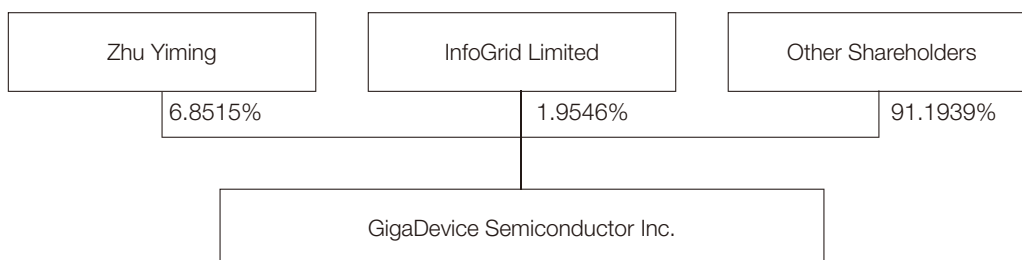


Details of De Facto Controller: natural person

Name	Zhu Yiming
Nationality	Chinese
Whether the right of residence in any other country or region has been obtained	Yes
Principal occupation and position	Chairman of the Board of GigaDevice
Information on domestic and overseas listed companies controlled in the past 10 years	Not applicable

During the Reporting Period, there was no change in De Facto Controller of A Shares of the Company

**Block Diagram of the Property Rights and Control Relationship between the Company and the De Facto Controller as of December 31, 2025**



**PUBLIC FLOAT**

Based on information that is publicly available to the Company and within the knowledge of the Directors of the Company, the Company has maintained the prescribed public float under Rule 19A.28B(2) of the Listing Rules from the Listing Date of H Shares of the Company to the Latest Practicable Date.

**DIVIDENDS**

The revenue of the Group for the year ended December 31, 2025 and the financial position of the Group as at the same date are set out in the financial statements section of this annual report.

The Board proposes to distribute a final cash dividend for the year ended December 31, 2025 (the **“Final Dividend”**) at RMB0.75 per share (inclusive of tax) to all Shareholders (deducting treasury shares of A Shares) whose names appear on the register of members on the record date of the implementation of the equity distribution of the Company, totaling RMB525.4 million (inclusive of tax). If the total share capital of the Company participating in the equity distribution changes due to additional share issuance, share repurchase, exercise of stock options, etc., from the date of consideration and approval by the Board of the Company to the date of the equity registration of the implementation of the equity distribution, the Company intends to maintain the distribution ratio per share unchanged and adjust the total distribution accordingly. The Board will propose the above resolution for approval at the 2025 annual general meeting (the **“Annual General Meeting”**) of the Company. Subject to the approval of the Annual General Meeting, the Company expects to distribute the Final Dividend on or before June 24, 2026.

To the best knowledge of the Company, no Shareholder has waived or agreed to waive the dividend.

## Dividend Tax

Pursuant to the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》) and the Implementation Regulations of the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法實施條例》), both effective from January 1, 2008, as well as the Notice on the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H Shareholders which are Overseas Non-resident Enterprises (Guo Shui Han [2008] No. 897) (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)) issued by the STA on November 6, 2008, the Company is obligated to withhold and pay enterprise income tax at a rate of 10% when distributing dividends for the year 2008 and subsequent years to non-resident enterprise shareholders whose names appear on the H Share register of the Company.

Any H Shares registered in the name of non-individual shareholders, including HKSCC Nominees Limited, other nominees or trustees, or other organizations or bodies, shall be deemed as shares held by non-resident enterprise shareholders, and enterprise income tax shall be withheld from the dividends payable to such shareholders. Non-resident enterprise shareholders may apply for tax refund in accordance with the provisions of relevant tax treaties or arrangements (if any) after receiving the dividends.

In accordance with the provisions of the Notice on Certain Issues Concerning the Policies of Individual Income Tax (Cai Shui Zi [1994] No. 020) (《關於個人所得稅若干政策問題的通知》(財稅字[1994]020號)) promulgated by the MOF and the STA on May 13, 1994, foreign individuals are provisionally exempt from individual income tax on dividends and bonuses received from foreign-invested enterprises. As the Company is a foreign-invested enterprise, the Company will not withhold or pay PRC individual income tax from individual shareholders whose names appear on the H Share register of the Company when distributing the final dividend.

Pursuant to the Notice on the Taxation Policies Related to the Pilot Programme of the Shanghai-Hong Kong Stock Connect (Caishui [2014] No. 81) (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號)) promulgated by the MOF, the STA and CSRC on 31 October 2014, and the Notice on the Taxation Policies Related to the Pilot Programme of the Shenzhen-Hong Kong Stock Connect (Caishui [2016] No. 127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)) promulgated on November 5, 2016:

For Mainland individual investors investing in the Company's H Shares through the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect, the Company will withhold individual income tax at a rate of 20% when distributing the final dividend. Individual investors may apply to the competent tax authority of CSDC for tax credit in respect of the withholding tax already paid abroad by presenting valid tax payment proofs. For Mainland securities investment funds investing in the Company's H Shares through the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect, the Company will withhold individual income tax when distributing the final dividend in accordance with the foregoing provisions; and for Mainland enterprise investors investing in the Company's H Shares through the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect, the Company will not withhold income tax when distributing the final dividend, and the relevant tax payable shall be filed and paid by such Mainland enterprise investors on their own.

Shareholders are advised to consult their tax advisors regarding the PRC, Hong Kong and other tax implications in relation to the holding and disposal of the Company's H Shares.

### **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

The Company's H Shares were listed on the Main Board of the Stock Exchange on January 13, 2026. During the Reporting Period and up to the Latest Practicable Date, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including the sale of treasury shares).

As of the Latest Practicable Date, the Company held 603,020 A Shares as treasury shares, and the Company did not hold any H Shares as treasury shares. The treasury shares are intended to be used for purposes such as employee share schemes or as equity incentive plans.

### **PRE-EMPTIVE RIGHTS**

The Articles of Association and relevant PRC laws do not contain provisions granting pre-emptive rights to the Shareholders.

## USES OF PROCEEDS

### Uses of Proceeds from H Shares

The Company was listed on the Main Board of the Stock Exchange on January 13, 2026 and issued 33,253,100 H Shares at an Offer Price of HK\$162.00 per share (including 4,337,300 H Shares allotted and issued upon the full exercise of the Over-allotment Option), and the net proceeds from the Listing amounted to approximately HK\$5,307.9 million after deducting underwriting commissions, fees and other expenses in connection with the Global Offering. The proceeds from the Listing will be utilised in accordance with the plans disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus, as follows:

Item	Percentage	Amount for Relevant Purposes (HK\$ million)	Amount Utilised during the period from the Listing Date up to the Latest Practicable Date (HK\$ million)	Amount Unutilised as of the Latest Practicable Date (HK\$ million)	Expected Timetable for Full Utilisation of the Unutilised Amount Note
For continuous enhancement of R&D capabilities	40.0%	2,123.2	78.6	2,044.6	Before the end of 2030
For strategic industry-related investments and acquisitions	35.0%	1,857.8	–	1,857.8	Before the end of 2030
For global strategic expansion and strengthening of the Company's global influence, including strengthening the global marketing and service network	9.0%	477.7	20.8	456.9	Before the end of 2030
For improvement of operational efficiency	6.0%	318.5	0.2	318.3	Before the end of 2030
For working capital and other general corporate purposes	10.0%	530.7	–	530.7	Before the end of 2030
<b>Total</b>	<b>100.0%</b>	<b>5,307.9</b>	<b>99.6</b>	<b>5,208.3</b>	

Note: The expected timetable for full utilisation of the unutilised amount is based on the Group's forecasts and will be subject to the actual and future development of market conditions.

The Company has placed the unutilised net proceeds in short-term interest-bearing accounts with licensed commercial banks and/or other authorised financial institutions. The Company will comply with the relevant PRC laws in respect of foreign exchange registration and remittance of the proceeds.

## DIRECTORS' REPORT

### Use of Proceeds from A Shares

Approved by the “Reply on Approving the Non-public Issuance of Shares by GigaDevice Semiconductor (Beijing) Inc.” from the CSRC (Zheng Jian Xu Ke [2020] No. 711), the Company issued 21,219,077 RMB ordinary Shares (A Shares) through a non-public issuance in May 2020. The issue price was RMB203.78 per share. The total proceeds from this issuance amounted to RMB4,324.0235 million. After deducting underwriting fees (excluding VAT) of RMB39.5849 million, the net proceeds from the issuance amounted to RMB4,284.4386 million. After deducting the issuance expenses, the proceeds were originally planned to be used for the “DRAM Chip R&D and Industrialization Project” and to supplement working capital. Upon approval at the fourth extraordinary general meeting in 2024 held by the Company on November 26, 2024, the Company adjusted the purpose and scale of the aforesaid “DRAM Chip R&D and Industrialization Project”, and added the new fund-raising investment project “Automotive Electronics Chip R&D and Industrialization Project” and replenishment of liquidity.

As of the end of the Reporting Period, the use of proceeds from A Shares of the Company is as follows:

Unit: RMB

Project name	Nature of project	Whether it is a promised investment project in the A-share Prospectus	Whether it changed	Total planned investment amount from the proceeds	Difference between the committed investment amount and the cumulative investment amount for in-progress projects at the beginning of 2025	Amount invested during the year	Accumulated amount invested as of the end of the Reporting Period	Cumulative investment progress as of the end of the Reporting Period (%)	Date of the projects becoming ready for intended use	The effectiveness achieved this year	The achieved effectiveness/ R&D results of the project
DRAM Chip R&D and Industrialization Project	R&D	Yes	Yes, the project has not been cancelled; the total amount of proceeds to be invested has been adjusted	2,824,137,468.04	2,195,838,108.86	394,595,103.97	1,022,894,463.11	36.22	December 2028	381,509,815.30	Several projects of DDR3 and DDR4 achieved mass production
Automotive Electronics Chip R&D and Industrialization Project	R&D	No	Yes, a new project	706,441,198.10	706,441,198.10	43,386,926.58	43,386,926.58	6.14	December 2028	Construction phase	Construction phase
Replenishment of liquidity 1	Others	Yes	No	960,415,094.34	/	/	960,503,340.18	100.01	/	/	/
Replenishment of liquidity 2	Others	No	Yes, a new project	205,399,215.92	/	/	205,399,215.92	100.00	/	/	/
Total	/	/	/	4,696,392,976.40	2,902,279,306.96	437,982,030.55	2,232,183,945.79	/	/	381,509,815.30	/

## EQUITY INCENTIVE PLANS

As of the Latest Practicable Date, the Company's existing equity incentive plans include the 2020 Stock Option Incentive Plan, the 2021 Stock Option Incentive Plan, the 2021 Restricted Share Incentive Plan, the 2023 Stock Option Incentive Plan and the 2024 Stock Option Incentive Plan. The following is a summary of the principal terms of each of the equity incentive plans. The Equity Incentive Plans do not involve any grant of stock options or restricted Shares by the Company upon the listing of the H Shares. Accordingly, the terms of the Equity Incentive Plans are not subject to the provisions of Chapter 17 of the Listing Rules. Save as otherwise disclosed, the terms of each of the Equity Incentive Plans are substantially similar and are summarized below.

### Purpose

The purpose of the Equity Incentive Plans is to improve the Company's incentive mechanism, to attract and retain talents and to mobilise the enthusiasm of the Company's Directors (where applicable), senior management (where applicable), management and core and backbone personnel, so as to achieve a mutual focus on the long-term development of the Company. The Equity Incentive Plans are implemented to align the interests of the Shareholders with the interests of the Company and the individuals of its core teams.

### Administration

The Equity Incentive Plans are subject to the approval of the Shareholders' meeting, the administration of the Board and the supervision of the board of supervisors (where applicable) and independent Directors of the Company.

### Participants

The participants of the 2021 Restricted Share Incentive Plan include the senior management, management and core and backbone personnel of the Company. The participants of the 2020 Stock Option Incentive Plan, the 2021 Stock Option Incentive Plan and the 2023 Stock Option Incentive Plan include the management and core and backbone personnel of the Company. The participants of the 2024 Stock Option Incentive Plan include the Directors, senior management, management and core and backbone personnel of the Company.

The scope of participants of the Equity Incentive Plans excludes the independent Directors, supervisors, Shareholders or actual controllers who individually or collectively hold more than 5% of the Shares, and their spouse, parents and children.

## Source and Maximum Number of Stock Options and Restricted Shares

The underlying Shares of the Equity Incentive Plans are the A Shares issued by the Company. The underlying Shares of the 2024 Stock Option Incentive Plan might also include the A Shares repurchased by the Company from secondary market.

Each stock option granted represents the right to purchase one A Share within the exercise period at the exercise price. The stock options are subject to a vesting period and will only be vested upon fulfilling the vesting conditions stipulated. Each restricted Share granted represents the right to receive one A Share at the grant price. The restricted Shares are subject to a lock-up period and will only be unlocked upon fulfilling the unlocking conditions stipulated.

The maximum number of stock options or restricted Shares that can be granted under each of the Equity Incentive Plans is as follows:

<b>Equity Incentive Plan</b>	<b>Maximum number of stock options/ restricted Shares to be granted</b>
2020 Stock Option Incentive Plan	3,408,600
2021 Stock Option Incentive Plan	3,463,100
2021 Restricted Share Incentive Plan	2,202,600
2023 Stock Option Incentive Plan	10,813,400
2024 Stock Option Incentive Plan	6,781,400

## Date of Grant and Term of the Equity Incentive Plans

The date on which the stock options and restricted Shares are granted shall be determined by the Board after the approval of the Equity Incentive Plans by the Shareholders. The initial grant of stock options and restricted Shares shall be announced within 60 days after the approval of such plan by the Shareholders.

The Stock Option Incentive Plans shall be effective from the date of the completion of registration of relevant stock options granted under the relevant Stock Option Incentive Plans up to the date when all of the stock options granted under the relevant Stock Option Incentive Plans have been vested or deregistered, provided that the term of the relevant Stock Option Incentive Plans (other than 2020 Stock Option Incentive Plan) shall not exceed 60 months, and the terms of the 2020 Stock Option Incentive Plan shall not exceed 61 months.

The 2021 Restricted Share Incentive Plan shall be effective from the date of the completion of registration of relevant restricted Shares granted under the 2021 Restricted Share Incentive Plan up to the date when all of the restricted Shares granted under the 2021 Restricted Share Incentive Plan have been unlocked or repurchased and deregistered, provided that its term shall not exceed 60 months.

## Lock-up for Directors and Senior Management

If the grantee is a Director or a member of senior management of the Company,

- (i) during their employment with the Company, the Shares to be transferred in each year shall not exceed 25% of the total Shares he or she holds;
- (ii) no Share held by such Director or senior management can be transferred within six months after termination of his or her employment with the Company;
- (iii) income gained through sale of the Shares within six months after his or her purchase of the Shares or purchase of the Shares within six months after his or her sale of the Shares shall belong to the Company and will be forfeited by the Board; and
- (iv) if there is any change in the applicable laws and regulations on the foregoing lock-up requirements, the grantee shall comply with the amended laws and regulations.

## Conditions to the Grant of Stock Options and Restricted Shares

The stock options and restricted Shares under the Equity Incentive Plans will only be granted to selected participants if the following conditions are fulfilled:

- (i) with respect to the Company, none of the following circumstances having occurred:
  - (1) an audit report with an adverse opinion or a disclaimer of opinion has been issued by the reporting accountants with respect to the Company's accountants' report for the most recent fiscal year;
  - (2) an audit report with an adverse opinion or a disclaimer of opinion has been issued by the reporting accountants with respect to the internal control of the financial report for the most recent fiscal year;
  - (3) the Company has not distributed dividends in accordance with the laws and regulations, the Articles of Association or the Company's public commitment within the last 36 months after its listing;
  - (4) applicable laws and regulations prohibit the implementation of share incentive; or
  - (5) other circumstances determined by the CSRC; and
- (ii) with respect to a grantee, none of the following circumstances having occurred:
  - (1) the grantee has been regarded as an inappropriate person by the stock exchange within the last 12 months;
  - (2) the grantee has been regarded as an inappropriate person by the CSRC and its local office within the last 12 months;
  - (3) the grantee has received administrative penalty or been prohibited from entering into the securities market by the CSRC and its local office due to material non-compliance with applicable laws and regulations within the last 12 months;
  - (4) the grantee is not qualified to serve as a director or senior management according to the PRC Company Law;

- (5) the grantee is prohibited from participating in any share incentive of listed companies according to applicable laws and regulations; or
- (6) other circumstances determined by the CSRC.

## Vesting of Stock Options

The stock options will only be vested when the conditions set out under the “Conditions to the Grant of Stock Options and Restricted Shares” above are fulfilled and the annual assessment and performance targets as set out under the respective relevant Stock Option Incentive Plans are achieved.

The stock options will be vested in accordance with the vesting schedule as set out under the relevant Stock Option Incentive Plans as follows:

- (i) under the 2020 Stock Option Incentive Plan, vested in tranches of 25% in each of the four vesting periods that occur between (i) the first trading date after 13 months from the date of registration and the last trading day up to 25 months from the date of registration, (ii) the first trading date after 25 months from the date of registration and the last trading day up to 37 months from the date of registration, (iii) the first trading date after 37 months from the date of registration and the last trading day up to 49 months from the date of registration, and (iv) the first trading date after 49 months from the date of registration and the last trading day up to 61 months from the date of registration, respectively;
- (ii) under the 2021 Stock Option Incentive Plan and the 2023 Stock Option Incentive Plan, vested in tranches of 25% in each of the four vesting periods that occur between (i) the first trading date after 12 months from the date of registration and the last trading day up to 24 months from the date of registration, (ii) the first trading date after 24 months from the date of registration and the last trading day up to 36 months from the date of registration, (iii) the first trading date after 36 months from the date of registration and the last trading day up to 48 months from the date of registration, and (iv) the first trading date after 48 months from the date of registration and the last trading day up to 60 months from the date of registration, respectively; and

- (iii) under the 2024 Stock Option Incentive Plan, vested in tranches of 20%, 20%, 30% and 30% in each of the four vesting periods that occur between (i) the first trading date after 12 months from the date of registration and the last trading day up to 24 months from the date of registration, (ii) the first trading date after 24 months from the date of registration and the last trading day up to 36 months from the date of registration, (iii) the first trading date after 36 months from the date of registration and the last trading day up to 48 months from the date of registration, and (iv) the first trading date after 48 months from the date of registration and the last trading day up to 60 months from the date of registration, respectively.

The number of stock options granted and/or vested and/or the vesting prices shall be adjusted upon the occurrence of certain events, including increase in the share capital by way of capitalization of capital reserves, distribution of dividends, subdivision of shares, placing and share reduction. The Company may deregister the granted but unvested stock options upon occurrence of certain events as set out in the relevant Stock Option Incentive Plans, including but not limited to the termination of employment of the grantees with the Company.

### Unlocking of Restricted Shares

The restricted Shares will only be unlocked when the conditions set out under the “Conditions to the Grant of Stock Options and Restricted Shares” above are fulfilled and the annual assessment and performance targets as set out under the 2021 Restricted Share Incentive Plan are achieved.

Under the 2021 Restricted Share Incentive Plan, the restricted Shares will be unlocked in tranches of 25% in each of the four unlocking periods that occur between (i) the first trading date after 12 months from the date of registration and the last trading day up to 24 months from the date of registration, (ii) the first trading date after 24 months from the date of registration and the last trading day up to 36 months from the date of registration, (iii) the first trading date after 36 months from the date of registration and the last trading day up to 48 months from the date of registration, and (iv) the first trading date after 48 months from the date of registration and the last trading day up to 60 months from the date of registration, respectively.

The number of restricted Shares granted and/or unlocked and/or the grant prices shall be adjusted upon the occurrence of certain events, including increase in the share capital by way of capitalization of capital reserves, distribution of dividends, subdivision of shares, placing and share reduction. The Company may repurchase and deregister the granted and locked restricted Shares upon occurrence of certain events as set out in the 2021 Restricted Share Incentive Plan, including but not limited to the termination of employment of the grantees with the Company.

## Outstanding Stock Options

As of the Latest Practicable Date, the number of A Shares underlying the outstanding stock options granted under the Stock Option Incentive Plans as resolved by the Board was 10,337,809, representing approximately 1.48% of the total issued Shares (excluding treasury shares). No consideration is required for the grant.

The following table sets forth details of outstanding stock options granted to the Directors, senior management, other connected persons and other employees of the Company under the Stock Option Incentive Plans as of the Latest Practicable Date:

Name	Positions	Stock Option Incentive Plan	Date of Grants (Registration)	Number of Grants (Registrations)	Outstanding as of January 1, 2025	Granted during the Reporting Period	Vested during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as of December 31, 2025
<b>Directors and senior management</b>										
Mr. He Wei	Executive Director, deputy chairman of the Board and general manager	2024 Stock Option Incentive Plan	June 3, 2024	111,900	111,900	-	22,380	-	-	89,520
Mr. Hu Hong	Executive Director and deputy general manager	2024 Stock Option Incentive Plan	June 3, 2024	1,428,600	1,428,600	-	285,720	-	-	1,142,880
Ms. Sun Guijing	Deputy general manager and chief financial officer	2024 Stock Option Incentive Plan	June 3, 2024	335,700	335,700	-	67,140	-	-	268,560
Mr. Li Baokui	Deputy general manager	2020 Stock Option Incentive Plan	February 23, 2021	78,400	33,320	-	-	13,720	19,600	-
		2024 Stock Option Incentive Plan	June 3, 2024	468,800	468,800	-	93,760	-	-	375,040
<b>Other grantees</b>										
Other grantees other than directors and senior management of the Company		2024 Stock Option Incentive Plan	June 3, 2024	4,436,400	4,209,100	-	832,480	46,700	18,960	3,310,960
		2023 Stock Option Incentive Plan	August 21, 2023	10,743,800	7,516,351	-	2,286,334	186,372	431,618	4,612,027
		2021 Stock Option Incentive Plan	September 1, 2021	3,104,830	631,184	-	571,379	8,995	50,810	-
		2020 Stock Option Incentive Plan	February 23, 2021	3,248,000	1,979,041	-	961,662	999,545	17,834	-
<b>Total</b>	/	/		<b>23,956,430</b>	<b>16,713,996</b>	<b>-</b>	<b>5,120,855</b>	<b>1,255,332</b>	<b>538,822</b>	<b>9,798,987</b>

## DIRECTORS' REPORT

During the Reporting Period, a total of 5,120,855 stock options were exercised, of which, (i) a total of 1,301,480 stock options were exercised under the 2024 Stock Option Incentive Plan with the weighted average closing price of RMB112.88 per share immediately before the date of exercise; (ii) a total of 2,286,334 stock options exercised under the 2023 Stock Option Incentive Plan with the weighted average closing price of RMB176.00 per share immediately before the date of exercise; (iii) a total of 571,379 stock options exercised under the 2021 Stock Option Incentive Plan with the weighted average closing price of RMB227.50 per share immediately before the date of exercise; (iv) a total of 961,662 stock options exercised under the 2020 Stock Option Incentive Plan with the weighted average closing price of RMB190.21 per share immediately before the date of exercise.

During the Reporting Period, the exercise prices of the above 5,120,855 stock options exercised were as follows: the exercise price of the 2024 Stock Option Incentive Plan was RMB59.18 per share; The exercise price of the 2023 Stock Option Incentive Plan was RMB86.13 per share; The exercise price of the 2021 Stock Option Incentive Plan was RMB185.94 per share; The exercise price of the 2020 Stock Option Incentive Plan was RMB141.73 per share.

### Outstanding Restricted Shares

As of the Latest Practicable Date, none of the grantees under the 2021 Restricted Share Incentive Plan is a Director, member of senior management or connected person of the Company. The table below sets forth the details of outstanding restricted Shares granted under the 2021 Restricted Share Incentive Plan as of the Latest Practicable Date:

Restricted Share Incentive Plan	Number of grantees	Date of registration	Grant price <sup>1</sup> (per Share)	Number of outstanding restricted Shares	As an approximate percentage of total issued share capital (excluding treasury shares) as of the Latest Practicable Date
2021 Restricted Share Incentive Plan	6	September 8, 2021	RMB93.98	4,565 <sup>1</sup>	0.001%

Note:

1. Due to the resignation of the targets of the incentives and the failure to meet the conditions for lifting the sales restriction, the Company will repurchase and cancel it after performing the appropriate procedures.

As of December 31, 2025, no underlying shares or stock options have been granted or will be granted to any participant in excess of the individual limit of 1% of the total number of issued shares (excluding treasury shares).

At the beginning of the Reporting Period and at the end of the Reporting Period, the number of stock options and awards available for future grants under the Share Incentive Scheme Mandate Limit is nil, so the weighted average number of shares issuable in respect of stock options and awards granted under the Equity Incentive Plan during the Reporting Period divided by the total number of shares (excluding treasury shares) in issue during the Reporting Period does not apply.

Save as disclosed above, as of the Latest Practicable Date, none of the grantees was (i) a Director, chief executive or substantial shareholder of the Company or their respective associates; (ii) including participants who have been granted or will be granted in excess of the individual limit of 1% of the shares in issue (excluding treasury shares) pursuant to Rule 17.03D of the Listing Rules within the 12-month period from the date of grant; or (iii) a connected entity participant or service provider who has been granted or will be granted in excess of 0.1% of the issued Shares in any 12-month period.

### **RIGHTS OF DIRECTORS TO SUBSCRIBE FOR SHARES OR DEBENTURES**

Since the Listing Date of H Shares of the Company and up to the Latest Practicable Date, neither the Company, its subsidiaries nor fellow subsidiaries has entered into any agreement or arrangement under which the Directors of the Company may derive benefits by purchasing shares or debentures of the Company or any other body corporate.

### **INTERESTS OF DIRECTORS IN COMPETING BUSINESSES**

As at December 31, 2025 and up to the Latest Practicable Date, none of the Directors or their respective associates had any interest in any business that competes or may compete (whether directly or indirectly) with the business of the Group, which is required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

## **DIRECTORS' SERVICE CONTRACTS**

Each of the Directors has entered into a service contract with the Company. The principal particulars of these service contracts comprise (a) the term of service; (b) termination provisions; and (c) dispute resolution provision. The service contracts may be renewed in accordance with the Articles of Association and the applicable laws, rules and regulations from time to time.

Save as disclosed above, none of the Directors has entered into or proposes to enter into any service contract with any member of the Group (excluding contracts expiring or determinable by any member of the Group within one year without payment of compensation (other than statutory compensation)).

## **PERMITTED INDEMNITY PROVISIONS**

The Company has arranged appropriate insurance coverage for the Directors and senior management in respect of their duties, against legal liabilities to third parties that they may be exposed to arising from corporate activities.

## **DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS**

Save as disclosed in this annual report, none of the Directors or their connected entities had, directly or indirectly, a material interest in any transaction, arrangement or contract that was material to the business of the Company and to which the Company or any of its subsidiaries or fellow subsidiaries were a party, during the year ended December 31, 2025.

## EMPLOYEES

As of December 31, 2025, we had 2,333 full-time employees, with approximately 97.73% located in China. The following table sets forth a breakdown of our full-time employees by function as of December 31, 2025.

Function	As of December 31, 2025	
	Number	%
Sales personnel	359	15.39
Technical personnel	1,601	68.62
Finance personnel	53	2.27
Operation personnel	103	4.42
Others <sup>1</sup>	217	9.30
<b>Total</b>	<b>2,333</b>	<b>100</b>

Note:

1. Mainly include human resources personnel, administrative personnel, legal and compliance personnel and IP personnel, etc.

We provide our employees with certain benefits including social insurance and other employee benefits. We enter into individual employment contracts with our employees, which cover matters such as wages, employee benefits, confidentiality requirements and grounds for dismissal. Our employees' compensation is determined based on their job positions, technical skills, job performance and competitiveness.

We have designed a series of comprehensive training programs that align with our strategic direction and talent development objectives. These programs combine online and in-person learning formats to enhance employees' job-related skills, unlock their potential, and enhance leadership, professional and general capabilities. We consistently optimize our Training Management Policy based on the development needs of our business, with a strong focus on internal talent development and the establishment of an efficient talent pipeline.



## DIRECTORS' REPORT

In 2025, based on the development needs of the Company's business strategy and combined with the diagnosis of the talent management system, the Company established and clarified the Company's talent strategy with the same frequency as the business, further strengthened the Company's follow-up talent management system, and specified the key measures of talent management. For the core management of the Company, a series of leadership courses were carried out to effectively enhance the management skills of managers and drive the sustainable growth of the Company's performance. In 2025, we realized digital management of training by relying on the integrated information platform. It iterated internal and external training processes, integrated internal and external expert resources, deepened the development and application of general courses, selected and trained internal trainers, improved the quality of course delivery, and continuously improved the effectiveness of core talent training. Through this series of measures, we strove to promote the construction of a learning organization, provided an efficient platform for employee development, and consolidated the talent foundation for the high-quality development of the Company.

None of our employees are members of unions or collective bargaining agreements. We believe that we have maintained good employment relationships with our employees. From the Listing Date of H Shares of the Company up to the Latest Practicable Date, we have not experienced any strikes, work stoppages, labor disputes or other actions which have had a material adverse effect on our business and operations.

### COMPENSATION POLICY

During the Reporting Period, the Company, based on the Compensation Management System for Senior Management, reasonably set the annual performance targets for senior management in line with the Company's strategy and annual business operational goals, continuously reviewed and followed up the performance targets in the middle of the year, conducted performance reports at the end of the year based on the performance appraisal targets, and actual work completion, and conducted appraisals for senior management. Corresponding incentive applications were implemented based on the principle of closely linking appraisal results with compensation incentives.

The Remuneration and Appraisal Committee of the Board studied and supervised the establishment and implementation of the appraisal and incentive mechanism for senior management, determined the remuneration level of senior management based on their positions, duties and performance in the Company, as well as the completion of operating indicators, and reported the remuneration level to the Board for consideration and approval.

To support the rapid development of the Company's strategy and business sustainability, as well as the achievement of the operational performance objectives of the organization, the Company continuously sorted out and optimized the existing remuneration and welfare system, combined with short-term, medium-term and long-term incentive tools, stimulated the potential of employees, continuously improved the competitiveness of remuneration, ensured the attraction and retention of outstanding talents, and enhanced the organizational capabilities of the Company. In 2025, the Company benchmarked against external market data and conducted a comprehensive review of its compensation system with reference to industry salary levels, further reinforcing the competitiveness of its compensation structure and enhancing its ability to attract and retain talent. To support the rapid expansion of its overseas business, the Company further established and improved its overseas compensation and benefits management system. To ensure that incentives could more precisely reach employees, the Company designed multiple welfare contents for instant incentives, continuously iterated diversified incentive systems to drive business growth, and closely aligned the Company's performance with the interests of employees, promoting a focus on the Company's efficient and long-term development.

### **REMUNERATION OF DIRECTORS, SENIOR MANAGEMENT AND THE FIVE HIGHEST-PAID INDIVIDUALS**

The Directors and senior management of the Company are remunerated in the form of basic annual payments and performance-linked annual payments, including fees, salaries, share-based compensation and other benefits in kind. For details of the remuneration of the Directors, senior management and the five highest-paid individuals, please refer to Notes 8 and 9 to the consolidated financial statements in this annual report.

## DIRECTORS' REPORT

In 2025, the remuneration (excluding share-based compensation and retirement scheme contributions) of the current and resigned Directors, Supervisors and senior management of the Company during the Reporting Period is set out below:

Name	Positions	Commencement date of term	Expiry date of the term	Total pre-tax remuneration received from the Company during the Reporting Period	
				(RMB10,000)	Whether to receive remuneration from related parties of the Company
Zhu Yiming	Chairman of the Board	2012-12-19	2027-12-16	753.26	Yes
He Wei	Deputy Chairman of the Board	2023-07-04	2027-12-16	159.25	No
	Director	2021-06-10	2027-12-16		
Hu Hong	General Manager	2023-04-26	2027-12-16	927.00	No
	Director	2022-12-16	2027-12-16		
	Deputy General Manager	2022-10-27	2027-12-16		
Wen Tian	Employee Representative	2025-06-10	2027-12-16	32.03	No
	Director				
	Chairman of the Board of Supervisors (Resigned)	2020-12-28	2025-06-10		
	Employee Representative Supervisor (Resigned)	2020-11-11	2025-06-10		
Zhou Haitao	Independent Director	2024-12-16	2027-12-16	24.00	No
Qian He	Independent Director	2021-12-17	2027-12-16	24.00	Yes
Yeung Siuman Shirley	Independent Director	2024-12-16	2027-12-16	24.00	Yes
Chen Jie	Independent Director	2024-12-16	2027-12-16	24.00	No
Zheng Xiaodong	Independent Director	2023-09-12	2027-12-16	24.00	Yes
Sun Guijing	Deputy General Manager,	2021-12-17	2027-12-16	280.76	No
	Chief Financial Officer				
Li Baokui	Deputy General Manager	2022-10-27	2027-12-16	473.55	No
Dong Lingyan	Board Secretary	2024-12-16	2027-12-16	125.16	No
Wang Zhiwei	Director (Resigned)	2015-12-18	2025-06-10	0	Yes
Ge Liang	Supervisor (Resigned)	2018-12-18	2025-06-10	0	Yes
Liu Xiaowei	Supervisor (Resigned)	2024-12-16	2025-06-10	0	Yes

In 2025, the remuneration of the senior management of the Company (excluding those who serve as Directors) by band is set out below:

<b>Remuneration band (RMB0'000)</b>	<b>Number of senior management</b>
100 – 200	1
201 – 300	1
301 – 400	0
401 – 500	1

None of the Directors has waived or agreed to waive any emoluments, and no emoluments have been paid by the Group to any Director or any of the five highest-paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

## **RELATIONSHIP WITH CUSTOMERS AND SUPPLIERS**

Our suppliers are mainly our foundry partners for IC fabrication and OSAT partners for IC testing and packaging. During the Reporting Period, our purchases from the five largest suppliers amounted to RMB5,014.1 million, accounting for 69.5% of our total purchases during the Reporting Period. During the Reporting Period, our purchases from the largest supplier amounted to RMB1,688.2 million, accounting for 23.4% of our total purchases during the Reporting Period.

Our customers are distributors and direct sales customers which mainly include manufacturers and sellers of electronic components. During the Reporting Period, our sales to the five largest customers amounted to RMB2,822.9 million, accounting for 30.7% of our total sales during the Reporting Period. During the Reporting Period, our sales to the largest customer amounted to RMB705.6 million, accounting for 7.7% of our total sales during the Reporting Period.



## DIRECTORS' REPORT

Hefei Qinghui Jidian Enterprise Management Partnership (Limited Partnership) (合肥清輝集電企業管理合夥企業(有限合夥), “**Qinghui Jidian**”) held 21.67% equity interest in the third largest supplier during the Reporting Period. Qinghui Jidian was held as to 0.01% by Hefei Qinghui Changxin Enterprise Management Partnership (Limited Partnership) (合肥清輝長鑫企業管理合夥企業(有限合夥), “**Qinghui Changxin**”) as its general partner. Qinghui Changxin was held as to 51% by Mr. Zhu Yiming and 49% by Beijing Qinghui Xindian Enterprise Management Co., Ltd. (北京清輝鑫電企業管理有限公司, “**Qinghui Xindian**”), which was controlled by Mr. Zhu Yiming. Mr. Zhu Yiming was also a limited partner interested in more than one third of the partnership interest in Hefei Jixin No. 41 Enterprise Management Partnership (Limited Partnership) (合肥集鑫肆拾壹號企業管理合夥企業(有限合夥), “**Jixin No. 41**”), which was in turn interested in more than one third of the partnership interest in Hefei Jixin No. 40 Enterprise Management Partnership (Limited Partnership) (合肥集鑫肆拾號企業管理合夥企業(有限合夥), “**Jixin No. 40**”) as a limited partner. Both Jixin No. 41 and Jixin No. 40 are employee shareholding platforms of the third largest supplier during the Reporting Period. Jixin No. 40 was interested in more than one third of the partnership interest in Hefei Jixin Enterprise Management Partnership (Limited Partnership) (合肥集鑫企業管理合夥企業(有限合夥), “**Hefei Jixin**”) as a limited partner. As of the Latest Practicable Date, Hefei Jixin held approximately 8.37% of the total issued share capital of the third largest supplier during the Reporting Period.

Save for the above, to the best knowledge of the Directors of the Company, none of the Directors, their associates or any existing Shareholder of the Company (who, to the knowledge of the Directors, holds 5% or more of the share capital of the Company) had any interest in the top five suppliers and top five customers of the Company that is required to be disclosed pursuant to the Listing Rules.

## PENSION SCHEMES

Details of the pension schemes are set out in note 6(b) to the consolidated financial statements in this annual report.

## BANK LOANS AND OTHER BORROWINGS

Details of the bank loans and other borrowings of the Company and the Group are set out in note 27 to the consolidated financial statements in this annual report.

## ISSUE OF DEBENTURES

During the year ended December 31, 2025, the Group had not issued any debentures.

## **FIXED ASSETS**

Movements in the fixed assets of the Group for the year ended December 31, 2025 are set out in note 12 to the consolidated financial statements included in this annual report.

## **RESERVES**

Movements in the reserves of the Company and the Group during the year ended December 31, 2025 are set out in note 31(a) to the consolidated financial statements and in the consolidated statement of changes in equity in this annual report.

## **DONATIONS**

During the Reporting Period, the Group made charitable contributions, participated in charitable projects and other donations totaling RMB7.857 million.

## **ENVIRONMENTAL POLICIES AND PERFORMANCE**

We closely monitor environmental protection policies in our domestic and international areas of operation and strictly comply with national and local laws and regulations, including the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), the Energy Conservation Law of the PRC (《中華人民共和國節約能源法》), the Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》) and the Energy Law of the PRC (《中華人民共和國能源法》). We effectively implement internal management systems such as the Environmental Factors Identification and Evaluation Procedure, the Energy and Resource Conservation Control Procedure and the Solid Waste Pollution Prevention and Control Procedure. We have integrated the established environmental goals and targets into the management review system to ensure the thorough implementation of environmental management requirements. The Company is committed to continuously improving resource utilization efficiency and reducing environmental impact through standardized management, and has obtained and maintained the ISO14001 Environmental Management System certification. No penalties were imposed on the Company in 2025 for violations of environmental protection laws and regulations.

In 2025, the Company further advanced its environmental management practices by internally formulating and achieving targets for energy, resource and waste management. Guided by these environmental objectives, the Company developed practical plans and measures tailored to actual conditions, ensuring close integration between management requirements and business operations. Regarding waste management, through scientific oversight and process optimization, the Company achieved efficient waste disposal and resource recycling, thereby further enhancing resource utilization efficiency. Furthermore, the Company actively explored the application of green and low-carbon technologies to minimize the negative environmental impact of its operations.

For details of the Company's environmental protection, social responsibility and caring for employees, please refer to the 2025 Environmental, Social and Governance Report separately published by the Company.

### **COMPLIANCE WITH LAWS AND REGULATIONS**

The business operations of the Company are primarily regulated by the laws, rules and regulations in the PRC. During the Reporting Period, the Company has complied with the relevant laws, rules and regulations that have a significant impact on the Company.

### **MATERIAL LITIGATION AND ARBITRATION**

During the Reporting Period, the Group did not have any litigation or arbitration matters that had a significant impact on its business activities.

### **MAJOR SUBSIDIARIES**

Details of the names, principal places of operations, places of incorporation and issued share capital of the major subsidiaries of the Group are set out in note 16 to the consolidated financial statements of this annual report.

## **CONNECTED TRANSACTIONS**

Details of the related party transactions for the year ended December 31, 2025 are set out in note 34 to the consolidated financial statements of this annual report. None of these related party transactions constituted “connected transactions” or “continuing connected transactions” required to be disclosed in this annual report under Chapter 14A of the Listing Rules.

Since the Listing Date of H Shares of the Company and up to the Latest Practicable Date, there was no connected transaction or continuing connected transaction of the Group which is required to be disclosed under the Listing Rules. The Directors confirm that the Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules during the period from the Listing Date of H Shares up to the Latest Practicable Date.

## **MATERIAL CONTRACTS**

The Company or any of its subsidiaries has not entered into any material contracts with the controlling Shareholders or any of its subsidiaries, and there is no material contract in relation to the provision of services by the controlling Shareholders or any of its subsidiaries to the Company or any of its subsidiaries.

## **MANAGEMENT CONTRACTS**

Save for the Directors’ service contracts, no contracts concerning the management or administration of the whole or substantially all of the business of the Company were entered into or existed during the year ended December 31, 2025.

## **EQUITY-LINKED AGREEMENTS**

Save as disclosed in this annual report, during the year ended December 31, 2025, the Company did not enter into nor had any equity-linked agreements that might result in the issuance of shares by the Company.

### SUBSEQUENT EVENTS

Save as disclosed in note 36 to the consolidated financial statements in this annual report, the Group did not have any significant events since the end of the Reporting Period and up to the Latest Practicable Date.

### AUDITORS

Pursuant to the requirements of the Company's business development and the overall audit, and upon approval at the extraordinary general meeting of the Company held on November 20, 2025, the Company has changed its domestic auditor from Zhongxinghua Certified Public Accountants LLP to KPMG Huazhen LLP.

Following the Company's listing on the Main Board of the Stock Exchange on January 13, 2026, and in accordance with the relevant requirements, the Company is required to engage an overseas accounting firm to provide audit and related professional services for the Group's consolidated financial statements prepared in accordance with International Financial Reporting Standards, and such services shall be performed in accordance with the requirements of the applicable auditing standards. Upon approval at the extraordinary general meeting of the Company held on February 11, 2026, KPMG was appointed as the overseas auditor of the Group for the year 2025, and its term of appointment took effect from the date of such approval.

Save as disclosed above, the Company has not changed its auditor in the past three years.

By order of the Board

**Mr. Zhu Yiming**

*Chairman of the Board and Executive Director*

March 30, 2026

# BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

## DIRECTORS

### Executive Directors

**Mr. Zhu Yiming (朱一明)**, aged 54, is an executive Director and the chairman of the Board. Mr. Zhu has been a Director and the chairman of the Board since the inception of the Company. He was appointed as an executive Director since January 13, 2026, the Listing Date of H shares of the Company. He is primarily responsible for the overall strategic planning, business development and enterprise management of the Group.

Other than his positions in the Company, Mr. Zhu has been serving as the chairman of the board of directors of CXMT since February 2021, and served as the chief executive officer of CXMT from May 2020 to April 2023. He also served as the chief executive officer of CXMT Memory from July 2018 to April 2023, a director of CXMT Memory from July 2018 to February 2022 and the chairman of the board of directors of CXMT Memory from December 2018 to February 2022.

Mr. Zhu obtained a bachelor's degree in modern applied physics and a master's degree in engineering from Tsinghua University (清華大學) in July 1994 and June 1997, respectively, and a master's degree in electronic engineering from the State University of New York at Stony Brook in the United States in May 2000.

**Mr. He Wei (何衛)**, aged 59, is an executive Director, the deputy chairman of the Board and general manager of the Company. Mr. He joined the Group in October 2009 and worked at its operating department until December 2012. He then served as a deputy general manager of the Company from December 2012 to July 2018 and the acting general manager of the Company from July 2018 to April 2023. He was appointed as a Director in June 2021, the deputy chairman of the Board in July 2023 and the general manager of the Company in April 2023. He was appointed as an executive Director since January 13, 2026, the Listing Date of H shares of the Company. He is primarily responsible for the strategic planning and operation management of the Group.

Prior to joining the Group, Mr. He served as the deputy director of the Beijing sales department of Semiconductor Manufacturing International (Beijing) Co., Ltd. (中芯國際集成電路製造(北京)有限公司) from October 2003 to September 2009 and the deputy director of the integrated circuit department of Beijing Institute of Microelectronics Technology (北京微電子技術研究所) from April 1994 to September 2003.

Mr. He obtained a bachelor's degree in material science and a master's degree in engineering from Tsinghua University (清華大學) in July 1989 and March 1994, respectively.



## BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

**Mr. Hu Hong (胡洪)**, aged 44, is an executive Director and deputy general manager of the Company. Mr. Hu joined the Group in July 2007 and served successively as an engineer, department manager, director and head of business department until October 2022. He was appointed as a deputy general manager of the Company in October 2022 and a Director in December 2022. He was appointed as an executive Director since January 13, 2026, the Listing Date of H shares of the Company. He is primarily responsible for the strategic planning and operation management of the Group.

Mr. Hu obtained a bachelor's degree and a master's degree in electronic science and technology from Tsinghua University (清華大學) in July 2005 and July 2007, respectively.

### Non-Executive Director

**Ms. Wen Tian (文恬)**, aged 32, is a non-executive Director. Ms. Wen joined the Group in March 2020 and has been serving at the compliance and legal department of the Group since then. She served as the employee representative supervisor of the Company from November 2020 to June 2025, during which she was the chairman of the board of supervisors of the Company from December 2020 to June 2025. Ms. Wen was appointed as an employee representative Director in June 2025. She was appointed as a non-executive Director since January 13, 2026, the Listing Date of H shares of the Company. She is responsible for providing advice on the operation and management of the Group.

Ms. Wen obtained a bachelor's degree in laws from Shanxi University (山西大學) in July 2017 and a master's degree in international business and economics laws from the University of New South Wales in Australia in January 2019. She obtained a legal professional qualification issued by the Ministry of Justice of the PRC (中華人民共和國司法部) in April 2021.

### Independent Non-Executive Directors

**Mr. Zhou Haitao (周海濤)**, aged 68, has been an independent Director since December 2024. He was appointed as an independent non-executive Director since January 13, 2026, the Listing Date of H shares of the Company. He is responsible for supervising and providing independent opinion and judgment to the Board.

Mr. Zhou has been a partner of ShineWing Certified Public Accountants LLP (信永中和會計師事務所) since December 2009. He was a partner of Zhonghe Zhengxin Accountant Firm (中和正信會計師事務所) from February 2007 to December 2009. Prior to that, Mr. Zhou served as the deputy chief accountant of Beijing Zhonglunxin Accountant Firm (北京中倫信會計師事務所) until February 2007 and a certified public accountant of Beijing Longzhou Accountant Firm (北京龍洲會計師事務所) from August 1995 to August 1996. Prior to that, he worked at Beijing Capital Film and Television Cultural Research Institute (北京首都影視文化研究所) and Beijing Institute of Light Industry (北京輕工業學院, now known as Beijing Technology and Business University (北京工商大學)). He has also been serving as an independent director of Harbin Chenglin Technology Co., Ltd. (哈爾濱城林科技股份有限公司) since October 2024, and served as an independent director of Aimer Co., Ltd. (愛慕股份有限公司, 603511.SH) from May 2023 to February 2024.

Mr. Zhou obtained a bachelor's degree in mechanical design and manufacturing from Beijing Institute of Light Industry in July 1984. He has been a member of the Chinese Institute of Certified Public Accountants since June 1999.

**Dr. Qian He (錢鶴)**, aged 63, has been an independent Director since December 2021. He was appointed as an independent non-executive Director since January 13, 2026, the Listing Date of H shares of the Company. He is responsible for supervising and providing independent opinion and judgment to the Board.

Dr. Qian has been teaching at Tsinghua University (清華大學) since January 2009, and is currently a tenured professor of the School of Integrated Circuits of Tsinghua University. Prior to that, he served as the director of Samsung Semiconductor (China) Research Institute (三星半導體(中國)研究所) from June 2006 to December 2008 and worked at Institute of Microelectronics of the Chinese Academy of Sciences (中國科學院微電子研究所) from December 1990 to May 2006, with his last position as its director. Dr. Qian has also been an independent director of Beijing Memblaze Technology Co., Ltd. (北京憶恆創源科技股份有限公司) since June 2021 and GRINM Semiconductor Materials Co., Ltd. (有研半導體硅材料股份公司, 688432.SH) since May 2021. Since December 2025, Dr. Qian has been an independent director of Ucap Cloud Information Technology Co., Ltd. (688228.SH). Dr. Qian has also been an independent non-executive director of Guangdong – Hong Kong Greater Bay Area Holdings Limited (1396.HK) since January 2026.

Dr. Qian obtained a bachelor's degree in semiconductor, a master's degree in semiconductor physics and devices and a doctoral degree in engineering from Xi'an Jiaotong University (西安交通大學) in July 1984, July 1987 and December 1990, respectively.

## BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

**Ms. Yeung Siuman Shirley (楊小雯)**, aged 63, has been an independent Director since December 2024. She was appointed as an independent non-executive Director since January 13, 2026, the Listing Date of H shares of the Company. She is responsible for supervising and providing independent opinion and judgment to the Board.

Ms. Yeung has been the chairman of the board of directors and founding and managing partner of Dragonrise Capital Advisors (HK) Limited (龍騰資本有限公司) since October 2004. She has also been the chairman of the board of directors and founding and managing partner of Nanjing Longjun Investment Management Co., Ltd. (南京龍駿投資管理有限公司) and Suzhou Longrui Venture Capital Management Co., Ltd. (蘇州龍瑞創業投資管理有限公司) since April 2014 and December 2009, respectively. Ms. Yeung has been an independent non-executive director of Shenwan Hongyuan Group Co., Ltd. (申萬宏源集團股份有限公司, 000166.SZ, 6806.HK) since November 2020 and an independent director of Zhongyin Microelectronics (Beijing) Co., Ltd. (中茵微電子(北京)股份有限公司) since March 2026.

Ms. Yeung obtained a master's degree in business administration from Yale University in the United States in May 1993.

**Dr. Chen Jie (陳潔)**, aged 56, has been an independent Director since December 2024. She was appointed as an independent non-executive Director since January 13, 2026, the Listing Date of H shares of the Company. She is responsible for supervising and providing independent opinion and judgment to the Board.

Dr. Chen has been working at the Institute of Law of the Chinese Academy of Social Sciences (中國社會科學院法學研究所) since September 2004, and is currently the director of its commercial law research department, a researcher, professor and doctoral supervisor of the University of Chinese Academy of Social Sciences (中國社會科學院大學). Dr. Chen has also been an independent director of Deppon Logistics Co., Ltd. (德邦物流股份有限公司, 603056.SH) since September 2022 and an independent non-executive director of China Life Insurance Company Limited (中國人壽保險股份有限公司, 601628.SH, 2628.HK) since July 2022.

Dr. Chen obtained a bachelor's degree in laws from East China College of Political Science and Law (華東政法學院, now known as East China University of Political Science and Law (華東政法大學)) in July 1992, and a master's degree and a doctoral degree in laws from Peking University (北京大學) in July 1999 and July 2002, respectively. She also conducted post-doctoral research at the Chinese Academy of Social Sciences (中國社會科學院) from September 2002 to September 2004.



## BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

**Mr. Zheng Xiaodong (鄭曉東)**, aged 48, has been an independent Director since September 2023. He was appointed as an independent non-executive Director since January 13, 2026, the Listing Date of H shares of the Company. He is responsible for supervising and providing independent opinion and judgment to the Board.

Mr. Zheng has been a managing partner of Beijing Jincheng Tongda & Neal Law Firm (北京金誠同達律師事務所) since December 2009. Prior to that, he served as a counsel of Norton Rose Fulbright and an associate of T&C Law Firm (浙江天冊律師事務所). Mr. Zheng served as an independent director of Beijing Foyou Pharma Co., Ltd. (北京福元醫藥股份有限公司, 601089.SH) from June 2019 to May 2025 and Rongsheng Petro Chemical Co., Ltd. (榮盛石化股份有限公司, 002493.SZ) from May 2019 to May 2025, respectively.

Mr. Zheng obtained a bachelor's degree in laws from Zhejiang University (浙江大學) in June 2002 and a master's degree in maritime law from the University of Southampton in the United Kingdom in March 2004. Mr. Zheng obtained a legal professional qualification issued by the Ministry of Justice of the PRC (中華人民共和國司法部) in February 2006.

### SENIOR MANAGEMENT

**Mr. He Wei (何衛)**: Please refer to the Directors section for details of the biographies.

**Mr. Hu Hong (胡洪)**: Please refer to the Directors section for details of the biographies.

**Ms. Sun Guijing (孫桂靜)**, aged 51, is a deputy general manager and the chief financial officer of the Company. Ms. Sun joined the Group in April 2010 as the head of accounting department of the Company until November 2021, and was appointed as a deputy general manager and the finance director of the Company in December 2021. She is primarily responsible for the financial operations and funds management of the Group.

Ms. Sun obtained a bachelor's degree in enterprise management from Tianjin Normal University (天津師範大學) in July 1999 and an EMBA degree in business administration from China Europe International Business School (中歐國際工商學院) in November 2024. Ms. Sun obtained an intermediate accountant qualification issued by the MOF in May 2007.

## BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

**Mr. Li Baokui (李寶魁)**, aged 46, is a deputy general manager of the Company. Mr. Li joined the Group in November 2011. He served as the director of MCU chip design until October 2022, and has been serving as the head of MCU business unit since March 2022 and a deputy general manager of the Company since October 2022. He is primarily responsible for the product design and research and development of the Group.

Prior to joining the Group, Mr. Li served as the manager of IC design department of Actions Microelectronics Co., Ltd. (炬力北方微電子有限公司) from February 2006 to December 2011.

Mr. Li obtained a bachelor's degree in information engineering from Zhejiang University (浙江大學) in June 2003, a master's degree in microelectronics and solid state electronics from Tianjin University (天津大學) in March 2006, and an EMBA degree in business administration from China Europe International Business School (中歐國際工商學院) in April 2025.

**Ms. Dong Lingyan (董靈燕)**, aged 31, is the Board secretary and joint company secretary of the Company. Ms. Dong joined the Group in June 2024 as the head of investor relations, and was appointed as the Board secretary of the Company in December 2024. She is primarily responsible for the corporate governance, capital operation, information disclosures, investor relations and securities affairs of the Group.

Prior to joining the Group, Ms. Dong worked at Cephei Investment Consulting (Beijing) Co., Ltd. (潤暉投資諮詢(北京)有限公司) from February 2020 to June 2024, serving successively as an industry researcher, investment manager and assistant vice president. Prior to that, she also served as the research assistant of the research department of China International Capital Corporation Limited (中國國際金融股份有限公司, 601995.SH, 3908.HK) from July 2017 to February 2020.

Ms. Dong obtained a bachelor's degree in accounting from Guanghua School of Management of Peking University (北京大學光華管理學院) in June 2017.

### JOINT COMPANY SECRETARIES

**Ms. Dong Lingyan (董靈燕):** Please refer to the Senior Management section for details of the biographies.

**Ms. Wong Wai Yee, Ella (黃慧兒)** is a director of Corporate Services of Tricor Services Limited. Ms. Wong has over 20 years of experience in the corporate secretarial field and has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies.

Ms. Wong is a Chartered Secretary, a Chartered Governance Professional and a Fellow of both The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries, “HKCGI”) and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in the United Kingdom. Ms. Wong is a holder of the Practitioner’s Endorsement from HKCGI.

### DISCLOSURE OF CHANGES IN INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT UNDER RULE 13.51B(1) OF THE LISTING RULES

Save as disclosed above, there has been no change in the information of our Directors and senior management required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the Listing Date of H shares of the Company and up to the Latest Practicable Date.



# INDEPENDENT AUDITOR'S REPORT

## TO THE SHAREHOLDERS OF GIGADEVICE SEMICONDUCTOR INC.

*(Incorporated in the People's Republic of China with limited liabilities)*

### OPINION

We have audited the consolidated financial statements of GigaDevice Semiconductor Inc. (the "Company") and its subsidiaries (the "Group") set out on pages 134 to 248, which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (the "IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") as issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Revenue recognition of sale of goods

*Refer to Note 4 to the consolidated financial statements and the accounting policies of Note 2(t).*

The Key Audit Matter	How the matter was addressed in our audit
<p>For the year ended 31 December 2025, the Group recorded revenue of RMB9,203,463,000, which was primarily generated from the sales of specialty memory chips, micro-control units, sensor chips and analog chips, and such revenue was substantially derived from sale of goods.</p>	<p>Our audit procedures to assess revenue recognition of sale of goods included the following:</p>
<p>Revenue is recognised when the control of the goods delivered has been transferred to the customers. In accordance with the contract terms and business arrangements, revenue is generally recognised upon delivery of the goods to the customers or the designated delivery location and confirmed by the customers or their authorised personnel.</p>	<ul style="list-style-type: none"> <li>• obtaining an understanding of and evaluating the design and operating effectiveness of key internal controls over revenue recognition of sale of goods;</li> <li>• inspecting terms relating to the transfer of control of goods of selected sales agreements and/or sales orders and assess whether the Group's revenue recognition accounting policy on the sale of goods comply with the requirements of the prevailing accounting standards;</li> </ul>
<p>We identified revenue recognition of sale of goods as a key audit matter because revenue is one of the key performance indicators of the Group and therefore there is an inherent risk of manipulation of the revenue recognition by management to meet specific targets or expectations.</p>	<ul style="list-style-type: none"> <li>• comparing, on a sample basis, revenue transactions recorded during the year with underlying sales orders, customs declarations (if applicable) and acceptance records and assessing whether the related revenue had been recognised in accordance with the Group's revenue recognition accounting policies;</li> </ul>

## KEY AUDIT MATTERS (Continued)

### Revenue recognition of sale of goods (Continued)

*Refer to Note 4 to the consolidated financial statements and the accounting policies of Note 2(t).  
(Continued)*

<b>The Key Audit Matter</b>	<b>How the matter was addressed in our audit</b>
	<ul style="list-style-type: none"><li>• obtaining confirmations, on a sample basis, from customers of the Group to confirm the sales transactions recognised during the year and the balances of the trade and bills receivables as at the end of the reporting period;</li><li>• comparing, on a sample basis, specific revenue transactions recorded before and after the financial year end date with underlying sales orders, customs declarations (if applicable) and acceptance records to assess whether the related revenue had been recognised in the appropriate accounting period; and</li><li>• reading sales records after the year end to determine whether any material sales returns have occurred, and inspecting underlying documents, if applicable, to assess whether the related revenue adjustments had been made in the appropriate accounting period.</li></ul>

**KEY AUDIT MATTERS (Continued)****Write-down of inventories**

*Refer to Note 20 to the consolidated financial statements and the accounting policies of Note 2(l).*

The Key Audit Matter	How the matter was addressed in our audit
<p>The Group's inventories mainly consist of raw materials, work in progress, finished goods and other contract costs. As at 31 December 2025, the original cost of the Group's inventories was 3,364,981,000 and the write-down of inventories was RMB299,007,000.</p>	<p>Our audit procedures to assess write-down of inventories included the following:</p>
<p>At the end of the reporting period, the Group's inventories are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated expenses necessary to make the sale. In determining the net realisable value of inventories, management judgement and estimation are required with reference to the sales orders on hand, estimated market selling prices, estimated costs of completion and inventory ageing, etc.</p>	<ul style="list-style-type: none"> <li>• obtaining an understanding of and evaluating the design and operating effectiveness of key internal controls over write-down of inventories;</li> <li>• comparing the actual sales during the year with opening balances of the inventories to assess whether there was any indication of management bias;</li> <li>• evaluating the reasonableness of the estimated sell prices of the inventories at the end of the reporting period by comparing with the selling prices from sales orders on hand or the actual selling prices near the financial year end date on a sample basis;</li> <li>• evaluating the reasonableness of the estimated costs of completion and the estimated cost necessary to make the sale by comparing, on a sample basis, with the historical data of inventories in the same category;</li> <li>• recalculating the write-down of inventories based on the Group's policy; and</li> <li>• performing physical inspection, on a sample basis, during the inventory stocktake to observe the amount and physical condition of the inventories and evaluate the amount and status of inventories of the Group to consider whether there was any damage to the inventories.</li> </ul>
<p>We identified the write-down of inventories as a key audit matter because of the significant amount of inventories held by the Group and the significant judgement and estimation exercised by the management in determining the write-down of inventories.</p>	

## KEY AUDIT MATTERS (Continued)

### Potential impairment of goodwill

Refer to Note 15 to the consolidated financial statements and the accounting policies of Notes 2(f) and 2(k)(ii).

The Key Audit Matter	How the matter was addressed in our audit
<p>As at 31 December 2025, the carrying amount of goodwill recognised was RMB617,185,000.</p>	<p>Our audit procedures to assess the potential impairment of goodwill included the following:</p>
<p>Goodwill is assessed annually for potential impairment by the management at the end of each the reporting period. Management compares the carrying amount of the assets group containing goodwill with the recoverable amounts of the relevant cash-generating unit (“CGU”) to determine the amount of impairment loss, if any. In performing the impairment assessment, management assesses the recoverable amounts, which are determined based on the higher of the fair values less costs of disposal and the values-in-use. The determination of the values-in-use involves significant management judgement and estimation, particularly on revenue growth rates, terminal growth rates, net profit margins and pre-tax discount rates.</p>	<ul style="list-style-type: none"><li>• obtaining an understanding of and evaluating the design and operating effectiveness of key internal controls over goodwill impairment testing;</li><li>• evaluating the competence, capabilities and objectivity of the external evaluation experts;</li><li>• assessing the management’s identification of CGUs and the allocation of assets and liabilities to the CGUs based on our understanding of the Group’s business and the appropriateness of the valuation methodology with reference to the requirements of the prevailing accounting standards;</li><li>• evaluating the reasonableness of revenue growth rates, terminal growth rates and net profit margins adopted in the preparation of the discounted cash flow forecasts with reference to our understanding of the industry, the Group’s historical performance, approved financial budget and available market data;</li><li>• involving our internal valuation specialists to assist us in evaluating the appropriateness of the valuation methodology and the reasonableness of the pre-tax discount rates adopted in the preparation of the discounted cash flow forecasts;</li></ul>

## KEY AUDIT MATTERS (Continued)

### Potential impairment of goodwill (Continued)

*Refer to Note 15 to the consolidated financial statements and the accounting policies of Notes 2(f) and 2(k)(ii). (Continued)*

The Key Audit Matter	How the matter was addressed in our audit
	<ul style="list-style-type: none"> <li>• performing sensitivity analyses for the key assumptions adopted in the calculation of the discounted cash flow forecasts prepared by the management and assessing whether there was any indication of management bias;</li> <li>• comparing the key assumptions used in prior year's calculation of the discounted cash flow forecasts with the current year's actual performance to assess whether there was any indication of management bias;</li> <li>• testing the mathematical accuracy of the discounted cash flow forecasts; and</li> <li>• assessing the disclosures in the consolidated financial statements in respect of the impairment assessment of goodwill with reference to the requirements of the prevailing accounting standards.</li> </ul>



## INDEPENDENT AUDITOR'S REPORT

### **INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON**

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon as part of our engagement to audit the consolidated financial statements.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

### **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. The report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

### **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

## **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Wan Chi Yau, Charles (practising certificate number: P05058).

### **KPMG**

*Certified Public Accountants*

8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong

30 March 2026

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in Renminbi (“RMB”))

	Note	2025 RMB'000	2024 RMB'000
<b>Revenue</b>	4	<b>9,203,463</b>	7,355,978
Cost of sales		<b>(5,601,492)</b>	(4,732,760)
<b>Gross profit</b>		<b>3,601,971</b>	2,623,218
Other income	5	<b>376,386</b>	549,914
Selling and distribution expenses		<b>(446,302)</b>	(370,907)
Administrative expenses		<b>(655,371)</b>	(525,678)
Research and development expenses		<b>(1,116,992)</b>	(1,122,389)
Impairment loss on trade and other receivables	32(a)	<b>(1,836)</b>	(3,667)
Impairment loss on property, plant and equipment	12	<b>(7,080)</b>	–
Impairment loss on intangible assets	14	<b>(1,903)</b>	–
<b>Profit from operations</b>		<b>1,748,873</b>	1,150,491
Finance costs	6(a)	<b>(22,132)</b>	(19,253)
Share of profits less losses of associates	17	<b>(20,385)</b>	(7,575)
<b>Profit before taxation</b>	6	<b>1,706,356</b>	1,123,663
Income tax	7	<b>(29,012)</b>	(22,782)
<b>Profit for the year</b>		<b>1,677,344</b>	1,100,881

The notes on pages 143 to 248 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in Note 31(b).

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in RMB)

	Note	2025 RMB'000	2024 RMB'000
<b>Profit for the year</b>		<b>1,677,344</b>	1,100,881
<b>Other comprehensive income for the year (after tax):</b>	10		
Items that will not be reclassified to profit or loss:			
– Equity investments at fair value through other comprehensive income – net movement in fair value reserve (non-recycling)		<b>367,663</b>	193,470
Items that may be reclassified subsequently to profit or loss:			
– Exchange differences on translation of financial statements into presentation currency		<b>(28,725)</b>	17,887
– Share of other comprehensive income of associates		<b>(2)</b>	2
<b>Other comprehensive income for the year</b>		<b>338,936</b>	211,359
<b>Total comprehensive income for the year</b>		<b>2,016,280</b>	1,312,240
<b>Profit attributable to:</b>			
Equity shareholders of the Company		<b>1,648,022</b>	1,102,543
Non-controlling interests		<b>29,322</b>	(1,662)
		<b>1,677,344</b>	1,100,881
<b>Total comprehensive income attributable to:</b>			
Equity shareholders of the Company		<b>1,986,958</b>	1,313,902
Non-controlling interests		<b>29,322</b>	(1,662)
		<b>2,016,280</b>	1,312,240
<b>Earnings per share</b>			
Basic (RMB)	11(a)	<b>2.48</b>	1.66
Diluted (RMB)	11(b)	<b>2.47</b>	1.66

The notes on pages 143 to 248 form part of these financial statements.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in RMB)

	Note	2025 RMB'000	2024 RMB'000
<b>Non-current assets</b>			
Property, plant and equipment	12	1,355,313	1,089,489
Right-of-use assets	13	99,872	97,984
Intangible assets	14	756,871	604,215
Goodwill	15	617,185	617,185
Interests in associates	17	491,210	137,074
Equity securities designated at fair value through other comprehensive income ("FVOCI")	18	3,594,205	3,365,869
Financial assets measured at fair value through profit or loss ("FVPL")	19	603,452	210,894
Other non-current assets	22(b)	168,176	402,268
Deferred tax assets	29(b)(ii)	285,065	269,055
		<b>7,971,349</b>	6,794,033
<b>Current assets</b>			
Financial assets measured at FVPL	19	101,603	120,000
Inventories	20	3,065,974	2,346,368
Trade and bills receivables	21	198,765	231,791
Prepayments and other current assets	22(a)	856,570	608,614
Prepaid income tax	29(a)	16,051	14
Cash at bank and on hand	23(a)	9,186,270	9,128,010
		<b>13,425,233</b>	12,434,797
<b>Current liabilities</b>			
Trade payables	24	812,929	733,599
Accruals and other payables	25	574,401	522,731
Contract liabilities	26	218,174	94,532
Financial liabilities measured at FVPL	19	3,366	–
Bank loans	27	200,139	898,221
Lease liabilities	28	54,445	53,113
Income tax payable	29(a)	84,006	28,311
		<b>1,947,460</b>	2,330,507
<b>Net current assets</b>		<b>11,477,773</b>	10,104,290
<b>Total assets less current liabilities</b>		<b>19,449,122</b>	16,898,323

The notes on pages 143 to 248 form part of these financial statements.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in RMB)

	Note	2025 RMB'000	2024 RMB'000
<b>Non-current liabilities</b>			
Lease liabilities	28	42,571	48,023
Deferred income		42,493	49,732
Other non-current liabilities		47,593	2,000
Deferred tax liabilities	29(b)(ii)	93,628	119,791
		<b>226,285</b>	219,546
<b>Net assets</b>			
		<b>19,222,837</b>	16,678,777
<b>Capital and reserves</b>			
	31		
Share capital		667,849	664,124
Reserves		18,339,933	15,834,381
Total equity attributable to equity shareholders of the Company		<b>19,007,782</b>	16,498,505
Non-controlling interests		<b>215,055</b>	180,272
<b>Total equity</b>		<b>19,222,837</b>	16,678,777

The consolidated financial statements on pages 134 to 248 were approved and authorised for issue by the board of directors on 30 March 2026 and are signed on its behalf by:

**Zhu Yiming**  
Director

**He Wei**  
Director

The notes on pages 143 to 248 form part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Expressed in RMB)

		Attributable to equity shareholders of the Company										
		Share capital	Share premium	Treasury share reserve	Share-based payment reserve	Exchange reserve	Fair value reserve	Other reserve	Retained earnings	Total	Non-controlling interests	Total equity
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Note		(Note 31(c))	(Note 31(d)(i))	(Note 31(d)(ii))	(Note 31(d)(iii))	(Note 31(d)(iv))	(Note 31(d)(v))	(Note 31(d)(vi))				
	Balance at January 1, 2025	664,124	7,754,727	(244,848)	536,580	60,467	566,744	364,301	6,796,410	16,498,505	180,272	16,678,777
	Changes in equity for the year ended December 31, 2025:											
	Profit for the year	-	-	-	-	-	-	-	1,648,022	1,648,022	29,322	1,677,344
	Other comprehensive income	-	-	-	-	(28,725)	367,663	(2)	-	338,936	-	338,936
	Total comprehensive income for the year	-	-	-	-	(28,725)	367,663	(2)	1,648,022	1,986,958	29,322	2,016,280
	Restricted shares vested	30(b)	-	91,421	79,460	(91,421)	-	-	-	79,460	-	79,460
	Share options exercised	31(d)(i)	3,819	560,304	111,340	(158,981)	-	-	-	516,482	-	516,482
	Cancellation of shares	31(d)(i)	(94)	(7,507)	7,601	-	-	-	-	-	-	-
	Equity settled share-based payment expenses	30	-	-	-	130,521	-	16,674	-	147,195	5,461	152,656
	Reduction in equity securities designated at FVOCI		-	-	-	-	(188,484)	-	188,484	-	-	-
	Dividends in relation to unvested restricted shares		-	-	117	-	-	-	-	117	-	117
	Dividends approved and paid	31(b)	-	-	-	-	-	-	(225,575)	(225,575)	-	(225,575)
	Appropriations of PRC statutory reserve		-	-	-	-	-	191	(191)	-	-	-
	Share of changes in associates' other reserve		-	-	-	-	-	4,640	-	4,640	-	4,640
			3,725	644,218	198,518	(119,881)	-	(188,484)	21,505	(37,282)	5,461	527,780
	Balance at December 31, 2025	667,849	8,398,945	(46,330)	416,699	31,742	745,923	385,804	8,407,150	19,007,782	215,055	19,222,837

The notes on pages 143 to 248 form part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Expressed in RMB)

	Attributable to equity shareholders of the Company										Non-controlling interests	Total equity
	Share capital	Share premium	Treasury share reserve	Share-based payment reserve	Exchange reserve	Fair value reserve	Other reserve	Retained earnings	Total			
Note	RMB'000 (Note 31(c))	RMB'000 (Note 31(d)(i))	RMB'000 (Note 31(d)(ii))	RMB'000 (Note 31(d)(iii))	RMB'000 (Note 31(d)(iv))	RMB'000 (Note 31(d)(v))	RMB'000 (Note 31(d)(vi))	RMB'000 (Note 31(d)(vii))	RMB'000	RMB'000	RMB'000	RMB'000
Balance at January 1, 2024	666,906	7,935,988	(293,998)	444,071	42,580	453,712	336,885	5,613,429	15,199,573	-	15,199,573	
Changes in equity for the year ended December 31, 2024:												
Profit/(loss) for the year	-	-	-	-	-	-	-	1,102,543	1,102,543	(1,662)	1,100,881	
Other comprehensive income	-	-	-	-	17,887	193,470	2	-	211,359	-	211,359	
Total comprehensive income for the year	-	-	-	-	17,887	193,470	2	1,102,543	1,313,902	(1,662)	1,312,240	
Restricted shares vested	30(b)	-	66,271	58,400	(66,271)	-	-	-	58,400	-	58,400	
Cancellation of shares	31(d)(i)	(2,782)	(247,532)	250,314	-	-	-	-	-	-	-	
Purchase of own shares		-	-	(259,564)	-	-	-	-	(259,564)	-	(259,564)	
Equity settled share-based payment expenses	30	-	-	-	158,780	-	-	-	158,780	254	159,034	
Capital injection from non-controlling interests		-	-	-	-	-	-	-	-	4,500	4,500	
Reduction in equity securities designated at FVOCI		-	-	-	-	(80,438)	-	80,438	-	-	-	
Increase in non-controlling interests in connection with acquisition of a subsidiary		-	-	-	-	-	-	-	-	177,180	177,180	
Share of changes in associates' other reserve		-	-	-	-	-	27,414	-	27,414	-	27,414	
		(2,782)	(181,261)	49,150	92,509	(80,438)	27,414	80,438	(14,970)	181,934	166,964	
Balance at December 31, 2024	664,124	7,754,727	(244,848)	536,580	60,467	566,744	364,301	6,796,410	16,498,505	180,272	16,678,777	

The notes on pages 143 to 248 form part of these financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

(Expressed in RMB)

	Note	2025 RMB'000	2024 RMB'000
<b>Operating activities</b>			
Profit before taxation		<b>1,706,356</b>	1,123,663
Adjustments for:			
Depreciation and amortisation	6(c)	<b>501,202</b>	467,339
Net loss on disposal of property, plant and equipment and other non-current assets	5	<b>650</b>	455
Equity-settled share-based payment expenses	6(b)	<b>135,982</b>	159,034
Net gain from financial assets and liabilities measured at FVPL	5	<b>(152,308)</b>	(23,961)
Interest income from time deposits		<b>(22,458)</b>	–
Dividends from equity securities designated at FVOCI	5	<b>(228)</b>	(1,259)
Impairment loss on property, plant and equipment		<b>7,080</b>	–
Impairment loss on intangible assets		<b>1,903</b>	–
Impairment loss on trade and other receivables		<b>1,836</b>	3,667
Net foreign exchange loss/(gain)		<b>153,719</b>	(97,197)
Finance costs	6(a)	<b>22,132</b>	19,253
Share of profits less losses of associates		<b>20,385</b>	7,575
Changes in working capital:			
Increase in inventories		<b>(735,132)</b>	(267,520)
Increase in trade and bills receivables		<b>(34,964)</b>	(47,454)
Decrease in prepayments and other current assets and other non-current assets		<b>105,327</b>	240,598
Increase in trade payables		<b>163,987</b>	203,920
Increase in accruals and other payables		<b>180,818</b>	234,457
Increase in contract liabilities		<b>170,730</b>	4,891
<b>Cash generated from operations</b>		<b>2,227,017</b>	2,027,461
Income tax (paid)/refunded	29(a)	<b>(98,513)</b>	4,769
<b>Net cash generated from operating activities</b>		<b>2,128,504</b>	2,032,230

The notes on pages 143 to 248 form part of these financial statements.

## CONSOLIDATED STATEMENT OF CASH FLOWS

(Expressed in RMB)

	2025 RMB'000	2024 RMB'000
<b>Investing activities</b>		
Payments for the purchase of property, plant and equipment and intangible assets	<b>(1,048,564)</b>	(499,018)
Proceeds from disposal of property, plant and equipment	<b>19,709</b>	29,330
Investments in associates	<b>(364,895)</b>	(91,499)
Investments in equity securities designated at FVOCI	<b>(131,848)</b>	(1,529,668)
Proceeds from disposal of equity securities designated at FVOCI	<b>348,462</b>	119,597
Investments in financial assets measured at FVPL	<b>(252,091)</b>	(60,000)
Proceeds from disposal of equity securities measured at FVPL	<b>7,749</b>	–
Purchase of wealth management products measured at FVPL	<b>(70,288)</b>	(420,000)
Proceeds from redemption of wealth management products measured at FVPL	<b>90,000</b>	2,100,000
Net investment income received from financial instruments measured at FVPL	<b>6,143</b>	25,666
Purchase of time deposits	<b>(1,330,263)</b>	–
Proceeds from redemption of time deposits	<b>1,327,894</b>	–
Interest income from time deposits	<b>22,458</b>	–
Proceeds from disposal of non-current assets recognised prior to being acquired by the Group	–	27,277
Loans to an acquired subsidiary prior to acquisition	–	(130,000)
Acquisition of a subsidiary, net of cash acquired	25 <b>(15,123)</b>	(241,020)
<b>Net cash used in investing activities</b>	<b>(1,390,657)</b>	(669,335)

The notes on pages 143 to 248 form part of these financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

(Expressed in RMB)

	Note	2025 RMB'000	2024 RMB'000
<b>Financing activities</b>			
Proceeds from bank loans	23(b)	<b>400,000</b>	1,269,193
Repayment of bank loans	23(b)	<b>(1,097,682)</b>	(418,699)
Capital element of lease rentals paid	23(b)	<b>(63,987)</b>	(44,299)
Interest element of lease rentals paid	23(b)	<b>(4,906)</b>	(5,558)
Purchase of own ordinary shares		–	(259,564)
Purchase of forfeited restricted shares	23(b)	<b>(2,396)</b>	(55,529)
Proceeds from share options exercised		<b>516,482</b>	–
Dividends paid	31(b)	<b>(225,575)</b>	–
Expenses paid in connection with the initial listing of the H shares of the Company		<b>(21,474)</b>	–
Capital injection from non-controlling interests		–	4,500
Interest paid	23(b)	<b>(17,323)</b>	(9,660)
<b>Net cash (used in)/generated from financing activities</b>		<b>(516,861)</b>	480,384
<b>Net increase in cash and cash equivalents</b>		<b>220,986</b>	1,843,279
<b>Cash and cash equivalents at the beginning of the year</b>		<b>9,104,159</b>	7,130,888
<b>Effects of exchange rate changes</b>		<b>(163,212)</b>	129,992
<b>Cash and cash equivalents at the end of the year</b>		<b>9,161,933</b>	9,104,159

The notes on pages 143 to 248 form part of these financial statements.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

## 1 CORPORATE INFORMATION

GigaDevice Semiconductor Inc. (the “**Company**”) was incorporated in The People’s Republic of China (the “**PRC**”) on April 6, 2005 as a limited liability company. On December 28, 2012, the Company was converted from a limited liability company into a joint stock limited liability company, and was initially listed on the Shanghai Stock Exchange on August 18, 2016 and subsequently listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**HK Stock Exchange**”) on January 13, 2026. The Company and its subsidiaries (the “**Group**”) are principally engaged in the design, research and development, and sales of specialty memory chips, micro-control units, sensor chips, analog chips, and complete set of systems and solutions.

## 2 MATERIAL ACCOUNTING POLICIES

### (a) Statement of compliance

These financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (the “**IASB**”) and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the HK Stock Exchange (the “**Listing Rules**”). Material accounting policies adopted by the Group are disclosed below.

The IASB has issued certain new or amended IFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

## 2 MATERIAL ACCOUNTING POLICIES (Continued)

### (b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended December 31, 2025 comprise the Group and the Group's interests in associates.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair values as explained in the accounting policies set out below:

- financial assets and liabilities measured at FVPL (see Note 2(g))
- equity securities designated at FVOCI (see Note 2(g))

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 3.

## 2 MATERIAL ACCOUNTING POLICIES (Continued)

### (c) Changes in accounting policies

The Group has applied amendments to IAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability*, issued by the IASB to these financial statements for the current accounting period. The amendments do not have a material impact on these financial statements as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

### (d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

For each business combination, the Group can elect to measure any non-controlling interests (“**NCI**”) either at fair value or the NCI’s proportionate share of the subsidiary’s net identifiable assets. NCI are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. NCI in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between NCI and the equity shareholders of the Company.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

## 2 MATERIAL ACCOUNTING POLICIES (Continued)

### (d) Subsidiaries and non-controlling interests (Continued)

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(k)(ii)) unless it is classified as held for sale.

### (e) Associates

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over the financial and operating policies.

An interest in an associate is accounted for using the equity method, unless it is classified as held for sale. They are initially recognised at cost, which includes transaction costs. Subsequently, the consolidated financial statements includes the Group's share of the profit or loss and other comprehensive income ("**OCI**") of those investees, until the date on which significant influence ceases.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the associate, after applying the ECL model to such other long-term interests where applicable (see Note 2(k)(i)).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 2 MATERIAL ACCOUNTING POLICIES (Continued)

#### (e) Associates (Continued)

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent there is no evidence of impairment.

In the Company's statement of financial position, an investment in an associate is accounted for using the equity method, unless it is classified as held for sale.

#### (f) Goodwill

Goodwill arising on acquisition of businesses is measured at cost less accumulated impairment losses and is tested annually for impairment (see Note 2(k)(ii)).

#### (g) Other investments

The Group's policies for investments in securities, other than investments in subsidiaries, associates and joint ventures, are set out below.

Investments in securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at FVPL for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 32(e). These investments are subsequently accounted for as follows, depending on their classification.

##### (i) *Non-equity investments*

Non-equity investments are mainly wealth management products and private equity funds, and are measured at FVPL. Changes in the fair value of the investment (including interest) are recognised in profit or loss.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 2 MATERIAL ACCOUNTING POLICIES (Continued)

#### (g) Other investments (Continued)

##### *(ii) Equity investments*

An investment in equity securities is classified as FVPL, unless the investment is not held for trading purposes and on initial recognition the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in OCI. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. If such election is made for a particular investment, at the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings and not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income (see Note 2(t)(ii)(a)).

##### *(iii) Derivative financial instruments*

The Group holds derivative financial instruments to manage its foreign currency risk. Derivatives are initially measured at fair value and subsequently are measured at fair value with changes therein recognised in profit or loss.

#### (h) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses (see Note 2(k)(ii)).

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components).

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 2 MATERIAL ACCOUNTING POLICIES (Continued)

#### (h) Property, plant and equipment (Continued)

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values, if any, using the straight line method over their estimated useful lives, and is generally recognised in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

– Buildings	10–35 years
– Machinery and equipment	3–10 years
– Motor vehicles	5 years
– Leasehold improvements	over the term of leases
– Others	3–5 years

Depreciation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

#### (i) Intangible assets (other than goodwill)

Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the resulting asset. Otherwise, it is recognised in profit or loss as incurred. Capitalised development expenditure is measured at cost less any accumulated impairment losses until it is ready for intended use in which it will be reclassified as patents and proprietary technologies. Development expenditure is tested annually for impairment (see Note 2(k)(ii)).

Other intangible assets, including patents and proprietary technologies, which have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses (see Note 2(k)(ii)).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 2 MATERIAL ACCOUNTING POLICIES (Continued)

#### (i) Intangible assets (other than goodwill) (Continued)

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values, if any, using the straight-line method over their estimated useful lives, if any, and is generally recognised in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

– Patents and proprietary technologies	2–8 years
– Software and others	3–5 years

Amortisation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

#### (j) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

##### *As a lessee*

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less and leases of low-value items. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

## 2 MATERIAL ACCOUNTING POLICIES (Continued)

### (j) Leased assets (Continued)

#### *As a lessee (Continued)*

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is recognised using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability, and are charged to profit or loss as incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Note 2(k)(iii)). Depreciation is calculated using the straight-line method over the term of leases.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the principal portion of contractual payments that are due to be settled within twelve months after the reporting period.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 2 MATERIAL ACCOUNTING POLICIES (Continued)

#### (k) Credit losses and impairment of assets

##### (i) Credit losses from financial instruments

The Group recognises a loss allowance for expected credit losses (“**ECL**”s) on financial assets measured at amortised cost (including cash at bank and on hand, trade and bills receivables and other receivables).

##### *Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfall for fixed-rate financial assets and trade and other receivables are discounted using the effective interest rate determined at initial recognition or an approximation thereof.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and
- lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 2 MATERIAL ACCOUNTING POLICIES (Continued)

#### (k) Credit losses and impairment of assets (Continued)

##### (i) Credit losses from financial instruments (Continued)

###### *Measurement of ECLs (Continued)*

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

- financial instruments that are determined to have low credit risk at the reporting date; and
- other financial instruments for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

###### *Significant increases in credit risk*

When determining whether the credit risk of a financial instrument has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is past due.

The Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 2 MATERIAL ACCOUNTING POLICIES (Continued)

#### (k) Credit losses and impairment of assets (Continued)

##### (i) Credit losses from financial instruments (Continued)

###### *Significant increases in credit risk (Continued)*

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amounts through a loss allowance account.

###### *Credit-impaired financial assets*

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or being past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 2 MATERIAL ACCOUNTING POLICIES (Continued)

#### (k) Credit losses and impairment of assets (Continued)

##### (i) Credit losses from financial instruments (Continued)

###### *Write-off policy*

The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

##### (ii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU"s). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 2 MATERIAL ACCOUNTING POLICIES (Continued)

#### (k) Credit losses and impairment of assets (Continued)

##### (ii) Impairment of other non-current assets (Continued)

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### (l) Inventories and other contract costs

##### (i) Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 2 MATERIAL ACCOUNTING POLICIES (Continued)

#### (l) Inventories and other contract costs (Continued)

##### (ii) *Other contract costs*

Other contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer which are not capitalised as inventory (see Note 2(l)(i)).

Incremental costs of obtaining a contract, e.g. sales commissions, are capitalised if the costs relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

Costs to fulfil a contract are capitalised if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered. Otherwise, costs of fulfilling a contract, which are not capitalised as inventory, are expensed as incurred.

Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses. Amortisation of capitalised contract costs is recognised in profit or loss when the revenue to which the asset relates is recognised (see Note 2(t)(i)).

##### (m) **Contract liabilities**

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see Note 2(t)(i)). A contract liability is also recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such latter cases, a corresponding receivable is also recognised (see Note 2(n)).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 2 MATERIAL ACCOUNTING POLICIES (Continued)

#### (n) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost (see Note 2(k)(i)).

#### (o) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are assessed for ECL (see Note 2(k)(i)).

#### (p) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

#### (q) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with Note 2(v).

### 2 MATERIAL ACCOUNTING POLICIES (Continued)

#### (r) Employee benefits

##### (i) *Short-term employee benefits and contributions to defined contribution retirement plans*

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are provided under the relevant local regulations and are expensed as the related service is provided.

##### (ii) *Share-based payments*

The grant-date fair value of share option granted to employees is measured using valuation model. The grant-date fair value of restricted share granted to employees is equal to the closing price of the Company's publicly trading shares on grant date. The amount is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service conditions at the vesting date.

##### (iii) *Termination benefits*

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

## 2 MATERIAL ACCOUNTING POLICIES (Continued)

### (s) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investment in subsidiaries and associates to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;
- taxable temporary differences arising on the initial recognition of goodwill; and
- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 2 MATERIAL ACCOUNTING POLICIES (Continued)

#### (s) Income tax (Continued)

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset only if certain criteria are met.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 2 MATERIAL ACCOUNTING POLICIES (Continued)

#### (t) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods and the provision of services in the ordinary course of the Group's business.

Further details of the Group's revenue and other income recognition policies are as follows:

##### (i) *Revenue from contracts with customers*

Revenue is recognised when control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties such as value added tax or other sales taxes.

Further details of the Group's revenue recognition policies are as follows:

##### (a) *Revenue from sale of goods*

The Group's sales contracts with customers of specialty memory chips, micro-control units, sensor chips and analog chips contain various delivery terms. Depending on the delivery terms, control of these goods is generally transferred to customers upon delivery of these goods to and acceptance of these goods by the customers or the designated recipients by the customers, at which point the Group recognises revenue.

##### (b) *Revenue from rendering of services*

The Group's revenue from rendering of services is generated from the provision of technical support service in the development of specialty memory chips, micro-control units, sensor chips and analog chips. Revenue is recognised when the service is provided to and confirmed by the customers.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 2 MATERIAL ACCOUNTING POLICIES (Continued)

#### (t) Revenue and other income (Continued)

##### (ii) Revenue from other sources and other income

###### (a) Dividends

Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

###### (b) Interest income

Interest income is recognised using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

###### (c) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them.

Grants that compensate the Group for expenses incurred are recognised as other income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

Grants that compensate the Group for the cost of an asset is recognised as deferred income in the statement of financial position and amortised over the useful life of the related asset, and is recognised as other income.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 2 MATERIAL ACCOUNTING POLICIES (Continued)

#### (u) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rates at the reporting date. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

The assets and liabilities of foreign operations are translated into RMB, the Group's presentation currency, at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into RMB at the exchange rates at the dates of the transactions. Foreign currency differences are recognised in OCI and accumulated in the exchange reserve, except to the extent that the translation difference is allocated to NCI.

#### (v) Borrowing costs

Borrowing costs are expensed in the period in which they are incurred.

#### (w) Provisions and contingent liabilities

Generally provisions are determined by discounting the expected future cash flows at a pretax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

### 2 MATERIAL ACCOUNTING POLICIES (Continued)

#### (x) Related parties

- (a) A person, or a close member of that person's family, is related to the Group if that person:
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
  - (i) The entity and the Group are members of the same group.
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
  - (vi) The entity is controlled or jointly controlled by a person identified in (a).
  - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 2 MATERIAL ACCOUNTING POLICIES (Continued)

#### (y) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

### 3 ACCOUNTING JUDGEMENTS AND ESTIMATES

Notes 15, 30 and 32(e) contain information about the assumptions and their risk factors relating to goodwill impairment, fair value of share-based payments and financial instruments, respectively. Other significant sources of estimation uncertainty are as follows:

#### Impairment of non-current non-financial assets

If circumstances indicate that the carrying amount of a non-current non-financial asset may not be recoverable, the asset may be considered "impaired", and an impairment loss may be recognised in accordance with accounting policy for impairment of non-current assets as described in Note 2(k)(ii). These assets are tested for impairment periodically or whenever the events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount. The recoverable amount is the greater of the fair value less costs of disposal and value in use. In determining the value in use, expected future cash flows generated by the asset are discounted to their present value, which requires significant judgment relating to the level of revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of the level of revenue and amount of operating costs. Changes in these estimates could have a significant impact on the recoverable amount of the assets and could result in additional impairment charge or reversal of impairment in future periods.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 4 REVENUE AND SEGMENT REPORTING

The principal activities of the Group are the design, research and development, and sales of specialty memory chips, micro-control units, sensor chips, analog chips, and complete set of systems and solutions.

#### (a) Revenue

##### (i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	2025 RMB'000	2024 RMB'000
<b>Revenue from contracts with customers within the scope of IFRS 15</b>		
Disaggregated by major products or service lines:		
– Specialty memory chips	<b>6,565,940</b>	5,194,173
– Micro-control units	<b>1,909,898</b>	1,690,547
– Sensor chips	<b>389,355</b>	448,300
– Analog chips	<b>332,844</b>	15,468
– Others	<b>5,426</b>	7,490
	<b>9,203,463</b>	7,355,978

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 4 REVENUE AND SEGMENT REPORTING (Continued)

#### (a) Revenue (Continued)

##### (i) *Disaggregation of revenue (Continued)*

During the year, the Group's revenue was substantially recognised at a point in time.

The Group's customer base is diversified and no customer (2024: nil customer) with whom transactions have exceeded 10% of the Group's revenue for the year ended December 31, 2025. Details of concentrations of credit risk are set out in Note 32(a).

##### (ii) *Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date*

The Group takes advantage of the practical expedient in paragraph 121 of IFRS 15 and does not disclose the remaining performance obligation as substantially all of the Group's sale contracts have an original expected duration of less than one year, except for sale contracts with expected duration of more than one year of RMB146,995,000 as at December 31, 2025 to be recognised in future (December 31, 2024: RMBNil).

#### (b) Segment reporting

##### (i) *Segment results*

IFRS 8, *Operating Segments*, requires identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by the Group's chief operating decision maker for the purpose of resources allocation and performance assessment. On this basis, as for the purpose of making decisions about resources allocation and performance assessment, the Group's management reviews the operating results of the Group as a whole by products and services and the Group has determined that it only has one operating segment during the years ended December 31, 2025 and 2024.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 4 REVENUE AND SEGMENT REPORTING (Continued)

#### (b) Segment reporting (Continued)

##### (i) Segment results (Continued)

Disaggregation of revenue from contracts with customers by major products' gross profit or loss as provided to the Group's management for the purposes of resource allocation and performance assessment of products and services for the years ended 31 December 2025 and 2024 is set out below:

	Year ended 31 December 2025						Total RMB'000
	Specialty memory chips RMB'000	Micro- control units RMB'000	Sensor chips RMB'000	Analog chips RMB'000	Others RMB'000	Less: write- down of inventories RMB'000	
Revenue	6,565,940	1,909,898	389,355	332,844	5,426	—	9,203,463
Gross profit/(loss)	2,813,070	684,132	76,196	123,023	4,862	(99,312)	3,601,971

	Year ended 31 December 2024						Total RMB'000
	Specialty memory chips RMB'000	Micro- control units RMB'000	Sensor chips RMB'000	Analog chips RMB'000	Others RMB'000	Less: write- down of inventories RMB'000	
Revenue	5,194,173	1,690,547	448,300	15,468	7,490	—	7,355,978
Gross profit/(loss)	2,091,500	621,085	73,797	1,628	7,343	(172,135)	2,623,218

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 4 REVENUE AND SEGMENT REPORTING (Continued)

#### (b) Segment reporting (Continued)

##### (ii) Geographic information

Information about the Group's revenue from external customers, presented based on their location of registration, is as follows:

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Chinese Mainland	<b>2,788,545</b>	1,923,578
Hong Kong	<b>4,319,596</b>	3,374,412
Other countries or regions	<b>2,095,322</b>	2,057,988
	<b>9,203,463</b>	7,355,978

The non-current assets of the Group are substantially located or allocated to operations in Chinese Mainland.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 5 OTHER INCOME

	2025 RMB'000	2024 RMB'000
Interest income	<b>280,531</b>	334,447
Net gain from financial assets and liabilities measured at FVPL	<b>152,308</b>	23,961
Dividends from equity securities designated at FVOCI (Note 18)	<b>228</b>	1,259
Government grants	<b>60,396</b>	51,589
Net (loss)/gain on foreign exchange differences	<b>(113,525)</b>	130,595
Net loss on disposal of property, plant and equipment and other non-current assets	<b>(819)</b>	(455)
Others	<b>(2,733)</b>	8,518
	<b>376,386</b>	549,914

### 6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

#### (a) Finance costs

	2025 RMB'000	2024 RMB'000
Interest expenses on bank loans	<b>16,923</b>	9,633
Interest expenses on lease liabilities	<b>4,906</b>	5,558
Interest expenses on unvested restricted shares repurchase obligation	<b>303</b>	4,062
	<b>22,132</b>	19,253

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 6 PROFIT BEFORE TAXATION (Continued)

#### (b) Staff costs

	2025 RMB'000	2024 RMB'000
Salaries, wages and other benefits	<b>1,310,900</b>	1,078,794
Contributions to defined contribution retirement schemes (Note)	<b>91,229</b>	78,573
Equity-settled share-based payment expenses (Note 30)	<b>135,982</b>	159,034
	<b>1,538,111</b>	1,316,401

Note:

Employees of the Company and its subsidiaries established in Chinese Mainland are required to participate in defined contribution retirement schemes administered and operated by the respective local municipal governments. The Group contributes funds which are calculated on certain percentages of the average employee salary as agreed by the respective local municipal governments to the schemes as retirement benefits for the employees.

The subsidiaries of the Group incorporated in Hong Kong are required to make contributions to the Mandatory Provident Funds under the Hong Kong Mandatory Provident Fund Schemes Ordinance.

All other overseas subsidiaries of the Group are subject to the statutory enterprise contribution retirements schemes under the laws and regulations of the respective countries/jurisdictions.

The Group has no further material obligation for payment of other retirement benefits beyond the above contributions.

During the reporting period, no forfeited contributions were used by the Group to reduce the existing level of contributions.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 6 PROFIT BEFORE TAXATION (Continued)

#### (c) Other items

	2025 RMB'000	2024 RMB'000
Cost of inventories# (Note 20)	<b>5,537,022</b>	4,680,587
Depreciation charges:#		
– owned property, plant and equipment (Note 12)	<b>269,805</b>	283,815
– right-of-use assets (Note 13)	<b>56,602</b>	44,402
	<b>326,407</b>	328,217
Amortisation of intangible assets (Note 14) #	<b>174,795</b>	139,122
	<b>6,038,224</b>	5,147,926
Listing expenses	<b>1,850</b>	–
Auditors' remuneration		
– audit services	<b>3,396</b>	–
– non-audit services	<b>330</b>	–

# Cost of inventories includes RMB162,111,000 (2024: RMB132,650,000) relating to depreciation and amortisation charges, which amount is also included in the respective total amounts disclosed separately above for each type of these expenses.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Taxation in the consolidated statement of profit or loss and other comprehensive income represent:

	2025 RMB'000	2024 RMB'000
<b>Current tax – Chinese Mainland (Note 29(a))</b>		
Provision for the year	47,632	42,780
Under-provision in respect of prior years	1,306	2,345
	48,938	45,125
<b>Current tax – Overseas (Note 29(a))</b>		
Provision for the year	41,100	1,097
	90,038	46,222
<b>Deferred tax (Note 29(b)(i))</b>		
Origination and reversal of temporary differences	(61,026)	(23,440)
	29,012	22,782

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)

#### (b) Reconciliation between tax expense and accounting profit at applicable tax rates

	2025 RMB'000	2024 RMB'000
Profit before taxation	<b>1,706,356</b>	1,123,663
Tax on profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned (Note (i))	<b>407,072</b>	269,755
Tax effect of non-taxable income	<b>(13,947)</b>	(17,669)
Tax effect of non-deductible expenses	<b>2,457</b>	11,509
Tax rates differentials (Notes (ii) and (iii))	<b>(213,391)</b>	(135,174)
Tax effect of additional deduction for research and development expenses (Notes (ii) and (iii))	<b>(106,511)</b>	(102,163)
Tax effect of unrecognised unused tax losses and deductible temporary differences	<b>(5,090)</b>	(5,821)
Tax effect of additional deduction for equity settled share-based payment expenses	<b>(45,650)</b>	–
Under-provision in respect of prior years	<b>4,959</b>	2,345
Effect on deferred tax at 1 January 2025 resulting from change in tax rate	<b>2,180</b>	–
Tax effect of additional deduction for depreciation from qualified property, plant and equipment and others	<b>(3,067)</b>	–
	<b>29,012</b>	22,782

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)

#### (b) Reconciliations between tax expenses and accounting profits at applicable tax rates (Continued)

Notes:

- (i) Entities of the Group established in Chinese Mainland were subject to the PRC Corporate Income Tax rate of 25% during the year ended December 31, 2025 (2024: 25%).

The provision for Hong Kong Profits Tax for the year ended December 31, 2025 was calculated at 16.5% (2024: 16.5%) of the estimated assessable profits for the year. During the year ended December 31, 2025 and 2024, a subsidiary of the Group was under the two-tiered profits tax rate regime, i.e. the first Hong Kong Dollars (“**HK\$**”) 2,000,000 of assessable profits were taxed at 8.25% and the remaining assessable profits were taxed at 16.5%.

Taxation for subsidiaries incorporated in other jurisdictions is calculated at the applicable income tax rates in the relevant countries.

- (ii) The Company and certain subsidiaries are regarded as key enterprises in the industry. According to the announcement on preferential corporate income tax policies for key enterprises, the Company and these subsidiaries were subject to a preferential tax rate of 10% during the years ended December 31, 2025 and 2024. The Company and these subsidiaries were also entitled to an additional tax deductible allowance amounting to 120% of the qualified research and development costs incurred during the years ended December 31, 2025 and 2024.
- (iii) Certain subsidiaries of the Group obtained the certificates of “High and New Technology Enterprise” (“**HNTE**”) from the tax authorities and were subject to a preferential tax rate of 15% during the years ended December 31, 2025 and 2024. These subsidiaries were also entitled to an additional tax deductible allowance amounting to 100% of the qualified research and development costs incurred for the years ended December 31, 2025 and 2024.

#### (c) Pillar Two income taxes

The Group is a multinational enterprise (“**MNE**”) group with annual consolidated revenue of EUR750 million or above in at least two of the four fiscal years immediately preceding the current fiscal year (i.e. in-scope MNE groups) and is therefore an in-scope MNE group under the OECD Global Anti-Base Erosion (“**GloBE**”) Model Rules (Pillar Two).

In Hong Kong, the GloBE Rules have been implemented through the Inland Revenue (Amendment) (Minimum Top-up Tax for Multinational Enterprise Groups) Ordinance 2025, under which the Income Inclusion Rule (“**IIR**”) and the Hong Kong Minimum Top-up Tax (“**HKMTT**”) apply retrospectively to fiscal years beginning on or after 1 January 2025. Where the Group’s jurisdictional effective tax rate (“**ETR**”) for Hong Kong is below 15% (taking into account the adjustments required under the legislation), the Group may be subject to top-up tax in Hong Kong.

The Group has applied the temporary mandatory exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes and accounted for the tax as current tax when incurred.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 8 DIRECTORS' AND SUPERVISORS' EMOLUMENTS

Directors' emoluments are disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation. Details of the emoluments of the directors and supervisors of the Company are as follows:

	Year ended December 31, 2025						
	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Directors' and supervisors' fees RMB'000	Sub-total RMB'000	Share-based payments RMB'000 (Note (j))	Total RMB'000
<b>Directors</b>							
Mr. Zhu Yiming	2,993	4,540	71	-	7,604	-	7,604
Mr. He Wei	1,128	465	53	-	1,645	1,149	2,794
Mr. Wang Zhiwei (resigned on June 10, 2025)	-	-	-	-	-	-	-
Mr. Hu Hong	3,010	6,260	68	-	9,338	13,604	22,942
Ms. Wen Tian (appointed on June 10, 2025)	257	63	39	-	359	-	359
<b>Independent directors</b>							
Mr. Zhou Haitao	-	-	-	240	240	-	240
Mr. Qian He	-	-	-	240	240	-	240
Ms. Yang Xiaowen	-	-	-	240	240	-	240
Ms. Chen Jie	-	-	-	240	240	-	240
Mr. Zheng Xiaodong	-	-	-	240	240	-	240
<b>Supervisors Note (ii)</b>							
Ms. Wen Tian Note (iii)	-	-	-	-	-	-	-
Mr. Ge Liang	-	-	-	-	-	-	-
Ms. Liu Xiaowei	-	-	-	-	-	-	-
	7,388	11,328	231	1,200	20,146	14,753	34,899

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

## 8 DIRECTORS' AND SUPERVISORS' EMOLUMENTS (Continued)

	Year ended December 31, 2024						
	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Directors' and supervisors' fees RMB'000	Sub-total RMB'000	Share-based payments RMB'000 (Note (i))	Total RMB'000
<b>Directors</b>							
Mr. Zhu Yiming	2,873	1,855	71	-	4,799	-	4,799
Mr. He Wei	1,059	420	65	-	1,544	1,730	3,274
Mr. Wang Zhiwei	-	-	-	-	-	-	-
Mr. Hu Hong	2,889	3,323	66	-	6,278	11,137	17,415
Ms. Li Hong (resigned on December 16, 2024)	1,860	1,547	68	-	3,475	4,742	8,217
<b>Independent directors</b>							
Mr. Zhou Haitao (appointed on December 16, 2024)	-	-	-	11	11	-	11
Mr. Qian He	-	-	-	154	154	-	154
Ms. Yang Xiaowen (appointed on December 16, 2024)	-	-	-	11	11	-	11
Ms. Chen Jie (appointed on December 16, 2024)	-	-	-	11	11	-	11
Mr. Zheng Xiaodong	-	-	-	154	154	-	154
Mr. Zhang Kedong (resigned on December 16, 2024)	-	-	-	144	144	-	144
Mr. Liang Shangshang (resigned on December 16, 2024)	-	-	-	144	144	-	144
<b>Supervisors Note (ii)</b>							
Ms. Wen Tian	115	44	35	-	194	-	194
Mr. Ge Liang	-	-	-	-	-	-	-
Ms. Liu Xiaowei (appointed on December 16, 2024)	-	-	-	-	-	-	-
Ms. Hu Jing (resigned on December 16, 2024)	-	-	-	-	-	-	-
	8,796	7,189	305	629	16,919	17,609	34,528

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 8 DIRECTORS' AND SUPERVISORS' EMOLUMENTS (Continued)

Notes:

- (i) These represent the estimated value of share options and restricted shares granted to the directors under the Company's share-based incentive plans. The values of these share options and restricted shares are measured according to the Group's accounting policies for share-based payment transactions as set out in Note 2(r)(ii) and, in accordance with that policy, includes adjustments to reverse amounts accrued in previous years where grants of equity instruments are forfeited prior to vesting.

The details of these benefits in kind, including the principal terms and number of share options and restricted shares granted, are disclosed in Note 30.

- (ii) The extraordinary general meeting of the Company approved of the cancellation of the board of supervisors on June 10, 2025 and there are no supervisors of the Company thereon.
- (iii) Ms. Wen Tian resigned as a supervisor and was appointed as a director on June 10, 2025. Her emoluments, being a supervisor or a director, for the year ended December 31, 2025 were presented in the line item under "Directors".
- (iv) The remuneration of all directors and supervisors were calculated based on their respective actual terms of office within this year. None of the directors or supervisors received any inducements for joining or upon joining the Company or compensation for loss of office during this year.

### 9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, one (2024: three) is a director whose emoluments are disclosed in Note 8. The aggregate of the emoluments in respect of the other four (2024: two) individuals is as follows:

	2025 RMB'000	2024 RMB'000
Salaries and other emoluments	8,477	3,308
Discretionary bonuses	11,255	2,458
Retirement scheme contributions	261	132
Share-based payments	17,379	7,268
	<b>37,372</b>	13,166

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 9 INDIVIDUALS WITH HIGHEST EMOLUMENTS (Continued)

The emoluments of the four (2024: two) individuals who are not directors and who are amongst the five highest paid individuals of the Group are within the following bands:

	<b>2025</b> <b>Number of</b> <b>individuals</b>	2024 Number of individuals
HK\$6,000,001 – HK\$6,500,000	–	1
HK\$8,000,001 – HK\$8,500,000	–	1
HK\$9,000,001 – HK\$9,500,000	<b>1</b>	–
HK\$9,500,001 – HK\$10,000,000	<b>1</b>	–
HK\$10,000,001 – HK\$10,500,000	<b>1</b>	–
HK\$11,500,001 – HK\$12,000,000	<b>1</b>	–

None of these employees received any inducements for joining or upon joining the Group or compensation for loss of office during the year.

### 10 OTHER COMPREHENSIVE INCOME

Tax effects relating to each component of other comprehensive income

	<b>Year ended December 31, 2025</b>		
	<b>Before-tax</b> <b>amount</b> <b>RMB'000</b>	<b>Tax</b> <b>expense</b> <b>RMB'000</b> <b>(Note 29(b)(i))</b>	<b>Net-of-tax</b> <b>amount</b> <b>RMB'000</b>
Equity securities designated at FVOCI – net movement in fair value reserve (non-recycling)	<b>452,172</b>	<b>(84,509)</b>	<b>367,663</b>
Exchange differences on translation of financial statements into presentation currency	<b>(28,725)</b>	–	<b>(28,725)</b>
Share of other comprehensive income of associates	<b>(2)</b>	–	<b>(2)</b>
Other comprehensive income	<b>423,445</b>	<b>(84,509)</b>	<b>338,936</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 10 OTHER COMPREHENSIVE INCOME (Continued)

Tax effects relating to each component of other comprehensive income (Continued)

	Year ended December 31, 2024		
	Before-tax amount RMB'000	Tax expense RMB'000 (Note 29(b)(i))	Net-of-tax amount RMB'000
Equity securities designated at FVOCI – net movement in fair value reserve (non-recycling)	209,110	(15,640)	193,470
Exchange differences on translation of financial statements into presentation currency	17,887	–	17,887
Share of other comprehensive income of associates	2	–	2
<b>Other comprehensive income</b>	<b>226,999</b>	<b>(15,640)</b>	<b>211,359</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 11 EARNINGS PER SHARE

#### (a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company, after adjusting for the effect of dividends entitled to holders of restricted shares issued by the Company (Note 30(b)), and the weighted average number of the Company's ordinary shares in issue during the respective years, calculated as follows:

#### (i) Profit attributable to ordinary equity shareholders of the Company

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Profit attributable to all equity shareholders of the Company	<b>1,648,022</b>	1,102,543
Less: dividends that holders of restricted shares are entitled to receive (Note 30(b))	-	(364)
Profit attributable to ordinary equity shareholders of the Company	<b>1,648,022</b>	1,102,179

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 11 EARNINGS PER SHARE (Continued)

#### (a) Basic earnings per share (Continued)

##### (ii) Weighted average number of ordinary shares

	2025 '000	2024 '000
Issued ordinary shares at the beginning of the year	<b>664,124</b>	666,906
Less: treasury shares at the beginning of the year (Note 31(d)(ii))	<b>(3,041)</b>	(3,510)
Ordinary shares outstanding at the beginning of the year	<b>661,083</b>	663,396
Effect of shares repurchased	–	(1,236)
Effect of share options exercised (Note 30(a)(ii))	<b>1,809</b>	–
Effect of restricted shares vested (Note 30(b)(ii))	<b>566</b>	559
Weighted average number of ordinary shares at the end of the year	<b>663,458</b>	662,719

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 11 EARNINGS PER SHARE (Continued)

#### (b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company, and the weighted average number of the Company's ordinary shares (diluted), calculated as follows:

#### *Weighted average number of ordinary shares (diluted)*

	2025 '000	2024 '000
Weighted average number of ordinary shares at the end of the year	<b>663,458</b>	662,719
Effect of deemed issue of shares under the Company's share option plans (Note 30(a))	<b>2,422</b>	206
Effect of deemed issue of shares under the Company's restricted shares plan (Note 30(b))	<b>472</b>	1,326
Weighted average number of ordinary shares (diluted) at the end of the year	<b>666,352</b>	664,251

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 12 PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Machinery and equipment RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Others RMB'000	Total RMB'000
<b>Cost:</b>						
At January 1, 2024	569,829	1,236,004	2,004	68,556	149,202	2,025,595
Additions	1,545	200,831	2,674	4,095	17,017	226,162
Additions through acquisition of a subsidiary	-	11,504	256	446	7,156	19,362
Disposals	-	(2,147)	(420)	-	(1,623)	(4,190)
Exchange adjustments	792	960	25	-	5	1,782
At December 31, 2024	572,166	1,447,152	4,539	73,097	171,757	2,268,711
<b>Accumulated depreciation:</b>						
At January 1, 2024	54,193	717,787	1,433	29,018	91,274	893,705
Charge for the year	15,449	225,141	495	13,313	29,417	283,815
Additions through acquisition of a subsidiary	-	227	-	-	3,397	3,624
Written back on disposals	-	(1,407)	(399)	-	(906)	(2,712)
Exchange adjustments	65	717	2	-	6	790
At December 31, 2024	69,707	942,465	1,531	42,331	123,188	1,179,222
<b>Carrying amount:</b>						
At December 31, 2024	502,459	504,687	3,008	30,766	48,569	1,089,489

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 12 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Buildings RMB'000	Machinery and equipment RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Others RMB'000	Total RMB'000
<b>Cost:</b>						
At January 1, 2025	572,166	1,447,152	4,539	73,097	171,757	2,268,711
Additions	9,770	540,652	-	21,154	29,649	601,225
Disposals	-	(25,581)	-	(9,250)	(2,885)	(37,716)
Exchange adjustments	(1,196)	(1,340)	(50)	(367)	(87)	(3,040)
At December 31, 2025	580,740	1,960,883	4,489	84,634	198,434	2,829,180
<b>Accumulated depreciation and impairment losses:</b>						
At January 1, 2025	69,707	942,465	1,531	42,331	123,188	1,179,222
Charge for the year	15,924	207,899	792	19,015	26,175	269,805
Capitalised to development expenditure	-	54,579	-	441	-	55,020
Impairment loss (Note (i))	-	7,077	-	-	3	7,080
Written back on disposals	-	(24,026)	-	(9,250)	(2,710)	(35,986)
Exchange adjustments	(116)	(994)	(12)	(133)	(19)	(1,274)
At December 31, 2025	85,515	1,187,000	2,311	52,404	146,637	1,473,867
<b>Carrying amount:</b>						
At December 31, 2025	495,225	773,883	2,178	32,230	51,797	1,355,313

Note (i):

During 2025, the Group has identified products that encountered a drop in market demand and had under-performed against expectation, and has carried out impairment testing on the related property, plant and equipment and intangible assets, and written down such assets to their recoverable amounts, and the related impairment losses were recognised in profit or loss.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 13 RIGHT-OF-USE ASSETS

The reconciliation of the carrying amounts of right-of-use assets by class of underlying assets are as follows:

	Leased properties RMB'000 (Note (i))	Land use rights RMB'000 (Note (ii))	Others RMB'000	Total RMB'000
<b>Cost:</b>				
At January 1, 2024	180,516	5,224	16,102	201,842
Additions	13,116	–	11,129	24,245
Additions through acquisition of a subsidiary	12,180	–	–	12,180
Disposals	(255)	–	–	(255)
Exchange adjustments	53	–	–	53
At December 31, 2024	205,610	5,224	27,231	238,065
<b>Accumulated depreciation:</b>				
At January 1, 2024	78,289	765	11,413	90,467
Charge for the year	38,232	104	6,066	44,402
Additions through acquisition of a subsidiary	5,451	–	–	5,451
Written back on disposals	(255)	–	–	(255)
Exchange adjustments	16	–	–	16
At December 31, 2024	121,733	869	17,479	140,081
<b>Carrying amount:</b>				
At December 31, 2024	83,877	4,355	9,752	97,984

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 13 RIGHT-OF-USE ASSETS (Continued)

	Leased properties RMB'000 (Note (i))	Land use rights RMB'000 (Note (ii))	Others RMB'000	Total RMB'000
<b>Cost:</b>				
At January 1, 2025	205,610	5,224	27,231	238,065
Additions	62,107	-	4,056	66,163
Disposals	(33,099)	-	-	(33,099)
Exchange adjustments	(859)	-	-	(859)
At December 31, 2025	233,759	5,224	31,287	270,270
<b>Accumulated depreciation:</b>				
At January 1, 2025	121,733	869	17,479	140,081
Charge for the year	50,988	104	5,510	56,602
Capitalised to development expenditure	1,219	-	-	1,219
Written back on disposals	(27,285)	-	-	(27,285)
Exchange adjustments	(219)	-	-	(219)
At December 31, 2025	146,436	973	22,989	170,398
<b>Carrying amount:</b>				
At December 31, 2025	87,323	4,251	8,298	99,872

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 13 RIGHT-OF-USE ASSETS (Continued)

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Depreciation charges of right-of-use assets	<b>56,602</b>	44,402
Interest expenses on lease liabilities (Note 6(a))	<b>4,906</b>	5,558
Expenses relating to short-term leases	<b>2,968</b>	3,151

Details of total cash outflow for leases and the maturity analyses of lease liabilities are set out in Notes 23(c) and 28, respectively.

#### (i) Leased properties

The Group has obtained the right to use properties as office premises through tenancy agreements. The leases typically run for an initial period of 2 to 6 years.

#### (ii) Land use rights

Land in respect of land use rights are all located in Chinese Mainland with a lease period of 50 years. Lump sum payments were made upfront to acquire these property interests from the relevant government authorities.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 14 INTANGIBLE ASSETS

	Development expenditure RMB'000	Patents and proprietary technologies RMB'000	Software and others RMB'000	Total RMB'000
<b>Cost:</b>				
At January 1, 2024	162,461	526,836	132,897	822,194
Additions	133,727	–	124,960	258,687
Additions through acquisition of a subsidiary	–	39,252	8,255	47,507
Transfer (out)/in	(75,246)	75,246	–	–
Disposals	(2,630)	(283)	(26,326)	(29,239)
Exchange adjustments	–	17	–	17
At December 31, 2024	218,312	641,068	239,786	1,099,166
<b>Accumulated amortisation and impairment losses:</b>				
At January 1, 2024	2,630	318,440	60,187	381,257
Amortisation for the year	–	94,294	44,828	139,122
Additions through acquisition of a subsidiary	–	–	3,795	3,795
Written back on disposals	(2,630)	(283)	(26,326)	(29,239)
Exchange adjustments	–	16	–	16
At December 31, 2024	–	412,467	82,484	494,951
<b>Carrying amount:</b>				
At December 31, 2024	218,312	228,601	157,302	604,215

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 14 INTANGIBLE ASSETS (Continued)

	Development expenditure RMB'000	Patents and proprietary technologies RMB'000	Software and others RMB'000	Total RMB'000
<b>Cost:</b>				
At January 1, 2025	218,312	641,068	239,786	1,099,166
Additions	218,365	990	53,760	273,115
Capitalised to development expenditure	68,800	-	-	68,800
Transfer (out)/in	(184,902)	184,902	-	-
Disposals	-	(1,805)	(31,805)	(33,610)
Exchange adjustments	-	(25)	-	(25)
At December 31, 2025	320,575	825,130	261,741	1,407,446
<b>Accumulated amortisation and impairment losses:</b>				
At January 1, 2025	-	412,467	82,484	494,951
Amortisation for the year	-	110,869	63,926	174,795
Capitalised to development expenditure	-	-	12,561	12,561
Impairment loss (Note 12(i))	-	1,903	-	1,903
Written back on disposals	-	(1,805)	(31,805)	(33,610)
Exchange adjustments	-	(25)	-	(25)
At December 31, 2025	-	523,409	127,166	650,575
<b>Carrying amount:</b>				
At December 31, 2025	320,575	301,721	134,575	756,871

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 14 INTANGIBLE ASSETS (Continued)

The Group identifies the development of each potential product under individual project. Generally, it takes the Group one to three years to convert capitalised development expenditure under each individual projects into patents and proprietary technologies, which is taking at the point of time when the Group is able to mass produce the products using these patents and proprietary technologies to meet market demands. The Group categorises the above projects into various product types and performs impairment tests on each category comprising these capitalised development expenditures annually. For the purpose of impairment testing, capitalised development expenditure is allocated to CGUs comprising the assets and liabilities that are expected to generate cash flows with such development expenditures. The recoverable amounts of the CGUs comprising capitalised development expenditures are determined based on value-in-use calculations. The Group engaged an independent professional valuer to assist with the calculations. These calculations use cash flow projections based on financial budgets approved by the management covering a period of 5 to 8 years, in light of the expected overall life cycle of these projects. The key assumptions used in estimating the recoverable amounts are as follows:

	2025	2024
Gross profit margin (Note (i))	21% – 48%	10% – 44%
Pre-tax discount rate (Note (ii))	14.62% – 15.39%	16.07%

- (i) The gross profit margin is based on current operational status and future business plan of the CGUs, and the Group's historical experience and forecast of the semiconductor markets.
- (ii) The pre-tax discount rate reflects specific risks relating to the respective CGUs comprising capitalised development expenditures.

The Group performs annual impairment tests on capitalised development expenditure at the end of the reporting year. In carrying out the impairment testing, the management of the Group also considers the commercial feasibility of the potential products that will be produced under each project and its related market demand. Based on the impairment testing carried out by the management of the Group, the recoverable amount of CGUs comprising the capitalised development expenditure was higher than its carrying amounts. The management of the Group believes that a reasonably possible change in the above key parameters would not cause the carrying amount of the CGUs to exceed its recoverable amount.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 14 INTANGIBLE ASSETS (Continued)

The management of the Group have also undertaken sensitivity analyses on the impairment test of CGUs comprising capitalised development expenditure and identified a reasonably possible change in key parameters would not cause the carrying amount of the CGUs to exceed its recoverable amount.

### 15 GOODWILL

	SiLead CGU RMB'000 (Note 15(a))	XySemi CGU RMB'000 (Note 15(b))	Freethink CGU RMB'000	Total RMB'000
<b>Cost:</b>				
At January 1, 2024	1,305,479	–	3,092	1,308,571
Additions through acquisition of a subsidiary	–	207,083	–	207,083
At December 31, 2024 and 2025	1,305,479	207,083	3,092	1,515,654
<b>Accumulated impairment losses:</b>				
At January 1, 2024, December 31, 2024 and 2025	898,469	–	–	898,469
<b>Carrying amount:</b>				
At December 31, 2025	407,010	207,083	3,092	617,185
At December 31, 2024	407,010	207,083	3,092	617,185

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

## 15 GOODWILL (Continued)

### Impairment tests for CGUs containing goodwill

The Group performs annual impairment tests on goodwill at the end of the reporting year. For the purpose of impairment testing as at December 31, 2024 and 2025, goodwill arising from the acquisition of SiLead Inc. (上海思立微電子科技有限公司) (“**SiLead**”) in 2019 was allocated to the SiLead CGU, goodwill arising from the acquisition of Suzhou XySemi Electronic Technology Co., Ltd. (蘇州賽芯電子科技有限公司) (“**XySemi**”) in 2024 was allocated to the XySemi CGU, and goodwill arising from the acquisition of Suzhou Freethink Information Technology Co., Ltd. (蘇州福瑞思信息科技有限公司) in 2019 was allocated to the Freethink CGU.

#### (a) *SiLead CGU*

The recoverable amount of the SiLead CGU is determined based on value-in-use calculations. The Group engaged an independent professional valuer to assist with the calculation. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. The key assumptions used in estimating the recoverable amount is as follows:

	2025	2024
Annual revenue growth rates during the five-year period (Note (i))	<b>-7% – 10%</b>	3% – 16%
Net profit margin (Note (i))	<b>6% – 14%</b>	2% – 11%
Growth rate beyond the five-year period (Note (ii))	<b>0%</b>	0%
Pre-tax discount rate (Note (iii))	<b>12.17%</b>	10.65%

- (i) The annual revenue growth rates and net profit margin are based on current operational status and future business plan of the CGU, and the Group’s historical experience and forecast of the semiconductor markets.
- (ii) The growth rate beyond the five-year period does not exceed the average growth rate of the relevant industry.
- (iii) The pre-tax discount rate reflects specific risks relating to the SiLead CGU.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 15 GOODWILL (Continued)

#### Impairment tests for CGUs containing goodwill (Continued)

##### (a) SiLead CGU (Continued)

Based on the impairment testing carried out by the management of the Group, the recoverable amount of the CGU was higher than its carrying amounts. The management of the Group have also undertaken sensitivity analysis on the impairment test of goodwill and identified a reasonably possible change in key parameters would not cause the carrying amount of the CGU to exceed its recoverable amount.

##### (b) XySemi CGU

The recoverable amount of the XySemi CGU is determined based on value-in-use calculations. The Group engaged an independent professional valuer to assist with the calculation. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. The key assumptions used in estimating the recoverable amount is as follows:

	2025	2024
Annual revenue growth rates during the five-year period (Note (i))	<b>-1% – 8%</b>	2% – 24%
Net profit margin (Note (i))	<b>30% – 32%</b>	27% – 29%
Growth rate beyond the five-year period (Note (ii))	<b>0%</b>	0%
Pre-tax discount rate (Note (iii))	<b>13.95%</b>	15.26%



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 15 GOODWILL (Continued)

#### Impairment tests for CGUs containing goodwill (Continued)

##### *(b) XySemi CGU (Continued)*

- (i) The annual revenue growth rates and net profit margin are based on current operational status and future business plan of the CGU, and the Group's historical experience and forecast of the semiconductor markets.
- (ii) The growth rate beyond the five-year period does not exceed the average growth rate of the relevant industry.
- (iii) The pre-tax discount rate reflects specific risks relating to the XySemi CGU.

Based on the impairment testing carried out by the management of the Group, the recoverable amount of the CGU was higher than its carrying amounts. The management of the Group have also undertaken sensitivity analysis on the impairment test of goodwill and identified a reasonably possible change in key parameters would not cause the carrying amount of the CGU to exceed its recoverable amount.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 16 INVESTMENTS IN SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The effective percentage of equity interest attributable to the Company for the below list of subsidiaries are the same as at December 31, 2025 and 2024.

Name of company	Place of incorporation/ establishment	Particulars of issued/ registered and paid-up capital	Effective percentage of equity interests		Principal activities
			Held by the Group	Held by the Company	
GigaDevice Semiconductor (HK) Ltd. (iii)	Hong Kong August 4, 2008	6,560,000 shares	100.00%	100.00%	Sales of chips
Silead Inc. 上海思立微電子科技有限公司 (i) (ii)	Chinese Mainland 27 January 2011	RMB160,000,000	100.00%	100.00%	Research and development and sales of chips
GigaDevice Semiconductor (Shanghai) Inc. 上海格易電子有限公司 (i) (ii)	Chinese Mainland 16 February 2012	RMB100,000,000	100.00%	100.00%	Research and development and sales of chips
GigaDevice Semiconductor (Hefe) Inc. 合肥格易集成電路有限公司 (i)(ii)	Chinese Mainland 13 March 2014	RMB49,614,178	100.00%	100.00%	Technology development and sales of chips
GigaDevice Semiconductor Singapore PTE. Ltd. (iii)	Singapore November 23, 2020	20,000,000 shares at USD1 each	100.00%	100.00%	Wholesale of electronic components
XC Memory Co., Ltd. 珠海橫琴芯存半導體有限公司 (i)(ii)	Chinese Mainland 11 July 2024	RMB100,000,000	100.00%	100.00%	Technology development and sales of chips

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

## 16 INVESTMENTS IN SUBSIDIARIES (Continued)

Notes:

- (i) These entities' official names are in Chinese. The English translations of these entities' names are for identification only.
- (ii) These entities are limited liability companies in Chinese Mainland.
- (iii) These entities are limited liability companies outside Chinese Mainland.

## 17 INTERESTS IN ASSOCIATES

The following list contains the particulars of the Group's associates, all of which are unlisted entities:

Name of associates	Place of establishment	Particulars of registered and paid-up capital	Percentage of ownership interest attributable to the Group		Principal activity
			As at December 31,		
			2025	2024	
Hefei Stony Creek GigaDevice Chuangzhi Venture Capital Fund Partnership (Limited Partnership) (合肥石溪兆易創智創業投資基金合夥企業(有限合夥)) (i)(ii)	Chinese Mainland	Registered capital RMB1,100,000,000 and paid-up capital of RMB770,000,000	<b>27.27%</b>	27.27%	Equity investment and asset management
Hefei Reliance Memory Limited (合肥睿科微電子有限公司) (i)	Chinese Mainland	Registered and paid-up Capital RMB44,961,105	<b>9.52%</b>	11.26%	Design, technology development and sales of integrated circuit products
Transcuting Tech Co., Ltd (上海光羽芯辰科技有限公司) (i)(ii)	Chinese Mainland	Registered capital of RMB23,766,661 and paid-up capital of RMB20,569,055	<b>9.40%</b>	8.95%	Sales of chips
Deep Simplicity Technology Co., Ltd. (上海奧簡微電子科技有限公司) (i)	Chinese Mainland	Registered and paid-up capital of RMB10,526,316	<b>19.00%</b>	19.00%	Sales of chips

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

## 17 INTERESTS IN ASSOCIATES (Continued)

Name of associates	Place of establishment	Particulars of registered and paid-up capital	Percentage of ownership interest attributable to the Group		Principal activity
			As at December 31,		
			2025	2024	
Hefei Kuxin Microelectronics Co., Ltd. ("Hefei Kuxin") (合肥酷芯微電子股份有限公司) (i)	Chinese Mainland	Registered and paid up capital of RMB30,886,218	10.36%	-	Design, technology development and sales of integrated circuit products

(i) These entities' official names are in Chinese. The English translations of these entities' names are for identification only.

(ii) Hefei Stony Creek GigaDevice Chuangzhi Venture Capital Fund Partnership (Limited Partnership) and Transputing Tech Co., Ltd are directly invested by the Company.

The Group concluded that the above entities are associates of the Group as the Group is able to exercise significant influence over these entities via its capability to appoint directors in these entities to exert the Group's influence, but not control, over their operations.

Aggregate information of associates that are not individually material is as follows:

	2025 RMB'000	2024 RMB'000
Aggregate carrying amounts of individually immaterial associates in the consolidated statements of financial position	491,210	137,074

	2025 RMB'000	2024 RMB'000
Aggregate amounts of the Group's share of the associates' profits less losses	(20,385)	(7,575)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 18 EQUITY SECURITIES DESIGNATED AT FVOCI

	2025 RMB'000	2024 RMB'000
Investments in unlisted equity securities	3,559,524	3,170,572
Investments in equity securities listed in Chinese Mainland	34,681	195,297
	3,594,205	3,365,869

The unlisted equity securities were mainly investments in entities established in Chinese Mainland. The Group designated these investments as financial assets measured at FVOCI (non-recycling), as the investments are held for strategic purposes. As at December 31, 2025, RMB2,855,552,000 represents the Group's investments in a related party, CXMT Corporation (長鑫科技集團股份有限公司)\*, an entity principally engaged in the design, manufacture and sales of semiconductor products (December 31, 2024: RMB2,833,601,000).

Dividends of RMB228,000 were received by the Group on these investments during the year ended December 31, 2025 (2024: RMB1,259,000) (see Note 5).

\* The entity's official name is in Chinese. The English translation of the entity's name is for identification only.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 19 FINANCIAL ASSETS AND LIABILITIES MEASURED AT FVPL

	2025 RMB'000	2024 RMB'000
<b>Non-current assets</b>		
– Unlisted equity securities	346,174	210,894
– Equity securities listed in Chinese Mainland	205,098	–
– Financial instruments measured at fair value through profit or loss	52,180	–
	<b>603,452</b>	210,894
<b>Current assets</b>		
– Wealth management products	101,603	120,000
	2025 RMB'000	2024 RMB'000
<b>Current liabilities</b>		
– Foreign exchange forward contracts	3,366	–

Non-current assets are mainly investments in private equity funds established in Chinese Mainland and equity securities listed in Chinese Mainland, and are measured at FVPL.

Financial instruments measured at fair value through profit or loss primarily comprise: (1) the Group's put options to sell its investments in certain associates back to the investees if specified contingent events occur; and (2) rights to acquire shares in an investee at a predetermined price.

Wealth management products are issued by financial institutions in Chinese Mainland.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 20 INVENTORIES

	2025 RMB'000	2024 RMB'000
Raw materials	<b>1,083,753</b>	1,134,950
Work in progress	<b>857,148</b>	426,950
Finished goods	<b>1,388,633</b>	1,156,432
Other contract costs	<b>35,447</b>	859
	<b>3,364,981</b>	2,719,191
Less: write-down of inventories	<b>(299,007)</b>	(372,823)
	<b>3,065,974</b>	2,346,368

The analysis of the amount of inventories recognised as cost of sales and included in profit or loss are as follows:

	2025 RMB'000	2024 RMB'000
Carrying amount of inventories consumed	<b>5,608,656</b>	4,651,981
Add: write-down of inventories, net	<b>(71,634)</b>	28,606
	<b>5,537,022</b>	4,680,587

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 21 TRADE AND BILLS RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade receivables due from third parties	<b>192,625</b>	212,601
Less: loss allowance (Note 32(a))	<b>(7)</b>	(585)
	<b>192,618</b>	212,016
Bills receivables	<b>6,147</b>	19,775
Financial assets measured at amortised cost	<b>198,765</b>	231,791

All of the trade and bills receivables are expected to be recovered within one year.

#### Ageing analysis

Trade receivables (net of loss allowance), based on the invoice date, are with the following ageing analysis as of the end of the reporting period:

	2025 RMB'000	2024 RMB'000
Within 3 months	<b>192,488</b>	211,221
More than 3 months but less than 1 year	<b>130</b>	795
	<b>192,618</b>	212,016

Further details on the Group's credit policy and credit risk arising from trade receivables are set out in Note 32(a).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 22 PREPAYMENTS AND OTHER CURRENT ASSETS AND OTHER NON-CURRENT ASSETS

#### (a) Prepayments and other current assets

	2025 RMB'000	2024 RMB'000
Other receivables:		
– receivable from NCI arose from the acquisition of a subsidiary (Note (i))	<b>157,359</b>	171,561
– deposits	<b>34,626</b>	39,124
– receivable from disposal of an equity investment measured at FVOCI	<b>13,660</b>	–
– others	<b>4,548</b>	5,053
	<b>210,193</b>	215,738
Less: loss allowance (Note 32(a))	<b>(10,479)</b>	(8,086)
Financial assets measured at amortised cost	<b>199,715</b>	207,652
Prepayments for inventories to third parties	<b>46,655</b>	24,533
Input VAT deductible	<b>202,675</b>	108,454
Current portion of other non-current assets (Note 22(b))	<b>313,006</b>	250,000
Prepayments for costs incurred in connection with the initial listing of the H shares of the Company (Note (ii))	<b>59,636</b>	–
Others	<b>34,883</b>	17,975
	<b>856,570</b>	608,614

All of the prepayments and other receivables are expected to be recovered or recognised as expenses within one year.

Note:

- (i) The receivable from NCI is secured by the NCI's equity interests in XySemi and properties owned by the NCI.
- (ii) The balance at December 31, 2025 included costs related to the initial listing of the H shares of the Company on the Stock Exchange, and it has been transferred to share premium within equity upon the listing of the H shares of the Company on January 13, 2026.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 22 PREPAYMENTS AND OTHER CURRENT ASSETS AND OTHER NON-CURRENT ASSETS (Continued)

#### (b) Other non-current assets

	2025 RMB'000	2024 RMB'000
Prepayments for suppliers' production capacity (Note)	<b>313,006</b>	563,006
Prepayments for acquisitions of property, plant and equipment and intangible assets	<b>166,658</b>	89,262
Others	<b>1,518</b>	–
	<b>481,182</b>	652,268
Less: current portion of other non-current assets (Note 22(a))		
– prepayments for suppliers' production capacity expected to be settled within one year	<b>(313,006)</b>	(250,000)
	<b>168,176</b>	402,268

Note: The prepayments for suppliers' production capacity are deposits paid to suppliers to secure these suppliers' production capacities for a certain period, and will be deducted by subsequent purchases of inventories from these suppliers.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 23 CASH AT BANK AND ON HAND AND OTHER CASH FLOW INFORMATION

(a) Cash at bank and on hand comprise:

	2025 RMB'000	2024 RMB'000
Cash at bank and on hand in the consolidated statement of financial position	<b>9,186,270</b>	9,128,010
Less: accrued interest arising from deposits	<b>(24,337)</b>	(23,851)
Cash and cash equivalents in the consolidated statement of cash flows	<b>9,161,933</b>	9,104,159

As at December 31, 2025, cash at bank and on hand amounted to RMB6,449,790,000 are placed at financial institutions in Chinese Mainland (December 31, 2024: RMB6,415,980,000). Remittance of funds out of the Chinese Mainland is subject to relevant rules and regulations of foreign exchange control.

#### (b) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 23 CASH AT BANK AND ON HAND AND OTHER CASH FLOW INFORMATION (Continued)

#### (b) Reconciliations of liabilities arising from financing activities (Continued)

	Bank loans RMB'000 (Note 27)	Unvested restricted shares repurchase obligation RMB'000 (Note 25)	Lease liabilities RMB'000 (Note 28)	Total RMB'000
At January 1, 2025	898,221	82,140	101,136	1,081,497
<b>Changes from financing cash flows:</b>				
Proceeds from bank loans	400,000	-	-	400,000
Repayment of bank loans	(1,097,682)	-	-	(1,097,682)
Interest paid	(17,323)	-	-	(17,323)
Interest element of lease rentals paid	-	-	(4,906)	(4,906)
Capital element of lease rentals paid	-	-	(63,987)	(63,987)
Purchase of forfeited restricted shares	-	(2,396)	-	(2,396)
<b>Total changes from financing cash flows</b>	<b>(715,005)</b>	<b>(2,396)</b>	<b>(68,893)</b>	<b>(786,294)</b>
<b>Other changes:</b>				
Finance costs (Note 6(a))	16,923	303	4,906	22,132
Net increase in lease liabilities	-	-	59,867	59,867
Dividends in relation to unvested restricted shares (Note 31(d)(ii))	-	(117)	-	(117)
Restricted shares vested (Note 31(d)(ii))	-	(79,460)	-	(79,460)
<b>Total other changes</b>	<b>16,923</b>	<b>(79,274)</b>	<b>64,773</b>	<b>2,422</b>
At December 31, 2025	200,139	470	97,016	297,625

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 23 CASH AT BANK AND ON HAND AND OTHER CASH FLOW INFORMATION (Continued)

#### (b) Reconciliations of liabilities arising from financing activities (Continued)

	Bank loans RMB'000 (Note 27)	Unvested restricted shares repurchase obligation RMB'000 (Note 25)	Lease liabilities RMB'000 (Note 28)	Total RMB'000
At January 1, 2024	–	192,007	116,266	308,273
<b>Changes from financing cash flows:</b>				
Proceeds from bank loans	1,269,193	–	–	1,269,193
Repayment of bank loans	(418,699)	–	–	(418,699)
Interest paid	(9,660)	–	–	(9,660)
Capital element of lease rentals paid	–	–	(44,299)	(44,299)
Interest element of lease rentals paid	–	–	(5,558)	(5,558)
Purchase of forfeited restricted shares	–	(55,529)	–	(55,529)
<b>Total changes from financing cash flows</b>	840,834	(55,529)	(49,857)	735,448
<b>Other changes:</b>				
Finance costs (Note 6(a))	9,633	4,062	5,558	19,253
Additions through acquisition of a subsidiary	47,754	–	7,180	54,934
Net increase in lease liabilities	–	–	21,989	21,989
Restricted shares vested (Note 31(d)(ii))	–	(58,400)	–	(58,400)
<b>Total other changes</b>	57,387	(54,338)	34,727	37,776
At December 31, 2024	898,221	82,140	101,136	1,081,497

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 23 CASH AT BANK AND ON HAND AND OTHER CASH FLOW INFORMATION (Continued)

#### (c) Total cash outflow for leases

Amounts included in the consolidated statement of cash flows for leases comprise the following:

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Within operating cash flows	<b>(2,968)</b>	(3,151)
Within financing cash flows	<b>(68,893)</b>	(49,857)
	<b>(71,861)</b>	(53,008)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 24 TRADE PAYABLES

	2025 RMB'000	2024 RMB'000
Trade payables due to:		
– third parties	<b>641,638</b>	620,126
– related parties	<b>171,291</b>	113,473
Financial liabilities measured at amortised cost	<b>812,929</b>	733,599

All of the trade payables are expected to be settled within one year or are repayable on demand.

The ageing analysis of trade payables, based on the invoice date as of the end of the reporting period, is as follows:

	2025 RMB'000	2024 RMB'000
Within 1 year	<b>755,001</b>	732,588
After 1 year but within 2 years	<b>56,953</b>	66
After 2 years but within 3 years	<b>32</b>	7
After 3 years	<b>943</b>	938
	<b>812,929</b>	733,599

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 25 ACCRUALS AND OTHER PAYABLES

	2025 RMB'000	2024 RMB'000
Staff cost payables	<b>367,903</b>	291,238
Unvested restricted shares repurchase obligation	<b>470</b>	82,140
Payables for consultancy and technology fees	<b>101,305</b>	70,583
Consideration payable for an acquisition of a subsidiary	<b>–</b>	15,123
Others	<b>49,811</b>	40,328
Financial liabilities measured at amortised cost	<b>519,489</b>	499,412
Other taxes and levies payables	<b>54,912</b>	23,319
	<b>574,401</b>	522,731

All of the accruals and other payables are expected to be settled within one year or are repayable on demand.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 26 CONTRACT LIABILITIES

	2025 RMB'000	2024 RMB'000
Advances received from customers:		
– third parties	<b>258,983</b>	93,161
– related parties	<b>4,784</b>	1,371
	<b>263,767</b>	94,532
Less: non-current portion included in other non-current liabilities	<b>(45,593)</b>	–
	<b>218,174</b>	94,532

The movements in contract liabilities during the year ended December 31, 2025 are set out below:

	2025 RMB'000	2024 RMB'000
Balance at January 1	<b>94,532</b>	88,091
Increase in contract liabilities as a result of receipts in advance	<b>252,737</b>	92,865
Decrease in contract liabilities as a result of recognising revenue during the year	<b>(83,502)</b>	(86,424)
Balance at December 31	<b>263,767</b>	94,532

Contract liabilities primarily arose from the considerations received from customers before the Group satisfying performance obligations.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 27 BANK LOANS

	2025 RMB'000	2024 RMB'000
Unguaranteed and unsecured bank loans repayable within one year	<b>200,139</b>	898,221

### 28 LEASE LIABILITIES

At the end of the reporting period, the lease liabilities were repayable as follows:

	2025 RMB'000	2024 RMB'000
Within 1 year	<b>54,445</b>	53,113
After 1 year but within 2 years	<b>32,601</b>	35,038
After 2 years but within 5 years	<b>9,970</b>	12,985
	<b>42,571</b>	48,023
	<b>97,016</b>	101,136

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 29 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Taxation in the consolidated statement of financial position represent:

	2025 RMB'000	2024 RMB'000
Balance of income tax payable (net of prepaid income tax) at the beginning of the year	<b>28,297</b>	(24,668)
Provision for the year (Note 7(a))	<b>88,732</b>	43,877
Under-provision in respect of prior years (Note 7(a))	<b>1,306</b>	2,345
Income tax (paid)/refunded	<b>(98,513)</b>	4,769
Charged to reserves	<b>48,656</b>	–
Additions through acquisition of a subsidiary	–	1,946
Exchange adjustments	<b>(523)</b>	28
Balance of income tax payable (net of prepaid income tax) at the end of the year	<b>67,955</b>	28,297
Represented by:		
Income tax payable	<b>84,006</b>	28,311
Prepaid income tax	<b>(16,051)</b>	(14)
	<b>67,955</b>	28,297

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

## 29 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

### (b) Deferred tax assets and liabilities recognised:

#### (i) Movements of each component of deferred tax assets and liabilities

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the years ended December 31, 2025 are as follows:

Deferred tax arising from:	Unused tax losses RMB'000	Unrealised profits on intra-group transactions RMB'000	Write-down of inventories RMB'000	Share-based payments RMB'000	Lease liabilities RMB'000	Right-of-use assets RMB'000	Fair value adjustments on intangible assets and subsequent amortisation in connection with business combination RMB'000	Fair value changes of financial assets RMB'000	Others RMB'000	Net RMB'000
At January 1, 2024	165,682	39,936	36,490	3,871	16,069	(14,295)	(8,162)	(96,205)	1,990	145,376
(Charged)/credited to the consolidated statement of profit or loss (Note 7(a))	(37,659)	17,755	(842)	11,718	(3,033)	2,320	2,583	26,007	4,591	23,440
Additions through acquisition of a subsidiary	-	11	2,605	-	-	45	(6,694)	-	146	(3,887)
Charged to reserves (Note 10)	-	-	-	-	-	-	-	(15,640)	-	(15,640)
Exchange adjustments	(23)	-	11	-	-	-	-	-	(13)	(25)
At December 31, 2024 and January 1, 2025	128,000	57,702	38,264	15,589	13,036	(11,930)	(12,273)	(85,838)	6,714	149,264
Credited/(charged) to the consolidated statement of profit or loss (Note 7(a))	30,808	36,701	(11,260)	9,049	2,361	(3,015)	4,736	(16,875)	8,521	61,026
Charged to reserves (Note 10)	-	-	-	-	-	-	-	(84,509)	-	(84,509)
Reduction in equity securities designated at FVOCI	-	-	-	-	-	-	-	65,299	-	65,299
Others	-	-	-	31	-	-	-	-	-	31
Exchange adjustments	(3)	-	(12)	(11)	-	-	-	327	25	326
At December 31, 2025	158,805	94,403	26,992	24,658	15,397	(14,945)	(7,537)	(121,596)	15,260	191,437

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 29 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

#### (b) Deferred tax assets and liabilities recognised: (Continued)

##### (ii) Reconciliation to the consolidated statement of financial position

	2025 RMB'000	2024 RMB'000
Net deferred tax assets in the consolidated statement of financial position	285,065	269,055
Net deferred tax liabilities in the consolidated statement of financial position	(93,628)	(119,791)
	<b>191,437</b>	149,264

#### (c) Deferred tax assets not recognised

In accordance with the accounting policy set out in Note 2(s), the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB25,308,000 as at December 31, 2025 (December 31, 2024: RMB113,690,000), as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdictions and entities. These tax losses will substantially expire during the years 2026 to 2030.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 30 EQUITY SETTLED SHARE-BASED TRANSACTIONS

Since 2020, the Group adopted several share-based payment plans pursuant to which the Group would grant share options or restricted shares to eligible directors and other employees of the Group, who contribute directly to the overall business performance and sustainable development of the Group.

#### (a) Share options

(i) *The terms and conditions of the share options are granted as follows:*

	Number of instruments	Vesting conditions	Contractual life
<b>Share options granted to directors:</b>			
– on May 15, 2024	2,009,300	Include both performance and service period conditions	2-5 years
<b>Share options granted to employees:</b>			
– on January 15, 2021	4,656,960	Include both performance and service period conditions	2-5 years
– on July 26, 2021	3,104,830	Include both performance and service period conditions	2-5 years
– on July 21, 2023	10,743,800	Include both performance and service period conditions	2-5 years
– on May 15, 2024	4,772,100	Include both performance and service period conditions	2-5 years
	25,286,990		

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 30 EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

#### (a) Share options (Continued)

(ii) *The number and weighted average exercise price of share options are as follows:*

	2025		2024	
	Weighted average exercise price RMB	Number of share options '000	Weighted average exercise price RMB	Number of share options '000
Outstanding at the beginning of the year	86.19	16,714	110.38	16,001
Granted during the year	-	-	59.18	6,781
Exercised during the year	100.86	(5,120)	-	-
Forfeited and lapsed during the year	121.02	(1,794)	119.79	(6,068)
Outstanding at the end of the year	71.68	9,799	86.19	16,714
Exercisable at the end of the year	-	-	-	-

At December 31, 2025, the share options outstanding had an exercise price of RMB86.13 or RMB58.84 (December 31, 2024: RMB142.07, RMB186.28, RMB86.47 or RMB59.18) and a weighted average remaining contractual life of 31 months (December 31, 2024: 23 months).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 30 EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

#### (b) Restricted shares

(i) *The terms and conditions of the restricted shares granted are as follows:*

	Number of instruments	Vesting conditions
<b>Restricted shares granted to directors:</b>		
– on January 15, 2021	364,000	Include both performance and service period conditions
<b>Restricted shares granted to employees:</b>		
– on January 15, 2021	3,558,844	Include both performance and service period conditions
– on July 26, 2021	1,416,942	Include both performance and service period conditions
– on December 3, 2021	258,300	Include both performance and service period conditions
	5,598,086	

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 30 EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

#### (b) Restricted shares (Continued)

(ii) *The number and weighted average subscription price of restricted shares are as follows:*

	2025		2024	
	Weighted average subscription price RMB	Number of restricted shares '000	Weighted average subscription price RMB	Number of restricted shares '000
Outstanding at the beginning of the year	76.63	1,071	77.28	2,484
Vested during the year (Note 31(d)(ii))	76.54	(1,039)	71.77	(814)
Forfeited during the year (Note 31(d)(ii))	75.87	(32)	85.91	(599)
Outstanding at the end of the year	-	-	76.63	1,071

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 31 CAPITAL, RESERVES AND DIVIDENDS

#### (a) Movements in components of equity

The reconciliations between the opening and closing balances of each component of the Group's consolidated equity are set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity during the year are set out below:

	Note	Share capital RMB'000 (Note 31(c))	Share premium RMB'000 (Note 31(d)(i))	Treasury share reserve RMB'000 (Note 31(d)(ii))	Share-based payment reserve RMB'000 (Note 31(d)(iii))	Fair value reserve RMB'000 (Note 31(d)(v))	Other reserve RMB'000 (Note 31(d)(vi))	Retained earnings RMB'000	Total RMB'000
<b>Balance at January 1, 2024</b>		666,906	7,935,988	(293,998)	413,243	276,060	334,516	4,780,383	14,113,098
<b>Changes in equity for the year ended December 31, 2024:</b>									
Total comprehensive income for the year		-	-	-	-	217,525	-	329,280	546,805
Restricted shares vested	30(b)	-	66,271	58,400	(66,271)	-	-	-	58,400
Cancellation of shares	31(d)(ii)	(2,782)	(247,532)	250,314	-	-	-	-	-
Purchase of own shares		-	-	(259,564)	-	-	-	-	(259,564)
Equity settled share-based payment expenses	30	-	-	-	158,681	-	-	-	158,681
Reduction in equity securities designated at FVOCI		-	-	-	-	(43,624)	-	43,624	-
Share of changes in associates' other reserve		-	-	-	-	-	15,146	-	15,146
		(2,782)	(181,261)	49,150	92,410	(43,624)	15,146	43,624	(27,337)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

## 31 CAPITAL, RESERVES AND DIVIDENDS (Continued)

### (a) Movements in components of equity (Continued)

	Note	Share capital RMB'000 (Note 31(c))	Share premium RMB'000 (Note 31(d)(i))	Treasury share reserve RMB'000 (Note 31(d)(iii))	Share-based payment reserve RMB'000 (Note 31(d)(iii))	Fair value reserve RMB'000 (Note 31(d)(v))	Other reserve RMB'000 (Note 31(d)(vii))	Retained earnings RMB'000	Total RMB'000
<b>Balance at December 31, 2024 and January 1, 2025</b>		<b>664,124</b>	<b>7,754,727</b>	<b>(244,848)</b>	<b>505,653</b>	<b>449,961</b>	<b>349,662</b>	<b>5,153,287</b>	<b>14,632,566</b>
<b>Changes in equity for the year ended December 31, 2025:</b>									
Total comprehensive income for the year		-	-	-	-	149,429	-	689,963	839,392
Restricted shares vested	30(b)	-	91,421	79,460	(91,421)	-	-	-	79,460
Share options exercised	31(d)(ii)	3,819	560,304	111,340	(158,981)	-	-	-	516,482
Cancellation of shares	31(d)(ii)	(94)	(7,507)	7,601	-	-	-	-	-
Equity settled share-based payment expenses	30	-	-	-	127,529	-	6,812	-	134,341
Reduction in equity securities designated at FVOCI		-	-	-	-	(6,451)	-	6,451	-
Dividends in relation to unvested restricted shares		-	-	117	-	-	-	-	117
Dividends approved and paid	31(b)	-	-	-	-	-	-	(225,575)	(225,575)
Appropriations of PRC statutory reserve		-	-	-	-	-	191	(191)	-
Share of changes in associates' other reserve		-	-	-	-	-	(15,292)	-	(15,292)
		<b>3,725</b>	<b>644,218</b>	<b>198,518</b>	<b>(122,873)</b>	<b>(6,451)</b>	<b>(8,289)</b>	<b>(219,315)</b>	<b>489,533</b>
<b>Balance at December 31, 2025</b>		<b>667,849</b>	<b>8,398,945</b>	<b>(46,330)</b>	<b>382,780</b>	<b>592,939</b>	<b>341,373</b>	<b>5,623,935</b>	<b>15,961,491</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 31 CAPITAL, RESERVES AND DIVIDENDS (Continued)

#### (b) Dividends

- (i) *Dividends payable to equity shareholders of the Company attributable to the year*

	2025 RMB'000	2024 RMB'000
Final dividend proposed after the end of the reporting period of RMB0.75 per ordinary share (2024: RMB0.34 per ordinary share)	<b>525,375</b>	225,575

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

- (ii) *Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year*

	2025 RMB'000	2024 RMB'000
Final dividend in respect of the previous financial year, approved and paid during the year, of RMB0.34 per share (2024: RMBNil per share)	<b>225,575</b>	–

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 31 CAPITAL, RESERVES AND DIVIDENDS (Continued)

#### (c) Share capital

##### *Issued share capital*

	2025		2024	
	Number of shares		Number of shares	
	'000	RMB'000	'000	RMB'000
<b>Ordinary shares, issued and fully paid:</b>				
At January 1	<b>664,124</b>	<b>664,124</b>	666,906	666,906
Share options exercised	<b>3,819</b>	<b>3,819</b>	–	–
Cancellation of shares	<b>(94)</b>	<b>(94)</b>	(2,782)	(2,782)
At December 31	<b>667,849</b>	<b>667,849</b>	664,124	664,124

#### (d) Nature and purpose of reserves

##### (i) *Share premium*

The share premium represents the differences between the net considerations received and the nominal amount of share capital issued by the Company.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 31 CAPITAL, RESERVES AND DIVIDENDS (Continued)

#### (d) Nature and purpose of reserves (Continued)

##### (ii) Treasury share reserve

The reserve for the Company's treasury shares comprises the cost of the Company's shares held by the Company and the cost arising from restricted shares repurchase obligation. Such treasury shares may be reissued upon the exercise of share options, or in connection with any other issuance of shares that the board of directors may consider to be in the Company's best interest.

	Number of shares '000	Repurchase of ordinary shares RMB'000	Unvested restricted shares repurchase obligation RMB'000	Total RMB'000
As at January 1, 2024	3,510	101,991	192,007	293,998
Additions	3,127	259,564	–	259,564
Restricted shares vested	(814)	–	(58,400)	(58,400)
Restricted shares forfeited	–	51,467	(51,467)	–
Cancellation of shares	(2,782)	(250,314)	–	(250,314)
As December 31, 2024 and January 1, 2025	<b>3,041</b>	<b>162,708</b>	<b>82,140</b>	<b>244,848</b>
Restricted shares vested	<b>(1,039)</b>	–	<b>(79,460)</b>	<b>(79,460)</b>
Share options exercised	<b>(1,301)</b>	<b>(111,340)</b>	–	<b>(111,340)</b>
Restricted shares forfeited	–	<b>2,143</b>	<b>(2,143)</b>	–
Cancellation of shares	<b>(94)</b>	<b>(7,601)</b>	–	<b>(7,601)</b>
Dividends in relation to unvested restricted shares	–	–	<b>(117)</b>	<b>(117)</b>
As December 31, 2025	<b>607</b>	<b>45,910</b>	<b>420</b>	<b>46,330</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 31 CAPITAL, RESERVES AND DIVIDENDS (Continued)

#### (d) Nature and purpose of reserves (Continued)

##### *(iii) Share-based payment reserve*

Share-based payment reserve represents grant date fair value of share options and restricted shares granted to directors of the Company and employees of the Group that has been recognised in accordance with the accounting policy adopted for share-based payments in Note 2(r)(ii).

##### *(iv) Exchange reserve*

Exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations that have a functional currency other than RMB and which are dealt with in accordance with the accounting policies as set out in Note 2(u).

##### *(v) Fair value reserve*

The fair value reserve comprises the cumulative net change in the fair value of equity investments designated at FVOCI that are held at the end of each reporting period (see Note 2(g)).

##### *(vi) Other reserve*

Other reserve mainly represents:

- PRC statutory reserve: the Company is required to appropriate 10% of its after-tax profit to the general reserve fund as determined until the cumulative amounts reach 50% of the registered capital in accordance with the laws and regulations in Chinese Mainland. The transfer to this reserve must be made before distribution of a dividend to equity shareholders. This reserve fund can be utilised in setting off accumulated losses or increasing capital of the Company and is non-distributable other than in liquidation; and
- the proportionate share of changes in net assets of associates.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 31 CAPITAL, RESERVES AND DIVIDENDS (Continued)

#### (e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

### 32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

#### (a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade and other receivables. Management has a credit policy in place and the exposure to these credit risks are monitored on an ongoing basis. The Group's exposure to credit risk arising from cash at bank and on hand and bills receivables is limited because the counterparties are banks and financial institutions with high credit standing, for which the Group considers having low credit risk.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

#### (a) Credit risk (Continued)

The Group does not provide any guarantees which would expose the Group to credit risk.

In respect of trade and other receivables, individual credit evaluations are performed on all customers and debtors requiring credit over a certain amount. These evaluations focus on the customer's and debtor's past history of making payments when due and current ability to pay, and take into account information specific to the customer and debtor as well as pertaining to the economic environment in which the customer and debtor operates. The Group typically requires payments in advance from customers before delivery of goods. The Group may grant certain distributors and large customers with credit terms range from seven days to three months, depending on the results of the Group's credit assessment on these customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As December 31, 2025, 42% of the total trade receivables were due from the Group's five largest debtors (December 31, 2024: 42%).

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significant different loss patterns for different customer segments or geographic regions, the loss allowance based on past due status is not further distinguished between the Group's different customer or geographic bases.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

#### (a) Credit risk (Continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at December 31, 2025:

	As at December 31, 2025		
	Expected loss Rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Within 3 months	–	192,488	–
4–12 months	5.00	137	7
		192,625	7

	As at December 31, 2024		
	Expected loss Rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Within 3 months	0.25	211,764	543
4–12 months	5.00	837	42
		212,601	585

Expected loss rates are based on actual loss experience over the past three years. These rates are adjusted to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

#### (a) Credit risk (Continued)

Movements in the loss allowance account in respect of trade and other receivables during the year ended December 31, 2025 are as follows:

	2025 RMB'000	2024 RMB'000
<b>Balance at January 1</b>	<b>8,671</b>	3,518
Credit loss recognised	<b>1,836</b>	3,667
Exchange adjustments	<b>(21)</b>	–
Additions through acquisition of a subsidiary	–	1,486
<b>Balance at December 31</b>	<b>10,486</b>	8,671

#### (b) Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants and its relationship with finance providers, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

#### (b) Liquidity risk (Continued)

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's non-derivative and derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest dates the Group can be required to pay:

	As at December 31, 2025				
	Contractual undiscounted cash outflow				Carrying amount RMB'000
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	Total RMB'000	
Trade payables	812,929	-	-	812,929	812,929
Accruals and other payables measured at amortised cost (Note)	151,586	-	-	151,586	151,586
Bank loans	200,366	-	-	200,366	200,139
Lease liabilities	57,168	33,641	10,126	100,935	97,016
	<b>1,222,049</b>	<b>33,641</b>	<b>10,126</b>	<b>1,265,816</b>	<b>1,261,670</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

#### (b) Liquidity risk (Continued)

	As at December 31, 2024				
	Contractual undiscounted cash outflow				Carrying amount RMB'000
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	Total RMB'000	
Trade payables	733,599	–	–	733,599	733,599
Accruals and other payables measured at amortised cost (Note)	208,174	–	–	208,174	208,174
Bank loans	909,366	–	–	909,366	898,221
Lease liabilities	56,927	36,485	13,393	106,805	101,136
	1,908,066	36,485	13,393	1,957,944	1,941,130

Note: Staff cost payables are excluded from “accruals and other payables measured at amortised cost” in the context of liquidity risk, such disclosure is consistent with the Company’s A-share financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

#### (b) Liquidity risk (Continued)

	As at December 31, 2025	
	Contractual undiscounted cash outflow	
	Within 1 year or on demand RMB'000	Total RMB'000
Derivatives settled gross:		
Foreign exchange forward contracts:		
– outflow	(873,002)	(873,002)
– inflow	869,636	869,636

#### (c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from bank loans. Instruments bearing interest at variable rates and fixed rates expose the Group to cashflow interest rate risk and fair value interest rate risk respectively. The Group regularly reviews its strategy on interest rate risk management in light of the prevailing market condition. The Group's interest rate risk profile as monitored by management is set out below.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

#### (c) Interest rate risk (Continued)

##### (i) Interest rate risk profile

The following table details the interest rate risk profile of the Group's borrowings at the end of the reporting period:

	2025 RMB'000	2024 RMB'000
<b>Fixed rate borrowings:</b>		
Lease liabilities	97,016	101,136
Bank loans	200,139	207,703
<b>Variable rate borrowings:</b>		
Bank loans	–	690,518
<b>Total borrowings</b>	<b>297,155</b>	<b>999,357</b>

##### (ii) Sensitivity analysis

At December 31, 2025, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profits after tax and decreased/increased the Group's retained earnings by approximately RMBNil (December 31, 2024: RMB6,140,000).

The sensitivity analysis above indicates the exposure to cash flow interest rate risk arising from floating rate non-derivative financial instruments held by the Group at the end of the reporting period. The impact on the Group's results after tax and retained earnings is estimated as an annualised impact on interest expense of such a change in interest rates. The analysis is performed on the same basis for 2024.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

#### (d) Currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currency giving rise to this risk is primarily United States Dollars (“**USD**”). The Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

The Group uses foreign exchange forward contracts to manage its currency risk until the settlement date of foreign currency receivables or payables, and these foreign exchange forward contracts have a maturity of less than one year from the reporting date. Changes in the fair value of foreign exchange forward contracts that economically hedge monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

#### (d) Currency risk (Continued)

##### (i) Exposure to currency risk

The following table details the Group's primary exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rates at the year-end date.

	<b>Exposure to foreign currency- USD as at December 31,</b>	
	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Trade and bills receivables	<b>2,570,442</b>	2,281,877
Cash at bank	<b>4,838,043</b>	4,214,168
Trade payables	<b>(18,720)</b>	(29,453)
Accruals and other payables	<b>(24,126)</b>	(35,861)
	<b>7,365,639</b>	6,430,731
Foreign exchange forward contracts	<b>(873,002)</b>	–
Net exposure arising from recognised assets and liabilities	<b>6,492,637</b>	6,430,731

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

#### (d) Currency risk (Continued)

##### (ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit after tax (and retained earnings) that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that dates, assuming all other risk variables remained constant.

	2025		2024	
	Increase/ (decrease) in foreign exchange rates	Increase/ (decrease) in profit after tax and retained earnings RMB'000	Increase/ (decrease) in foreign exchange rates	Increase/ (decrease) in profit after tax and retained earnings RMB'000
USD	1%	57,496	1%	57,132
	(1%)	(57,496)	(1%)	(57,132)

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for the 2024.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

#### (e) Fair value measurement

##### (i) *Financial assets and liabilities measured at fair value*

##### *Fair value hierarchy*

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs, i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs, i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

#### (e) Fair value measurement (Continued)

##### (i) Financial assets and liabilities measured at fair value (Continued)

##### Fair value hierarchy (Continued)

	Fair value at	Fair value measurements as at		
	December 31, 2025 RMB'000	December 31, 2025 categorised into		
		Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Equity securities designated at FVOCI	3,594,205	34,681	–	3,559,524
Equity securities measured at FVPL	551,272	–	–	551,272
Financial instruments measured at fair value through profit or loss	52,180	–	–	52,180
Wealth management products	101,603	101,603	–	–
Foreign exchange contracts	(3,366)	–	(3,366)	–

	Fair value at	Fair value measurements as at		
	December 31, 2024 RMB'000	December 31, 2024 categorised into		
		Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Equity securities designated at FVOCI	3,365,869	195,297	–	3,170,572
Equity securities measured at FVPL	210,894	–	–	210,894
Wealth management products	120,000	–	–	120,000

The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

#### (e) Fair value measurement (Continued)

##### (i) Financial assets and liabilities measured at fair value (Continued)

##### *Fair value hierarchy (Continued)*

The movements during the year ended December 31, 2025 in the balance of the Level 3 fair value measurements of equity securities designated at FVOCI are as follows:

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Equity securities designated at FVOCI:		
At January 1	<b>3,170,572</b>	1,453,024
Additions	<b>131,848</b>	1,529,668
Decreases	<b>(95,524)</b>	(59,013)
Net unrealised gains or losses recognised in OCI	<b>354,924</b>	246,787
Exchange adjustments	<b>(2,296)</b>	106
At December 31	<b>3,559,524</b>	3,170,572

There were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 during the year ended December 31, 2025 (2024: None).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

#### (e) Fair value measurement (Continued)

##### (i) Financial assets and liabilities measured at fair value (Continued)

###### *Fair value hierarchy (Continued)*

#### Information about Level 3 fair value measurements

Below is a summary of significant unobservable inputs to the valuation of these major financial assets together with information about the sensitivity of the fair value measurement to changes in unobservable inputs at December 31, 2025:

	<b>Valuation techniques</b>	<b>Significant unobservable inputs</b>
Equity securities designated at FVOCI and equity securities measured at FVPL	Market approach	Discount for lack of marketability

During the year ended December 31, 2025, the Group's equity securities designated at FVOCI and measured at FVPL are investments in non-listed entities of which fair values were substantially determined based on either the latest round of equity financing obtained by these entities or based on market approach. Given the discount for lack of marketability was not developed by the Group, the management of the Group did not carry out nor present any information on sensitivity analysis.

##### (ii) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at amortised cost are not materially different from their fair values as at December 31, 2025 and 2024.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 33 COMMITMENTS

Commitments outstanding at the end of the reporting period not provided for in the consolidated financial statements were as follows:

	2025 RMB'000	2024 RMB'000
Contracted for acquisition of property, plant and equipment and intangible assets	207,516	–
Contracted for capital injections into equity securities (Note)	195,627	635,400
	<b>403,143</b>	635,400

Note: The Group has entered into various investment agreements to invest in certain private equity funds in future periods.

### 34 RELATED PARTY TRANSACTIONS

#### (a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in Note 8 and certain of the highest paid employees as disclosed in Note 9, is as follows:

	2025 RMB'000	2024 RMB'000
Salaries, wages and other benefits	28,710	24,284
Contributions to defined contribution retirement schemes	430	469
Share-based payments	22,500	25,694
	<b>51,640</b>	50,447

Total remuneration is included in "staff costs" (see Note 6(b)).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 34 RELATED PARTY TRANSACTIONS (Continued)

#### (b) Related parties and their relationships with the Group

<b>Name of related parties</b>	<b>Relationship with the Group</b>
Deep Simplicity Technology Co., Ltd.	An associate
Hefei Reliance Memory Limited	An associate
Transputing Tech Co., Ltd.	An associate
CXMT Corporation (長鑫科技集團股份有限公司)*	Note i
CXMT Memory Technologies, Inc. (長鑫存儲技術有限公司)* and its subsidiaries	Note i
Mr. Zhang Kedong	Note ii

Notes:

- i. Mr. Zhu Yiming, the Chairman of the Company, currently serves as the Chairman of CXMT Corporation, the parent company of CXMT Memory Technologies, Inc.
  - ii. Mr. Zhang Kedong, a former independent director of the Company, resigned on December 16, 2024.
- \* These entities' official names are in Chinese. The English translations of these entities' names are for identification only.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 34 RELATED PARTY TRANSACTIONS (Continued)

#### (c) Transactions with related parties

The Group entered into the following related party transactions during the year:

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Sales of goods	<b>259</b>	16,059
Purchases of materials and services	<b>1,192,978</b>	1,025,458

The above related party transactions do not constitute connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules.

#### (d) Balances with related parties as at the end of the reporting period

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
<b>Trade in nature:</b>		
Trade payables	<b>171,291</b>	113,473
Contract liabilities	<b>4,785</b>	1,371
Accruals and other payables	<b>20</b>	–

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 35 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	2025 RMB'000	2024 RMB'000
<b>Non-current assets</b>		
Property, plant and equipment	514,349	508,922
Right-of-use assets	20,194	38,117
Intangible assets	403,443	376,798
Investments in subsidiaries	5,278,392	4,969,473
Interests in associates	445,365	104,761
Equity securities designated at FVOCI	3,139,118	3,032,956
Financial assets measured at FVPL	518,780	190,882
Other non-current assets	18,642	393,812
Deferred tax assets	–	41,509
	<b>10,338,283</b>	9,657,230
<b>Current assets</b>		
Inventories	1,208,489	954,530
Trade and bills receivables	936,014	1,780,817
Prepayments and other current assets	985,454	1,472,815
Prepaid income tax	9,561	–
Cash at bank and on hand	4,179,918	2,804,213
	<b>7,319,436</b>	7,012,375
<b>Current liabilities</b>		
Trade payables	351,352	405,323
Accruals and other payables	1,034,835	763,921
Contract liabilities	32,599	23,943
Financial liabilities measured at FVPL	3,366	–
Bank loans	200,139	719,700
Lease liabilities	15,657	25,426
	<b>1,637,948</b>	1,938,313
<b>Net current assets</b>	<b>5,681,488</b>	5,074,062
<b>Total assets less current liabilities</b>	<b>16,019,771</b>	14,731,292

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 35 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION (Continued)

		2025 RMB'000	2024 RMB'000
<b>Non-current liabilities</b>			
Lease liabilities		544	14,173
Deferred income		18,575	26,819
Deferred tax liabilities		39,161	57,734
		<b>58,280</b>	98,726
<b>Net assets</b>		<b>15,961,491</b>	14,632,566
<b>Capital and reserves</b>	31		
Share capital		667,849	664,124
Reserves		15,293,642	13,968,442
<b>Total equity</b>		<b>15,961,491</b>	14,632,566

### 36 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

#### (a) Listing of the H shares of the Company

On 13 January 2026, the Company's H Shares were listed on the HK Stock Exchange and a total of 33,253,100 H shares were issued (including H share initial offering and the exercise of the over-allotment option). Total proceeds, less estimated listing expense, received were HKD5,307,900,000 (equivalent to RMB4,804,541,000).

#### (b) Subscription of equity interests in a private equity fund

As approved by the directors of the Company on 3 March 2026, the Company entered into a subscription agreement to invest RMB400,000,000 into Shanghai Stony Creek GigaDevice Zhixin Venture Capital Fund Partnership (Limited Partnership). The above transaction is still in progress and has yet to be finalised.

#### (c) Declaration of dividends

After the end of the reporting period, the directors of the Company proposed a final dividend. Further details are disclosed in Note 31(b).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### 37 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At December 31, 2025, the directors of the Company consider the immediate and ultimate controlling party of the Company to be Mr. Zhu Yiming.

### 38 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED DECEMBER 31, 2025

Up to the date of issue of these financial statements, the IASB has issued a number of new or amended standards, which are not yet effective for the year ended December 31, 2025 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group:

	<b>Effective for accounting periods beginning on or after</b>
Amendments to IFRS 9, <i>Financial instruments</i> and IFRS 7, <i>Financial instruments: disclosures – Contracts referencing nature-dependent electricity</i>	January 1, 2026
Amendments to IFRS 9, <i>Financial instruments</i> and IFRS 7, <i>Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments</i>	January 1, 2026
Annual improvements to IFRS Accounting Standards – Volume 11	January 1, 2026
IFRS 18, <i>Presentation and disclosure in financial statements</i>	January 1, 2027
IFRS 19, <i>Subsidiaries without public accountability: disclosures</i>	January 1, 2027
Amendments to IFRS 10, <i>Consolidated financial statements</i> and IAS 28, <i>Investments in associates and joint ventures – Sale or contribution of assets between an investor and its associate or joint venture</i>	To be determined



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### **38 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED DECEMBER 31, 2025 (Continued)**

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's consolidated financial statements except for the following:

#### **IFRS 18, Presentation and disclosure in financial statements**

IFRS 18 will replace IAS 1, *Presentation of financial statements*, and aims to improve the transparency and comparability of information about an entity's financial statements. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027 and is to be applied retrospectively.

Among other changes, under IFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt IFRS 18. IFRS 18 will impact the presentation of financial statements and is not expected to have significant impact on the financial performance and positions of the Group.

In this annual report, unless the context otherwise requires, the following terms shall have the following meanings:

“2020 Stock Option Incentive Plan”	the stock option incentive plan under the 2020 Stock Option and Restricted Share Incentive Plan of the Company approved by the Shareholders’ meeting on January 14, 2021
“2021 Restricted Share Incentive Plan”	the restricted Share Incentive Plan under the 2021 Stock Option and Restricted Share Incentive Plan of the Company approved by the Shareholders’ meeting on July 26, 2021
“2021 Stock Option Incentive Plan”	the stock option incentive plan under the 2021 Stock Option and Restricted Share Incentive Plan of the Company approved by the Shareholders’ meeting on July 26, 2021
“2023 Stock Option Incentive Plan”	the 2023 Stock Option Incentive Plan of the Company approved by the Shareholders’ meeting on July 20, 2023
“2024 Stock Option Incentive Plan”	the 2024 Stock Option Incentive Plan of the Company approved by the Shareholders’ meeting on May 14, 2024
“A Share(s)”	ordinary shares issued by the Company, with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange and traded in Renminbi
“A Shareholder(s)”	holder(s) of A Shares
“ADC”	analog-to-digital converter, a chip that converts an analog signal, such as a sound picked up by a microphone or light entering a digital camera, into a digital signal
“AI”	artificial intelligence
“AI PC”	AI-powered PC, feature dedicated NPUs for AI workloads, utilizing a CPU+GPU+NPU architecture and system-level AI integration to enable on-device large model inference



## DEFINITIONS

“AI Smartphone”	smartphones capable of localizing the deployment of cloud-based large model capabilities, equipped with high-performance mobile chips that meet AI computing demands, and integrated with deep learning frameworks and system-level AI functions
“analog chip”	a chip that processes and manipulates continuous, time-varying electrical signals representing real-world phenomena
“ARM®”	advanced RISC machine, a processor architecture based on the reduced instruction set, with low power consumption and high energy efficiency as its core goals. ARM® represents a registered trademark
“Articles of Association”	the articles of association of the Company (as amended from time to time)
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Audit Committee”	the audit committee of the Board
“Board” or “Board of Directors”	the board of Directors of the Company
“CAGR”	compound annual growth rate
“China”, “Chinese Mainland” or “the PRC”	the People’s Republic of China, unless the context requires otherwise, excluding, for the purposes of this annual report only, the regions of Hong Kong, Macau and Taiwan of the People’s Republic of China
“close associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

“Company” or “GigaDevice”	GigaDevice Semiconductor Inc.(兆易創新科技集團股份有限公司), a joint stock company with limited liability incorporated in the PRC, whose H shares and A shares are listed on the Main Board of the Stock Exchange (stock code: 3986) and the Main Board of the Shanghai Stock Exchange (stock code: 603986), respectively
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“connected transaction(s)”	has the meaning ascribed thereto under the Listing Rules
“CPU”	central processing unit, an integrated circuit that serves as the computational and control core of an electronic product
“CreMemory Technology”	CreMemory Technology Co., Ltd. (北京青耘科技有限公司), a limited liability company established in the PRC on July 31, 2024 and a non-wholly-owned subsidiary of the Company
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“DC-DC”	a type of power converter that transforms a source of direct current (DC) from one voltage level to another
“DDR”	double data rate, a type of computer memory technology that allows for faster data transfer speeds by transferring data on both the rising and falling edges of the clock cycle
“Director(s)”	the director(s) of the Company
“DRAM”	dynamic random access memory, a type of volatile memory used in computers and other devices to store data that is actively being used or processed, requiring periodic refreshing to maintain the stored information



## DEFINITIONS

“edge AI”	a technology paradigm that combines the capabilities of AI with edge computing, deploying AI algorithms and models directly on edge devices, such as IoT sensors, smartphones, industrial machines and other local computing devices
“edge computing”	a distributed computing model that brings computation and data storage closer to the sources of data which are the edge devices such as IoT sensors, smartphones, industrial machines and other local computing devices
“Flash”	a type of non-volatile semiconductor memory chip, which retains stored information even when powered off, featuring the ability to be repeatedly read, erased and written, and is considered a major category of memory products
“Gb”	gigabit, a unit of digital information equal to one billion bits
“Group,” “we,” “our” or “us”	the Company and its subsidiaries
“H Share(s)”	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are to be subscribed for and traded in Hong Kong dollars and to be listed on the Stock Exchange
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars” or “HK\$”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited
“IDM”	integrated device manufacturer(s)
“IFRS Accounting Standards”	IFRS Accounting Standards as issued by the International Accounting Standards Board

“Integrated Circuit” or “IC”	integrated circuit, a type of miniature electronic device or component, manufactured using semiconductor techniques, integrating all the necessary transistors, resistors, capacitors, inductors and their connecting wires for a circuit onto a small semiconductor wafer (such as a silicon chip or substrate), which is then soldered and encapsulated within a casing to form an electronic device with the desired circuit functions
“IoT”	a network of interconnected devices that communicate and exchange data with each other over the internet
“Kb”	kilobit, a unit of digital information equal to one thousand bits
“Latest Practicable Date”	March 30, 2026, being the latest practicable date for ascertaining certain information contained in this annual report
“LDO”	low-dropout regulator, a type of a DC linear voltage regulator circuit that can operate even when the supply voltage is very close to the output voltage
“Listing Rules” or “Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Listing Date of H Shares”	the date of listing of the Company’s H shares on the Main Board of the Stock Exchange, being January 13, 2026
“LPDDR”	low power double data rate, a type of synchronous dynamic random-access memory that consumes less power than other random access memory designs
“Mb”	megabit, a unit of digital information equal to approximately one million bits



## DEFINITIONS

“MCU”	micro control unit(s), a small, self-contained computer on a single chip, designed to manage specific tasks within an embedded system
“memory chip”	an electronic component that stores data or instructions in computers and other digital devices
“NAND Flash”	a type of non-volatile Flash memory technology and the products based on this technology, typically used for data storage
“Nomination Committee”	the nomination committee of the Board
“NOR Flash”	a type of non-volatile Flash memory technology and the products based on this technology, typically used for data storage and code storage
“OSAT”	outsourced semiconductor assembly and test, critical stages of the production process of semiconductor products outsourced to third-party services providers to handle the assembly, packaging and testing of semiconductor devices
“PC”	personal computer(s)
“PMIC”	power management integrated circuit, a chip that manages power usage and battery efficiency in devices
“Prospectus”	the prospectus of the Company dated December 31, 2025
“Remuneration and Appraisal Committee”	the remuneration and appraisal committee of the Board
“Reporting Period”	the twelve months ended December 31, 2025

“RISC-V”	an open standard instruction set architecture based on established reduced instruction set computer (RISC) principles
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Securities and Futures Commission” or “SFC”	the Securities and Futures Commission of Hong Kong
“sensor chip”	a small, integrated device that is designed to detect and measure specific physical or chemical properties in its environment and convert them into electrical signals
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) in the capital of the Company with a nominal value of RMB1.00 each, including A Shares and H Shares
“Equity Incentive Plans”	the 2020 Stock Option Incentive Plan, the 2021 Stock Option Incentive Plan, the 2021 Restricted Equity Incentive Plan, the 2023 Stock Option Incentive Plan and the 2024 Stock Option Incentive Plan
“Shareholder(s)”	holder(s) of the Share(s)
“Silead”	Silead Inc. (上海思立微電子科技有限公司), a limited liability company established in the PRC on January 27, 2011 and a wholly-owned subsidiary of the Company
“SLC”	single-level cell, a type of Flash memory that stores one bit of data per cell, offering higher durability and faster performance compared to multi-level cell (MLC), which stores two bits per cell, triple-Level Cell (TLC), which stores three bits per cell, and quad-level cell, which stores four bits per cell, all of which provide higher storage density at the cost of reduced speed and endurance



## DEFINITIONS

“SoC”	system on chip, an integrated circuit that integrates all or most components of a computer or other electronic system into a single chip
“SPI NAND Flash”	a type of non-volatile memory that combines the high-density storage benefits of NAND Flash with the efficient Serial Peripheral Interface (SPI) for data transfer, offering a compact and cost-effective solution for embedded systems and IoT devices
“SPI NOR Flash”	a type of non-volatile memory that combines the fast read speeds and reliable performance of NOR Flash with the efficient SPI for data communication, offering a compact, cost-effective, and high-performance solution for embedded systems and IoT devices
“Strategy and Sustainable Development Committee”	the strategy and sustainable development committee of the Board
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“treasury shares”	has the meaning ascribed thereto under the Hong Kong Listing Rules
“TWS”	true wireless stereo, a type of wireless audio technology that allows for the creation of a stereo sound system without any physical wires connecting the audio devices
“United States” or “U.S.”	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
“XySemi” or “Suzhou XySemi”	Suzhou XySemi Electronic Technology Co., Ltd. (蘇州賽芯電子科技有限公司), a limited liability company established in the PRC on February 27, 2009 and a non-wholly-owned subsidiary of the Company
“%”	percent